

1/29/08 Mt. Emily Recreation Area Public Meeting

Question and Answers Session

Recording transcribed by Susan Geer

Note: Q and A session moderated by Russ West. Questions are answered by Bart Barlow (MERC), Hanley Jenkins (County Planner), Nellie Bogue-Hibbert (County Commissioner), Kevin Boling (Forest Capitol Partners), and Tom Tuchman (US Forest Capitol). Questions are asked by the audience, but most of the time the person asking a question is not audible on the recording.

Russ West: If you need to take a break feel free. If you need to leave at 8 you may leave at 8 during our question and answer session. A few ground rules: as you have a question, stand up and state your name and state your question and then I will direct it to one of the presenters. This is not the time to make a statement. What we want is some good hard questions for all of these folks. And if you don't have time to ask your question or you don't want to ask it in this forum feel free to write it on the questionnaire. Fill it out with your name and your question and your email address or phone number, and the Coalition will get back to you. Right Bart? So, let's have a question. If you want you may come up and use the microphone. If you speak loud just shout it out. Yes, sir?

Bob Beck: (unable to hear person)

Russ West: Right. Sounds like a question for Bart. The question was to outline the Mt. Emily Recreation area (on the screen).

(Bart outlines on screen)

Russ West: Alright, thank you Bart. Also there are plenty of maps on the wall. You may refer to those. Next question.

Mike Gooderham: In the past few years the La Grande Ranger District has done an eyebrow assessment of fire risk on the north side, from your property boundary around Findley Creek. That is under appeal. If it is not treated it will be an extra heavy fire risk. Have you made some decisions and considerations mutually on how to address that?

Russ West: I think I am going to address that one to Kevin Boling. Kevin would you like to take a shot at that?

Kevin Boling: I am not familiar with the Forest Service planning in terms of fire risk. Of course, that is one of the reasons why we think that the harvest plan that we propose is so important because, frankly, leaving it alone in a non-managed state as Boise has done is not wise. The 4 year harvest plan is designed to get to the fire risk in the stands that are there. By harvesting as we propose we will reduce the risk. Both sides are going to share the risk of the fire during that 4 year harvest window equally. That's the plan.

Russ West: Thanks Kevin.

Bart Barlow: One thing I would like to say on that, Mike. We have talked to the Oregon State Forester and found there are funds available. Obviously because we are not a landowner we do not have the ability to garner those funds. If the county was the landowner there is a significant ability to gain funds to use for thinning as firebreaks. It could be a great source of funding. We can access it once we own the property.

Russ West: Next question.

Richard Minogue: I just wonder if Hanley or Tom can speak to the idea of a Community Forest Authority and whether that could play a roll in gaining funds and giving us a way to manage the area?

Russ West: Tom I am going to let you start out, and then Hanley or Bart.

Tom Tuchman: Sure. The question is could a Community Forest Authority be a purchaser. A CFA is simply a publicly authorized privately run organization that has access to lower cost type of municipal finance. As part of the Feasibility Analysis, we looked into that. I think a decision was made—Hanley I will let you make a description—that it would be efficient and cost-effective to go directly for making a county purchase with a non-profit subsidiary. Frankly, it is sort 6 on one and half dozen on the other.

Russ West: Thank you Tom. Good questions. Alright, you sir.

Rick Hagan: I live right at the base of Mt. Emily. I have a 3-part question. I wonder if the committee would be involved in the cruise and selection process of the timber management. And, would the market value of timber be pre-determined or would it be evaluated prior to or before what the market value is of timber at the time of harvest. Something that concerns me is logging cleanup, and how it would be managed and sustained.

Russ West: Thank you. I understand, it is a 3 part question. Would the MERC be involved in the cruising, appraisal, and how would the price of timber be arrived at? What kind of timber practices would be used? Is that right? Oh, and how it would be cleaned up. Kevin this is your bailiwick.

Kevin Boling: If it is Option 1, the county buys the whole thing, then that (management) is between you and the county. Whether Option 1 or Option 2, the price of the options is already predicated upon the value of the timber. We have tied the timber value to the Random Links Price Index so that as the – if you wanted to buy back a unit or two, the price of the unit would be the value of that timber that is described in the Purchase and Sales Agreement adjusted by the change in that Index, up or down. As far as a community committee to evaluate how we might harvest the trees, once again, the value

which we have placed on the property is directly related to our Timber Harvest Plan. There would be little to no opportunity for the community to advise, approve or pass judgment on whether our harvest activities or level of harvest was to your liking. That is all part of the Purchase and Sales Agreement. Trying to manage the property by committee is something we want to try to avoid (under Option 2).

Russ West: Bart, Hanley, Commissioner Hibbert, does anyone want to follow up as far as Option 1 or Option 3?

Hanley Jenkins: Just to add to Kevin's comments, again, under Option 2, we purchase 1/3 of timber value and FCP retains 2/3 of the value. The way they are able to establish the value is through the implementation of the Mt. Emily Harvest Plan. Each of the 8 units has a value that is already set. That value will fluctuate according to the standards that Kevin mentioned. Essentially, the harvest methods and the harvest are already set. If we are not able to purchase that 2/3 of timber value.

Russ West: Thank you Hanley. Let's go to the back of the room. Do you want to use the microphone or do you want to shout it out?

Irene Gilbert: (unable to hear)... the sustainable logging. Would we still follow the same plan if the county acquired the land and timber? I am assuming after the sale the logging would come to a halt and all of a sudden the capital raising ability would be lost.

Russ West: So you are wondering how timber would be managed under Option 1. Hanley?

Hanley Jenkins: Under Option 1 as you recall we buy all of the land and timber value. We also buy the Harvest Plan that has been prepared by Forest Capitol. The advantage that we have under Option 1, and we believe that the dollars we need to secure the 2/3 of timber value will have to come from somewhere other than grants sources. It will have to come through some kind of financing opportunity. That financing will be based on the 2/3 timber value. The advantage that we have as a local government is that we are eligible for financing with a very low interest rate. That is why we have Tom working with us. We will be able to try to access those low interest rate dollars so that we can spread that 4 year harvest—we hope--- over a longer period of time; so that the visual impact of the harvest is spread out over a longer period. Please be clear that this property will continue to be a working forest. There will be timber harvest that will occur on this property.

Russ West: Nellie?

Nellie Hibbert: I would just like to reiterate what Hanley said. Going into this MERA, it is with the intent and only with the intent that this will be a managed area. That means there will be harvest and there will be grazing. That is firm in my mind, if we go into this that is exactly what is expected.

Russ West: Thank you Commissioner Hibbert.

Bart Barlow: You know, the timber harvest thing has been the hardest thing for the Coalition to struggle with because there is a huge visual impact there. There is also an impact of riding your horse or your ATV there under the big trees, and by the streams. Nobody, not the County or anyone, has ever said we are going to go nuke the place. Nobody said we are not going to harvest trees to pay off debt. What Hanley is, if we can anchor the property we can go after more money at a low interest rate. This area grows trees. If you have been up there you know it is great timber land. Every year it produces more volume. Even if we borrow at a low rate and we don't harvest over 4 years, we harvest over 12 or 20 years. We grow more volume every one of those years. We don't have to have a big visual impact. We can make this work. We can find other funding. We have talked about having a research natural area. We can have all of that. Research and Natural means the university can go there and study grazing and harvest. We still cut trees, we still graze cows. We might do it differently. Different types of controlled burns. Fire break money. There are lots of opportunities. It's like using the equity of your house to get other money. Once you own it you have opportunities but until we own it we do not have that option.

Russ West: Once you get him started, sometimes it's hard to get him to stop. We are going to alternate to this side of the room. Anybody? Sir? Your name?

Brian Ackley: (unable to hear)

Russ West: Is that accurate? I see, this timber market. Kevin?
The question was, the price that is quoted for Options 1 and 2, does it accurately reflect the current timber market.

Kevin Boling: We purposely priced the property base don what we expected timber prices to be this year, when we negotiated the price back in October. I can say that at least in our view the property is priced just about where the timber value is today. When you combine the land and timber values I think we can be very confident that the price will be very close to the appraisal you are going to get. The result of the third party appraisal. I will also say that the reason it took so long to sit down to discuss with the community the value of Mt. Emily is that we took a very rigorous look at the value of the trees, we hires an independent third party consultant to do a cruise, we hired a third party appraiser to give us his opinion of the value as if it were parcelized and sold and we did our own internal evaluation of the property. I will tell you that our internal valuation parcelized and sold is significantly more than what we offered it to the community for.

Russ West: Thank you. Who is next?

Gene Irwin: My question is about primarily Option 2. If the Coalition is unable to get Option 1, and we end up with 1/3 of timber, who gets to decide which parcels include the 2/3?

Russ West: Everyone understand the question? If we exercise Option 2, who decides which third of the timber the County ends up with?

Hanley Jenkins: Kevin is probably the best to answer this, but ... the way the Harvest Plan is designed is that the 2/3 that FCP harvested will retain 1/3 distributed throughout 8 units so that when they are done at the end of 4 years that 1/3 timber value is still standing on the site distributed throughout the parcel. It is not in 1 or 2 isolated spots. I am getting head nods. Kevin will add to that.

Kevin Boling: That is almost right. I mentioned when I was describing the harvest approach, of the first 2 units, Baxe and Fox. Baxe is over-mature large-diameter trees. We intend to selectively harvest that unit. As we mark and tally those trees we will have a good idea of the volume we will remove, so that we are sure that when we are finished harvesting our beginning inventory and the remaining inventory remaining is approximately 1/3 or sometimes up to 1/2 of the volume. In other words, in some units there will be not quite 1/3 and in other units there will be more than 1/3 remaining. Our goal is that over the entire 3600 plus acres approximately 1/3 will be left standing. In the Baxe unit on the front here, that will be more of a park like setting. It won't be the solid tree canopy. About half of the trees will be there. Some may like the improved view through the stand compared to what is there now. That's the intent.

Russ West: Thank you. This side of the room. Sir?

Kevin March: Fish and Wildlife spoke at an earlier presentation about the importance of this area for habitat as well as a corridor. Wondering if they have weighed in on these options as for as elk and deer and everything else. Or the option of neither of these.

Russ West: As I understand your question is, has the Dept of Fish and Wildlife taken a position in support or against, or commented on this? Who wants to answer this? Bart?

Bart Barlow: I think it would be good to hear from Leonard Erickson or Craig Elly. We did not ask their opinion on the proposal. It is a plan, it is dynamic. They have reviewed it and think Leonard and Craig would have comments. We have not asked them to say yes or no. Leonard? Come on up here Leonard. Have you got your body flack on or not? The army guys may have some for you. Thank you.

Leonard Erickson (ODFW Wildlife Biologist): I have been involved with most of the meetings. Have we weighed in and said we want A or B, no we have not weighed in. There are pros and cons to each approach to the parcel whether it is 12 pieces of 240, providing different challenges and opportunities. If it is one piece owned by the public and the public can use it that is important from our stand point. We are a public agency and push for public use and maintaining use of an area. Thank you to Boise Cascade and to Forest Capitol for letting you, me, and everyone use it. This forum is to decide whether you folks want to keep it or provide it as a public entity. We hope to be involved whether it is public County owned or in 240 acre parcels. I am not going to give you a

recommendation. It is important in Oregon for you to be able to go out and do things on public land or accessible land.

Russ West: Thank you Leonard. Anybody else from ODFW? No. Mary?

Mary McCracken: (unable to hear)

Russ West: Sure. The question was to clarify Option 3. How it works and what the time frame is. Tom, will you take a shot?

Tom Tuchman: I must really confuse things because I was talking about Option 1. Option 1, for review, is where the county acquires the whole property and it is financed partly through state grants and partly through low cost loans secured by timber revenue. Option 2 is you buy the land, and Option 3, if you will, is you have an opportunity to buy timber units over time on a year by year basis.

Mary McCracken: (unable to hear)

Tom Tuchman: Option 1 would allow the county, non-profit subsidiary and advisory committee to make any modifications they want to the 4 year planning horizon. It would give the County more flexibility in where how and when you stretch out the harvest. Having said that, it is important to realize that you are going to have to cut trees to service debt.

Mary McCracken: (cannot hear)

Tom Tuchman: The opportunity of Option 1 is that you may tweak and work with that Harvest Plan which FCP has put together. Hanley do you want to expand on that?

Hanley Jenkins: Mary, you originally asked about Option 3. That is really an additional opportunity under Option 2. Option 2 is the \$4.65. If we are able to find additional money to buy timber value, and we have to do that by Sept. 1. If we do that by Sept. 1 of this year then if we find other money we can buy additional units of value that can be harvested in the future. We would have to buy the units that would be harvested in 2009 by August of this year. There will be 2 more units that would be harvested in 2010. We would have until August 2009 to make a commitment to buy 1 or more units. We would have to actually buy it by December so that FCP can go find replacement timber somewhere else on their property.

Russ West: We are going to swing back over here. State your name and question.

Mary Rowland: (unable to hear)

Russ West: Alright thank you Mary good question. It was, are there seasonal restrictions on the area, and is it open 100% to motorized use. Bart?

Bart Barlow: Thank you. If we go back to this photo again, the light green area or lower portion. Right now you could ride your ATV up Igo Lane July 1 to October 1. We have talked about a season which would reflect mud. Maybe you could ride you ATV June 1 to deer season, something like that. When it starts mudding up in the fall we anticipate being closed to vehicles. This middle road, currently there is no restriction but we are not sure how that would all shake out. The top of course would be ATV areas, but we are thinking the majority or entire area is closed when it mudds out. The ATV people are good at building trails but when it gets muddy there is no trail built that will sustain continued use. There are areas specifically open and areas specifically closed. We want to manage sustainably and we don't want trails torn up. There are restrictions and closures. Again, this is a draft plan.

Russ West: OK. Yes, ma'am? Your name?

Kate Bola: (unable to hear).....when you say units are you talking about ??

Russ West: Alright. I think I understand. First question was, if we go with Option 1 are we bound by the Timber Plan of FCP? Is that your question? The second question is how do you define these units that have been referred to. Hanley?

Hanley Jenkins: We are not bound by their Timber Harvest Plan, but we will inherit the Timber Harvest Plan if we are successful in exercising Option 1. That also means there is a financial obligation associated with Option 1. As a part of that obligation we would have to have harvest in order to secure that financing. There is an opportunity to revise that Harvest Plan through that Advisory Committee and professional consulting services that the county would have a chance to pursue. As we go into the future the big concern is how we deal with the next 4 years.

Russ West: Tom, do you want to add anything or does that cover it? ... Sir?

Unidentified Person (#12): (unable to hear)

Russ West: What is your name sir? (answer not heard). The question was what is the road status?

Hanley Jenkins: Owsley Canyon road is a county road. We have the occasion to pay for research on that road about 12 – 15 years ago. It is an unimproved county road. The County does not maintain it, obviously, because once you get above Ed Hagley's house, there are no residences above that point. It is a seasonal access unmaintained road. The County is responsible for that road right of way.

Russ West: Someone on this side of the room? Sir?

Bruce Rynearson: (barely able to hear)....Recent sale of 830 acres adjacent to this... 150 acres of that is tillable....

Russ West: The question was whether the sale of 800 some odd acres that adjoins it was used in the evaluation process. I think you said 100 or so acres are tillable?

Bruce Rynearson: ... valuation approximately \$1000 per acre...

Russ West: The question is whether the sale of the property which was about \$1000/acre was used in the valuation process.

Hanley Jenkins: The appraisal which was completed in Jan. of '07 was prepared by 2 registered appraisers in Oregon, one from Pendleton and one from here, was prepared on the land only. They used comparables. It was a certified appraisal. It was not certified to the standard required by the Oregon Park and Recreation Dept. The new appraisal will be, and it will take into consideration recent land sales as well as timber valuation. We will get a land value and timber value as a result of the appraisal that will be performed in order to submit the 2 grant requests which we anticipate submitting.

Russ West: Thank you Hanley. The gentleman way back there?

Mike Mahoney: I see there is a request for donations for the appraisal on this handout. Where do I send my check?

Russ West: I am sure Bart would be glad to take your check.

Bart Barlow: In regards to that, does everybody have a questionnaire. You can see us after the meeting; we can take your name and address. We really want to give everyone here an opportunity to fill one out. Have you got some? Yes. Hail Mary.

Russ West: Did you have a question?

Maxine Hines: (unable to hear)

Russ West: All right, so your question is, if there is strong support for preserving the trees, scenic values, and recreation, how will that be balanced against managing it for revenue? Do I have the question right? Commissioner Hibbert, would you like to try this one?

Nellie Hibbert: Thank you for that question. She indicated we are looking for balance and that is what we are after. As I indicated before we are not even willing to look at this if it means a debt for the General Fund. It has to be self sustaining and in order to be self-sustaining, if we don't have enough grants to pay for it, it will be managed. I am a proponent of managed resources. Timber harvest as well as grazing.

Russ West: Back to this side of the room. Ma'am?

Carrie Bingamon: I am a lifetime resident of Union County and I have 2 questions. First, will there be any hunting on this property?

Bart Barlow: I have heard from Rocky Mtn. Elk Foundation, Turkey Hunters Federation, and all the rest. They all say, if there is no hunting on this property, we are not involved. There is going to be hunting on this property. There is hunting today. People need to recognize there is a deer season, elk season, muzzle loader season. When you are up there wear orange and make a lot of noise.

Russ West: You had one more question?

Carrie Bingamon: I am impressed with how many people are here tonight. I would say probably 1000 people plus. That is about 1/20 of the population of Union County. So Union County is not all represented. Will the Commissioners put this up for a vote to all the residents?

Russ West: Commissioner Hibbert will you address that?

Nellie Hibbert: I would be willing to do that, but first I would need to check with Secretary of State to see if this is legal. It would be a poll. I would be willing to do it.

Carrie Bingamon: I'm asking for a vote. We had three options given to us tonight. There should be a fourth. There are 19,000 people who are not here tonight to speak.

Nellie Hibbert: I am perfectly open to that question. If the Secretary of State advises that we may do that. My position is, I would do that. But I am only one of three.

Russ West: Back to this side. Sir? State your name.

Mike Alt: (unable to hear)

Russ West: the question was, if we go with Option 2 who would own the timber in the future?

Hanley Jenkins: I will answer that in 2 parts. The county would own the remaining standing 1/3 timber value. The second part is, the county would be the owner once the harvest is completed under the Harvest Plan. Any new regeneration would be owned by the county.

Mike Alt: (unable to hear)

Hanley Jenkins: Forest Capitol is required to harvest according to the State Forest Practices Act. They must meet those requirements upon termination of the Plan. If there is re-planting required as the result of a catastrophe or some other reason, the county is responsible for future management of the timber resource in the forms of harvest and regeneration.

Russ West: Thank you. Back to this side. Sir?

Randy Harter: (unable to hear) ...Grants ...

Russ West: Several questions there. The first was, is it reasonable to expect to get financing by June 1, and by August, who would decide whether we exercise these options? Who can answer that?

Hanley Jenkins: I will start off. Remember June 1 is a commitment only. We have to make a commitment to FCP by June 1 to pursue Option 1, and must purchase by Sept. 1. If we are not able to make that commitment by June 1 we default to Option 2. The Commitment that is required of us, we believe, under Option 1 we will pursue the 2 grant sources and be through the advisory committee process and have a recommendation from those two committees by June 1. Now, I will let Tom talk about financing opportunities. But remember the grant sources, if we are successful in getting a recommendation from the advisory committee will then have to go to Parks and Rec. Commission. They meet in July in Baker City. So we will have an early recommendation from that meeting about whether we are successful in the grant opportunities. So that we can meet our Sept. 1 deadline.

Tom Tuchman: Just quickly, the limiting factor on the borrowing is the completion of the appraisal. Once we have an appraisal completed, hopefully 4-6 weeks from now, we can go structure a package and market that to organizations that said they were interested. On that schedule we would have a very good sense by June 1 whether we would pursue that Option.

Russ West: I think the final part of your question was: who will make the final decision whether to exercise an Option? Commissioner Hibbert?

Nellie Hibbert: In the end I believe it will be Commissioners that will make that decision. But it will be with the input of all of you who are here tonight, and all of the other questionnaires and emails coming in. We will be meeting with the Coalition, so it will not be a decision made in a vacuum. It will be a decision made very public.

Russ West: Back to this side of the room. Ma'am?

Irene Gilbert: (unclear at first)... After hearing all of this, it appears to me that regardless of which Option is chosen, no money from the County General Funds will be changing hands. Therefore I am wondering why we would want the County to spend the money required to hold a special vote as has been suggested. If no taxpayer dollars are being spent for the Options then why would we want the County to have to pay if there is no financial commitment?

Russ West: The question is, why would the County want to pay for a vote if they are not going to actually have to spend money out of the General Fund? Who wants to answer that? (No takers) We have had people jumping up to speak, but I guess you have stumped the panel. Anyway, an interesting question. One that ultimately will have to be

decided by the Commissioners. Back to this side of the room. Gentleman in the back of the room?

Unidentified Person (#21): (unable to hear)

Russ West: A question about roads. It was, how many miles of roads will be constructed to harvest this timber and what will happen to these roads once the harvest is complete? Kevin?

Kevin Boling: The main road system is in place. Any new roads would be temporary spurs to access a corner here or there. Essentially there would be no major road construction. Our intent is that when we finish harvesting that those roads are uncompacted and the slash is cleaned up. The trail system and public access points on the property – we will make sure they are clean and ready to go so it is readily available to folks when we are through.

Russ West: Thank you. Any more questions? Sir in the back? Go Ahead.

Mike McAlister: (unable to hear)

Russ West: Your question is about Option 2. Where the county would only retain 1/3 of the commercial timber. How many years out would it be before the county would recognize a return on that 1/3? Who wants to answer that? Kevin?

Kevin Boling: I will take a stab at that. We figure conservatively that the growth that occurs on the stand as it exists today is about 3% a year. Now the stand that would be remaining would be a composite of much younger trees which grow faster, plus the older ones. I would estimate about every 3rd or 4th year you could harvest 700,000 to 1 million board feet from the property in perpetuity if managed correctly.

Russ West: Thank you Kevin. Any more questions on this side of the room? Ma'am?

Patty Bingaman: (unable to hear)

Russ West: The question was, we are all looking at the optimistically, but what if there was a forest fire and the 1/3 timber value burned? Commissioner Hibbert, would you like to try it, and then we will have Kevin weigh in on it too because that is a timber management question.

Nellie Hibbert: I am only taking it because Patty directed the question to me. Then I will turn the mic over. I believe there is a plan in place in which there would be a percentage reduced, but I am going to turn that over.

Russ West: Kevin you get a hard question here.

Kevin Boling: There is always risk associated with managing commercial timber land. Fire is our greatest risk. Usually our greatest risk is where our trees are located next to the Forest Service. Within the 4 years under Option 2, where FCP would manage the 2/3 trees for harvest, if a fire took them out we are accepting that risk. There are provisions in that contract where we would harvest what residual remains in terms of salvage. As far as what happens after FCP obligations are over, the risk associated with managing that stand is like any other landowner, you accept the risk of fire. It is wooded, it is close to town, and it is not completely surrounded by Forest Service where the south westerly flow might usually come. I would say your risk is minimal compared to if it were on the other side of the FS ownership line. Did that calm your concern? Probably not. Risk is associated with fire. The other thing is that because the harvest would reduce the fire risk due to fuel loading that is there now. That will help protect that property going forward.

Russ West: A wallet has been brought up. Who owns it? Tom would you like to add to the assessment of this problem?

Tom Tuchman: I think part of the problem is a financial one. To the county and the non-profit. Two things you are insured against. The first is, a large portion is grant funding. And don't forget that the loan, secured by the asset of timber. I am not saying this to say this is a great thing, but actually it is the lender's risk. So, the party lending the 3 million dollars to the non-profit is going to be taking a look at this, and they will look at this. They will say, what is the fire risk? The statistics I have read say that it is less than 1% of industrial managed timber land burns. A very low percentage. I think that was a study in East Side Washington State. The risk financially is, while there, is primarily related to rehabilitation, not foregone timber revenue. To the county, and to the non-profit.

Russ West: Thanks Tom. Good question. Gentleman in the vest?

Gary Wade: (unable to hear)

Russ West: the question was, whether some of these grants that we were pursuing have restrictions on harvesting, or type of use, on the land. Do I have the question right. Tom, or Hanley, would you try that?

Hanley Jenkins: Both of the grant programs require that the property be managed for public use. Each has its own requirements for the kind of public use. The ATV grant is for motorized recreational use, recognizing that there is a need for buffers. The Local Government grant is focusing on other kinds of recreational opportunities and public access. They do not limit the ability to harvest timber, but they do require that if the grant purchases timber, the revenue from that timber goes back into the property. So that money could be used for trail enhancements, the campground that Bart talked about, other kinds of improvements to the parcel. That money must be spent on that property, if we do use the grant funding to purchase 1/3 of the timber value.

Russ West: Back to this side of the room. Sir in the back?

Brian Spencer: (unable to hear)

Russ West: The gentleman's questions was, if these options are exercised, will the land still be on the tax rolls, or will it be taken off of the tax rolls. If taken off, how much would we be losing?

Bart Barlow: Payments could be made in lieu of taxes by the non-profit corporation, but essentially that property would be off the tax rolls. Based on the research we have done, it looks like they pay about \$1,900 / year for that nearly 4,000 acres. The county's revenue would drop by about \$1900. Brian, I just want to thank you here in front of everybody. Brian owns a really choice 40 acre piece in the middle of this thing. He has been very good about allowing public access when it is not hunting season. It is a beautiful piece and he has managed it sustainably. Thank you.

Russ West: Back to this side of the room. Ma'am?

Sharon Evoy: (unable to hear)

Russ West: The question is about how the funding would occur. If Option 1 was pursued, how would the collateral of timber figure into financing the package?

Sharon Evoy: (unable to hear)

Russ West: If Option 1 has more potential because there is more collateral. Tom?

Tom Tuchman: I will start on Option 1. To me, going back to the last question, don't forget that if you average 300,000 board feet of harvest per year, you would be netting out \$60,000 gross. You would make that revenue as well. There is potentially a net increase. Just to repeat Option 1 financing, philanthropic organizations, non-profit charities... let's say their earnings are 50 million. They are required by law to spend 5% of that on charitable purposes. Many companies have forest conservation as one of their charitable purposes, so they can spend up to 5% to do forest conservation transaction. But like I am sensing in this room, increasingly the conservation community and timber industry, ranching community are coming together and saying, it's not all timber harvest, not all preservation, there are benefits of both. So there are companies that say, we are going to take a portion of that 5% and create what they program related investments. It is a technical term that means an investment of 1-3% to a non-profit to acquire working forest land which cuts trees and protects the working forest nature of the property. The concept is part private finance and part grant. It provides financial flexibility to the borrower to be able to do the kinds of things we talked about today. Extend harvest to 10 years. Maybe create market flexibility in case if you had a bad year in years 3, 4, and 10, they might give you flexibility in your payment schedule. The important thing to remember is that you do still need to show that your asset, in this case Mt. Emily timber will be used to help provide the payback for the loan and provide 1-3% rate of return. We have had initial discussions. I am not at liberty of sharing, but 2-3

organizations are very interested. A cash flow would be over a 10 – 50 year horizon. We throw that into our structuring mix and we go market it. Have I answered your question? Sort of. You can talk to me after the meeting and I will be happy to go into more detail.

Hanley Jenkins: We fully expect under Option 1 that we will buy the same amount of value as we would buy under Option 2 with regard to grants. We are looking at making 2 grant requests that total \$4.65 million either for Option 1 or 2 and the gap between 4.65 and 7.9 is where Tom's financing opportunities come in under Option 1. It is our anticipation again that the grants get us part way there. They would get us all the way there under Option 2.

Russ West: Thanks Hanley. Before I forget, here's a brown woman's purse. It will be up here. Back to this side of the room. Sir?

Jack Johnson: (unable to hear)

Russ West: The question was, if these grants are obtained, can the money be used for other projects, other debts, other than Mt. Emily Recreation Area?

Hanley Jenkins: Under Option 2, again, we anticipate purchasing 1/3 of timber value. Any monetary return from that harvest of 1/3 value goes back into Mt. Emily. It has to go back because that is a requirement under the grant authorizations. Option 1, we will again, very likely have the granting dollars, \$4.65 million that will have a requirement that any return from that 1/3 goes back into Mt. Emily. We will have a debt service for the other 2/3 of the timber value that will have to be retired before we have any income off of regeneration timber from the property.

Russ West: Back to this side. Sir?

Bob LeVeck: (unclear)...With any of these options 1, 2, or 3 all of this money...

Russ West: The question was, if in Option 1 all of the money that is acquired goes to the purchase prices, where is the money for the improvements. Trailheads, parking lots and that sort of thing. Bart?

Bart Barlow: Well, one at a time. One of the things we have talked about, and we have attended 2 grant meetings, we could put the improvements in the grant request. But I think at this point we have decided not to do that. We have done engineering studies. We have spec'd the campground, trails, the ATV safety training. We have all that specified and we are looking at under \$300,000 for all of the improvements. One option we are looking at is donations. Dale Mammon came up with the idea of, let's bust it up into 3600 one acre lots hypothetically and if you want your name on one of those lots you donate \$1000. Maybe 2340 people do that, there is \$240,000. Maybe a contractor wants his name on a campground, forever to be called so-and-so's campground. To bad State Parks could not be here tonight. Currently Morrow County and Grant County have situations just like this, where they have bought land and now have a recreation area.

State monies give them over \$50,000 in grants. That money goes for campgrounds, to haul garbage, to pump sewage, and so forth. For the ATV part there is a lot of money available and it is available into the future. Last year they had \$11 million and they had not figured out how to spend it. I think a lot of that money can come from donations or other requests, because I don't think we want to put it in the grant requests anymore.

Russ West: Thank you Bart. A gentleman here has been waiting to ask his question. Go ahead.

Mike Rosenbaum: (unable to hear)

Russ West: The question was whether, no matter which Option were selected, the face of Mt. Emily would be changed. Timber would be harvested. Bart?

Bart Barlow: I think if we went with Option 1, the change would be less dramatic. There are a lot of uneven aged stands. If FCP went in and took 1/3 of the volume out for example that doesn't mean 1/3 of the trees. A lot of the mid and understory trees will still be there. If they take 2/3 of the volume obviously the visual change will be more dramatic. 20 years from now with brush recovery I don't think it's huge. Short term visual impacts are here but in the long run I think no, Mt. Emily is going to look the way it does today.

Unidentified Person (#29): (unable to hear)

Russ West: Good question. This is the last question. We said we would shut down at 9 pm. I am going to let Tom address this, whether the deadlines can be extended as far as acquiring money.

Hanley Jenkins: I am Hanley, not Tom. The deadlines were negotiated. FCP actually wanted a time frame a little bit shorter and we have been able to negotiate for Sept. 1. We have had conversations with State Parks, and we know their schedules for grant requests. And remember June 1 is a commitment only, not a demonstration that we have a check in hand. We have to have a commitment from the State Advisory Committee by June 1 and we have been assured by State Parks that that is feasible. The purchase date is Sept. 1. Again the Park and Rec. full commission meets in Baker City in July and that would be the point of decision by them. We would then have July and August to get the dollars into an escrow account and pay for the property.

Russ West: Thank you Hanley. Well that wraps it up for the formal question and answer period. I think the presenters will be around. Come on up and ask them questions.

Chris has something to say.

Chris Perry: I know a lot of you are concerned about the timber harvest. I want to share with you a great point of reference. If you drive up Fox Hill road, kind of a challenge right now, look across to the Grande Ronde river canyon. There is a harvest done on that

slope about 2 years ago that would almost mimic what the slope is going to look like on Mt. Emily through the Harvest Plan. So, you can see it is not going to be a total butcher job. It is going to be a sustainable type harvest. If you want to just check out for yourself for a visual aid. Thank you everyone for coming tonight. I appreciate all your effort in getting out in the bad weather.