
BAKER RIVER PROJECT RELICENSE

Terrestrial Resources Implementation Group Elk Teamlet Meeting

June 21st, 2006 (9:00 a.m. - 12:00 p.m.)

U.S. Forest Service Office

21905 64th Avenue West

Mountlake Terrace, WA 98043

425-744-3236 (office # 425-775-9702)

Conference Call Line: 1-866-297-7238, Conference ID: 225370

Conference Password: 2531

(Please tell Tony (425-462-3553) if you plan to call into meeting)

AGENDA

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| 1. Welcome, review notes, action items, agenda |
| 2. DEIS update <ul style="list-style-type: none">▪ Comments in, anything else? |
| 3. Land acquisition update <ul style="list-style-type: none">▪ Status of initial parcel▪ Tom's discussions with target property owners, others |
| 4. Identification of alternative initial acquisition properties <ul style="list-style-type: none">▪ Land Swap issues▪ Identification of other ownerships, parcels for trade▪ Steps for approaching land owners and making offers |
| 5. Land Acquisition Plan <ul style="list-style-type: none">▪ Pre-acquisition Studies▪ Due diligence work▪ Acquisition budget expenditures▪ Agreements with landowners▪ Addition of MOU with RMEF? |
| 6. Other? |
| 7. Evaluate meeting and set date and agenda for next meeting |

Baker River Project License Implementation

**Terrestrial Resource Implementation Group
Elk Teamlet
Final Meeting Notes**

June 21, 2006
9:00 am - 12:00 pm
**U.S. Forest Service Office
Mountlake Terrace, WA 98043**

FINAL MEETING NOTES

Team Leader: Tony Fuchs (PSE), 425-462-3553, tony.fuchs@pse.com

PRESENT

Tony Fuchs and Terry Albright (PSE); Marty Vaughn (Biota-Pacific); Bob Nelson & Tom Macy (RMEF); Brock Applegate (WDFW); Patrick Goldsworthy (NCCC); Chris Madsen (NWIFC); Todd Wilbur (Swinomish); Jason Joseph (Sauk-Suiattle Indian Tribe); and Jamie Riche, facilitator / note-taker (PDSA Consulting, Inc).

NEXT MEETING DATE

July 19 from 9:00am – 12:00pm at Mountlake Terrace

AGENDA TOPICS

- DEIS Update
- Land Acquisition Update
- Identification of Alternative Properties
- Land Acquisition Plan

NEW ACTION ITEMS

- Tom – Talk with TNC re: coordinating our land acquisition interests
- Tony and Patrick – Talk with Fayette re: coordinating our land acquisition interests
- Tony - Talk with Don and Lou Ellyn about what was discussed and decided today
- Tom - Coordinate Elk Teamlet visit logistics with land owner
- Todd – Send Tony a disk with maps of former Crown lands
- Tony – Develop spreadsheet to track land acquisition expenses; bring to future meetings
- Tony – Add Fayette to Elk email list
- All – Bring to future meetings locations of desirable elk lands for future consideration

DEIS UPDATE

Tony reported that last Friday was the deadline for submitting comments about the DEIS to FERC. FERC's latest schedule shows them targeting September for license issuance, but that will depend in part on the 401 process. At this point, PSE has anticipated (for budgeting purposes) implementing the license January 1, 2007, which would make 2007 "year 1" of the license.

LAND ACQUISITION UPDATE

Tom reported that the "initial property" owners aren't responsive at this time, so we need to determine alternates. There are a limited number of land owners in our target area. Two of the largest private landowners are open to trading with us in order to "block up" their lands and eliminate isolated parcels.

IDENTIFICATION OF ALTERNATE PARCELS

We need to identify in more detail the properties we are most interested in. Tom will then go to the land owner to discuss trade possibilities. Tom described the process: We would acquire land (or options on land) adjacent to their current property, then trade that newly acquired property for land we want for elk.

Terry shared that PSE's due diligence will be fairly easy since the land we'd get in trade isn't operational in nature (less likely to have contamination, etc.). The landowner would be responsible for due diligence on the newly acquired land that would be traded. PSE and RMEF will continue discussions to establish a working agreement for this land acquisition process.

Tony distributed a map that showed the area we're most interested in, and highlighted three potential parcels for discussion. We discussed the land owner's interests, including their preference for land adjacent to their current land and that the trades be value for value, rather than acre for acre.

There is apparently some competition with other conservation groups who are also interested in land preservation. We discussed the benefits and risks of coordinating our efforts with them. Since The Nature Conservancy is a signatory to the settlement we should discuss coordination of our land acquisition efforts with them. Tom will contact TNC, and Tony will contact Fayette Krause (TNC representative to the TRIG group) about coordination. Patrick will also talk with Fayette. Terry shared his concerns that the more we talk about our interests the greater the risk that the price will go up, or that someone could purchase a parcel we are interested in before we can. We then discussed the value of having confidentiality agreements in place in advance of such conversations.

Tom shared that these transactions move quickly, especially when there is competition. We need to identify the property and the deal (trade arrangements) in advance; Tom will talk with Tony and Terry and need to get this group's approval very quickly. The entire process needs to happen in 5-10 business days.

We agreed that acquisition costs as negotiated by the group in the settlement can include a brokerage or acquisition fee in addition to the land purchase price. The fees will be paid from the land acquisition budget.

IDENTIFICATION OF ALTERNATE PARCELS

We discussed the benefits and concerns for the three parcels highlighted on the map handed out earlier,

and the possible management costs associated with buying land adjacent to landowners who have actively hazed elk off their lands. The group decided that at least preliminarily these three parcels fit the criteria for the initial acquisition and should be pursued.

LAND ACQUISITION PLAN

Marty distributed the Pre-Acquisition Assessment Form he updated based on feedback from our last meeting. Tony noted that we have money now, we'll have another \$1.25m in "year one" of the license (tentatively 2007), and another \$1.25m in "year five."

We decided to move forward with pre-acquisition studies on the three highlighted properties, while maintaining an open relationship with the owner of the "initial parcel."

Tony proposed that Kathy (botanical) and Marty (wildlife and timber) review the sites, using the Pre-Acquisition Assessment Form handed out today, and when finished will email a completed form with a narrative summary of the property to Tony for distribution to the group. Tom will talk with the land owner to coordinate permission for Elk Teamlet members to walk the property.

In the meantime, Tom will continue conversations with the landowner to identify the parcels they would want us to purchase for equivalent trade value. We discussed the possibility of tying up the three parcels we're interested in (with short-term options?) while we study the properties for trade. If the pre-acquisition study of the three initial parcels is promising, Tom will request an option or right of first refusal with the land owner.

OTHER:

Tony reported that he will develop a spreadsheet to capture the costs associated with acquisition activities, and bring this spreadsheet to our next meeting for the group to review.

HANDOUTS

Agenda for this meeting
May 15 Final Teamlet Notes
Map of potential alternative land acquisition sites
Pre-Acquisition Assessment Form

MEETING EVALUATION

What Went Well

Got done early
Good progress
Nice to have Tom and Terry ... Real Estate
expertise helpful
Good food!

What to Do Differently Next Time

Missed Don, Lou Ellyn
Tony needs to add Fayette to elk teamlet e-mail list

AGENDA FOR NEXT ELK TEAMLET MEETING

Date: July 19, 2006 from 9:00 – 12:00 at Mountlake Terrace

1. Welcome, Review Notes, Action Items, Agenda
2. DEIS/FEIS Update?
3. Review Costs Spreadsheet

4. Land Acquisition Update
 - a. Status of pre-acquisition activities on three parcels
5. Evaluate Meeting, Set Date and Agenda for Next Meeting