



BAKER RIVER PROJECT RELICENSE

Terrestrial Resources Implementation Group Elk Teamlet Meeting

August 10th, 2006 (9:30 a.m. - 12:30 p.m.)

PSE Mount Vernon Business Office conference room

1700 E. College Way

Mount Vernon, WA 98273

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

Conference Password: 0082

(Please tell Tony (425-462-3553 or 206-276-1204(cell)) if you plan to call into meeting)

AGENDA

1. Welcome, review notes, action items, agenda
2. DEIS/FEIS update
 - Comments in, anything else?
3. Land acquisition update
 - Status of initial parcel, pre-acquisition activities on three parcels
 - Tom's ongoing discussions with target property owners, others
4. Identification of alternative initial acquisition properties - ongoing
 - Land Swap issues
 - Identification of other ownerships, parcels for trade
 - Steps for approaching land owners and making offers
5. Land Acquisition Plan
 - Pre-acquisition Studies
 - Due diligence work
 - Acquisition budget expenditures - Review Costs Spreadsheet
 - 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**

August 10, 2006
9:30 am - 12:30 pm
PSE - Mount Vernon, WA

FINAL MEETING NOTES

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

PRESENT

Tony Fuchs (PSE); Kathy Smayda (Smayda Environmental); Bob Nelson & Tom Macy (RMEF); Brock Applegate (WDFW); Don Gay (USFS); Stan Walsh (SRSC); Jason Joseph and Chris Danielson (Sault-Suiattle Indian Tribe); Fayette Krause (TNC) on the phone, and Jamie Riche, facilitator / note-taker (PDSA Consulting, Inc).

NEXT MEETING DATE

Date: September 26, 2006 from 9:00 – 12:00, location TBD (Mtlk. Terrace?)

AGENDA TOPICS

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

NEW ACTION ITEMS

- Tom - Send Tony contact information for the landowner and visit coordination instructions
- Tony – Act as our liaison and send instructions to the team
- All – Work with Tony to coordinate visits to lands
- Tony – Work with PSE's budget folks to develop simple budget spreadsheet and bring to next mtg
- Todd – Send Tony a disk with maps of former Crown lands – including all of Skagit, Whatcom, and Snohomish counties, if available
- Tony – Follow-up with Todd and the larger TRIG: give a status update and seek feedback/input
- All – Continue to think about other desirable parcels and bring ideas to future meetings for consideration

All – Review in-holdings, Get parcel numbers to Tom ASAP (by mid-Sept)
Tony – Ask Chris M. for data re: current and historical Elk land use patterns
Tom, Marty, Terry – By week of Aug. 14, meet to discuss value of 3 current parcels
Tom – Talk to landowner about their perception of parcel values
Tom – By 1st week of September, establish short-term options (thru Feb/Mar) on 3 parcels

REPORT ON OLD ACTION ITEMS

Tom, Tony and Patrick – Talk with TNC re: coordinating our land acquisition interests. Fayette shared that the TNC folks appreciated our conversation with them. They noted no conflicts with the three parcels we're currently looking at. They would like to remain apprised of our future swap interests to avoid duplication of efforts and/or cost escalation.

Todd – Send Tony a disk with maps of former Crown lands. Stan brought printed maps on Todd's behalf to this meeting. Tony shared that he'd still like to receive a disk with Skagit Co. – and Snohomish Co, too (if available).

DEIS UPDATE

Tony reported that it's rumored that we won't hear from FERC in August ... maybe September? Biological opinion meetings (aquatics and terrestrial) are coming up the end of August and early September. We're staying tuned ...

BUDGET UPDATE

Tony shared a couple examples of the easiest reports to pull from SAP (PSE's software). He asked for feedback from the group and will work with PSE's budget folks to develop a simple budget spreadsheet for the next meeting.

LAND ACQUISITION UPDATE – REPORT ON THAT “INITIAL PARCEL”

The “initial property” owner we had been working with has died. Letters to the heirs have been returned unopened (return to sender). Tony noted that he's seen that the property is still being managed as a farm. This is still a priority property; Tom will continue to work on contacts here and will keep us informed.

LAND ACQUISITION UPDATE – REPORT ON THE 3 STUDIED PARCELS

Kathy walked the group through the land acquisition studies for the parcels she, Marty and Doug evaluated. They spent two days on-site evaluating the three parcels.

She noted that this group didn't specify wetland rating preferences. For these first field reviews, she identified key habitat criteria, which she and the group agreed was sufficient for this initial review. She asked the group for feedback about the data and organization of information and noted improvements for future studies. Don requested that in future either maps be attached or parcel identifications be more specific.

We discussed possible concerns about owning elk land adjacent to agricultural land, depending on future use of the “initial parcel.” Brock shared that there have been no formal elk damage complaints on this land in the past.

We also discussed the value of knowing about any access easements affecting these three parcels, access control options, harvest options. If we get elk land that has harvestable trees and a future harvest is part of the arrangement, the harvest would be scheduled within the next few years (usually less than three years ... five years at the most).

The team agreed that all or any of these three parcels would be acceptable for elk needs. Tom shared that the land owner brought all three of these parcels to us together and may approach us with an “all three or none” deal. The team expressed comfort with this, based on the current status and future potential of all parcels (very manageable). We did prioritize our interest each parcel in case the negotiations aren’t “all or none.” Prioritization: West parcel, Northeast parcel, South central parcel.

IDENTIFICATION OF PARCELS FOR SWAP

Tom shared that the landowner has been candid about their interests, both in terms of land they are willing (or not willing) to trade away and the types of land they are most interested in receiving in swap, which is helpful for us to know. He is working with them and land ownership records to prioritize potential parcels (those with willing sellers) we could buy to swap for the land we want.

LAND ACQUISITION PLAN

Tom will discuss tying up these three parcels with short term options to protect our interest (and keep them from selling the property to someone else). He will also work with the land owner to identify their perception of the value of these three parcels and ask what additional information they need in advance of a potential swap. Tom, Marty & Terry will discuss the land and timber value so we have our idea of the value of the parcels.

Concurrently, Tom will continue to search for parcels we can acquire so we have something to swap with the landowner; if he finds something promising, he will tie it up with a short term option pending evaluation and sale agreements.

Kathy noted that all of the activities conducted in these initial field reviews could be done on other parcels up until the snow flies.

Timeline:

Week of August 14th - Tom, Marty & Terry discuss our perception of the value of these three parcels

By the end of August - Tom talk to the company about their perception of value

By 1st week of Sept. – Establish Short-term Options on these three parcels (through Feb/Mar)

Concurrently – Tom will continue to research / search for land to buy for swap

HANDOUTS

Agenda for this meeting

June 21 Final Teamlet Notes

Map of potential alternative land acquisition sites

Pre-Acquisition Assessment Forms for the three reviewed properties

MEETING EVALUATION

Baker River Project Relicense

FERC Project NO. 2150

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What Went Well

Great field report –
thanks Kathy, Marty and Doug!
Good representation, esp. for summer
Tom: Good progress on Land Acq.

What to Do Differently Next Time

We missed Marty!
Also missed smoked salmon ...

AGENDA FOR NEXT ELK TEAMLET MEETING

Date: September 26, 2006 from 9:00 – 12:00, location TBD (Mtlk. Terrace?)

1. Welcome, Review Notes, Action Items, Agenda
2. DEIS/FEIS, FERC Update
3. Review Costs Spreadsheet
4. Land Acquisition Update
 - a. Status of communications w/ “initial parcel” heirs
 - b. Status of pre-acquisition activities on three parcels
 - c. Status of search for swap lands
5. Evaluate Meeting, Set Date and Agenda for next Meeting