



LETTER OF INTEREST

April 16, 2018

City of Oregon City
625 Center Street
Oregon City, OR 97045

Attention: Mr. Dan Holladay, Mayor; Tony Konkol, City Manager; J. David Mooney, The Cove LLC

Re: Mitigation Bank, Clackemette Cove

Dear Sirs:

RestorCap, LLC is pleased to present this non-binding Letter of Interest (LOI) to secure through lease or purchase Oregon City (City) owned land adjacent to Clackemette Cove (Cove) for the purposes of creating a federally approved mitigation bank. This LOI for discussion purposes only and does not constitute an agreement or commitment of any person or party to negotiate, enter into or consummate any transaction, including the transaction contemplated hereby. This proposal is only a statement of the current intentions of the parties to the transaction contemplated hereby, and is merely intended to serve as a general outline of the significant terms under which the parties would be willing to consider entering into an agreement after further diligence.

Mitigation Bank

In the lower Willamette there are three primary mitigation markets in place or in development, including: 1) Wetlands and waters of the U.S.; 2) Natural Resources Damages Assessment (NRDA); and 3) endangered species conservation. Each of these markets could be available to a mitigation bank in the Cove because of its location. Developing a mitigation bank in the Cove could provide both restored habitat and revenue over time. Developing a bank in the Cove would entail upfront costs to engage state and federal agencies to design, permit, and construct the bank. The primary agencies that regulate banks are the Oregon Department of State Lands, and the Corps of Engineers (wetland mitigation) and/or NMFS and U.S. Fish and Wildlife (NRDA and conservation banking). The Oregon Department of Fish and Wildlife (ODFW), local tribes, Oregon Department of Environmental Quality, and local governments also serve in an advisory role for mitigation bank development.



Price/Appraisal

RestorCap will, at its expense, commission an appraisal of the Property which will be approved by City prior to such commissioning.

The appraised value may be used as a basis as a lease or purchase price, subject to the approval of both Parties and by the suitability of the property to produce a viable mitigation bank. RestorCap may develop a proposal whereby profit sharing among RestorCap, the City, and The Cove, LLC is possible.

Diligence Contingency

Before moving forward to definitive documentation for the transaction, RestorCap will have a sufficient time period to conduct due diligence on the Property. RestorCap's diligence may include, without limitation, determination of the suitability of the Property for use as a mitigation/habitat restoration site, RestorCap's review and approval of the entitlement, permitting and condition of the Property and of such financial, physical, engineering, environmental, geological and other audits, studies, reports, surveys physical inspections and investigations of the property which RestorCap desires. City will cooperate with RestorCap to provide any necessary information to complete such due diligence.

**Non-Binding Proposal;
Preparation of Transaction
Documents**

This proposal is contingent upon, among other things, an opportunity to perform significant diligence of the Property and the negotiation and execution of satisfactory definitive documentation. Except for the Exclusivity and Access paragraphs below, these terms do not constitute any form of binding contract but rather are solely for the purpose of outlining those terms pursuant to which a definitive agreement may ultimately be entered into. Notwithstanding the foregoing, the parties agree to negotiate the definitive transaction documents in good faith and use their commercially reasonable efforts to enter in to agreements as soon as reasonably possible. The



definitive transaction documents will incorporate all of the terms set forth in this proposal and such additional terms as RestorCap or City may reasonably require.

Exclusivity

From and after acceptance of this letter, and until twelve (12) months following the date of this letter, City will not offer to sell or lease the Property to any other party or accept any offers related to the Property without the prior written consent of RestorCap.

Access

City authorizes RestorCap and its representatives to: (a) enter the Property to conduct due diligence, subject to 24 hour prior notice provided by RestorCap; (b) discuss the potential use of the Property as a mitigation/habitat restoration project with appropriate agencies for permits and approvals including but not limited to the Portland Harbor Trustee Council, the Army Corps of Engineers, Oregon State Department of Natural Resources, (c) discuss preliminary feasibility with the credit market that may include industrial and governmental agencies.

ACKNOWLEDGED AND AGREED:

Dated:

RESTORCAP LLC

By: _____

Name:

Title:

THE COVE LLC

By: _____

Name:

Title:

Oregon City

By: _____

Name:

Title:

