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MEMORANDUM OF AGREEMENT

For the

ONE HORSE SLOUGH WETLAND MITIGATION BANK

Between the Sponsors:

Alton Sullivan
Steven Smith
Patrick Thompson
Marvin and Cindy Gilmour
Ray Fiori

And the Mitigation Banking Review Team:

U.S. Army Corps of Engineers (Corps)
Oregon Department of State Lands (DSL)
U.S. Environmental Protection Agency (EPA)
U.S. Fish and Wildlife Service (USFWS)
Oregon Department of Environmental Quality (DEQ)
Oregon Department of Fish and Wildlife (ODFW).

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One Horse Slough Mitigation Bank

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**MEMORANDUM OF AGREEMENT
AND
WETLAND MITIGATION BANK INSTRUMENT
FOR
ONE HORSE SLOUGH WETLAND MITIGATION BANK**

This Memorandum of Agreement which describes the establishment, use, operation, and maintenance of the One Horse Slough Wetland Mitigation Bank (Bank) is an agreement made and entered into by and among Alton Sullivan, Steven Smith, Patrick Thompson, Marvin and Cindy Gilmour and Ray Fiori (Sponsors), the U.S. Army Corps of Engineers (Corps), the Oregon Department of State Lands (DSL), the U.S. Environmental Protection Agency (EPA), the U.S. Fish and Wildlife Service (USFWS), the Oregon Department of Environmental Quality (DEQ), and the Oregon Department of Fish and Wildlife (ODFW).

I. PREAMBLE

A. Purpose: Whereas, the purpose of this MOA is to establish guidelines and responsibilities for the establishment, use, operation, and maintenance of the Bank. The Bank will be used for compensatory mitigation for unavoidable impacts to waters of the United States including wetlands that result from activities authorized under Section 404 and 401 of the Clean Water Act, Section 10 of the Rivers and Harbors Act and Oregon's Removal-Fill Law [Oregon Revised Statutes (ORS) 196.800-196.990 and Oregon Administrative Rule (OAR) 141-085] provided such activities have met all applicable requirements and are authorized by the appropriate authority.

B. Goals and Objectives: The primary objectives are to restore, create and maintain in perpetuity, freshwater marsh habitats, wetland prairie habitat, Oregon chub pond habitat, and riparian forest habitats by reducing the rate of water runoff and increasing the period of water saturation at the soil surface. The primary goal of the Bank is to restore (118.67 acres) and create (11.81 acres) of a seasonally-flooded, saturated, inundated or ponded wetland with only limited topographic relief from 130.48 acres of cropped hydric soils and upland. This will be accomplished by disabling the drainage tile lines, plugging the drainage ditch, surface grading and constructing low wide berms (<24") to contain a seasonal high water table and surface water flows during the wet season (November - April). Perimeter drainage ditches will be diverted into the interior of the property adding significant potential to maintain soil saturation well into the growing season.

On the northern boundary, a portion of the eastern boundary and in one small area on the southwest part of the bank, the restoration target will be palustrine scrub/shrub (0.90 acres) and forested wetland (3.72 acres). The remainder will become a system of seasonal surface flows spreading out and passing through a palustrine emergent low marsh area with shallow seasonal open water and interspersed with palustrine emergent marsh (29.53 acres), wet prairie (91.72 acres) and open water (4.61 acres). This area will have a hydrogeomorphic classification of slope/flat. This restored area will provide increased functionality in surface water retention and infiltration, purification, vegetation diversity and wildlife habitat similar to those found at the reference sites.

The Bank will create two deep water ponds (3-8 feet deep) that will be excavated within the existing drainage ditch (4.61 acres). The primary objective will be to ensure year round ponding.

C. Location and Ownership of Parcel: (1) Whereas, the Sponsors have provided proof of ownership of the mitigation bank site at the legal description described in Exhibit A of this MOA. Said parcels are hereinafter referred to as the "Property." (2) The Sponsors have not proposed additional phases in the Instrument; therefore, any phases beyond the now defined bank require a modification to the Instrument and a separate MOA. If the owner sells this property, they must notify the Corps and DSL in writing prior to the sale of the property. (3) The Property is located in Linn County, Township 12 South, Range 2 West, Section 1, Tax Lots 3900, 2201 and 201. The Bank is approximately 130.48 acres of the combined tax lots. There is no residence or building at this site, thus has no address.

D. Project Description: Whereas, in accordance with this MOA, the Sponsors shall maintain the Bank in such condition for five (5) years after the last credit has been sold, then the long term management plan as described in Exhibit H shall take effect. The bank sponsors shall be responsible for compliance with this MOA and the Instrument until the Bank is turned over to the long term steward as described in Exhibit H and approved by the MBRT. The Bank area shall consist of a mixture of creation, enhancement, and restoration as described in Exhibit C.

E. Baseline Conditions: Whereas, the restoration/creation portion of the Bank has, until this spring, been used for agricultural purposes for the production of grass seed. The Bank site is surrounded by farmland, wetlands, some forest and a small industrial site.

F. Establishment and Use of Credits: Whereas, in accordance with the provisions of this MOA and upon satisfaction of the performance measures contained in Section V. E., mitigation credits determined in accordance with Exhibit C will be available to be used as mitigation in accordance with all applicable requirements for permits issued under Section 404 and 401 of the Clean Water Act, Section 10 of the Rivers and Harbors Act and Oregon's Removal-Fill Law [Oregon Revised Statutes (ORS) 196.800-196.990]. The final number of credits will be determined by the MBRT based upon the final approved design and the resulting habitats planned for the Bank in accordance with the terms and conditions contained herein.

G. Whereas, as of the date of the MOA and subject to execution of the MOA by a duly authorized representative of the respective agencies described below, the Mitigation Banking Review Team (MBRT) consists of:

1. Corps, Co-Chair; and
2. DSL, Co-Chair; and
3. EPA; and
4. USFWS; and
5. DEQ; and
6. ODFW.

agencies) required of the sponsors to ensure that the functions of the subject bank are achieved and maintained over the long term, pursuant to the terms and conditions of the Instrument.

9. FUNCTIONS – The physical, chemical, and biological ecosystem processes of an aquatic resource without regard to their importance to society.

10. LEDGER – An accounting of credits and debits.

11. MITIGATION – Sequentially avoiding impacts, minimizing impacts, and compensating for remaining impacts to aquatic resources; the same meaning as DSL's OAR 141-85-0010 (129).

12. MITIGATION BANK – Wetland(s) and any associated buffer(s) restored, enhanced, created, or protected, whose credits may be sold or exchanged to compensate for unavoidable future wetland losses due to removal, fill, or alteration activities.

13. MITIGATION BANK REVIEW TEAM (MBRT) – An advisory committee to the DSL and the Corps on wetland mitigation bank projects. An interagency group of federal, state, tribal, and/or local regulatory and resource agency representatives which are signatory to a MOA for a Mitigation Bank Instrument and oversee the establishment, use, and operation of a mitigation bank with the Corps and DSL serving as co-chair's.

14. MITIGATION SITE PLAN – A detailed portion of the bank instrument (Exhibit B) that identifies specifically how aquatic resources and associated upland buffers will be restored, created, enhanced, or preserved on the mitigation bank.

15. PRESERVATION – The protection of ecologically important aquatic resources in perpetuity through the implementation of appropriate legal and physical mechanisms. Preservation may include protection of upland areas adjacent to wetlands or other aquatic resources as necessary to ensure protection and/or enhancement of the aquatic ecosystem.

16. RESTORATION – Re-establishment of wetland hydrology to a former wetland sufficient to support wetland characteristics.

17. PERFORMANCE MEASURES/SUCCESS CRITERIA – The minimum standards required to meet the objectives for which the Bank was established.

18. SERVICE AREA – The boundaries set forth in a mitigation bank instrument that include one or more watersheds identified on the United States Geological Survey, Hydrological Unit Map, 1794, State of Oregon, for which a mitigation bank provides credits to compensate for adverse effects from project development. Service areas for mitigation banks are not mutually exclusive.

* Derived from:

Federal Guidance for the Establishment, Use, and Operation of Mitigation Banks (FR V. 60 No. 228, November 28, 1995);

Cowardin, L.M. et al. 1979. Classification of Wetlands and Deepwater Habitats of the United States. U. S. Fish and Wildlife Service, Office of Biological Services. Washington, D.C. FWS/OBS-79/31. 131 pp.

eligible to use this Bank as compensatory mitigation for unavoidable impacts; credits purchased may only be used in conjunction with a Corps or DSL permit authorization, or to resolve a DSL or Corps violation.

2. Use of credits may only be authorized when adverse impacts are unavoidable; when onsite compensatory mitigation is either not practicable or use of a mitigation bank is environmentally preferable to onsite compensation.

3. For projects in the service area of this Bank that require authorization under Section 404 of the Clean Water Act and/or Section 10 of the Rivers and Harbors Act, and/or DSL's Removal-Fill Permit, and if said authorizations require compensatory mitigation, credits from this Bank may be permitted to be used to satisfy these compensatory mitigation requirements if the Sponsors and the third party (permittee) reach a mutually acceptable financial agreement and subject to regulatory approval on a case by case basis.

D. Number of Credits: Credits and debits will be assessed using measurements of the area of impacts and the mitigation land area. The number of credits created by development of this Bank is determined by a combination of land area and mitigation ratios as described in Exhibit D. The amount to be debited for each impact will depend upon the area of wetlands or waters to be impacted as determined during the permitting process.

E. Performance Measures: Project success will be reviewed by the MBRT who will ultimately be responsible for any credits release. The MBRT has some latitude with respect to credit release and the performance measures but the following criteria are the primary methods to access project success:

1. Wetland hydrology: Wetland hydrology sufficient to meet the criteria defined in the 1987 Corps of Engineers Wetlands Delineations Manual (1987 Wetland Delineation Manual) will to be present in *at least* three out of five years if the weather records are close to normal and no irrigation is supplied. Water depth and depth of saturation will be evaluated throughout the site using a combination of monitoring wells and a one time hydrology and vegetation delineation designed to meet the requirements of the 1987 Wetland Delineation Manual. The soil parameter is expected to be disturbed by the proposed grading; therefore, lack of hydric soil indicators will not be interpreted as disqualifying a plot as wetland.

Water Monitoring Tubes: At least six (final number of tubes will be driven by the site conditions, following bank grading) groundwater monitoring tubes will be constructed and monitored to show the duration of saturation. Tube monitoring data shall be collected three times between approximately March 1 and May 30 to demonstrate sufficient duration of wetness to meet the 1987 Wetland Delineation Manual. The monitoring report will also include precipitation data for the monitoring period from the nearest recording station. The locations of the monitoring tubes will be representative of the hydrological variations on site to prove duration of saturation needed to meet the 87 Manual criteria. These will be included on the as-built drawings.

Delineation: Paired plots concentrating in the area of creation, along the wetland boundary, for any plots dominated by upland vegetation, and in any high areas will be

utilized to indicate the exact location of the wetland boundary. The paired plots will be evaluated using soil probes or pits. This will be done to document that wetland hydrology has been achieved. In addition to plot data, these areas will be visually documented with photographs to show a dominance of wetland species. The wetland boundary will then be displayed on a site map to confirm acreage achieving the performance measure.

2. Vegetation:

Emergent Herbaceous

1. A minimum of 55% of the relative plant cover is comprised of native species.
2. No more than 15% of the relative plant cover is comprised of non-native invasive species as define below.
3. The wetland's moisture index is less than 3.0.

*Non-native invasive species to be included: reed canary grass (*Phalaris arundinacea*), purple loosestrife (*Lythrum salicaria*), Himalayan blackberry (*Rubus discolor*), Japanese knotweed (*Polygonum cuspidatum*), Eurasian water milfoil (*Myriophyllum spicatum*), climbing nightshade (*Solanum dulcamara*) (and yellow-flag iris (*Iris pseudacorus*), Anne's lace (*Daucus carota*), Canadian thistle (*Cirsium arvense*), bull thistle (*Cirsium vulgare*), orchard grass (*Dactylis glomerata*) and annual ryegrass (*Lolium multiflorum*) or others as determined by the MBRT.

Wetgrass Prairie

1. At least 10 wetgrass prairie species are present as listed in "Species Composition for Willamette Valley Vegetation Types" by Kathy Pendergrass, August 2003, (cited as Appendix II of the Instrument) by John Marshall (USFWS), December 19, 2004 author of "Draft Guidance on Vegetation Planning and Monitoring in Western Oregon Wetlands and Riparian Areas"
2. Tufted hairgrass (*Deschampsia cespitosa*) is represented by 25% or greater relative plant cover.
3. At least 50% of the relative plant cover is comprised of native species.
4. No more than 15% of the relative plant cover is comprised of non-native invasive species as defined above.
5. The prairie's moisture index is between 2.0 and 3.0.
6. No more than 5% relative plant cover is composed of shrubs or trees.

Shrub and Forest

By the end of the second growing season, the newly planted shrub and forest component of the wetland will meet or exceed 75% of the species richness of the reference site (excluding non-native invasive species). The plant density in forested and shrub/scrub wetlands will be at least 80% of the reference site, of species that are rated FAC or wetter, excluding FAC- species. This must be achieved by the end of the second growing season following planting and maintained through the end of the monitoring period until trees and shrubs are established and free to grow. There will be no more than 15% aerial coverage of non-native invasive species*. These densities will be a combination of planted individuals and natural recruitment.

In addition, the herbaceous layer in the forest and shrub areas will meet or exceed the performance measures for emergent herbaceous wetlands as stated above.

Buffer (provided in the event the created wetlands, cannot achieve hydrology standards and are made into buffer instead).

1. No more than 15% of the relative plant cover is comprised of non-native invasive species as define above.
2. At least 50% of the relative plant cover is comprised of native species.

3. Vegetation Methodology

Restoration and Creation Portion - The methodology for sampling this portion of the Bank will be a modified version of the monitoring protocols suggested in the December 19, 2004 "*Draft Guidance for Vegetation Planning and Monitoring in Western Oregon Wetlands and Riparian Areas*".

Modifications to these protocols have been made based upon field experience of the authors and uniqueness of the site. The existing monitoring data from the *Mud Slough Wetland Mitigation Bank* and *Knaupp WRP Wetland* will be used and no new data taken.

Monitoring within the herbaceous portions will be conducted using a stratified systematic plot method for the sampling points (See Exhibit I). The transects will be laid out in a stratified arrangement along one baseline with equal distance between each transect (approximately 400'). The transects will cross the entire wetland, including enhancement and buffer areas. The sampling plots will be predetermined and systematically plotted on the transects at 200-foot intervals from each other. The herbaceous sample plots will be one meter quadrants, located at the northwest corner of each point nested within a ten-foot square shrub sampling plot starting at the same point. When needed, a 30-foot diameter forest sample plot will be placed with its center at the plot center point encompassing both the herbaceous and shrub sampling plots. The starting point of the sample plots on each transect line will be staggered in order to cover a broader area. The sampling points will be evaluated and if needed additional points placed to make sure that a sufficient number of plots are taken in each of the wetland types. The sample plots will be permanently identified in the field and will be plotted on a site map.

The relative plant cover for each plot will be determined for each herbaceous species. If a plot includes bare soil, the reason for the bare soil will be noted and the percent it covers of each plot included. The number of stems for each shrub and tree species will also be determined. The sample plot data will then be assessed according to the performance measures for diversity, percent cover of each species present, native/non-native and invasive status, and moisture index via the indicator status. If applicable, further calculations will be completed using supplied pre-formatted spread sheets as referred to in the "*Draft Guidance for Vegetation Planning and Monitoring in Western Oregon Wetlands and Riparian Areas*".

Prior to concluding monitoring, the number of sample plots will be evaluated to determine if this number of plots is sufficient, using a species area curve. The data will be taken and the species-area curve developed. After the curve flattens out it will be deemed a sufficient number of plots when there are three plots in a

row with one or fewer new species. If the species area curve indicates that more sampling plots are needed, they will be added.

Established site photo stations will be used in each of the monitoring years to provide a visual record of the overall health and diversity of the wetland vegetation. Six photo station locations will be set, surveyed, and shown on the as-built survey.

Buffer – Original monitoring points and photo points will be retained within the buffer and monitored as above.

F. Schedule of Credit Release: Upon submittal of all appropriate documentation by the Sponsors, and subsequent approval by the MBRT, the MBRT co-chair's will provide in writing the release of credits for use by the Sponsors or for transfer to a third party in accordance with the following schedule. Credit release on the creation areas can only occur after a delineation is completed.

Release 1 (Fall/Winter 2006): Up to 30 percent (of the enhancement areas until a hydrology delineation occurs on the creation areas), upon submission of the grading as-built, Restrictive Covenant, submission of financial assurance and the MBRT conducts a field inspection.

Release 2 (Spring/Summer 2007): Up to 20 percent (of the enhancement areas until a hydrology delineation occurs on the creation areas) upon demonstration of all performance measures being achieved and delineation of acreage meeting the 1987 Wetland Delineation Manual hydrology (if weather conditions are close to normal).

Release 3 (Spring/Summer 2008): Up to 20 percent upon demonstration of all performance measures being achieved.

Release 4 (Spring/Summer 2009): Up to 20 percent upon demonstration of all performance measures being achieved.

Release 5 (end of the 5th year monitoring or 5 years after replanting for those areas replanted): All remaining credits (10%) upon demonstration of all performance measures being achieved. In addition, the long term management plan, funding and identification of a suitable long term steward, must be reviewed and approved by the MBRT.

Release #	Timing	Percentage
1	Fall/Winter 2006	Up to 30% of enhancement
2	Spring/Summer 2007	Up to 50% of enhancement
3	Spring/Summer 2008	Up to 70% of enhancement and creation
4	Spring/Summer 2009	Up to 90% of enhancement and creation
5	End of 5 th year monitoring	Up to 100% of enhancement and creation

G. Conditions on Debiting: Any credits debited before achieving the performance measures (e.g. the 30% advance release of Credits), shall require conformance with the financial assurance requirements described in Section IV.D. Aside from the advance release of credits, if the number of credits debited exceeds the number created, then no further credit sales shall be permitted by the Corps and DSL until the Sponsors has implemented corrective actions and achieved the

performance measures so as to provide for the number of credits to be greater than or equal to the number of credits debited to cover permitted impacts with this Bank.

H. Provisions For Uses of the Mitigation Bank Area: The Sponsors shall not use or authorize the use of areas within the Bank for any purpose that interferes with its conservation purposes other than those specified below:

- a) Monitoring of vegetation, soils and water;
- b) Maintenance of wetlands, trails, bridges, berms, dams, outlet and spillway structures, and other appurtenant facilities;
- c) Hunting and fishing and other recreational uses such as hiking and bird watching;
- d) Ecological education; and
- e) Compliance with state or federal regulations or appropriate court orders.

VI. MAINTENANCE AND MONITORING OF THE BANK

A. Maintenance Provisions: The Sponsors agrees to perform all necessary work to maintain the Bank consistent with the maintenance criteria established in the Instrument. The Sponsors shall continue with such maintenance activities until completion of the monitoring period described in Section VI.B. Deviation from the approved Instrument is subject to review and written approval by MBRT, acting through the co-chairs.

B. Monitoring Provisions: The Sponsors agrees to perform all necessary work to monitor the Bank to demonstrate compliance with the performance measures established in this MOA.

The monitoring program shall follow the guidelines established below:

1. An as-built survey will be submitted to DSL and the Corps within sixty days of final grading to verify topography and water sources. Photos will be taken throughout the spring at the designated photo stations to verify that the hydrology will be adequate to assure success of this plan. An initial vegetation survival survey will be completed in the spring either in May or June, following planting and again the following October to document planting success and to initiate any remedial action that might be required to meet the applicable performance measures.

2. Two reference sites have been selected. The Mud Slough Wetland Mitigation Bank and the Knaupp Wetland Reserve Program (WRP) wetland will be the reference sites for the wetland prairie and emergent wetland. The forested property on the east side of the Bank will be the reference site for the forested wetlands.

The Mud Slough and Knaupp wetlands are located in Polk County, Oregon and have superb examples of both wet prairie and emergent wetlands. It is an excellent example of a slope/flat HGM wetland. The Knaupp WRP site was chosen for several reasons including its proven record as a restoration site, exceptional plant diversity, similar soils (Dayton silt loam in common), elevation, and topographic position, and we have been provided assured access. The existing monitoring data from the Mud Slough Wetland Mitigation Bank and Knaupp WRP Wetland will be used to guide the planting plan at the One Horse Slough Wetland Mitigation Bank

The reference site for the forested component of the bank is the adjacent property to the east which lies just east of the northeast corner of the bank. This property is similar in soils, topography and HGM wetland type. The bank sponsors have permission from the owner to use this site for monitoring purposes. There is a residence in the northeast corner of the site. This small area is within an approximately five acre area of upland forest. This area is dominated by Douglas fir and Oregon Oak. The rest of the forested area (approximately 40 acres) is mature Palustrine Forested wetland. This forested wetland has a dominant overstory of Oregon ash (*Fraxinus latifolia*) and Pacific crabapple (*Pyrus/Malus fusca*), a shrub layer of nootka rose (*Rosa nutkana*), snowberry (*Symphoricarpos albus*) and service berry (*Amelanchier alnifolia*). The dominant herbaceous species are large leaf avens (*Geum macrophyllum*) and a mixture of native and non-native grasses including western manna grass (*Glyceria occidentalis*), annual rye (*Lolium multiflorum*), tall fescue (*Festuca arundinacea*) and velvet grass (*Holcus lanatus*). The source of hydrology for the site is a combination of surface runoff and precipitation the same as the bank site. This site provides valuable wildlife habitat within a very large area of mostly grass seed production and domestic animal pasture

The reference sites will also be used to compare seasonal water level fluctuations. In the event that there is a problem with the hydrology of the Bank, the reference site will be used to determine if the hydrological problem is site-specific or a widespread occurrence such as drought conditions or possible outside hydrologic interference due to changes in surrounding land use.

3. Annual reports for the Bank will be filed with DSL and the Corps each November, for five years after the last credit is released in the Bank (minimum of 10 monitoring reports). Full monitoring reports will accompany any request for credit release or at other scheduled reporting dates, the MBRT feels a full monitoring report is necessary. Partial monitoring reports will be submitted each year a full monitoring report is not required.

Full Monitoring Reports will specifically address progress towards all performance measures and any remedial action taken to correct deficiencies that might have occurred in meeting the standards. A detailed narrative summarizing the condition of the Bank and all regular maintenance activities will be included in the reports. Yearly photographs will be included, taken from established photo points. A summary of credits sold by the bank will also be included with each report.

Partial Monitoring Reports will address any remedial actions taken to correct deficiencies that might have occurred in meeting the standards when a full monitoring report is not necessary. A detailed narrative summarizing the condition of the Bank and all regular maintenance activities will be included. Yearly photographs will be taken from established photo points providing representative perspectives of the mitigation area. Photos from each photo point will be included as well as a summary of credits sold by the bank.

4. The planting of the Bank will be supervised by a wetland specialist, horticulturalist or biologist. The monitoring program will be conducted either by the owner under the direction of a wetland delineator or a wetland delineator hired and paid for by the Bank sponsors.

5. The Bank's annual review by the MBRT will be conducted each spring, beginning in 2007. This will allow time for the annual monitoring report (due each November) to be prepared and disseminated prior to the MBRT meeting. Any remediation measures that might become necessary will be reviewed with the MBRT as they become necessary and will be summarized at the annual review meeting.

C. Accounting Procedure: The Sponsors shall submit a statement to the Corps and DSL each time credits are debited. If requested, the Corps and/or DSL will distribute the statement to other members of the MBRT. In addition, the Sponsors shall submit an annual ledger to the Corps and DSL for distribution to all members of the MBRT, showing all transactions at the Bank for the previous reporting period and a cumulative tabulation of all transactions to date. At a minimum, each ledger must include the following information: permittee, Corps and DSL permit number, type of permit, locality, amount of impacts, and amount of credits debited from the Bank and the date of transaction). The MBRT will review the annual report to assure no net loss of wetlands acreage. Annual ledgers and transaction reports shall be submitted to the MBRT as long as credits remain in the Bank and the Bank remains operational.

D. Intentionally Left Blank

E. Contingency Plans/Remedial Actions: In the event the Bank fails to achieve the performance measures specified in Part V, Section E of this MOA, the Sponsors shall develop necessary contingency plans and implement appropriate remedial actions for the Bank in coordination with the MBRT. In the event the Sponsors fails to implement necessary remedial actions within one growing season (November 1 of the following year) after notification by the Corps and/or DSL of necessary remedial action to address any failure in meeting the measures standards, the MBRT (acting through the co-chairs) will notify the Sponsors and the appropriate authorizing agency (ies) and recommend appropriate remedial actions including suspension/revocation of available mitigation credits.

If any portion of the Bank fails to meet the required performance measures, with approval of the MBRT, the area can be reclassified as buffer and receive buffer credits, instead of the previously established credits (i.e. enhancement, creation). The buffer ratio will be determined at the time of reclassification depending on the condition of the buffer.

If DSL and/or the Corps determine that the bank is operating at a deficit, they will notify the sponsors in writing that credit sales shall immediately cease, and that remediation is necessary. The MBRT will consult with the sponsors to develop appropriate remedial actions to resolve the deficit. If the approved remedial actions result in failure of site conditions to improve, or continued deterioration in the growing season following this notification, the MBRT will continue to participate in adaptive management and seek resolution in consultation with the sponsors. If DSL and/or the Corps determine that conditions at the bank site have failed to improve or continue to deteriorate due to the sponsors becoming unwilling or unable to implement the remedial actions, either agency may employ its usual methods to enforce compliance with their respective permit. Either agency may also request that whatever amount of the financial assurance deemed necessary be transferred to a party acceptable to these agencies to undertake corrective actions.

If a situation develops in which the land where the bank is sited fails to meet wetland criteria despite remedial efforts, and there is still a deficit of wetlands achieved relative to the

number of credits already sold, the agencies retain all existing rights to seek any additional value related to the land thereafter released from bank obligations, so that this value can be applied toward land costs at a new mitigation site. This land value element may be sought separately from or jointly with the financial assurance or other compliance tools.

At the written request of the Sponsors, the MBRT will perform a compliance visit to determine whether all Performance Measures have been satisfied.

F. Default: Should the MBRT determine that the Sponsors are in material default of any provision of this MOA, the MBRT, acting through the co-chairs may notify the Sponsors that the sale or transfer of any credits will be suspended until the appropriate deficiencies have been remedied. Upon notice of such suspension, the Sponsors agrees to immediately cease all sales or transfers of mitigation credits until the Corps and DSL inform the Sponsors that sales or transfers may be resumed. Should the Sponsors remain in default, the MBRT, acting through the Corps and DSL, may terminate the MOA and any subsequent Bank operations. Upon termination, the Sponsors agree to perform and fulfill all obligations under this Agreement relating to credits that were sold or transferred prior to termination.

G. Bank Closure: At the end of the monitoring period (five years after the last credit sale) upon satisfaction of the performance measures, the Corps and DSL shall issue a written certification of satisfaction to the Sponsors and the entity holding the financial assurance, and thereafter any remaining financial assurances will be released to the Sponsors. The Sponsors may be allowed to utilize that portion of the Bank lands that have not had compensation credits debited from it (i.e. Restoration, Creation, Enhancement, or Preservation lands) provided the utilization does not adversely impact the areas from which compensatory mitigation credit has been debited.

VII. RESPONSIBILITIES OF THE MITIGATION BANK REVIEW TEAM

A. The agencies represented on the MBRT agree to provide appropriate oversight in carrying out provisions of this MOA.

B. The agencies represented on the MBRT agree to review and provide comments on all project plans, proposed additions of land to the Bank, annual monitoring reports, credit review reports, contingency plans, and necessary permits for the Bank. Comments, if any, on the final construction documents as described in Exhibit B, additions of land to the Bank, monitoring reports, credit review reports, contingency plans, and permits for Bank construction and operation will be reviewed within thirty (30) calendar days from the date of complete submittal. The co-chairs of the MBRT shall coordinate such review with members of the MBRT so that comments can be provided within the thirty (30) calendar day comment period.

C. The agencies represented on the MBRT agree to review and confirm reports on evaluation of performance measures prior to approving credits within the Bank.

D. The agencies represented on the MBRT shall conduct compliance inspections, as necessary to verify credits available at the Bank, annual inspections, and recommend corrective measures (if any) to the Sponsors, until the terms and conditions of the Instrument have been determined to be fully satisfied or until all credits have been sold, whichever is later.

VIII. OTHER PROVISIONS

A. Force Majeure: The Sponsors will not be responsible for Bank failure that is attributed to natural catastrophes such as flood, drought, disease, regional pest infestation, etc., that the MBRT, acting through the co-chair's, determine is beyond the reasonable control of the Sponsors to prevent or mitigate.

B. Dispute Resolution: Resolution of disputes about application of this MOA shall be in accordance with those stated in the Federal Guidance for the Establishment, Use and Operation of Mitigation Banks (60 F.R. 58605 et seq., November 28, 1995). Disputes related to satisfaction of performance measures may be subject to independent review from government agencies or academia that are not part of the MBRT. The MBRT will evaluate this input and determine whether the success criteria are met. Appeals of any DSL decisions shall be processed according to OAR 141-85-0075.

C. Validity, Modification, and Termination of the MOA: This MOA will become valid on the latter date of either the Sponsors' signature or the signature of the representative of the Corps or DSL. The MOA will become effective once the deed restriction and financial assurance documents are finalized and provided to the DSL and Corps. This MOA may only be amended or modified with the written approval of all signatory parties. Any of the MBRT members may terminate their participation upon written notification to all signatory parties without invalidating this MOA. Participation of the MBRT member seeking termination will end 30 days after written notification.

D. Specific Language of MOA Shall Be Controlling: To the extent that specific language in this document changes, modifies, or deletes terms and conditions contained in those documents that are incorporated into the MOA by reference, and that are not legally binding, the specific language within the MOA shall be controlling.

E. Notice: Any notice required or permitted hereunder shall be deemed to have been given either (i) when delivered by hand, or (ii) three (3) days following the date deposited in the United States mail, postage prepaid, by registered or certified mail, return receipt requested, or (iii) sent by Federal Express or similar next day nationwide delivery system, addressed as follows (or addressed in such other manner as the party being notified shall have requested by written notice to the other party):

Alton E. Sullivan
P.O. Box 2118
Lebanon, Oregon 97344

Patrick S. Thompson
P.O. Box 1240
Marcola, OR 98454

Steven P. Smith
P.O. Box 664
Philomath, OR 97370

Marvin and Cindy Gilmour
6001 NW Gilmour Lane

Albany, Oregon

Ray Fiori
29594 Camp Adair Road
Monmouth, OR 97361

U.S. Army Corps of Engineers
CENWP-OP-G- Policy Specialist
P.O. Box 2946
Portland Oregon 97208-2946

Oregon Department of State Lands
775 Summer Street NE, Suite 100
Salem, Oregon 97301-1279

U.S. Environmental Protection Agency
Oregon Operations Office
811 SW Sixth Avenue
Portland, Oregon 97204-1395

U.S. Fish and Wildlife Service
Oregon Fish and Wildlife Office
2600 SE 98th Avenue, Suite 100
Portland, Oregon 97266

Oregon Department of Environmental Quality
Quality Executive Building
811 SW 6th Avenue
Portland, Oregon 97204

Oregon Department of Fish and Wildlife
3406 Cherry Avenue NE
Salem, Oregon 97303

F. Entire MOA: This MOA constitutes the entire agreement between the parties concerning the subject matter hereof and supersedes all prior agreements or undertakings.

G. Modification: This MOA may not be modified except by the written agreement of the signatory parties. In the event the Sponsors determines that modifications must be made in the Instrument to ensure successful establishment of habitat within the Bank, the Sponsors shall submit a written request for such modification to the MBRT, through the co-chair's, for approval. The MBRT, through the co-chairs, agree to not unreasonably withhold or delay such approval. Documentation of implemented modifications shall be made consistent with this MOA.

H. Invalid Provisions: In the event any one or more of the provisions contained in this MOA are held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions hereof, and this MOA shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein.

I. **Headings and Captions:** Any paragraph heading or captions contained in this MOA shall be for convenience of reference only and shall not affect the construction or interpretation of any provisions of this MOA.

J. **Counterparts:** This MOA may be executed by the parties in any combination, in one or more counterparts, all of which together shall constitute but one and the same instrument.

K. **Binding:** This MOA shall be immediately, automatically, and irrevocably binding upon the Sponsors and its heirs, successors, assigns and legal representatives upon execution by the Sponsors, the Corps, and DSL even though it may not, at that time or in the future, be executed by the other potential parties to this MOA. The execution of this MOA by EPA, DEQ, ODFW, or the USFWS, or other agency, city or county shall cause the executing agency to become a party to this MOA upon execution, even though all or any of the other potential parties have not signed the MOA. Execution does not signify the agencies' agreement with the use of credits in the One Horse Slough Wetland Mitigation Bank in connection with any specific permit or project.


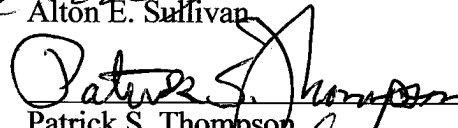

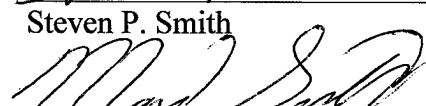
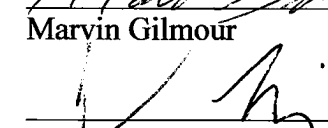
L. **Liability of Regulatory Agencies:** The responsibility for financial success and risk to the investment initiated by the Sponsors rests solely with the Sponsors. The Regulatory Agencies (Agencies) that are parties to this MOA administer their regulatory programs to best protect and serve the public's interest in its wetlands and waterways, and not to guarantee the financial success of mitigation banks, specific individuals, or entities. Accordingly, there is no guarantee of profitability for any individual mitigation bank. Bank sponsors should not construe this MOA as a guarantee in any way that the Agencies will ensure sale of credits from this Bank or that the Agencies will forgo other mitigation options that may also serve the public interest. Since the Agencies do not control the number of mitigation banks proposed or the resulting market impacts upon success or failure of individual banks, in depth market studies of the potential and future demand for bank credits are the sole responsibility of the mitigation bank proponent.

M. **Grant Program Participation:** According to the Federal Guidance for the Establishment, Use, and Operation of Mitigation Banks (Guidance) published in the Federal Register on November 28, 1995 by the Corps, EPA, the Natural Resource Conservation Service, USFWS, and the National Marine Fisheries Service, wetlands restored through the Conservation Reserve Program or similar programs cannot be used to generate credits from a mitigation bank. In accordance with the Guidance, Federally-funded wetland restoration projects cannot be used to generate credits within this mitigation bank.

N. **Suspension of Credits:** The co-chairs, acting on behalf of the MBRT may suspend the sale of credits if new information received by the MBRT indicates information in this MOA was falsely presented or due to a breach of this MOA.

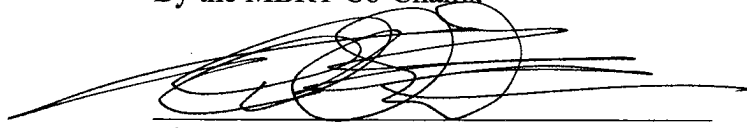
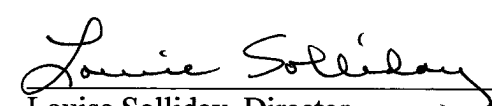
IN WITNESS WHEREOF, the parties hereto have executed this MOA on the date herein below last written by the Co-Chairs.

By the Bank Sponsors:

 _____ Alton E. Sullivan	<u>11-8-06</u> Date
 _____ Patrick S. Thompson	<u>11-8/06</u> Date
 _____ Steven P. Smith	<u>11/8/06</u> Date
 _____ Marvin Gilmour	<u>11/8/06</u> Date
 _____ Ray Fiori	<u>11/8/06</u> Date

MITIGATION BANK REVIEW TEAM

By the MBRT Co-Chairs:

 _____ Thomas E. O'Donovan Colonel, Corps of Engineers District Commander	<u>20 Nov '06</u> Date
 _____ Louise Solliday, Director Oregon Department of State Lands	<u>11/28/06</u> Date

By the MBRT Members of the One Horse Slough Wetland Mitigation Bank:

Michelle Pirzadeh, Director
Office of Ecosystems, Tribal, and Public Affairs
Environmental Protection Agency, Region 10

Date

By the MBRT Members of the One Horse Slough Wetland Mitigation Bank:

Kemper M. McMaster, Director
Oregon State Office
U.S. Fish and Wildlife Service

Date

By the MBRT Members of the One Horse Slough Wetland Mitigation Bank:

Holly Schroeder, Water Quality Administrator
Oregon Department of Environmental Quality

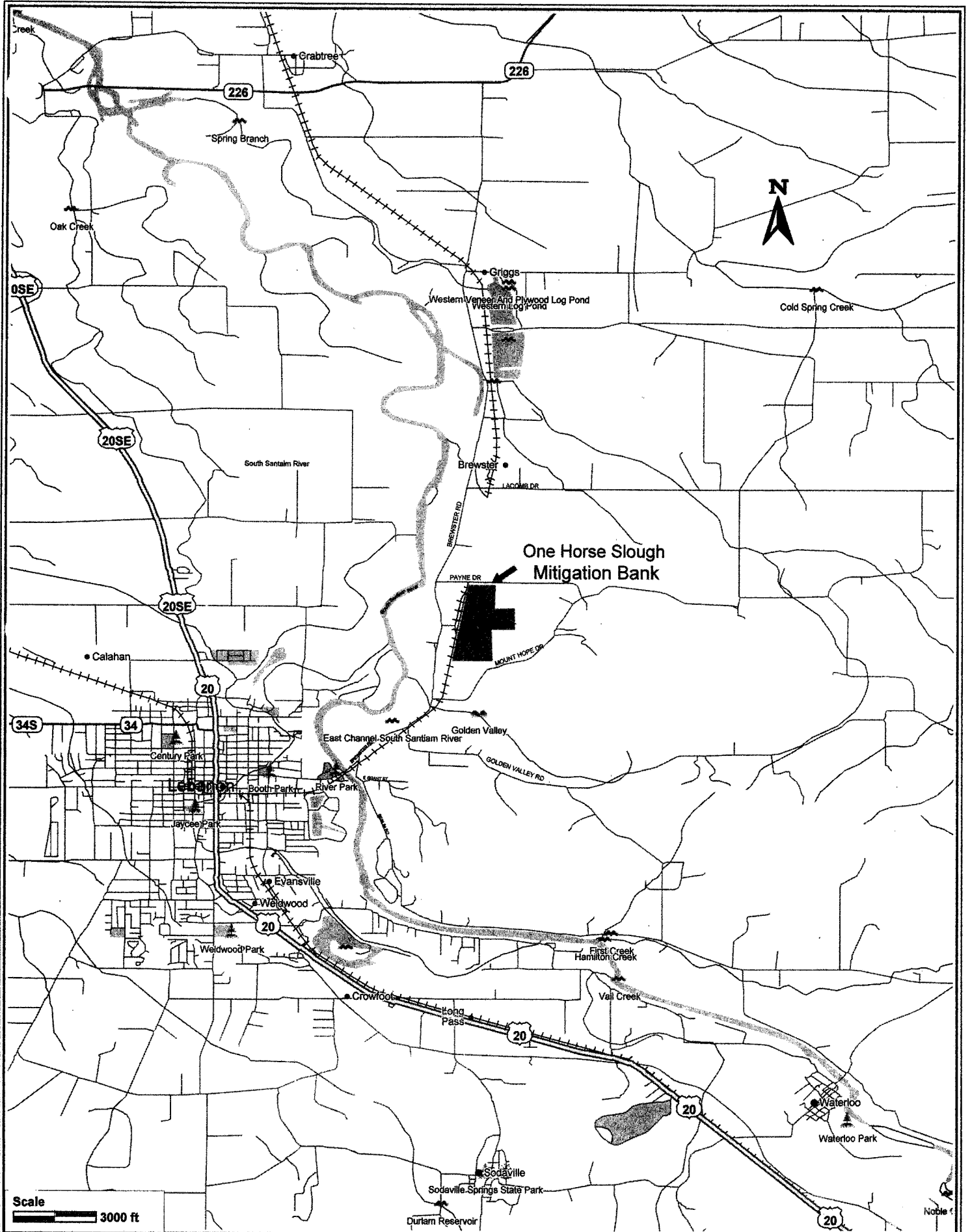
Date

By the MBRT Members of the One Horse Slough Wetland Mitigation Bank:

Chris Wheaton, Regional Supervisor
Oregon Department of Fish and Wildlife

Date

"Exhibit A,"
Vicinity Map, Legal Property Description



VOL. 1624 PAGE 901

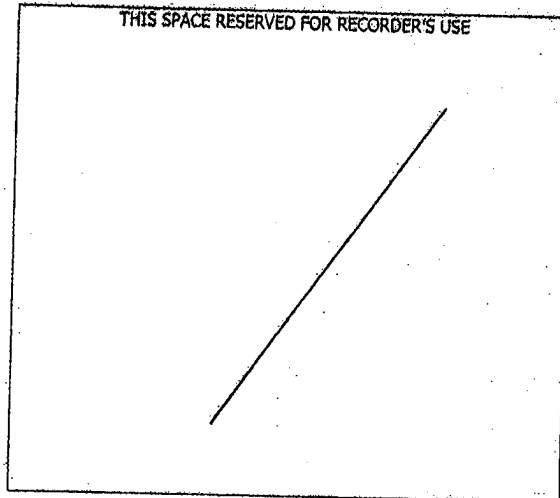


After recording return to:
Aiton E Sullivan and Dixie G Sullivan
PO Box 2118
Lebanon, OR 97355

Until a change is requested all tax statements
shall be sent to the following address:
Aiton E Sullivan and Dixie G Sullivan
PO Box 2118
Lebanon, OR 97355

File No.: 7091-410911 (SCC)
Date: July 26, 2004

THIS SPACE RESERVED FOR RECORDER'S USE



Return to First American Title- 410911 12.2.w-01/201, 2201 43900

STATUTORY WARRANTY DEED

ORVAL HILDERBRAND AND LESLIE L. HILDERBRAND, Trustees of the KENNETH AND ELEETA HILDERBRAND LIVING TRUST dated August 2, 2004, Grantor, conveys and warrants to Aiton E Sullivan and Dixie G Sullivan, husband and wife as tenants by the entirety, Grantee, the following described real property free of liens and encumbrances, except as specifically set forth herein:

See Legal Description attached hereto as Exhibit A and by this reference incorporated herein.

This property is free from liens and encumbrances, EXCEPT:

1. Covenants, conditions, restrictions and/or easements, if any, affecting title, which may appear in the public record, including those shown on any recorded plat or survey. 2. Taxes for the fiscal year 2004-2005 a lien due, but not yet payable.

THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES AND TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930.

The true consideration for this conveyance is **\$230,500.00**. (Here comply with requirements of ORS 93.030)

VOL. 1624 PAGE 902

APN: 168233

Statutory Warranty Deed
- continued

File No.: 7091-410914 (SCC)
Date: 07/26/2004

Dated this 14TH day of SEPT, 2004.

Orval Hilderbrand and Leslie L. Hilderbrand,
Trustees of the Kenneth and Eleeta
Hilderbrand Living Trust dated August 2,
2004

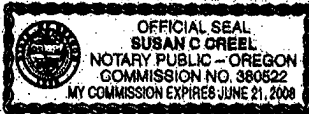
Orval Hilderbrand
Orval Hilderbrand, Trustee

Leslie L. Hilderbrand
Leslie L. Hilderbrand, Trustee

STATE OF OREGON)
) ss.
County of Linn)

This instrument was acknowledged before me on this 14TH day of SEPT, 2004
by Kenneth and Eleeta Hilderbrand Living.

Susan C Greel
Notary Public for
My commission expires: 6-21-08



VOL. 1624 PAGE 903

APN: 169283

Statutory Warranty Deed
- continued

File No.: 7091-410911 (SCC)
Date: 07/26/2004

EXHIBIT A

LEGAL DESCRIPTION:

Parcel I:

Beginning at a point South 89° 57' East 890 feet, North 8° 30' East 400 feet, and East 485 feet from the Southwest corner of the Isaac Kees Donation Land Claim No. 83 in Section 1, Township 12 South, Range 2 West of the Willamette Meridian, Linn County, Oregon, said point being the Northwest corner of the second mentioned tract to the United States Plywood Corporation in deed recorded March 30, 1953 in Volume 231, Page 601, Deed Records, Linn County, Oregon; thence East 200 feet to the Northeast corner of said United States Plywood Corporation tract; thence South 8° 30' West along the East line of said tract, a distance of 400 feet to the South line of said Isaac Kees Donation Land Claim; thence South 89° 57' East along the South line of said Donation Land Claim a distance of 2,057.64 feet, more or less, to a point that is South 89° 57' East 55.04 chains from the Southwest corner of said Isaac Kees Donation Land Claim; thence North 0° 12' West 888.60 feet to the Southeast corner of a tract conveyed to Albert M. Schrouder and wife, by deed recorded January 12, 1954 in Deed Book 235, Page 716; thence West along the South line of said Schrouder tract a distance of 700 feet to the Southwest corner of said Schrouder tract; thence North along the West line of said Schrouder, a distance of 1,230 feet to the North line of said Isaac Kees Donation Land Claim, being the Northwest corner of the said Schrouder tract; thence South 89° 48' West along the North line of said Isaac Kees Donation Land Claim to the East line of the Southern Pacific Railroad right of way; thence Southerly along the East line of said right of way to the point of beginning. AND EXCEPTING that portion of the above described parcel lying within public roads and highways.

Parcel II:

Part of the William M. Smith Donation Land Claim No. 82 in Section 1, Township 12 South, Range 2 West of the Willamette Meridian, Linn County Oregon, described as follows: Beginning East 45.30 chains from the Northwest corner of the said William M. Smith Donation Land Claim No. 92 and on the North line thereof; thence South 21.62 chains; thence West 18.53 chains to the East line of the Southern Pacific Railroad right of way; thence North 8° 41' East along the East line of said right of way to its intersection with the North line of said William M. Smith Donation Land Claim; thence East along said North line 15.98 chains to the point of beginning.

Parcel III:

Beginning at a point where the East line of the Southern Pacific Railroad right of way intersects the South line of the Donation Land Claim of Isaac Kees Donation - Land Claim No. 83 in Section 1, Township 12 South, Range 2 West of the Willamette Meridian, Linn County, Oregon; said point 3099.5 feet West of the Southeast corner of the West projection of said Kees Donation Land Claim; thence North 8° 30' East 400 feet along said railroad right of way; thence East 200 feet; thence South 8° 30' West 400 feet to the South line of said Claim; thence West 200 feet to the point of beginning.

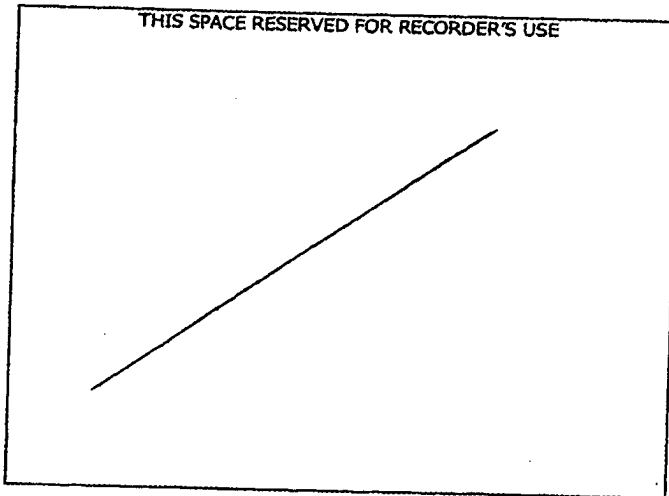
VOL. 1690 PAGE 923



After recording return to:
Alton E. Sullivan and Dixie G. Sullivan
38841 Mt. Hope Dr.
Lebanon, OR 97355

Until a change is requested all tax statements
shall be sent to the following address:
Alton E. Sullivan and Dixie G. Sullivan
38841 Mt. Hope Dr.
Lebanon, OR 97355

File No.: 7091-545584 (SCC)
Date: March 21, 2005



STATUTORY WARRANTY DEED

Henry Bruski, Grantor, conveys and warrants to **Alton E. Sullivan and Dixie G. Sullivan, husband and wife as tenants by the entirety**, Grantee, the following described real property free of liens and encumbrances, except as specifically set forth herein:

See Legal Description attached hereto as Exhibit A and by this reference incorporated herein.

This property is free from liens and encumbrances, EXCEPT:

1. Covenants, conditions, restrictions and/or easements, if any, affecting title, which may appear in the public record, including those shown on any recorded plat or survey.

THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES AND TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930.

The true consideration for this conveyance is **\$117,000.00**. (Here comply with requirements of ORS 93.030)

Dated this 22nd day of MARCH, 2005.

Return to First American Title: 545584 12-24-01/3800

VOL. 1690 PAGE 924

APN: 168605

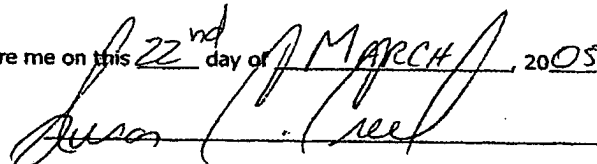
Statutory Warranty Deed
- continued

File No.: 7091-54584 (SCC)
Date: 03/21/2005


Henry Bruski

STATE OF Oregon)
County of Linn)ss.
)

This instrument was acknowledged before me on this 22nd day of MARCH, 2005
by Henry Bruski.


Susan C Creel



Notary Public for Oregon
My commission expires: 6-21-08

VOL. 1690 PAGE 925

APN: 168605

Statutory Warranty Deed
- continued

File No.: 7091-545584 (SCC)
Date: 03/21/2005

EXHIBIT A

LEGAL DESCRIPTION:

BEGINNING AT A 5/8" IRON ROD, SAID ROD BEING ON THE EASTERLY RIGHT-OF-WAY OF THE SOUTHERN PACIFIC RAILROAD, SAID POINT BEING 1492.8 FEET EAST, 2966.67 FEET SOUTH AND NORTH 8°41' EAST 454.35 FEET FROM THE NORTHWEST CORNER OF THE WM. M. SMITH DONATION LAND CLAIM NO. 82 IN TOWNSHIP 12 SOUTH, RANGE 2 WEST OF THE WILLAMETTE MERIDIAN IN LINN COUNTY, OREGON; THENCE NORTH 8°41' EAST ALONG SAID RIGHT OF WAY 16.716 CHAINS TO THE NORTHWEST CORNER OF THAT TRACT OF LAND DESCRIBED IN BOOK 182 ON PAGE 383 OF LINN COUNTY DEED RECORDS; THENCE EAST 19.119 CHAINS TO THE NORTHEAST CORNER OF SAID TRACT 182-383, SAID POINT BEING 45.30 CHAINS EAST AND SOUTH 21.62 CHAINS FROM THE NORTHWEST CORNER OF SAID DONATION LAND CLAIM NO. 82; THENCE SOUTH ALONG THE EAST LINE OF SAID TRACT 182-383, 666.6 FEET, MORE OR LESS, TO THE NORTHERLY LINE OF LINN COUNTY ROAD NO. 723; THENCE SOUTHERLY AND WESTERLY ALONG SAID RIGHT-OF-WAY 820.0 FEET, MORE OR LESS, TO A 5/8" IRON ROD, SAID ROD BEING AT THE NORTHEAST CORNER OF THAT TRACT DESCRIBED IN MICROFILM VOLUME 124 ON PAGE 704, LINN COUNTY DEED RECORDS; THENCE NORTH 73°14' WEST 1018.17 FEET TO THE POINT OF BEGINNING.

STATE OF OREGON
County of Linn

I hereby certify that the attached
was received and duly recorded
by me in Linn County records.

STEVE DRUCKENMILLER
Linn County Clerk

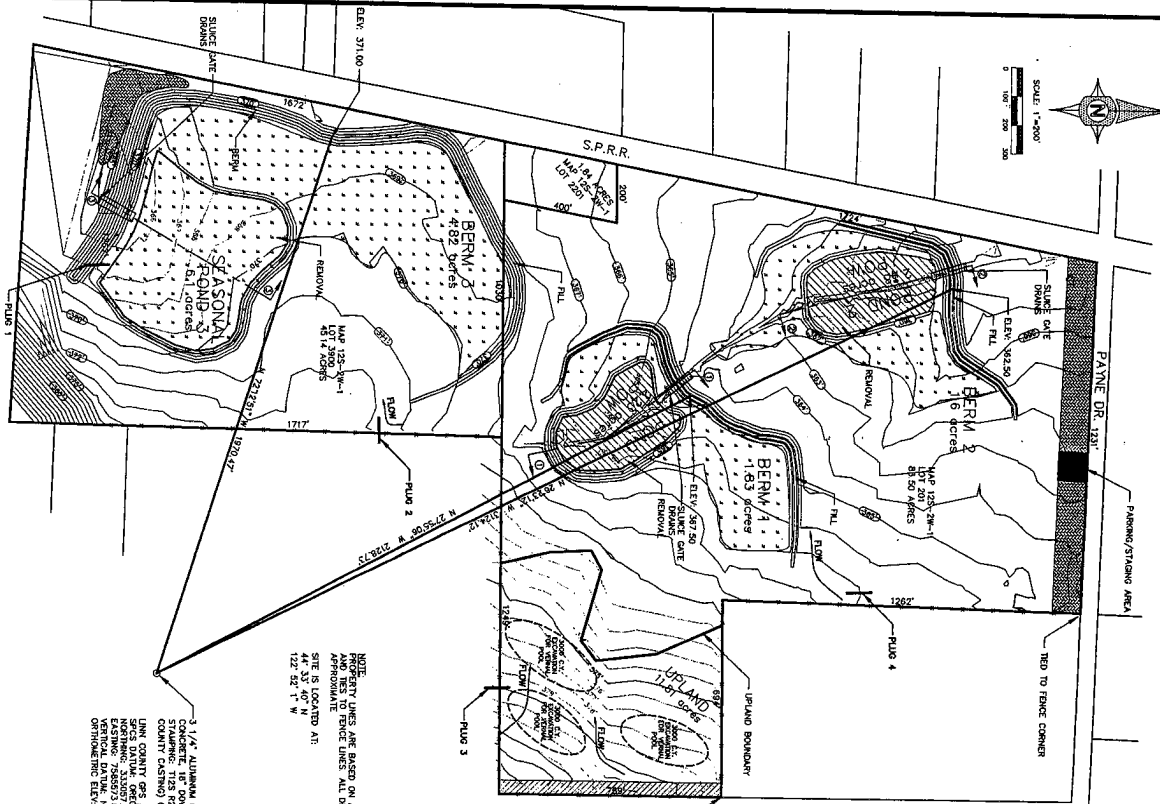
By M Deputy PAGE MF 1690
923

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2005 MAR 23 P 12:08

36

**“Exhibit B,”
Mitigation Site Plan**

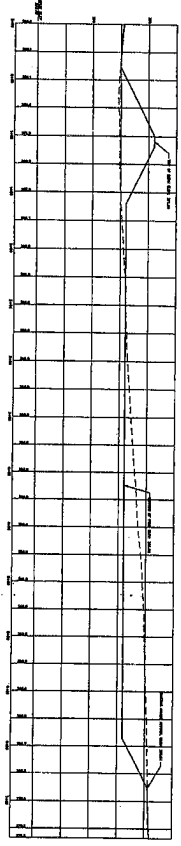
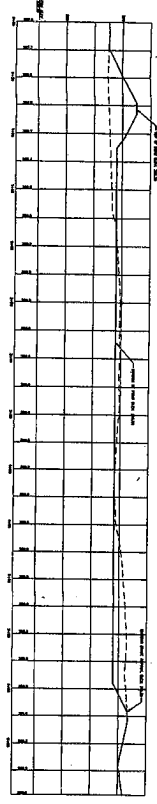
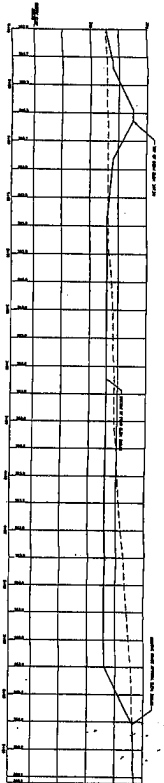


NOTE: PROPERTY LINES ARE BASED ON AERIAL PHOTO APPROXIMATE AND TIED TO FENCE LINES. ALL DISTANCES AND SITE IS LOCATED AT:
 127.287' ± W
 127.287' ± N

3 1/4" SUBMERGED PIPE ON 5/8" I.R. IN CONCRETE, 18" DOWN STAIRWAYS, TIES ROW 1 & TIES ROW 6 (LAIN COUNTY CSDNO) 5-1-1994
 UNL COUNTY GPS POINT
 POINTING: 33307.422 N
 POINTING: 33307.422 E
 VERTICAL DATUM: NAVD 83/87
 ORTHOMETRIC ELEV: 337.803

LEGEND:

	FINISHED GRADE CONTOURS
	EXISTING GRADE CONTOURS
	POW = 4.61 acres
	PSSC = 0.80 acres
	PROG = 3.72 acres
	WP = 91.72 acres
	TOTAL SITE AREA: 130.48 acres



DATE: 09/19/2008
 PROJECT: PAYNE DRIVE
 DRAWN BY: M. McCall
 CHECKED BY: J. [unclear]

GRADING PLAN

PAYNE DRIVE WETLAND MITIGATION

UDELL ENGINEERING, P.E.

DRAWN BY: JAMES F. UDELL
 8072 1586

63 EAST ASH ST.
 LEBANON, OREGON, 97356
 541-451-5126

Exhibit C

ONE HORSE SLOUGH MITIGATION BANK

Final Instrument

By
Patrick S. Thompson, Consulting
Ridgeline Resource Planning

March 2006
Revised June 2006
Revised October 2006
Revised November 2006

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Figure 2 - National Wetlands Inventory Map	Figure 5- 1936 Aerial Photograph
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LIST OF ATTACHMENTS

Attachment 1	Water Control Structure	Attachment 2	Pollution and Erosion Control Plan
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ONE HORSE SLOUGH MITIGATION BANK

1.0 INTRODUCTION

The One Horse Slough Mitigation Bank (Bank) is located in Linn County, Oregon, approximately two miles northeast of Lebanon, approximately 0.25 miles east of the Brewster-Payne Road intersection, on the east side of the Southern Pacific Railroad in T12S, R2W, Sec. 1, Tax Lots 201, 2201 and 3900, (44° 33' 40", 122° 52' 1"). The proposed Bank consists of 130.48 acres with a combination of creation and enhancement/restoration of farmed wetlands. It is bordered on all sides by agricultural lands or forest. The proposed Bank is agricultural land used for grass seed production with a small amount of bottomland hardwood riparian forest along the field perimeters. A drainage ditch crosses the site from the southeast to the northwest and eventually discharges into the South Santiam River. The site is owned by One Horse Slough LLC. The Bank sponsors are Alton Sullivan, Patrick Thompson, Steven Smith, Marvin and Cindy Gilmour and Ray Fiori..

The 130.48 acres of the One Horse Slough Mitigation Bank will create and restore/enhance wetland resources in a large contiguous area that has been ditched, tiled and farmed for more than 50 years. The location of this Bank is well suited for a mitigation bank. It is surrounded by exclusive farm use (EFU) zoning on all but a small portion of the site, yet is located within close proximity to urban areas such as Lebanon and Albany that need to mitigate lost wetlands. The Bank has one area that is classified as jurisdictional wetlands on the National Wetlands Inventory (NWI) map. The site, as a wetland mitigation bank, will have the original wetland characteristics of the site both restored and enhanced, to resemble the historic wetlands as close as possible.

2.0 ADJACENT PROPERTY OWNERS

John and Jane Jones
38401 Mount Hope Drive
Lebanon, OR 97355

Built Rite Construction
c/o Gary Clowser
P.O. Box 278
Lebanon, OR 97355

Vilas & Norman Kirk
33543 Brewster Road
Lebanon, OR 97355

Kenneth & Dyann
McVicker
38325 Mount Hope Drive
Lebanon, OR 97355

David Rathburn
33527 Brewster Road
Lebanon, OR 97355

Dale & Lisa Park
33597 Brewster Road
Lebanon, OR 97355

Farmland Reserve Inc.
50 E. North ST Floor 22
Salt Lake City, UT 84150

William & Nancy Petermen
38200 Payne Drive
Lebanon, OR 97355

Richard & Jeanette Dunigan
33597 Brewster Road
Lebanon, OR 97355

Bonnie Schrouder
38404 Payne Drove
Lebanon, OR 97355

Robert & Shirley Vaughn
33625 Brewster Road
Lebanon, OR 97355

Natalie & Joshua Ellis
375 S. 12th St.
Lebanon, OR 97355

Thomas Leeper & Melinda
Bardeau
3331 Brewster Road
Lebanon, OR 97355

Bruce & Anne Brown
38623 Mount Hope Drive
Lebanon, OR 97355

Benjamin & Myrna Brown
38497 Mount Hope Drive
Lebanon, OR 97355

3.0 PAST AND PRESENT USES OF SITE

Aerial photographs of the site exist as far back as 1936 (See Figure 5) and indicate that the site and surrounding areas appear nearly the same as the current site. One notable difference is in 1936 on the northeast side of the property, adjacent to the present day forested area, trees extended into the subject property. In the early years of the site (prior to 1946), it was most likely in row crops or pasture, as grass seed production had not yet begun in the valley. The Linn County Soil Survey shows marsh symbols present on part of the project area indicating considerable wetland hydrology was present at that time.

The 1851 GLS/vegetation characterized by the Nature Conservancy is largely based on soil types, but indicates a mix of bottomland riparian hardwood forest, shrub/scrub wetland and prairie habitat was likely present (Figure 6). Our assessment is that a diverse complex of wetland types was originally on this site. The emergent wetland component could have been a significant feature of the landscape given potential for beaver activity within the low gradient waterway that crosses the property and proximity to the South Santiam River (about .5 miles). Beaver ponds would have been relatively stable since the site is well above the 100 year floodplain of the South Santiam River. The floodplain is located on the opposite side of the river in this area.

Reconnaissance of the site and landowner records indicated no evidence of any type of hazardous materials on-site. The site was examined for evidence of areas of stressed or voided vegetation, drums, fill pipes, dump sites, stained soils, unusual odors, etc. No buildings have ever been known to occur on-site.

4.0 ADJACENT LAND USES

The Bank is located within an agricultural area that is zoned EFU (exclusive farm use) as are the adjacent properties to the north, south and east. A portion of the property to the west, separated from the site by the Southern Pacific Railroad is zoned heavy industrial. Figure 1 is an aerial photograph of the site which illustrates the Bank site within the surrounding area.

5.0 SITE ASSESSMENT

5.1 Cowardin and Hydrogeomorphic Wetland Classes

One site of existing wetland (Figure 2) is listed on the One Horse Slough Quadrangle, National Wetlands Inventory map. The listed wetland identified by its Cowardin Classifications is

PEMCx -Palustrine/Emergent/Seasonally Flooded excavated. The mapped on site wetland consists of the excavated drainage ditch running through the site.

The wetlands on the Bank site will be a combination of Emergent Wet Prairie, Palustrine Emergent, Palustrine Forested, Palustrine Scrub/Shrub and Palustrine Open Water. The Hydrogeomorphic classes that will be developed are slope/flat. The existing perennial excavated ditch has a hydrogeomorphic class of riverine flow-through.

5.2 Vegetation

The restoration/creation portion of the Bank is currently used for agricultural purposes for the production of grass seed. There are some shrub and forest species present in the fence rows surrounding the site including black cottonwood (*Populus balsemifera*), English hawthorne (*Crataegus monogyna*), Himalayan blackberry (*Rubis discolor*) and nootka rose (*Rosa nutkana*).

5.3 Soils

According to the Linn County Soil Survey the site is composed primarily of Dayton silt loam (33) along with fairly equal amounts of Dupee silt loam (36D) and Holcomb silt loam (46) (Figure 3 - Soils Map). Table 1 summarizes each of the soils main characteristics.

Table 1 - Site Soil Characteristics - One Horse Slough Mitigation Bank

Soils	Drainage	Permeability	Runoff	Hydric
Dayton silt loam	Poorly drained - deep	Very slow	Slow to very slow or ponded.	Yes
Holcomb silt loam	Somewhat poorly drained - deep	Very slow	Slow	No - Inclusions of Dayton & Concord
Coburg silty clay loam	Moderately well drained - deep	Moderately slow	Slow	No- Inclusions of Malabon
Panther silty clay loam	Poorly drained - deep	Very slow	Medium	Yes
Philomath silty clay	Well drained - shallow	Slow	Medium	No
Conser silty clay loam	Poorly drained	Slow	Slow	Yes
Dupee silt loam	Somewhat poorly drained - deep	Moderately slow	Slow	No

5.4 Hydrology

The Bank is located in an area of varying topography of a mixed broad lowland alluvial terrace of the South Santiam River. The site ranges in elevation from a high of 385 feet msl in the extreme east-central portion to a low of 358 feet in the northwest corner. The topography of the surrounding areas is mixed. To the north and west the topography is nearly flat, but to the south and west are gentle slopes extending into the foothills of the Cascade Mountains.

Movement of unconfined ground water moves from the topographically higher hill areas toward the lowlands where the water is discharged as seeps, springs or to surface water bodies. Additionally, the agricultural areas surrounding the Bank have been extensively tiled and ditched to promote drainage. A series of man-made ditches criss-cross the landscape adjacent to the Bank promoting rapid drainage.

The most obviously conductor of hydrology on the site is an intermittent drainage ditch. It consists of a four to five foot deep excavated ditch running from the east boundary to the northwest boundary, diagonally across the property. The Bank receives surface water from six separate sources all of which are intermittent flows. These sources include tile lines, seeps and a small intermittent drainage ditch located on the east side of the site. Each of these eventually empties into the drainage ditch that bisects the property. Water discharge was evident from the tile lines until late August. The location of all inflows is noted on Figure 4 and are noted as "plug". All of these seasonal flows come from nearby foothills via the adjacent agricultural lands. The only flow from the Bank is from the excavated ditch which flows into the South Santiam River.

5.5 Threatened and Endangered Species

The project area has been surveyed for presence of Federally Listed species by Steven P. Smith, project biologist. A summary species considered within the project area is provided. No Federally Listed species were found on the property in three separate site visits conducted in June, July and August 2005.

Populations of Bradshaw's lomatium (*Lomatium bradshawii*) are known to occur on similar soils in Linn County. The USFWS's Oak Creek Unit is located about five miles southeast of the proposed bank and contains the largest known population of lomatium in Linn County.

If the wet prairie develops as prescribed and achieves a plant community acceptable to the USFWS, the bank sponsors will consider re-introducing federally listed plants to the area. Plants suitable for consideration include Willamette daisy, Bradshaw's lomatium, and Nelson's checkermallow.

The nearest populations of known Listed species are Upper Willamette winter steelhead trout and Upper Willamette spring Chinook within the South Santiam River. However, no fish habitat is present within the proposed mitigation bank.

Contaminants

A Level 1 contaminant assessment was conducted by the project biologist and no concerns were identified on the project site. A BPA power line and Regional recycling center are located near the property.

The site will continue to be investigated within those areas where species are most likely to occur. No new species are anticipated to be found in the areas covered by the Bank as the majority of the Bank site has been in agricultural use for many years.

5.6 Wetland Determination/Delineation

A comprehensive wetland determination was conducted by Patrick S. Thompson Consulting in March 2005 and a wetland delineation following in March 2006. Concurrence on the delineation (WD 06-0213) was received on August 17, 2006. The finding of the delineation was that the majority of the site (118.67 acres) is considered to be wetland or cropped hydric soil. A small area (11.81 acres) is upland.

Dana Field of the Department of State Lands stated that, "Areas of cropped hydric soils may receive 2:1 enhancement ratio, subject to approval of the MBRT". The remaining portion of the Bank is upland (11.81 acres), where wetland will be created at a 1½:1 ratio.

5.7 Hydrogeomorphic (HGM Based Assessment)

This bank site has the potential to restore and create a variety of high quality wetland functions including wildlife habitat and on-site storage and filtration of precipitation and surface water runoff. The wetlands will capture and retain precipitation, replacing and off-setting the effects of the existing manmade drainage on and surrounding the site that promotes fast drainage which contributes to the flood conditions and decreases groundwater recharge. The Bank will temporarily store water, thereby increasing the retention time and allowing the vegetation and soils to interact with any possible nutrients they might contain in order to act as a filtration system.

A hydrogeomorphic (HGM) based assessment of the site was completed, assessing how the site functions as a wetland now and how we anticipate it will look and function as a wetland ten years from now. Table 2 shows the ten HGM functions that are analyzed for the slope/flat wetland. All ten functions have increased in value as a result of the creation of the One Horse Slough Mitigation Bank. The values in columns 2 and 3 were calculated using the referenced -

based method standardized to the highest functioning capacities for slope/flat sites. The values in columns 4 and 5 were determined using the judgmental method. Both are based on the Guidebook for Hydrogeomorphic (HGM) -based Assessment of Oregon Wetland and Riparian Sites by Paul Adamus and Dana Field.

Table 2- HGM for Slope/Flats Pre- and Post- Construction (HFR Calculation)

Function	Referenced-Based		Judgmental Method	
	Existing	10 years after construction	Existing	10 years after construction
1. Water Storage & Delay-- Delay--This has risen substantially due to the longer and larger quantity of inundation of the site.	0.25	0.50	0.5	0.9
2. Sediment Stabilization & Phosphorus Retention-- This increase is due to taking the site out of agricultural production, elimination of plowing, planting a permanent cover, and slowing the water flow through the site.	0.57	0.72	0.4	0.8
3. Nitrogen Removal--Nitrogen removal has increased by increasing the percentage of the land that is seasonally inundated and by eliminating the agricultural applications of nitrogen to the site.	0.45	0.70	0.3	0.6
4. Primary Production--The primary production has increased due to the conversion of the annual crop (ryegrass) into perennial vegetation that will accumulate organic matter.	0.23	0.60	0.3	0.8
5. Invertebrate Habitat Support--This has increased due to the increase in forms of vegetation, the seasonal inundation, pooling and associated site hummock, and a decrease in soil compaction. All of this works together to increase the plant food web diversity.	0.16	0.56	0.2	0.7
6. Amphibian & Turtle Habitat-- This has increased due to the elimination of the agricultural practices, increased hydrology, dead wood components, and perennial vegetation.	0.46	0.62	0.3	0.7
7. Breeding Waterbird Support-- Breeding waterbird support has risen dramatically due to presence of at least ½ acre of seasonal inundation through the breeding and nesting season where previous there had been only a very small amount impounded in a deeper pool of the intermittent stream on site.	0.00	0.84	0.3	0.7
8. Wintering & Migrating Waterbird Support--This has increased due to the addition of fall winter and spring feeding and refuge potentials through seasonal inundation including increase in the percentage and distribution of pools, changing water levels, hummocks, shorebird scrapes and mudflats.	0.61	0.99	0.4	0.7
9. Songbird Habitat Support--This has increased due to the elimination of agricultural practices and increase in perennial vegetation and cover.	0.46	0.79	0.3	0.6

<p>10. Support of Characteristic Vegetation--This has increased due to the replacement of agricultural products and practices with native herbs and woody plants characteristics of wetlands. It has also increased due to a decrease in soil compaction, annual mowing, and non-native herbaceous layer species and percent cover.</p>	<p>0.37</p>	<p>0.89</p>	<p>0.3</p>	<p>0.7</p>
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6.0 MITIGATION BANK SITE PLAN

Palustrine, emergent freshwater marsh will occur throughout the property. The upland area located on the east side of the property will be restored to emergent and wet prairie habitat. The primary technique will involve disabling the tiles lines, plugging the drainage ditch, surface grading and construction of low level (< 24") berms to hold and spread surface water. Perimeter drainage ditches will be diverted into the interior of the property adding significant potential to maintain soil saturation well into the growing season.

Two deep water ponds (6-8 feet deep) will be excavated within the existing drainage ditch. The primary objective will be to ensure year round ponding. The open water area (POW) within each pond expected to be 3-6 feet in depth for a total of approximately four acres of open water pond.

The restored and created wetlands include semi-permanently and seasonally flooded, and saturated palustrine emergent, scrub-shrub and forest wetland areas; open water; and wet prairie. The hydrogeomorphic classification will be slope/flat. The water sources will consist of groundwater, surface water and precipitation and the hydrodynamics will be both horizontal and vertical movement.

6.1 Water Sources

Water sources for the Bank are already present, they are just currently diverted past or through the property. The minor restoration activities planned will recreate the original palustrine, emergent freshwater marsh that probably was originally on the site. The upland area located on the east side of the property will be restored to emergent and wet prairie habitat.

The primary technique will involve disabling the tile lines, plugging the drainage ditch, surface grading and construction of low level earthen berms to hold and spread surface water. This will capture and retain the overland flows and precipitation, and retain them on site rather than quickly diverting them into ditches and off site. The berms will have a natural appearance with an average height of 1½ to 2 feet, 40 feet width and side slopes of approximately 10:1.

Perimeter drainage ditches will be diverted into the interior of the property adding significant potential to maintain soil saturation well into the growing season. Small, earthen ditch plugs will be installed at four locations. Each plug will consist of approximately 20 cubic yards of compacted soil. Surface grading will occur upstream of each plug, diverting surface water into the wetland and allowing the runoff to spread within the wet prairie. The existing ditches are

1½ -2 feet deep, excavation will proceed until the ditches daylight. From the contour this will be approximately 30 feet from plug which will result in an approximate 30:1 slope. We will not flatten existing ditches, just plug them. The diversion ditch will be 9' wide and range from 2' high at the beginning to 0 where it daylights.

Two deep water ponds (approximately 6-8 feet deep) will be excavated within the existing drainage ditch. The primary objective will be to ensure year round ponding. The open water area (POW) within each pond expected to be 3-6 feet in depth is about 4.61 acres. Each deep water pond will have a water control structure installed. The water control structures consist of a 36" x 40' pipe with a 48" diameter half pipe riser. The height of each riser will be set at a height so that no more than 6" of the berm is above the full pool elevation. This will ensure that soil saturation on the berm area will support wet prairie grass species. The pipes have been sized to pass all 5-year storm events. Spillway areas will be constructed to pass storm surges greater than 5-year events.

A third water control structure will be placed on the impoundment located in the south end of the mitigation bank. The ditches feeding this pond are significantly smaller. The outlet pipe is 24" diameter and 30' long. A 36" riser 4' in height will be used to regulate water levels within this impoundment.

The primary objective of installing water control structures is to ensure (1) maximum saturation of soils well into the growing season and (2) minimize the potential for non-native fish to enter the impoundments through spillways. If pond isolation can be documented, a future federal action proposing introduction of Oregon chub will be considered by the bank sponsor. Water Control Structure Details for each of the ponds are included in Attachment 1.

6.2 Vegetation

Forest and Shrub/Scrub - Cowardian classes PFOC & PSSC: 4.61 acres.

Riparian hardwood forest and shrub vegetation will be established. Additional woody vegetation may be planted or allowed to establish once the emergent marsh and prairie components are in place. The need for use of mechanical, chemical, and controlled fire treatments will limit the potential for early establishment of forest vegetation.

Numerous seed sources are present along the project boundaries and natural seeding of trees is expected. Forested areas will be planted to Oregon ash, black cottonwood, Willamette Valley pine, and white alder. Douglas spirea, red-osier dogwood, willow, snowberry and rose will be used in shrub dominated sites (See Figure 4 - Planting Plan).

Palustrine, emergent marsh/Cowardian class PEMC: 29.53 acres.

A combination of surface grading, ditch plugging, and berm construction will be used to create suitable conditions for a diversity of obligate wetland species including spike rush, soft-stem bulrush, slough sedge, water plantain, burweed and smartweed. The native seed bank should be viable within the soil profile; however both seed and wetland plant plugs will be used to supplement development of high species diversity within the wetlands (See Figure 4 - Planting Plan).

Wet Prairie/Cowardian class WP: 91.72 acres.

Wetland prairie is the dominant habitat type proposed for restoration within the mitigation bank. Restoring surface and sub-surface hydrology should allow wetland prairie species to be established throughout the project area. Initially restoration efforts will focus on establishment of native grasses dominated by tufted hairgrass, thick spike bentgrass, and meadow barley with a minimum of ten wetgrass prairie species. Additional grasses identified for seeding include water foxtail, American sloughgrass, western mannagrass and California oatgrass. The planting will be in accordance with a list of wet prairie species list provided in "*Draft Guidance on Vegetation Performance Standard and Monitoring Protocols for Reference Sites and Mitigation Sites*". (See Figure 4 - Planting Plan).

Once performance measures have been achieved for the grass community, the prairie area will be burned and a diversity mix of broadleaf forbs will be no-till drilled into the prairie site.

6.3 Grading and Erosion Control

Surface grading work done at the Bank will be conducted using a bull dozer, excavator, farm tractor and scraper. The sponsors have all the equipment needed for grading, back-blading, seeding, and cultivation. Any excavation work done on-site will occur when the site is dry with no discharge. Seeding of native grasses will occur once site preparation techniques have ensured proper control of annual ryegrass. The bank sponsors anticipate planting the south third of the bank area immediately following surface grading since site preparation has been underway since 2005. Silt fencing, straw bales and other forms of erosion control will be used to stop any off-site sedimentation problems until native grass cover is established. Any straw bales used will be certified weed-free alfalfa or winter wheat straw bales. The complete Pollution and Erosion Control Plan is included as Attachment 2.

6.4 Operations Schedule

Restoration activities will begin in July 2006 with burning of the residual crop stubble. Surface grading will follow. Site preparation will occur in fall 2006 to eliminate all sprouting non-desirable species. Planting with wetland species will occur when proper environmental planting

conditions exist, hopefully in fall 2006. The Bank will be surveyed after the construction phase is completed, and as-built drawings prepared.

6.5 Effect on Neighboring Properties

The Bank is being developed so that the neighboring property owners will not be affected by increased flooding or have the drainage of their field tile adversely affected. The seasonal high water levels within the Bank will remain longer due to the elimination of the drainage systems, but this will only extend to the boundaries of the areas with drainage systems removed. Contrary, the creation of longer storage in the Bank should reduce frequent peak flow levels downstream helping to moderate downstream flooding.

6.6 Environmental Quality Discussion

Drainage from the Mitigation Bank flows into the unnamed drainage ditch flowing through the site which then flows into the South Santiam River. The South Santiam River is a water quality limited streams under the Clean Water Act, Section "303D Listing" for temperature and bacteria. The Bank could have a positive affect on the bacteria parameter as the wetlands will slow down the water flow allowing bacteria to be trapped in the wetland sediments, thereby decreasing the amounts of bacteria. The type of wetlands being developed on site will probably not help with the temperature issues, as the water will not be shaded to any extent with the limited forest and shrub overstory that is planned.

The Bank is outside the 200-yard required buffer area required by the Washington Toxic Coalition vs. EPA decision. As extra safeguards any pesticide use on site will be in compliance with the Washington Toxic Coalition vs. EPA decision.

Creation of the Bank will reduce herbicide, pesticide and nitrogen input to the South Santiam River. The agricultural lands currently receive herbicide, pesticide and fertilizer (source of nitrogen) applications two or three times yearly. The agricultural lands will be replaced with high quality wetlands that will only receive highly controlled spot herbicide applications. This will not only decrease the direct input of herbicides, pesticides and fertilizer, but the wetlands will also function on a long-term basis to treat water from adjacent agricultural areas. Any herbicide applications will be done by a licensed private pesticide/herbicide applicator with the Oregon Department of Agriculture.

6.7 Weed Management Methodology

Weed management is not anticipated to be a major problem with this Bank due to the knowledge, familiarity with the site, and wetland and farming management skills of the Bank's sponsors, who collectively have over 20 years of wetland and 40 years of farming management experience.

One of the key components of weed management is the initial and continued prevention of weeds. This will be done in a systematic way by first removing existing vegetation seed and stubble with a broadcast burn, then through a herbicide application program problematic species, particularly annual ryegrass. The weed management program then centers on identifying individual species and noting their location over time, so that their removal or spread can be closely monitored. The weeds will be prioritized to assure that highly competitive weeds will be on a closely monitored status while non-competitive weeds will be less of a factor. As species are found that may be new to the sponsors, they can look to local experts to help in the identification and best methods of control. The actual control of the weeds can be done through a combination of species specific spot herbicide application, mowing, controlled burning, and physical removal of individual targeted plant species. Long term monitoring of weedy species will be done through their identification and mapping, keeping the records over years to follow patterns and proven methods of abatement (adaptive management).

Weed control will be a long term effort by the Bank's sponsor, but will be much less of an effort after the first few years when the desirable wetland species have had a chance to establish themselves in the areas where the weeds have been kept in check.

Long term maintenance of the site is fully described in Exhibit H of the MOA.

7.0 CONTINGENCY PLANS

If during monitoring inspections and surveys, failures to meet one or more performance measures are probable, an analysis will be conducted to determine the cause or causes of the possible failure. This determination will be made by the mitigation bank staff which will include a wetland specialist, the owners, and any other specialist deemed necessary for the specific issue. This team will recommend to the MBRT, an immediate action plan that can be implemented to bring the Bank effort back on track to meet the performance measures. Examples of possible adaptive management actions that could be taken as contingency efforts include; replanting, plant species changes or additional limited excavation.

The owners of the Bank will be ultimately responsible for completing the necessary action to assure success of the remediation plan. Prior to the sale of credits in the Bank, the sponsors will guarantee that the necessary finances will be made available to successfully execute this mitigation plan and any contingencies which might arise through the submittal of financial assurance, until such time that success is ensured and DSL and the ACOE agree that bond release is warranted.

The responsible parties who will implement and provide for monitoring the success of the corrective actions are indicated below:

<u>Name</u>	<u>Address</u>	<u>Phone</u>
Alton E. Sullivan	P.O. Box 2118 Lebanon, OR 97344	541-979-6456

Patrick S. Thompson	P.O. Box 1240 Marcola, OR 98454	541-933-3318
Steven P. Smith	P.O. Box 664 Philomath, OR 97370	541-929-6341
Marvin and Cindy Gilmour	6001 NW Gilmour Lane Albany, OR 97321	541-928-2507
Ray Fiori	29594 Camp Adair Road Monmouth, OR 97361	541-760-1777

8.0 CONSISTENCY WITH LOCAL COMPREHENSIVE PLAN

Linn County Planning Department has been contacted and have indicated that creating wetland habitat on current use farm ground for the purposes of wetland mitigation banking is an allowed use in the EFU zone.

9.0 WATER RIGHTS APPLICATION

The Bank sponsors have applied for, but not yet received a permit to store water with the Oregon Water Resources Department (OWRD) for the Bank site.

10.0 WETLAND CREDITS AND BANKING SYSTEM

The credit banking system for the One Horse Slough Mitigation Bank site will be based on DSL's mitigation ratios as specified in OAR 141-85-135. A mitigation credit is the unit of measurement describing wetland impact compensation requirements. For each acre of wetland impact, one mitigation credit is required and can be purchased from the Bank to satisfy the impact requirement.

Wetland credits will be offered for palustrine emergent, palustrine shrub/shrub, palustrine forested wetland as well as open water. The expected credits for the Bank are:

Enhancement	118.67 acres @ 2:1 ratio	= 59.34 credits	
Creation	<u>11.81</u> acres @ 1½:1 ratio	= <u>7.54</u> credits	
Total	130.48 acres	66.88 credits	66.91 credits

Each transaction of credit sale, the sponsor will be notified by either the permitting agency or the applicant that the One Horse Slough Regional Mitigation Bank has been approved for use for a removal/fill permit application or resolution of a removal/fill violation. The Bank sponsor will notify the permitting agency in writing (fax is acceptable), within two business days of the sale of the credits. The notification will include the number of credits sold, the name and address of the person or entity who purchased the credits, the project location, the date of purchased and the state and/or federal

identification number. The Bank sponsor will submit an Annual Report to DSL and ACOE comprised of the monitoring report documenting the performance of the mitigation progress, an accounting of credits earned and sold and other data the MBRT may request throughout the year.

Release of wetland credits is included in the MOA Section V. F.

11.0 PROJECT COSTS & FINANCIAL RESOURCES

Financial assurance of a sufficient amount to secure the advance release of credits will be posted before the regulatory agencies make the first credit release. The amount of the bond is based upon an evaluation of the mitigation site and the likelihood that an individual or a combination of factors influencing the Bank could fail. This evaluation was based on the three main types of work to be completed on-site 1) excavation and hydrological connection 2) site prep and planting and 3) monitoring. Table 3 includes a summary of each of these costs along with a built-in 15% contingency. The total amount of bond suggested is \$205,407. The schedule of financial assurance release is included in the MOA Section IV. D.

12.0 PUBLIC FUNDING SOURCES

All funding for this project was supplied by the Bank sponsors.

13.0 HUNTING RESTRICTIONS

Any hunting will comply with all State and Federal regulations.

14.0 REFERENCES

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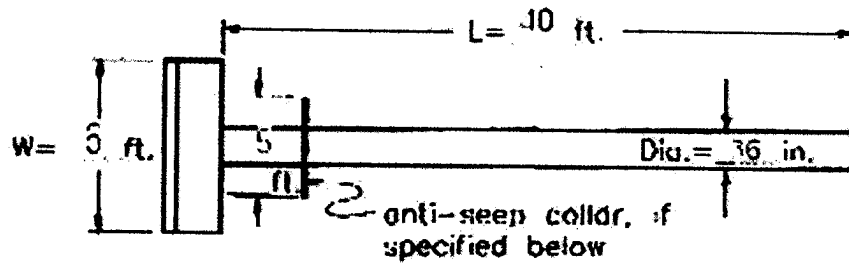
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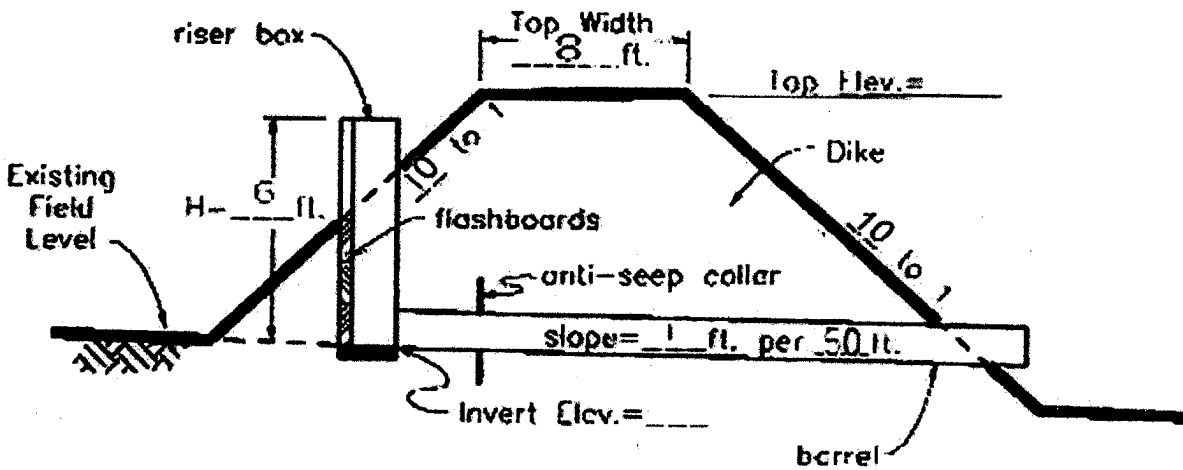
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ATTACHMENT 1

Pond 1 Water Control Structure



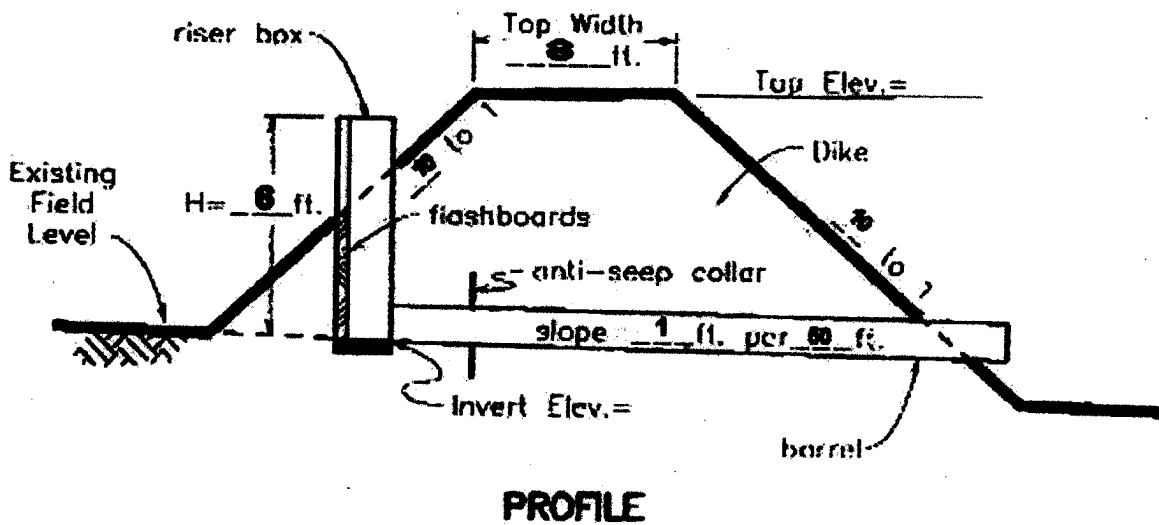
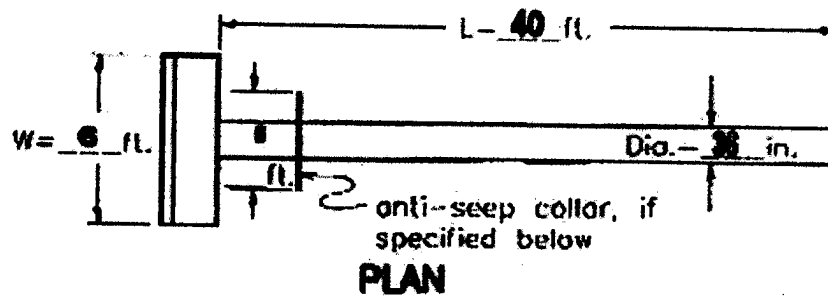
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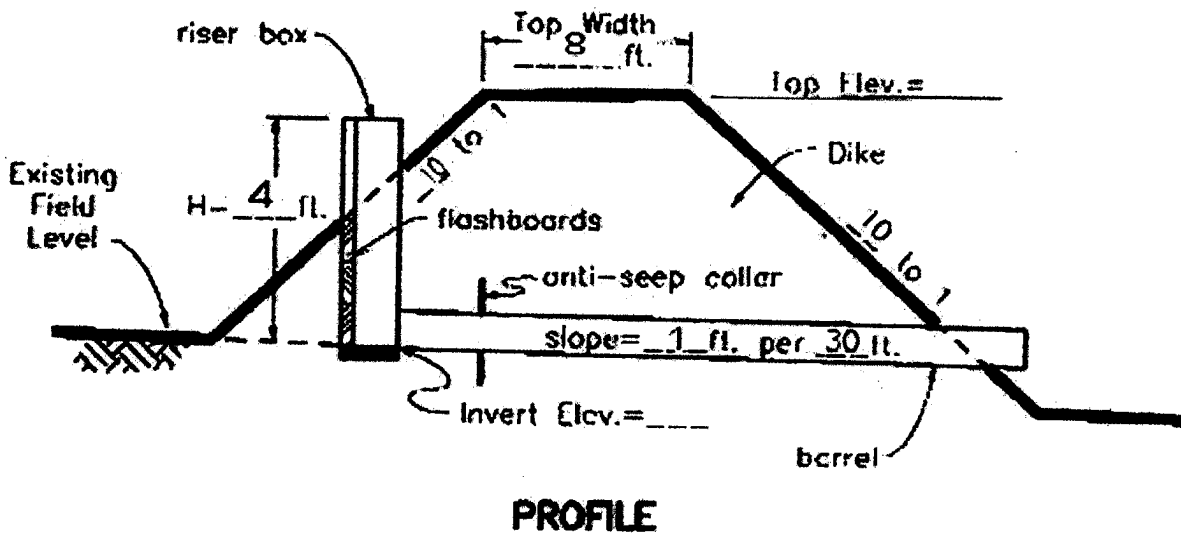
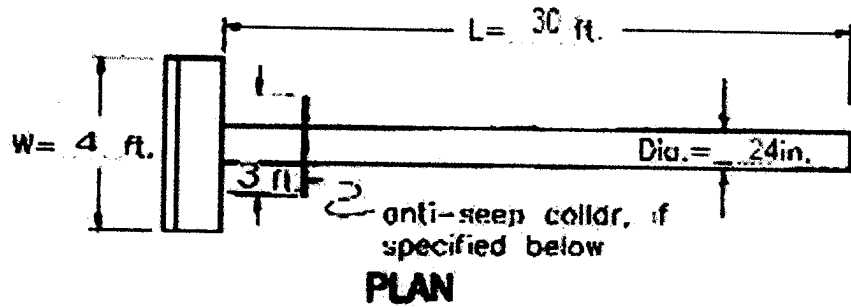
PROFILE

Pond 2

Water Control Structure



Pond 3 Water Control Structure



ATTACHMENT 2

Pollution and Erosion Control Plan

Preventing, Controlling, and Reporting Leaks and Spills of Chemicals and Other Petroleum Products

- (1) The operator will maintain equipment used for transportation, on-site storage, or application of chemicals in a leak proof condition. If there is evidence of chemical leakage, the operator will suspend the further use of such equipment until the deficiency has been corrected.
- (2) Operators will take adequate measures to prevent leaks or spills of other petroleum products, such as fuel, motor oil, and hydraulic fluid, from entering wetlands or waters of the state.
- (3) Operators will implement immediate and appropriate action to stop and contain leaks or spills of chemicals and other petroleum products. An oil spill responses kit will be on the site and ready for deployment.
- (4) Staging, mixing, and transfer for chemicals and other petroleum products shall only be in locations where spillage of chemicals or other petroleum products will not enter the waters of the state and are located 150 feet away from a stream unless a variance has been approved.
- (5) The operator shall immediately report to the appropriate state regulatory agency (Department of Sate Lands, Oregon Department of Forestry, Oregon Department of Agriculture) any chemical spills and other petroleum product spills resulting from the operation that enter, or may enter, the waters of the state. Such notification will not exempt the operator from any requirements of other local, state, and federal agencies to report chemical or other petroleum product spills.
- (6) The Oregon Emergency Resource Center 1-800-452-0311 will be notified within 2 hours if more than 40 gallons of chemical or other petroleum products is spilled.

Erosion Control.

Operators will select equipment routes to limit the alteration of natural slopes and drainage patterns to that which will safely accommodate the anticipated use of the equipment and will also protect waters of the state.

The map shows the approximate route (temporary disturbance) of the equipment trail. The equipment operator will avoid wetlands and pick a path to the restoration site that will have the least impact to standing trees. The project impacts are minor and the addition of a plan diagrams, cross section or geomorphologic features is not commensurate with the scale of the project.

(1) Operators will use variable grades and alignments to avoid less suitable terrain so that the route minimizes the disturbance to protected resources, avoids steep sidehill areas, wet areas and potentially unstable areas.

(2) Operators will design routes no wider than necessary to accommodate the anticipated use and retain standing trees whenever possible.

(3) Operators will stabilize routes as needed to prevent fill failure and subsequent damage to waters of the state using water bars or brush wattles (Figure 1.) where needed and will be spaced at the following intervals.

<u>Slope</u>	<u>Normal</u>	<u>Erodible (sand or ash)</u>
5-15%	300'	150'
15-35%	200'	100'
35-50%	100'	50'
over 50%	50'	25'

(4) Drainage of the water will be directed to vegetated areas or mulched areas to contain any sediment.

(5) Onsite plant material that was moved during the project will be used to prevent sediment transport to wetlands or streams. Disturbed soils will be seeded or mulched and the material will be distributed so native vegetation can be established.

(6) When constructing stream crossings, operators shall minimize disturbance to banks, existing channels, and riparian management areas.

(7) Operators shall leave or re-establish areas of vegetation between roads and waters of the state to protect water quality. The preferred method will be the use fascines or live stake planting in the equipment trail and covering the exposed soils with mulch or vegetation. Figure 1

(8) Operators shall remove temporary stream crossing structures promptly after use, and shall construct effective sediment barriers at approaches to channels.



FIGURE 1

1994

National Wetlands Inventory Map

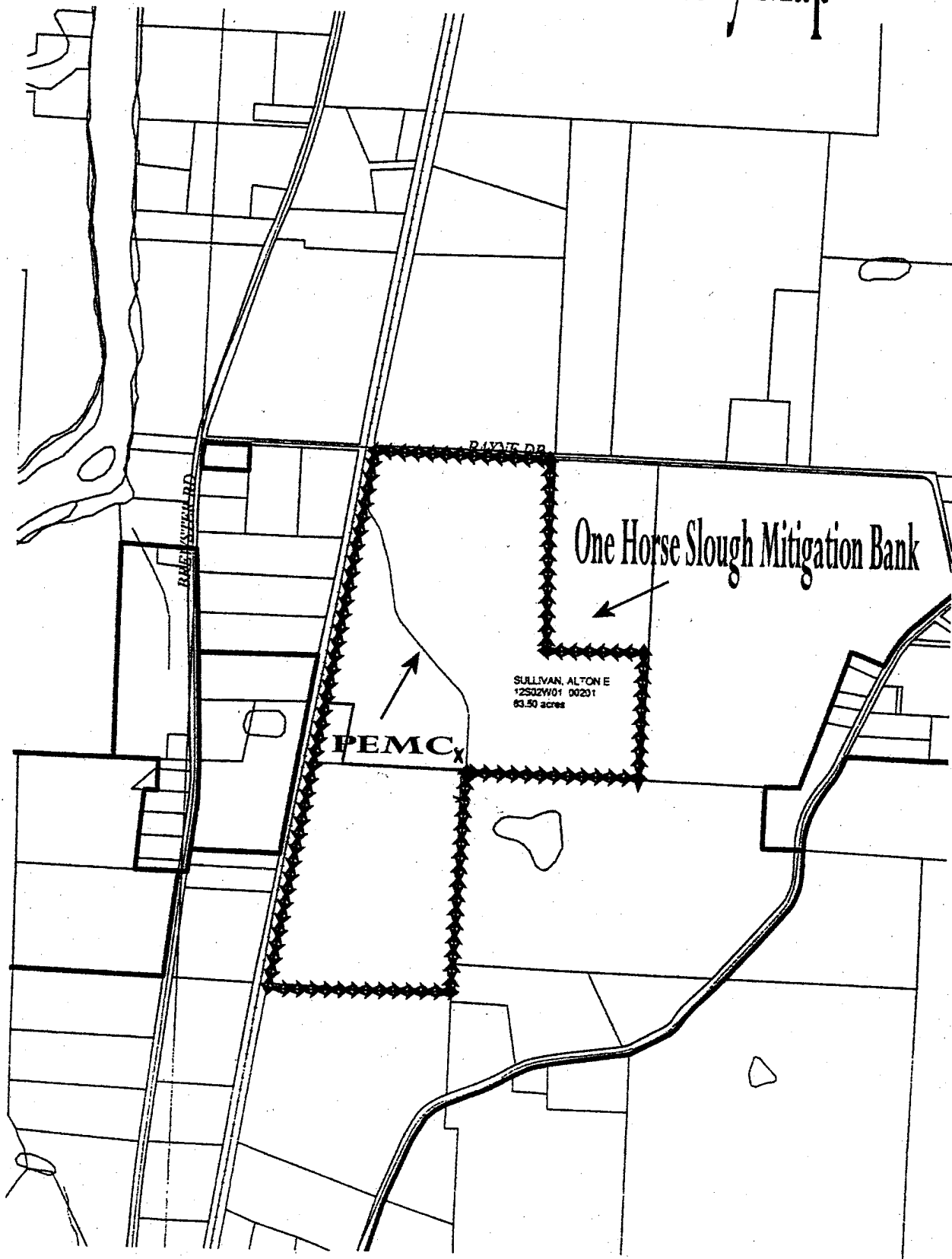
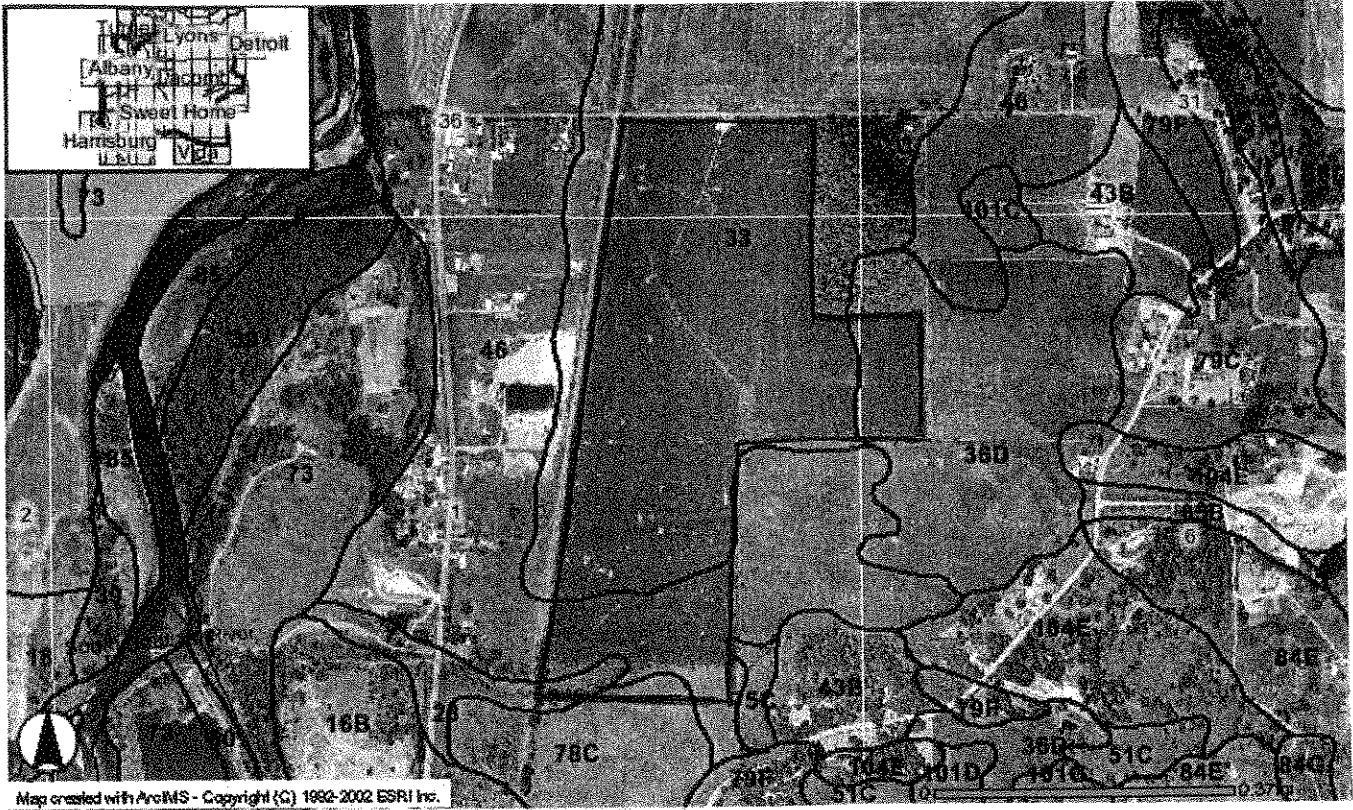


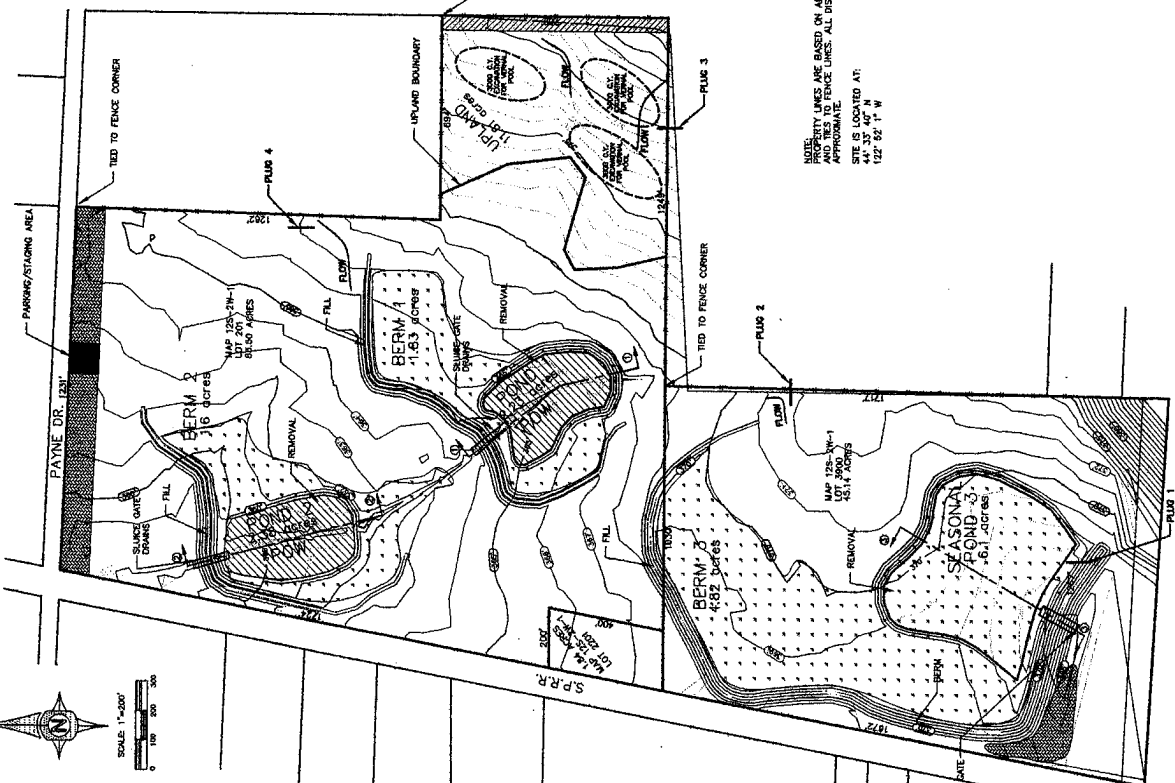
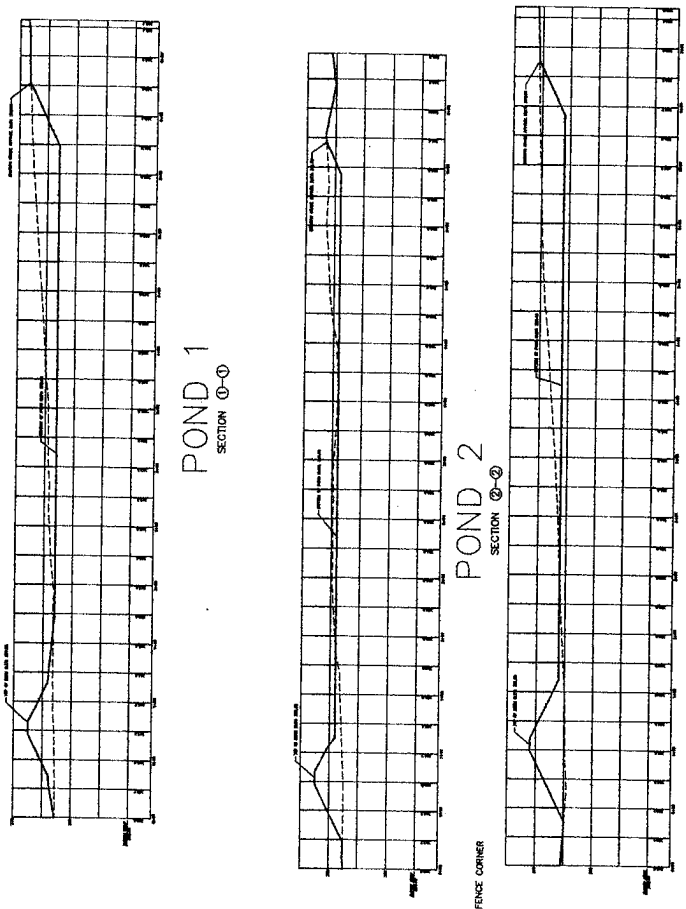
FIGURE 2



One Horse Slough Soils

- 26 Coburg silty clay loam
- 28 Conser silt loam
- 33 Dayton silt loam
- 36D Dupee silt loam
- 46 Holcomb silt loam
- 75C Panther silty clay loam
- 78c Philomath silty clay

FIGURE 3



LEGEND:

GRID	FINISHED GRADE CONTOURS
0.00	EXISTING GRADE CONTOURS
[Pattern]	PEMC = 28.53 acres
[Pattern]	POW = 4.61 acres
[Pattern]	PSSC = 0.80 acres
[Pattern]	PFOC = 3.72 acres
[Pattern]	WP = 91.72 acres
[Pattern]	TOTAL SITE AREA: 130.46 acres

PROPERTY LINES ARE BASED ON AERIAL PHOTO AND TIES TO FENCE LINES. ALL DISTANCES ARE APPROXIMATE.
 SITE IS LOCATED AT:
 122° 52' 1" W
 122' 62' 1" W



FIGURE 4

One Horse Slough Mitigation Bank Planting Plan

Wet Prairie Planting (91.72 acres)

Species				
Common Name	Latin Name	Rate (lbs/ac)	Total Amount	Status
Water foxtail	<i>Alopecurus geniculatus</i>	0.25	26.75	facw+
Thick spike bentgrass	<i>Agrostis exarata</i>	0.25	26.75	fac
Tufted hairgrass	<i>Deschampsia cespitosa</i>	0.5	53.5	facw
Meadow Barley	<i>Hordeum brachyantherum</i>	2	214	facw
American Slough grass	<i>Beckmannia syzigachne</i>	3.5	374.5	obl
Western mannagrass	<i>Glyceria occidentalis</i>	0.5	53.5	obl
California Oatgrass	<i>Danthonia californica</i>	1	107	facu
Tufted hairgrass	<i>Deschampsia cespitosa</i>	0.5	45.8	facw
Willow weed	<i>Epilobium ciliatum</i>	0.5	53.5	facw-
Dowinia	<i>Dowlingia elegans</i>	0.25	7.25	obl
WV gumweed	<i>Grindelia intergrifolia</i>	0.25	7.25	facw
Popcorn flower	<i>Plagiobothrys figuratus</i>	0.25	7.25	facw
One-sided sedge	<i>Carex unilateralis</i>	1	107	facw
Dense sedge	<i>Carex densa</i>	1	107	facw
Total		11.75	1,191	

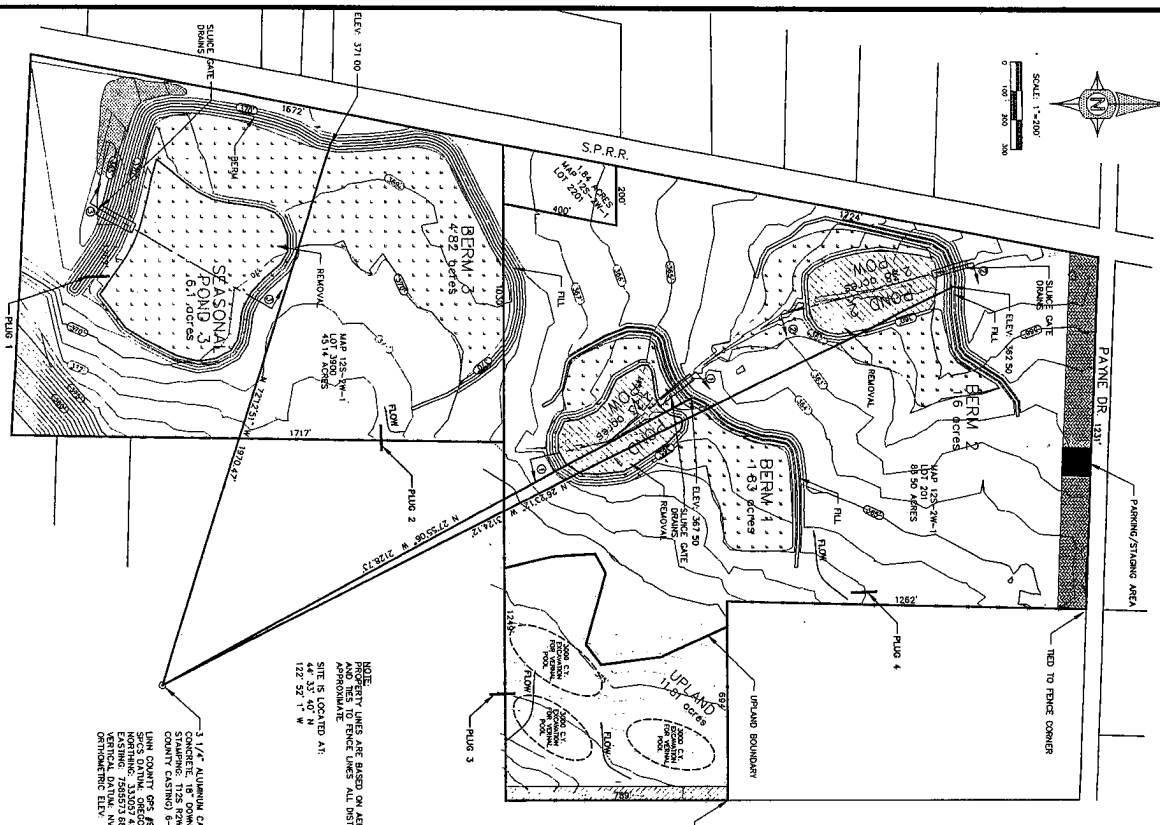
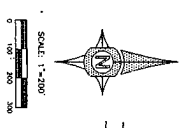
PEM-Emergent Marsh (29.53 acres)

Species				
Common Name	Latin Name	Rate (lbs/ac)	Total Amount	Status
Small fruited bull rush	<i>Scirpus microcarpus</i>	1	29	obl
Waterplantain broadleaf	<i>Alisma plantago-aquatica</i>	0.25	7.25	obl
Waterplantain narrowleaf	<i>Alisma gramineum</i>	0.25	7.25	obl
Bur-reed	<i>Sparganium emersum</i>	1	29	obl
Popcorn flower	<i>Plagiobothrys figuratus</i>	0.25	7.25	facw
Dowinia	<i>Dowlingia elegans</i>	0.25	7.25	obl
Spike rush	<i>Eleocharis palustris</i>	0.25	7.25	obl
Total		3.25	94	

PFO and PSS Planting (4.62 acres)

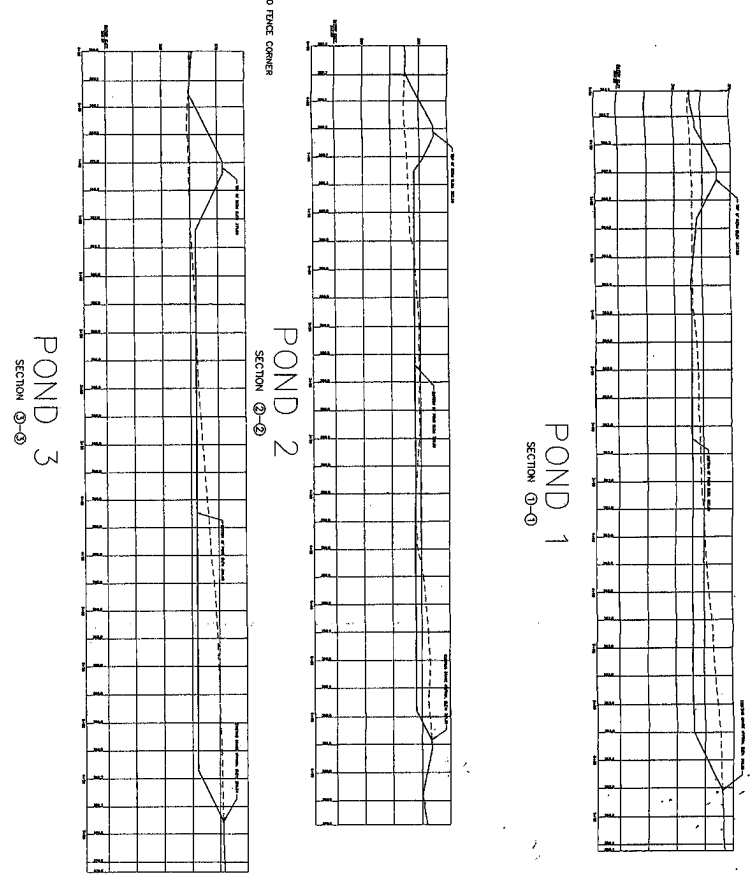
Species				
Common Name	Latin Name		Total Amount	Status
Oregon ash	<i>Fraxinus latifolia</i>		800	facw
Red osier dogwood	<i>Cornus sericea</i>		450	facw
White alder	<i>Alnus rhombifolia</i>		600	facw
Pacific crabapple	<i>Malus (pyrus) fusca</i>		250	fac+
Indian plum	<i>Oemleria cerasiformis</i>		300	facu
Snow berry	<i>Symphoricarpos albus</i>		250	facu
Sitka willow	<i>Salix sitchensis</i>		450	facw
Spirea	<i>Spiraea douglasii</i>		500	facw
Nooka rose	<i>Rosa nutkana</i>		250	fac
Clustered rose	<i>Rosa pisocarpa</i>		250	fac
Pacific nine bark	<i>Physocarpus capitatus</i>		200	facw -
Red flowering currant	<i>Ribes sanguineum</i>		200	nl
Gooseberry	<i>Ribes lacustre</i>		200	fac+
Valley pine	<i>Pinus ponderosa</i>		50	facu -
Black cottonwood	<i>Populus trichocarpa</i>		200	fac
Total		0	4,950	

FIGURE 4



NOTE:
 ALL POINTS ARE BASED ON ANNA POINT
 APPROXIMATE TO SOURCE. ALL DISTANCES ARE
 APPROXIMATE.
 SITE IS LOCATED AT:
 44° 35' 40" N
 122° 32' 1" W

1 1/4" ALUMINUM CAP ON 5/8" x 8" IN
 CONCRETE SET DOWN
 STAMPING: T15 82W 1 & T15 81W 6 (GINN
 COUNTY COSE #1070
 GINN COUNTY COSE #1070
 NORTHING: 33057 422 N
 WESTING: 11048 118 W
 VERTICAL DATUM: NAVD 83/47
 ORTHOMETRIC ELEV: 387 803



LEGEND:








	EXISTING GRADE CONTOURS
	PROPOSED GRADE CONTOURS
	POND = 29.53 acres
	POW = 4.61 acres
	PSC = 0.90 acres
	PRC = 3.72 acres
	WP = 91.72 acres
	TOTAL SITE AREA: 130.48 acres

FIGURE 4

<p>DATE: Jul. 14, 2008 Project: At Sullivan, Payne Drive Drawn by: M. McCull CHECKED BY: ASD</p>	<p>GRADING PLAN</p> <p>PAYNE DRIVE WETLAND MITIGATION</p>	<p>UELLE ENGINEERING, P.E.</p> <p>ENGINEER: JAMES F. UELLE 6072 1386</p> <p>63 EAST ASH ST. LEBANON, OREGON, 97356 541-451-5125</p>	<p>REVISIONS</p>
<p>SCALE: AS NOTED</p>		<p>ASSET 7</p>	

One Horse Slough 1936 Photo

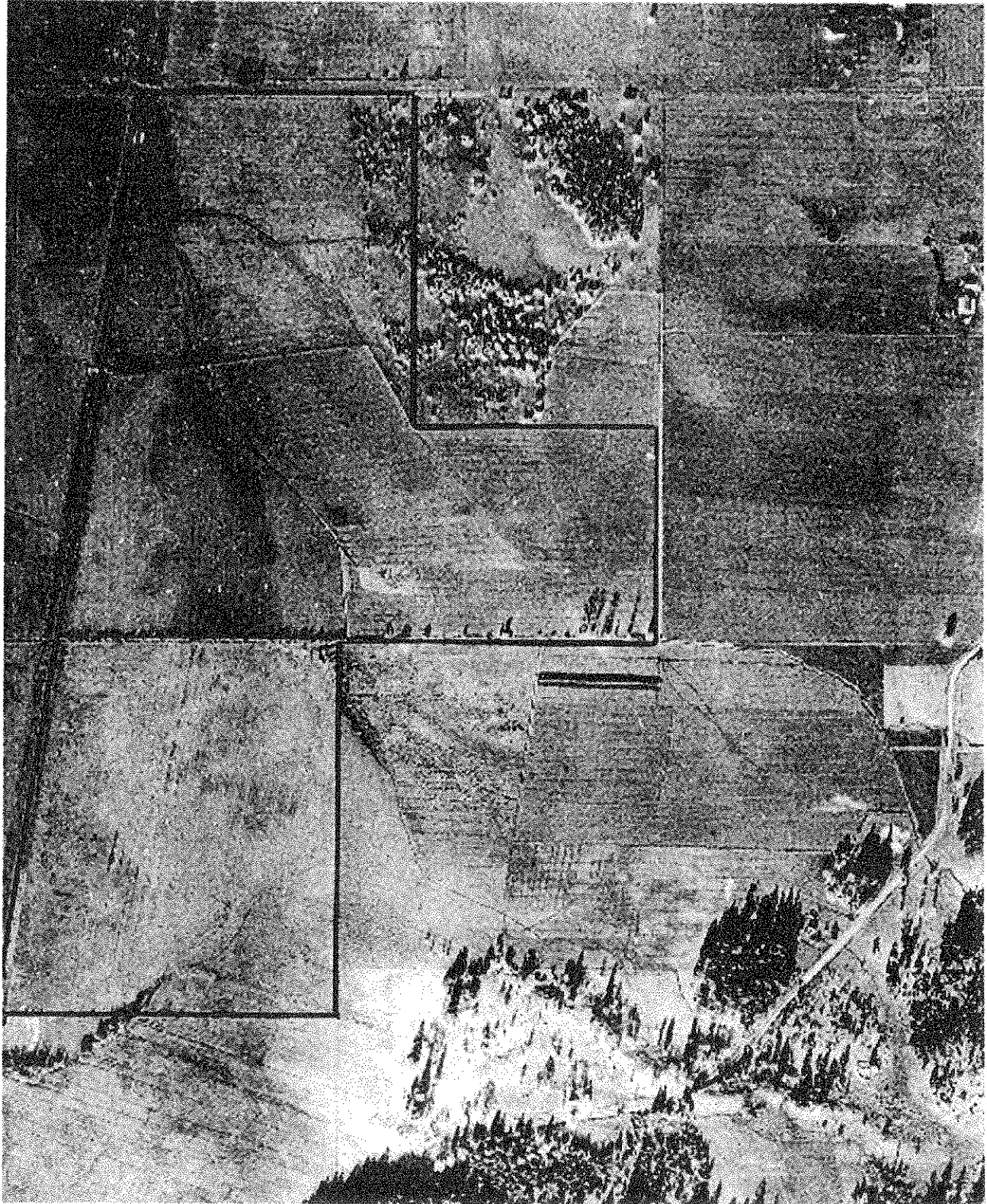


FIGURE 5

One Horse Slough TNC 1851 Veg Map

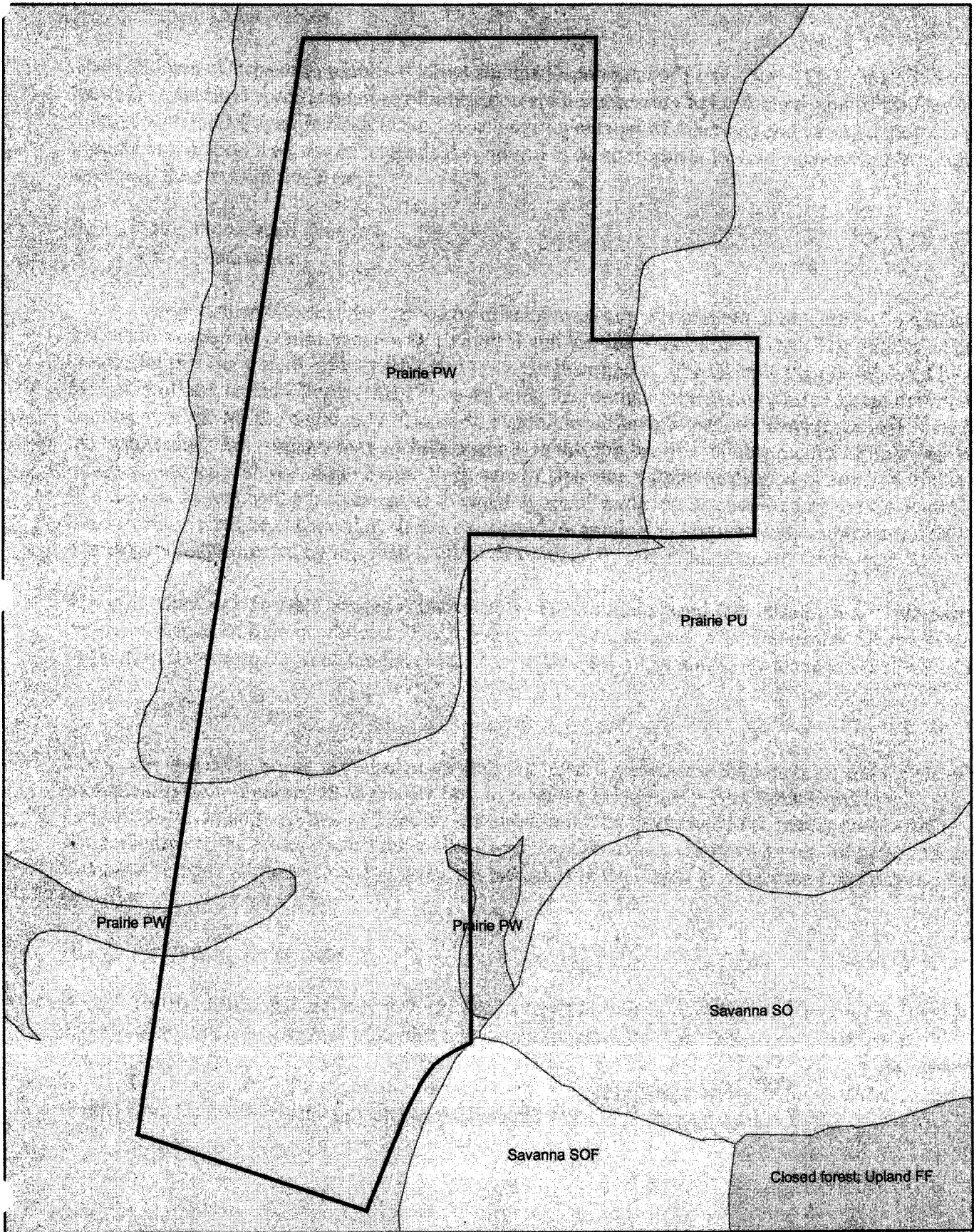


FIGURE 6

“Exhibit E,”

SERVICE AREA MAP AND DISCUSSION

The proposed service area for the Bank includes all of the 5th Field Hydrologic Units within the 4th Field Hydrologic Unit 17090006 and one of the 5th Field Hydrologic Units (04) within the 4th Field Hydrologic Unit 17090003. The service area is totally within the boundaries of the Middle Willamette Drainage Basin and will be limited to a 800 foot msl elevation or lower (Bank site is located at 375 foot msl).

The Service Area Map (Figure 2) delineates the service area which is composed primarily of Willamette Valley agricultural lands with a mixture of medium to small cities within Linn County. It is intended to service the entire urban growth boundaries of Millersburg, Albany, Tangent, Lebanon, Sweet Home, and Scio. The proposed service area was chosen on the basis of the 4th and 5th order drainage basins, similar soils, land use, plant communities, and climate.

The maximum 800 foot elevation was chosen for several reasons. First several of the other valley banks have a service area elevation maximum of 500 feet, but are located about 200 feet below the elevation of the One Horse Mitigation Bank. By increasing the service area elevation for One Horse we are providing for mitigation for higher elevation impact sites, while maintaining the same difference in elevations as many other banks. Secondly, we anticipate that some of the Bradshaw Lomatium populations in the Sweet Home area, are located in potential impact areas. These wetlands occur up to approximately 800 feet and have the same characteristics as the Oak Creek USFWS prairie located near Lebanon at a lower elevation. The Sweet Home Lomatium prairies are currently surrounded by development and are owned by numerous landowners. The plants are not protected under the Endangered Species Act and as such, if the wetlands they occur in are impacted so are they. Sweet Home alone is too small of a service area to provide its own bank service area, so we want to be prepared to provide mitigation for possible impacts to these populations. The performance measures at One Horse should result in a wetland prairie with similar characteristics as both the existing Lomatium prairies at Sweet Home and the Oak Creek USFWS prairie.

Credit Availability Summary

There are four existing wetland mitigation Banks that serve areas within at least a portion of the proposed service area for the One Horse Slough Bank. These include the Mid-Valley, Marion, Oak Creek and Frazier Creek banks. The following sections summarize the credit status of each bank. It should be noted however, that just because a bank has a potential for a certain number of credits does not mean that it will ever realize these credits. Currently there are no credits available for purchase at any of the Banks.

Marion Bank was approved in the Summer of 2001 with a maximum of 34.48 credits to be developed. To date only 6.48 credits have been released, and according to the sponsor, there currently are no credits available for sale. The Marion Bank has a combination of forested, scrub/shrub and emergent vegetation with a HGM classification of flat and depressional.

The Oak Creek Bank, approved in the Summer of 1999 has a maximum of 31.8 credits to be developed. There has been a total release of 15.6 credits, all of which according to the sponsor are sold. There are several HGM classes represented including riverine, depressional and slope with emergent and scrub/shrub vegetation

The Frazier Creek Bank was approved in the Spring of 2003 with a maximum of 12.88 credits in the first phase of which 5.88 credits have been released. According to the sponsor, all credits are sold. The Frazier Creek Bank has a combination of emergent vegetation, scrub/shrub and forested vegetation with a HGM classification of riverine flow-through, flat and slope.

The Mid-Valley Bank approved in the Fall of 2005 has a maximum of 16.8 credits of which 5.04 have been released and sold. The Mid-Valley Bank has a combination of emergent, scrub/shrub and forested vegetation with a HGM classification of riverine flow-through and slope/flat.

Need According to Population and Permit Studies

The Bank is intended to fulfill a significant need for mitigation for wetland impacts expected to occur in Lebanon, Albany and other nearby communities as development of industrial sites in support of the State's economic development plan proceeds. According to John Hitt, Lebanon City Administrator, there is an estimated need for approximately 200 credits to offset impacts to wetlands identified on industrial land in Lebanon alone.

Wetland mitigation is not allowed near airports because wetlands attract waterfowl which interfere with airport operations. Much of the industrial land in Lebanon and Albany is located in close proximity to airports, thus on site mitigation in these areas is not possible. If these industrial lands are to be utilized off-site mitigation will be required.

Bill Ryan with the Oregon Department of Transportation's (ODOT) Bridge Program, has estimated that ODOT would have an on-going average need for wetland mitigation of three acres per year within One Horse Slough Mitigation Bank's service area. In addition to the three acres a year of impact, there would also be some minor impacts associated with ODOT's bridge replacement program. Ken Franklin, Aquatic Resource Unit Manager for ODOT's Environmental Services said that it is ODOT's priority to use existing wetland mitigation banks when an ODOT project lies within an existing mitigation bank's service area, over conducting their own mitigation, as long as approved by the regulatory agencies.

The Bank's proposed service area lies within Linn County. Even though Linn County grew slower than the state average during the past ten years, the major cities in Linn County, within the proposed service area grew faster than the state average. Population projections from Portland State University for the next ten years are similar. According to the Willamette River Basin Planning Atlas, over the next 50 years the number of people living in the Willamette River Basin is expected to nearly double.

Local Wetland Inventory (LWI) Summaries

The largest city in the service area, Albany and two of the smaller ones, Sweet Home and Tangent, all have approved Local Wetland Inventories. Albany's Local Wetland Inventory covered a total of 7,127 acres, of which 1,695 acres were found to be wetlands. Of the 1695 acres, 635 acres were found to be locally significant wetlands leaving 1,060 acres considered to be locally. This accounts for 14.9 percent of the total urban growth boundary which has been determined through local landuse planning to be locally insignificant wetlands and as such is at greatest risk for development. All wetlands however, whether determined to be significant or insignificant are regulated by DSL.

The Sweet Home LWI indicated that there are 329 acres of wetland in the 3520 acres surveyed. Most of the wetlands were found in the Wiley Creek (17%) and South Santiam River (10%) drainage basins. These two basins also contain the largest amount of undeveloped land within the Sweet Home UGB. Of the 329 acres identified as wetland only 25% of these were found to be locally significant. The remaining acres of identified wetlands could be potentially at significant risk for future development.

The Tangent LWI covered 2412 acres and found 25 wetland units covering 224 acres. Of the identified wetlands 64% of them are in agricultural production are within the UGB. According to the LWI, this study area has been highly manipulated by filling, disconnection of waterways, piping, and rerouted water, so that the remaining wetland have become more isolated than in many areas, and as such, are more prone to development pressures. Of the 224 acres of identified wetlands, 71.2 acres were identified as potentially locally significant.

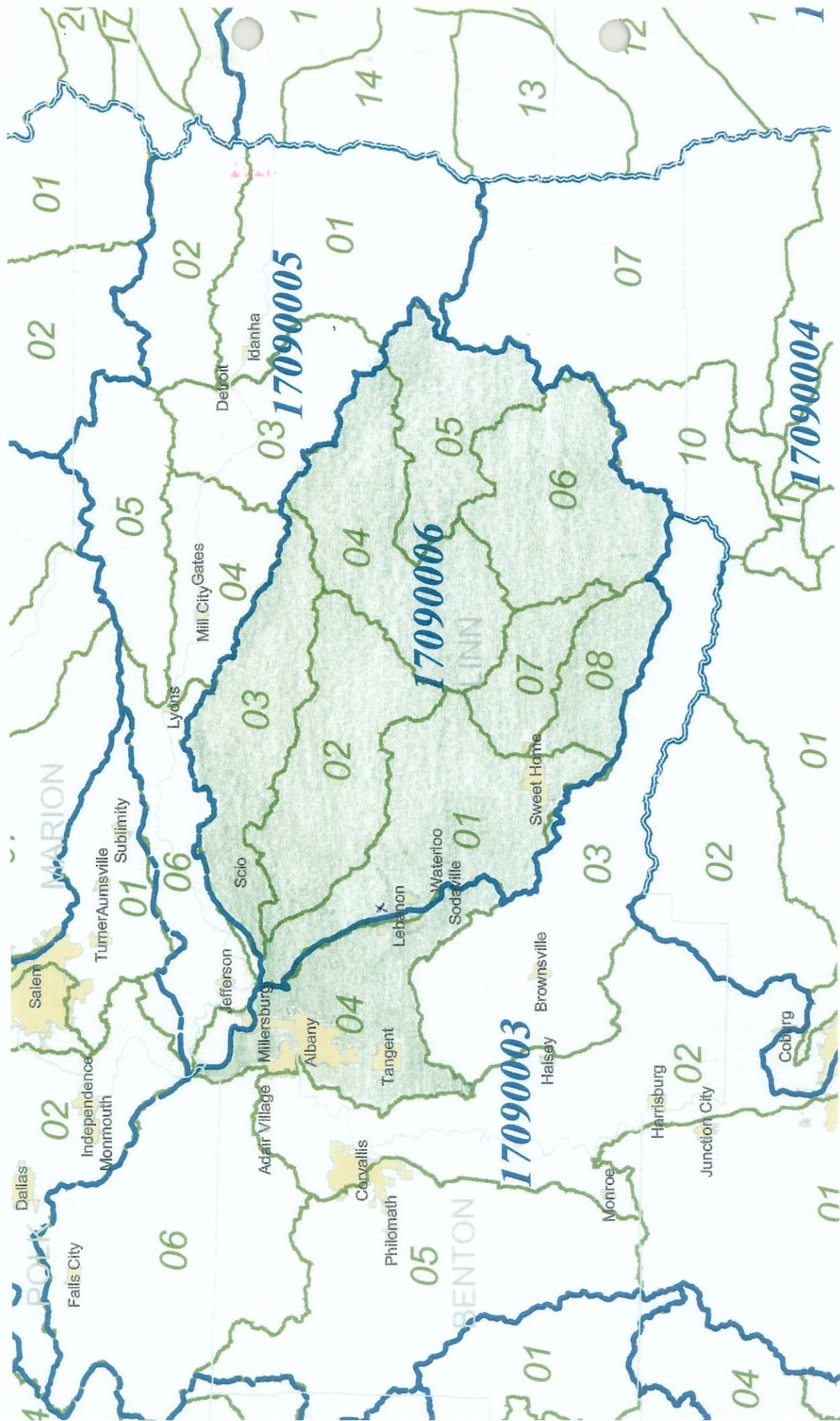
Looking at a combination of the cities= growth rates, the number of acres of wetland within the urban growth boundaries and the percentage of developable land occupied by wetlands, it is easy to conclude that in the future, if development continues, wetlands could continue to be filled creating a need for additional mitigation banks in this service area.

Patrick S. Thompson Consulting Needs

Patrick S. Thompson Consulting has recently delineated, will be delineating, and will be providing mitigation plans for several large development projects within the One Horse Slough Regional Mitigation Banks proposed service area. Despite minimizing and avoiding wetland impacts where practical, it is anticipated that these projects will have considerable wetland impacts requiring mitigation. Every effort will be explored for on site mitigation opportunities; however, it is very likely some of these impacts will be mitigated off site within the Bank=s service area. These projects are as follows:

<u>Project</u>	<u>Location</u>	<u>Wetlands Present</u>	<u>Anticipated Credits Needed</u>
Shamrock Heights	Albany	10.55 acres	5
Sweetwater Subdivision	Albany	16.62 acres	5
Conser Homes	Albany	1.0 acre	1
Cordell Post Property	Albany	30 acres	6
Henshaw Property	Albany	30 acres	5

One Horse Slough Wetland Mitigation Bank



Service Area Map

“Exhibit F,”
RESTRICTIVE COVENANT

RESTRICTIVE COVENANT

Alton and Dixie Sullivan owners of the 130.48 acres located in Linn County, Oregon, of restored and created wetlands located in T12S, R2W, Sec. 1, Tax Lots 201, 2201 and 3900 as defined by professional land survey conducted and labeled "Exhibit A" hereto, makes the following declarations as to limitations, restrictions and uses to which the property described herein is now subject and specifies that such declarations shall constitute covenants to run with the land as provided by law and shall be binding on all parties and all persons claiming under them this declaration of restriction being designed for the purpose of keeping and maintaining portions of the real property described herein in their created wetlands state. The property subject to this Restrictive Covenant has been offered to the U.S. Army Corps of Engineers (ACOE) and Oregon Department of State Lands (DSL) to offset wetland loss or degradation at other locations in Linn County. This arrangement is defined in a Memorandum of Agreement and Wetland Mitigation Banking Instrument dated October 2006, allowing the One Horse Slough Wetland Mitigation Bank to restore and create wetlands on this property and to sell credits to entities holding specific permits issued by the ACOE and DSL. This Covenant is executed to assure that the Protected Property will continue to fulfill that purpose and that it will be allowed to exist as wetland in perpetuity.

The property described herein, which is the creation of new wetlands shall, except as provided in "Reserved Rights" below be subject to the following:

1. There shall be no, destruction, cutting, trimming, mowing, alteration or spraying with biocides of any vegetation in the Protected Property, nor any disturbance or change in the natural habitat of the Protected Property in any manner, except to eliminate non-native invasive species from the site, or conduct other required maintenance.
2. There shall be no agricultural, commercial or industrial activity undertaken or allowed in the Protected Property except for limited wetland plant seed harvesting; nor shall any right of passage across or upon the Protected Property be allowed or granted if that right of passage is used in conjunction with agricultural, commercial or industrial activity.
3. No livestock shall be allowed to graze or dwell on the Protected Property.
4. There shall be no filling, excavating, dredging, mining or drilling; no removal of topsoil, sand, gravel, rock, minerals or others materials, nor any dumping of ashes, trash, garbage, or of any other material, and no changing of the topography of the land of the Protected Property, once the wetlands is constructed, unless specified in the contingency plan.
5. There shall be no building of new roads or any other rights of way nor widening of existing roads on the Protected Property.

6. There shall be no damming, dredging nor any activities or uses of the Protected Property detrimental to water quality.

7. There shall be no operation of dune buggies, motorcycles, all terrain vehicles, or any other types of motorized vehicles on the Protected Property, except for monitoring, maintenance, disabled access for site viewing and education, and oversight purposes by the owner or his designee.

NEVERTHELESS, and notwithstanding any of the foregoing provisions to the contrary, the owners of the property reserves for themselves, their heirs, successors and assigns the following Reserved Rights; PROVIDED, however, that the exercise of such rights is not inconsistent with the conservation interests associated with the Protected Property.

RESERVED RIGHTS

- 1) Any activities related to the initial or corrective measures or for long term maintenance of the wetlands relating to construction, wildlife enhancement, planting, replanting, maintenance, trash removal, invasive weed or dominant species control may be conducted to insure compliance with the mitigation plan, based upon Oregon's Removal-Fill Law and the requirements of the Department of State Lands.
- 2) The Protected Property may be used for educational purposes. Activities may include soil or plant sampling, wildlife monitoring or other "outdoor classroom" activities, to the extent that this use does not unduly alter the health of the protected area. The Protected Property may also be used for limited native seed harvesting.
- 3) Trails may be made through the upland habitat portions of the property using gravel, wood chips or other products normally used for trail development and upkeep. These areas may be provided with benches and/or raised walkways.
- 4) Emergency crossing of the protected property by farm equipment or other large equipment is allowed. Restoration of the site will be conducted for any damages that are incurred to the protected property.
- 5) The right to undeveloped recreational uses including limited hunting, fishing, and hiking for fee or gratis.
- 6) The right to prevent trespass and control access by the general public.
- 7) The right to install wildlife blinds for viewing and hunting.

BURDENS

Expenses relating to preservation of the Protected Property subject to the Covenant

REC'D NOV 6 - 2006

**“Exhibit G,”
FINANCIAL ASSURANCE**

To be provided prior to any credit sales in the Bank

“Exhibit H”

Proposed Long Term, Management Plan

Introduction

The overall goal of the One Horse Slough Wetland Mitigation bank is to provide a sizable, contiguous tract of high quality native Willamette Valley wetland habitat which supports a diversity of flora and fauna in perpetuity. One of the most important aspects in reaching this goal is aggressive management (site prep) the first several years of establishment to prevent problem species from getting a foot hold. The bank sponsors through consultation with MBRT and adhering to strict performance measures set forth in the final instrument and MOA will have the site in premiere condition prior to moving into the long term maintenance aspects of the site. This will make the long term maintenance a much less labor intensive task, focusing on prevention and suppression of invasive species, while introducing various means of disturbance and utilizing adaptive management to maintain the sites diversity. Long term maintenance activities will be funded through an endowment fund to be finalized prior to release of the last 10% of credits, utilizing the annual interest accrued. Long term protection will be through the existing restrictive covenant, or DSL and the Corps will allow the restrictive covenant to be replaced by a conservation easement or similar legal property protection instrument when the project is handed off to the long term steward to be chosen later.

Objectives

Since the site will have a variety of wetland habitat types, each one will have a little different management prescription based on the potential problems in each area and the most desirable state. The greatest threat to the emergent marsh habitat will be establishment of invasive weed species and encroachment of undesirable tree species. The best way to prevent these conditions is through field patrols during the middle of the growing season and again prior to potential seed set of undesirable species. The most likely problem species to monitor for will be reed canary grass, penny royal, and growth of cottonwood, willow, and ash trees over four inches in diameter at which point they will be to large to mow. Once field patrols are completed, best management practices for particular problem species can be utilized to control the problem. Funding for mowing, burning, and spot application of herbicide will all be more then adequately funded through the endowment.

The forested wetland areas will be managed to slowly progress towards later serial stages with an uneven aged stand where stem size will increase, stem density will decrease, and the herbaceous layer will change in composition based on canopy cover. The greatest threat to this habitat will be Himalayan blackberry, thistles, teasel, English hawthorn, and wild cherry. Early detection through field patrols will be the best measure to prevent potential problems with all habitat types. Once problem areas are located, the best management practice can be utilized for the particular problem species.

The wet prairie area will be managed to provide a diversity of native grass, sedge, rush, and forbs species. A combination of mowing, burning and early detection of invasive species will likely be the best management practice to achieve this goal. The greatest threat to this habitat type after it's well established will likely be the encroachment of woody tree species without periodic disturbance by fire or mowing. Field patrols will be necessary to detect any colonization of species such as thistle, teasel, reed canary, meadow knapweed, and various non-native grass species such as velvet grass, various bent grass species, annual rye grass, and meadow foxtail.

Long Term Protection

The One Horse Slough Wetland Mitigation Bank (Bank) site will be protected from conflicting land uses by a deed restriction during a portion of the regulatory life of the bank, up until the deed restriction is replaced with a more legally binding and enforceable protection mechanism. At such time, but before the date that the final monitoring report is due, a package consisting of a conservation easement, an adequate endowment, and acceptance by a qualified long term steward, shall be established. The bank sponsors may choose a more secure long term protection option, such as those suggested below, with consent of the MBRT.

The MBRT desires that a third party (not landowner) easement holder would be responsible for enforcing the conditions of the conservation easement and for acting as the long term Bank steward. Another acceptable option for perpetual Bank protection, in addition to the conservation easement and endowment, could include transferring fee title ownership to an entity (such as an established land trust, conservancy, or public agency) with a wetland preservation mission and a demonstrable reputation for environmental stewardship and financial stability. The MBRT will review the proposed easement, endowment, and steward(s) for approval prior to the last 10% credit release.

Long Term Steward

A long term steward for the Bank will be selected. The purpose of the steward is to maintain the Bank, in perpetuity, guided by the goals and objectives set forth in this MOA. The steward will be chosen using at minimum, the following criteria. The steward's guiding mission will be one of conservation. They will have both the capacity and experience to carry out the long term maintenance provisions of this management plan. The steward's track record will be reputable, their financial skills proven and will have demonstrated their natural wetland management skills.

Funding

In order to fund the long term management activities for the site, the bank sponsors will set up an endowment fund prior to the release of the last 10% of credits. The initial set aside will be such that annual interest income from the fund will be sufficient to cover the annual maintenance costs. The amount of the endowment may need to change to better reflect actual management costs or the needs of the selected long term steward. Facility maintenance will be completed on a needs basis with the exception of liability insurance, CPA audit, and endowment processing which will be completed on an annual basis. Habitat management will be the most important aspect for long term maintenance of the site. Costs were broken down utilizing costs from potential contractors, the PAR analysis template, and the Mud Slough Mitigation Bank figures for references. Several items such as collecting/purchasing additional seed and re-drilling problems areas are included as contingencies and will likely never occur since the bank will be well established and these potential issues will have already been rectified by the time the bank moves into the long term management stage. Mowing, burning, and spot spraying will account for the majority of the workload with burning negating the need for mowing in designated years, and the need for spot spraying will increase following a burn cycle. Field patrol and project oversight will both be essential aspects, utilizing both a paid consultant, and a field representative from one of several reputable agricultural product suppliers who provide this service free of charge. These two individuals will monitor the site for problem areas and make decisions on the means in which to address the problems. Administrative costs will include annual report compilation and office related expenses.

The sponsors are proposing to fund the endowment by placing \$1,600 per credit sold into the endowment after the sale of the first ten credits. The Bank is expected to generate 66.88 credits.

This will be an investment of \$91,008 that will be placed in an interest bearing account, only the interest of which, will be used for the on going long term maintenance. The following table was generated to determine the long term maintenance costs for the Bank which indicates a total average annual cost of \$6,326.

**PAR Budget Table – One Horse Slough Mitigation Bank
Annual Maintenance Costs**

CATEGORY	SPECIFICATION	UNITS	UNIT COUNT	UNIT COST	ON YEARS	ON COST	CATEGORY TOTAL
Facility maintenance:							\$1780
Parking Lot	re-surface gravel	YD ³	111	10	10	111	
Barricade	Gate	Item	1	300	10	30	
Lock	Padlock	Item	1	20	3	7	
Insurance	liability fee	Acre	130.5	0.25	1	33	
Audit	CPA Audit	Acre	130.5	0.25	1	33	
Endowment	Process endowment	Hours	3	30	1	90	
Taxes	Yearly property tax	Acres	130.5	6.60	1	861	
Control Structure Maintenance	Board replacement	Item	3	50	10	15	
Control Structure Maintenance	Replacement of half pipe risers/pipe	Item	3	5000	30	500	
Misc.	Vandalism, dumping, etc	Item	1	100	1	100	
Habitat Maintenance:							\$3746
Project Management	Field patrol/project oversight	Hours	20	30	1	600	
Backpack Sprayer	Solo 3.5 gallon	Item	1	80	5	16	
Exotic Veg Control	Spot Spraying	Hours	130	10	1	1,300	
Herbicide	Round-up	Gal	2.5	36.5	1	91	
Herbicide	Garlon	Gal	2.5	68.5	1	171	
Spreader/Sticker	MSO/R-11	Gal	2.5	17	1	43	
Mowing*	Contract Mowing	Hours	10	120	1	1,200	
Seed Collection	Onsite native seed collection	LBS	10	20	1	200	
seeding**	No-till problem areas(contract)	Hours	2	125	2	125	
Administrative Costs:							\$800
Annual Report	Summary	Hours	10	30	1	300	
Office Maintenance	supplies, rent, equipment, etc	Item				500	
TOTAL Per Year Maintenance Costs							\$6,326

*This \$ could be substituted for burning half the site in designated years which would negate the need for mowing

**This will provide funds to contract no-till drilling in the event certain areas fail due to unforeseen circumstances

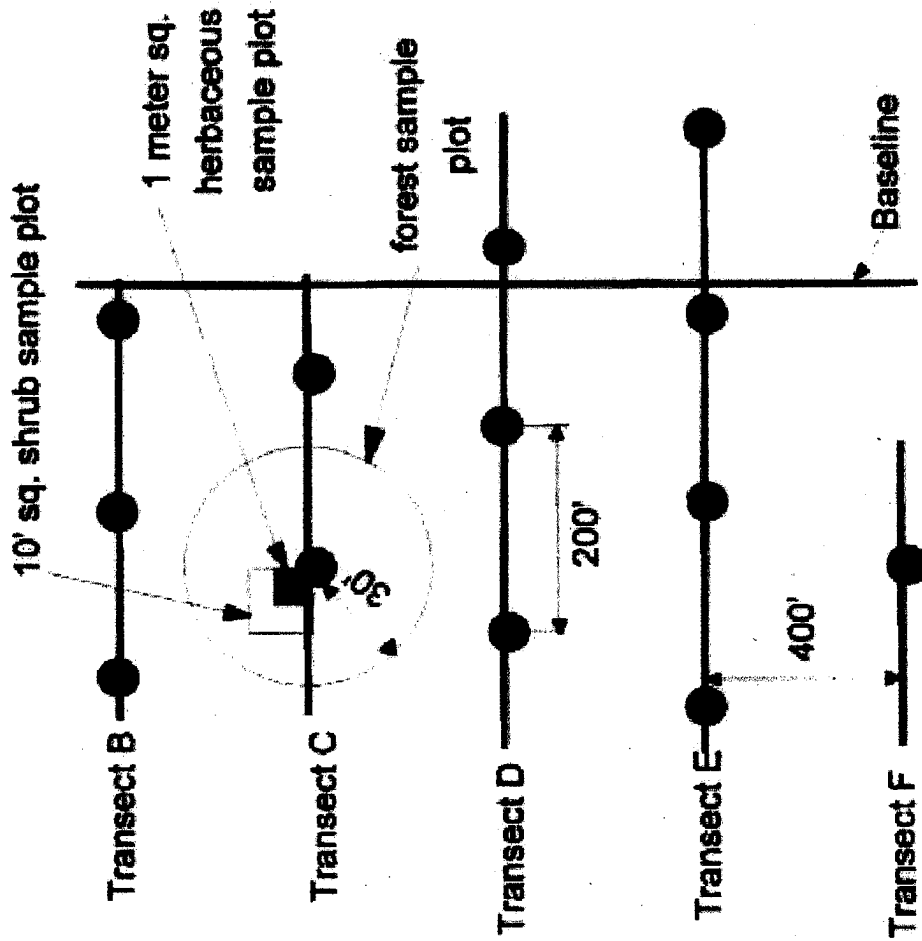
Reporting

In order to properly guide long term management activities and to make activities third party friendly, an annual report will be compiled, funded through the endowment fund. The report will contain a narrative summary outlining the overall condition of the bank and highlight and potential problem areas to keep an eye on the following year. It will also summarize all management activities, documenting when, where, and by what means they were accomplished. This will prove to be an extremely useful tool for pinpointing timing, and methods for treatment while providing documentation as management responsibilities shift hands. The report will also include a budget report to track expenditures and include a financial statement for the endowment. Annual monitoring photos will be taken from the established photo points. This report will be supplied to the long term steward of the site.

“Exhibit I”

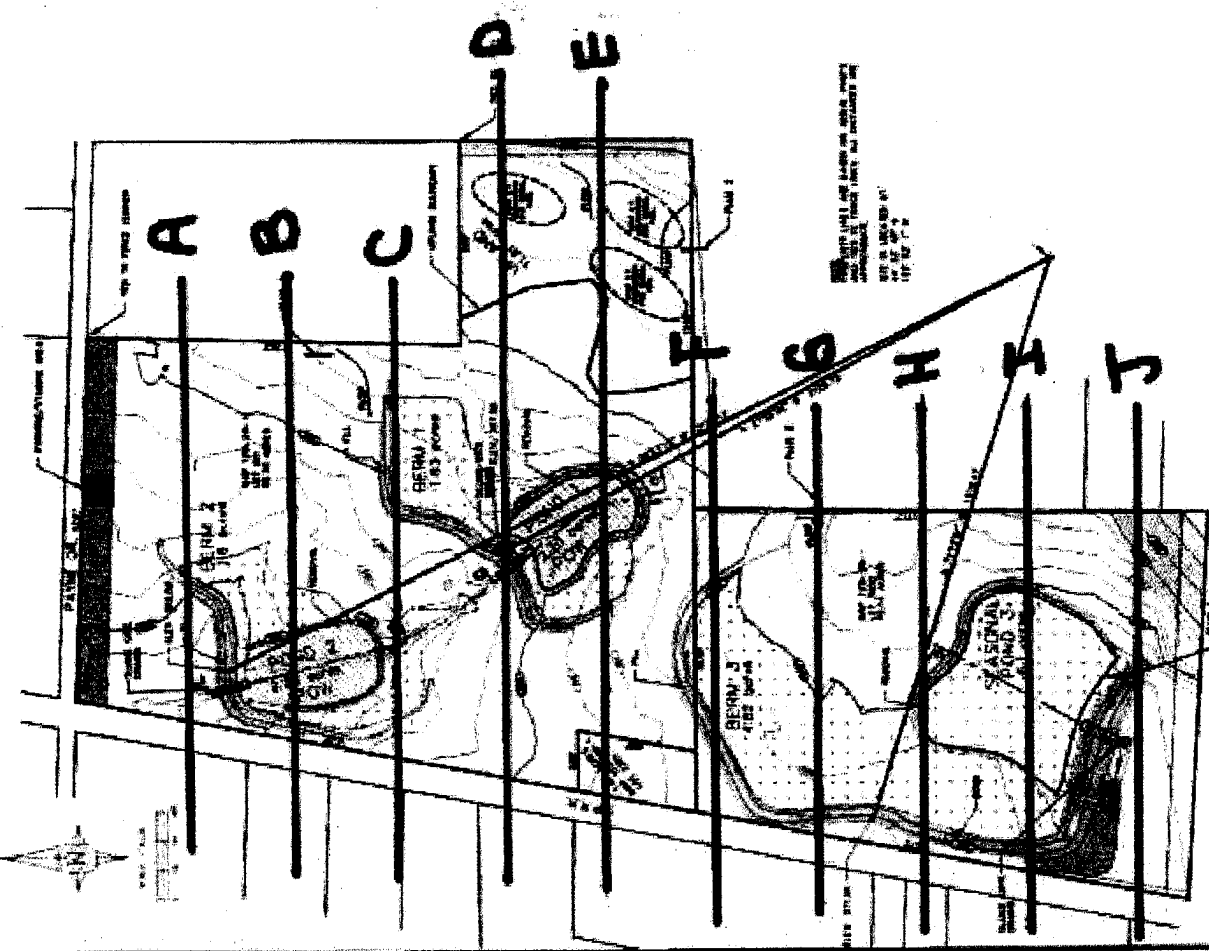
Sampling Plan Layout Map

Transect Detail



Sampling Plan Layout Map

NTS



Note: An additional transect will be added in the forested area along Payne Road, north of transect A, utilizing the same transect details as the other transects.