

Appendix C

Site Owner Solicitation Responses

Moon Pit, LLC

95 SW SCALEHOUSE LOOP, SUITE 100 * BEND, OR 97702 * PHONE (541) 389-0981 * FAX (541) 389-4763

Moon Pit purchase information for the SWAC

Thank you for including Moon Pit in your analysis for a possible future location of the new solid waste management facility (SWMF) in Deschutes County.

We believe the Moon Pit site is ideal for the next county solid waste management facility site. As a comparison to alternative sites being reviewed by the county, Moon Pit is significantly advantageous due to its proximity to the City of Bend and lack of residence nearby. We estimate that not only will the proximity reduce the carbon footprint of a solid waste operation, but will annually save the county approximately \$630,000 based on current fuel cost, transporting refuse to the site. That amount is based on the cost of labor, fuel, equipment, and taxes.

Another advantage is that Moon Pit has a surface mine permit that has been actively used by Hooker Creek Companies since the early 1990s. Purchasing an active mining site benefits the County with some already developed air space and the County may continue an existing use which could help with permitting.

Further, the likelihood of the county obtaining its authorization to conduct landfill operations at Moon Pit as an ongoing operation, is much higher than having to start at ground zero at another site. Oregon has gained a reputation for its lengthy land use process, which is a significant risk at the other site given the dozens of neighbors that will have standing to object to the county's application. As a comparison, Moon Pit only has one residence within two miles.

The purchase price for Moon Pit is based on market value for a permitted mining sites. The present value for Moon Pit and savings due to shorter freight distances we believe, makes this location an ideal site for the new Deschutes County solid waste management facility.

Thank you for your consideration.

November 6, 2023

VIA EMAIL

Tim Brownell
Director of Solid Waste
Deschutes County
c/o Dave Doyle, County Counsel
61050 SE 27th Street
Bend, Oregon 97702

Re: Deschutes County Solid Waste Landfill Site

Dear Mr. Brownell:

I represent Moon Pit LLC, and its affiliate Hooker Creek Companies, LLC (together, the "Owner") in connection with the county's potential acquisition of the Moon Pit property, located at 26300 Highway 20 (the "Property"). This letter is in response to your September 25, 2023 letter requesting a response letter from the Owner.

Before I respond to your specific requests, I note that this letter should be treated as a public record conditionally exempt from disclosure under ORS 192.345(2) (trade secrets), ORS 192.345(6)(information related to the appraisal of real estate prior to acquisition), ORS 192.355(4) (information submitted in confidence) and ORS 279C.355 (evaluation of public improvement projects). Similarly, the subject matter of this letter would be subject to an executive session of the Board of Commissioners under ORS 192.660(2)(e)(deliberations related to real property transactions). Accordingly, we have delivered this letter to County Counsel with the express understanding that this letter, and the terms contained within the letter, are not publicly disclosed unless otherwise required to be disclosed by law.

You have requested that the Owner provide up to two purchase alternatives for the County to acquire the Property to permit, develop and operate a 250-acre landfill site on the Property. Specifically, you have asked for the following information:

1. Current water rights with present and future expectations of ownership and usage.

Response: The Property has an industrial use water right (G-13686) authorizing the withdrawal of 1.09 cfs for dust control and gravel washing (the "Water Right"). The Water Right would be retained by the Owner and would not be subject to the acquisition. Depending on the structure of the transaction, the on-site well would either be decommissioned or retained for a period of time while the Owner continues operation of the mining operation. Section 6 below outlines the two purchase options.

2. Current utilities on site.

Response: There are no on-site utilities (water, gas or electric). The following improvements would be included in any sale transaction:

- 20,000 gal pressurized water system, water truck fill Station. Water hydrant hookups.
- Off grid solar electrical system for truck scale and ticketing system.
- 70-foot state certified truck scales.
- Security camera system.

3. Listing of any encumbrances on site.

The Owner is aware of only one encumbrance, an easement for the benefit of the BLM, dated June 4, 1984. This easement is for a "livestock water pipeline." To the Owner's knowledge, there has never been a water pipeline located on the Property, and the Owner believes that the easement has therefore been abandoned. The easement is recorded at Book 58, Page 775. A second potential encumbrance, a "gentleman's agreement," dated April 21, 1989 and recorded at Book 184, Page 2882, purported to grant to Charles and Rose Agee the right to fill and topsoil discarded in connection with a prior lease between the prior owners and Deschutes County. This agreement has expired by its own terms.

4. Current Zoning and overlays.

The Property is zoned Surface Mining (SM) and carries the Wildlife Area Combining Zone overlay (North Paulina Deer Winter Range). Under the amended ESSE analysis (County Ordinance No. 00-001, January 5, 2000), blasting and crushing operations are limited in winter months under certain circumstances related to weather conditions and deer counts. Other mining operations, including reclamation, are not seasonally restricted.

5. Number of Acres

The Property is approximately 440 acres in size.

6. Sale Proposal

The Owner will consider two offer proposals, as set forth below.

Entire Property: The Owner will consider an offer to purchase the entire Property in a single transaction. Under this scenario, the only property retained by the Owner would be the Water Right. The Owner would cooperate with the County to transfer the existing DOGAMI permit associated with the Property. Prior to closing the Owner would continue to operate and, at the request of the County, would tailor its mining operations to best meet the needs of the County in landfill cell development. The Owner would retain the right to remove any stockpiles or other minded inventory located on the Property prior to closing.

Exclusive Excavation Agreement: The Owner is willing to discount the sale price of the Property if the County signs a twenty-year exclusive excavation contract with the Owner or its assignee, Hooker

Creek Companies, LLC (HCC). The Owner will be granted two additional 10-year renewal options. Under the terms of the excavation contract, HCC will remove rock creating free air space for future landfill cells. HCC will perform all drilling, blasting, crushing, and rock removal at its sole cost in consideration for the excavated rock. The excavation contract would only apply to Cells 23 through 34 (Phase 3) in the South 160 acres of Moon Pit. See Parametrix's Moon Pit Landfill Facility Master Plan. HCC's excavation work will be consistent with Parametrix's cell excavation plans. The excavated air space will provide substantial economic benefits to the County.

7. Purchase Price

The Owner has evaluated the value of the property under two primary models: inventory value and gross profit. Under the inventory model the value is based on a 20-to 30-year inventory of materials, together with existing improvements (e.g., access road, land use entitlements, on-site infrastructure and land value). Under the gross profit model, the value is based on the value of existing improvements (e.g., access road, land use entitlements, on-site infrastructure and land value) together with a growth profit and multiplier. The purchase price for the entire Property under both models is \$15,870,000. Should the County agree to the proffered excavation contract, the purchase price would be discounted by \$500,000.

8. Non-Binding

This letter is not intended to be, nor shall it be deemed to be, an offer, a contract or a binding agreement. A binding agreement will not exist unless and until the County and the Owner have executed a definitive purchase and sale agreement regarding the subject matter of this letter and containing all other essential terms of an agreed upon transaction.

Please let me know if you have any questions regarding the above response to your request.

Sincerely,



Steven P. Hultberg

cc: Moon Pit LLC
encl.

November 6, 2023

Mr. Tim Brownell, Director
Deschutes County Department of Solid Waste

Dear Mr. Brownell:

In response to your request for a proposal regarding the sale of our property for the new landfill, we submit the following:

- A. Option 1: We would sell all of “Roth East” and the portion of “Roth West”, east of the Pine Mountain Road (excluding approximately 10 acres west of Deep Well) for Two Thousand (\$2,000.00) Dollars per acre. The aggregate total acres should be approximately 2750, for a total of Five Million Five hundred Thousand (\$5,500,000.00) Dollars.

If Deschutes County requires an Alta Title Insurance Policy, Deschutes County would be responsible for the cost of an Alta Survey.

Closing would be expected to be a mutually agreed upon date. Deschutes County will cooperate fully with Sellers if the Roths choose to utilize a 1031 Tax Deferred Exchange.

No grazing permits will be included in the sale.

Deschutes County will sign a firm commitment to purchase no later than May 1, 2024.

- B. Option 2: We would sell Roth East property which is approximately 1,696 acres, by itself for Three Million Three Hundred Ninety-Two Thousand (\$3,392,000.00) Dollars.

Conditions outlined in Option 1 are included in Option 2.

The ground mineral rights would be included.

The existing stockpile of rock and soil that is located on Roth West would not be included.

- C. Option 3: We would sell the entire Roth Holdings of 3,449 acres for Six Million Eight Hundred Ninety-Eight Thousand (\$6,898,000.00) Dollars with no grazing permits, USFS and BLM included.

There are no water rights. With the purchase of Roth East the Deep Well would be included.

Mr. Tim Brownell
Deschutes County Department of Solid Waste
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- D. Power is provided by Central Electric Co-op to the house and well on Roth East.
- E. There are no encumbrances, other than the right-of-way of Pine Mountain Road.
- F. Zoning is EFU-HR with wildlife overlay. Roths acknowledge the Sage Grouse issue. The County would have to negotiate that situation with the appropriate agencies.

We look forward to your response and to working with Deschutes County.

Sincerely,

David and Janette Roth

Stephen and Clancy Roth