

**Draft Environmental Assessment
for the
South Whitefish Range
Conservation Project**



October 26, 2015



Table of Contents

1.0 Purpose and Need for Action	1
1.1 Proposed Action	1
1.2 Need for Action	1
1.3 Relevant Authorities, Relevant Documents, and Overlapping Jurisdictions	4
1.3.1 Authorities	4
1.3.2 Relevant Documents	5
1.3.3 Overlapping Jurisdictions	6
1.4 Decisions to be Made	7
1.5 Early Public Involvement	7
2.0 Alternatives	8
2.1 Preferred Alternative, Proposed Action	8
2.2 No Action Alternative	13
3.0 Affected Resources and Predicted Environmental Consequences	13
3.1 Wildlife	13
3.2 Aquatic Resources: Bodies of Water and Fisheries	17
3.3 Vegetation	19
3.4 Land Use	21
3.5 Socioeconomics	24
3.6 Aesthetics and Recreation	27
3.7 Cumulative Impacts	29
4.0 Resources Considered but Eliminated from Detailed Analysis	30
4.1 Soils	30
4.2 Historic and Cultural	31
4.3 Air, Noise, and Electrical	32
4.4 Risk and Human Health/Safety	32
5.0 Environmental Impact Statement Determination	33
6.0 Public Participation	33
6.1 Public Involvement	33
6.2 Contributors	34
7.0 Anticipated Timeline of Events	34
8.0 Preparers	34
References	34

Appendices	
A - Haskill Basin Draft Conservation Easement	36
B - Haskill Basin Multi-Resource Management Plan	64
C - Wildlife Species List for the Properties	75
D - Stoltze Tree Farm Management Plan	77

List of Figures	
1. Project Location Map	2
2. Landscape View Picture	3
4. Wildland-Urban Interface Map	26

Abbreviations

CE	Conservation Easement
ATFS	American Tree Farm System
BMP	Best Management Practices
CEIC	Census and Economic Information Center
DNRC	Montana Department of Natural Resources & Conservation
FLP	Forest Legacy Program
HCP	Habitat Conservation Plan
MCA	Montana Code Annotated
FWP	Montana Fish, Wildlife & Parks
MRMP	Multi-Resource Management Plan
SFI	Sustainable Forest Initiative
TPL	The Trust for Public Land
USDA	U.S. Department of Agriculture
USFS	U.S. Forest Service
USFWS	U.S. Fish and Wildlife Service

1.0 PURPOSE OF AND NEED FOR ACTION

1.1 PROPOSED ACTION

Montana Fish, Wildlife & Parks (FWP) proposes to purchase two conservation easements (CEs) on properties owned by the F. H. Stoltze Land and Lumber Company (Stoltze) north of the communities of Whitefish and Columbia Falls, Montana. The South Whitefish Range Conservation Project includes two properties: 1) the Haskill Basin property is 3,020 acres of forested land north of the City of Whitefish, and 2) the Trumbull Creek property is 7,150 forested acres northwest of Columbia Falls. Both properties are at the south end of the Whitefish Mountains. The CEs would be purchased in two separate transactions: the Haskill Basin CE in early 2016 and the Trumbull Creek CE in late 2016, depending upon the final commitments of funding resources and other approval processes.

The primary objectives of the CEs are to:

- Protect the municipal water supply for the community of Whitefish.
- Maintain working forests and ensure that they will continue to be sustainably managed.
- Conserve important fish and wildlife habitat.
- Maintain public recreation access.

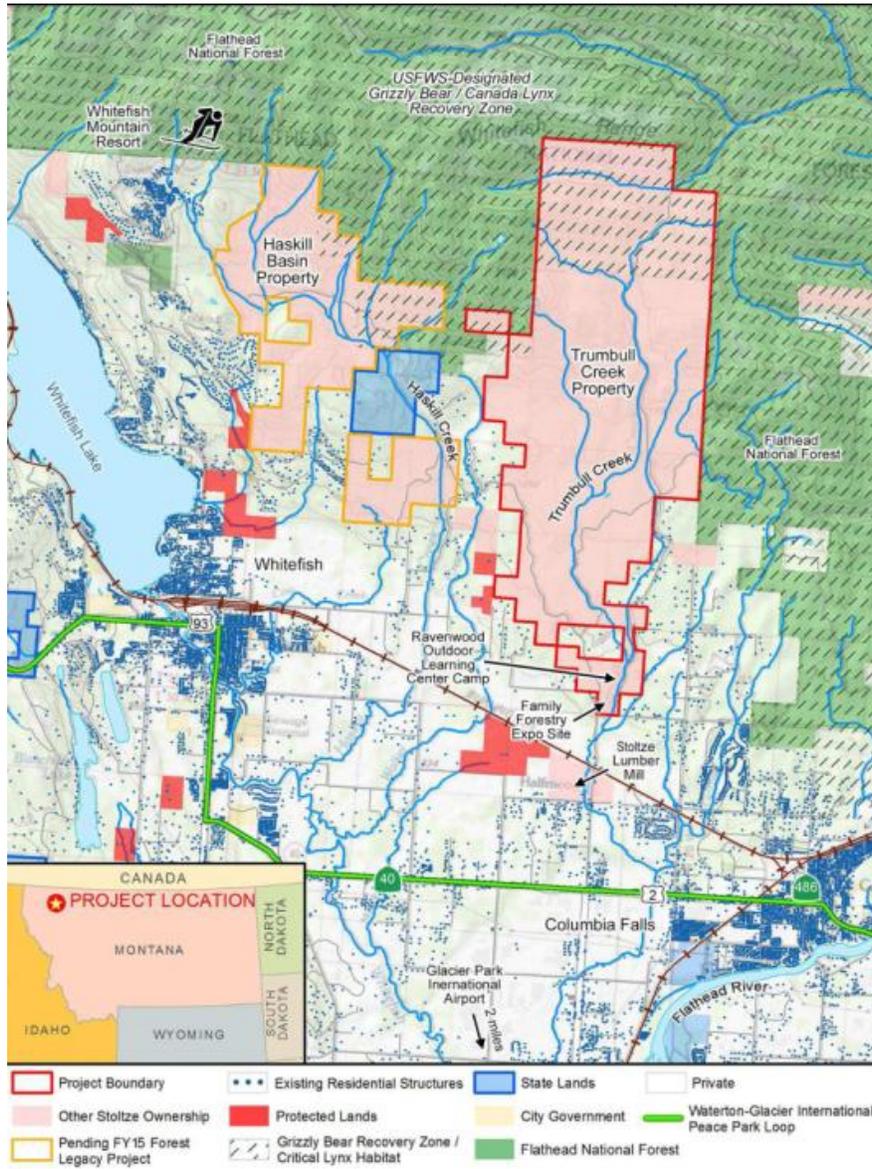
Location

The Haskill Basin property is bounded by the Flathead National Forest on the north, developments associated with Whitefish Mountain Resort and Iron Horse to the west, and private developments on the south and southeast. The Trumbull Creek property is surrounded by the Flathead National Forest on the north and a mix of private and national forest properties on the other three sides.

1.2 NEED FOR ACTION

Stoltze is a family-owned company. Board members are immediate family to F. H. Stoltze. The family members are committed to carrying on the company's 100-year wood products legacy and keeping its lands in commercial timber production, but pressure to convert these properties to uses other than timber management grow stronger each year. A unique opportunity exists with the current family members who are interested in a conservation solution on these lands that preserves historic uses while preventing future conversion and development. This opportunity may not exist in the future.

Fig.1. Location map of the CE project lands



As of 2012, industrial timber companies within Flathead County owned 9.0% of the total land area; over three-quarters (78.6%) of the total land area is in the public domain, managed by federal, state, or tribal entities. The remainder of land ownership is by other private parties (Flathead County Growth Policy 2012). As described in the 2012 Growth Policy, “Converting timberlands to residential real estate can be more profitable than harvesting timber. Excessive regulations and/or additional costs of owning land can hasten the conversion of timberlands to residential real estate as timberland managers look to maximize profits. However, the conversion of remote, rural lands to residential real estate impacts the community in a variety of ways. Public safety can be threatened as more people move into the wildland-urban interface. The wildland-urban interface (WUI) is commonly described as the zone where structures and other human development meet and intermingle with undeveloped wildland or forests. These risks to

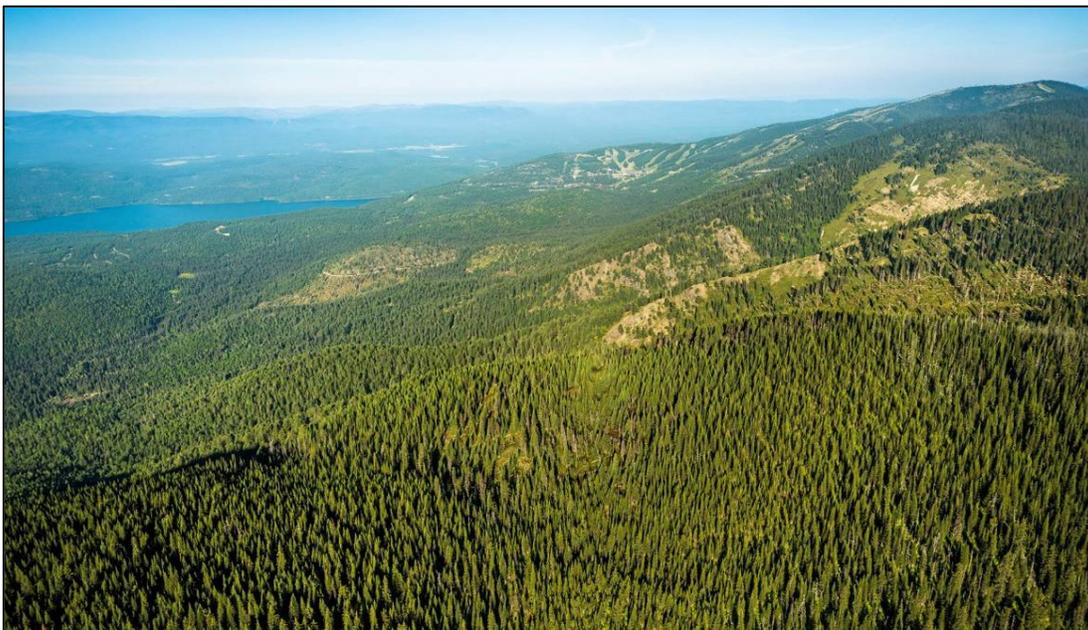
health and safety in the WUI can include inescapable wildfires and natural disasters or human contact with species such as bears, mountain lions, and wolves.”

Between 2000 and 2014, Flathead County’s population grew by 21.2% – almost twice as fast as Montana’s overall population, which grew by only 11.7% (CEIC 2015). During this same period, the cities of Whitefish and Columbia Falls grew by 14.4% and 18.4% respectively (CEIC 2015). Since 2000, Flathead County has experienced a significant amount of subdivision activity. From 2000 to 2010, almost 5,000 lots were created through the county’s normal subdivision process – effectively converting almost 22,000 acres or more than 34 square miles into readily developable land.

The Haskill Basin and Trumbull Creek properties have many physical and locational features that make them highly desirable for development. Both properties also offer stunning views that include Whitefish Lake, the Mission Mountains, the City of Whitefish, Flathead Lake, and the entire Flathead Valley. Not only are the target properties situated near the fast growing town of Whitefish and the Glacier National Park gateway community of Columbia Falls, but the Haskill property is next to the Iron Horse subdivision and the Whitefish Mountain Resort. The properties’ development appeal is further enhanced by its gently sloping terrain, access to several county roads, access to utilities, desirable water amenities, and existing network of well-maintained interior logging roads that are currently available for public recreation as a “neighborly accommodation” through the company’s Open Lands Policy.

Much of the high-end residential market in the local area is driven by views, making the properties prime candidates for future luxury home development. The high-end residential and recreation market in this area has also increased in response to improving economic conditions. Development in and around the nearby Whitefish Mountain Resort continues to remain strong. Much of the private land surrounding the Trumbull Creek property has already been subdivided and developed with residential homes.

Fig.2. Looking west toward Whitefish Lake and Whitefish Mountain Resort



The Haskill Basin property is located just outside of the official Whitefish City limits and is located at the north end of the Flathead Valley next to the Whitefish Mountain Resort and the luxury 18-hole golf course community of Iron Horse. The property is comprised of 38 separate legal parcels, which could be sold off independently to different buyers without any state or county subdivision review. The property could be further subdivided into as many as 66 separate legal lots under current county zoning regulations.

As for the Trumbull Creek property, it currently is comprised of 75 separate legal parcels, which could be sold off independently to different buyers without any state or county subdivision review. Approximately 1,140 acres or 16% of the property is located within a county-designated “agricultural rural” district where the minimum lot size is 20 acres. The remaining 6,010 acres or 85% of the property is located in an area where there is no zoning guidance or regulations. All told, the Trumbull Creek property could be sold off in as many as 118 separate legal lots under current zoning regulations. Further subdivision of both properties is possible, but would require subdivision review and approval by Flathead County.

As described in the current Flathead County Growth Policy (2012), the county’s natural environment has always been one of its chief economic assets, contributing significantly to the high quality of life that draws visitors as well as potential employers and future residents to the valley. This quality of life is characterized by natural scenic beauty, clean air and water, and access to outdoor and recreational opportunities. Expansion of subdivisions in the project area could further reduce public access to areas that were historically open to a wide variety of outdoor recreational opportunities as has happened in other areas of Montana.

1.3 RELEVANT AUTHORITIES, RELEVANT DOCUMENTS, AND OVERLAPPING JURISDICTIONS

1.3.1 Authorities

Montana Department of Fish, Wildlife & Parks (FWP): FWP has the authority under state law (§ 87-1-201 Montana Code Annotated [MCA]) to protect, enhance, and regulate the use of Montana's fish and wildlife resources for public benefit now and in the future. In 1987, the Montana Legislature passed HB526, which earmarked hunting license revenues to secure wildlife habitat through lease, conservation easement, or fee-title acquisition (§§ 87-1-241 and 242 MCA). The Habitat Montana Program, developed as a result of legislation, provides direction to the Fish and Wildlife Commission for all of FWP’s wildlife habitat acquisition programs.

Montana State Statutes: Section 76-6-103 MCA authorizes the application of conservation easements to protect “significant open-space land and/or the preservation of native plants or animals, biotic communities, or geological or geographical formations of scientific, aesthetic, or educational interest.” Section 76-6-206 MCA provides for the review of proposed conservation easements by local planning authorities to determine compliance with local growth policies. The proposed conservation easement would be submitted to Flathead County for their review in accordance with this requirement.

1.3.2. Relevant Documents

1993 and 2006 Grizzly Bear Recovery Plans: Portions of both CEs include land identified as a core recovery area in the U.S. Fish and Wildlife Service’s (USFWS) 1993 Grizzly Bear Recovery Plan (http://www.fws.gov/mountain-prairie/species/mammals/grizzly/Grizzly_bear_recovery_plan.pdf) and in FWP’s Grizzly Bear Management Plan for Western Montana 2006-2016 (<http://fwp.mt.gov/fwpDoc.html?id=25772>).

2003 Montana Gray Wolf Conservation and Management Plan: FWP obtained full authority to manage wolves in Montana upon the federal delisting of the Rocky Mountain gray wolf in May 2011. In preparation of assuming authority, Montana, Idaho, and Wyoming were required to develop conservation and management plans and adopt other consistent regulatory mechanisms in state law. This plan met that requirement and guides FWP management of the species. <http://fwp.mt.gov/fishAndWildlife/management/wolf/management.html>

2015 State Wildlife Action Plan: The project area supports conservation priorities set forth in its state wildlife action plan. <http://fwp.mt.gov/fishAndWildlife/conservationInAction>

Both the Haskill Basin and Trumbull Creek properties are located in the Whitefish Stillwater Focus Area – one of only 55 geographic terrestrial focus areas identified in the plan as containing significant wildlife communities that are in greatest need of conservation. Species of Greatest Conservation Need that utilize the properties within this high priority focus area include the following:

Canada Lynx
Grizzly Bear
Townsend’s Big-eared Bat
Wolverine
Flammulated Owl
Black-backed Woodpecker
Boreal Chickadee
Brown Creeper
Cassin’s Finch
Clark’s Nutcracker
Evening Grosbeak
Great Gray Owl
Northern Goshawk
Northern Hawk Owl
Pileated Woodpecker
Varied Thrush
Veery
Western Toad
Westslope Cutthroat Trout

2007 MOU and Conservation Agreement for Westslope and Yellowstone Cutthroat Trout in Montana: The project areas are occupied habitat for westslope cutthroat trout and a target for recovery efforts per a 2007 Memorandum of Understanding and Conservation Agreement for Westslope Cutthroat Trout and Yellowstone Cutthroat Trout in Montana that was signed by a

host of government agencies, nonprofit organizations, and other stakeholders.
<http://fwp.mt.gov/fwpDoc.html?id=28662>

2007 Whitefish City-County Growth Policy: The Growth Policy is an official county public document to help the public and elected officials identify goals and objectives, set priorities, and seek solutions to long-term issues. The Growth Policy addresses seven elements (e.g., Natural Resources, Economic Development, Community Facilities, etc.) and proposes an implementation strategy and action plan. <http://www.cityofwhitefish.org/planning-and-building/long-range-plans.php>

2009 Revised Designation of Critical Habitat for Canada Lynx: Much of the project area is identified as a core recovery area in the USFWS's 2000 Canada Lynx Conservation Assessment and Strategy, the 2005 Lynx Conservation Agreement between the USDA Forest Service and the USFWS, and the Revised Designation of Critical Habitat for the Contiguous United States Distinct Population Segment of the Canada Lynx. <http://www.fws.gov/mountain-prairie/species/mammals/lynx/criticalhabitat.htm>

2010 Montana State Assessment of Forest Resources: This assessment identified "critical landscapes" for identifying where federal funding for private forestry assistance would be most beneficial. It was based on an evaluation of 11 different criteria to identify "critical landscapes" that meet these predefined criteria. The Stoltze lands in these proposed CEs are located in an area that was rated as the highest priority for forestland protection in the 2010 MT State Assessment of Forest Resources. <http://dnrc.mt.gov/Forestry/Assistance/SARS.asp>

2012 Revised Flathead County Growth Policy: The Growth Policy is an official county public document to help the public and elected officials identify goals and objectives, set priorities, and seek solutions to long-term issues. The Growth Policy addresses twelve elements (e.g., Land Uses, Demographics & Housing, Economy, etc.) and proposes an implementation strategy and action plan. https://flathead.mt.gov/planning_zoning/growth_resolution2015a.php

2013 City of Columbia Falls Growth Policy: The Growth Policy is an official county public document to help the public and elected officials identify goals and objectives, set priorities, and seek solutions to long-term issues. The Growth Policy addresses eleven elements (e.g., Growth Management, Land Uses, Transportation, etc.) and proposes an implementation strategy and action plan. <http://cityofcolumbiafalls.org/planning-and-zoning>

1.3.3 Overlapping Jurisdictions

Forest Legacy Program (FLP): The Forest Legacy Program is one of several national programs established to promote the long-term integrity of forest lands. Specifically, the intent of the FLP is to identify and protect environmentally important private forest lands that are threatened by conversion to nonforest uses. The overall goal of the Montana FLP is to conserve and enhance land, water, wildlife, and timber resources, while providing for the continued working of Montana's forest lands and the maintenance of natural and public values. A requirement of using Forest Legacy grant funds that have been awarded for the Haskill Basin property and requested for the Trumbull Creek property, is an acknowledgement of the funding source, which is added

to the CEs and development of a management plan that ensures sustainable forest management into the future.

U.S. Fish & Wildlife Service: A portion of the appraised value of each of the proposed CEs would be provided by U.S. Department of Interior, Fish and Wildlife Service (USFWS) grant funds, under its Habitat Conservation Plan (HCP) Land Acquisition Grants Program, §10(a)(1)(B) of the Endangered Species Act. Funds are provided for acquisition of vital habitat for threatened and endangered fish, wildlife, and plant species, such as grizzly bear and Canada lynx. If approved, properties funded with HCP funds would be managed for the purpose of the HCP grant and may not be encumbered, disposed of in any manner, or used for purposes other than those for which it was acquired, without prior written approval of the USFWS-Region 6, Denver, Colorado.

City of Whitefish: The City would be a co-holder of the Haskill Basin CE, as well as holding special rights to inspect, maintain, or replace the water intake and diversion structure related to the City's municipal water supply system accessing 1st, 2nd, and 3rd Creeks, and to a permanent easement for a nonmotorized public recreational trail corridor along the west side of the Haskill Basin property.

1.4 DECISION TO BE MADE

The decision that must be made is whether FWP *should move forward with the purchase of the 3,020-acre Haskill Basin CE and the 7,150-acre Trumbull Creek CE from F. H. Stoltze Land and Lumber Company*. Following completion of the draft EA and review of the public comments received, the FWP Region One Supervisor would issue a decision notice that makes a recommendation to the FWP Fish and Wildlife Commission on a course of action. This course of action could be the Proposed Action (e.g., both properties), the No Action Alternative, or an action that is within the scope of the analyzed alternatives, such as only moving forward on the conservation of a single property.

As with other FWP proposals that involve land interests over 100 acres or over \$100,000 in value, the FWP Fish and Wildlife Commission and the State Board of Land Commissioners would review these proposals and make the final decisions on whether to approve the purchase of the CEs or not.

1.5 EARLY PUBLIC INVOLVEMENT

FWP joined the Trust for Public Land in an open house and public meeting on June 17, 2014, that the City of Whitefish hosted to introduce the Haskill Basin project to community leaders and other interested parties to discuss the proposed CEs and to solicit feedback on any issues and concerns the public might have. Over 80 people attended that meeting.

Additionally, FWP visited the Columbia Falls City Council on April 6, 2015, and held an open house in Columbia Falls on April 28, 2015, to introduce the Trumbull Creek project to interested parties in that community. Twenty people attended the meeting, mostly supporting the project. No issues or concerns were voiced about the proposed project by attendees. One question was

raised concerning the possibility of establishing a dedicated recreation trail within the Trumbull Creek property, similar to that being proposed for the Haskill Basin property. Such a trail could be allowed by the landowners under the proposed CE language, but is currently not a requirement. This suggestion was forwarded to the landowner for their consideration.

FWP also participated in tours of both properties with the Forest Legacy Subcommittee, a part of DNRC's State Forest Stewardship Steering Committee (Haskill Basin on July 30, 2013, and Trumbull Creek on Aug. 5, 2014), and received support from the subcommittee and the full Steering Committee for both projects.

Additional opportunities for public input and involvement were also provided through numerous Whitefish City Council meetings in 2014 and 2015, where the topic of the resort tax increase to partially fund the Haskill Basin CE was discussed. Some of these meetings had between 60-80 people in attendance.

2.0 ALTERNATIVES

2.1 PREFERRED ALTERNATIVE, PROPOSED ACTION

The proposed Haskill Basin and Trumbull Creek CEs would protect important wildlife and fisheries habitat and ensure the continued use of the affected lands for commercial timber harvest in a manner that is consistent with the American Tree Farm System program certification requirements as outlined in the American Forest Foundation 2015-2019 Standards of Sustainability for Forest Certification, the oldest family forest certification program in the United States.

The CEs would conserve important stretches of land in the local Wildland-Urban Interface, helping to reduce fire-caused property damage and buffering nearly twelve miles of national forest lands from future residential and commercial development.

The following is a brief summary of the rights each party would retain or receive under the terms of the proposed CEs. See Appendix A for a copy for the draft CE for the Haskill Basin property. The terms of the Trumbull Creek CE have yet to be finalized because funding sources are yet to be secured, but its terms are expected to be nearly identical to those for the Haskill property, with the exception that the City of Whitefish would hold no interest in the Trumbull Creek CE, and the specific rights of the City described in the Haskill Basin CE would not be included in the Trumbull Creek CE. There is also a large gravel pit on the Trumbull Creek property that may need to be excluded from that CE.

For the Haskill Basin CE, Stoltze would retain the right to:

- 1) Harvest and sell timber, timber products, and other forest products or resources on a sustainable basis and to manage the land, including all aspects of commercial forestry, in a manner that does not undermine the conservation values that the easement(s) is designed to protect.

- 2) Regulate public use of the land at all times and the right to temporarily restrict public use under special circumstances.
- 3) Temporarily suspend public access if landowner liability increases due to changes in law, or if the availability or cost of liability insurance increases in cost above the normal rate of inflation over time. The suspension of public access would continue until a solution acceptable to both parties was found to the liability issue. However, after three years, both the City of Whitefish and FWP could purchase the property to restore public access, with Stoltze retaining all timber management rights to the properties.
- 4) Repair, renovate, remove, maintain, or replace nonresidential improvements existing at the time of the grant of the easement and construct, remove, maintain, renovate, repair, or replace timber platforms, bridges, culverts, road ditches, and other structures necessary for land management purposes.
- 5) Construct or place on the land for temporary use one or more buildings or structures for resource management purposes, with prior approval by FWP and City of Whitefish (Grantees).
- 6) Maintain and improve existing roads, bridges, and culverts consistent with conditions and restrictions in the Multi-Resource Management Plan (MRMP). With Prior Notice to Grantees, may construct and maintain new roads and bridges within the Streamside Management Zone.
- 7) Grant third-party permanent or temporary, nonexclusive access rights to cross property on roads and trails and access rights for recreational purposes on new trails to be constructed.
- 8) Use motorized vehicles, forestry machinery and equipment, and to maintain log yards in the normal operations of the business.
- 9) Utilize agrichemicals, fertilizers, and biological agents for silvicultural purposes and for control of noxious weeds and pests.
- 10) Manipulate vegetation, conduct stream restoration projects, or engage in other habitat enhancement or restoration activities, provided that any such activity must be for the primary purpose of enhancing or maintaining fish and wildlife habitat, and such activity must be in accordance with the MRMP.
- 11) Lease not more than one additional site, together no larger than one acre, on the land for the purpose of the construction and use of radio, television, cell phone, or other communication signal transmission or relay facilities.
- 12) Allow nonexclusive commercial recreational activities at levels described in the MRMP.
- 13) Lease or enter into license agreements permitting existing roads on the land to be groomed and used at no cost by the general public for cross-country skiing.
- 14) Sell, convey, exchange, mortgage, quit-claim, devise, gift, or otherwise transfer title to the land in its entirety. The Haskill Basin property could be sold in up to three separate parcels, which include the northern block, the parcels south of the state trust land (Section 16, and the third parcel, a nonmotorized public recreational trail corridor, which can only be transferred to the City of Whitefish. The Trumbull Creek property will also have limits of the number of separate parcels that could be sold, but those will be determined at a later date.
- 15) Construct or permit utility equipment, lines and pipelines, and other utility facilities for any lawful purpose along existing roads or elsewhere on the property with approval of FWP and the City of Whitefish.

- 16) Use livestock on the land to control noxious weeds or other invasive nonnative plants, or for other land management purposes consistent with the MRMP with prior approval of FWP and the City of Whitefish.
- 17) Construct, remove, maintain, repair, and replace fences on the property for the purposes of livestock management or property protection provided that they do not impair wildlife migration.
- 18) Use gravel, sand, and rock on the Haskill Basin property for purposes consistent with the landowner's reserved rights, such as allowable road construction and road maintenance, and only for use on the property.
- 19) Continue using the existing commercial gravel pit on the Trumbull Creek property.

FWP and the City of Whitefish would acquire the following rights on the Haskill Basin property:

- 1) To enter the land to monitor compliance of the easement terms and rights to observe, study, and make scientific observations of the properties' fish, wildlife, habitat, and ecosystems.
- 2) To establish and maintain vegetation-monitoring transects and enclosures upon prior written notice.
- 3) On behalf of the general public, of access for the purpose of noncommercial recreation on the CE properties free of charge, subject to the landowner's rights described above and detailed in the CE.

The City of Whitefish would also acquire the right to inspect, repair, renovate, remove, maintain, or replace the city water supply and delivery system in Haskill Basin. The City will also receive a permanent easement for construction of a nonmotorized public recreational trail corridor along the west boundary of the Haskill Basin property.

FWP would acquire similar rights on the Trumbull Creek property, excluding the Whitefish water system, which does not apply to Trumbull Creek.

The proposed CEs would also restrict:

- 1) Timber harvests within Streamside Management Zones, which must comply with provisions of the MRMP.
- 2) Manipulation of wetlands or the use or withdrawal of surface or ground water in any manner that would adversely affect the conservation values of the property.
- 3) Future divisions of the Haskill Creek property beyond the potential for three separate parcels described earlier (similar restrictions for the Trumbull Creek property that have not yet been negotiated).
- 4) Construction of residential buildings on the property.
- 5) Soil cultivation activities, unless they were for the primary purpose of enhancing or maintaining fish and wildlife habitat.
- 6) New agreements to rent, lease, sell, or charge fees for exclusive access to the land to others for hunting, fishing, skiing, snowmobiling, or other recreational purposes without prior approval of FWP and the City of Whitefish.
- 7) Alternative livestock ranching.
- 8) Exploring for, developing, mining, producing, or otherwise extracting any minerals (other than gravel, sand, and rock described above), oil, natural gas, coal-bed methane, or other

hydrocarbon resources that they own, whether on or under the surface of the project lands.

Multi-Resource Management Plan

Stoltze, the City of Whitefish, and FWP have developed a Multi-Resource Management Plan (MRMP) (see Appendix B) for the Haskill Basin property, which describes those steps that Stoltze would take to protect, manage, maintain, and enhance soil, water, range, aesthetic quality, recreation and public access, timber, fish, and wildlife resources in a manner compatible with Stoltze's land use and business objectives. The MRMP is not incorporated into the CEs, but is a separate agreement, required by the CEs, and signed and acknowledged by Stoltze, the City, and FWP. A separate and similar MRMP for the Trumbull Creek property would be prepared by FWP and Stoltze in 2016 for that CE.

The specific provisions in the MRMP are designed to be more flexible than the binding terms of the CEs. As science or management approaches change or if new landowners acquire the CE lands, the MRMP language may also change. However, any changes to the plan must have the mutual consent of the landowner, the City, and FWP.

Highlights of the Haskill Basin MRMP are:

- Continued forest management and stewardship in accordance with the Stoltze Tree Farm Management Plan, which is consistent with the American Tree Farm System (ATFS) program certification requirements as outlined in the American Forest Foundation *2015-2019 Standards of Sustainability for Forest Certification*.
- Management of the properties' resources, while considering fish and wildlife through judicious control of road access, timber harvest management, and cooperation with state and federal fish and wildlife agencies.
- Enhanced leave tree requirements within the Streamside Management Zone to provide a minimum of 15 trees per 100 lineal feet of stream within the entire buffer width.
- Continued use of uneven-aged forest management practices in riparian zones and around wetlands, when stand conditions allow, and specific wetland buffer management around isolated wetlands of one-half acre in size or larger.
- Stoltze and FWP identified guidelines and metrics to measure activities under the MRMP to ensure the MRMP objectives are met.

Funding

Stoltze entered into an agreement with The Trust for Public Land (TPL), granting the right to purchase the CEs, which would allow for the continued use of both properties for sustainable forest management, while prohibiting all future residential, industrial, and commercial development. The CEs would be purchased in two separate transactions in 2016 depending upon the final commitments of funding resources, final appraisal, timing of negotiations, and other approval processes.

Both proposed CE values will be independently appraised by a qualified appraiser using recent market sales and following federal and state appraisal standards. They will also be reviewed by both the state and federal funding entities.

Haskill Basin Conservation Easement

The estimated value of each CE is based on a preliminary appraisal, but Stoltze has agreed to a purchase price below that estimated value. Proposed funding for the Haskill Basin CE is as follows:

Preliminary Appraised Value		\$ 20,600,000
Forest Legacy Program	\$ 7,000,000	
Habitat Conservation Plan Land Acquisition Program	\$ 2,000,000	
City of Whitefish	<u>\$ 7,700,000</u>	
Negotiated purchase price		<u>\$ 16,700,000</u>
Estimated donated land value from Stoltze		<u>\$ 3,900,000</u>

The Forest Legacy Program is a competitive program through the U.S. Forest Service. Participation in Forest Legacy is limited to private forest landowners. To qualify, landowners are required to prepare a multiple resource management plan as part of the CE acquisition. Similar to this program, the U.S. Fish and Wildlife Service’s Habitat Conservation Plan Land Acquisition Program provides funds to states and territories to acquire habitat for endangered and threatened species with approved habitat conservation plans. Both federal programs require at least 25% of the project’s costs to come from private, state, or local sources.

As a component of the funding of this CE, the voters of the City of Whitefish approved an increase to the resort tax from 2% to 3% on April 28, 2015, to fund the purchase of the Haskill Basin CE. The vote passed by a margin of 1,718 to 334. The tax increase went into effect July 1, 2015.

Trumbull Creek Conservation Easement

Project cost and proposed funding based on preliminary appraisal for the Trumbull Creek CE are as follows:

Preliminary Appraised Value		\$ 12,700,000
Forest Legacy Program	\$ 6,500,000	
Habitat Conservation Plan Land Acquisition Program	\$ 2,000,000	
Private donors	<u>\$ 1,000,000</u>	
Negotiated purchase price		<u>\$ 9,500,000</u>
Estimated donated land value from Stoltze		<u>\$ 3,200,000</u>

General Legal Descriptions of Properties:

Both are located in Flathead County.

Haskill Basin (see Exhibits A and B of the draft CE for completed legal descriptions):

Township 31 North, Range 22 West, Parts of Sections 1 & 12

Township 31 North, Range 21 West, Parts of Sections 5, 6, 7, 8, 9, 16, 17, 18, 19, 20, 21 & 22

Trumbull Creek:

Township 31 North, Range 21 West, Parts of Sections 1, 2, 10, 11, 12, 13, 14, 15, 22, 24, 25, 26, 27, 35 & 36

Township 32 North, Range 21 West, Parts of Sections 35 & 36

Monitoring

As described in the MRMP, Stoltze and FWP have committed to the following monitoring guidelines:

- Stoltze commits to periodic external ATFS or other comparable audit of the lands, as specified in current ATFS standards, and to review audit recommendations with the Liaison Committee to determine if changes should be implemented. Issues of noncompliance will be addressed and remedied as directed in the audit.
- If sites are selected, Stoltze would participate in state BMP audits on the lands. Results of these audits will be discussed at the annual Liaison Team meetings, and Stoltze would take actions to correct any departures.
- FWP, designated as the primary lead role for the Haskill Basin CE and working cooperatively with the City of Whitefish, would monitor the landowner's compliance with the terms of the easement and MRMP on at least an annual basis through scheduled field inspections, use of flights or remote sensing, and meetings.
- Stoltze would annually provide a report to FWP that summarizes the following information: 1) acres harvested by silvicultural methods and other management activities, 2) road construction or road closure changes, and 3) current status of excavation sites (i.e., active vs. inactive) in order to monitor revegetation and weed control commitments.
- Stoltze would also provide copies of ATFS and state BMP audits as they are periodically completed, including any actions taken to meet audit recommendations.

2.2 NO ACTION ALTERNATIVE

If one or both of the proposed CEs is not completed, there is the potential in the future that the managing interests of the company may sell all or portions of the project lands, and they could ultimately be subdivided and developed. As described in Section 1.2, both properties have attributes such as excellent views, county-maintained roads, and close proximity to urban centers and Whitefish Mountain Resort, that make both locations highly desirable for new home developments.

3.0 AFFECTED RESOURCES AND PREDICTED ENVIRONMENTAL CONSEQUENCES

3.1 WILDLIFE

The CE project lands and the national forest lands that surround them provide important habitat for a wide range of game and nongame species including elk, moose, mule deer, white-tailed deer, grizzly bear, wolf, black bear, wolverine, and Canada lynx. Both properties are ranked by FWP as a conservation priority due to the presence of 19 of 85 species that are ranked in greatest need of conservation in Montana's State Wildlife Action Plan. A complete list of species that might occur on the two properties is included in Appendix C.

Game Species

The Haskill Basin and Trumbull Creek properties provide valuable seasonal range for mule deer, white-tailed deer, moose, mountain lion and black bear. These species provide important local hunting opportunities on the property, and the Stoltze lands are heavily used by area hunters. Both properties are within hunting district (HD) 110 for deer, elk, and mountain lion and HD 103 for black bear.

Priority Conservation Species

Many other species also depend on the project lands to provide some or all of their seasonal habitat needs. Several of these include species that are listed as threatened or endangered under the Endangered Species Act (ESA) or as priority conservation species within Montana.

Canada lynx

The Haskill Basin and Trumbull Creek properties are considered to be occupied habitat for Canada lynx – a species that has been listed as “threatened” by the U.S. Fish & Wildlife Service (USFWS) since 2002. The USFWS has designated five habitat areas in the Lower 48 states as being critical to the recovery and survival of Canada lynx. This includes the Northern Rockies Recovery Area, which includes portions of the Haskill Basin and Trumbull Creek properties adjacent to the Flathead National Forest designated recovery areas.

Grizzly Bears

Grizzly bears have been listed as a “threatened” species under the ESA since 1975.

Both properties are considered to be occupied grizzly bear habitat, meaning the bears are known to use the properties seasonally or as movement corridors to nearby areas such as Glacier National Park and the northern portions of the Whitefish Range. Additionally, both target properties include portions of the Northern Continental Divide Ecosystem Recovery Zone for grizzly bears.

Bear activity on and near the Haskill Basin and Trumbull Creek properties most often occur in early spring and fall when food sources are available (e.g., huckleberries, serviceberries, gut piles from hunter successes, etc.). FWP has recorded numerous human/grizzly bear encounters on the private lands surrounding both properties. In 2014, FWP caught three grizzly bears near Haskill Basin along Walker Creek; the bears were released near the Canadian border.

The current timber harvest practices by Stoltze on the properties over the decades have provided excellent berry crops and other habitat features that encourage bear usage and movement through the properties.

Townsend's big-eared bat

Habitat use in Montana has not been evaluated in detail, but seems to be similar to other localities in the western United States. Townsend's big-eared bats use caves and buildings as roosting sites, but are likely to feed in Douglas-fir and lodgepole pine forests on both properties.

Wolverine

The Haskill Basin and Trumbull Creek properties provides important seasonal and travel corridor habitat for wolverine listed as “candidate” species by the U.S. Fish & Wildlife Service.

Wolverine have been documented using Big Mountain just north of the Haskill property. As for wolverine, both properties are within a confirmed area of occupancy supported by recent (post-1980) nearby (within 10 kilometers) observations of adults or juveniles. Tracking regions were defined by areas of primary habitat and adjacent female dispersal habitat (Montana Heritage Map Viewer Database, 1/28/15).

Birds

Of the 88 avian species observed or likely occurring within the target properties, there are eleven that are designated Species of Concern within Montana. They are the flammulated owl, black-backed woodpecker, boreal chickadee, brown creeper, Cassin’s finch, Clark’s nutcracker, evening grosbeak, great gray owl, northern goshawk, northern hawk owl, pileated woodpecker, varied thrush, and veery.

Flammulated owls occur in montane forests, usually open conifer forests containing pine and some brush or saplings. Black-backed woodpeckers are most common in early successional, burned forests, but also persist in low densities in fir/larch forests. Boreal chickadees, brown creepers, evening grosbeaks, and varied thrush utilize similar habitats – coniferous and mixed coniferous-deciduous forests. Cassin’s finches can occur in every major forest type and timber-harvest regime in Montana, including riparian cottonwood, but are most likely to be found in ponderosa pine and post-fire forests. Clark’s nutcrackers most commonly occur in conifer forests dominated by whitebark pine at higher elevations, but also rely on seeds from ponderosa pine and Douglas-fir at lower elevations. Pileated woodpeckers prefer late successional stages of conifer and deciduous forests, but also use younger forests that have scattered, large dead trees. Western larch, ponderosa pine, and black cottonwood are preferred for nesting.

Goshawks nest in a variety of forest types in Montana, including Douglas-fir and western larch, especially those with a dense canopy and a relatively open understory. Great gray owls are known to use lodgepole pine and Douglas-fir forests in Montana, especially those near water, meadows, or clearings where they feed. Northern hawk owls breed in moderately dense coniferous or mixed coniferous-deciduous forests often adjacent to wet meadows and marshes or open areas created by fire or logging. Veerys show a strong preference for riparian habitats.

Amphibians

Habitats used by western toads in Montana include low elevation beaver ponds, reservoirs, streams, marshes, lake shores, potholes, wet meadows, and marshes, to high elevation ponds, fens, and tarns at or near treeline. Toads have been known to utilize wet environments where forest cover habitats include aspen, Douglas-fir, lodgepole pine, Engelmann spruce, subalpine fir, and ponderosa pine.

Fish

Westslope cutthroat trout spawn and grow in streams that tend to be cold and nutrient poor. They seek out gravel substrate in riffles and pool crests for spawning habitat. (Montana Field Guide 2015)

Proposed Action Alternative:

In the short term, there is little difference between the proposed action and no action alternative because the proposed CEs would not change Stoltze's land management practices or public recreation opportunities. However in the long term, this alternative would ensure protection of some of the most important fish and wildlife values surrounding the Flathead Valley by ensuring that conservation measures and silviculture practices that Stoltze currently implements would continue into perpetuity even if the ownership changes. This alternative also ensures that the land would never be subdivided for residential development or other uses that might eliminate commercial forest management, reduce public access, and possibly harm fish and wildlife habitat.

The CEs would help to preserve and protect acres that are part of the grizzly bear recovery zone and designated habitat critical to Canadian lynx that extends into the adjacent areas of the Flathead National Forest.

Ongoing commercial timber management and other land disturbances may favor species that are more adaptable to managed forest conditions, such as deer, elk, black bears, and some nongame species. Both proposed CEs would ensure that Stoltze's management practices would continue to sustain the full complement of species that currently exist on the property.

The proposed CEs would also buffer public and private lands occupied by numerous ungulates, carnivores, and nongame species and reduce the threat of future human-wildlife conflicts that would likely result if these lands were ever sold for development or if land uses changed. Furthermore, big game species such as bears and mountain lions would benefit from the continued maintenance of open space and the avoidance of potential human-wildlife conflicts that often result from potential future development.

The CEs should benefit most species that require large, forested landscapes, such as black-backed woodpecker, olive-sided flycatcher, and forest carnivores such as weasels, coyotes, bobcats, wolverine, and the endangered Canada lynx, by maintaining open and undeveloped lands within the project area. It would also benefit species that are vulnerable to predation and/or disturbance from human pets, or prone to conflict with people. Other species would not see much change between alternatives.

Stoltze would continue to manage their lands as they do now under the guidance of their Tree Farm Management Plan. The implementation of the cooperatively developed MRMP further clarifies Stoltze would continue to manage their resources while considering fish and wildlife through judicious control of road access, timber harvest management, and cooperation of state and federal wildlife agencies.

The proposed CEs would support multiple goals of Flathead County's Growth Policy (2012) in promoting the preservation of critical fish and wildlife habitat, preserving the area's unique outdoor amenities and quality of life, and recognizing the heritage of outdoor recreation and timber activities that provide economic benefits to the county.

No Action Alternative:

If no action were taken by FWP, important habitat for many wildlife species may not change under Stoltze's ownership and management of the land. However, if in time there is a need or incentive for Stoltze to sell its property or change its timber management activities, wildlife habitat could be degraded, lost, or compromised depending on what economic forces develop in the future or the desires of potential new landowner(s) or changing priorities of Stoltze. Without the CEs, the project lands would be put at greater long-term risk of subdivision and development.

Furthermore, if Stoltze sold their properties to another buyer, historic public recreational access within the properties for traditional uses such as wildlife viewing, hiking, and hunting could be lost.

3.2 AQUATIC RESOURCES: BODIES OF WATER AND FISHERIES

Stoltze's resource management follows the requirements of the Montana's Streamside Management Act and the federal Clean Water Act, and because of this, most streamside vegetation within the project area is in good condition. Species present include cedar, birch, alder, Rocky Mountain maple, black cottonwood, and Engelmann spruce. Stoltze participates in the voluntary Montana Statewide Best Management Practices and Stream Management Zone audits to verify their stewardship efforts.

Haskill Basin

The Haskill Basin property is located within the highest priority watershed for forestland protection in the state, as identified in the "Montana's State Assessment of Forest Resources." The watershed encompasses a geographic area totaling approximately 12.8 square miles or 8,300 acres, and the Haskill Basin CE includes roughly 28% of the entire watershed. The property includes portions of five headwater tributaries, including First, Second, Third, Fourth, and Fifth Creeks, which flow down from the southwestern flanks of the Whitefish Range and come together on the Stoltze property to form the mainstem of Haskill Creek.

The Haskill Basin property supports a remnant population of genetically pure westslope cutthroat trout, which continue to be listed as a "species of concern" by the state of Montana. While brook trout dominate the Haskill Creek stream system by a factor of 4-to-1, westslope cutthroat trout continue to survive, especially in the middle and upper reaches of the watershed. The boundaries of the proposed CE would include approximately 8.4 miles of Haskill Creek and its tributaries.

The City of Whitefish currently gets nearly 90% of its municipal water supply from the Haskill Basin property, diverting water from intakes that it maintains on Second and Third Creeks and piping it down to a reservoir and treatment plant just north of downtown. The intake at First Creek was abandoned in the 1980s due to the presence of contaminants originating from adjacent developments.

Trumbull Creek

The South Fork of Canyon Creek, on the north end of the Trumbull property, supports a thriving population of westslope cutthroat trout. The creek has been identified as a Class 2 stream in the Flathead Subbasin Plan. Class 1 and 2 streams are prioritized as the best

remaining habitats in the Flathead watershed and are targeted for conservation and restoration in the Subbasin Plan.

The boundaries of this proposed CE would include approximately 13.8 miles of Trumbull Creek and its tributaries, 1.6 miles of South Fork Canyon Creek, 1.2 miles of Garnier Creek – tributary 1, and nearly half of a 5.25-acre unnamed lake.

Much of the water that gets carried down from the Trumbull Creek property ends up moving underground and eventually seeping into the Evergreen aquifer, which is the primary source of water for people living between Columbia Falls and the north end of Flathead Lake. Highly permeable flood deposits, together with thin topsoil layers, make this shallow aquifer particularly susceptible to pollution and contamination.

Proposed Action Alternative:

The proposed CEs would ensure the continuation of the riparian management commitments and efforts already in place on the Stoltze land by providing for the permanent conservation of enhanced streamside buffers and management actions as defined in the MRMP to benefit fisheries and wildlife species.

Protection of the Haskill Basin drainage by the proposed CE would protect the City of Whitefish’s primary municipal water resource from subdivision and residential development. Such action could have negatively impacted the city’s two remaining intakes on Second and Third Creeks and forced the City to invest in a costly new water supply alternative.

Permanent protection of the Trumbull Creek property would help to protect local and public water supplies. Rain and melting snow get carried down from the surrounding mountains via Trumbull Creek and the South Fork of Canyon Creek, seeping into the ground and eventually into underground aquifers, which are the principal sources of water for most local residents and businesses.

The Trumbull Creek property is surrounded by private residences that depend on private wells for their drinking water supply. Permanently protecting the Trumbull Creek property from development will help to ensure that the water being drawn from these wells remains clean and pure.

Protection of important regional westslope cutthroat trout habitat would meet an objective of the *Memorandum of Understanding and Conservation Agreement for Westslope Cutthroat Trout and Yellowstone Cutthroat Trout in Montana*, which is to “maintain, secure, and/or enhance all cutthroat trout populations designated as conservation populations, especially the genetically pure components.”

Stoltze would continue to implement its best management practices in following the Streamside Management Act and Clean Water Act, which would continue to benefit water resources and fisheries species. In addition, Stoltze would manage enhanced streamside buffer zones consistent with the MRMP and the terms of the CEs that also would prohibit draining, filling, or destruction of any wetland area. Additionally, regardless of ownership, water resources would

be subject to the terms of the CEs and management practices outlined in the MRMP, thus protected in perpetuity.

Furthermore, the proposed CEs would support multiple goals of Flathead County's Growth Policy (2012) that include: protecting and preserving water resources, protecting water quality from existing and potential pollution sources, preserving and protecting wetlands and riparian areas, and promoting the preservation of critical fish and wildlife habitat.

No Action Alternative:

In the short term, little change would be likely to occur under the no action alternative. Stoltze would continue to manage the land under the sustainable forestry management practices as described in their Tree Farm Management Plan. However, commercial timber management may not remain the most viable economic activity for the company in the future, making the sale of some or all of their land a prudent business option. Over time, changes in Stoltze family ownership and management could increase the potential for the sale of these properties or conversion to other uses.

Either of these scenarios may negatively impact water resources and associated riparian species if streamside vegetation and water (quality and quantity) are manipulated to accommodate, or were directly impacted by, new residences, roads, or new land uses. What may happen under new ownership would depend on the motivations of the new owners and economic conditions at the time of the sale, both of which are difficult to predict.

3.3 VEGETATION

The parcels are forested valley bottoms and mountains that have been managed for commercial timber production over the last 100 years. Elevations vary from approximately 3,500 to 5,500 feet.

Forestland dominates the landscape. It is a mixed conifer forest with all of Montana's commercial timber species represented. The current forest is well stocked with a vigorously growing mix of native species. The desired condition for the forest is to maintain a diversity of stand structure, age class, and species mix with a preference for uneven-aged stand conditions where ecological conditions permit. Dominant species are Douglas-fir, western larch, true firs, Engelmann spruce, and western red cedar. Ponderosa pine, white pine, and lodgepole pine can also be found in most of the area. Limited amounts of cottonwood and aspen can be found along creeks and near wetland areas and paper birch is evident along the streams and on many north-facing slopes. The timbered stands vary in age from young regeneration to commercial saw timber.

Both proposed CEs include nine different coniferous tree species. Estimated composition of timber species on the properties are summarized as follows:

Species	Haskill Basin Property	Trumbull Creek Property
Douglas Fir/Western Larch	51.8%	46.2%
Grand Fir/Western Hemlock	24.6%	24.8%
Engleman Spruce/Lodgepole/ White Pine	16.2%	19.4%
Red Cedar	7.4%	10.5 %
Ponderosa Pine	0.1%	0.1%

Stoltze’s management goal is to practice sustainable forestry to meet the needs of the present, while maximizing growth for future generations and meeting the challenges of changing times. Managing for the four tenants of the American Tree Farm System - wood, water, wildlife, and recreation - has proven to be a good goal for over 100 years, and the Tree Farm Management Plan (Appendix D) outlines specific measures to ensure that these tenants continue to guide forest management practices on the land into the future.

According to the U.S. Fish and Wildlife Service Wetlands Inventory database (accessed 1/21/15), there are eleven acres classified as forested/shrub riparian within the Haskill Basin property and approximately 33 acres classified as freshwater emergent or forested/shrub wetlands within the Trumbull Creek property. There is also a small pond (5.5 acres) in the northwest portion of the Trumbull property.

Because of past and ongoing weed management activities by Stoltze, there are only limited areas where noxious weeds are present, mostly occurring along existing roads on the project lands. Species that are present include spotted and diffused knapweed, and Canada thistle. Stoltze currently uses an integrated pest management system for the management of noxious weeds on its lands. The system uses a combination of introduced insects and herbicide application by licensed operators to meet the intent of Montana’s noxious weed laws.

Proposed Action Alternative:

The proposed CEs would not measurably change Stoltze’s timber harvest activities or other vegetation management efforts, thus the quality of existing vegetation resources would be maintained.

Stoltze would remain committed to managing the project lands in accordance with their Stoltze Tree Farm Management Plan, which is consistent with the American Tree Farm System (ATFS) program certification requirements as outlined in the American Forest Foundation *2015-2019 Standards of Sustainability for Forest Certification*. Stoltze would continue to implement their harvest prescriptions based on the philosophy of “leave the best and harvest the rest,” which typically leaves those trees free of disease and with the best physical attributes to help regenerate the site. Decisions on stand prescriptions depend upon stand age, tree vigor, and growth potential.

The commercial harvest of cottonwood and aspen trees would be limited to that necessary to maintain the health of or promote new cottonwood or aspen stands. Stoltze would strive to

maintain cottonwood and aspen stands at essentially the same or greater levels as is established in the baseline survey as ecological and climate conditions allow.

Noxious weed control would remain Stoltze's responsibility, and they are likely to continue to apply chemical or biological agents in accordance with applicable laws. Stoltze or any subsequent landowner may continue to manage weeds on project lands according to the plan in place, or may choose other noxious weed management strategies. While CEs cannot require landowners to control noxious weeds, state and county laws and regulation still apply.

This project would conserve streamside vegetation along all waterways and in wetlands through terms in the CEs and MRMP that include prohibiting draining, filling, or destruction of any wetland area; implementing enhanced leave tree requirements on key westslope trout streams; using uneven-aged forest management practices in riparian zones and around wetlands; and define tree removal in areas within the stream management zone.

None of the proposed project parcels have been managed as rangeland in the past nor has commercial grazing occurred on either property. Under the proposed CEs, livestock grazing would not be permitted unless it was used to control noxious weeds or other invasive nonnative plants, or for other land management purposes consistent with the protection and maintenance of the conservation values of the parcels.

Stoltze recognizes aesthetic values of the project lands and how they contribute to the viewsheds along U.S. Highway 2 and the Flathead Valley. Stoltze would continue to follow the stewardship forestry principles described in their Tree Farm Management Plan and reinforced by the terms of the CEs and the MRMP that use harvest prescriptions that maintain visual values while meeting silvicultural objectives.

No Action Alternative:

In the short term, little change would be likely under the no action alternative. Stoltze would continue to manage the land under the sustainable forestry management commitments that currently direct their activities. However, future commercial timber management may not remain a viable economic activity for the company, or new generations of Stoltze shareholders may have different views that make the sale of some or all of their land a prudent business option.

Either of these scenarios may negatively impact vegetation resources and associated species if trees and streamside vegetation are manipulated to accommodate new residences, roads, or new land uses. What may happen under new ownership would depend on the motivations of the new owners and current economic conditions at the time of the sale, and are difficult to predict.

3.4 LAND USE

Incorporated in 1912, F.H. Stoltze Land and Lumber Company is the oldest, family-owned integrated wood products company in Montana. The company owns and manages almost 40,000 acres of commercial timberland in and around the Kalispell area of northwest Montana.

The 103-year-old company manages its lands in a manner that provides high quality harvestable timber on an economical basis through sustainable forestry practices, conducting stewardship activities that integrate the growing, nurturing, and harvesting of trees with the conservation of soil, air and water quality, and fish and wildlife habitat. Stoltze's commitment to the environment and sustainable forestry is guided by the following management principles:

- Practice sustainable forestry to meet the needs of the present while maximizing growth for future generations.
- Continuously improve company forest resources, lands, and timber.
- Promote among other forest landowners sustainable forestry practices that are economical and environmentally responsible.
- Protect forests from wildfire, pests, diseases, and other damaging agents in order to maintain and improve long-term health and productivity.
- Manage forests of special significance in a manner that takes into account their unique qualities.
- Continuously improve the practice of forest management through continuing education, monitoring, research, and technology.
- Provide the highest quality forest products at the lowest practical cost.
- Meet the challenges of changing times.

Stoltze has a long-standing practice of allowing public access on most of its lands. This policy allows for public recreational use of the company's lands as a "neighborly accommodation." The predominant recreational activities include nonmotorized activities (hunting, mountain biking, fishing, hiking, horseback riding, trapping, etc.) as well as some motorized recreational opportunities on their existing road system. Both properties are part of a 13,000-acre block of land that Stoltze has enrolled in the state's Block Management Program. See Section 3.6 for additional information and discussion of the recreational activities.

There is one main access road for each of the proposed CEs that is open to the public. The southeast corner of the Haskill Basin property is accessible via the Haskill Creek Road, which continues as a private road beyond that corner. The Trumbull Canyon Road, which leads up through the Trumbull Creek property, is privately owned by Stoltze. This road serves as the primary access for various single family homes that have been built on adjacent and intermingled private lands. It is also heavily used by local residents seeking easy access to adjoining National Forest System lands. Both connect to other Stoltze-owned logging roads providing excellent access opportunities across both properties.

Stoltze keeps most of its logging roads gated in an effort to protect water quality, wildlife security, prevent spread of noxious weeds, and limit other inappropriate activities. While gated, these lands are still available for public use, including motorized use of ATVs, motorcycles, and snowmobiles on established roads only.

Stoltze's commitment to sustainable forestry and education is exemplified by the Family Forestry Expo, which the company hosts every year on the Trumbull Creek Educational Forest, and the Ravenwood Outdoor Learning Center, both located at the south end of the Trumbull Creek property. The Expo is an annual, week-long event held in the first full week of May. It offers hands-on exposure to the role that forests play in people's everyday lives and takes place

through the dedicated involvement of twenty diverse organizations. Ravenwood provides fun and educational outdoor opportunities for campers ranging from 6 to 15 years of age that connect kids with nature, community, and self.

Proposed Action Alternative:

The proposed CEs are not expected to change Stoltze's current land uses or activities. Timber harvesting and existing public recreational opportunities within and through the project lands would continue. Stoltze would retain the right to regulate public use of their lands and the right to restrict public use if required to protect or restore sensitive areas damaged by the public or natural processes, during timber harvest activities, and in emergency situations. Stoltze also would retain their existing right to temporarily suspend public access if either the risk of landowner liability increases, or the cost of liability insurance increases beyond established market rates. Under the terms of the proposed CEs and associated management plan, public access could remain suspended, with the exception of the nonmotorized public recreation trail corridor on the Haskill Basin property, until a solution could be found that would protect the landowner against increased liability or increased liability protection cost resulting from continued public recreational access and use. However after three years, the City of Whitefish and/or FWP would have the right to purchase the underlying fee ownership of the property to restore public recreational access; Stoltze would retain the right to manage and harvest timber on the property.

The proposed CEs would be complimentary with surrounding U.S. Forest Service's management of the Flathead National Forest in that it promotes the goals of conserving and enhancing land, water, wildlife, recreation, and timber resources, while providing for the continued working of Montana's forestlands and maintenance of natural and public values. Stoltze would also retain the right to establish new roads.

Some terms of the CEs would prohibit land use changes such as limiting the subdivision of the project properties, livestock grazing, waste disposal, and prohibiting subsurface mineral exploration or extraction.

No Action Alternative:

In the short term, little change would be likely under the no action alternative. Stoltze would continue their current land uses. However, in the future commercial timber management may not remain a viable economic activity for the company, or the changing views of a new generation of Stoltze shareholders may make the sale of some or all of their land a prudent business option.

What may happen under new ownership would depend on the motivations of the new owners and economic conditions at the time of the sale, and are difficult to predict, but the subdivision of these large habitats into small units and the development of residences could negatively impact the wildlife, water, vegetation, and aesthetic values of the acres.

3.5 SOCIOECONOMICS

Flathead County encompasses 5,256 square miles and is the fourth most populous county in Montana with 94,308 people as estimated by Census Bureau (CEIC 2013). Between 2000 and 2014, Flathead County’s population grew by 21.2% – almost twice as fast as Montana’s overall population, which grew by only 11.7% (CEIC 2015). During this same period, the cities of Whitefish and Columbia Falls grew by 14.4% and 18.4% respectively (CEIC 2015). Since 2000, Flathead County has experienced a significant amount of subdivision activity. From 2000 to 2010, almost 5,000 lots were created through the county’s normal subdivision process – effectively converting almost 22,000 acres or more than 34 square miles into readily developable land.

A summary of the county’s economy and its recent changes are stated clearly in the 2012 Flathead County Growth Policy:

“The Flathead Valley was historically a natural resource-based economy. Logging, mining, and commodities production have decreased over the past decade, and as a result the Flathead economy has had to diversify in order to accommodate this change. The county’s economy has experienced significant restructuring over the past thirty years, with significant growth in the retail trade and service industries during the late 1990s and early 2000s. However, the economic downturn has tempered the diversification of the economy in the same way it has affected economic growth and stability. Those industries that experienced enormous increases in employment, labor earnings, and sales over the past decade have since experienced significant losses in these same indicator areas during the recession. The closure of the Columbia Falls Aluminum Company and the Plum Creek mill, coupled with cyclical declines in the wood products and construction industry have added to these losses. However, the natural amenities and quality of life that contribute to the character of Flathead County continue to attract small businesses and technology companies that are becoming more prevalent in light of the new knowledge-based, globalized economy. The city of Kalispell’s evolution as a regional trade and service center has also contributed to the growth of the county’s economic base, even during this period of economic decline.”

Approximately 4,235 individual private businesses operated in the county in 2010. Construction firms were the most numerous with 778 businesses in operation, which include the construction of buildings, heavy and civil engineering construction, as well as special trade contractors. Retail trade was the second most numerous in regard to number of establishments, with 468 businesses including motor vehicle and parts dealers, furniture and home furnishing stores, gasoline stations, and general merchandise stores. The number of forestry-related establishments decreased from 47 in 2009 to 44 in 2010. (MDLI 2012)

Industry	# of Establishments (2009)	# of Establishments (2010)
Agriculture, Forestry, Fishing & Hunting	88	84
Mining	20	19
Utilities	11	11
Construction	869	778
Manufacturing	188	180
Wholesale Trade	142	146

Retail Trade	484	468
Transportation & Warehousing	124	122
Information	58	52
Finance & Insurance	210	204
Real Estate & Rental and Leasing	236	218
Professional & Technical Services	440	448
Mgmt of Companies & Enterprises	14	14
Administrative & Support Services	231	241
Educational Services	38	39
Health Care & Social Assistance	325	333
Arts, Entertainment & Recreation	121	122
Accommodations & Food Services	326	332
Other Services	312	313
Government (Local, State, Fed)	112	113
Total All Industries	4,360	4,235

Stoltze employs roughly 120 full-time workers at its Columbia Falls mill, which annually produces more than 70 million board feet of dimensional lumber, with these two properties providing about 5% of that total.

Stoltze also generates nontimber income from a lease for a cell tower. Stoltze also has a unique arrangement with the Whitefish Mountain Resort visitors, in which the resort offers their customers a 2.5-hour guided tour through the forest canopy on some of the Stoltze land. Billed as a “Walk in the Treetops” educational nature walk, the tour offers a unique view of the forest from a 70’ high, elevated boardwalk.

Proposed Action Alternative:

The proposed CEs would assist Stoltze in providing continued employment to local residents and support those businesses used by its staff and employees. Additionally, the proposed CEs would support the area’s outdoor recreation industry by continuing to provide public access for hunting, fishing, hiking, mountain biking, snowmobiling, and other recreational pursuits, which in turn would positively impact the local outdoor recreation industry and associated businesses.

The proposed Haskill Creek CE would protect the city’s main municipal water source by preserving the quality and functionality of Second and Third Creeks. The City gets nearly 90% of its municipal water supply from the Haskill Basin property, diverting water from intakes that it maintains on Second and Third Creeks and piping it down to a reservoir and treatment plant just north of downtown.

One of the primary intents of the CEs, through the use of Forest Legacy Program funds, is to protect the capacity of lands to produce economically valuable forestry products – all while allowing the landowner and its successors and assigns to continue conducting sustainable commercial timber and resource management activities.

The project lands are adjacent to lands managed by the Flathead National Forest. In a 2007 study entitled “National Forests on the Edge,” the US Forest Service (USFS) identified national forests throughout the country facing the most increased risks and alterations from escalating housing development on private rural lands along their boundaries. As indicated on the map

below, the CE project lands were identified as a moderate risk area where development growth rates on adjacent private lands was projected to be between 10% and 25% (USDA 2007).

Fig.3. Risk of development on private lands bordering National Forest lands from “National Forests on the Edge” (USDA 2007)



An increasing number of homes and developments in Flathead County have occurred in Wildland-Urban Interface areas, which could increase the challenges faced by local services when wildfires occur or when wildlife-human conflicts occur. The proposed CEs would preclude development on these parcels and lessen future requirements for local services to protect homes and structures, saving time and taxpayer money.

With approval of the proposed CEs, there would be no change in the amount Stoltze pays in property taxes to Flathead County, since ownership and use of the properties are not changing.

It is unknown at this time if Stoltze retains all the subsurface mineral rights for the project properties. A minerals potential report was completed at the request of TPL and found the likelihood of subsurface mining was negligible. As to the potential for Stoltze to sell their mineral rights or develop subsurface resources for the Haskill Basin, those actions are prohibited under the terms of CE. The same restrictions would be included in the Trumbull Creek CE when it is prepared.

No Action Alternative:

In the short term, there would likely be no changes to the management for the project properties by Stoltze, thus there would be no socioeconomic impact to nearby communities.

However, the No Action option would not guarantee, in perpetuity, the protection of the fish and wildlife habitats, nor would the current land use, commercial forestry, be ensured on these lands

because use and management of the property may vary depending on what direction the lumber company decides to take in the future.

As previously acknowledged, there is the potential that changes in stakeholder ownership interests and values may change timber management activities on the property or increase the potential for the properties to be sold. Such changes could negatively impact public recreation opportunities and have a trickle-down effect that would negatively impact local businesses; local employment would change in association with changing land uses.

The economic impacts associated with hypothetical future development scenarios for subdivision under this alternative are very difficult to predict and so have not been estimated. Under the No Action Alternative, if the use of the land changed, property tax revenue to the county could increase, but a change to residential use could result in additional costs to the county in the form of transportation upgrades and maintenance and emergency services for new subdivisions.

3.6 AESTHETICS AND RECREATION

Tourism and outdoor recreation represent a major component of the local economy, with the Whitefish Mountain Resort, Whitefish, and Flathead Lakes, and nearby Glacier National Park drawing visitors from all over the nation and even the world. Protecting the natural beauty of the area by ensuring that properties like Haskill Basin and Trumbull Creek are not developed would preserve important viewsheds and benefit the growing tourism industry.

The Haskill Basin and Trumbull Creek properties are highly visible from all parts of the Flathead Valley, particularly as you drive north toward Whitefish along Highway 93, with it looming in the distance alongside and below the easily recognizable ski trails of the Whitefish Mountain Resort. Both properties also serve as important backdrops to the Waterton-Glacier International Peace Park Loop, which has been designated one of the Top Ten Scenic Drives in the Northern Rockies. The stunning 315-mile route starts in Whitefish, heads up Highway 93 through Eureka, and then up into British Columbia and Alberta, passing over Crowsnest Pass, and then makes a complete circuit by heading back into Montana down through St. Mary, and finally going up and over the Going-to-the-Sun Road through Glacier National Park, and ending back in Whitefish.

Stoltze has a long-standing policy allowing public access on most of its lands. This policy allows for public recreational use of the company's lands as a "neighborly accommodation." The predominant recreational activities include nonmotorized activities (hunting, mountain biking, fishing, hiking, horseback riding, trapping, etc.), as well as limited motorized opportunities on existing roads. Stoltze keeps most of its roads gated in an effort to protect water quality, wildlife security, prevent spread of noxious weeds, and limit other inappropriate activities. While gated, these lands are still available for public use, including motorized use of ATVs, motorcycles, and snowmobiles on established roads only.

Both proposed CEs are part of a 13,000-acre block of land that Stoltze has enrolled in FWP's Block Management Program facilitating hunter access to privately-owned lands.

Stoltze's commitment to sustainable forestry and education is exemplified by the Family Forestry Expo, which the company hosts every year on the Trumbull Creek Educational Forest, and the Ravenwood Outdoor Learning Center, both located at the south end of the Trumbull Creek property. The Expo is an annual, week-long event held in the first full week of May. It offers hands-on exposure to the role that forests play in people's everyday lives and takes place through the dedicated involvement of 20 diverse organizations. In 2013, more than 1,400 fifth-grade students and many other people from around the region visited Stoltze's 40-acre outdoor classroom to learn about forest management, forest plants and animals, local archeology, backcountry camping, tree identification, fire ecology, forest recreation, and more.

Stoltze also leases land to the Ravenwood Outdoor Learning Center. This land-use partnership with Stoltze aims to connect Flathead Valley children and families with working forests by offering them a variety of educational experiences on the Trumbull Creek property. Campers (ages 6 to 15) learn tracking and wilderness skills, edible and medicinal plant identification, fire and survival skills, and handcrafts, immersing themselves in the principles of a healthy working forest. Ravenwood also hosts a week-long camp on the Trumbull Creek property for children with Type 1 diabetes in partnership with the Northwest Healthcare Foundation, the Diabetes Care Center, and the local Lions Club.

The Trumbull Creek property is bordered to the north by one of the most popular snowmobiling areas in the Flathead Valley. Many local residents use the Trumbull Canyon and Canyon Creek Roads to gain access to more than 80 miles of groomed trails in the Flathead National Forest and nearby Stillwater State Forest.

Proposed Action Alternative:

Under the terms of the CEs and guided by the MRMP, public access would be maintained and current recreational opportunities within and through the project properties would be permitted. However, Stoltze would retain their existing right to suspend public access if either the risk of landowner liability increases, or the cost of liability insurance increases beyond then current market rates. Under the terms of the proposed CEs and associated management plan, public access could remain suspended until a solution could be found that would protect the landowner against increased liability or increased liability protection cost resulting from continued public recreational access and use. However, after three years, the City of Whitefish and/or FWP would have the right to purchase the underlying fee ownership of the property to restore public recreational access; Stoltze would retain the right to manage and harvest timber on the property.

CEs would help prevent the conversion of current working forestlands to nonforest uses and preserve the notable scenic qualities and recreation opportunities associated with the Flathead Valley.

The proposed easement(s) would prohibit nonexclusive commercial recreation on the project properties, with one exception. Under the terms of the Haskill Basin CE, Stoltze would retain the right to continue leasing a portion of the northern one-third of Section 6, Township 31 North, Range 21 West, PMM, Flathead County, Montana, to Winter Sports, Inc., for the use, maintenance, and operation of a "Walk Through the Trees" attraction, which involves a trail and rope walk through a forested area, lying adjacent to lands owned by Winter Sports, Inc.

Purchasing the CEs would help to protect the viewshed of the Highway 2 travel route between Columbia Falls and Whitefish and the southern portion of the Waterton-Glacier International Peace Park Loop, thus helping to promote and sustain the local tourism industry.

Existing roads that cross through and within the project lands parcels would be unaffected by the CEs. Stoltze would retain the responsibility to maintain the roads and right to restrict public access when there are timber harvesting, restoration activities, or when emergencies occur.

No Action Alternative:

In the short term, little change would likely occur under the no action alternative. Stoltze would continue to manage their forests, allow public recreation, and participate in the Block Management Program.

However, in the future commercial timber management may not remain a viable economic activity for the company, or the changing views of new generations of Stoltze shareholders may make the sale of some or all of their land a prudent business option. Over the years, Stoltze has sold off more than 1,000 acres for development, with much of the resort and Iron Horse being on former company lands.

Changes in landownership or changes in management priorities within Stoltze could change public access to these properties.

3.7 CUMULATIVE IMPACTS

Proposed Action:

The approval of the South Whitefish Range Conservation Easement Project lands would contribute to a larger habitat and species conservation effort in northwest Montana. Over the last 15 years, over 300,000 acres in this area have been permanently protected through conservation easements or outright purchases in partnership with the U.S. Forest Service, the U.S. Fish & Wildlife Service, Montana Fish, Wildlife & Parks, the Confederated Salish & Kootenai Tribes, the Montana Department of Natural Resources, The Nature Conservancy, the Trust for Public Land, the Montana Land Reliance, the Vital Ground Foundation, the Flathead Land Trust, and other private conservation groups.

The project properties are bordered to the north by a massive block of public land that stretches all the way up into Canada, a landscape that provides important habitat to wide-ranging species such as elk, wolverine, and grizzly bears, as well as the threatened Canada lynx and numerous other game and nongame species. This area includes Waterton-Glacier International Peace Park and large portions of the Flathead and Kootenai National Forests, which encompass the majority of the Whitefish Mountain Range. It also includes the DNRC's nearby Stillwater and Coal Creek State Forests, which are now being managed under a newly created Habitat Conservation Plan that was recently negotiated with the United States Fish & Wildlife Service and put in place on approximately 550,000 acres of DNRC-managed lands scattered across

western Montana, including these nearby state forests. The new HCP protects critical habitat on all of these DNRC lands for bull trout, westslope cutthroat trout, grizzly bear, and Canada lynx.

Additionally, the CEs would complement millions of dollars invested in landscape conservation by the Forest Legacy Program (\$52 million), the U.S. Fish and Wildlife Service (\$27 million), and the Bonneville Power Administration (\$55 million) in northwest Montana to protect important fish and wildlife habitats and provide for continued public enjoyment of the associated outdoor recreational opportunities.

No Action:

In the short term, little would likely change under this alternative, because Stoltze would continue to manage their lands resources using good stewardship practices, and thus maintain the existing resource values on the project lands. By maintaining the status quo, the project properties would contribute to the cumulative habitat and species preservation efforts described for the Proposed Action Alternative without additional coordination with state and federal agencies.

In general, predicting the cumulative impacts beyond the current management philosophy and management practice of the current owners is very difficult. Focusing on the Haskill Basin property, if ownership should change, there is the potential that some of the cumulative benefits for habitat and species protection could be lost since the property could be subdivided, and some residential development could occur. The terms of the CE would limit the potential impacts from that type of land use change. A similar situation could occur with the Trumbull Creek property.

4.0 RESOURCES CONSIDERED BUT ELIMINATED FROM DETAILED ANALYSIS

The Montana Environmental Policy Act provides for the identification and elimination from detailed study of issues, which are not significant or which have been covered by a prior environmental review, narrowing the discussion of these issues to a brief presentation of why they would not have a significant effect on the physical or human environment or providing a reference to their coverage elsewhere (ARM 12.2.434(d)). While these resources are important, they were either unaffected or mildly affected by the proposed action and the effects could be adequately mitigated.

4.1 SOILS

The topography of Flathead County was formed during the ice ages when the enormous glacier that filled the Rocky Mountain Trench of British Columbia thinned as it spread southward through the Flathead Valley and into the Mission Valley. The Mission Range split the glacier, sending one branch of ice down the Swan Valley and another to the southern end of Flathead Lake. When the glacier melted it left a deep fill of sediment in the floor of the Flathead Valley. (Alt and Hyndman 2003)

The valley bottom is generally level to moderately sloping. Most steep slopes occur along the fringe, in the public and private timberlands surrounding the valley bottom, as well as in Glacier National Park. Approximately 75% of Flathead County has slopes over 25%, most of which occur in the mountainous areas within the National Forest or National Park (Flathead Co. Growth Policy 2012).

Soil types, as identified in the Natural Resource Conservation Service (NRCS) Soil Survey database, that are represented throughout the affected parcels include: lacustrine, alluvial, and glacial washout terraces (*Dystric Euthrochrepts*); glaciated mountain slopes and ridges (*Andeptic Cryoboralfs, and Andeptic and Dystric Cryochrepts*); and breaklands and rock outcrops (*Ochrepts and Typic Cryochrepts*). Whitefish cobbly silt loam is found in the valley bottom areas of the southern portion of the Trumbull Creek property.

None of the soil types within the properties are classified as Prime Farmlands by NRCS.

Proposed Action Alternative: FWP predicts there would be no changes to the existing soil conditions on the project properties if the purchase of the CEs were approved and the terms of the CEs and MRMP were implemented. Neither document requires the landowner to change their current land management efforts or silviculture activities.

No Action Alternative: It is anticipated there would be not be any changes to existing soil conditions if the proposed CEs are not implemented. The landowner would remain committed to Stewardship Forestry Principles as described in the Stoltze Tree Farm Management Plan that does identify the protection of soil productivity through best management practices. However, some impacts may occur if land uses changed, depending on the type and extent of those new uses.

4.2 HISTORICAL AND CULTURAL

Since the flow of miners through the area in the 1860s, the location and growth of communities in northwestern Montana have depended on the location of the railroad and other transportation routes, the topography, the development of markets, and government land policies. The most significant influence on the settlement of the Flathead Valley was the coming of the Great Northern Railway to the valley in 1891 (McKay 1994).

Several existing towns in the Flathead were founded directly because of the railroad coming through the valley. One of these was Columbia Falls, which was platted by a group of Butte business men as a speculative venture. In 1904, the main line of the Great Northern was moved to the north end of the valley, and the town of Whitefish was platted and carved out of the woods to serve as the new division point (McKay 1994).

Both the Haskill Basin and Trumbull properties are located in the heart of the ancestral homeland for the Confederated Salish and Kootenai Tribes, which are comprised of the Bitterroot Salish, the Pend d'Oreille, and the Kootenai tribes. The tribes' aboriginal territory once exceeded 20 million acres – ranging from western Montana to parts of Idaho, and from British Columbia to Wyoming.

The Hellgate Treaty of 1855 established the Flathead Indian Reservation in the lower Flathead Valley for the Flathead (or Salish), Pend d'Oreille (or Kalispel), and Kootenai tribes. Most of the bands of these tribes slowly moved onto the Reservation. In 1887 the Dawes Act divided the rich bottomlands of the Reservation into individual allotments, and the land considered surplus was given to Euroamerican settlers (Historical Research Associates 1977).

It is highly likely that both properties were used by the tribes for big game hunting, fishing, and berry picking. The property would be permanently open and accessible to tribe members under the public access stipulations of the proposed CEs, and would continue to support fish and wildlife populations that tribal members could enjoy under the terms of the Helgate Treaty of 1855.

No Action and Proposed Action Alternatives: FWP does not predict any impacts to existing cultural or historic resources on the project properties by the implementation of either alternative. Terms of the draft CE do not change ongoing land uses (e.g., timber harvest, recreation, silviculture) by Stoltze or impose activities on the project lands that could existing culture or historic resources.

FWP contacted the Confederated Tribes of the Salish and Kootenai Tribes regarding the proposed CEs and received letters of support for each CE: Haskill Basin, 11/5/13, and Trumbull Creek, 10/28/14. The letters are on file at the FWP office in Helena.

4.3 AIR, NOISE, AND ELECTRICAL

Existing noise levels are low and air quality is relatively good in the project area most of the time depending upon weather conditions and wildfire events. Timber harvest activities by the landowner can periodically affect ambient noise levels, and burning of logging slash can occasionally impact air quality.

There is a gas line that runs through the middle of the Haskill Basin property, and there are some phone and electric easements on both properties.

No Action and Proposed Action Alternatives:
FWP predicts there would be no changes to existing air quality or noise levels if either of the alternatives were implemented.

4.4 RISK AND HUMAN HEALTH /SAFETY

The project area is currently managed as a commercial forest that carries inherent risks to human health and safety associated with wildfire, logging, and commercial transportation. In addition, the entire area is used by the public for a multitude of recreational activities including motorized and nonmotorized vehicle travel, hunting, trapping, snowmobiling, wildlife viewing, hiking, and berry picking. All these activities have some degree of risk associated with outdoor use and the use of various types of outdoor equipment.

5.0 ENVIRONMENTAL IMPACT STATEMENT DETERMINATION

Based on the significance criteria evaluated in this EA, is an EIS required? No.

Although the proposed CEs would affect approximately 10,000 acres in perpetuity, the property remains in private ownership and existing uses of the property (timber management and public access for a variety of recreational activities) are likely to be maintained. Important wildlife and fisheries habitat that support local revenues generated from hunting and angling activities also are preserved.

A limited number of minor impacts from the proposed action were identified in this assessment, such as additional restrictions of timber removal in riparian areas and subsurface mineral development. However, the CE and MRMP were developed cooperatively with the landowner, thus the minor impacts expected from those agreements are not considered substantial.

Based upon the above assessment, an EIS is not required, and an environmental assessment is the appropriate level of review.

6.0 PUBLIC PARTICIPATION AND CONTRIBUTORS

6.1 PUBLIC INVOLVEMENT

The public will be notified in the following manners to comment on this Draft EA, the proposed action, and alternatives:

- Two legal notices in each of these newspapers: *Flathead Beacon*, *Daily Inter Lake*, *Hungry Horse News*, and *Whitefish Pilot*.
- Direct mailing to adjacent landowners and interested parties.
- Public notice on the Fish, Wildlife & Parks website: <http://fwp.mt.gov>.

The public comment period will extend for twenty-seven days beginning October 27, 2015. Written comments will be accepted until 5:00 p.m., November 22, 2015, and can be mailed to the address below:

South Whitefish Range Conservation Project
Montana Fish, Wildlife & Parks
490 N Meridian Road
Kalispell, MT 59901
or email comments to: nivy@mt.gov

Copies of this EA will be available for public review at FWP Region Headquarters in Kalispell.

FWP has scheduled a public hearing to provide interested organizations and individuals an opportunity to ask questions about the proposed project and submit public comment. The hearing is scheduled for Monday, November 9, 2015, at the temporary city hall building in Whitefish, 1005 Baker Avenue, from 6:30 to 8:00 p.m. The meeting will include a brief presentation to explain the project and give the public a chance to ask questions about the project, followed by a formal public hearing to gather public comment.

6.2 CONTRIBUTORS

City of Whitefish
Montana Fish, Wildlife & Parks
 Fish and Wildlife Division, Kalispell
 Lands Unit, Helena
 Legal Unit, Helena
Montana State Historic Preservation Office, Helena
Stoltze Land & Lumber Company, Columbia Falls
The Trust for Public Lands, Bozeman

7.0 ANTICIPATED TIMELINE OF EVENTS

Public Comment Period:	October 27 – November 22, 2015
FWP Commission Review of Project and Decision:	December 10, 2015
Montana Land Board Review and Decision:	December 21, 2015

8.0 PREPARERS

Rebecca Cooper, FWP Technology Program Coordinator, Helena, MT
Candace Durran, FWP Land Agent, Helena, MT
Chris Hammond, FWP Wildlife Biologist, Kalispell, MT
Kris Tempel, FWP Fisheries Lands Program, Kalispell, MT
Kenny Breidinger, Fisheries Biologist, Kalispell, MT
Tim Thier, Wildlife Biologist, Trego, MT
Alan Wood, FWP Wildlife Mitigation Coordinator, Kalispell, MT

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APPENDIX A - HASKILL BASIN DRAFT CONSERVATION EASEMENT

HASKILL BASIN WATERSHED DEED OF CONSERVATION EASEMENT

THIS DEED OF CONSERVATION EASEMENT (“Easement”) is granted this ____ day of _____, 2016, by **F.H. STOLTZE LAND & LUMBER COMPANY** whose address is 600 Halfmoon Road, Columbia Falls, Montana, 59912 (“Landowner”), to the **MONTANA DEPARTMENT OF FISH, WILDLIFE AND PARKS**, whose address is 1420 East Sixth Avenue, P.O. Box 200701, Helena, Montana 59620-0701 (“Department”) and to **THE CITY OF WHITEFISH**, a Montana municipal corporation whose address is 1005 Baker Avenue, P.O. Box 158, Whitefish, Montana 59937-0158 (“City”). In this Deed of Conservation Easement, the Department and the City may be referred to collectively as “Grantees”, and Landowner and Grantees may be referred to collectively as “Parties”, or individually as a ‘Party’.

Exhibits to this Deed of Conservation Easement include the following:

Exhibit A - Legal Description of the Land

Exhibit B - Map of the Land

I. RECITALS

A. The people of the State of Montana and the City of Whitefish recognize the benefits of protecting forest land, watersheds, riparian corridors and conserving open space that provides clean water quality and supply for the City municipal water system and clean water and habitat for native fish, wildlife and plant communities, while simultaneously managing commercial forests on the land, and have authorized the Department to acquire conservation easements by voluntary, cooperative means to conserve important lands and habitat;

B. The Landowner is the sole owner of certain real property in Flathead County, Montana, comprising approximately 3020 acres and legally described in Exhibit A and depicted in Exhibit B, both of which are attached hereto and incorporated herein by this reference (the “Land”);

C. The City has determined that the conservation of the Land under this Deed of Conservation Easement would satisfy a number of needs of, and provide a multiplicity of benefits to the residents and visitors of Whitefish, including (i) the protection and preservation of the City’s water supply, including the primary source drinking water supply for the City’s municipal water system, (ii) the aesthetic protection of the scenic backdrop to the City, (iii) the preservation of important wildlife and fish habitat, (iv) the securing of nearby and accessible recreational opportunities, and (v) the preservation of sustainable timber harvesting, along with all of the associated local job and economic benefits that come with such benefits.

D. The City is authorized under Montana Code Annotated (“MCA”), Title 7, Section 13, Part 43 and Title 7, Section 7, Part 44 to own, operate and maintain a municipal water system and to acquire land or rights in land or water in connection with such undertaking.

E. The Land also has significant natural habitat, scenic and open space values as recognized in the Montana Open Space Land and Voluntary Conservation Easement Act, MCA Section 76-6-101, et seq.

F. The Land provides significant benefit to the people of the City of Whitefish, the State of Montana, Flathead County, and the United States by preserving and providing the following important resources, in perpetuity, in compliance with Section 170(h)(4)(A) of the Internal Revenue Code and Sections 76-6-101, et seq., MCA:

1. Open-space lands which maintain the rural, natural scenic and agricultural qualities of the area and provide opportunities to continue traditional timber management practices and recreation opportunities in perpetuity, as encouraged and supported by the State of Montana and local land conservation policies adopted in Flathead County, Montana; and

2. Views of a working forest landscape that are enjoyed by members of the general public traveling along U.S. Highway 2, U.S. Highway 93 and Montana Highway 40 as well as the general public recreating on the Land and on adjacent public lands administered by the Flathead National Forest; and

3. Open-space lands that provide for a variety values, including:

a. The watershed that currently comprises approximately ninety percent (90%) of the source drinking water for the City;

b. Outstanding fisheries habitat and spawning grounds (provided by Haskill Creek, 1st Creek, 2nd Creek, 3rd Creek, 4th Creek and 5th Creek) for a variety of fish species, including, but not limited to, westslope cutthroat trout;

c. Exceptional wildlife habitat for a variety of species, including, but not limited to, grizzly bear, Canada lynx, wolverine, elk, mule deer, whitetail deer, black bear, moose, gray wolf, mountain lion, hoary bat, pileated woodpecker, black-backed woodpecker, and numerous other bird species, many of which are listed as species of Greatest Conservation Need in the Department's Comprehensive Fish & Wildlife Conservation Strategy (2014); and

d. Important lands, which serve as corridors for the movement of wildlife and play a central role in ensuring wildlife linkages between the North Fork of the Flathead River, Glacier National Park, the Whitefish Range and other ecologically intact areas of the Rocky Mountains of the northern United States and southern Canada.

The uses and benefits described above are collectively referred to as the Land's "Conservation Values."

G. The Land has a history of forest management, and maintaining the opportunity for a productive forest management program that sustains and enhances fish and wildlife habitat and protects the quality of the City of Whitefish's municipal water supply is of statewide and local importance.

H. The 2007 Whitefish City-County Growth Policy specifically recognizes the importance of Haskill Creek and recommends that developments in the 2nd Creek and 3rd Creek watersheds be closely evaluated and conditioned to protect the City’s domestic water supply source.

I. The Land provides important public recreational opportunities, including, but not limited to, hunting, fishing, trapping, trail running, mountain biking, hiking, cross country skiing, huckleberry picking, and wildlife viewing.

J. The Conservation Values of the Land can best be protected by the Landowner granting a conservation easement to the Grantees, with the Landowner retaining fee title to and overall management of the Land, so long as management is consistent with the terms, conditions and purposes of this Easement (as described).

K. The Forest Legacy Program, administered by the U.S. Department of Agriculture, Forest Service (“Forest Service”) pursuant to Section 1217 of Title XII of the Food, Agriculture, Conservation and Trade Act of 1990 (16 USC Section 2103C) and created “to protect environmentally important private forest lands threatened with conversion to non-forest uses”, has awarded a Forest Legacy grant to the Department for a portion of the purchase price of this Easement.

L. A portion of the value of this Easement is being provided by the City through the issuance of water revenue bonds to be repaid by an increase in the City’s resort tax through January 31, 2025;

M. A portion of the appraised value of this Easement is being provided by U.S. Department of Interior, Fish and Wildlife Service (“USFWS”) grant funds under its Habitat Conservation Plan Land Acquisition Grants Program (Section 10(a)(1)(B) of the Endangered Species Act). Such grant funds are provided for acquisition of vital habitat for threatened and endangered fish, wildlife, and plant species. This Easement will be managed so as to protect and preserve the Conservation Values of the Land, which Conservation Values are consistent with the purposes of the USFWS grant. This Easement may not be encumbered, disposed of in any manner, or used for purposes other than those for which it was acquired, without prior written approval of the USFWS, Region 6, Denver, Colorado as well the City and the Department.

N. If the purchase price for the Easement is less than the fair market value of the Easement, and Landowner intends that the difference between the purchase price and the fair market value shall be a charitable contribution by Landowner.

O. The fair market value of the Land both before and after taking into account the effect of the Easement was determined by a full appraisal in accordance with the definitions and methodologies of the Uniform Appraisal Standards for Federal Land Acquisitions, and the purchase price for the Easement is no more than the fair market value of such interest in the Land at the time of the grant of the Easement. The parties acknowledge that no part of the consideration paid for the Easement is being paid for public access to the Land since Landowner has had the long-standing practice of providing such open access and is agreeing to continue such practice as set forth herein.

II. AGREEMENT

In consideration of the sums paid by the Parties, and in further consideration of the recitals, mutual covenants, and terms contained in this Easement and pursuant to the laws of the State of Montana and in particular to the Open-Space and Voluntary Conservation Easement Act, MCA §§76-6-101 through 76-6-211, the Department's wildlife habitat acquisition authority, §§87-1-209 *et seq.*, MCA; and Title 70, Chapter 17, MCA, and the City's source water protection authority under MCA Title 7, Chapter 7, Part 44, Landowner grants and conveys to Grantees and Grantees accept this Easement in perpetuity consisting of the following rights and restrictions over and across the Land.

A. PURPOSES

This Easement is being acquired using the charitable contribution from Landowner described in Recital N and three different, but mutually consistent and compatible, funding sources in order to preserve and protect the Conservation Values of the Land. In the interest of protecting such Conservation Values, Landowner and Grantees agree that the purposes of this Easement (the "Purposes") are generally described as follows:

1. Protect the City's municipal water quality and supply in 1st Creek, 2nd Creek and 3rd Creek and ensure that the water being diverted continues to remain as pure and clean as possible, free from sedimentation and pollution that the commercial, industrial or residential development of the Land would entail.

2. Further the goals of the Forest Legacy Program, in accordance with the provisions of Title XII of the Food, Agriculture, Conservation and Trade Act of 1990 (16 U.S.C. 2103c), to protect environmentally important forest areas that are threatened by conversion to non-forest uses and therefore also protect important scenic, cultural, fish, wildlife, recreational resources, and riparian areas.

3. A further purpose and goal of the Forest Legacy Program and this Easement is to protect the Land's capacity to produce economically valuable forestry products and to allow Landowner and its successors and assigns to continue to conduct commercial timber and resource management activities in a sustainable manner.

4. Further the goals of the Habitat Conservation Plan Land Acquisition Grants Program to manage floodplain, riparian areas, and stream habitats along certain fish bearing creeks on the Land as delineated on the map attached hereto as Exhibit B in a manner suitable to the long-term conservation of certain wildlife and native fish species.

5. Perpetuate the use of the Land as working forestland; to ensure the opportunity for long-term, professional management of the forest resources through sustainable forestry activities permitted hereunder; and to provide that commercial production of forest products is conducted in a manner compatible with the conservation of water quality, fish and wildlife habitat, recreation, and the Conservation Values.

6. Continue the Landowner's current practice of allowing members of the public with reasonable access to the Land for public outdoor recreational uses as provided for in Paragraph II.C. and subject to Paragraph II.I.

7. To prevent the Land from being converted or diverted to any use prohibited by Paragraph II.D of this Easement pursuant to the terms of §76-6-107, MCA, or to any use otherwise inconsistent with the terms, conditions, Conservation Values or Purposes of this Easement.

B. LANDOWNER'S RIGHTS

Landowner reserves to itself, its successors and assigns, all rights accruing from ownership of the Land, including the right to engage in or permit others to engage in all uses of the Land that are not contrary to this Easement. Without limiting the generality of the previous statement, and subject to the specific restrictions on Landowner's activities in this Easement, the following rights are expressly reserved and are consistent with this Easement. As specified in the following paragraphs, Landowner's exercise of certain of these rights is conditioned upon prior approval by the Grantees under the procedures provided for in Paragraph II.G. of this Easement (hereafter referred to as "Prior Approval") and Landowner's exercise of other rights is subject to prior notice to Grantees also as provided for in of Paragraph II.G. (hereafter referred to as "Prior Notice"). Furthermore Landowner's exercise of many of these rights is conditioned upon their adherence to the Multi Resource Management Plan executed by Landowner and the Grantees pursuant to Section II.E. hereof (the "MRMP"). The following rights are expressly reserved and are deemed to be consistent with the Conservation Values and Purposes of this Easement:

1. Forest Management. The right to harvest, prepare for sale, and sell timber, timber products and other forest products or resources and to manage the Land including all aspects of commercial forestry in accordance with Applicable Law (as defined below); in accordance with good and sound silvicultural practices as addressed in the MRMP as defined in Paragraph II.E. hereof. For purposes of this Easement, the term "Applicable Law" shall mean any federal or state regulation, rule or statute which may be in effect from time to time which regulates the harvest of timber or land management with respect to the Land, including, but not limited to, Title 77, chapter 5, part 3, MCA, and the associated Administrative Rules of Montana, Title 36, Chapter 11, Sub-chapter 3, governing forest practices in the streamside management zone, as the law and rules may be revised or amended from time to time, and "Best Management Practices for Forestry in Montana, December 2015" (the "BMPs"), with such changes as the parties may agree to from time to time. In addition, Landowner will harvest the timber and manage the Land and its resources in accordance with the MRMP required pursuant to the Forest Legacy Program and further described in Paragraph II.E of this Easement.

2. Regulation of Public Use. The right to regulate public use of the Land at all times, subject to the public's recreational access and limits thereon as described hereinafter in this Easement. The Landowner retains the right to temporarily restrict public use as required to protect and restore environmentally sensitive areas, sites damaged by public use or natural processes, or areas undergoing timber harvest or timber management activities such as reseeded or replanting; in emergency situations; for public safety reasons subject to the provisions of Section I; and in other areas or circumstances where the Conservation Values could be adversely impacted by public use. Landowner must give Grantees written notice of areas closed to public use as soon as practical after such closure. Restrictions to protect and restore environmentally sensitive areas or to address circumstances where the Conservation Values could be adversely impacted by public use require mutual consent of the Landowner and Grantees. Consent of the Grantees is not required to restrict motorized use of roads; provided that non-motorized use is

allowed. Grantees agree to assist Landowner in enforcing Landowner's right to restrict public use as outlined in this Easement and/or in the MRMP. Further, Landowner retains the right to temporarily suspend public access subject to the provisions of Section C.6.(a), (b), and (c).

3. Structures and Improvements. Landowner may:

a. repair, renovate, remove, maintain, or replace nonresidential improvements existing at the time of the grant of this Easement, provided that such repair, renovation, maintenance, or replacement does not expand the size or materially change the use of such nonresidential improvements;

b. construct, remove, maintain, renovate, repair, or replace timber platforms, bridges, culverts, road ditches, and other structures necessary for land management purposes not specifically disallowed in this Easement; and

c. with Prior Approval, construct or place on the Land for temporary use one or more buildings or structures for resource-management purposes, including but not limited to forest management and road work. The temporary placement of equipment and machinery for log chipping, tree limbing or scaling, or otherwise preparing logs for loading or shipment from the Land is not deemed to be a "timber processing mill." However, such equipment or machinery may not be placed within the Streamside Management Zone (as defined in Paragraph II.D.1.) unless approved in writing by the Department. Any buildings allowed by this Paragraph II.B.3.c. must be removed from the property upon conclusion of the use for which the buildings were erected and the site reclaimed.

4. Roads, Road Maintenance, Road Easements, Trails and Bridges. Notwithstanding the provisions of Paragraph II.B.1. the Landowner:

a. may maintain and improve, or replace, existing roads, bridges, and culverts consistent with conditions and restrictions in the MRMP. This right includes the right to abandon or reclaim roads that are no longer used;

b. with Prior Notice to the Grantees, may construct and maintain new roads necessary for exercising rights retained by Landowner under this Easement that are consistent with the MRMP. Any proposed new roads not in accordance with the MRMP require Prior Approval by the Grantees;

c. with Prior Approval from the Grantees, may construct and maintain new roads and bridges within the Streamside Management Zone;

d. shall control and be responsible for road access, maintenance, management, and use regulation, subject to any maintenance, management and access provisions governing "cost-share" roads, as contained in separate agreements among the Landowner and cooperating federal and state agencies;

e. may grant to third parties permanent or temporary, non-exclusive access rights to cross the Land on new roads to be constructed or on roads or trails existing at the

time of the grant of this Easement. Prior to issuing any such access rights, Landowner must give Prior Notice to the Grantees and also provide the Grantees with a copy of any access easement or agreement to be granted to such third party. Documentation of roads or trails existing at the time of the grant of this Easement may be established through the Easement Baseline Report provided for in Paragraph II.F. Nothing in this Easement may interfere with a third party exercising any right of legal access across the Land that was in effect at the time of the grant of this Easement;

f. with Prior Notice to the Grantees, may utilize roads existing at the time of the grant of this Easement or construct and maintain new roads across the Land in order to access other nearby or adjoining land owned by Landowner; and

g. may grant to third parties permanent or temporary non-exclusive access rights for recreational purposes across the Land on new trails to be constructed. Prior to issuing any such access rights, Landowner must give Prior Notice to the Grantees and also provide the Grantees with a copy of any access easement or agreement to be granted to such third party.

5. Use of Motorized Vehicles and Equipment. The right to use motor vehicles, forestry machinery and equipment, and to maintain log yards, in the ordinary course of Landowner's timber and resource management activities and in a manner consistent with Paragraph II.B.1.

6. Chemical and Biological Agents. The Landowner reserves the right to utilize agrichemicals, fertilizers, biological agents, or other means for silvicultural purposes and for control of noxious weeds and pests, as defined by the State of Montana or other lawful authority with jurisdiction. Subject to Prior Approval by the Grantees, Landowner may use chemical or biological agents to control other nonnative plants not listed as noxious weeds or to control plants, fish, wildlife, insects, or other life forms that threaten the Conservation Values of the Land. Any such use or application must be in accordance with Applicable Law. Notwithstanding any of the provisions of this Paragraph II.B.6., Prior Approval from the Grantees is required for aerial application of agrichemicals, fertilizers, and biological agents.

7. Habitat Enhancement and Restoration. The Landowner reserves the right to manipulate vegetation, conduct stream restoration projects, or engage in other habitat enhancement or restoration activities, provided that any such activity must be for the primary purpose of enhancing or maintaining fish and wildlife habitat, and such activity must be in accordance with the MRMP. If any such activity is not contained in the MRMP or otherwise specifically allowed herein, then Prior Approval by the Grantees is required.

8. Telecommunications Sites. The right to lease not more than one (1) additional site together no larger than one (1) acre, on the Land for the purpose of the construction and use of radio, television, cell phone or other communication signal transmission or relay facilities. Access roads to these sites must be gated and the sites must be fenced to exclude deer, elk, and bear. Landowner shall provide a copy of the lease to the Grantees. Any road construction necessary for installation and maintenance of the telecommunication facility must be consistent with conditions and restrictions in the MRMP. Grantees acknowledge that the Landowner is

already leasing a one-half acre tract to Mountain Digital Enterprise LLC for the purpose of operating and maintaining an existing tower and communications facility located in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 17, Township 31 North, Range 21 West, PMM, Flathead County, Montana.

9. Commercial Recreation. The right to allow non-exclusive commercial recreational activities at levels described in the MRMP. “Non-exclusive use” means that the public also has the opportunity for recreational use, consistent with the terms of this Easement and the MRMP. Notwithstanding the foregoing, the Landowner expressly reserves the right to continue leasing a portion of the northern one-third of Section 6, Township 31 North, Range 21 West, PMM, Flathead County, Montana to Winter Sports, Inc. for the use, maintenance and operation of a “Walk Through the Trees” attraction, which involves a trail and rope walk through a forested area, lying adjacent to lands owned by Winter Sports, Inc.

10. Cross Country Ski Trails. The right to lease or enter into license agreements permitting existing roads on the Land to be groomed and used at no cost by the general public for cross country skiing. Grantees acknowledge that the Landowner has already entered into license agreements allowing Iron Horse Golf Club Inc. to groom certain roads in parts of the S $\frac{1}{2}$ of Section 7, the NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ of Section 8, the N $\frac{1}{2}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ of Section 17 and the Glacier Nordic Club, Inc. to groom certain roads in the NE $\frac{1}{4}$ of Section 12, all in Township 31 North, Range 22 West, PMM, Flathead County, Montana.

11. Subdivision and Real Property Conveyance. For the purposes of regulating subdivision and real property conveyance, the Land (as described in Exhibit A) is considered a whole and undivided parcel of land at the time of the grant of this Easement, notwithstanding any section designations, aliquot parts, government lots or other legal or technical divisions or subdivisions that may exist at the time of the grant of this Easement. The following provisions apply to any division and conveyance of the Land, or any portion thereof:

a. The Landowner may sell, convey, exchange, mortgage, quit-claim, devise, gift or otherwise transfer title to the Land in its entirety or in up to three (3) separate parcels designated on the Site Map attached here to as Exhibit B as Parcels A and B and C (“trail corridor” as specified in Paragraph b. below), provided that such parcels be conveyed expressly subject to all the terms, conditions, rights, restrictions, and obligations contained in this Easement (such actions all termed as “transfer”).

b. The Landowner shall grant to the City a permanent easement for a non-motorized public recreational trail corridor twenty (20) feet wide along the west boundary of the Land with such additional width as is necessary to accommodate and protect cuts and fills in accordance with the terms and conditions of a mutually acceptable easement agreement to be entered into between the City and the Landowner. The approximate location of the trail corridor is depicted as points A to B on the Site map. In the future, Landowner reserves the right to convey, quit-claim, or otherwise transfer title to the trail corridor to the City. Such grant, conveyance, quit-claim, or transfer of the trail corridor to the City is expressly subject to all the terms, conditions, rights, restrictions, and obligations contained in this Easement (such actions all termed as “transfer”).

c. The Landowner shall provide Prior Notice to Grantees of any pending real property transfer, and such transfer must be affected with an express provision in the instrument of conveyance stating that the Land is subject to the terms and conditions of this Easement. The Grantees may provide a copy of the Easement and any related documents to the purchaser or other prospective successor in interest to the Landowner.

d. In the event that the Land is divided into separate ownerships as provided for in this Paragraph II.B.11, Landowner shall furnish the Grantees with a copy of the conveyance document utilized to effect the transfer of the Land within thirty (30) days of the execution of said document, and the Grantees shall record in the Public Records of Flathead County a "Notice of Exercise of Reserved Subdivision Right Under Deed of Conservation Easement " to document the exercise of such rights for the benefit and information of the Landowner, the Grantees, and the public.

e. Subsurface mineral rights severed prior to the grant of this Easement do not constitute a prohibited or restricted division or subdivision for purposes of this Paragraph.

f. The restrictions on land division and subdivision contained in this Paragraph do not apply to the right to sell stumpage, as long as the timber rights are not permanently severed.

g. The Land may not be used as open or natural space or park land for any subdivision or development purposes or requirements on land not covered by this Easement, nor may Landowner transfer any development rights on or to the Land separate from the Land. For purposes of this Easement, development rights include, without limitation, any and all rights, however designated, now or hereafter associated with the Land or any other property that may be used to compute development density, lot yield, or any other development variable of or pertaining to the Land or any other property.

12. Utility Installation and Pipelines. The right to construct or permit utility equipment, lines and pipelines and other utility facilities for any lawful purpose that may be necessary in or across the Land, provided that:

a. At Landowner's sole discretion, underground utility installation and pipelines shall be allowed within existing road prisms; and,

b. Prior Approval is required for any new utility or pipeline installation within or across the Land outside of existing road prisms; and,

c. Any utility or pipeline installation must be constructed in a manner that protects the Land.

If Landowner has received notice of a pending condemnation action from an appropriate authority, the provisions of Paragraph II.J. apply.

13. Grazing. With Prior Approval by the Grantees, Landowner may use livestock on the Land to control noxious weeds or other invasive nonnative plants, or for other land management purposes consistent with the protection and maintenance of the Land.

14. Fences. The right to construct, remove, maintain, repair, and replace fences on the Land for the purposes of livestock management or property protection; provided, however, that such activities and fences do not significantly impact wildlife habitat or wildlife migration on and through the Land.

15. Extraction of Sand, Gravel, and Rock. With Prior Notice, the right to establish one or more locations on the Land to extract sand, gravel, and rock through surface mining techniques in accordance with Applicable Law, provided that:

a. Each excavation site is not within a 100-year flood plain area or less than eighty (80) feet from the boundary of any Streamside Management Zone;

b. Any material extracted may only be used on the Land for purposes consistent with Landowner's reserved rights;

c. Landowner shall control noxious weeds at the site; and

d. The Landowner shall not disturb or affect the City's utility improvements, including water intake and diversion structures, piping, and other ancillary structures.

C. GRANTEES' RIGHTS; COOPERATION BETWEEN GRANTEES

The rights conveyed to the Grantees by this Easement are:

1. Subject to the terms hereof, including but not limited to Landowner's Rights set forth in Paragraph II.B. of this Easement, and consistent with the Purposes of this Easement, the right to preserve and protect in perpetuity the Conservation Values of the Land.

2. The right to enter the Land to monitor Landowner's compliance hereof and to enforce the specific restrictions on the Landowner's activities and rights granted to the Grantees by this Easement; and to observe, study, and make scientific observations of the Land's fish, wildlife, habitat, and ecosystems. In addition, the Grantees have the right to establish and maintain vegetation monitoring transects and enclosures upon prior written notice to Landowner, and in a manner that will not unreasonably interfere with the Landowner's rights under this Easement.

3. The right of the City to inspect, repair, renovate, remove, maintain, or replace the utility improvements including, water intake and diversion structures, piping, and other ancillary structures that the City owns and maintains under separate easement agreements with Landowner on 1st Creek (located in the NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 12, Township 31 North, Range 22 West), 2nd Creek (located in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 17, Township 31 North, Range 21 West), and 3rd Creek (located in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 12, Township 31 North, Range 22 West) as well as the existing buried piping and other ancillary structures needed to deliver water to the City's water treatment plant currently located in the NW $\frac{1}{4}$ S $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 8 and in the S $\frac{1}{2}$ of Section 7, Township 31 North, Range 33 West. Such right also includes the right of the City to

install automated water supply gate valves, powered by electricity (including solar or hydro-electric appurtenances) at any of the intakes of 1st Creek, 2nd Creek or 3rd Creek; the right to monitor for water quality and quantity, and the right to extract sand and gravel in accordance with applicable state and federal law solely as necessary to maintain the City's water intake equipment and systems.

4. The right to prevent any activity on or use of the Land by the Landowner that is inconsistent with this Easement and not allowed hereby, and, to the extent practicable, to require the restoration of any areas or features of the Land that may be damaged by inconsistent activity or use by Landowner not allowed herein.

5. The right, on behalf of the general public, of access for the purpose of noncommercial dispersed recreation on the Land as described in the MRMP. Use of the Land by the public is subject to Landowner's right to restrict such public access pursuant to Paragraph II.B.2. of this Easement and to any limitations or restrictions contained in the MRMP.

6. In the event that either (a) the Landowner reasonably demonstrates that its risk of landowner-based liability has materially increased as a result of the public's access to or use of the Land due to a change in statutory or common law or (b) the Landowner is unable to continue to obtain commercially available liability insurance covering the Lands at prevailing market rates insuring the Landowner against liability for death, personal injury and/or property damage coverage comparable to that available on the date of this Easement, then, in either such event, the following provisions shall apply:

a. The Landowner shall have the right to temporarily suspend public recreational access to the Land for a period of up to three years.

b. During any period of suspension, the Parties shall negotiate in good faith and commit to finding and implementing a mutually acceptable solution that allows public recreational access to be continued on the Land, while also protecting the Landowner against increased liability, or increased liability protection cost for such public recreational access and use. This obligation to use "good faith" is binding on all Parties and may be independently enforced by any Party against any other Party until such agreement is achieved. Such agreement, when reached, shall be memorialized through revision of the MRMP and, if necessary, amendment to this Easement.

c. After the three year period, the Grantees, either individually or jointly, shall have the right to purchase the Land subject to the Easement on the following terms and conditions:

i. the Landowner shall retain the perpetual right to harvest all timber on the Land, subject to all applicable provisions of the MRMP;

ii. public recreational access shall remain suspended until Grantees close on their purchase of the Land;

iii. the purchase price for the Land shall be the fair market value thereof (subject to all easements then encumbering the Land including this Easement) determined by an applicable appraisal obtained within six (6) months of the closing on Grantees' purchase;

iv. the Grantees and the Landowner shall attempt to agree on the appraiser and, if the Grantees and the Landowner come to agreement on the appraiser, the fair market value determined by such appraiser shall be binding on all parties;

v. if the Grantees and the Landowner do not come to agreement on the appraiser within thirty (30) days, the Grantees and the Landowner shall each obtain their own appraisal of the fair market value of the Land. In the event that the difference between such appraisals is 10% or less, the fair market value determined by such appraisals shall be averaged and such averaged fair market value shall be binding on all parties. In the event that the difference between such appraisals is more than 10%, a third appraisal shall be obtained by an appraiser selected by the first two appraisers and the fair market value determined by the two closest appraisals shall be averaged and such averaged fair market value shall be binding on all parties;

vi the purchase price for the Land shall be paid in cash by wire transfer to Landowner on the date of closing; and,

vii Landowner shall transfer its rights in the Land subject to all easements, covenants, conditions, laws, rules and restrictions then in effect, and subject to Landowner's retained timber harvesting rights.

d. The non-motorized public recreational trail corridor mentioned in Paragraph II.B.11.b. will not be subject to the terms of the temporary suspension of public recreational access described above.

7. The rights granted to Grantees under this Easement are enforceable by both the City and the Department acting independently or by either of them acting on behalf of both Grantees. It is anticipated that the Department will take the primary and lead role in monitoring and enforcing the terms and condition of this Easement and will be the primary contact for the Landowner. It is also anticipated that the Department will work cooperatively with the City and keep the City informed of all developments on the Land that might affect this easement and the rights conveyed under this Easement. The City and the Department may enter into a Memorandum of Agreement in which they formalize their respective roles and understandings regarding the monitoring and enforcement of the Easement; and shall provide a copy thereof to Landowner within 30 days of execution. For any matter requiring the approval or consent of Grantees, or Notice to the Grantees, under this Easement, Landowner will provide any required notice to the Department, and may rely on the Department to share such notice with the City and to have reached an agreement with the City on how to respond to Landowner prior to providing any formal response to Landowner. Landowner may rely on a written response from the Department when requesting Grantees' written consent or approval.

D. RESTRICTIONS ON LANDOWNER'S ACTIVITIES

The following activities and uses are expressly prohibited or restricted.

1. Timber Harvest in Streamside Management Zones. Timber harvest, use of mechanical equipment off of established roads, or conducting timber-management activities within the Streamside Management Zone (SMZ) along the following drainages: 1st, 2nd, 3rd, 4th

and 5th Creeks and main stem Haskill Creek will be conducted in compliance with the Montana SMZ law with such additional provisions as outlined in the MRMP.

2. Wetland Areas. The draining, filling, dredging, or destruction of any wetland area or any other activity that has significant adverse impacts on a wetland is prohibited except as provided for in Paragraph II.B. and in compliance with the provisions of the MRMP.

3. Subdivision. The partition, division, subdivision or de facto subdivision of the Land is prohibited, except as specifically provided for in Paragraph II.B.11.

4. Residential Use. Residential use of the Land and the construction or placement of any residential building or structure on the Land is prohibited.

5. Water Use and Water Rights. The use or withdrawal of surface or ground water in any manner that would adversely affect the Conservation Values is prohibited, provided, however, that such prohibition shall not be deemed to apply to Landowner's lawful use of surface or ground water in connection with any of Landowner's permitted commercial forestry, silvicultural and/or resource management activities. The transfer, encumbrance, sale, lease, or other separation of water rights from the Land is prohibited unless such transfer, sale, lease or other separation specifically provides for the protection of the City's access to and source of water for its citizens and provides for protection of the Land's use as a commercial forest operation.

6. Soil Cultivation. Cultivation of the Land is prohibited, except as provided in Paragraph II.B.7. or in the MRMP.

7. Lease or Sale of Access. Except as specifically provided for in Paragraph II.B.4, II.B.9 and II.B.10, (including Landowner's "Walk in the Tree Tops" attraction), the rent, lease, sale, or charging of fees for exclusive access to the Land to others for hunting, fishing, skiing, snowmobiling, or other recreational purposes, whether or not as a part of a commercial outfitting or guiding business, is prohibited without Prior Approval of the Grantees. The Landowner may not sell, assign, convey, or otherwise transfer any interest in the Land or in itself for the purpose of providing exclusive access to the Land in contravention of this Easement.

8. Utility Installation and Pipelines. Subject to existing utility and pipeline easements and except as provided for in Paragraph II.B.12 and II.C.3. the installation of utility lines upon or under the Land is prohibited.

9. Structures and Improvements.

a. The construction or placement of a structure or improvement of any kind is prohibited, other than as expressly allowed in Paragraph II.B.3 and Paragraph II.B.12.

b. The Landowner may not construct or place any residential building on the Land.

c. The Landowner may not construct or place any permanent building on the Land.

d. The Landowner may not construct or place a timber processing mill on the Land.

10. Grazing. Grazing of livestock is prohibited except as provided for in Paragraph II.B.13.

11. Alternative Livestock Ranch and other Animal Confinement. The use of the Land in connection with an alternative livestock ranch, game bird farm, feedlot, shooting preserve, fur farm, beehive or apiary, zoo or menagerie, or the ownership, leasing, keeping, holding, capture, propagation, release, introduction, or trade in any animal that may pose a threat to any mammalian, avian, reptilian, aquatic, or amphibian wildlife, whether or not indigenous to Montana, is prohibited.

12. Mineral Development.

a. Except for the surface extraction of sand, gravel, and rock, all as provided for in Paragraph II.B.15., the Landowner is prohibited from exploring for, developing, mining, producing or otherwise extracting any minerals, oil, natural gas, coal-bed methane or other hydrocarbon resources on or under the surface of the Land. Landowner is also prohibited from conveying any interest in mineral rights to another party for purposes of mineral exploration, development, production or extraction.

b. In the event that Landowner becomes aware of a third-party exercising or proposing to exercise mineral rights (including sand and gravel operations) on the Land, Landowner shall inform the Grantees as soon as possible. Grantees may each represent their interests in protecting its rights under this Easement in any proceeding related to mineral exploration or development. If Grantees rights are adversely impacted by the mining activities of third-party mineral owners, Landowner and Grantees shall be entitled to share in any compensation for damages in accordance with Paragraph II.J. of this Easement, provided that the Grantees must apply their respective shares of any such compensation as required by the terms and conditions of the grants or appropriations used by such Party to acquire their interest in the Easement.

13. Other Commercial and Industrial Use. Any commercial or industrial use of or activity on the Land is prohibited, other than (i) commercial recreational uses or activities that do not unreasonably interfere with the public access rights provided for in this Easement and are consistent with the Purposes of this Easement and (ii) those commercial uses or activities specifically allowed in this Easement. For purposes of this Easement, trapping of furbearing wildlife as regulated by the Department is considered a recreational activity and is not a commercial use.

14. Waste Disposal. The processing, dumping, storage or other disposal of waste, refuse and debris on the Land is prohibited, except for wood waste products generated through forest management activities on the Land, which may be disposed of on the Land in a manner consistent with forestry best management practices and the Montana Streamside Management Zone law, provided that such disposal does not adversely impact the Conservation Values.

E. MULTI-RESOURCE MANAGEMENT PLAN AND LIAISON TEAM

Concurrently with the execution of this Easement, the Landowner and the Grantees shall enter into the MRMP that, among other things, identifies Landowner's objectives and actions the Landowner will take to protect and manage water, soil, range, aesthetic quality, recreation and public access, timber, and fish and wildlife habitat and resources. The MRMP is not incorporated into this Easement, but must be in writing and signed and acknowledged by representatives of Landowner and the Grantees who have authority to commit the respective parties to compliance with the plan. The Landowner and Grantees will comply with the MRMP.

The Landowner's resource management and timber harvesting practices that comply with the MRMP are consistent with the terms, conditions, Conservation Values, and Purposes of this Easement.

Landowner and the Grantees shall form a joint liaison team (the "Liaison Team") consisting of four total members comprised of two representatives of Landowner(s) and two representatives of the Grantees. The Liaison Team will provide a forum to review issues related to this Easement and will prepare and, as agreed upon, revise the MRMP. The Liaison Team shall meet not less than once a year as the members shall determine. If the Land is held in two ownerships, as provided for in Paragraph II.B.11, each Landowner shall appoint its own Liaison Team members. Liaison Team meetings shall include the Landowner's and the Grantees' respective representatives, unless other arrangements are mutually agreed upon.

The Liaison Team shall review and, when appropriate, amend the MRMP. Any amendment to the MRMP must be in writing and must have the signed consent and acknowledgment of the Parties. If there is any conflict or inconsistency between the terms of the MRMP and the terms of this Easement, the terms of this Easement control.

The Landowner may not convey the Land or any portion thereof unless the successor in interest has executed with the Grantees a MRMP that will come into effect upon the conveyance. The successor in interest may sign and acknowledge the MRMP that is in effect at the time of the transfer of ownership or, upon agreement with the Grantees, may sign and acknowledge a revised MRMP.

F. EASEMENT BASELINE REPORT

The Parties agree that an Easement Baseline Report (the "Report") will be completed by a natural resource professional familiar with the area and acceptable to the Grantees and the Landowner, reviewed by the Grantees, and Landowner, and acknowledged by them to be an accurate representation of the physical and biological condition of the Land and its physical improvements as of the date of the conveyance of this Easement. In the event a controversy arises with respect to the nature of the biological and/or physical condition of the Land and its improvements, the parties may use the Report, as well as all other relevant or material documents, surveys, reports, or other information to assist in the resolution of the controversy.

G. NOTICES AND PRIOR APPROVAL

1. The purpose of requiring the Landowner to notify the Grantees prior to undertaking certain permitted activities described herein is to afford the Grantees an opportunity to ensure that activities are designed and carried out in a manner consistent with the Purposes of this Easement and pursuant to the terms hereof. Whenever Prior Notice only is required under this Easement, Landowner must notify the Grantees as provided for herein in writing not less than thirty (30) days prior to the date the Landowner intends to undertake such activity, unless, for safety reasons, a shorter period is necessary in which case Landowner shall give Grantees as much notice as is possible under the circumstances.

2. Whenever Prior Approval is required, such approval may not be unreasonably withheld. Landowner must notify the Grantees in writing not less than sixty (60) days prior to the date the Landowner intends to undertake the activity. The notice must be sent by courier service, or registered or certified mail, return receipt requested, or by courier, or personal delivery, and must describe the nature, scope, design, location, timetable, and any other material aspect of the proposed activity in sufficient detail to permit the Grantees to make an informed judgment as to its consistency with the Purposes of this Easement and the other terms and provisions hereof. The Grantees have sixty (60) days from its receipt of such notice to review the proposed activity and to notify the Landowner of any objections to the proposed activity. If it is possible that the proposed activity can be modified to be consistent with the terms hereof, the Grantees shall inform the Landowner of the manner in which the proposed activity may thereafter be conducted. The Grantee's response to Landowner's notice shall be sent by registered or certified mail, return receipt requested, or delivered by courier, or personal delivery service. In the event the Grantees deny the activity the Landowner wishes to undertake, the Grantees must provide a written determination with analysis of why such activity would significantly impact the Conservation Values of the Land.

3. If the Grantees fail to respond to Landowner's notice of Prior Approval within sixty (60) days of their receipt of the notice, the proposed activity shall be deemed to be consistent with the terms of this Easement, and the Grantees shall have no further right to object to the activity identified by such notice. The Landowner shall be under no liability or obligation for any failure to give Prior Notice for any activity undertaken by Landowner necessitated by virtue of fire, flood, acts of God, or other element, or any other emergency reasonably deemed by Landowner to exist; provided, however, after such an event, if there is damage to the Conservation Values, the Landowner shall notify the Grantees of any such damage as soon as practicable.

4. Whenever mutual written consent is required, the initiating party must follow the Prior Approval procedures set forth above.

5. Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other shall be in writing and either served personally or sent by registered or certified mail, return receipt requested, or delivered by courier, or personal delivery service addressed as follows:

To Landowner: F.H. Stoltze Land & Lumber Company
Attention: General Manager
600 Halfmoon Road
Columbia Falls, MT 59912

With a copy to: F.H. Stoltze Land & Lumber Company
Attention: President
2497 Seventh Avenue East, Suite 105
North St. Paul, MN 55109

To Department: Department of Fish, Wildlife & Parks
Attention: Administrator, Wildlife Division

1420 E. Sixth Avenue
P.O. Box 200701
Helena, MT 59620-0701

With a copy to: Department of Fish, Wildlife & Parks
Attention: Regional Supervisor
490 North Meridian Road
Kalispell, MT 59901

To City: City of Whitefish
Attention: City Manager
1005 Baker Avenue, P.O. Box 158
Whitefish, Montana 59937-0158

With a copy to: City of Whitefish
Attention: Mayor
1005 Baker Avenue, P.O. Box 158
Whitefish, Montana 59937-0158

or to such other address as the parties from time to time shall designate by written notice to the others. All notices which are so addressed and paid for shall be deemed effective when personally delivered, or, if sent by courier or mailed, on the earlier of receipt or five (5) business days after deposit thereof with a courier or mail service, return receipt requested.

H. REMEDIES FOR UNAUTHORIZED USES AND PRACTICES

1. If the Grantees determine, acting individually or jointly, that the Landowner has violated the terms of this Easement, the Grantees shall give written notice to the Landowner of the specifics of the violation and demand corrective action sufficient to cure the violation and, where the violation involves injury to the Land resulting from any use or activity prohibited by the terms of this Easement and inconsistent with the Purposes of this Easement, to restore the portion of the Land so damaged where practicable. If the land cannot be restored because physical conditions have been changed to the extent that such restoration is not reasonably practicable, the Grantees and the Landowner may consider other remedies to the Land or compensation due to the Grantees; provided, however, that any such damages may not exceed the fair market value of this Easement at the time the damage occurs, prorated for the portion of the Land adversely affected by the applicable Landowner violation based upon impact to the Conservation Values. The fair market value of this Easement for the purpose of calculating remedies will be determined as provided in Paragraph II.J.

2. If the Landowner fails to cure the violation within thirty (30) days after receipt of notice from Grantees, or under circumstances where the violation cannot reasonably be cured within a thirty (30) day period, fails to begin curing the violation within the thirty (30) day period, or fails to continue diligently to cure such violation until finally correct, Grantees may bring an action in a court of competent jurisdiction to enforce the terms of this Easement, to enjoin the violation, by temporary or permanent injunction, and to require the restoration of the Land to the condition that existed prior to the injury.

3. If Grantees determine that a violation of the terms of this Easement is threatened, Grantees shall give written notice to the Landowner of the specifics of such threatened violation. Landowner shall have thirty (30) days to respond to such notice of threatened violation. If the Landowner fails to respond to such notice within thirty (30) days after its receipt of such notice, and Grantees determine that such threatened violation still exists, Grantees may bring an action in a court of competent jurisdiction to enforce the terms of this Easement and to enjoin the threatened violation, by temporary or permanent injunction.

4. If Grantees, in their reasonable discretion, determines that circumstances require immediate action to prevent or mitigate significant damage to the Conservation Values of the Land, Grantees may pursue their remedies under this paragraph without Prior Notice to the Landowner or without waiting for the period provided for cure to expire.

5. Grantee's rights under this provision apply in the event of actual or threatened violation of the terms of this Easement, and the Landowner agrees that if Grantees' remedies for any threatened or actual violation of the terms of this Easement are inadequate, Grantees shall be entitled to the injunctive relief described herein, both prohibitive and mandatory, in addition to such other relief to which Grantees may be entitled, including specific performance of the terms of this Easement. Grantees' remedies described in this section shall be cumulative and in addition to all equitable remedies consistent with the foregoing. No party is entitled to punitive, indirect, special, consequential or incidental damages.

6. Nothing contained in this Easement shall be construed to entitle Grantees to bring any action against Landowner for any injury to or change in the Land resulting from the actions of third parties, the public, or other causes beyond Landowner's control, including, without limitation, fire, flood, storm, and natural earth movement, or from any prudent action taken to prevent, abate, or mitigate significant injury to the Land resulting from such causes.

7. In any action in law or equity to enforce the terms of this Easement, all Parties shall bear their own costs and attorney's fees.

8. Enforcement of the terms of this Easement is at the discretion of Grantees, and any forbearance by Grantees to exercise its rights under this Easement in the event of any breach of any term of this Easement by Landowner shall not be deemed or construed to be a waiver by Grantees of that term or of any subsequent breach of the same or any other term of this Easement. No delay or omission by Grantees in the exercise of any right or remedy upon any breach by Landowner shall impair the right or remedy or be construed as a waiver, nor shall any forbearance or delay give rise to a claim of laches or prescription.

I. RIGHTS AND IMMUNITIES

In consideration of the terms and conditions of this Easement, Landowner and Grantees rely upon all of the rights and immunities against liability to the full extent of state law, as amended, and any successor provisions, and any other applicable provisions of law, including, but not limited to, Mont. Code Ann. Title 27, Chapter 1, Part 7; Mont. Code Ann. Title 70, Chapter 16, Part 3 (Restriction on Liability of Landowner for Recreation), and Mont. Code Ann. Title 2, Chapter 9 (Montana Tort Claims Act).

J. TERMINATION, EXTINGUISHMENT, CONDEMNATION

1. The Parties agree that the Land includes important species, habitat, and other important ecosystem attributes, including water supply, quality, quantity, and habitat. Conservation Values and the public benefits that are provided by this Easement may periodically fluctuate or trend toward long-term change, due to natural events such as wildfire, floods, interdecadal climate events, and long-term climate change, as well as human-initiated enhancement or restoration actions. In response to such changes, one or more of the purposes of this Easement may not be able to be fully accomplished, or one or more of the Conservation Values of this Easement may not be able to be fully protected or achieved. If one or more of the purposes of this Easement can no longer be fully accomplished, or if one or more of the Conservation Values of the Land cannot be fully achieved, such failure shall not be deemed sufficient cause to terminate this Easement so long as any of the other purposes of the Easement may be accomplished and any of the Conservation Values may be achieved.

This Easement constitutes a real property interest immediately vested in Grantees. It is the unequivocal intention of Grantees and the Landowner that the conservation purpose of this Easement be carried out in perpetuity. If circumstances arise in the future that render all purposes of this Easement impossible to accomplish, this Easement can only be terminated or extinguished, whether in whole or in part, by judicial proceedings in a court of competent jurisdiction. Grantees and the Landowner agree that changed economic conditions may not be considered as circumstances justifying the modification, termination or extinguishment of this Easement. If this Easement is extinguished by judicial proceedings, or should any interest in the Land be taken by the exercise of the power of eminent domain, or acquired by purchase in lieu of condemnation with the Prior Approval of the Grantees, Grantees are entitled to a proportional share of the proceeds of any sale, exchange, or involuntary conversion of the Land formerly subject to this Easement. The Landowner and Grantees shall act jointly to recover the full value of the property interests in the Land subject to the taking or in lieu purchase and all direct costs or incidental damages to which each is entitled. For the purposes of this Paragraph, the ratio of the value of this Easement to the value of the Land unencumbered by this Easement remains constant as determined as of the date of this grant. Grantees and the Landowner agree that the Department's proportional interest is _____ (_____) percent, the City's proportional interest is _____ (_____) percent, and the value of any future interest will not include any value attributable to authorized improvements to the Land made after the date of this grant, except as to improvements made by or at the expense of Grantees, unless evidence at any condemnation hearing or proceeding demonstrates actual damages to the Landowner and Grantees which vary in favor of Grantees from the proportional interest established above.

2. This Easement was acquired, in part, using funds provided to the Department by the USFWS, as a grant under its Endangered Species Act, Section 6 Habitat Conservation Plan Land Acquisition Grants Program. Additionally, a portion of the value of this Easement was donated by the Landowner and is being used as part of the required non-federal share to match the USFWS grant. USFWS regulations require that the Land covered by this Easement be managed in accordance with the terms and conditions of this Easement in perpetuity, unless otherwise approved by the USFWS regional director. The Easement may not be encumbered, disposed of in any manner, or used for purposes inconsistent with the Endangered Species Act Section 6 Grant without the prior written approval of the Regional Director of the USFWS. In

the event of judicial termination or extinguishment of this Easement for circumstances as described under this Paragraph, the Department shall coordinate with USFWS and shall apply any funds received in settlement for such termination or extinguishment to habitat conservation as approved by USFWS.

3. This Easement was acquired, in part, with federal funds under the Forest Legacy Program (P.L.101-624; 104 Stat. 3359) and that the interest acquired may not be sold, exchanged, or otherwise disposed, unless the United States is reimbursed for the market value at the time of the disposal in proportion to the original Federal investment. Provided, however, the Secretary of Agriculture may exercise discretion to consent to such sale, exchange, or disposition upon the Department's tender of equal value consideration acceptable to the Secretary.

K. ASSIGNMENT

This Easement is transferable, but Grantees or either of them may assign this Easement only to a local or state agency. As a condition of such transfer, Grantees or either of them: (1) shall require that the conservation purposes that this grant continue to be carried out into perpetuity; and (2) shall provide ninety (90) days prior notice to Landowner of such transfer or assignment.

L. AMENDMENT

If circumstances arise under which an amendment to or modification of this Easement would be appropriate, the Landowner and Grantees are free to jointly amend this Easement; provided that no amendment shall be allowed that will affect the qualifications of this Easement under any applicable laws, including §76-6-101, et seq., MCA, and any amendment shall be consistent with the purposes of this Easement, and shall not affect its perpetual duration.

M. RECORDATION

Grantees shall record this Easement in the official records of Flathead County, Montana. Grantees may re-record this Easement at any time as may be required.

N. GENERAL PROVISIONS

1. Controlling Law. The interpretation and performance of this Easement will be governed by the laws of the State of Montana.

2. Construction. Any general rule of construction to the contrary notwithstanding, this Easement shall be construed in favor of the grant to effect the purposes of this Easement and the policy and purposes of Mont. Code Ann. §76-6-101, et seq.. If any provision in this Easement is found to be ambiguous, an interpretation consistent with the purposes of this Easement that would render the provision valid shall be favored over any interpretation that would render it invalid. Notwithstanding the foregoing, the Parties to the Easement hereby acknowledge the rights retained by Landowner herein are consistent with the purposes of the Easement, the Conservation Values, and Mont. Code Ann. § 76-6-101, et seq. .

3. Entire Agreement. Except with respect to matters set forth in the Baseline Report and the MRMP, this instrument sets forth the entire agreement of the Parties with respect to this Easement and supersedes all prior discussions, negotiations, understandings, or agreements relating to this Easement, all of which are merged into this Easement.

4. No Forfeiture. Nothing contained in this Easement will result in a forfeiture or reversion of Landowner's title in any respect.

5. Successors. This Easement shall be binding upon, and inure to the benefit of the parties, their heirs, administrators, successors and assigns, and shall continue as a servitude running in perpetuity with the Land.

6. Termination of Rights and Obligations. A party's rights and obligations under this Easement terminate upon transfer of the party's interest in the Easement or Land, except that liability for acts or omissions occurring prior to transfer shall survive transfer.

7. Severability. If any provision of this Easement is found to be invalid, the remainder of the provisions of this Easement shall not be affected.

TO HAVE AND TO HOLD unto Grantees, their successors, and assigns forever.
[SIGNATURE PAGES TO FOLLOW]

DEPARTMENT:

MONTANA DEPARTMENT OF FISH, WILDLIFE
AND PARKS

By: _____
M. Jeff Hagener, Director

ACKNOWLEDGMENTS

STATE OF Montana)
) ss:
COUNTY OF Lewis and Clark)

On this __ day of _____, 2016, before me personally appeared that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument on behalf of and that the seal affixed is the seal of said.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

Notary Public in and for the
State of Montana
Residing at _____
My Commission Expires _____
Printed Name: _____

CITY:

THE CITY OF WHITEFISH

By: _____

ACKNOWLEDGMENTS

STATE OF Montana)
) ss:
COUNTY OF Flathead)

On this __ day of _____, 2016, before me personally appeared that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument on behalf of and that the seal affixed is the seal of said.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

Notary Public in and for the
State of Montana
Residing at _____
My Commission Expires _____
Printed Name: _____

EXHIBIT A

LEGAL DESCRIPTION

PARCEL 1:

GOVERNMENT LOT 1, THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER AND THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 1, TOWNSHIP 31 NORTH, RANGE 22 WEST, P.M.M., FLATHEAD COUNTY, MONTANA. EXCEPTING THEREFROM TRACT 1 OF CERTIFICATE OF SURVEY NO. 17142. ALSO EXCEPTING THEREFROM TRACT 1 OF CERTIFICATE OF SURVEY NO. 18188.

PARCEL 2:

THAT PORTION OF THE SOUTHEAST ONE-QUARTER OF SECTION 1, AND THE NORTH ONE-HALF OF SECTION 12, TOWNSHIP 31 NORTH, RANGE 22 WEST, P.M.M., FLATHEAD COUNTY, MONTANA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:
TRACT 1 OF CERTIFICATE OF SURVEY NO. 18188.

PARCEL 3:

THAT PORTION OF THE EAST ONE-HALF OF SECTION 12, TOWNSHIP 31 NORTH, RANGE 22 WEST, P.M.M., FLATHEAD COUNTY, MONTANA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:
TRACT 2 OF CERTIFICATE OF SURVEY NO. 18188.

PARCEL 4:

GOVERNMENT LOTS 1 AND 2; THE SOUTH HALF OF THE NORTHWEST QUARTER; THE SOUTHWEST QUARTER; THE WEST HALF OF THE SOUTHEAST QUARTER AND THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 5, TOWNSHIP 31 NORTH, RANGE 21 WEST, P.M.M., FLATHEAD COUNTY, MONTANA.

PARCEL 5:

GOVERNMENT LOTS 1, 2, 3 AND 4 OF SECTION 6, TOWNSHIP 31 NORTH, RANGE 21 WEST, P.M.M., FLATHEAD COUNTY, MONTANA.

PARCEL 6:

GOVERNMENT LOT 4 OF SECTION 7, TOWNSHIP 31 NORTH, RANGE 21 WEST, P.M.M., FLATHEAD COUNTY, MONTANA.
EXCEPTING THEREFROM LOT 205 OF IRON HORSE, PHASE 4, ACCORDING TO THE OFFICIAL PLAT THEREOF, RECORDS OF FLATHEAD COUNTY, MONTANA.

PARCEL 7:

THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 8, TOWNSHIP 31 NORTH, RANGE 21 WEST, P.M.M., FLATHEAD COUNTY, MONTANA.

PARCEL 8:

THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER; THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER AND THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 8, TOWNSHIP 31 NORTH, RANGE 21 WEST, P.M.M., FLATHEAD COUNTY, MONTANA.

PARCEL 9:

GOVERNMENT LOTS 1, 2 AND 3 OF SECTION 7, TOWNSHIP 31 NORTH, RANGE 21 WEST, P.M.M., FLATHEAD COUNTY, MONTANA.

PARCEL 10:

THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER; THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER; THE SOUTH HALF OF THE NORTHWEST QUARTER; THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER; THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER; THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER; THE WEST HALF OF THE SOUTHEAST QUARTER; THE EAST HALF OF THE SOUTHEAST QUARTER AND THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 8, TOWNSHIP 31 NORTH, RANGE 21 WEST, P.M.M., FLATHEAD COUNTY, MONTANA.

EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE CITY OF WHITEFISH IN WARRANTY DEED RECORDED AUGUST 6, 1929 IN BOOK 201, PAGE 607 AS INSTRUMENT NO. 3047, RECORDS OF FLATHEAD COUNTY, MONTANA.

PARCEL 11:

THE SOUTH HALF OF THE NORTHEAST QUARTER; THE NORTH HALF OF THE SOUTHEAST QUARTER; THE SOUTH HALF OF THE NORTHWEST QUARTER; THE EAST HALF OF THE SOUTHWEST QUARTER AND THE WEST HALF OF THE SOUTHWEST QUARTER OF SECTION 9, TOWNSHIP 31 NORTH, RANGE 21 WEST, P.M.M., FLATHEAD COUNTY, MONTANA.

PARCEL 12:

THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF SECTION 16, TOWNSHIP 31 NORTH, RANGE 21 WEST, P.M.M., FLATHEAD COUNTY, MONTANA.

PARCEL 13:

GOVERNMENT LOT 1 OF SECTION 18, TOWNSHIP 31 NORTH, RANGE 21 WEST, P.M.M., FLATHEAD COUNTY, MONTANA.

EXCEPTING THEREFROM LOTS 205, 206, 207, 208 AND 209 OF IRON HORSE PHASE 4.

PARCEL 14:

GOVERNMENT LOT 4 OF SECTION 18, TOWNSHIP 31 NORTH, RANGE 21 WEST, P.M.M., FLATHEAD COUNTY, MONTANA.

PARCEL 15:

THE EAST HALF OF THE SOUTHWEST QUARTER; THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER; THE NORTHEAST QUARTER OF THE NORTHEAST

AND THE SOUTH HALF OF THE NORTHEAST QUARTER OF SECTION 17, TOWNSHIP 31 NORTH, RANGE 21 WEST, P.M.M., FLATHEAD COUNTY, MONTANA.

PARCEL 16:

GOVERNMENT LOT 3 OF SECTION 19, TOWNSHIP 31 NORTH, RANGE 21 WEST, P.M.M., FLATHEAD COUNTY, MONTANA.

PARCEL 17:

THE WEST HALF OF THE NORTHWEST QUARTER OF SECTION 21, TOWNSHIP 31 NORTH, RANGE 21 WEST, P.M.M., FLATHEAD COUNTY, MONTANA.

EXCEPTING THEREFROM THAT PORTION CONVEYED TO FLATHEAD COUNTY BY DEED RECORDED NOVEMBER 8, 1976 IN BOOK 604, PAGE 806 AS INSTRUMENT NO. 12589.

PARCEL 18:

THE SOUTHWEST QUARTER; THE NORTHEAST QUARTER; THE NORTH HALF OF THE SOUTHEAST QUARTER AND THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 21, TOWNSHIP 31 NORTH, RANGE 21, P.M.M., FLATHEAD COUNTY, MONTANA.

PARCEL 19:

THE NORTH HALF OF THE NORTHWEST QUARTER; THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER; THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER; THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER AND THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 17, TOWNSHIP 31 NORTH, RANGE 21 WEST, P.M.M., FLATHEAD COUNTY, MONTANA.

EXCEPTING THEREFROM THAT PORTION LYING WITHIN IRON HORSE PHASE 4, ACCORDING TO THE OFFICIAL PLAT THEREOF, RECORDS OF FLATHEAD COUNTY, MONTANA.

PARCEL 20:

THE NORTH HALF OF THE NORTHWEST QUARTER OF SECTION 20, TOWNSHIP 31 NORTH, RANGE 21 WEST, P.M.M., FLATHEAD COUNTY, MONTANA.

EXCEPTING THEREFROM A TRACT OF LAND SHOWN AS "PORTION A" ON THE AMENDED PLAT OF LOT 2 OF THE RESUBDIVISION OF LOT 12 OF NORTHWOODS NO. 1, ACCORDING TO THE OFFICIAL PLAT THEREOF, RECORDS OF FLATHEAD COUNTY, MONTANA.

PARCEL 21:

A TRACT OF LAND SHOWN AS "PORTION B" ON THE AMENDED PLAT OF LOT 2 OF THE RESUBDIVISION OF LOT 12 OF NORTHWOODS NO. 1, ACCORDING TO THE OFFICIAL PLAT THEREOF, RECORDS OF FLATHEAD COUNTY, MONTANA.

PARCEL 22:

THE WEST HALF OF THE NORTHWEST QUARTER AND THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 22, TOWNSHIP 31 NORTH, RANGE 21 WEST, P.M.M., FLATHEAD COUNTY, MONTANA.

EXCEPTING THEREFROM THAT PORTION OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 22, DESCRIBED AS FOLLOWS:

TRACT B OF CERTIFICATE OF SURVEY NO. 13505.

APPENDIX B: HASKILL BASIN MULTI-RESOURCE MANAGEMENT PLAN

MULTI-RESOURCE MANAGEMENT PLAN

Haskill Basin Watershed Conservation Easement

By Paul McKenzie
Lands and Resource Manager
F.H. Stoltze Land and Lumber Company

With input by Montana Fish, Wildlife & Parks and
The City of Whitefish

This Multi-Resource Management Plan (the “MRMP”), dated as of _____, 2016, is entered into by **F.H. Stoltze Land & Lumber Co.**, a Montana corporation, whose principal address is PO Box 1429 Columbia Falls, MT 59912, (hereinafter referred to as the “Landowner” or “Stoltze”), the **MONTANA DEPARTMENT OF FISH, WILDLIFE AND PARKS**, whose address is 1420 East Sixth Avenue, P.O. Box 200701, Helena, Montana 59620-0701 (hereinafter referred to as the “Department”) and the City of Whitefish, whose address is 1005 Baker Street, P.O. Box 158, Whitefish, Montana 59937-0158 (hereinafter referred to as the “City”).

This MRMP is being entered into pursuant to Deed of Conservation Easement granted by Stoltze to the Department and City on _____, 2016 and recorded in Book __, Page __ of the records of Flathead County, Montana, (the “Easement”).

A portion of the funding for the Easement is being provided through the Forest Legacy Program (“FLP”), which is administered by the U.S. Forest Service pursuant to Section 1217 of Title XII of the Food, Agriculture, Conservation and Trade Act of 1990 (16 USC Section 2103C) created “to protect environmentally important private forest lands threatened with conversion to non-forest uses”.

A portion of the funding for the Easement is provided by the City of Whitefish to ensure water quality and quantity to the residents and visitors of Whitefish.

The primary intents of this Easement are:

To effect the purpose of the FLP in accordance with the provisions of Title XII of the Food, Agriculture, Conservation and Trade Act of 1990 (16 U.S.C. 2103c), by protecting environmentally important forest areas that are threatened by conversion to non-forest uses, protecting important scenic, cultural, fish, wildlife, recreational resources and riparian areas, protecting the capacity of the Land to produce economically valuable forestry products – all while allowing the Landowner and its successors and assigns to continue conducting sustainable commercial timber and resource management activities.

To protect important habitat for native wildlife and fish species. To this end, the United States Fish & Wildlife Service (USFWS), pursuant to the Endangered Species Act, is

providing additional funding for the Easement through its Section 6 Habitat Conservation Plan Land Acquisition Grants Program, which is specifically designed to help states conserve important habitat for federally listed and at-risk species.

To perpetuate the Land as forest land; to ensure the long term, sustainable, professional management of the forest resources through forestry activities permitted hereunder; and to provide for commercial production of forest products in a manner compatible with the conservation of water quality, fish and wildlife habitat, recreation and other Conservation Values (as defined in the Easement).

To satisfy a number of needs of, and provide a multiplicity of benefits to the residents and visitors of Whitefish, including (i) the protection and preservation of the City's water supply, including the primary source drinking water supply for the City's municipal water system, (ii) the aesthetic protection of the scenic backdrop to the City, (iii) the preservation of important wildlife and fish habitat, (iv) the securing of nearby and accessible recreational opportunities, and (v) the preservation of sustainable timber harvesting, along with all of the associated local job and economic benefits that come with such benefits.

This MRMP identifies and describes the objectives and actions that Stoltze will take to protect, manage, maintain, and enhance soil, water, range, aesthetic quality, recreation and public access, timber, fish, and wildlife resources in a manner compatible with Landowner objectives. As such, it is intended to help meet the requirements of the FLP to protect environmentally important forest areas that are threatened by conversion to non-forest uses as well as the requirements of the HCP Land Acquisition Grants Program, and to ensure management consistent with the Standards of Sustainability of the American Tree Farm System as further described below.

I. GENERAL DESCRIPTION

The Land that is the subject of the Easement and this associated MRMP consist of 3,020 acres in northwestern Montana, near the City of Whitefish (the "Land"). The Land is intermingled with other private land, State Forest lands managed by the Montana Department of Natural Resources and Conservation ("DNRC"), and public lands administered by the U.S. Forest Service, Flathead National Forest.

The Land is located primarily north and east of the City of Whitefish and are dissected by the Haskill Creek drainage. The Land consists of 10 whole or partial sections. All of the Land is located within Flathead County.

The Land is forested valley bottoms and mountains that have been managed for timber production over the last 100+ years. Elevations vary from approximately 3,500 to 5,500 feet. Haskill Creek and its tributaries cross the property. The Land contains outstanding fisheries and habitat, and spawning grounds (provided by Haskill Creek, 1st Creek, 2nd Creek, 3rd Creek, 4th Creek, and 5th Creek) for a variety of fish species, including, but not limited to, westslope cutthroat trout. Currently, the Land comprises approximately ninety percent (90%) of the source drinking water for the City. The Land also includes numerous tributaries, streams and riparian wetland areas.

Forestland dominates the landscape. It is a mixed conifer forest with all Montana commercial timber species represented. The current forest is well stocked with vigorous growing stock of native mixed species. The desired condition for the forest is through sustainable harvest to maintain a diversity of stand structure, age class and species mix with a preference for uneven aged stand conditions where ecological conditions permit. Dominant species are Douglas-fir, western larch, true firs, Engelmann spruce and western red cedar. Ponderosa pine, white pine, and lodgepole pine can also be found in most of the area. Limited amounts of cottonwood and aspen can be found along creeks and near wetland areas and paper birch is evident on many north-facing slopes. The timbered stands vary in age from young regeneration to commercial saw timber.

II. FOREST MANAGEMENT

Stoltze's objective is long term forest stewardship which will fully utilize its resources through innovative forestry management and harvest techniques. Wise stewardship and good business practices go hand in hand. Stoltze manages its land in accordance with its Stewardship Forestry Principals included in the Stoltze Tree Farm Management Plan. This Tree Farm Management Plan guides management activities, which are planned and implemented by professional foresters and trained contractors in ways that continue to protect riparian area and important scenic, cultural, fish, wildlife, and recreational resources on the Land.

The management goal is to practice sustainable forestry to meet the needs of the present while maximizing growth for future generations and meet the challenges of changing times. Managing for the four tenets of the American Tree Farm System, wood, water, wildlife and recreation has proven to be a good goal for over 100 years of Stoltze land management and the Tree Farm Management Plan outlines specific measures to ensure that these important four tenants will continue to guide forest management practices on the land into the future. This plan will be updated periodically to maintaining flexibility necessary to adapt management to new information, technology and changing ecological, social and regulatory conditions.

Stoltze commits to managing the Land in accordance with good and sound silvicultural practices consistent with the American Tree Farm System (ATFS) program certification requirements as outlined in the American Forest Foundation *2015-2019 Standards of Sustainability for Forest Certification* (ATFS). ATFS is the United States' oldest family forest certification program. In 1941, ATFS began promoting responsible forest management on our nation's private forests. The Tree Farm sign is the sign of good stewardship. ATFS certification gives family woodland owners confidence and validation that they are doing right by their land. Stoltze maintains certification, in good standing, and will make a copy of this conformance available to the Department following each audit.

As part of the commitments to sustainable forest management, Stoltze also agrees to the following guidelines and metrics within this MRMP to measure their activities. These guidelines and metrics are not intended to restrict fiber production but to provide measures to ensure the MRMP objectives are met. If Stoltze's forest practices are found to vary from these guidelines on a landscape level, the Liaison Committee, established by the Easement, will develop, and ensure that Stoltze implements, a plan to bring the practices into compliance.

The ATFS program is a comprehensive system of principles, objectives, and performance measures that integrates the perpetual growing and harvesting of trees with the protection of wildlife, plants, soil and water quality. The participation in the program requires an independent verification process, which Stoltze has incorporated into their management of the Lands.

Stoltze's foresters and the independent contractors who work for Stoltze are committed to good stewardship. In order to operate on the Lands, contractors must participate in formal Best Management Practices ("BMP") and Streamside Management Zone ("SMZ") training. Stoltze will continue to manage the Land in a responsible manner in compliance with this MRMP and ATFS standards as they exist now or are updated in the future.

III. OTHER RESOURCES

In accordance with the Forest Legacy Program and Stoltze's Tree Farm Management Plan, outlined below, the following describes Stoltze's objectives and actions for various resources.

A. Soil

Stoltze will maintain soil and site productivity by implementing Montana State Best Management Practices minimizing soil disturbance to the extent practical and, when possible, by retaining an appropriate amount of harvest residues for soil nutrient and soil structure enhancement.

B. Water

Stoltze will implement voluntary Montana Forestry BMP's. All forest owners in Montana are required to comply with the Streamside Management Zone law, and applicable Federal Standards under the Clean Water Act. The Landowner commits to additional conservation measures outlined in this MRMP.

C. Range

None of the Land is managed as rangeland. Grazing may be allowed for weed control or other land management purposes consistent with the protection and maintenance of the Conservation Values of the Land.

D. Aesthetic Quality

Stoltze recognizes aesthetic values along the Whitefish Face area and will consider aesthetic impacts by managing these areas within the Land by using appropriate design standards and harvest methods.

E. Public Recreation

The Easement gives the public the general right of access to the Land in perpetuity for the responsible use of the Land for legal non-commercial recreation including but not limited to hunting, fishing, trapping, hiking, trail running, mountain biking, cross country skiing, berry picking, wildlife viewing, and subject to all applicable Montana laws and regulations. The public use of the Land is subject to certain open lands policies incorporated into this MRMP (Exhibit A) and certain rights of Landowner and Grantees to restrict or suspend public access and recreation, as more fully set forth below and in the Easement. The Department and City agree to assist the landowner in enforcement of the policies and restrictions outlined herein to ensure continuance of the conservation values of the Land.

The Parties intend to preserve the public's perpetual, general right of access to the Land along with the Easement. Public access may be temporarily suspended in accordance with Section C 6 (a), (b), and (c) of the Easement.

F. Habitat Conservation Objectives and Implementation.

ATFS *Standards of Sustainability* include specific standards for Air, Water and Soil Protection; Fish, Wildlife and Biodiversity; Forest Aesthetics and Protection of Special sites. The Standard contains Performance Measures and Indicators specific to these objectives. The Stoltze Tree Farm Management Plan and Wildlife BMP's also provide guidance for wildlife habitat management in conjunction with other land management objectives. Stoltze commits to implementing all of these measures on the Land, in addition to the Best Management Practices outlined in this MRMP. Standards in this MRMP may exceed those found in the Wildlife BMP's, when that is the case, the standards in this document will apply on the Land covered under this MRMP.

G. Fish and Wildlife

Stoltze manages its resources while considering fish and wildlife through judicious control of road access, timber harvest management, and cooperation with state and federal fish and wildlife agencies. Canada lynx and grizzly bear are both federally protected species while a pure strain of cutthroat trout also resides within the Lands. Management of Stoltze lands under the ATFS program has proven to be a successful strategy in maintaining the variety and security of habitats necessary to support viable populations of these species within the Land and surrounding area. Continued management under ATFS guidance will provide similar habitat conditions into the future.

In addition to the above, the Land is important for elk, deer, moose, black bear, wolverine, pine marten, grouse, songbirds, cavity-nesting birds, and a variety of other native and migratory wildlife species. Stoltze recognizes the value and importance of maintaining or enhancing fish and wildlife habitat to ensure stable populations. The Land shall be managed in accordance with Stoltze's Tree Farm Management Plan, which include provisions to maintain or enhance biodiversity. In consideration of the particular wildlife habitat values of the Lands, Stoltze shall apply the practices as set forth below:

- 1 Riparian zones and non-forested wetlands, including bogs, fens, and marshes, shall be identified prior to implementing forest management activity in a harvest unit. The draining, filling, dredging, or destruction of any wetland area or any other activity that has significant adverse impacts on a wetland is prohibited except as allowed under forest management practices described in the Easement.
- 2 Riparian areas will be defined and managed in accordance with State of Montana Streamside Management Zone (SMZ) law. In addition, the following best management practices will be applied on 1st, 2nd, 3rd, 4th, 5th creeks and the main stem of Haskill creek and associated wetlands adjoining such streams.
 - a) 50 foot (or 100 foot when extended for slope) no equipment zones will be marked and maintained before management activities prohibited within SMZ's occur on adjoining lands.

- b) On stream segments where there is evidence of movement of the active stream channel, buffer width will be measured from the outermost lateral extent of the channel migration zone and fully encompass associated wetland areas as defined in the SMZ law.
 - c) All deciduous hardwood trees, trees less than 8" DBH, shrub and forb vegetation will be retained to the greatest extent possible within the entire SMZ.
 - d) Harvest prescriptions within the SMZ shall favor bank trees, trees leaning towards the stream, trees with snag recruitment potential and ensure trees of the larger size classes are represented in a ratio similar to or greater than the pre harvest conditions.
 - e) Tree removal within the SMZ shall not exceed 50% of the pre harvest condition per the SMZ law. Additionally, minimum merchantable tree retention will be 10 trees per 100 lineal feet of stream within the first 25' width of SMZ and 5 trees per 100 lineal feet of stream in the second 25' width of SMZ buffer for a total minimum retention of 15 trees per 100 lineal feet of stream within the entire buffer width.
- 3 Stoltze shall use uneven-aged forest management practices in riparian zones and around wetlands when stand conditions allow. Wetland buffer management around isolated wetlands of one-half acre in size or larger will include:
- a. No skidding through wetlands, unless during frozen ground conditions where the integrity and function of the wetland is maintained;
 - b. Minimizing disturbance to shrubs and non-merchantable trees within 50 feet of the wetland edge;
 - c. Directional felling of merchantable trees away from the wetland;
 - d. Favor retention of trees that are leaning into the wetland and wildlife trees within 50' of wetland boundaries. Wildlife trees include standing dead trees, green trees with broken tops and/or trees with appreciable decay within their interior;
 - e. Utilize skidding practices for trees felled within 50 feet of the wetland that minimize ground disturbance;
 - f. For the purposes of this section, the term wetland is interpreted as defined in the Montana Streamside Management Zone law. Shallow lakes and ponds, usually with emergent vegetation as a conspicuous feature, are included in the wetland definition;
- 4 Implementation of above policies will be reviewed annually by FWP and Stoltze and these measures may be modified as additional scientific information or technology becomes available, and as the results of these measures are monitored and reviewed for effectiveness, provided that each party agrees to the adaptations.

H. Minerals

Stoltze owns limited mineral resources on the Lands. The Easement provides the Landowner with limited rights to extract sand, gravel, and rock in accordance with provisions that minimize impacts and ensure restoration of disturbed areas as per specific Montana Department of Environmental Quality permit operating plans and the specific terms and conditions outlined in the Easement. The Easement prohibits Stoltze from exploring for, developing, mining, producing or otherwise extracting any minerals, oil, natural gas, coal-bed methane or other hydrocarbon resources on or under the surface of the Lands. It also prohibits Stoltze from conveying any interest in mineral rights to another party for purposes of mineral exploration, development, production or extraction.

I. Outfitting/Organized/Commercial Recreation

The Easement authorizes the types of commercial and organized recreation uses allowed on the Lands. Stoltze currently authorizes winter cross country ski trail grooming with two licensees. Any future provision agreed upon by the Department, City, and Stoltze to allow commercial outfitting, organized recreation or other commercial recreational uses shall be signed and appended as an exhibit to this MRMP to the extent required by the Easement. Commercial recreational uses cannot be exclusive to permitted users nor reduce or diminish the public's general ability to access or utilize the Land for dispersed recreation. Agreements for construction, use and maintenance of recreational improvements such as trail corridors, access points or other improvements shall be approved by all parties and attached as an exhibit to the MRMP. Minor issues arising between commercial, organized and public users will be addressed through the Liaison Team described in the conservation easement.

J. Weed Management

Stoltze will manage noxious weeds in compliance with State law and best management practices, implementing an integrated pest management philosophy to meet weed control goals. Control will include a combination of chemical, mechanical and biological controls as appropriate to meet conservation goals.

IV. PLAN GUIDELINES and SELECTED METRICS

Stoltze agrees to the following guidelines and metrics to measure its activities under this MRMP and to ensure that MRMP objectives are met. It is understood that as circumstances change and new knowledge is obtained, that these guidelines and metrics may need to be adapted and modified. Accordingly, the parties agree to work cooperatively to adjust these metrics over time so as to continue to meet the spirit and intent of this MRMP.

- A. Management activities on the Land will be conducted in a manner consistent with Stoltze's Tree Farm Management Plan. Stoltze commits to periodic external ATFS or other comparable audit of the Lands, as specified in current ATFS standards and to review audit recommendations with the Liaison Committee to determine if changes should be implemented. Issues of non-compliance will be addressed and remedied as directed in the audit and consistent with the easement.
- B. If sites are selected, Stoltze will participate in State BMP audits on the Lands. Results of these audits will be discussed at the annual Liaison Team meetings, and Stoltze will take actions to correct any departures.

- C. Stoltze recognizes cottonwood and aspen stands and individual trees provide unique wildlife habitats and will manage to provide this critical habitat in historically appropriate levels. The commercial harvest of cottonwood and aspen trees should be limited to that necessary to maintain the health of or promote new cottonwood or aspen stands. Management will strive to maintain cottonwood and aspen stands at essentially the same or greater levels as is established in the baseline survey as ecological and climate conditions allow.
- D. Landowner shall retain snags to the greatest extent possible for wildlife habitat diversity where not in conflict with contractor or public safety or other land management objectives. All snags greater than 15 inches DBH that do not pose a safety hazard or fire concern shall remain uncut. Those snags greater than 15 inches DBH that must be cut, but do not have a merchantable value shall be left within the harvest unit. On a landscape level, snags should be managed with the goal of an overall density of 2 snags per acre greater than 15 inches DBH. Concentrating snags in riparian areas, around wetlands and other areas where long term snag persistence is not in conflict with public or contractor safety is encouraged. When sufficient snags do not exist within a harvest unit, management activities will retain an average of 3 trees per acre of harvest unit of size and species most suitable for long term snag recruitment. Landowner is not responsible for the unauthorized felling, removal or destruction of snags conducted by the public on the Lands.
- E. Stoltze preferred stand structure is uneven-aged, mixed species with high within stand diversity. Use of even-aged management techniques, including clear cut, seed tree, and shelterwood prescriptions should be limited and based on silvicultural needs. Harvest units with these prescriptions will not exceed 40 acres in size and should be generally non-contiguous with areas that have similar treatments within the previous 5 years. With notice to Department, this standard can be exceeded in instances where wildfire, insect or disease activity, wind throw or other natural event dictates such silvicultural treatment is appropriate on a larger scale.
- F. Whenever practical, preserve fruit, nut, and berry producing shrubs and trees.
- G. Management shall strive to maintain downed woody debris to an average of 2 pieces/acre greater than 10 inches diameter and 6 feet or longer. Snags, trees, and logs should be concentrated near streams, wet areas, or other sensitive sites or highly erosive landscapes when such sites exist, otherwise dispersed throughout the unit to maximize the beneficial effects of these resources to wildlife.
- H. Comply with all applicable state and federal laws.
- I. Use only logging contractors who have been trained through Montana Logging Association to a level of Accredited Logging Professional.
- J. Catastrophic events such as fire, disease, and insect infestation may require modifications of the above guidelines and such situations need to be addressed by the Liaison Committee.

V. EASEMENT MONITORING AND REPORTING REQUIREMENTS

The Easement is intended to maintain the “status quo” by providing for perpetual and responsible forest management on the Lands. The Easement will restrict the development rights on the Lands, which will preclude residential and commercial development not associated with resource management. It also provides for perpetual public access to these areas for non-commercial recreation in accordance with attached Exhibit A subject to provisions of Section III hereof.

The Department and City will monitor the Landowner's compliance with the terms of the Easement and MRMP on at least an annual basis through scheduled field inspections, water quality testing in Haskill Creek, use of flights or remote sensing, and meetings. The Department will notify the Landowner prior to each annual monitoring visit. Department employees will be allowed motorized access behind gates or closures only with permission from the Landowner and only while on-duty conducting official business of the Department.

The City will access the city utility easements, monitor for water quantity and quality, and will maintain drinking water intakes, pipeline and other improvements that serve as a source of municipal water supply for the City.

A Liaison Team representing the Department, City, and Stoltze will be established to deal with management issues that may arise over time. It is expected that this MRMP will be amended over time to better represent then current knowledge and conditions on the ground.

In order to track compliance with the terms of the Easement and MRMP, the Landowner will annually provide a report to the Department that summarizes the following information:

- A. Acres harvested by silvicultural method.
- B. Silvicultural treatments.
- C. Road construction or road closure changes; and
- D. Current status of excavation sites (i.e. active vs. inactive) in order to monitor re-vegetation and weed control commitments.

In addition, the Landowner will include the following information in the annual report as these reports are completed or received by the Landowner:

- A. Copies of ATFS and state BMP audits as they are periodically completed, including any actions taken to meet audit recommendations.

Any amendment to this MRMP must have the consent of all parties and must be in writing and signed and acknowledged by the parties. If there is any inconsistency between the terms of this MRMP and the Easement, the terms of the Easement control. The Department and City will keep a current MRMP in their files and will make the then current MRMP available to successors in interest to the Lands.

LANDOWNER:

F.H. STOLTZE LAND & LUMBER COMPANY

By: _____

DEPARTMENT:

MONTANA DEPARTMENT OF FISH, WILDLIFE
AND PARKS

By: _____

CITY:

CITY OF WHITEFISH, MONTANA

By: _____

Exhibit A
F.H. Stoltze Land & Lumber Company
Open Lands Policies

F.H. Stoltze Land & Lumber Company is a forest management company that allows use of its property as a *NEIGHBORLY ACCOMMODATION*. Use can be terminated. Roads are periodically subject to closure. Gated roads are closed to all passenger vehicles. Please treat these private lands with respect and use caution.

**WHILE RECREATING ON STOLTZE LANDS PLEASE RESPECT THE FOLLOWING
POLICIES:**

- DO NOT BLOCK GATES. Vehicles blocking gates will be towed at owner's expense.
- Users must obtain permission from adjoining private landowners to access Stoltze lands where legal public access such as a county road does not exist.
- No firewood, bough or tree cutting without written permission.
- Vandalism and theft of company property will not be tolerated, violators will be prosecuted.
- No dumping or littering.
- No unauthorized passenger vehicles behind gates.
- Stoltze permits usage of off highway vehicles (OHV) on established road systems only. No motorized vehicle use is allowed off of existing road systems. Examples of allowable motorized vehicles are 4-wheelers, side by sides, motorbikes, and snowmobiles.
- Stay off road systems when roads are soft and subject to rutting and damage.
- No recreational shooting within ¼ mile (1320 feet) of a residence.
- No trail building or construction of any permanent structures is allowed.
- No campfires during periods of "High" or greater fire danger as posted by the Montana DNRC rating system. Make sure all fires are "dead out".
- No commercial use without permit.
- Furbearer trapping and recreational wolf trapping by written permission only.
- No camping over 7 days.

APPENDIX C – POTENTIAL SPECIES LIST FOR THE PROPERTIES

Birds	Birds	Birds
American Crow	Hermit Thrush	Townsend's Warbler
American Kestrel	Killdeer	Tree Swallow
American Redstart	Lazuli Bunting	Turkey Vulture
American Robin	Lincoln's Sparrow	Varied Thrush
Barn Swallow	Long-billed Curlew	Veery
Barred Owl	MacGillivray's Warbler	Warbling Vireo
Belted Kingfisher	Mountain Bluebird	Western Tanager
Black-capped Chickadee	Mountain Chickadee	Western Wood-Pewee
Black-chinned Hummingbird	Nashville Warbler	White-breasted Nuthatch
Black-headed Grosbeak	Northern Flicker	White-winged Crossbill
Blue Grouse	Northern Goshawk	Willow Flycatcher
Boreal Chickadee	Northern Pygmy-Owl	Wilson's Warbler
Brown Creeper	No. Rough-winged Swallow	Yellow Warbler
Brown-headed Cowbird	Olive-sided Flycatcher	Yellow-rumped Warbler
Calliope Hummingbird	Orange-crowned Warbler	
Cassin's Finch	Osprey	
Cassin's Vireo	Pacific Wren	
Cedar Waxwing	Pileated Woodpecker	
Chipping Sparrow	Pine Grosbeak	
Clark's Nutcracker	Pine Siskin	
Cliff Swallow	Pygmy Nuthatch	
Common Loon	Red Crossbill	
Common Nighthawk	Red-breasted Nuthatch	
Common Raven	Red-eyed Vireo	
Common Yellowthroat	Red-naped Sapsucker	
Cooper's Hawk	Red-necked Grebe	
Dark-eyed Junco	Red-tailed Hawk	
Downy Woodpecker	Ruby-crowned Kinglet	
Dusky Flycatcher	Ruffed Grouse	
Eastern Kingbird	Rufus Hummingbird	
Evening Grosbeak	Sharp-shinned Hawk	
Fox Sparrow	Spotted Sandpiper	
Golden-crowned Kinglet	Spotted Towhee	
Gray Jay	Steller's Jay	
Great Blue Heron	Swainson's Thrush	
Hairy Woodpecker	Three-toed Woodpecker	
Hammond's Flycatcher	Townsend's Solitaire	
		Mammals
		Big Brown Bat
		Bobcat
		Bushy-tailed Woodrat
		California Myotis
		Columbian Ground Squirrel
		Deer Mouse
		Dusky or Montane Shrew
		Golden-mantled Ground Squirrel
		Heather Vole
		Hoary Bat
		Hoary Marmot
		Little Brown Myotis
		Long-eared Myotis
		Long-legged Myotis
		Long-tailed Vole
		Masked Shrew
		Meadow Vole
		Mountain Cottontail
		Northern Flying Squirrel
		Northern Pocket Gopher

POTENTIAL SPECIES LIST, continued

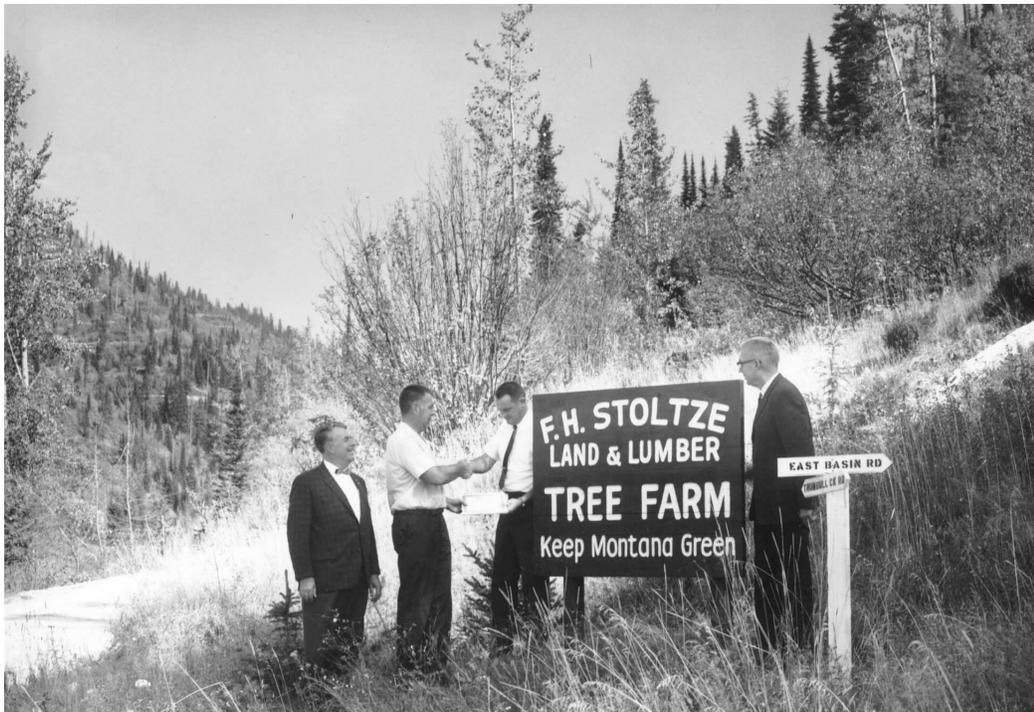
Mammals	Mammals	Amphibians
Porcupine	Western Jumping Mouse	Columbia Spotted Frog
Pygmy Shrew	Western Small-footed Myotis	Long-toed Salamander
Red Fox	Yellow-pine Chipmunk	Northern Leopard Frog
Red Squirrel		Pacific Treefrog
Red-tailed Chipmunk	Reptiles	Rocky Mountain Tailed Frog
Silver-haired Bat	Common Gartersnake	Western Toad
Snowshoe Hare	Gophersnake	
Southern Red-backed Vole	Northern Alligator Lizard	
Townsend's Big-eared Bat	Northern Rubber Boa	
Vagrant Shrew	Painted Turtle	
Water Vole	Terrestrial Gartersnake	
Yuma Myotis		

APPENDIX D – STOLTZE TREE FARM MANAGEMENT PLAN

F.H. Stoltze Land & Lumber Company



TREE FARM MANAGEMENT PLAN



Tree Farm Member since 1966

Original Tree Farm Number MT-1734

Revised July 31, 2008, February 22, 2012, and April 9, 2014, March 18, 2015

Contact Information:

F.H. Stoltze Land & Lumber Co.
Paul McKenzie
Lands & Resource Manager
PO Box 1429 Columbia Falls, MT 59912
406-892-7005

Property Description:

35,518 acres in Flathead County
2,109 acres in Lake County
773 acres in Lincoln County

In order to meet the ATF "Scattered Parcel" Standards our Lands have been broken into 62 different Tree Farms. Included as an attachment is a 1" = 6842' ownership showing these different parcels. In addition is ATF "Scattered Parcel Reporting Guidance" and ATF provided Excel spreadsheet.

Updated plan February 11, 2015 to meet ATFS's 2015-2020 Standards of Sustainability for Forest Certification Standards as endorsed by the Programme for the Endorsement of Forest Certification (PEFC).

Record of Verification

Reviewed by a Professional Forest Advisor

Advisor Name _____ Phone _____

Date of Property Visit _____ MU's Verified _____ # of Acres Verified _____

Approved By _____
(Stewardship Advisor or Tree Farm Inspector Signature)

Forest Landowner(s) Signature(s) _____

Property History:

The F.H. Stoltze Land & Lumber Company lands were entered into the tree farm system on September 2, 1966. As the oldest family owned sawmill and lumber company in Montana, F.H. Stoltze Land & Lumber Co. has been in continuous operation in various forms since 1912. Our present mill site was established in 1918. Still family owned by direct descendants of F.H. Stoltze, Stoltze Land & Lumber continues to be committed to improving both the environmental and social communities of the Flathead Valley. Our land base has fluctuated over time. Over the past 30 years we have continuously grown our land base to the current ownership of 38,400 acres.

The forest management history of the majority of our current ownership is long and varied. Many of today's stands have been entered 3 or 4 times. Market driven horse logging in the 1910's and 1920's followed by tie and railroad logging activities in the 1930's -1950's have greatly influenced most of the stands we manage today. The company lands in the Haskill and Trumbull drainages have been in continuous company ownership since about 1905-1906. An extensive logging railroad system facilitated the early logging of these lands. The old company Shay locomotive is on display in Columbia Falls Depot Park. An inventory of the location of the railroad spurs and associated logging camps is ongoing. Other than salvage operations and periodic thinning, many of the company lands were not intensively managed from the period from late 1940's to the mid 1980's. In the 1980's and 1990's many of the stands that had been harvested prior to the 1940's were once again in need of attention. With the implementation of the Streamside Management Zone law and introduction of voluntary Best Management Practices for water quality in the mid 1990's, many road systems were constructed, improved and/or relocated to meet the new standards and the forest management needs of the property. Current forest management activities range from two man operations with chainsaws and skidders to highly mechanized in woods processing logging systems.

Due to the proximity of our lands to the rapidly growing Flathead Valley, this tree farm serves not only as a resource for the Stoltze family, but also as the playground, watershed and viewshed of the residents of the Flathead Valley. The majority of the tree farm is considered part of the Wildland Urban Interface. In addition to the wildland fire issues associated with this designation, the associated social and economic pressures further affect how we manage these lands.

STOLTZE STEWARDSHIP FORESTRY MISSION AND GOALS.

MISSION STATEMENT:

To maintain and expand F.H. Stoltze Land & Lumber Co. as a successful, profitable, productive, quality oriented forest landowner and wood products producer.

GOALS:

- To practice sustainable forestry in an adaptive manner to meet the needs of the present while maximizing growth for future generations.
- To continually improve company forest resources, land and timber.
- To promote among other forest landowners sustainable forestry practices that are economical and environmentally responsible.
- To protect forests from wildfire, pests, diseases, and other damaging agents in order to maintain and improve long-term health and productivity.
- To manage our forests and lands of special significance in a manner that takes into account their unique qualities.
- To continuously improve the practice of active and adaptive forest management through continuing education, monitoring, research and technology.
- To provide high quality forest products while maximizing economic efficiency
- To meet the challenges of changing times, and adapt advancing science and technology

In order to meet the above stated mission and goals, Stoltze has developed and implements a comprehensive set of Stewardship Forestry Principals that guide forest management activities and decision making.

STEWARDSHIP FORESTRY PRINCIPLES:

As foresters we are committed to **Stewardship Forestry Principles** and good land stewardship by following these simple rules: (First established April 1, 1995)

- 1) Enhance the long-term productivity and health of the forest resource by:
 - a) Leaving the best trees for growth, seed and genetic diversity
 - b) Manage stocking levels to meet the biological capability of the site
 - c) Utilize intensive silvicultural treatments such as fertilizer as appropriate

- 2) Protect soil productivity by:
 - a) Utilizing the appropriate harvesting system for the site
 - b) Timing constraints such as winter logging
 - c) Management of down woody material
 - d) Manage unauthorized uses to protect soil resources

- 3) Protect air quality by:
 - a) Complying with the Clean Air Act
 - b) Participating in the Montana Airshed Cooperative
 - c) Seek cost effective treatments to reduce the amount of slash to be burnt

- 4) Protect water quality by implementing the following laws and practices:
 - a) Clean Water Act
 - b) Streamside Management Act
 - c) Natural Streambed and Land Preservation Act of 1975
 - d) Best Management Practices

- 5) Minimize visual impacts of management activities by:
 - a) Designing harvest units that fit the landscape
 - b) Utilize harvest prescriptions that maintain visuals while meeting the silvicultural objective
 - c) Design roads and skid trails that lay gently on the land

- 6) Protect and enhance forest health by:
 - a) Promptly addressing insect, disease and fire problems
 - b) Promoting age, species and structural diversity in harvest units

- 7) Provide for prompt reforestation of harvested areas, as needed by :
 - a) Natural regeneration within 4 years or
 - b) Planting within 5 years

- 8) Protect and enhance wildlife habitat through :
 - a) Promoting habitat diversity
 - b) Conservation of plant and animal habitat by :
 - (i) Proper road closures
 - (ii) Protection of winter ranges
 - (iii) Retention of snags and down woody debris
 - (iv) Unit size and spacing
- 9) Recognize unique habitat including those that may be occupied by Threatened or Endangered (T&E) species
 - a) Consult with credible information sources on occurrences of T&E habitat
- 10) As appropriate, participate in research and education opportunities
- 11) Use an Integrated Pest Management (IPM) approach to manage noxious weeds
- 12) Consider areas of ecological, geologic, or historic significance in management activities, such as:
 - a) Railroad logging infrastructure and historic settlements
 - b) Whitefish watershed, water intakes, and infrastructure
 - c) Old growth cedar groves
 - d) Riparian areas and wetlands
- 13) Provide for improved forest product utilization by using appropriate technology, processes and markets as economics permit.
- 14) Encourage neighboring landowners and those who sell timber to Stoltze to follow the SMZ (Streamside Management Zone) law, use BMP's (Best Management Practices), and reforest their lands following harvest.
- 15) Provide for and encourage Stoltze employees and Contractors to enhance their professional standards and education by:
 - a) Attending Logger Stewardship Workshops
 - b) Becoming actively involved in community affairs
 - c) Encouraging continuing education programs
 - d) Providing a Stoltze annual contractor/supplier education program
- 16) Encourage and support public outreach and education programs.
 - a) Continue to participate and host Family Forestry Expo Continue support for the Tree Farm Program, Montana Forest Council (SIC), Montana Wood Products Association, Montana Forest, Stewardship Program, The Society of American Foresters, the Montana Logging Association, and the Montana Forest Owners Association

- 17) Provide for and support of forest / sawmill tours
- 18) Manage public recreational access in accordance with Stoltze Open Lands Policy
- 19) Document programs, policies, and plans by:
 - a) Periodic review and updates of the Stoltze Tree Farm Management Plan
 - b) Maintain management history using Geographical Information System (GIS) and other files
 - c) Maintain stand level inventory
 - d) Appropriately monitor management activities for effectiveness
 - i. Statewide BMP audits
 - ii. Periodic regeneration surveys
 - iii. Growth and yield measurements
- 20) Recognize excellence and proclaim positive accomplishments

GENERAL FOREST DESCRIPTION:

Due to the relatively large acreage and geographical distribution of our ownership, we own and manage forest stands that encompass nearly all habitat types found in northwest Montana. Stoltze ownership ranges elevation from 3000' valley bottom to over 5800' sub alpine sites. Moisture regimes range from dry southern exposure ponderosa pine sites that receive under 20" precipitation annually to extremely productive western hemlock, western red cedar sites that receive over 60" annual precipitation.

Stoltze has established and maintains an extensive Geographical Information System (GIS) to inventory and track forest resources and management activities. This GIS system includes a stand level inventory for all forested ownership, customized hydrologic and road layers, forest management history layers as well as aerial imagery information. Our stand based inventory is continuously maintained through harvest depletions, post harvest cruising and periodic update cruising. Stoltze foresters utilize this system along with paper based record keeping to track management activities, as well as plan for future management needs. Readily available soil, vegetation and wildlife habitat information is also included in our GIS system to be used for planning purposes.

In order to meet the ATF "Scattered Parcel" Standards our Lands have been broken into 62 different Tree Farms. A 1" = 6842' ownership is attached showing these different parcels. In addition is ATF "Scattered Parcel Reporting Guidance" and ATF provided Excel spreadsheet.

MANAGEMENT PLAN/DESIRED FUTURE CONDITIONS:

As foresters - **“Manage the land as if it were your own.”**

As with any kind of management there are challenges. The biggest challenge we see as managers of forestland and an industry is getting the public to accept management as a necessary and acceptable use of our forests. Quite simply, to the average citizen if the job is not visually pleasing, it is not acceptable. Without public support our ability to exist as an operating entity and land managers will be continually limited. Stoltze has and will continue to meet these challenges by practicing the same style of proactive forestry that has served the company and community so well. All management decisions must adhere to sound economic principles. Stoltze has earned an excellent reputation within our communities due in part to the way we manage our land base.

How we meet these challenges is to use harvest prescriptions that meet the intent of the principles, challenges and accomplishes the mission. To help us develop the prescription we must look at the timber stand and use the stand characteristics to develop the prescription.

General Harvest Prescription :

Our motto is **“we leave the best and harvest the rest”**. Ideally, trees picked to leave are those with the best crown, straightest trunks, fastest growing, and free of any visible defects. Defects include rot, frost checks, crook, sweep, insects, and disease. In selecting leave trees, we first check the crown for good pointed shape and tops. We next check the length of the stem in green needles. At a minimum they should have 40% of the stem in green needles. Each tree is treated as an individual and stands on its own merits. We then check for proper spacing of leave trees, spacing will vary based on stand age and vigor. Leave trees can be of any age class, size and species to promote diverse forest structure. Conditions will not always allow for the ideal trees to be left. This usually occurs in areas with insect and disease problems or decadent stands. In these areas we do group selection harvesting where we create small openings 1/4 acre to 5 acres in size or larger as necessary. We will leave the best leave trees to help regenerate the site. We will then inter-plant the site, or allow for natural regeneration. If planting occurs, those species best suited for the site will be used.

Harvest prescriptions must fit the right stand for the reason and will vary due to the diverse stands on our land base. We look at stand age, tree vigor and growth potential. Examples of general harvest prescriptions are:

<u>Age, vigor, potential</u>	<u>Harvest Description</u>	<u>Retention Trees/Ac</u>	<u>Residual Vol/Ac</u>
<i>Young Stands with Good Vigor and Potential</i>	<u>Commercial Thinning</u> of stands with growth potential. Spacing varies from 16-20'. No regeneration is desired on this entry. Mostly pole sized stands, some saw timber stands. Good fertilizer candidates.	108-170+	3mbf
	<u>Commercial Thinning</u> with regeneration desired. Usually a 20-25' spacing in mature sawtimber.	90-120	5mbf
<i>Older Stands with Lower Vigor and Potential</i>	<u>Selective</u> harvests are generally done in mature/overmature stands & retain a percentage of the overstory. Some examples are light harvests due to sanitation or salvage only, visuals or wildlife concerns. Spacing is generally 20'.	>100	8mbf
	<u>Shelterwood</u> harvests retain a significant portion of the overstory as seed source and for site protection. Regeneration is the goal. Spacing ranges from 30-40'.	20-50	4mbf
	<u>Seed Tree</u> harvests retain mature seed trees to promote regeneration of the site. Leave trees generally are spaced 50' or more.	<20	1 MBF
	<u>Clear Cut</u> harvests are done when there are not adequate desirable seed trees available for regeneration purposes. Generally less than 5 acres in size	<7	<1 mbf
<i>Stands with overstory trees with low vigor and potential AND stocked with vigorous understory trees.</i>	<u>Overstory Removal</u> harvests remove all or a portion of the overstory on units with acceptable regeneration only. Tree spacing varies but is generally 40-75'.	0-50	2 mbf

TIMBER STAND IMPROVEMENT:

Stoltze has an active timber stand improvement program including pre-commercial thinning, fertilizing, pruning, woody brush and grass control and wildlife browse protection. Use pre-commercial thinning in overstocked stands to improve forest health. Ariel fertilizer application has been proven an effective tool at improving growth and reduce disease and should be used where appropriate and economically viable. Natural and planted stands of western white pine are pruned to reduce blister rust infection. Where necessary for site preparation mechanical or chemical control of woody brush and grass may be used to improve planting survival. Chemical application is done by licensed applicators and according to label directions. Continue experimenting with new methods of wildlife browse protection.

WILDLAND FIRE PROTECTION AND PRESCRIBED FIRE USE:

Plan and implement land management activities to reduce risk of wildland fire. Such as reducing fuels along property boundaries adjoining high risk areas. Abide by Montana Forest Fire Rules and Regulations. When using prescribed fire plan for compliance with appropriate local, State and Federal air quality and open burning restrictions.

SLASH HAZARD REDUCTION:

All Stoltze harvest units are treated to reduce slash load to meet Montana slash law standards and other silvicultural objectives. Additional slash hazard reduction is required when harvest occurs near residential areas. Most slash reduction is accomplished by whole tree skidding and burning of landing piles or through mechanical unit piling and burning. Stoltze is member of the Montana/Idaho Airshed Group and follows laws and rules pertaining to air quality. Consider all slash management tools including available biomass markets while working to meet State slash hazard laws.

REFORESTATION:

The Stoltze reforestation standard is to have a naturally regenerated stand within 4 years or planting within 5 years. We strive to plant a variety of native species to develop diversity in the stand, taking into account site specific conditions and potential future changes in climate. We prefer to use local seed sources when possible and utilize rust resistant western white pine seed. We do not use genetically modified stock. Silvicultural needs dictate our annual planting program. Forester walkthrough monitoring is used to determine regeneration needs and success.

WEEDS:

Stoltze uses an Integrated Pest Management (IPM) system to deal with noxious weeds on company lands. A combination of introduced predators and herbicide application by licensed operators is used to meet the intent of Montana's noxious weed laws.

WILDLIFE:

Stoltze lands provide a variety of wildlife habitat. Some areas provide important winter range for elk and deer. Wetlands and riparian areas provide excellent habitat for a variety of species. Black bear, grizzly bear, mountain lion, lynx, grey wolf and a variety of other predator species thrive on our properties. Management for a diversity of age classes, stand structures and species provides for a myriad of habitats for every species of game and non game wildlife found in this part of Montana. Management incorporates habitat elements such as down woody debris, retention of snags, hiding and thermal cover, and food. We encourage hunting as a wildlife management tool through our open lands policy, the Block Management Program, and our handicap hunting area.

THREATENED and ENDANGERED SPECIES:

Threatened & Endangered Species are unique and important resource elements in the managing of our Tree Farm. Our Stoltze Tree Farm lands provide a variety of wildlife habitats. The above mentioned forest management philosophy lends itself to providing T&E Species habitat which includes both occupied and unoccupied habitat . Stoltze forester's use the Montana Natural Heritage Program and the Natural Resource Information System as an extensive source of natural resource information to assist in managing T&E Species habitat. We have incorporated the list of plants and animals by Townships into our planning and inform our contractors of possible T&E issues. Stoltze has developed and implements area specific appropriate habitat best management practices to manage T&E species concerns.

SPECIAL SITES

Stoltze lands have a long and colorful history. Stoltze has consulted with local historians in addition to employees with a vast amount of knowledge of our Tree Farm. We work hard to document special and historical sites such as Whitefish water intake, old logging camps, railroad spurs, tie mill sites etc. When possible, these areas are protected from damage associated with management activities. We post and maintain informational signs to share some of this historical information with the general public. We have identified unique ecological sites such as old growth cedar groves that deserve special management and preservation.

FORESTS of RECOGNIZED IMPORTANCE (FORI)

Stoltze referenced the Forests of Recognized Importance Resource found on the American Tree Farm System website to determine the FORIs in our region. We also recognize other local FORIs such as the Haskill Basin watershed. This area supplies the majority of the municipal water to the city of Whitefish. In addition to, it also provides wildlife habitat for a diverse group of wildlife, including a few T&E species. It also provides a diverse set of recreational opportunities to the local community. Due to our forestry goals and stewardship principles our management activities will not adversely affect our FORIs, or other nearby FORIs, to include Glacier National Park.

SOIL PROTECTION and WATER RESOURCES:

By following the Montana Best Management Practices for water quality and the Montana Streamside Management Zone Law (SMZ), both water and soil resources are protected. All contractors operating on Stoltze lands are trained in BMP's, SMZ law, safety and stewardship matters. All contractors are Accredited Logging Professionals as trained by the Montana Logging Association. Stoltze participates in the Montana Statewide BMP/SMZ audit process verifying effectiveness of application.

Through careful planning of operating seasons and matching the right equipment and operator to the right terrain and operating conditions, soil and water quality impacts are mitigated.

ROAD AND TRANSPORTATION MANAGEMENT:

In order to protect company resources, wildlife habitat and water quality, most road systems on Stoltze lands are gated and maintained to current BMP standards. Periodic road maintenance is completed in conjunction with management activities and as needed to protect road surface and ensure drainage structures are operating. Roads are seeded post use as needed with a locally developed seed mixture to stabilize the roadbed and prevent noxious weed infestations.

Access to Stoltze lands uses easements, permits, or road use agreements. We work with cooperators to ensure shared access is properly managed.

SOCIAL & RECREATION:

Stoltze has a long standing Open Lands Policy allowing use of its property as a neighborly accommodation. The tree farm provides a wide range of recreational opportunities including ORV use on road systems, bicycle riding, hiking, hunting, fishing, camping and berry picking. In addition to the open lands policy, a portion of the property is enrolled in the Montana Fish, Wildlife and Parks Block Management program. Additionally we offer commercial use licenses for various recreational uses. The open lands policy is a great benefit to the local community, however, as populations increase and use of Stoltze lands increase, the impacts continue to increase

as well. Stoltze will continually monitor the impacts of public access and make adjustments to the open lands policy as necessary to protect resources.

RANGE RESOURCE:

The Stoltze Tree Farm does not currently have any organized grazing or other related range management activities taking place other than the “Open Range” law that allows cattle to roam freely regardless of land ownership. Where cattle issues have existed we have worked hard to mitigate the issues to water quality by fencing of water sources.

AESTHETICS:

The Stoltze tree farm lies in the viewshed of the entire Flathead Valley. We work hard to mitigate visual impacts of our management by limiting unit size, laying out units that lie easy on the landscape and thoughtful location of roads to mitigate visual impact. We are cognizant of the visual impact to neighboring landowners and work hard to mitigate the short term visual impact of active management.

RECORD KEEPING AND PLAN IMPLEMENTATION MONITORING:

Stoltze maintains extensive records on management activities both in paper and electronic format. This information is used by the resource management group to plan future activities as well as monitor past activities. The tree farm program further assists in monitoring implementation of our stewardship management plan through its periodic inspection process.

Adopted and Approved:

Paul McKenzie
Land and Resource Manager
F.H. Stoltze Land & Lumber Co.

Date