

TIMBER SALE AGREEMENT

THIS AGREEMENT made this 18th day of October, by and between Keith Walters & Sons Logging Inc. of 1792 Scholl Rd. Middleburg, PA 17842 hereinafter referred to as "BUYER" and Bethlehem Authority, 10 East Church Street, Bethlehem, PA 18018-6025 hereinafter referred to as "SELLER".

WITNESSETH:

WHEREAS, SELLER is the fee simple owner of approximately 32 acres of real estate located in Township of Tunkhannock, Monroe County, Pennsylvania, hereinafter referred to as "PREMISES".

WHEREAS, SELLER agrees to sell, grant, convey, transfer and assign to BUYER certain standing timber designated more fully below, immediately upon execution of this Agreement, upon the terms and conditions of this Agreement, free and clear of all liens and encumbrances: and

WHEREAS, SELLER has appointed Highlands Forest Management LLC., 343 Diener Dr. Boyertown, PA 19512 (hereinafter referred to as "AGENT"), as their agent to manage and oversee the timber harvest, as well as to enforce the terms of this Agreement on behalf of SELLER.

NOW, THEREFORE, in consideration of the recitals hereinbefore set forth and mutual covenants and conditions hereinafter contained and intending to be legally bound, the parties agree as follows:

1. SELLER agrees to sell and BUYER agrees to purchase the standing timber located within 31.3 acres of the PREMISES known as Stands 9C3, 11C3, 12C3, and 15C3 of the Tunkhannock Creek Tract and described as follows: All trees within the designated stand 9C3 which are marked with paint at breast height and at ground level (the "Timber") and situate within the sale boundaries marked in the field by three horizontal slashes and depicted on the attached map marked Exhibit "A", subject to the terms of this Agreement. Included within the sale are all trees within the designated stands 11C3, 12C3, and 15C3 with a minimum diameter of 2" situated within the sale boundaries marked in the field by three horizontal slashes and depicted on the attached map marked Exhibit "A", subject to the terms of this agreement. SELLER warrants that all material sold is FSC certified under the TNC Group Certification and should be referenced as **RA-FM/CoC-000238 FSC 100%**.

2. The purchase price to be paid by BUYER to SELLER for said timber is \$8,750 (eight thousand seven hundred and fifty dollars) payable upon commencement of the harvest. Since the selling volume is an estimate by SELLER, both parties agree that there are at least 2,300 tons of softwood to be harvested. If actual harvests are more than 10% less than this estimate, BUYER will be credited with the shortfall at the rate of \$4/ton."

3. This Agreement shall expire on May 31, 2021, at which time Buyer's right to harvest the Timber shall terminate. BUYER waives all claim to the Timber unless cut and removed from the PREMISES on or before the expiration date.

4. It is the intent of the SELLER that immediately upon the execution of this Agreement that the ownership of the standing timber is transferred to the BUYER.

5. The SELLER hereby represents and warrants to the BUYER the following:

a) SELLER is the sole owner and has good and marketable title to PREMISES upon which the Timber is situated. Further, that SELLER shall defend BUYER'S entitlement to the Timber against any third party. SELLER warrants that there are no boundary line disputes with adjacent landowners that would, in any way interfere with BUYER'S harvesting and removal of the Timber from the PREMISES.

b) SELLER warrants that the PREMISES are free and clear of all liens, pledges, mortgages, security interests, or other encumbrances or conflicting claims of any nature whatsoever.

c) SELLER warrants that there are no agreements of sale or leases affecting the PREMISES. Further, that SELLER has full and legal authority to enter into this Agreement under the terms and conditions set forth herein.

d) SELLER warrants that all real estate taxes and assessments are paid in full and SELLER has complied with and is not in default under, or in any violation of, any law, ordinance, rule, regulation or order including without limitation, any environmental or zoning regulation which adversely affects the PREMISES or BUYER'S right to harvest said timber.

6. SELLER agrees to provide adequate ingress, egress, and regress to the sites from which the timbering shall occur including a landing area and skid trails as depicted on Exhibit "A". The rights of way may be used by BUYER for timber harvesting, timber removal and any other purpose ancillary to the timbering operation. Any changes to the agreed location of landings, access and skid roads must be approved by SELLER. Buyer shall only use the areas shown on Exhibit "A" and shall not create any new landings, roads, or other accesses on the PREMISES without the prior approval of SELLER.

7. BUYER shall, during the term of this Agreement and at their sole expense, maintain statutory required Workmen's Compensation Insurance, as well as commercial general liability insurance with a minimum limit of \$1,000,000 for each occurrence and at least \$1,000,000 general aggregate, insuring SELLER against liability for bodily injury, death and property damage with respect to occurrences arising from BUYER's activities on SELLER's property. SELLER will be named as an additional insured under BUYER's liability coverages, but only for claims against SELLER arising out of the acts or omissions of BUYER.

8. BUYER agrees to harvest and remove standing timber from the PREMISES in accordance with the following:

a) All timber to be harvested in stand 9C3 is marked with paint at breast height and on the stump. Skill and care should be used to prevent unnecessary damage to all leave trees and directional felling and forwarding should be used to avoid broken tops or skinned bark. All timber in stands 11C3, 12C3, and 15C3 above 2" diameter are to be harvested. All stumps should be cut as low as possible and in no case higher than 12" on the uphill side with a clean horizontal cut.

b) Any "hung trees" or trees damaged by felling, skidding, or other causes must be remedied by the BUYER. Severe damage to small trees less than 9" in diameter and saplings requires that they be cut down and treated to the same standard as tops. Trees in excess of 10" in diameter which incur serious damage to bark or roots or significant damage to the top will be evaluated by the AGENT to determine if they will be removed or left. For unmarked trees which are cut or sustain damage which destroys the tree's future value and forces removal, SELLER, at their sole discretion, will choose a remedy of either 1) a marked tree of equal or greater value will be chosen to be exchanged for the damaged tree and the selected tree will be excluded from harvest or 2) payment for the damaged or unmarked tree at twice the estimated value as determined by AGENT using a board foot estimate and prices for the Northeast Region from the most recently published Penn State Timber Market Report. Any dead timber presenting a hazard to the safe harvesting of marked trees can be felled and utilized or left at the BUYER's discretion.

c) Skidding shall be confined to the sale areas. All tops will be pulled back from property lines, buffer areas, roads and left within the sale area. Forest soils, water resources, trails and haul roads should be protected through the use of Best Management Practices and harvesting shall be scheduled to take into account limitations of site factors and equipment. SELLER reserves the right to halt harvesting and log hauling at any time that serious damage to soils or roads is resulting or threatened by the harvest.

d) Buyer has agreed to have Seller provide stone to maintain Huckleberry rd., which is the primary haul road for the sale. The Buyer will be responsible for spreading the stone and to maintain the road to an acceptable state for the duration of the sale.

e) BUYER will agree to utilize existing haul route that stone will be provided for. Once entering Hypsie Gap Rd., the Buyer will proceed west to the gate located at the junction of Fire Lane and the Restricted Bridge (See Exhibit A). This road will provide access to Kuhenbeaker Rd. and should require no extra work to facilitate hauling operations. Fire Lane will be rehabilitated to its condition prior to commencing operations once cutting and hauling are complete.

f) At the completion of the harvesting, the landing area and skid roads will be graded free of ruts and left free of tops. The landing area will be graded to control drainage and seeded with an appropriate seed mix compliant with FSC standards and provided by SELLER as specified in the Erosion & Sedimentation Control Plan.

g) The BUYER shall conduct operations in a safe and professional manner and comply with, and assure compliance by all employees or subcontractors with, all Occupational Safety and Health Act (OSHA) requirements for the health and safety of employees. The BUYER agrees to notify SELLER of any appropriate safety precautions which necessitate divergence from other conditions of this agreement. Machinery and equipment shall be well-maintained and in safe working order. A first aid kit and oil spill kit must be on site during all operations. A properly sized and coded fire extinguisher must be carried at all times on all rubber tired skidders, forwarders, stationary engines including chip harvesters and crawler tractors. BUYER will be responsible for compliance with all State and Local harvesting requirements, including the preparation of an Erosion & Sedimentation Control Plan. AGENT will assist BUYER in the preparation of the E&S Plan with soil and topographic maps and administrative services.

h) BUYER shall comply with all statutes, laws, ordinances, rules, regulations, court orders, and other governmental requirements of the United States, the State of Pennsylvania and any other jurisdiction(s) in which the BUYER is organized or authorized to do business, including but not limited to any applicable anti-bribery statutes and health and safety laws, which are applicable to the work to be done by the BUYER under this Contract (in each case, an "Applicable Law").

9. BUYER, in all matters relative to this Agreement, shall be acting as an independent contractor. Neither the BUYER nor any person performing work or services through the BUYER are employees of SELLER within the meaning of the Federal or State Unemployment Insurance Law or other Social Security or any Workmen's Compensation. The parties to this Agreement recognize that this Agreement does not create any actual or apparent agency, partnership, franchise, or relationship of employer and employee between the parties and/or their agents or employees. BUYER and its employees shall not be entitled to any remuneration, benefits, or expenses other than as specifically provided for in this Agreement. SELLER shall not be liable for taxes, Worker's Compensation, unemployment insurance, employers' liability, employer's FICA, social security, withholding tax, or other taxes or withholding for or on behalf of the SELLER or any other person consulted or employed by the SELLER in performing Services under this Agreement. All such costs shall be BUYER's responsibility.

10. BUYER agrees to defend, indemnify and hold harmless SELLER, AGENT and their respective agents and employees, from and against any claim, judgment, action or cause of action (either at law or in equity), violation proceeding (either civil or criminal), together with any costs, expenses (including expert witness fees) and/or reasonable attorneys fees incurred in defending same, attributable to bodily injury, death or damage to or destruction of property (real or personal), including the loss of use thereof, caused by, arising out of, resulting from or occurring in connection with the performance of the Work by BUYER, its subcontractors, agents or employees on the PREMISES. BUYER'S obligations hereunder shall not be limited by provisions of any workmen's compensation or similar act.

Should any person, firm, corporation or governmental agency assess a claim or institute a suit of action against SELLER or AGENT involving the manner, sufficiency or performance of the Work by BUYER, BUYER shall, upon the request of SELLER, promptly assume the defense of such claim, suit, action or proceeding, at BUYER'S expense and BUYER shall indemnify and hold harmless SELLER, his agents and employees from and against any liability, loss, damage or expense arising out of or relating to such claim, suit, action or proceeding.

11. Prior to commencing any harvesting BUYER will provide a Performance Guarantee of \$ 3,000, payable to escrow account of SELLER, to insure satisfactory completion of all conditions of contract. In the event that BUYER fails to meet the terms of this Agreement resulting in damages or expenses to SELLER, AGENT shall apply Performance Guarantee toward such costs and provide BUYER with a statement of such disbursement, together with any remaining funds. If the terms of this Agreement are successfully completed, the Performance Guarantee shall be returned to BUYER.

12. SELLER agrees that BUYER may use independent contractors, agents and/or employees to perform the timbering operations contemplated herein subject to the same terms and conditions of this Agreement including insurance requirements as described in paragraph (7.) above.

13. This Agreement shall not be assignable by either party without the express written approval of the other party.

14. This Agreement and all provisions, terms, and conditions shall be binding on the parties hereto, their legal representatives, heirs, successors and any approved assigns.

15. This Agreement shall be interpreted under the laws of the Commonwealth of Pennsylvania; and the Courts of Common Pleas of Northampton County, Pennsylvania shall be the jurisdiction for any litigation.

IN WITNESS WHEREOF, Seller and Buyer have caused this Agreement to be executed and delivered by their duly authorized representatives as of the Agreement Date.

Signed and delivered:

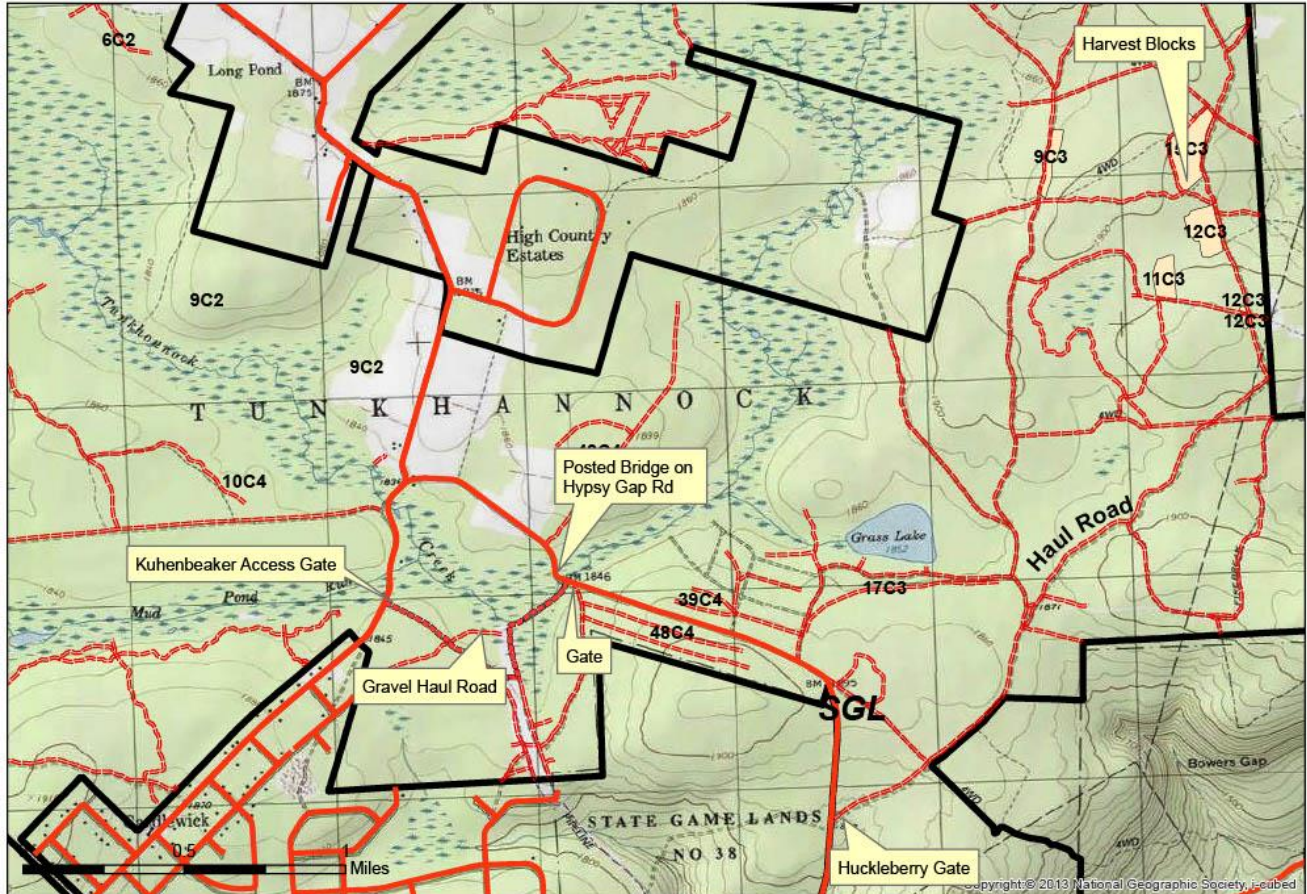
Seller

Buyer

Exhibit A



Huckleberry Road Plantation Harvests 32 Acres Tunkhannock Twp., Monroe Co



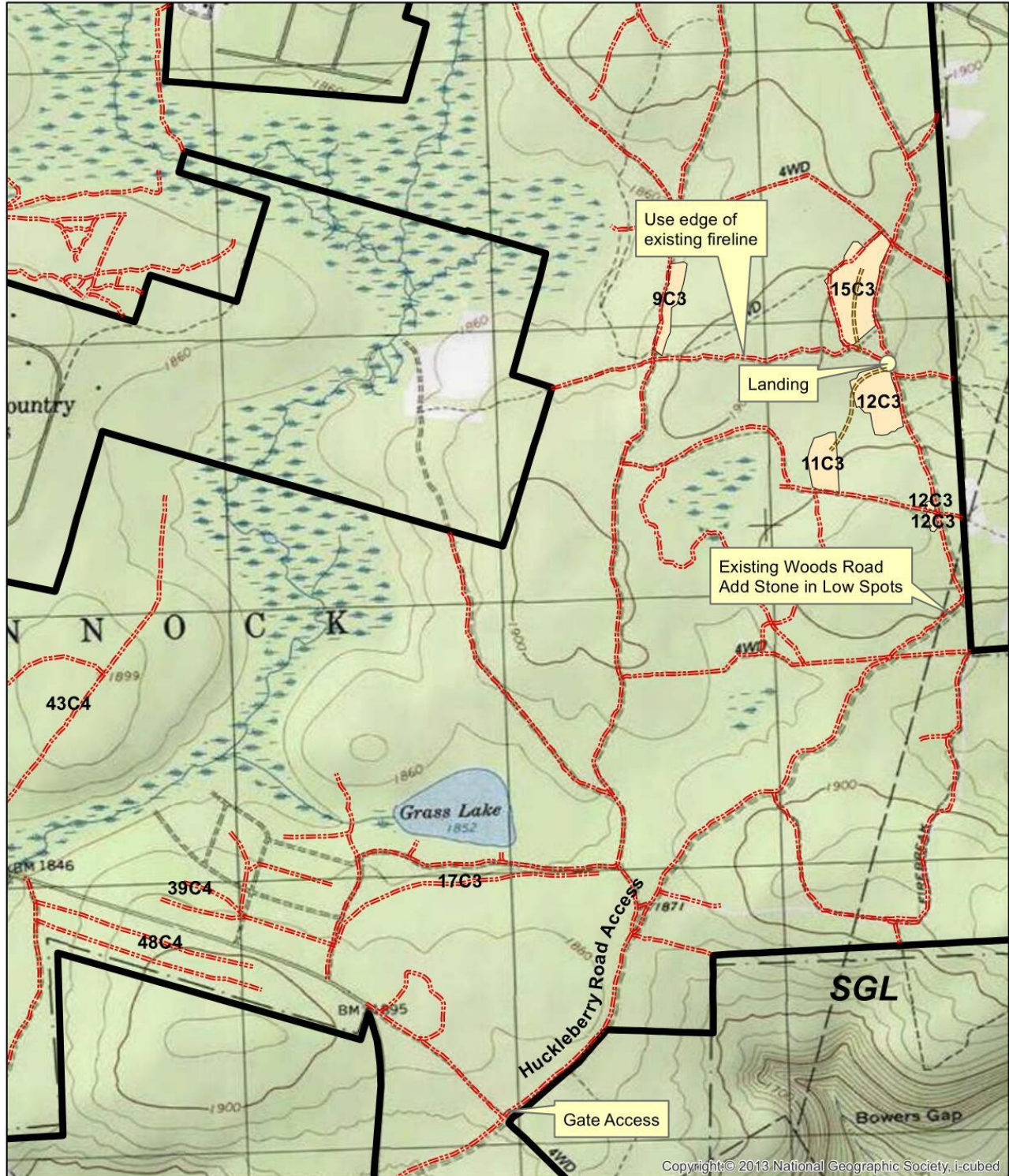


Huckleberry Road Plantation Harveys

32 Acres Tunkhannock Twp., Monroe Co



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