

TIMBER SALE AGREEMENT

THIS AGREEMENT made this 11th day of September, by and between Elite Timber Harvesting LLC. of 44 Carney Rd., Hawley, PA, 18431 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 131 acres of real estate located in Township of Tunkhannock, Monroe County, Pennsylvania, named the **Hypsie Gap Sale**, 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 131 acres of the Premises known as Stands 17C3, 18C3, 10C4, 39C4, and 48C4 of the Tunkhannock Tract and described as follows: All trees within the sale (the "Timber") are situate within the sale boundaries marked in the field by blue chevrons. All stands are prescribed as operator select harvests and will be directed by the Agent as to which trees to remove. The sale area is 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 PBN-FM/COC-000238 FSC 100%.

2. This is a unit sale. The agreed price per thousand board feet (MBF) for White Pine and Red Pine Sawtimber is \$125.00 (One Hundred and Twenty-Five Dollars and Zero Cents), and Norway Spruce Sawtimber is \$120.00 (One Hundred and Twenty Dollars and Zero Cents), and Larch Sawtimber is \$100.00 (One Hundred Dollars and Zero Cents). The price per ton of hardwood pulp is \$3.00 (Three Dollars and Zero Cents) and softwood pulp is \$1.00 (One Dollar and Zero Cents). Mill slips will be provided for all loads removed from the sale. The purchase price to be paid by BUYER to SELLER for said timber is paid proportionally every week with a copy of mill slips detailing volume removed. Total sales price will be determined by volume and price per ton, per individual species and product class once the sale has been completed.

3. This Agreement shall expire on December 31, 2027, 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. The terms of this contract stipulate that this agreement is performance based. The SELLER reserves the right to terminate the sale if they and/or the AGENT determine that performance requirements are not being met, with the allowance of all timber harvested is to be removed and sold as the BUYER determines is best.

5. 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.

6. 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.

7. SELLER agrees to provide adequate ingress and egress 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.

8. 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.

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

a) 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 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) Bethlehem Authority sells carbon credits. To help measure carbon stocks and to market them, permanent plots are located through-out the property. In this sale there are two plots located within the boundaries. The plots inside the boundaries will have timber to be removed marked with orange slashes or dots at breast height and on the stump. No other trees within the plots will be removed. There are other plots located within the vicinity of the sale and care must be taken to avoid damage to any trees with blue numbers painted on them.

c) Any "hung trees" or trees damaged by felling, skidding, or other causes must be bought 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. 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.

d) 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.

e) 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.

f) For this sale a 2 inch and up cutting specification will be utilized. All undesirable species such as hardwood species will apply to the 2 inch and up specification. The 2 inch to 5 inch trees harvested do not have to be fully utilized by hauling to mill. They should be cut and distributed so as not to create large piles of slash. The heights of this slash should not exceed 5 feet.

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. A copy of the E&S Plan shall be onsite at all times.

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").

10. BUYER, in all matters relative to this Agreement, shall be acting as an independent contractor. Neither the BUYER or 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.

11. 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 attorney's 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.

12. Prior to commencing any harvesting, BUYER will provide a Performance Guarantee of \$ 4,000, 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.

13. 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.

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

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

16. 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.

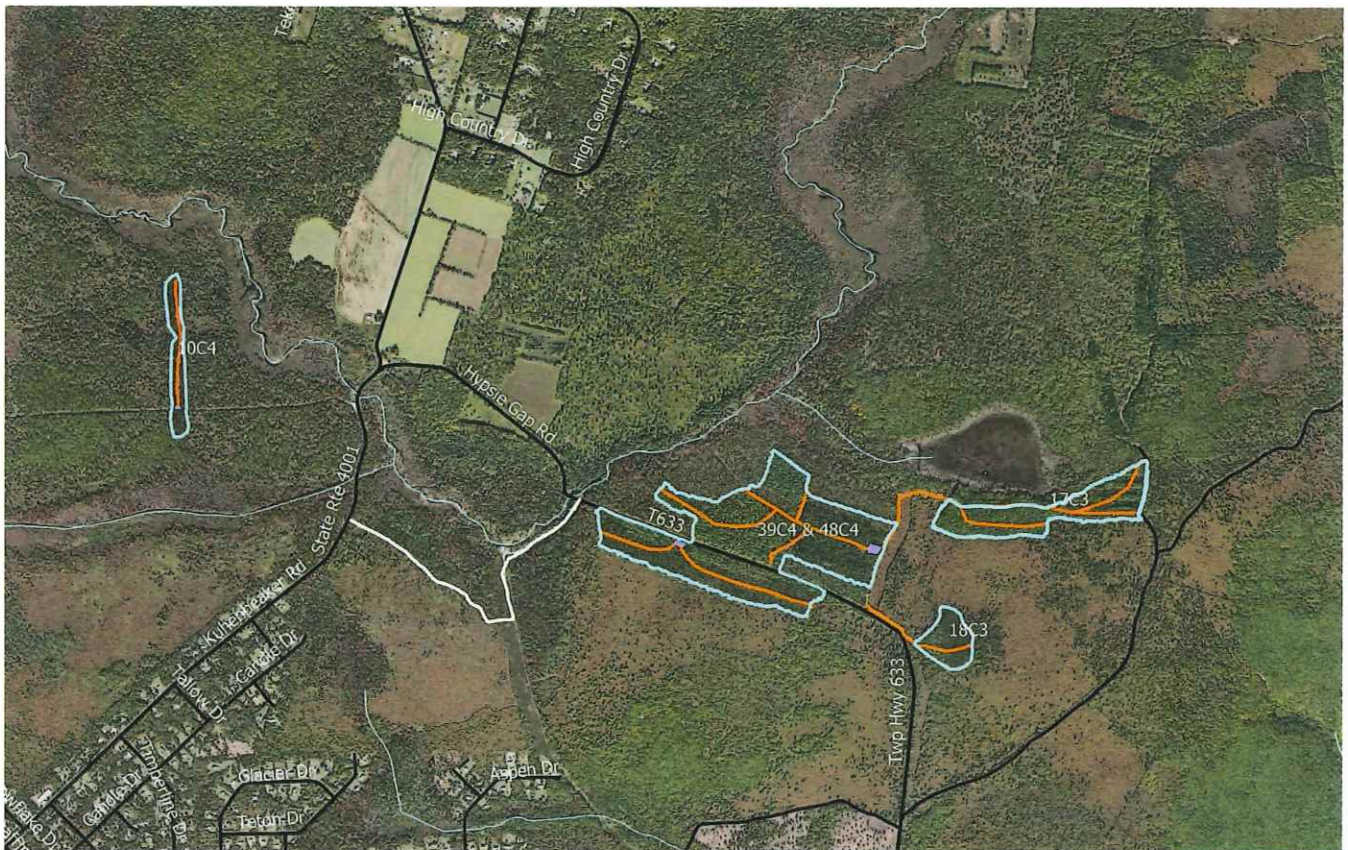
IN WITNESS WHEREOF, Seller and Buyer have caused this Agreement to be executed and delivered by their duly authorized representatives as of the Agreement Date.

Signed and delivered:

Seller
Bethlehem Authority

Buyer
Elite Timber Harvesting LLC.

Exhibit A



Blue are stand boundaries

Orange are skid roads

Purple are proposed landings

White is haul road around Tunkhannock creek

