



## MARATHON COUNTY FORESTRY/RECREATION COMMITTEE AGENDA

**Date and Time of Meeting:** Tuesday, August 3, 2021 at 1:30pm

**Meeting Location:** Conference Room #5, 212 River Drive, Wausau WI 54403

MEMBERS: Arnold Schlei (Chairman), Rick Seefeldt (Vice-Chairman), Tom Rosenberg

***Marathon County Mission Statement:*** *Marathon County Government serves people by leading, coordinating, and providing county, regional, and statewide initiatives. It directly or in cooperation with other public and private partners provides services and creates opportunities that make Marathon County and the surrounding area a preferred place to live, work, visit, and do business.*

***Parks, Recreation and Forestry Department Mission Statement:*** *Adaptively manage our park and forest lands for natural resource sustainability while providing healthy recreational opportunities and unique experiences making Marathon County the preferred place to live, work, and play.*

The meeting site identified above will be open to the public. However, due to the COVID-19 pandemic and associated public health directives, Marathon County encourages Committee members and the public to attend this meeting remotely. To this end, instead of attendance in person, Committee members and the public may attend this meeting by telephone conference. If Committee members or members of the public cannot attend remotely, Marathon County requests that appropriate safety measures, including adequate social distancing, be utilized by all in-person attendees.

Persons wishing to attend the meeting by phone may call into the telephone conference beginning five (5) minutes prior to the start time indicated above using the following number:

Phone Number: 1-408-418-9388

Access Code: 146 314 9511

If Required, the Password is 1234

Please Note: If you are prompted to provide an "Attendee Identification Number" enter the # sign. No other number is required to participate in the telephone conference.

**When you enter the telephone conference, PLEASE PUT YOUR PHONE ON MUTE!**

### **Agenda Items:**

- 1. Call to Order**
- 2. Public Comment – Not to Exceed 15 Minutes – Any Person Who Wishes to Address the Committee Must Provide, Name, Address and the Topic to the Chair of the Committee No Later than Five Minutes Before the Start of the Meeting.**
- 3. Approval of the Minutes of the Tuesday, June 1, 2021 Committee Meeting**
- 4. Operational Functions Required by Statute, Ordinance or Resolution:**
  - A. Discussion and Possible Action by Committee
    1. Forest Citizens' Advisory Subcommittee Appointments
  - B. Discussion and Possible Action by Committee to Forward to the Environmental Resource Committee for its Consideration – None
- 5. Policy Issues for Discussion and Committee Determination for Consideration by Environmental Resources Committee – None**

**6. Educational Presentations/Outcome Monitoring Reports**

- A. 2021 – 2023 State Budget – Forestry Updates
- B. Verso Corporation and Consolidated Cooperative Status
- C. Completed Public Forest Timber Sales
- D. Discussion on Voluntary Carbon Credit Markets

**7. Next Meeting Date, Time, Location: Tuesday, August 31, 2021 at 1:30pm at 212 River Dr., Wausau, WI 54403, Room 5 or via Webex**

- A. Announcements/Requests/Correspondence
- B. Future Agenda Items: Results of the 2021 Forest Certification Audit, Consider Approving Fall 2021 Timber Sale Package, WCFA Annual Meeting

**8. Adjournment**

**SIGNED /s/ Thomas Lovlien  
PRESIDING OFFICER OR DESIGNEE**

ANY PERSON PLANNING TO ATTEND THIS MEETING WHO NEEDS SOME TYPE OF SPECIAL ACCOMMODATION IN ORDER TO PARTICIPATE SHOULD CALL THE COUNTY CLERK'S OFFICE AT 261-1500 OR E-MAIL [COUNTYCLERK@CO.MARATHON.WI.US](mailto:COUNTYCLERK@CO.MARATHON.WI.US) ONE BUSINESS DAY BEFORE THE MEETING.

FAXED TO: Daily Herald and other News Media Groups  
FAXED BY: Jodi Luebbe  
FAX DATE/TIME: July 28, 2021 8:30 a.m.

NOTICE POSTED AT COURTHOUSE:  
By: \_\_\_\_\_  
Date: \_\_\_\_\_  
Time: \_\_\_\_\_ a.m/p.m.

Members present: Tom Rosenberg, Arnie Schlei(c)-(via webex), Rick Seefeldt  
Also present: Tom Lovlien-Forest Administrator, Jamie Polley-Director

1. Call Meeting to Order – The meeting was called to order by Chairman Schlei at 1:30pm, Rm. 5, 212 River Dr., Wausau. Official notice and the agenda for the meeting was posted publicly in accordance with State statutes.
2. Public Comment – none brought forward
3. Approve Minutes – **Motion** / second by Rosenberg / Seefeldt to approve the minutes from the May 4, 2021 regular Forestry/Recreation Committee meeting. Motion **carried** by voice vote, vote reflected as 3-0.
4. Operational Functions Required by Statute, Ordinance or Resolution
  - A. Discussion and Possible Action by Committee
    1. Timber Sale Extension Requests
      - A. Country Forest Products-Contract #681-19, B. Country Forest Products-Contract #682-19, C. Futurewood Corporation-Contract #667-18, D. Futurewood Corporation-Contract #670-18 – Lovlien discussed four timber sales that are between two and three years old and have not had extensions. Most Counties and the State have been offering free increases on their timbersales for first and second extensions due to the pandemic and wood markets. Lovlien’s recommendation is to be consistent with what other counties and the State are doing and offer a one-year extension until June 30, 2022 on these four timbersales at a zero percent increase in stumpage based on COVID and the markets. **Motion** / second by Schlei / Seefeldt to approve the extension requests for contracts #681-19, #682-19, #667-18, and #670-18.
    2. Timber Sale Closeouts
      - A. Bell Timber Inc. – Contract #683-19 – A closeout summary was previously provided. Lovlien reported that the estimated number of tons was 7585 and 8010.88 tons were cut. Total revenue for this sale was \$336,661.79. Lovlien’s recommendation is to close out Contract #683-19 and return their Surety Bond. **Motion** / second by Rosenberg / Seefeldt to closeout contract #683-19 and return their Surety Bond of \$84,083.56. Motion **carried** by voice vote, no dissent.
      - B. Verso Inc. – Contract #684-19 – A closeout summary was previously provided. Lovlien reported that the estimated number of tons was 2449 and 3626.88 tons were cut. Total revenue for this sale was \$50,891.67. Lovlien’s recommendation is to close out Contract #684-19 and return their cash bond of \$9,984.86 following their final payment of \$8,786.80. The final revenue will be about \$400 higher because of an invoicing error. Lovlien’s recommendation is to close out Contract #684-19 and return their cash bond following final payment. **Motion** / second by Schlei / Rosenberg to close out Contract #684-19 and return their cash bond following final payment. Motion **carried** by voice vote, no dissent.
  - B. Discussion and Possible Action by Committee to Forward to the Environmental Resource Committee for its Consideration - None
5. Policy Issues for Discussion and Committee Determination for Consideration by Environmental Resources Committee – None
6. Educational Presentations/Outcome Monitoring Reports
  - A. Initiative to Strengthen and Diversify Wisconsin’s Forest Industry – Groups involved in the forest industry are assembling a report on how to strengthen and diversify the forest industry. Information is being gathered on items still working in the industry, permitting concerns, forest lands being converted to crop lands, new things wood is being used for, transportation costs, regulatory issues, and the availability of timber year round. Once the report is available Lovlien will forward it to Committee for broader discussion in the future.

- B. Update on the Verso Corporation Mill and Consolidated Cooperative – A bill has been introduced in the State legislature to loan 50 million dollars of federal stimulus relief funds to Consolidated Cooperative. The Cooperative is currently having discussions with tax experts on the structuring of the Cooperative and is also finalizing information packages for investors. Lovlien believes the information package will be ready by early July. There could be a potential investment opportunity for the County in the future so at some point it may come forward for discussion. There still is a forthcoming opinion from the Wisconsin Counties Association attorney whether or not counties could invest in something like this. If it is legal to do so the County may be asked to decide whether or not it makes sense to invest.
- C. Paper Excellence Purchases Domtar Mills in Wisconsin – Lovlien reported that the Canadian company Paper Excellence has purchased Domtar Mills in Wisconsin. They are going to continue making their products and keep the mills open.
- D. Community Input Meeting Regarding Winter Fat Tire Biking at Nine Mile Forest – Lovlien explained that a proposal had been received from the Central Wisconsin Off Road Cycling Coalition (CWOCC) to potentially allow fat tire biking at Nine Mile forest in the winter when the ski trails are open. It would consist of trails specifically groomed for fat tire biking on some of the single track mountain bike trails and on some of the existing snowshoe trails. The Nordic Ski Club has gone on record in support of allowing winter fat tire biking at Nine Mile. A community meeting was held last week for input and an online survey is currently available until June 11<sup>th</sup>. Staff will review all the input it receives and consider all potential issues to determine a recommendation. The recommendation will then be taken to the Forest Citizen Advisory Subcommittee and the Forestry / Recreation Committee in the future. Questions were answered and discussion followed.
- E. Wisconsin 2021 – 2023 State Budget Update – Lovlien said the Wisconsin County Forests Association is working on a few priorities in the State budget. One is for an increase to the acreage share payment to the towns. Lovlien is hopeful there will be an increase in the budget for it this year. The other priority item is the extension of the Knowles-Nelson Stewardship Program. Lovlien thought there was support for extending the program.
- 7. Next Meeting Date, Time, Location: June 29, 2021, 1:30pm, Rm. 5 and webex, 212 River Dr., Wausau WI 54403
  - A. Announcements/Requests/Correspondence – none brought forward
  - B. Future Agenda Items: Forest Citizens Advisory Subcommittee Appointments
- 8. Adjourn – Motion / second by Rosenberg / Seefeldt to adjourn the meeting at 2:15pm. Motion **carried** by voice vote, vote reflected as 3-0.

STAFF RECOMMENDATIONS ON FOREST CITIZENS ADVISORY  
SUBCOMMITTEE APPOINTMENTS – AUGUST 3, 2021

1. Paul Klocko – General Member – Expiring Sept. 1, 2023
2. Marcell Wieloch – Conservation Congress – Expiring Sept. 1, 2023
3. Ryan Schleifer – Forest Industry – Expiring Sept. 1, 2023
4. Gary Weiland – ATV/UTV/Motorized – Expiring Sept. 1, 2023
5. Dale Heil – Logging – Expiring Sept. 1, 2023

NATURAL RESOURCES AND  
AGRICULTURE, TRADE AND CONSUMER PROTECTION

Omnibus Motion

[LFB Papers #156 thru #159, #435 thru #445, #460 thru #466, and #470 and #476]

Motion:

Move to adopt the following provisions:

**Natural Resources -- Stewardship**

1. **Stewardship Reauthorization (Paper #435).** Reauthorize the stewardship program for a four-year period, beginning on July 1, 2022 and ending on June 30, 2026. Increase the bonding authorization for the program by \$85,000,000, and authorize DNR to use any bonding authority that is unobligated as of June 30, 2022 in 2022-23 to fund the program. Authorize DNR to obligate up to \$24,000,000 for the program each year as shown in the table.

**Stewardship Program Allocations**

	Annual Bonding Allotment	Annual Conservation Fund Allotment	Total Allotment
<b>Land Acquisition</b>			
DNR Acquisitions	\$1,000,000	\$5,000,000	\$6,000,000
NCO Acquisitions	7,000,000		7,000,000
<b>County Forest Grants</b>		<u>3,000,000</u>	<u>3,000,000</u>
Subtotal	<u>\$8,000,000</u>	<u>\$8,000,000</u>	<u>\$16,000,000</u>
<b>Recreational Boating Aids</b>	\$3,000,000		\$3,000,000
<b>Property Development and Local Assistance</b>			
DNR Property Development	\$4,000,000		\$4,000,000
Grants to Friends Groups	500,000		500,000
Motorized Stewardship	500,000		500,000
Local Assistance Grants	<u>8,000,000</u>		<u>8,000,000</u>
Subtotal	<u>\$13,000,000</u>		<u>\$13,000,000</u>
<b>Total</b>	<b>\$24,000,000</b>	<b>\$8,000,000</b>	<b>\$32,000,000</b>

Create an annual appropriation for Department land acquisition as provided in s. 23.0917(3) of the statutes. Provide \$5,000,000 annually from the forestry account of the SEG conservation fund for department acquisitions. Create an annual appropriation for county forest grants under s. 23.0953 of the statutes and provide \$3,000,000 annually for grants for counties to acquire land to be enrolled in

the county forest program.

### **Natural Resources -- Forestry and Parks**

2. *County Forest Acreage Share Payments (Paper #441)*. Adopt Alternative 1 to increase county forest acreage share payments from 30¢ to 63¢. Reestimate aids by \$783,900 SEG to \$1,496,500 in each year of the biennium.

3. *Parks Account Funding (Paper #445)*. Adopt Alternative A2 to increase the parks operations base budget by \$60,900 conservation SEG annually for increased utility costs in state parks. Provide \$750,000 as one-time funding in each year of the biennium in the continuing appropriation for parks development.

4. *Forestry Information Technology (Page 426, #5)*. Provide \$235,100 forestry SEG in each year of the biennium as one-time funding for maintenance and updates for Division of Forestry web applications. Provide \$145,000 forestry SEG annually for replacing outdated mobile hardware and software.

### **Natural Resources -- Waste, Remediation, and Air**

5. *PFAS-Containing Firefighting Foam (Paper #463)*. Create a continuing appropriation for collection and disposal of PFAS-containing firefighting foam and provide \$1,000,000 environmental management SEG in the Committee's supplemental appropriation in 2021-22.

6. *Bonding for Great Lakes Contaminated Sediment Removal and Milwaukee Dredged Material Management Facility (Paper #465)*. Adopt Alternative A3 and provide bonding authority of \$4,000,000 for removing contaminated sediments in Lake Michigan, Lake Superior, and their tributaries.

7. *Tipping Fee Exemption for Waste-To-Energy Facilities (Paper #466)*. Adopt Alternative 1 and create an exemption from solid waste disposal fees (tipping fees) for facilities that incinerate solid waste for the purpose of energy recovery. Specify that the exemption applies to facilities that: (a) are licensed as a municipal solid waste combustor for the purpose of energy recovery; (b) under their approved plan of operation, must report the weight of material entering facility, the weight of material rejected by facility and where it was sent, and the weight of residue and where it was sent; and (c) are in compliance with their approved plan of operation. Specify that qualified waste-to-energy facilities meeting the requirements would have an exemption from tipping fees for residual waste sent to landfills in the state, but not more than 30% of the total weight of material accepted by the facility. Specify that the exemption would not apply to ash generated by the facility. Reduce SEG-REV by -\$272,100 annually and PR-REV by -\$200 annually.

### **Natural Resources -- Water Quality**

8. *Well Compensation Grant Program (Paper #470)*. Adopt Alternative F1b to provide one-time funding of \$1,000,000 environmental management SEG in each year of the biennium for

well compensation and well abandonment grants.

9. *Well Inspector Position (Paper #471)*. Adopt Alternative 1 to delete 1.0 PR position and \$74,700 annually in the DNR air management program. Delete \$20,400 in limited-term employee salaries and \$15,200 in supplies and services annually from the DNR groundwater management appropriation. Provide 1.0 SEG well inspector in the DNR drinking water and groundwater program with \$56,100 SEG and \$74,700 SEG in 2022-23 from the environmental management account.

10. *Urban Nonpoint and Municipal Flood Control Programs (Paper #474)*. Adopt Alternative A3, which provides \$4,000,000 in nonpoint SEG-supported bonding authority for urban nonpoint and municipal flood control grant programs.

11. *Nonpoint Contracts (Paper #475)*. Adopt Alternatives A2 and A3, which provide \$500,000 nonpoint SEG each year on a one-time basis for contracts with entities providing research, education, and outreach related to nonpoint source water pollution abatement programs, for a total of \$767,600 each year.

12. *Dam Safety Bonding (Page 445, #8)*. Provide \$10,000,000 in GPR-supported general obligation bonding authority for dam safety grants. Specify that beginning in 2021-22, the maximum dam safety grant be \$1,000,000, and require the state to offer a cost-share match of 50% of funding for the first \$1,000,000 in project costs, and 25% cost-share of funding for the next \$2,000,000 in costs, for a total of up to \$1,000,000 in state cost-share for a project cost of \$3,000,000.

13. *Rural Nonpoint Source Bonding (Page 446, #9)*. Provide \$6,500,000 in nonpoint SEG-supported general obligation bonding authority for rural nonpoint source water pollution abatement grants.

14. *Nonpoint Source Grants (Page 446, #10)*. Provide \$100,000 nonpoint SEG each year on an ongoing basis for nonpoint source grants.

15. *Waterway and Wetland Permitting Database (Page 447, #13)*. Provide \$220,000 environmental management SEG each year during the 2021-23 biennium on a one-time basis to support development of a new waterway and wetland permit database.

16. *Wetland Mitigation Program Staff (Page 447, #14)*. Provide \$62,800 PR in 2021-22 and \$81,000 PR in 2022-23 with 1.0 PR two-year project position to support administration of DNR's wetland mitigation program. Further, delete 0.5 vacant PR position from the Division of Environmental Management appropriation for solid and hazardous waste disposal administration, and delete 0.50 vacant PR position from the Division of Internal Services appropriation for geographic information systems general operations.

17. *Clean Water Fund Program Operations (Page 449, #20)*. Convert an appropriation for clean water fund program operations from a continuing appropriation to an all-moneys-received continuing appropriation.

18. *Wetlands and Waterways Subprogram (Page 450, #22)*. Create a wetlands and



waterways budgetary subprogram to reflect DNR's creation of the Bureau of Wetlands and Waterways in September, 2019, and transfer \$8,334,200 and 73.50 positions from the watershed management subprogram to the new subprogram. The new subprogram does not result in a net increase in appropriations or positions.

19. *Beaver Dam Lake Restoration.* Create a biennial appropriation and provide \$220,200 SEG from the environmental fund in 2021-22 for the purposes of environmental management to make a grant to the Beaver Dam Lake Improvement District for restoration of shoreline along Beaver Dam Lake at Puckagee Springs Creek. Repeal the appropriation on June 30, 2023.

20. *Clam Falls Dam Repair.* Create a biennial appropriation and provide \$2,000,000 SEG from the environmental fund in 2021-22 for the purposes of environmental management to make a grant to Polk County for repairs to the dam on Clam River near the Town of Clam Falls. Repeal the appropriation on June 30, 2023.

21. *Dead Pike Lake Restoration.* Create a biennial appropriation and provide \$125,000 SEG from the environmental fund in 2021-22 for the purposes of environmental management to make a grant to the Town of Manitowish Waters, Vilas County, for installation of a water control structure. Repeal the appropriation on June 30, 2023.

22. *Southeast Wisconsin Fox River Commission.* Create a biennial appropriation and provide \$200,000 SEG from the environmental fund in 2021-22 for the purposes of environmental management to make a grant to the Southeast Wisconsin Fox River Commission for strategic planning and to pursue grant funding opportunities. Repeal the appropriation on June 30, 2023.

23. *Nekoosa Storm Water Project.* Create a biennial appropriation and provide \$200,000 SEG from the environmental fund in 2021-22 for the purposes of environmental management to make a grant to the City of Nekoosa, Wood County, for a storm water management project. Repeal the appropriation on June 30, 2023.

24. *New Berlin Road Reconstruction.* Create a biennial appropriation and provide \$2,000,000 SEG from the environmental fund in 2021-22 for the purposes of environmental management to make a grant to the City of New Berlin, Waukesha County, for road reconstruction related to the City of Waukesha Lake Michigan diversion. Repeal the appropriation on June 30, 2023.

#### **Agriculture, Trade and Consumer Protection -- Environment**

25. *Producer-Led Watershed Protection Grants (Paper #156).* Adopt Alternatives 1 and 2. Alternative 1 increases the statutory cap on annual producer-led watershed protection grant awards from \$750,000 to \$1,000,000, and provides an additional \$250,000 nonpoint SEG each year for producer-led watershed protection grants. Alternative 2 provides increased nonpoint SEG funding on a one-time basis during the 2021-23 biennium.

26. *County Conservation Staff (Paper #157).* Adopt Alternatives 3b and 5. Alternative 3b provides an additional \$1,377,300 nonpoint SEG and \$688,600 GPR in 2021-22, and \$1,543,900

nonpoint SEG and \$772,000 GPR in 2022-23 for county conservation staffing grants. Alternative 5 specifies that increased funding be provided on a one-time basis during the 2021-23 biennium. Under the motion, county conservation staffing grants are budgeted a total of \$11,030,000 in 2021-22 and \$11,280,000 in 2022-23, consisting of \$7,314,200 nonpoint SEG and \$3,715,800 in 2021-22, and \$7,480,800 nonpoint SEG and \$3,799,200 GPR in 2022-23.

27. *Soil and Water Resource Management Bonding Authority (Page 65, #7)*. Provide an additional \$7,000,000 in nonpoint SEG-supported bonding authority for cost-sharing grants in the soil and water resource management program.

**Vacant Positions**

28. Delete 1.0 GPR, 2.0 PR, and 12.67 SEG positions that have been vacant two years or longer.

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Note:

The table below shows the change to base level funding under the motion.

	<u>2021-22</u>	<u>2022-23</u>	<u>Biennium</u>	<u>Positions</u>
GPR	\$688,600	\$772,000	\$1,460,600	-1.00
SEG	12,223,500	4,663,500	16,887,000	1.00
PR	<u>-47,500</u>	<u>-29,300</u>	<u>-76,800</u>	<u>-3.00</u>
Total	\$12,864,600	\$5,406,200	\$18,270,800	-3.00
BR	\$116,500,000			
SEG-REV	-\$272,100.	-\$272,100	-\$544,200	
PR-REV	-\$200	-\$200	-\$400	

## MONEY

# Atlas Holdings makes offer to buy Verso Corp., which includes its Wisconsin Rapids mill

**Caitlin Shuda and Jeff Bollier** Wisconsin Rapids Daily Tribune

Published 3:55 p.m. CT Jul. 12, 2021 | Updated 10:58 a.m. CT Jul. 13, 2021

A previous suitor for Verso Corp. is back with a new offer to buy the company.

Atlas Holdings LLC, in a filing with the Securities and Exchange Commission said the company is offering \$20 per share for Verso's outstanding stock shares, buying out Verso entirely. The estimated value of the company is \$866 million, according to Atlas Holdings.

Atlas sent a letter to Verso Sunday via email, announcing its proposal to purchase Verso, saying the company is already a long-term Verso investor, owning shares representing about 9% of the company's voting power. Timothy Fazio, Atlas Holdings' managing partner stated Atlas is "extremely enthusiastic about this proposed transaction."

Verso stock jumped 10.4% Monday, closing at \$19.04 per share.

The company previously tried to unsuccessfully to buy Verso between late 2017 and 2019. Verso sold its Stevens Point and Jay, Maine mills to Pixelle Specialty Solutions in early 2020.

In 2020, however, Verso hit additional complications through the COVID-19 pandemic. It indefinitely shut down its mills in Wisconsin Rapids and Duluth, Minnesota, due to the drop in demand when the pandemic hit. Verso sold its Duluth mill in May, and it has been in discussions with interested parties for the Wisconsin Rapids mill.

**RELATED:** Mill bill: Gov. Tony Evers vetoes bill awarding \$65 million in federal loans for purchase of two paper mills

**RELATED:** Verso sells Duluth mill, continues talks to sell mill in Wisconsin Rapids

Atlas Holdings, a Greenwich, Connecticut-based company, was founded in 2002. It owns and operates 23 companies with about 40,000 employees. It also has experience in the pulp and

paper industry, owning and operating an uncoated papermaker, book producer, Canadian pulp manufacturer and a tissuemaker.

"We believe Atlas is the ideal acquirer of the Company given our expertise in executing complex transactions and our experience in the pulp, paper and packaging sector," Fazio wrote in the offer letter.

A sale of Verso would need approval by Verso's board of directors and its shareholders.

Verso representatives did not immediately respond to a request for comment Monday afternoon.

Republican state Rep. Scott Krug of Nekoosa said Monday he thinks Verso is likely to sell to Atlas. Krug, who has been involved in local efforts to support Verso's former employees and the community through the Wisconsin Rapids Together task force, said local officials would connect with Atlas to discuss its plans for the Wisconsin Rapids mill and reopening production if the sale is approved.

Krug was an author of the "Mill Bill," vetoed last week by Gov. Tony Evers, that would have authorized the loan of \$65 million in federal coronavirus relief funds to a purchaser to buy Wisconsin Rapids and Park Falls paper mills. Evers said he supports the effort to restart the mills, but objected to the source of funding.

Krug said there is still a possibility that the Legislature would override that veto, while Democrats said they want to work with Republican lawmakers to find a different way to fund the loans. If either happens the federal loan could be applicable to help the sale.

On Monday afternoon, Democratic legislators introduced new legislation similar to the previous bill that included amendments that had been rejected for that bill. The loans would come from the state's projected budget surplus instead of federal funds.

In his letter, Fazio said Atlas' proposal is not contingent on any third-party financing. He said the company has adequate resources to make the acquisition quickly.

Krug said recent announcements that two paper companies, Clearwater Paper and Neenah Inc, would shut down operations in the Fox Valley demonstrates a broader need for the state to help the paper industry across Wisconsin.

"We need to look at the industry as a whole, to see how we can help," Krug said. "In this whole process, we're seeing other (mills) closing. This is bigger than us."

Contact Caitlin at [cshuda@gannett.com](mailto:cshuda@gannett.com) or follow her on Twitter @CaitlinShuda.



State of Wisconsin  
2021 - 2022 LEGISLATURE

LRB-4182/2  
MPG&FFK:cdc

## 2021 BILL

1     **AN ACT relating to:** loan related to the Verso Paper Mill in the city of Wisconsin  
2             Rapids; loan related to the Park Falls Pulp and Paper Mill in the city of Park  
3             Falls; funding for the University of Wisconsin System; special education  
4             funding and making an appropriation.

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***Analysis by the Legislative Reference Bureau***

This bill authorizes the Wisconsin Economic Development Corporation to award a loan of up to \$50,000,000 to the Consolidated Cooperative or other eligible borrower in relation to the Verso Paper Mill in the city of Wisconsin Rapids. The loan may be used for any or all of the following:

1. Purchase of the Mill.
2. Improvements to infrastructure related to the Mill.
3. Equipment upgrades at the Mill.

The loan is to be for the term and upon the conditions as may be agreed upon between the parties, except that the loan contract must provide WEDC with a security interest in the Mill to secure repayment of the loan. Under the bill, WEDC may establish an interest rate for the loan that is below the market rate, and at the corporation's discretion, the loan may be forgivable. Additionally, the bill provides that before awarding the loan WEDC may determine that substantial additional funding for the purposes specified above has been secured from both nonstate revenue sources and in the form of a loan issued by the Board of Commissioners of Public Lands to an entity eligible for the loan.

**BILL**

The bill also authorizes WEDC to award a loan of up to \$15,000,000 to the Park Falls Mill Multi-Stakeholder Cooperative or other eligible borrower in relation to the Park Falls Pulp and Paper Mill in the city of Park Falls. The loan may be used for any or all of the following:

1. Purchase of the Mill.
2. Improvements to infrastructure related to the Mill.
3. Equipment upgrades at the Mill.

The loan is to be for the term and upon the conditions as may be agreed upon between the parties, except that the loan contract must provide WEDC with a security interest in the Mill to secure repayment of the loan. Under the bill, WEDC may establish an interest rate for the loan that is below the market rate, and at the corporation's discretion, the loan may be forgivable. Additionally, the bill provides that before awarding the loan WEDC may determine that substantial additional funding for the purposes specified above has been secured from both nonstate revenue sources and in the form of a loan issued by the Board of Commissioners of Public Lands to an entity eligible for the loan.

If the loans described above are awarded, the bill also provides additional funding for the University of Wisconsin System under its general program operations appropriation and additional funding for special education aid the Department of Public Instruction pays to school districts, independent charter schools, cooperative educational service agencies, and county children with disabilities education boards.

For further information see the state fiscal estimate, which will be printed as an appendix to this bill.

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

1           **SECTION 9149. Nonstatutory provisions; Wisconsin Economic**  
2           **Development Corporation.**

3           (1) LOAN RELATED TO THE VERSO PAPER MILL IN WISCONSIN RAPIDS.

4           (a) In this subsection, "Verso Mill" means the Verso Paper Mill located at 600  
5           4th Avenue North in the city of Wisconsin Rapids.

6           (b) No later than the first day of the 25th month beginning after the effective  
7           date of this paragraph, from the appropriations under s. 20.192 (1) (a) and (r), the  
8           Wisconsin Economic Development Corporation may award a loan of up to  
9           \$50,000,000 to the Consolidated Cooperative or other eligible borrower for the

**BILL**

1 purposes specified in par. (c). The loan shall be for the term and upon the conditions  
2 as may be agreed upon between the parties, except that the loan contract shall  
3 provide the corporation with a security interest in the Verso Mill to secure repayment  
4 of the loan. The corporation may establish an interest rate for the loan that is below  
5 the market rate, as determined by the corporation. At the corporation's discretion,  
6 the loan may be forgivable. The loan is not subject to s. 238.124, and the corporation  
7 may award the loan notwithstanding the limitations under s. 20.192 (1) (a).

8 (c) The loan awarded under par. (b) may be used for one or more of the following  
9 purposes:

- 10 1. The purchase of the Verso Mill.
- 11 2. Improvements to infrastructure related to the Verso Mill.
- 12 3. Equipment upgrades at the Verso Mill

13 (d) Before awarding the loan under par. (b), the Wisconsin Economic  
14 Development Corporation may determine that substantial additional funding for the  
15 purposes specified in par. (c) has been secured from both nonstate revenue sources  
16 and in the form of a loan issued by the board of commissioners of public lands to an  
17 entity eligible for the loan.

18 (2) LOAN RELATED TO THE PARK FALLS PULP AND PAPER MILL IN PARK FALLS.

19 (a) In this subsection, "Park Falls Mill" means the Park Falls Pulp and Paper  
20 Mill located at 200 1st Avenue North in the city of Park Falls.

21 (b) No later than the first day of the 25th month beginning after the effective  
22 date of this paragraph, from the appropriations under s. 20.192 (1) (a) and (r), the  
23 Wisconsin Economic Development Corporation may award a loan of up to  
24 \$15,000,000 to the Park Falls Mill Multi-Stakeholder Cooperative or other eligible  
25 borrower for the purposes specified in par. (c). The loan shall be for the term and upon



**BILL**

1 the conditions as may be agreed upon between the parties, except that the loan  
2 contract shall provide the corporation with a security interest in the Park Falls Mill  
3 to secure repayment of the loan. The corporation may establish an interest rate for  
4 the loan that is below the market rate, as determined by the corporation. At the  
5 corporation's discretion, the loan may be forgivable. The loan is not subject to s.  
6 238.124, and the corporation may award the loan notwithstanding the limitations  
7 on expenditures under s. 20.192 (1) (a).

8 (c) The loan awarded under par. (b) may be used for one or more of the following  
9 purposes:

- 10 1. The purchase of the Park Falls Mill.
- 11 2. Improvements to infrastructure related to the Park Falls Mill.
- 12 3. Equipment upgrades at the Park Falls Mill.

13 (d) Before awarding the loan under par. (b), the Wisconsin Economic  
14 Development Corporation may determine that substantial additional funding for the  
15 purposes specified in par. (c) has been secured from both nonstate revenue sources  
16 and in the form of a loan issued by the board of commissioners of public lands to an  
17 entity eligible for the loan.

**SECTION 9234. Fiscal changes; Public Instruction.**

18 (1) SPECIAL EDUCATION AID; VERSO PAPER MILL LOAN. In the schedule under s.  
19 20.005 (3) for the appropriation to the department of public instruction under s.  
20 20.255 (2) (b), if the loan under Section 9149 (1) (b) of this act is awarded, the dollar  
21 amount is increased by \$32,000,000 for the fiscal year in which the loan is awarded  
22 to increase funding for aids for special education under s. 115.88.

23 (2) SPECIAL EDUCATION AID; PARK FALLS PULP AND PAPER MILL LOAN. In the  
24 schedule under s. 20.005 (3) for the appropriation to the department of public  
25

**BILL**

1 instruction under s. 20.255 (2) (b), if the loan under Section 9149 (2) (b) of this act  
2 is awarded, the dollar amount is increased by \$10,000,000 for the fiscal year in which  
3 the loan is awarded to increase funding for aids for special education under s. 115.88.

**SECTION 9247. Fiscal changes; University of Wisconsin System**

4  
5 (1) UW SYSTEM, GENERAL PROGRAM OPERATIONS; VERSO PAPER MILL LOAN. In the  
6 schedule under s. 20.005 (3) for the appropriation to the Board of Regents of the  
7 University of Wisconsin System under s. 20.285 (1) (a), if the loan under Section 9149  
8 (1) (b) of this act is awarded, the dollar amount is increased by \$8,000,000 for the  
9 fiscal year in which the loan is awarded to increase funding for the purpose for which  
10 the appropriation is made.

11 (2) UW SYSTEM, GENERAL PROGRAM OPERATIONS; PARK FALLS PULP AND PAPER MILL  
12 LOAN. In the schedule under s. 20.005 (3) for the appropriation to the Board of  
13 Regents of the University of Wisconsin System under s. 20.285 (1) (a), if the loan  
14 under Section 9149 (2) (b) of this act is awarded, the dollar amount is increased by  
15 \$3,000,000 for the fiscal year in which the loan is awarded to increase funding for the  
16 purpose for which the appropriation is made.

17 (END)



July 11, 2021

*Via E-Mail*

Mr. Randy J. Nebel  
President, Chief Executive Officer and Director  
Verso Corporation  
8450 Gander Creek Drive  
Miamisburg, Ohio 45342

Dear Randy:

On behalf of Atlas Holdings LLC (“Atlas” or “we”), we are pleased to propose an all-cash transaction pursuant to which an affiliate of Atlas would acquire all of the outstanding shares of Class A Common Stock (the “Common Shares”) of Verso Corporation (“Verso” or the “Company”) not already owned by Atlas or its affiliates. We are a long-term Verso investor and currently beneficially own 2,700,646 Common Shares, which represent approximately 9.12% of the aggregate voting power of the Company. We are extremely enthusiastic about this proposed transaction as we believe it would allow your stockholders to realize immediate liquidity and full and substantial value for their shares.

We are prepared to offer \$20.00 per share in cash for all of the outstanding Common Shares. This price represents a 15.9% premium over the July 9, 2021 closing stock price and a 24.0% premium to the 90-day volume-weighted average share price. Further, our offer represents a 20.6x enterprise value to last twelve-month Adj. EBITDA multiple (assuming an enterprise value of \$866 million<sup>1</sup> against a reported Adj. EBITDA of \$42 million). By any measure, we believe our proposal represents a compelling opportunity for Verso’s stockholders to realize an attractive, all-cash premium for their shares at a favorable valuation in a very challenging operating environment. We believe our proposal provides your stockholders with full, immediate value for their shares and, when taken together with the recent special and quarterly dividends, will have resulted in more than \$23 per share in value to stockholders since this board took office in January 2020.

We believe Atlas is the ideal acquirer of the Company given our expertise in executing complex transactions and our experience in the pulp, paper and packaging sector. Atlas is engaged in a variety of industrial sectors and has been successfully investing in the pulp, paper and packaging industries since our formation in 1999, specifically in the subsectors in which Verso participates – specialty paper, graphic paper and pulp. Atlas seeks to unlock the full potential of our companies by patiently applying our industry expertise and operating system over the long-term, working closely with the Company’s Leadership Team.

Our proposal is not contingent on any third-party financing. We intend to finance the proposed transaction with 100% equity. Atlas has approximately \$6.0 billion under management, including \$3.1 billion in our most recent fund vehicle, Atlas Capital Resources IV LP. We have the resources and capabilities to execute an acquisition of the Company quickly and efficiently.

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<sup>1</sup> An assumed Verso enterprise value of \$866 million is based upon 29,610,658 Common Shares outstanding at a \$20.00 per share price netted against \$63 million of net cash (\$118 million of cash as of the fiscal quarter ended March 31, 2021 (“Q1 2021”) less \$55 million used on tender with \$0 of debt) and adding \$337 million of Q1 2021 pension liability. The 29,610,658 Common Shares outstanding are as of June 10, 2021, according to the Form 10-Q filed by the Company with the Securities and Exchange Commission (“SEC”) on May 7, 2021 and the Tender Offer Statement on Schedule TO originally filed with the SEC on May 13, 2021, as amended and supplemented.

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Given our familiarity with the business and operations of the Company, we are well positioned to complete negotiations and execute definitive documentation in an expeditious manner without the need to perform material due diligence. As such, we are prepared to conduct limited confirmatory due diligence immediately and to move swiftly to negotiate definitive documentation in parallel with our confirmatory due diligence review. We have engaged advisors and are prepared to dedicate the necessary resources to close the proposed transaction as promptly as practicable.

We believe that the proposed transaction will enable your stockholders to realize the highest possible price for their shares. We recognize that the board of directors of the Company will need to evaluate the proposed transaction before it can make its determination whether to endorse it. While we appreciate and respect the board's need to conduct an appropriate process in evaluating our proposal, time is of the essence and your prompt consideration is requested. We and our advisors look forward to working with the board of directors and its advisors to consummate a mutually acceptable transaction as expeditiously as possible and are available at your convenience to discuss any aspects of this proposal.

We will be promptly filing an amendment to Atlas' Schedule 13D to disclose this proposal. We believe you will agree with us that it is in our collective interests to ensure that our discussions relating to the proposed transaction proceed in a confidential manner, unless otherwise required by law, until we have executed definitive documentation or terminated our discussions.

This letter does not constitute a binding commitment or obligation, and no agreement, arrangement or understanding between the parties with respect to this proposal or any other transaction (including any agreement to commence or continue negotiations) shall be created until such time as mutually satisfactory definitive documentation have been executed and delivered. We also reserve the right to withdraw this proposal without further obligation of any kind at any time and for any reason or no reason.

We look forward to working collaboratively with the Company and consummating a transaction with the support and approval of the Company's board of directors. In summary, we believe that our proposal provides the Company's stockholders with the best opportunity to realize full value for their shares. We and our advisors are willing to make ourselves available immediately to discuss this proposed acquisition with you and your advisors.

Sincerely,

ATLAS HOLDINGS LLC

/s/ Timothy J. Fazio

Timothy J. Fazio  
Managing Partner  
Atlas Holdings LLC

cc: Dr. Robert Beckler, Director, Verso Corporation  
Marvin Cooper, Director, Verso Corporation  
Jeffrey E. Kirt, Director, Verso Corporation  
Nancy M. Taylor, Director, Verso Corporation

## COMPLETED PUBLIC FOREST TIMBER SALES FY2009-2021

COUNTY FORESTS									
Completed Sales									
Fiscal Year	# of Sales	Acres	\$ Stumpage	MBF	Cords	Cd. Equiv.	Avg. \$/ Cd Eq.	Avg. \$/Acre	
2009	831	50,043	\$31,347,277	16,187	823,523	860,187	\$ 36.44	\$ 626.41	
2010	790	49,827	\$30,104,238	17,474	832,619	871,789	\$ 34.53	\$ 604.18	
2011	744	46,378	\$27,991,361	16,244	749,512	785,872	\$ 35.62	\$ 603.55	
2012	809	58,068	\$36,104,844	21,135	929,846	976,808	\$ 36.96	\$ 621.77	
2013	756	56,670	\$34,579,808	21,896	883,581	932,277	\$ 37.09	\$ 610.20	
2014	671	45,450	\$30,691,157	17,009	738,214	775,990	\$ 39.55	\$ 675.27	
2015	706	49,277	\$38,863,371	20,635	857,038	902,996	\$ 43.04	\$ 788.67	
2016	644	45,108	\$41,672,407	20,316	769,437	814,560	\$ 51.16	\$ 923.84	
2017	581	39,285	\$37,483,619	20,871	653,379	699,643	\$ 53.58	\$ 954.15	
2018	667	48,340	\$45,247,329	24,105	837,030	890,364	\$ 50.82	\$ 936.02	
2019	672	42,242	\$43,709,114	26,774	797,744	857,224	\$ 50.99	\$ 1,034.73	
2020	533	36,835	\$34,907,659	21,895	705,390	753,888	\$ 46.30	\$ 947.68	
2021	625	45,793	\$40,764,303	27,095	849,495	909,407	\$ 44.83	\$ 890.19	
<b>Totals</b>	<b>9,029</b>	<b>613,316</b>	<b>\$473,466,485</b>	<b>271,637</b>	<b>10,426,807</b>	<b>11,031,004</b>			
<b>Ave.</b>	<b>695</b>	<b>47,178</b>	<b>\$36,420,499</b>	<b>20,895</b>	<b>802,062</b>	<b>848,539</b>	<b>\$ 42.92</b>	<b>\$ 771.98</b>	

STATE FORESTS									
Completed Sales									
Fiscal Year	# of Sales	Acres	\$ Stumpage	MBF	Cords	Cd. Equiv.	Avg. \$/ Cd Eq.	Avg. \$/Acre	
2009	105	9,359	\$5,937,784	4,303	147,662	157,529	\$ 37.69	\$ 634.45	
2010	89	9,649	\$5,916,323	3,911	155,264	164,185	\$ 36.03	\$ 613.15	
2011	86	10,621	\$7,087,706	4,037	188,705	197,872	\$ 35.82	\$ 667.33	
2012	108	12,034	\$7,754,740	3,883	198,685	207,554	\$ 37.36	\$ 644.40	
2013	97	10,777	\$6,580,127	3,094	160,946	167,912	\$ 39.19	\$ 610.57	
2014	110	9,722	\$6,972,476	3,344	164,662	172,291	\$ 40.47	\$ 717.19	
2015	106	9,804	\$6,960,005	2,507	148,640	154,234	\$ 45.13	\$ 709.91	
2016	91	8,510	\$6,002,581	2,091	137,290	141,980	\$ 42.28	\$ 705.36	
2017	111	10,828	\$8,242,016	3,775	183,037	191,563	\$ 43.03	\$ 761.18	
2018	79	6,433	\$4,868,210	2,495	105,260	111,007	\$ 43.85	\$ 756.76	
2019	101	11,842	\$8,099,810	2,609	186,830	192,585	\$ 42.06	\$ 683.99	
2020	86	8,289	\$6,063,400	2,523	140,275	145,906	\$ 41.56	\$ 731.50	
2021	85	7,607	\$6,248,753	2,622	134,727	140,544	\$ 44.46	\$ 821.45	
<b>Totals</b>	<b>1,254</b>	<b>125,475</b>	<b>\$86,733,931</b>	<b>41,194</b>	<b>2,051,982</b>	<b>2,145,161</b>			
<b>Ave.</b>	<b>96</b>	<b>9,652</b>	<b>\$6,671,841</b>	<b>3,169</b>	<b>157,845</b>	<b>165,012</b>	<b>\$ 40.43</b>	<b>\$ 691.24</b>	

OTHER STATE LANDS									
Completed Sales									
Fiscal Year	# of Sales	Acres	\$ Stumpage	MBF	Cords	Cd. Equiv.	Avg. \$/ Cd Eq.	Avg. \$/Acre	
2009	162	7,213	\$3,990,546	2,441	123,508	129,010	\$ 30.93	\$ 553.24	
2010	116	4,196	\$2,127,668	1,989	72,131	76,601	\$ 27.78	\$ 507.07	
2011	104	4,570	\$2,968,123	2,228	84,659	89,616	\$ 33.12	\$ 649.48	
2012	100	3,886	\$2,220,994	1,668	63,844	67,543	\$ 32.88	\$ 571.54	
2013	122	5,370	\$3,162,456	1,739	106,078	109,925	\$ 28.77	\$ 588.91	
2014	155	7,931	\$5,255,785	2,874	151,946	158,319	\$ 33.20	\$ 662.69	
2015	118	6,082	\$4,121,138	3,983	111,663	120,634	\$ 34.16	\$ 677.60	
2016	132	7,166	\$4,456,623	3,518	104,353	112,118	\$ 39.75	\$ 621.91	
2017	144	6,433	\$4,645,845	3,652	110,990	119,194	\$ 38.98	\$ 722.19	
2018	118	7,102	\$4,693,785	3,403	116,199	123,727	\$ 37.94	\$ 660.91	
2019	127	7,895	\$5,360,999	2,988	128,366	134,954	\$ 39.72	\$ 679.04	
2020	129	6,335	\$3,687,300	2,759	106,165	112,288	\$ 32.84	\$ 582.05	
2021	99	5,447	\$3,457,904	4,199	92,008	101,255	\$ 34.15	\$ 634.83	
<b>Totals</b>	<b>1,626</b>	<b>79,626</b>	<b>\$50,149,165</b>	<b>37,441</b>	<b>1,371,910</b>	<b>1,455,182</b>			
<b>Ave.</b>	<b>125</b>	<b>6,125</b>	<b>\$3,857,628</b>	<b>2,880</b>	<b>105,532</b>	<b>111,937</b>	<b>\$ 34.46</b>	<b>\$ 629.81</b>	

STATE LANDS TOTAL									
Completed Sales									
Fiscal Year	# of Sales	Acres	\$ Stumpage	MBF	Cords	Cd. Equiv.	Avg. \$/ Cd Eq.	Avg. \$/Acre	
2009	267	16,572	\$ 9,928,330	6,744	271,170	286,538	\$ 34.65	\$ 599.10	
2010	205	13,845	\$ 8,043,991	5,900	227,394	240,786	\$ 33.41	\$ 581.00	
2011	190	15,191	\$ 10,055,828	6,265	273,365	287,487	\$ 34.98	\$ 661.96	
2012	208	15,920	\$ 9,975,734	5,552	262,529	275,097	\$ 36.26	\$ 626.62	
2013	219	16,147	\$ 9,742,584	4,833	267,024	277,836	\$ 35.07	\$ 603.37	
2014	265	17,653	\$ 12,228,261	6,217	316,609	330,610	\$ 36.99	\$ 692.70	
2015	224	15,886	\$ 11,081,142	6,490	260,302	274,868	\$ 40.31	\$ 697.54	
2016	223	15,676	\$ 10,459,184	5,609	241,643	254,098	\$ 41.16	\$ 667.21	
2017	255	17,261	\$ 13,701,456	7,427	294,026	310,757	\$ 44.09	\$ 793.78	
2018	197	13,535	\$ 9,561,995	5,898	221,459	234,734	\$ 40.74	\$ 706.46	
2019	228	19,737	\$ 13,460,809	5,597	315,195	327,539	\$ 41.10	\$ 682.01	
2020	215	14,624	\$ 9,750,699	5,282	246,440	258,194	\$ 37.77	\$ 666.76	
2021	184	13,054	\$ 9,706,657	6,822	226,735	241,799	\$ 40.14	\$ 743.58	
<b>Totals</b>	<b>2,880</b>	<b>205,101</b>	<b>\$137,696,670</b>	<b>78,636</b>	<b>3,423,891</b>	<b>3,600,343</b>			
<b>Ave.</b>	<b>222</b>	<b>15,777</b>	<b>\$10,592,052</b>	<b>6,049</b>	<b>263,376</b>	<b>276,949</b>	<b>\$ 38.25</b>	<b>\$ 671.36</b>	

\* State & County - Rpt. 28B

\*\*State Forests include NF & SF prop types

\*\*\*Other State Lands include all other prop types (except NF & SF)

\*\*\*\*Data available from Rpt. 28B (County Forest Lands-All, DNR State Forests-All, & DNR State Lands (Excl. State Forests-All))

C:\Users\brown\Documents\Timber Sales\Annual Reports\_CY & FY\Fiscal Year Reports\Public T.Sales Completed FY2009-2021

Updated by D. Brown 7/1/21



# IMPROVED FOREST MANAGEMENT PROJECTS IN THE VOLUNTARY CARBON MARKET

Faced with challenging timber markets, forest managers across North America are generating new revenue streams from carbon sequestration projects on their lands.

Bluesource, North America's oldest and largest carbon project developer, has been helping landowners participate in carbon markets for nearly 20 years. Bluesource specializes in enabling forest owners to realize more meaningful income from carbon assets on their properties.



## HOW IT WORKS

As trees grow and photosynthesize, they remove carbon dioxide out of the atmosphere, sequestering carbon as a fundamental component of their wood material, and thereby mitigating the effects of climate change. Conversely, when trees are harvested, carbon captured in their wood is released back into the atmosphere, contributing to global warming.

As a result of these natural processes, encouraging higher forest stocking and reduced timber removals provides a double benefit to the atmosphere.

## THE OPPORTUNITY

### Corporate Buyers

Corporations are increasingly seeking ways to reduce their emissions footprint through the purchase of carbon offsets on the voluntary carbon market. Bluesource's deep rolodex of offset buyers includes fortune 500 companies from a wide range of sectors, including: transportation, tech, apparel, entertainment, energy, and communications.

### Value Potential

Voluntary market forest carbon projects frequently generate between \$150 and \$500+ per acre, outpacing the value of traditional wood products in several markets.

### Premium Pricing

While voluntary forest offset credits typically sell in the \$7 to \$10 range, "charismatic" projects with significant ecological co-benefits (e.g. providing: habitat for threatened species, space for recreation, increased water quality, etc.) can sell at premium pricing levels.

### Growing Popularity

Although there is no regulatory compulsion for the purchase of voluntary market offsets, pricing and demand for high quality forest offset credits have been steadily increasing as taking responsibility for environmental impact has become more and more important to companies' owners, customers, and stakeholders.

## GENERATING CARBON OFFSET CREDITS THROUGH VOLUNTARY IMPROVED FOREST MANAGEMENT PROJECTS

Improved Forest Management (IFM) carbon projects award offset credits to landowners for maintaining high forest stocking levels on their property, relative to alternative management ("baseline") strategies that would favor heavy harvesting.

IFM projects under the American Carbon Registry's (ACR) voluntary carbon program generate carbon credits in two ways:

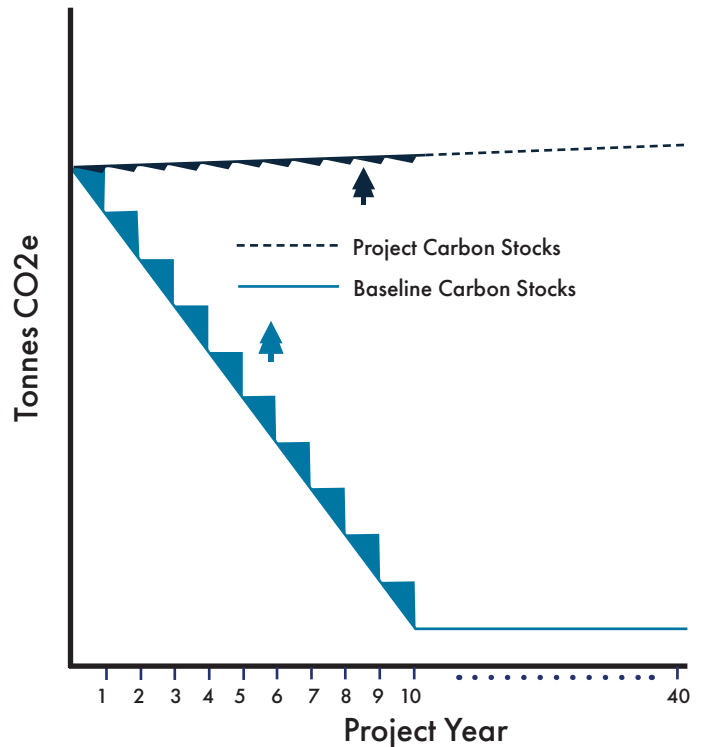


Credits are generated for avoiding emissions that would have taken place in the absence of the project. ACR-IFM project baselines represents an alternate reality in which the management objective on the property is to rapidly liquidate the timber supply in order to maximize near-term revenues.



Projects also generate credits by increasing on-site carbon stocks above the levels present at project initiation. Credits generated in this manner continue to accumulate throughout the life of the project.

### VOLUNTARY CARBON OUTLOOK



## LONG-TERM FOREST OWNER COMMITMENTS

ACR-IFM projects require a 40-year project commitment. During this time, the property will be subject to the following requirements.

- **STOCKING**

Maintenance of forest stocking at or above the level for which carbon credits have been issued

- **CERTIFICATION**

In years where commercial harvesting is carried out, the forest must be certified by FSC, SFI, or ATFS

- **REPORTING**

Annual reporting of estimated carbon stocks and known harvests or disturbances

- **VERIFICATION**

Site verification/audit by accredited 3rd party verifier every 5 years

- **INVENTORY**

Complete update of carbon inventory every 10 years

# SCOPE OF SERVICES

Bluesource finances and delivers all services required to generate carbon revenues. Under a carbon marketing and revenue sharing model, Bluesource is only compensated upon the distribution of carbon revenues to the landowner.

## BLUESOURCE SERVICES INCLUDE:



### FEASIBILITY EVALUATION

Bluesource conducts a free preliminary evaluation of project costs and returns.

**Eligibility:** Assess compliance with leading carbon standards based on start date, management practices, data availability, and project risks.

**Volume:** Calculate marketable carbon credits while taking into account protocol requirements, such as business-as-usual assumptions, common practice baselines, leakage, and reversal risk.

**Revenue:** Estimate landowner carbon revenue potential based on carbon market conditions.



### PROJECT DEVELOPMENT

Bluesource coordinates and finances all activities required to register and sell carbon credits.

**Carbon Inventory and Modeling:** Design carbon inventories and construct optimized growth and harvest models aligned with carbon registry requirements.

**Documentation and Verification:** Develop project and baseline documentation, solicit competitive verification bids, resolve verification issues, and coordinate site visits.

**Carbon Credit Registration:** Coordinate with third-party verifiers and accredited registries to ensure that verified carbon credits are registered on behalf of the landowner.



### CARBON CREDIT MARKETING AND SALES

Bluesource leverages the size and diversity of our carbon credit portfolio to attract buyers.

**Marketing:** Utilize our marketing channels developed over the past 17 years to secure the highest sale prices in advance of final project verification.

**Sales:** Negotiate sales terms and pricing, leveraging terms already established with many large buyers.

**Contracting:** Execute all contract documents with purchasers to save landowners significant time, effort, and legal expense.