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September 30, 2015

Oregon Parks and Recreation Department
Attn: Ms. Lisa Sumption, Director
725 Summer Street N.E., Suite C
Salem, OR 97301-1266

Re: Exchange Agreement
Oregon Parks & Recreation Dept.
Bandon Biota, LLC

Dear Ms. Sumption:

As you know, I represent Bandon Biota, LLC. I write to you on its behalf.

Seven years ago Mike Keiser hired Gil Hanse, a world renowned golf course designer, to plan a destination golf course near Bandon, Oregon to be called Bandon Links. Coos and Curry County residents would play a world class golf course for greens fees as little as \$10 a round. And up to 200 high school students annually would earn money by caddying, and they would be able to apply for college scholarships in association with the Western Golf Association, whose mission is to fund scholarships for young caddies. The project also included funding for gorse removal in the south coast area. Importantly, these programs would only be made possible by charging out-of-state tourists \$200 to \$250 per round.

The Bureau of Land Management, the federal agency with jurisdiction over a portion of the lands which would be devoted to the project, has just advised that in keeping with federal regulations the fees charged must be commensurate with other golf courses on BLM lands, and that revenues would have to be devoted to use on the property. That eliminates the funding source for

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subsidizing the low local rates, for the scholarship program, and for the off-site gorse control. Additionally, recent well testing has met with disappointing results; and that in turn creates difficulties for meeting certain Oregon land use requirements which protect lands designated as farmland.

While the Exchange Agreement contemplated moving the right of reverter of the BLM to other property of State Parks, the BLM now proposes Bandon Biota purchase the land from the BLM at a fair market value less 50 percent, less the small amount of the original purchase price by State Parks to BLM.

In short, it is clear the BLM reverter restriction is not able to be addressed in a manner satisfactory to Bandon Biota. Further, it is clear Bandon Biota will not be able to successfully complete the county, state, and federal permitting in the fashion intended by Bandon Biota, including in the time contemplated by the parties.

As a result of these problems, Bandon Biota terminates the Exchange Agreement and is abandoning the Bandon Links project.

The above is with great disappointment on the part of Bandon Biota. Notwithstanding, it appreciates your support as the Director of the Oregon Parks and Recreation Department, as well as the hard work of your staff in pursuit of this project. Bandon Biota also is thankful for the pleasant and welcoming attitude of the local staff at the Bureau of Land Management office in Coos Bay as it and State Parks sought to work through the federal regulatory process.

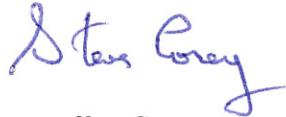
Bandon Biota does need to comment that the project met several of the mutual goals of State Parks and Bandon Biota. Bandon Biota contributed \$450,000 to the acquisition of Whales Cove near Depot Bay; that parcel is now owned by the United States Fish and Game Department for public use into perpetuity. Bandon Biota, along with Ecotrust, facilitated the State of Oregon's acquisition of a highly ecologically significant 357 acre parcel known as "Sand Lake" or "Beltz Farm," one of the last remaining undeveloped estuaries on the Oregon coast. And in keeping with Bandon Biota's

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commitment to controlling gorse, Bandon Biota contributed \$120,000 to the State of Oregon for its gorse control efforts. Bandon Biota had hoped for additional benefits of this project which would have included its contributions of additional lands to the state park system and of money for the acquisition of other park properties.

Thank you, and please have Steve Shipsey, the attorney for State Parks, call me with any questions.

Sincerely yours,



Steven H. Corey

SHC:m

cc: Mr. Steven Shipsey
Assistant Attorney General
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