

Small investors look to purchase Wallowa Lake Lodge

By KATHLEEN ELLYN
EO Media Group



Kathleen Elynn/Chieftain

View of Wallowa Lake Lodge from the lake side.

An early dream of having micro-investors purchase shares in the Wallowa Lake Lodge for \$500 apiece has been somewhat modified, but the largest group of investors to date are still in at the minimum: \$1,000 for a single share.

"We have probably 30 people who are \$1,000 investors," said James Monteith, manager of Lake Wallowa Lodge LLC, which is raising money to purchase the Lodge.

The historic lodge at the headwaters of Wallowa Lake went up for sale in June after the death of managing partner Steve Larson.

Remaining partners Marc and Nancy Zwerling listed the 9.22-acre property and lodge with an asking price of \$2.75 million. It was their hope that new owners would share their dedication to preserving the lodge and surrounding property, rather than taking advantage of the zoning that allowed extensive development.

Shortly after the listing went out, a discussion at a party at the Joseph office of Wallowology — the education arm of Eastern Oregon Legacy Lands Fund — revealed that persons with an interest in keeping the lodge in local hands and preserving its unique ambiance were

willing to put their money where their mouth was. Ten days later, in mid-July, the newly formed Lake Wallowa Lodge LLC made an offer on the property.

Wallowa County resident James Monteith, director of Wallowology, and nine other investors raised the initial \$275,000 (10 percent of asking price) needed to take the lodge off the market until Jan. 15.

"We could probably have found some big investors to come up with the entire amount," Monteith said. "But that's not what we wanted. People who have

more money really want to be part of something, not lead the charge. Almost all of my larger investors have said they might not have wanted to be part of it if there hadn't been small investors at the start."

Since taking the lodge off the market, Monteith and the LLC management committee have been working to hammer out details of management and create a prospectus for potential buyers.

That prospectus is now available and Monteith expects to see a burst of investment.

"A lot of people have been

waiting for the prospectus," he said Monday. "We got commitments in cash for over \$1 million before the prospectus was out. Now that it's out, I got five new investors today."

The LLC now has \$1.1 million toward a \$3.5 million goal that encompasses the purchase price, transactional fees of \$250,000 and a reserve fund of \$500,000.

"We're 40 percent of the way," Monteith said. "We've got a long way to go, but we're getting the investors we hoped to get and the prospectus has been out less than two weeks. We've been

on the road for three weeks in Pendleton, La Grande, Baker, Portland and Boise. We've been able to tap into some of the old families that have connections to Wallowa Lake."

If the LLC fails to come up with the total by the deadline, a low-interest bridge loan of \$1 million and/or a \$500,000 traditional bank loan may be used to make up the difference. The group will then sell the conservation easement, which would put the surrounding land under the management of an entity that would protect it from development.

According to the prospectus, four qualified entities have expressed an interest in the easement, which has an approximate value of more than \$1 million. The purchaser should have no difficulty paying that price, according to Monteith.

"This is a very fundable easement; we'll help them raise the money if they need the help," he said.

All investments come with significant risk, but this is particularly true in the case of the lodge, which is a stand-alone investment. The prospectus clearly informs potential investors that there are no other properties in the portfolio to balance any losses and the success of the lodge will depend entirely on maintaining good manage-

ment.

Monteith has acted as manager of the LLC from its inception and will continue to do so if the group does purchase the lodge — though additional managers may be added in the future. The lodge's current general manager, Laura Cosgrove, also will remain in her position.

While not understating the risks, Monteith points out that the lodge is a going concern and in 2014 reported an income of more than \$537,000 — about \$78,000 more than in 2011.

Lake Wallowa Lodge LLC has another ace in its hand in the form of a close association with Eastern Oregon Legacy Lands Fund (EOLLF), a 501(c)3 tax-exempt conservation organization. EOLLF is a shareholder and member of Lake Wallowa Lodge LLC.

Because of this association, individuals who wish to donate toward the purchase and preservation of the lodge may make contributions to EOLLF and designate the money be used to purchase more shares.

For more information on that option, call 541-263-1663 or email ellen@wallowology.org

For a comprehensive investors packet with prospectus, call 541-398-0305 or email info@lakewallowalodge.com

Financial assistance comes to Elkhorns project

By GEORGE PLAVERN
East Oregonian



Photo contributed by NRCS

Landowner Dave Mellinger, of Union County, entered into a three-year contract with the USDA Natural Resource Conservation Service to thin 119 acres of his property as part of the East Face of the Elkhorn Mountains Project.

The U.S. Department of Agriculture paid out more than \$705,000 in 2015 to help private forest landowners in Union and Baker counties reduce forest fire fuels on their property.

The USDA Natural Resource Conservation Service entered into contracts with 16 landowners to thin 1,687 acres of private forestland, part of the East Face of the Elkhorn Mountains Project.

The East Face Partnership is a collaborative effort between the NRCS, U.S. Forest Service, Oregon Department of Forestry and Bureau of Land Management working together to create healthier, more fire-resistant landscapes on both public and private lands.

The long-term goal is to minimize the impacts of forest fires on homes, natural resources and public infrastructure, while improving the forest's overall health. Private landowners apply for funding through the NRCS to do pre-commercial thinning of trees around their property, which provides

better protection when large blazes ignite.

"By thinning the trees, it makes space between the crowns and the stems so the fire has less fuel to carry it," said Jana Peterson, ODF field forester. "So if there is a fire, we can get in there and put it out easier because we're not battling 20-foot-high flames. Instead, we would be dealing with 1- or 2-foot-high flames."

NRCS provides financial and technical assistance to landowners through the Environmental Quality

Incentives Program, a voluntary conservation program in the Farm Bill that reimburses landowners for a portion of the project's cost.

Jay Gibbs, NRCS basin team leader for the John Day, Umatilla and Snake river basins, said 2015 was a successful year for the East Face of the Elkhorn Mountains Project, which aims to reduce forest fire fuels along more than 20 miles of shared boundary between private, state and federal forests.

"This year's record

wildfire season in Eastern Oregon highlights the importance of proactive wildfire risk reduction on state, federal and private forest lands," Gibbs said. "The East Face project is an exemplary model for the 'all hands, all lands' approach."

One landowner who took part in the project last year was Dave Mellinger, of Union County, who entered into a three-year contract with the NRCS to thin 119 acres.

"It's well worth getting involved in this thinning project," Mellinger said. "If the trees are too close together, they won't get any size to them. Now that we have thinned the forest, the trees that are left will get bigger and healthier."

The NRCS awarded \$1.4 million in contracts for the East Face project in 2014, and additional funding will be available in 2016. Landowners can submit applications to their local USDA Service Center in Union or Baker counties. The first deadline to apply is Jan. 15.

Contact George Plaver at gplaver@eastoregonian.com or 541-966-0825.

Boardman bans medical marijuana dispensaries

City has already banned recreational

East Oregonian

— same as nearby Irrigon and throughout Morrow County.

Measure 91, which legalized recreational marijuana in Oregon in 2014, allowed cities to opt out of state-licensed marijuana shops if they are located within counties that opposed the measure by at least 55 percent. More than 60 percent of Morrow County voters opposed Measure 91.

Boardman City Council voted Tuesday to ban medical marijuana dispensaries and businesses within city limits, one month after banning the sale and distribution of recreational marijuana.

No one at the council's hearing spoke in opposition of the ban, which passed by a unanimous vote.

In November, the council approved an ordinance to keep recreational marijuana shops out of the city. The ordinance at the time did not specifically address medical marijuana. Now, both recreational and medical marijuana businesses and processors will not be allowed in Boardman

In other business, the city council on Tuesday declared the property at 120 N.W. Columbia Avenue a nuisance. The home on the property burned down in October after a small explosion in a nearby outbuilding, where police previously found a pipe bomb in 2013.

Little progress has been made to clean up the property, according to the city, which led to Tuesday's vote.

CTUIR Election Commission upholds election results

East Oregonian

The Confederated Tribes of the Umatilla Indian Reservation Election Commission upheld the results of the Board of Trustees election after a candidate filed a complaint.

Ellen Taylor, a candidate for one of four at-large seats, filed a complaint with the commission alleging it and the U.S. Postal Service did not count all ballots cast in the Nov. 17 election.

According to a CTUIR press release, the commission did not dispute Taylor's assertion that several absentee ballots were returned to voters due to a Postal Service computer error that told employees the commission's post office box was closed.

Despite the erroneous returns, the Postal Service didn't provide the commission with the exact number and identity of the ballots and Taylor didn't present sufficient enough evidence to prove the commission was involved in the returned absentee ballots, the commission ruled.

In an interview, Taylor said her complaint wasn't about securing more votes for herself but was instead a way to ensure that all the votes were accounted for, especially those from tribal members living off the reservation.

Taylor's 229 votes were

36 votes behind incumbent Armand Minthorn, the candidate with the lowest number of votes to secure a seat.

"There are still too many unknowns to make a decision based on the election codes," she said.

In accordance with the code, Taylor said she will exercise her right to file for a review of the decision with the tribal court.

Originally scheduled for Dec. 2 but postponed while the commission considered Taylor's complaint, the tribes announced that the swearing-in ceremony for members of the Board of Trustees and General Council is now set for Dec. 7 at 10 a.m. in the Nixyaawii Governance Center.

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