

TIMBERLAND SECURITY AGREEMENT

THIS TIMBERLAND SECURITY AGREEMENT (“Agreement”) is made and entered into as of the \_\_\_\_ day of September, 2011, by and between RAYONIER FOREST RESOURCES, L.P., a Delaware limited partnership, (hereafter “Landowner”), whose address is 3033 Ingram Street, Hoquiam, Washington 98550 and PACIFIC COUNTY SHERIFF (“Contractor”), whose address is 1216 W Robert Bush Drive, South Bend, Washington 98586. This Agreement provides for services to be conducted on certain land (the “Land”) owned by Landowner. This Agreement is executed in duplicate and consists of the terms and conditions set forth following the signatures of Landowner and Contractor (individually, a “Party” and collectively, the “Parties”) listed below.

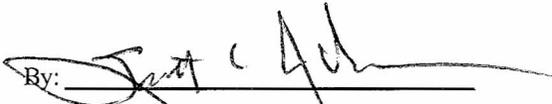
**LANDOWNER**

**RAYONIER FOREST RESOURCES, L.P.**  
By: Rayonier Timberlands Management, LLC  
Its Managing General Partner

By: \_\_\_\_\_  
\_\_\_\_\_  
Its \_\_\_\_\_  
Date: \_\_\_\_\_, 2011

**CONTRACTOR**

**PACIFIC COUNTY SHERIFF**

By:   
\_\_\_\_\_  
Title: Sheriff  
\_\_\_\_\_

Date: \_\_\_\_\_ 20 11

Certificate of Ins. #: Self Insured

**EXHIBITS**

- A – Contract Areas
- B – Services Specifications
- C – Access and Use Requirements
- D – Insurance Requirements

**1. CONTRACT AREA.**

Contractor will perform the Services (as defined below) on that specific portion of the Land as shown in Exhibit A attached hereto and incorporated herein by reference (the “**Contract Area**”).

**2. SERVICES.**

Contractor will perform the services described on the Service Specifications attached hereto as Exhibit B and incorporated herein by reference (the “**Services**”) in accordance with the provisions of this Agreement.

**3. TERM.**

Contractor shall commence the Services on or after August 15, 2011 and shall fully complete all work to be performed no later than December 31, 2011, unless otherwise extended as provided herein. The term of this Agreement shall be extended only by written agreement executed by Landowner and Contractor.

**4. COMPENSATION.**

As full compensation for performance of this Agreement by Contractor, including but not limited to the furnishing of all equipment, materials, supplies and labor necessary in connection therewith, Landowner shall pay Contractor in accordance with the following rates:

<b>ITEM:</b>	<b>PAY BASIS:</b>	<b>RATE:</b>
Officer rate	Per hour	\$65.00
Vehicle Mileage	Per Mile	\$0.450
Administrative Charge for overhead support	15%	

**4.1 Contractor’s compensation, as provided in this Section 4.1:**

Shall not exceed: \$ 10,000.00

Shall be billed at the rates shown above.

Contractor shall provide Landowner with a detailed invoice on a semi-monthly basis that clearly describes the date(s) and extent of the work being invoiced. Invoices must be submitted to Landowner within a period of thirty (30) days from the date that the work was completed. If invoices are submitted at a later date, such invoices will not be paid by Landowner unless previously agreed to in writing by Landowner and Contractor.

## **5. EQUIPMENT & MATERIALS.**

Contractor shall furnish, at its sole cost and expense, all fuel, equipment, materials, supplies and labor necessary to perform the Services and all other obligations under this Agreement.

## **6. SERVICES WARRANTY.**

Contractor warrants to Landowner that the Services will (i) reflect Contractor's best professional judgment and actions; (ii) be performed by qualified personnel in a workmanlike and professional manner, without any undue delays; (iii) be performed in accordance with good workmanlike standards in Contractor's industry; (iv) be performed in a manner which does not interfere with the rights of third parties or the operations of Landowner or contractors on the Land; and (v) be subject to the terms and conditions set forth in this Agreement. Contractor will promptly correct any non-conforming or defective Services at no additional cost to Landowner.

Contractor will comply with all safety rules, regulations and policies of Landowner. **CONTRACTOR ACKNOWLEDGES AND AGREES THAT FAILURE TO OBSERVE THE SAFETY REQUIREMENTS SHALL CONSTITUTE A MATERIAL BREACH OF THIS AGREEMENT.**

## **7. INGRESS AND EGRESS.**

Contractor shall have the non-exclusive use of roads within the Land, but only as necessary for the performance of the Services. Landowner makes no warranty or representation as to the condition, safety, or suitability of the roads for use by Contractor. Contractor shall comply with all rules and regulations governing the use of roads in the Land, whether instituted by Landowner or any State or Federal government entity. Contractor, on behalf of itself, its employees, subcontractors, agents, invitees, licensees or other third parties performing services for Contractor in conjunction with this Agreement, expressly assumes all risks associated with all activity which takes place on or off the Land including, but not limited to, the use of primitive unsigned roads or trails and unstable soil conditions on or in the vicinity of the roads and/or Contract Area. Contractor understands and agrees that Landowner would not have entered into this Agreement without an express assumption of all risks by Contractor.

## **8. COMPLIANCE WITH LAWS.**

The Contractor in performing this agreement shall comply at all times and in all respects with Landowner's ground rules as posted or verbally communicated and with appropriate Federal, State and local laws, rules, and regulations, including, but not limited to, those pertaining to Social Security, Workmen's Compensation, Unemployment Compensation, Fair Labor Standards Act of 1938, as amended, Equal Opportunity, and requirements for licensing or certification of equipment or operators. The Contractor shall be responsible for insuring that all licenses are valid and shall assume all costs incurred.

## **9. INDEPENDENT CONTRACTOR.**

Contractor shall at all times conduct its operations hereunder as an independent contractor. No relationship of employer--employee, master--servant, principal--agent, partnership or joint venture, or any similar relationship, is intended by this Agreement nor shall it be construed to exist. Contractor shall select and pay its own servants, agents, employees and/or suppliers. Neither Contractor nor its servants, agents, employees or suppliers shall be subject to any orders nor the supervision or control of Landowner.

#### **10. JOB CONDITIONS.**

Contractor represents that Contractor is familiar with the Contract Area and the roads on the Land and accepts them "AS IS." Contractor is familiar with the exhibits, specifications and work conditions associated with the Contract Area and the Land, and Contractor has determined that it is capable of performing the Services at the agreed upon price, which was established with full consideration of such conditions. Accordingly, Landowner will, in no case, be responsible for any loss of, or for any unanticipated cost that may be suffered by Contractor as a result of Contractor's failure to fully investigate conditions pertaining to the Services and all other work and obligations associated with the Services.

#### **11. INSURANCE.**

Before commencing any activities under this Agreement, Contractor, at its sole cost and expense, shall carry and maintain continuously throughout the term of this Agreement, the insurance coverage required by Exhibit D attached hereto.

#### **12. TERMINATION FOR BREACH.**

If Contractor breaches any part of this Agreement, Landowner may terminate this Agreement by giving Contractor notice of the breach (the "**Termination Notice**"). Contractor shall have forty-eight (48) hours (the "**Remedy Period**") after receipt of the Termination Notice to remedy the breach and provide sufficient evidence to Landowner that said breach has been remedied. If Contractor fails to remedy the breach specified in the Termination Notice within the Remedy Period, Landowner may terminate this Agreement without further notice. Upon termination, Landowner shall be entitled to remove Contractor and its equipment from the Land.

The remedies in this Section are cumulative and in addition to all other remedies available at law or in equity.

If Landowner breaches this Agreement, Contractor's exclusive remedy will be limited to actual and direct damages resulting directly from Landowner's breach. Landowner will not be liable for any indirect, incidental, punitive, consequential, or speculative damages, whether in contract or tort.

#### **13. TERMINATION WITHOUT CAUSE.**

In the event Landowner decides, in its absolute discretion, not to proceed or continue

with the Services, through no fault of Contractor, Landowner may terminate this Agreement at any time upon three (3) days notice to Contractor (the “**Termination Without Cause Notice**”), which shall specify the date Contractor is to stop performance of the Services. Unless otherwise specified by Landowner, upon receiving the Termination Without Cause Notice, Contractor shall immediately stop all work under this Agreement. Landowner’s only liability for termination shall be payment to Contractor for the work completed prior to the termination date less any previous payments made and the amount of any claims of Landowner against Contractor. Upon receiving the Termination Without Cause Notice, Contractor shall within thirty (30) days submit invoices to Landowner for all work completed under this Agreement that has not yet been compensated.

#### 14. **DISPUTE RESOLUTION.**

(a) The parties will attempt, in good faith, to resolve any question, dispute, misunderstanding, controversy or claim arising out of or relating to this Contract (the “Dispute”) promptly by negotiation between designated executives of the respective parties with authority to agree to a resolution. Either party may invoke the provisions of this dispute resolution section by giving the other party written notice (the “Notice of Dispute”). The executives shall meet at a mutually acceptable time and place within TWENTY (20) DAYS of the date of delivery of the Notice of Dispute, and thereafter as often as they reasonably deem necessary, to exchange relevant information and to attempt to resolve the dispute.

(b) If the Dispute has not been resolved within THIRTY (30) DAYS of the initial meeting of the executives (which may be extended by mutual written agreement), or if either party will not participate in such procedure, then either party may by written notice (the “Arbitration Notice”) require that the Dispute be resolved by binding arbitration. Any matter to be resolved by arbitration shall be resolved by a single arbitrator to be appointed for that purpose as follows:

(i) Within TEN (10) DAYS after delivery of written notice by either party to the other requesting arbitration (the “Arbitration Notice”), the parties shall agree on an arbitrator.

(ii) If the parties fail to agree on an arbitrator within the time specified, the arbitrator shall be promptly appointed upon application of either party by the Arbitration Committee of the American Arbitration Association in Seattle Washington. The party making such application to the Arbitration Committee shall give the other party to this Agreement written notice of this application.

(iii) The arbitrator shall proceed with due dispatch to define the problem, accept evidence, and reach a resolution. The proceedings shall be conducted in accordance with Washington Law and the American Arbitration Association Commercial Arbitration Rules. The arbitration proceedings shall be held in Seattle, Washington or such other place as the parties may agree. The arbitrator, in issuing his award, shall be limited to accepting the position of either Landowner or the Contractor only and may not issue any award which may be viewed as a compromise of or settlement between the positions set forth by each of the parties to the arbitration proceedings. The decision of the arbitrator shall be binding, final, and conclusive on the parties to this Agreement. The award shall be in writing and delivered to the parties, and shall be in such form that a petition may be filed to confirm the award in any court or public records wherein a judgment may be sought to be enforced.

(iv) Each party shall bear its own expenses of arbitration, including attorney fees. Each party shall pay one half of the costs of the arbitration, including the arbitrator's fees.

(v) The arbitrator shall have no power to change any of the provisions of this Contract in any respect (or the power to make an award of reformation), and the arbitrator is not empowered to award damages in excess of actual damage incurred. In no event shall any award include punitive, incidental or consequential damages.

#### **15. USE OF OWNER NAME.**

Contractor will not transact any business, carry on any work or purchase any supplies or equipment in the name of Landowner.

#### **16. AREA DELETION.**

Landowner reserves the right to add or remove areas from the Contract Area in its absolute discretion. Landowner shall exercise this right by written notice to Contractor, which shall include a description of the areas added or removed, together with a new Exhibit A showing such adjustments. The parties shall treat the removal of any areas as a termination of this Agreement with regards to that specific portion of the Contract Area, with Contractor's duties and obligations surviving such termination as provided herein.

#### **17. MISCELLANEOUS.**

**Survival.** All representations and warranties set forth in this Agreement shall survive the expiration or termination of this Agreement. All provisions of this Agreement that contemplate performance after the expiration or termination of this Agreement shall survive the expiration or termination of this Agreement and be fully enforceable thereafter.

**Binding Effect.** The provisions of this Agreement shall be binding upon and inure to the benefit of the Parties and, subject to the restrictions on assignment set forth herein, their respective successors and assigns.

**Assignment.** Contractor shall not assign any of its rights or obligations under this Agreement without the consent of Landowner, which Landowner may withhold, condition or delay in its sole and absolute discretion.

**Notices.** All notices under this Agreement shall be in writing and signed by a Party or its counsel. Notices may be (i) delivered personally, (ii) transmitted by facsimile, (iii) delivered by a recognized national overnight delivery service, or (iv) mailed by certified United States mail, postage prepaid and return receipt requested. Notices to any Party shall be directed to the address set forth above, or to such other or additional address as any Party may specify by notice to the other Party. Any notice delivered in accordance with this paragraph shall be deemed given (a) in the case of any notice transmitted by facsimile, on the date on which the transmitting Party receives confirmation of receipt by facsimile transmission, telephone, or otherwise, (b) in the case of any notice delivered by a recognized national overnight delivery service, on the day of delivery to the service, or (c) in the case of any notice mailed by certified U.S. mail, two business days after deposit therein.

**Waiver.** Any Party's failure to exercise any right or remedy under this Agreement, delay in exercising any such right or remedy, or partial exercise of any such right or remedy, shall not constitute a waiver of that or any other right or remedy hereunder. A waiver of any breach of any provision of this Agreement shall not constitute a waiver of any succeeding breach of such provision or a waiver of such provision itself. No waiver of any provision of this Agreement shall be binding on a Party unless it is set forth in writing and signed by such Party.

**Amendment.** This Agreement may not be modified or amended except by the written agreement of the Parties.

**Integration.** This Agreement contains the entire agreement and understanding of the Parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements with respect thereto. The Parties acknowledge and agree that there are no agreements or representations relating to the subject matter of this Agreement, either written or oral, express or implied, that are not set forth in this Agreement or in the Schedules to this Agreement.

**Governing Law; Venue.** This Agreement shall be governed by and construed in accordance with the laws of the State of Washington (without regard to the principles thereof relating to conflicts of laws); venue shall be in Pacific County, Washington.

**Construction and Interpretation.** The headings or titles of the sections of this Agreement are intended for ease of reference only and shall have no effect whatsoever on the construction or interpretation of any provision of this Agreement; references herein to sections are to sections of this Agreement unless otherwise specified. Meanings of defined terms used in this Agreement are equally applicable to singular and plural forms of the defined terms. As used herein, (i) the terms "**hereof**," "**herein**," "**hereunder**," and similar terms refer to this Agreement as a whole and not to any particular provision of this Agreement, (ii) the term "**this transaction**" refers to the transaction(s) contemplated by this Agreement, and (iii) the term "**including**" is not limiting and means "**including without limitation**." In the event any period of time specified in this Agreement ends on a day other than a business day, such period shall be extended to the next

following business day. All provisions of this Agreement have been negotiated at arm's length and this Agreement shall not be construed for or against any Party by reason of the authorship or alleged authorship of any provision hereof.

**Severability.** If a court of competent jurisdiction finally determines that any provision of this Agreement is invalid or unenforceable, the court's determination should not affect the validity or enforceability of the remaining provisions of this Agreement. In such event, this Agreement shall be construed as if it did not contain the particular provision that is determined to be invalid or unenforceable. No such determination shall affect any provision of this Agreement to the extent that it is otherwise enforceable under the laws of any other applicable jurisdiction

**Execution and Authority.** This Agreement may be executed in any number of counterparts, all of which together shall constitute one and the same agreement. Each Party may rely upon the signature of each other Party on this Agreement that is transmitted by facsimile as constituting a duly authorized, irrevocable, actual, current delivery of this Agreement with the original ink signature of the transmitting Party. This Agreement shall become effective and in full force only when duly and properly executed, authorized, and delivered by the Parties hereto. Each individual who executes this Agreement on behalf of a Party warrants his or her authority to do so.

**Recitals, Exhibits and Schedules.** The Recitals to this Agreement and any Schedules or Exhibits attached to this Agreement are incorporated herein by this reference.

**Further Assurances.** Each Party agrees to execute and deliver such additional documents and instruments as may reasonably be required to effect this transaction fully, so long as the terms thereof are consistent with the terms of this Agreement.

**No Third Party Beneficiaries.** This Agreement is made and entered into for the sole protection and legal benefit of the Parties and, subject to the restrictions on assignment set forth herein, their respective successors and assigns, and no other person or entity shall be a direct or indirect legal beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Agreement.

**Time.** If any date upon which some action, notice or response is required of any Party hereunder occurs on a weekend or national holiday, such action, notice or response shall not be required until the next succeeding business day.

**Time Is of the Essence.** Time is of the essence with respect to all terms, provisions, covenants and conditions contained in this Agreement.

**Force Majeure.** "Force Majeure" means any event or condition which wholly or partially delays or prevents such Party from performing any of its obligations hereunder and is beyond the reasonable control of, and occurs without the fault or negligence of, the Party affected thereby including, without limitation, acts of God, acts of the public enemy, insurrections, riots, labor disputes, labor or material shortages, fires, explosions, floods, breakdowns of or damages to plants, equipment or facilities, interruptions to transportation, embargoes, or orders or acts of any court or government authority having jurisdiction or any

military authority. If, as a result of Force Majeure, it becomes impossible or impractical for either Party to carry out its obligations hereunder (other than any obligation to pay money when due in accordance with the terms of this Agreement) in whole or in part, then such obligations shall be suspended to the extent necessary by such Force Majeure during its continuance. The Party affected by such Force Majeure shall give prompt written notice to the other Party of the nature and probable duration of such Force Majeure, and of the extent of its effects on such Party's performance hereunder. Each Party shall, in the event it experiences Force Majeure, use all commercially reasonable efforts to eliminate such Force Majeure and/or its effects on such Party's performance hereunder insofar as is practicable and with all reasonable dispatch; provided, that neither Party shall be obligated to expend monies in order to eliminate Force Majeure and/or its effects, if in such Party's sole judgment, such expenditures would be economically unjustifiable.

**Equal Opportunity Employer.** Contractor warrants that with respect to terms and conditions of employment, including but not limited to hiring, promotions, wages, hours, and fringe benefits, purchaser will not discriminate against any person on the basis of race, physical or mental handicap, creed, religion, sex, or national origin.

**Transacting Business.** Neither Party shall transact any business or carry on any work or purchase any supplies or equipment in the name of the other Party.

**Additional Exhibits.** In addition to any other exhibits referenced by and incorporated into this Agreement, the following exhibits are attached hereto and are incorporated herein.

**EXHIBIT A**

**(Map)**

## EXHIBIT B

### Service Specifications

- Contractor shall be stationed at the Fossil Creek and Salmon Creek gate entrances, as depicted on Exhibit A, at times shown in the below schedule, provided personnel are available to fill these shifts:
  - Coverage of a total of 6 man days. Defined as
    - Twelve, four hour shifts
    - Shift hours will start between 4 and 6am
  - Officer will be stationed at the gate entrance of Rayonier Fossil Creek Hunting Tract for ten shifts, and Salmon Creek Hunting Tract for two shifts as outlined below (if available):
    - Sept 2, 6 and 16 at Fossil Creek
    - Sept 10 on Salmon Creek
    - Oct 15 and 23 at Fossil Creek
    - Nov 5 6 and 9 at Fossil Creek
    - Nov 12 and 13 at Fossil Creek
    - Nov 5 at Salmon Creek
  - Contractor will notify Landowner by September 2 of which shifts it can cover.
  - Contractor may be required to leave shift to respond to emergencies or other activities of public interest. Contractor will in such cases only charge Landowner for hours worked during shift.
- Contractor is not expected to patrol the Landowner's property but may choose at his own judgment to enter property to conduct related security enforcement.
- Contractor shall make contact with all persons arriving at the gate entrances (except for logging and gravel trucks) to Landowner's property, verify their credentials as described on Exhibit C and reason for being on the property.
- Contractor shall deny entry to all persons or vehicles without a valid vehicle decal and/or permit card (except for log trucks, gravel trucks, and marked law enforcement vehicles).
- Contractor shall immediately notify and report to Landowner the vehicle description and license numbers of all persons without valid credentials who have been denied entry by Contractor.
- Contractor shall provide written documentation of activities including incident reports as appropriate.

## EXHIBIT C

### Access and Use Requirements

1. Contractor shall deny access to ANY PERSON attempting to gain access to Landowner's property without the proper credentials as described below. Landowner recognizes that Contractor, as a law enforcement agent, may exercise professional judgment in regards to issuing criminal citations or arrests.
2. VEHICLE DECALS. All motorized vehicles must visibly display a valid window decal as follows.
  - a. Rayonier employee vehicles are identified by a blue decal.
  - b. Rayonier contractors and other business associates vehicles are identified by an orange decal.
  - c. Rayonier recreational permit holder vehicles are identified by a green decal, as follows:
    - i. Fossil Creek permits are marked "F"
    - ii. Salmon Creek archery permits are marked "SA"
    - iii. Salmon Creek deer permits are marked "SD"
    - iv. Salmon Creek elk permits are marked "SE"
  - d. ATVs must display a white tag marked "ATV"
  - e. Recreational Vehicles must display a white tag marked "RV"

Note: Log trucks, gravel trucks, and marked law enforcement vehicles are exempt from having vehicle decals.

3. PERMIT CARDS. All recreational permit holders and companion permit holder must have a valid permit card in their name and on their person.
4. RECREATIONAL ACTIVITY. Only recreational permit holders may engage in recreational activity within the Fossil Creek and Salmon Creek permit areas. A companion permit holder may hunt only if the recreational permit holder is disabled. "Recreational activity" shall be defined as engaging in any activity that may be reasonably construed as not serving a specific business purpose. Landowner's employees, contractors, regulators and other business associates may not engage in Recreational activities within the Fossil Creek and Salmon Creek permit areas unless they have in their possession a valid recreational permit.

## **EXHIBIT D**

### **Insurance Requirements**

#### ***(Self-Insured)***

(a) Before commencing Services, Contractor shall have the option of either providing its own coverage for the risks covered by the policies of insurance described in this Exhibit, or carrying and maintaining, at its sole cost and expense, continuously throughout the term of this Agreement, a policy of (i) commercial general liability insurance insuring against the following in amounts as set forth below: operations and completed operations; independent contractors; blanket contractual liability (including liability assumed under the indemnification paragraph of this Agreement); explosion; collapse; and underground damage if blasting or excavation is to be done; and (ii) automobile liability insurance covering owned, hired and non-owned vehicles (including the "pollution from autos endorsement," ISO Form CA 99 48).

#### **INSURANCE MINIMUM LIMITS**

##### **General Liability, Contractual and Completed Operations Coverage**

Bodily Injury - **\$1,000,000** each occurrence

**\$2,000,000** aggregate

Property Damage - **\$1,000,000** each occurrence

**\$2,000,000** aggregate

##### **Automobile Liability Coverage**

Combined Single Limits of **\$500,000**