

Metolian Natural Capital Fund (MNCF)

Deschutes National Forest (DNF)

DNF is one of the most popular recreational areas in the State of Oregon. It supports a wide variety of winter and summer sports that are trail oriented. It encompasses 1.8 million acres or 2,813 square miles. A recent Bend Bulletin article highlighted that just over \$1.4 million is spent annually for a variety of maintenance and restorative activities. This represents \$.79 per acre.

At approximately 288,000 acres (450 square miles), the Metolius Basin is 16% of the size of DNF. As will be described further in this précis, the MNCF will throw off approximately \$600,000 per year in stable revenues once the Metolian community is fully up to speed. This represents \$2.08 per acre of funding for the Metolius Basin, or 2.6 times what is currently available from the federal budget. These funds will be invested in habitat restoration with the ultimate goal being the net restoration of the Metolius Basin habitat.

The Metolius Basin Overview

The Metolius Basin is an invaluable resource that needs to be respected yet improved. While still a stunning region, the past hundred years of modern life have caused the degradation of soils and water habitat as well as caused concurrent pressure on wildlife. There exists a general consensus amongst a variety of environmental policy and academic groups as to specific actions and tactics that need to be taken to remedy the situation.

The problem is that funding for these specific programs is virtually non-existent. When available, the funding is sporadic and inconsistent. Given that restorative activities are by nature long-term endeavors, lack of stability is potentially crippling to effective restorative programs.

Long Term Stewardship

Unlike the typical concept where ownership ends at the property line, residents of Metolian will take on the obligation to care for the Metolius Basin as a whole. Years of underfunded USFS operating budgets have led to this special resource being misused, overgrown and catastrophically burned. Our belief is Metolian can serve as the catalyst and funding source to change this tide. Metolian aspires to raise the bar on the human impact and interaction of this unique place through care and monitoring at a landscape scale to assure the Metolius basin's future health. Our goal is to provide annual funding for specific environmental and recreational projects that are chosen by a partnership of our Metolian community members and leading environmental groups of the region.

The Nuts and Bolts – How Does It Work?

Similar to hotels and airlines that offer an optional “carbon offset” surcharge, our guests will contribute a small amount of their lodging costs towards a stewardship

fund to benefit the entire Metolius Basin. More importantly, a specific portion of property owners’ fees, plus a percentage of each unit’s sale in perpetuity, will be contributed towards a Natural Capital Fund created by Metolian for environmental conservation and restoration work in the Metolius Basin.

The Metolian Natural Capital Fund (the “Fund”) is a non-profit fund that will achieve the following:

- 1) Creation of a 50-year strategic plan aimed at the restoration of the basin to pre-20th century habitat standards.
- 2) Once the strategic plan is established, specific tactics aimed at achieving habitat restoration will be adopted. These specific programs will be developed by working with key NGO’s, academics and government agencies to identify priorities.
- 3) Funding of these specific tactics will occur once the specific program is reviewed and adopted.

Where Does the Funding Come From?

Initially the fund will be seeded with a percentage of total construction financing. Current plans are for total construction financing of \$215,000,000.

Once full build out is achieved, fees would be received from the homeowners association fees (HOA’s), lodging fees, and closing costs on property sales. The table below models what the potential high side and low side of this fee stream would be:

	Low	High
Construction Seed Funding	0.50%	1.00%
Homeowners Association Fees	5.00%	10.00%
Lodging Fees	2.50%	5.00%
Closing Costs on Property Sales	0.50%	1.00%
Avg. Yearly Investment	\$410,688	\$821,375

As shown above, the MNCF will provide a stable funding source for regenerative projects within the Basin. The 50-year strategic plan that will be developed will provide a master plan of stewardship projects that will incrementally create a healthier basin than what exists today. Metolian provides an example of how environmental stewardship and development can work hand in hand to protect the special places we all value. We cherish the Metolius Basin and feel obligated to assure the necessary capital is available to lead the restoration efforts.