

## CHATEAUGAY WOODLANDS

In late 2003, Domtar, a Canadian forest products company, entered into an agreement to sell 105,000 acres of its U.S. timberlands, located in Franklin and Clinton Counties in the northern region of New York's Adirondack Park, to The Nature Conservancy (TNC). Seeking a comprehensive economic, social and ecological conservation solution, TNC approached a number of private timberland investment groups as potential partners. Lyme Northern Forest Fund, LP was eventually selected as the preferred partner.

On December 28, 2004, in concurrent sales, Domtar sold 84,400 acres to Chateaugay Woodlands, LLC (CW), an entity formed by Lyme Northern Forest Fund, LP, and sold 20,000 acres to TNC. TNC will sell the 20,000 acres to New York State for addition to the Adirondack Forest Preserve. CW paid \$17,472,000 for its portion. TNC paid \$6,258,000 for its acreage. New Market Tax Credits were used in order to provide advantageous financing for the transaction.

At the time that CW purchased the property, they also entered into an option agreement to sell a "working forest" conservation easement over 84,000 acres to either the State of New York or to TNC. The conservation easement will restrict the property from further development, will maintain traditional private hunting clubs on the property, will allow public access to 27,000 acres under the terms of a Public Recreation Plan to be developed by the State of New York, and will allow continued sustainable forest management.

While owned by Domtar, the property had been third-party certified under the guidelines of the Forest Stewardship Council's (FSC). CW will maintain FSC certification and the high standards it requires. CW will continue sustainable forestry management without interruption on its portion of the property. This active timber harvesting will preserve 30-50 full time, peak period jobs.



Photo courtesy of The Nature Conservancy

### **View from Owl's Head Mountain**

*The Lyme Northern Forest Fund, LP is a closed-end timberland investment fund managed by Lyme Timberlands LLC. The Fund has secured \$65,000,000 in capital commitments and has invested in timberland properties in New Hampshire, Maine, Pennsylvania, Massachusetts and New York.*