

RESOLUTION 04-03 OF THE
EXXON VALDEZ OIL SPILL TRUSTEE COUNCIL
AUTHORIZING PAYMENT FOR OUTSTANDING OBLIGATIONS

At the direction of the Council, The Nature Conservancy and The Conservation Fund purchased three small parcels, KEN1101/Knol, KEN1102/Nakada, and KEN1103/Thompson. In addition to the purchase price, direct and indirect costs associated with the parcels identified above, The Nature Conservancy and The Conservation Fund incurred direct and indirect costs associated with the pursuit of the following parcels, Jack Bay, McGee, Best, and Duck Flats.

We, the undersigned duly authorized members of the *Exxon Valdez* Oil Spill Trustee Council (Council) authorize payment of the outstanding obligations identified in Attachments A and B, to be administered by the U.S. Forest Service and Alaska Department of Natural Resources as outlined in Attachment C.

The total parcel costs are listed below:

KEN1101/Knol	\$81,042.08	purchase price & closing
KEN 1102/ Nakada	\$461.94	property tax & closing
KEN 1103/Thompson	\$97,794.28	purchase price & closing
Jack Bay	\$11,514.46	appraisal & closing
McGee	\$3,250.00	appraisal & title work
Best	\$2,500.00	appraisal
Duck Flats	\$6,193.83	appraisal
TOTAL	\$202,756.59	

Approved by the Council at its meeting of March 1, 2004 held in Anchorage,
Alaska, as affirmed by our signatures affixed below.



JOE L. MEADE
Forest Supervisor
Forest Service Alaska Region
U.S. Department of Agriculture



GREGG RENKES
Attorney General
State of Alaska



DRUE PEARCE
Senior Advisor to the
Secretary for Alaskan Affairs
U.S. Department of the Interior



JAMES W. BALSIGER
Administrator, Alaska Region
National Marine Fisheries Service
U.S. Department of Commerce



KEVIN DUFFY
Commissioner
Alaska Department of Fish and Game



ERNESTA BALLARD
Commissioner
Alaska Department of
Environmental Conservation

Attachments:

- A. The Nature Conservancy and The Conservation Fund spreadsheet outlining completed transactions, parcels waiting funding and parcels awaiting acquisition.
- B. Letter dated February 17, 2004 and information packet for the Knol, Nakada, Thompson and McGee parcels.

Financial Status Report -- EVOS Small Parcel Grant to The Nature Conservancy and The Conservation Fund -- updated 2/25/04

Location:	Tract:	Acre:	Value \$	Agency:	Lead:	Purchase Price to EVOS	Other Direct Costs to EVOS (1)	Total Incurred Cost to EVOS	Total Paid to Date by EVOS to grantee	Total Incurred Costs Unpaid to Date	Projected Future Costs (not incl. purchase price) to EVOS (2)	Total Projected Cost by Parcel
Completed Transactions												
Kodiak Island	Chokwak	160	160,000	DNR	TCF	160,000	-	160,000	160,000	-	-	160,000
Anchor River	Thorn/Crowther	46	200,000	ADFG	TCF	200,000	7,316	207,316	207,316	-	-	207,316
Ninilchik River	Swartzes Enterprises	0.2	6,000	DNR	TCF	6,000	5,018	11,018	11,018	-	-	11,018
PWS	UA-Jack Bay	942.03	1,130,000	USFS	TNC	(see Note 3)	11,514	11,514	-	11,514	-	11,514
Acquired Parcels Awaiting EVOS Funding												
Anchor River	Nakada	5	27,500	ADFG	TNC	(see Note 4)	462	462	-	462	7,493	7,955
	Knol	37	80,000	ADFG	TNC		1,042	81,042	-	81,042	5,420	86,462
	Thompson	64	90,000	ADFG	TNC		7,794	97,794	-	97,794	5,739	103,533
Parcels for Potential Acquisition (see Notes 5 & 6)												
Anchor River	McGee	8	40,000	DNR	TNC	40,000	3,250	3,250	-	3,250	15,070	58,320
Kasilof River	Mental Health I & II	43.3	293,500	DNR	TCF	293,500	3,000	3,000	3,000	-	33,750	330,250
PWS	Best (see Note 7)	2.05	28,000	DNR	TCF	14,000	2,500	2,500	-	2,500	10,000	26,500
Kenai River	Corr (see Note 8)	170.4	1,000,000	ADFG	TCF	500,000	3,000	3,000	3,000	-	22,000	525,000
Kodiak	Chokwak II	160	160,000	DNR	TCF	160,000	-	-			25,000	185,000
Parcels No Longer Being Pursued (see Note 9)												
PWS	Duck Flats (see Note 10)	32.66	130,000	USFS	TNC	-	6,194	6,194	-	6,194	-	6,194
Stariski Creek	Moser (See Note 11)	260	90,000	ADFG	TCF	-	2,400	2,400	2,400	-	-	2,400
Total						1,543,500	53,490	589,490	386,733	202,757	124,472	713,962

(2) Projected Future Costs include estimated costs of transferring land to the appropriate agency. These costs include: escrow and closing fees, title reports, title insurance, and updates to appraisals and hazardous materials reports.

(3) UA-Jack Bay land was purchased with other EVOS funds; other direct expenses were charged to this grant.

(4) The Conservancy is not seeking reimbursement for the purchase price for the Nakada tract. The \$15,000 purchase price was privately funded and the property is being donated to the state.

(5) No money has been spent on land costs yet, but money has been spent on appraisals and preliminary title work. If we proceed on these deals then the land purchase price and other direct expenses would need to be added to the projected costs.

(6) There are additional parcels (not listed here) that have been identified for potential acquisition, but for which funds have not been expended.

(7) TCF will cover \$14,000 (50%) of the purchase price for the Best tract.

(8) The Corr tract will likely be a conservation easement with an estimated value of \$1,000,000. TCF will cover \$500,000 (50%) of the purchase price.

(9) Includes properties that were once active that had expenditures of reimbursable direct expenses, but are no longer viable projects.

(10) UA - Duck Flats has been purchased by the City of Valdez. No additional expenses will be incurred.

(11) A conservation easement on the Moser tract will likely be donated to settle a wetland fill violation. No additional expenses will be incurred.

Financial Detail of "Other Direct Costs to EVOS" and "Projected Future Costs to EVOS"

Location: **Tract:** **Other Direct Costs to EVOS** **Projected Future Costs to EVOS**
Completed Transactions

<i>Prince William Sound</i>	UA-Jack Bay	11,514.46 Appraisal and update = \$6,193.83 travel = \$159.00 FedEx = \$60.63 Closing = \$5,101.00	none
<i>Anchor River</i>	Thorn/Crowther	7,315.77 Appraisal = \$3,800; appraisal review = \$600; haz mat= \$1,871.77; title insurance = \$450.00; travel = \$456.00; closing = \$138.00	none
<i>Ninilchik River</i>	Swartzes Enterprises	5,017.57 Appraisal = \$2,500; appraisal review = \$600; haz mat = \$1,871.40; travel = \$46.17	none

Acquired Parcels Awaiting EVOS Funding

<i>Anchor River</i>	Nakada	461.94 FedEx = \$15.38 Closing = \$168.08 Property tax = \$278.48	7,493 Property tax = \$278 Appraisal = \$5,000 Title Insurance = \$250 Haz Mat update = \$1,700 Escrow = \$265
<i>Anchor River</i>	Knol	1,042.08 FedEx = \$27.47 Closing = \$239.61 Property tax = \$775.00	5,420 Property tax = \$388 Appraisal update = \$2,500 Title insurance = \$502 Haz Mat update = \$1,700 Escrow = \$330
<i>Anchor River</i>	Thompson	7,794.28 Appraisal = \$7,000.00 Closing = \$136.60 Property tax = \$657.68	5,739 Appraisal update = \$2,500 Property tax = \$657 Title Insurance = \$542 Haz Mat update = \$1,700 Escrow = \$340

Parcels for Potential Acquisition

<i>Anchor River</i>	McGee	3,250.00 Appraisal = \$3,000 Title = \$250	15,070 Appraisal update = \$2,500 Property tax = \$355 Title Insurance = \$250 Haz Mat = \$1,700 Escrow = \$265 Indirect = \$10,000
<i>Prince William Sound</i>	Best	2,500 Appraisal = \$2,500	10,000 Direct \$7,500; indirect \$5,000 minus appraisal
<i>Kasilof</i>	Mental Health Trust I & II	3,000 Appraisal = \$3,000	33,750 Direct \$21,750; indirect \$15,000 minus appraisal
<i>Kenai River</i>	Corr	3,000 Appraisal = \$3,000	22,000 Direct \$13,000; indirect \$12,000 minus appraisal
<i>Kodiak</i>	Chokwak II	0	25,000 Direct \$15,000; indirect \$10,000

Parcels No Longer Being Pursued

<i>Prince William Sound</i>	UA-Duck Flats	6,193.83 Appraisal = \$6,193.83	none
<i>Stariski Creek</i>	Moser	2,400 Appraisal - \$2,400	none

EVOS Small Parcel Acquisition Grant - Summary of incurred and projected expenses

Summary of expenses incurred and projected:

Original funding allocated:	\$ 1,000,000
Administrative costs to USFWS	(32,500)
Staff and indirect costs to TNC:	(25,000)
Staff and indirect costs to TCF:	<u>(25,000)</u>
Amount available for acquisitions:	917,500
Land cost and other direct expenses reimbursed by EVOS:	<u>(386,733)</u>
Current balance remaining:	530,767
Land cost and other direct expenses not yet reimbursed by EVOS:	<u>(202,757)</u>
Balance remaining after full reimbursement:	328,010
Projected expenses to convey acquired lands to State of Alaska:	<u>18,652</u>
Balance remaining for future acquisitions:	346,662

<p>Note: Additional agency expenses to be drawn from the original habitat protection grant should be added here.</p>



The Nature Conservancy in Alaska
715 L Street, Suite 100
Anchorage, Alaska 99501

tel [907] 276.3133
fax [907] 276.2584
nature.org

February 17, 2004

Gail Phillips
Executive Director
Exxon Valdez Oil Spill Trustee Council
441 West 5th Avenue, Suite 500
Anchorage, AK 99501-2340

Dear Gail,

Enclosed please find information packets for the Knol-Nakada-Thomson parcels and the McGee parcel. Per your request, the enclosed package provides the following information about the parcels:

- a) a benefit report that includes information about the location of the property, fair market value, acquisition costs, and the restoration benefits of each parcel;
- b) maps showing location;
- c) appraisal information.

As you know, the Knol, Nakada, Thompson parcels are now owned by The Nature Conservancy, having been acquired at the request of the Alaska Department of Fish and Game for repurchase by the state under the EVOS small parcel grant. The McGee parcel is currently held by an estate. We are in contact with the estate's representatives and are prepared to negotiate the purchase of that property once we learn that funding is available.

Please contact me (x-118) or Randy Hagenstein (x-119) at 276-3133 with any questions.

Best Regards,

Kenny Powers
Director of Protection

w/attachments

Anchor River - Knol, Nakada, Thompson

Location: Anchor River, Kenai Peninsula

Legal Descriptions: KEN 1101 (Knol) parcel: T05S R14W S19 S1/2 SW1/4 SE1/4 NE1/4, Seward Meridian; KEN 1102 (Nakada) parcel: T05S R14W S19 S1/2 SW1/4 SE1/4 NE1/4, Seward Meridian; KEN 1103 (Thompson) parcel: Portion of W2NE4, S19, T5s, R14W, SM, lying NE of Sterling Highway right-of-way, Seward Meridian

Agency Sponsor: ADF&G

Landowner: The Nature Conservancy

Appraised Fair Market Value: \$217,500 (Knol-\$100,000 per 12/15/01 appraisal; Nakada-\$27,500 per 11/21/02 TNC value assessment; Thompson-\$90,000 per 9/10/02 appraisal)

Total Cost to EVOS: \$197,950.30 (estimated)

Cost Breakdown: \$170,000 (fair market value of \$217,500 less \$47,500 donated by The Nature Conservancy); \$27,950.30 (incurred and estimated direct costs); indirect costs (staff time and overhead) for transfer to state donated by The Nature Conservancy

Estimated Closing Date: December 2004

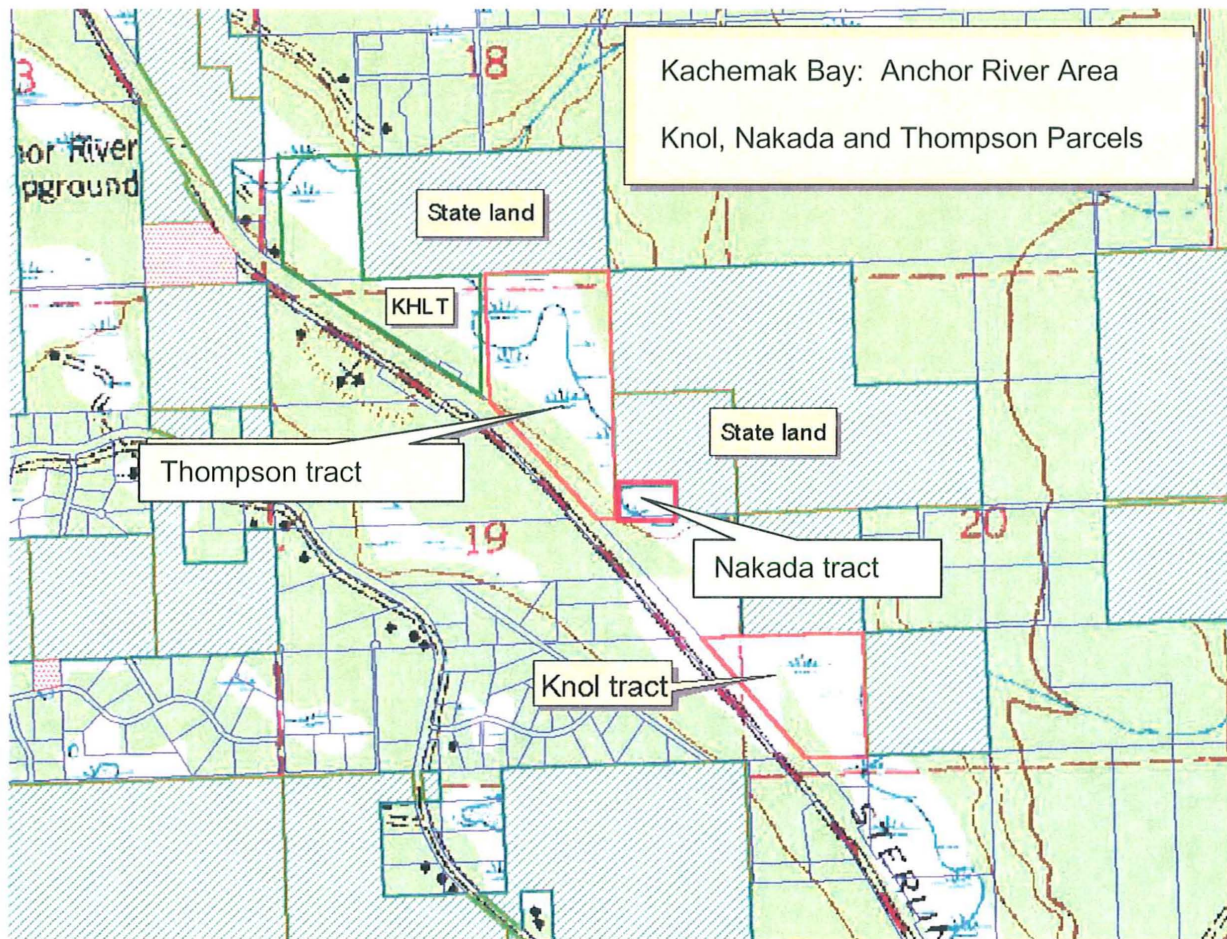
The Knol, Nakada, and Thompson parcels, totaling nearly 103 acres, are located approximately eight miles upstream from the mouth of the Anchor River on the southern Kenai Peninsula. They are in the floodplain of the river, one of four priority aquatic systems identified in The Nature Conservancy's Cook Inlet Basin Ecoregional Assessment. When combined with existing state lands and properties owned by the Kachemak Heritage Land Trust, the acquisition of these three tracts will protect over two miles of river frontage and 500 acres of contiguous intact floodplain communities.

For its lower 9 miles, the Anchor River meanders through a floodplain about ½ mile in width consisting of river channels, meander scars, old river terraces, and adjoining wetlands. The vegetation includes willow thickets along the river banks, gallery stands of cottonwoods, dense Lutz spruce stands, and scattered sedge/grass/shrub wetlands. This portion of the Anchor River provides important spawning and rearing habitat for four species of salmon and the largest steelhead run in Cook Inlet. It provides some of the best steelhead fishing in the state. Bald eagles nest and feed extensively in the cottonwoods along this portion of the river. The willow thickets provide critical overwintering habitat for moose.

The Nature Conservancy acquired these parcels at the request of the Alaska Department of Fish and Game. The Conservancy purchased the 37-acre Knol property in November 2001 for \$80,000 (\$20,000 below fair market value). The 63-acre Thompson tract was purchased February 28, 2003 for \$90,000. The 5-acre Nakada property was purchased in December 2002 for \$15,000 through a bargain sale (i.e., below fair market value with donative intent) using private funding. The Conservancy intends to donate the Nakada property to the state as part of this 3-property transaction.

Protection of these tracts supports restoration of species and services injured by the Exxon Valdez Oil Spill by protecting habitat for salmonids and other fish species; nesting, resting and feeding habitat for bald eagles; and recreational and tourism uses.

Attachment A: Parcel locations



Attachment B: Project Area



Attachment C: Alaska Department of Fish and Game letter of commitment

Sent By: ALASKA DEPT FISH & GAME HABITAT; 907 465 4759;

Oct-31-01 14:25;

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STATE OF ALASKA

DEPARTMENT OF FISH AND GAME

OFFICE OF THE COMMISSIONER

TONY KNOWLES, GOVERNOR

P.O. BOX 25526
JUNEAU, ALASKA 99802-5526
PHONE: (907) 465-4100
FACSIMILE: (907) 465-2332

October 30, 2001

David Banks, Director
The Nature Conservancy of Alaska
421 W 1st Avenue; Suite 200
Anchorage, AK 99501

Dear Mr. Banks:

The Alaska Department of Fish and Game (ADF&G) appreciates The Nature Conservancy's efforts in the acquisition of lands with important fish and wildlife and public use values. In furthering the mutual goals of our organizations, ADF&G requests the assistance of TNC in acquiring three parcels: a 37-acre property owned by Sharon Knol, a five-acre property owned by Henry Nakada, and a 60-acre property owned by Herndon & Thompson Leasing. All three properties are located along the Anchor River near Sterling Highway mile 163 and all are adjacent to existing state lands managed for wildlife habitat and public recreation.

The properties serve as important habitat for salmon, steelhead, overwintering moose, bald eagles and other species, and provide access to sportfishing opportunities. State ownership of these properties will ensure protection of and access to these important wetlands, which is vital for the maintenance of fishing and hunting opportunities along the Anchor River.

ADF&G will make every effort to repurchase the properties from TNC within two years from the date of purchase with moneys to be made available from Exxon Valdez Oil Spill funds through the small parcel acquisition program being administered by TNC and The Conservation Fund. We understand that TNC will bring these properties before the Exxon Valdez Trustee Council for approval. We also understand that TNC intends to acquire the Henry Nakada property for \$15,000 with private funds and that this property would be donated to the state as part of this package.

It is understood that our commitment to repurchase the land from TNC will be contingent upon our concurrence with the purchase price and condition of the properties. We further understand that we will be responsible for additional costs incurred by TNC in the acquisition of the property, including, in addition to the land cost, the cost of appraisals, title insurance, recording fees, attorney's fees, and other related expenses of TNC that result from the financing and

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Printed on recycled paper 11/1/01

Mr. David Banks

-2-

October 30, 2001

handling of the purchase. ADF&G's commitment to payment of these costs is contingent upon receipt of funding from the Exxon Valdez Oil Spill Trustee Council for these purposes. In the event we are unable to purchase the property from TNC within the above stated period, it is understood that TNC may place the property on the open market if no conservation purchasers can be found.

Thank you very much for your assistance. Once again, we appreciate the opportunity to work together to further the causes of conservation in Alaska.

Sincerely,


Frank Ruc
Commissioner

cc: Directors, Divisions of Wildlife Conservation, Sport Fisheries,
and Habitat & Restoration

Attachment D: Appraisal summaries and memorandum of Fair Market Value

KEN 1101 / Knol Property

MacSwain Associates

4401 Business Park Blvd., Suite 22
Anchorage, Alaska 99503
Telephone: 907-561-1965
Fax: 907-561-1955

December 15, 2001

Randall H. Hagenstein
The Nature Conservancy of Alaska
Kachemak Bay Office
P.O. Box 3231
Homer, Alaska 99603-3231

Re: Valuation of the 37-Acre Knol Parcel located at Mile 163 Sterling Highway
Anchor Point, Alaska

Dear Mr. Hagenstein:

Attached is a *Summary Appraisal Report* that analyzes the above referenced property. The appraised property represents a 37-acre parcel fronting the Anchor River and Sterling Highway near Anchor Point, Alaska. The purpose of the report is to estimate the market value of the fee simple estate of the subject property. The appraisal has been completed in compliance with the Uniform Appraisal Standards for Federal Land Acquisitions (*UASFLA*) and the Uniform Standards of Professional Appraisal Practice (*USPAP*).

The accompanying report sets forth the most pertinent data gathered, the techniques used, and the reasons leading to the opinion of value. Based on the result of our investigation and analysis, the estimated market value of the subject property, as of November 9, 2001, is:

Estimated Market Value Subject Property	\$100,000
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Your attention is directed to the Assumptions and Limiting Conditions for an explanation of restrictions and limitations of the report. We hope this report assists your evaluation of the subject property. If you have questions pertaining to our analyses or conclusion, please contact our office.

Respectively submitted,



Steve MacSwain, MAI

Summary of Facts & Conclusions

Purpose of Appraisal:	Estimate market value
Property Type:	Vacant land
Property Interest Appraised:	Fee simple estate
Location:	The property is located at Mile 163 of the Sterling Highway, near Anchor Point, Alaska.
Legal Description:	That portion of the Southwest $\frac{1}{4}$ Southwest $\frac{1}{4}$ of Section 20, lying East of the Sterling Highway, together with the portion of the Southeast $\frac{1}{4}$ Southeast $\frac{1}{4}$ of Section 19, lying East of the Sterling Highway all within Township 5 South, Range 14 West, Seward Meridian
Owner:	Sharon Knol per preliminary title documents
Size:	37-acres
Access:	Sterling Highway, a paved two-lane road
Frontage:	There is approximately 1,725 feet of Sterling Highway frontage and 1,500 feet of Anchor River frontage
Topography:	Undulating with the majority of the parcel below grade with the highway
Utilities:	Electricity and telephone
Highest and Best Use:	Recreational/residential
Date of Value:	November 9, 2001
Date of Report:	December 15, 2001
Estimated Market Value:	\$100,000 (\$2,500 to \$3,000 per acre)

Memorandum

To: Steve Karbowski
From: Randy Hagenstein
Cc: Lauren Soliday; Kei Sochi; Anne Richards
Date: 11/21/02
Re: Kachemak Bay: Nakada tract documentation of value

The Alaska Chapter is evaluating purchase of the Nakada tract, a parcel totaling 5 acres along the Anchor River in the Kachemak Bay conservation area for \$15,000. The seller views this as a bargain sale and indicated that he will be obtaining an appraisal to document the FMV of the property.

In my professional judgement, the fair market value of the Nakada tract is \$27,500.

I base this judgement of value on the following evidence:

1. The Kenai Peninsula Borough assessment is \$23,500. Typically in this area the assessed value is less than the fair market value.
2. The Conservancy recently purchased a similar 37-acre property for \$80,000 (\$2,162/ac).
3. The Conservation Fund recently closed on a subdivided 46-acre property with stream frontage for \$200,000 (\$4,347/acre). The high unit cost of this transaction reflected the newly subdivided state of the property. None of the subdivided parcels had been sold.
4. A nearby 10 acre property was offered to the Conservancy for sale for \$110,000 (\$11,000/acre); this price was supported by an appraisal, although half of the attributed value was due to a site clearing, gravel driveway and landscaping to the site. A realistic value for the raw land is \$5,500/ac
5. A 19.84-acre property nearby sold in 3/01 for \$65,000 (\$3,276/acre).

These comparable properties are all larger in size than the Nakada tract. According to the Kenai Peninsula Borough assessor, land of this type in this area increases in unit value by a factor of 1.7 for each halving in property size. When this adjustment is applied to the comparable properties listed in points 2, 4, and 5 above, the adjusted unit value is \$9,350 to \$10,600/acre. For the Nakada property, this would translate to a value of \$46,750 - \$53,000. This value should be adjusted downward substantially to reflect inaccessible portions of the property across the Anchor River. Taking all of this into account, I believe the value of the property is \$5,000 to 6,000/acre. Using the mid-point of \$5,500/acre yields a value of \$27,500 for the Nakada tract.

Attachment F: KEN 1103 / Thompson tract appraisal information

MacSwain Associates

4401 Business Park Blvd., Suite 22
Anchorage, Alaska 99503
Telephone: 907-561-1965
Facsimile: 907-561-1955
E-mail: macswain@alaska.net

September 10, 2002

Randy Hagenstein
The Nature Conservancy of Alaska
P.O. Box 3231
Homer, Alaska 99603

Re: Thompson Property
60.93-Acre Anchor River Parcel
Anchor Point, Alaska

Dear Mr. Hagenstein:

Attached is a *Summary Appraisal* report that analyzes the above referenced vacant land that has Sterling Highway and Anchor River frontage. The purpose of the appraisal is to estimate the fee simple market value of the property. We prepare a complete analysis that intends to comply with the reporting requirements of the *Uniform Appraisal Standards for Federal Land Acquisitions* (UASFLA) and the *Uniform Standards of Professional Appraisal Practice* (USPAP). Since UASFLA states that an estimate of market value linked to exposure and marketing time is inappropriate and requires exclusion from the appraisal report, we invoke the jurisdictional exception rule permitted in USPAP.¹


Based on the data, reasoning, and analysis that follow, we estimate the market value of appraised land, as of July 15, 2002, is \$90,000.

Market Value of 60.93-Acre Appraised Land

\$90,000

We direct your attention to the Assumptions and Limiting Conditions for an explanation of the restrictions and limitations of this report. If you have questions regarding our analysis or conclusion, please contact us at our office.

Respectively submitted,



Steve MacSwain, MAI, Certificate No. 42



Dan Shantz, Certificate No. 47

¹ Standard Rule 1-1(c) of USPAP requires the appraiser to estimate a reasonable exposure time in conjunction with their opinion of market value. Section D-1b of UASLA provides legal authority for invoking the Jurisdictional Rule.

Summary of Salient Facts and Conclusions

Property Type:	Vacant land with Anchor River frontage
Property Location:	Mile 162.5, Sterling Highway; 5± miles SE of Anchor Point; 10± miles NW of Homer, Alaska
Purpose of Appraisal:	Estimate market value
Property Rights Appraised:	Fee simple estate
Legal Description:	Portion of W2NE4, Section 19, T5S, R14W, SM lying NE of Sterling Highway right-of-way
Property Owner:	Fred and Constance Thompson
Land Area:	60.93 acres
Anchor River Frontage:	2,000± feet
Access:	Sterling Highway, 1,850± feet of frontage
Topography:	Undulating terrain, relatively level
Public Utilities:	Electricity and telephone
Wetland Area:	5± acres of wetlands with low probability of development due to high ecological significance
Flood Hazard Conditions:	Outside of FEMA mapping area, but 100-year floodplain expected to extend 500± feet inland from each riverbank
Zoning:	Unrestricted per Kenai Peninsula Borough
Highest and Best Use:	Residential or recreation
Date of Value:	July 15, 2002
Date of Report:	September 10, 2002

Market Value of Appraised Land**\$90,000**

Anchor River - McGee

Location: Anchor River, Kenai Peninsula

Legal Description: KEN 1104 (McGee) parcel: Tract A, McGee Tracts, Plat 80-104, Homer Recording District

Agency Sponsor: ADNR, Division of Parks and Outdoor Recreation.

Landowner: McGee Family Revocable Trust, dated February, 28, 2000, Albert D. McGee Trustee

Appraised Fair Market Value: \$40,000 (per 7/15/02 appraisal)

Total Cost to EVOS: \$58,320.00 (estimated)

Cost Breakdown: \$40,000 (fee simple); \$8320 (estimated direct costs); \$10,000 (estimated indirect costs including staff time and overhead)

Estimated Closing Date: December 2004

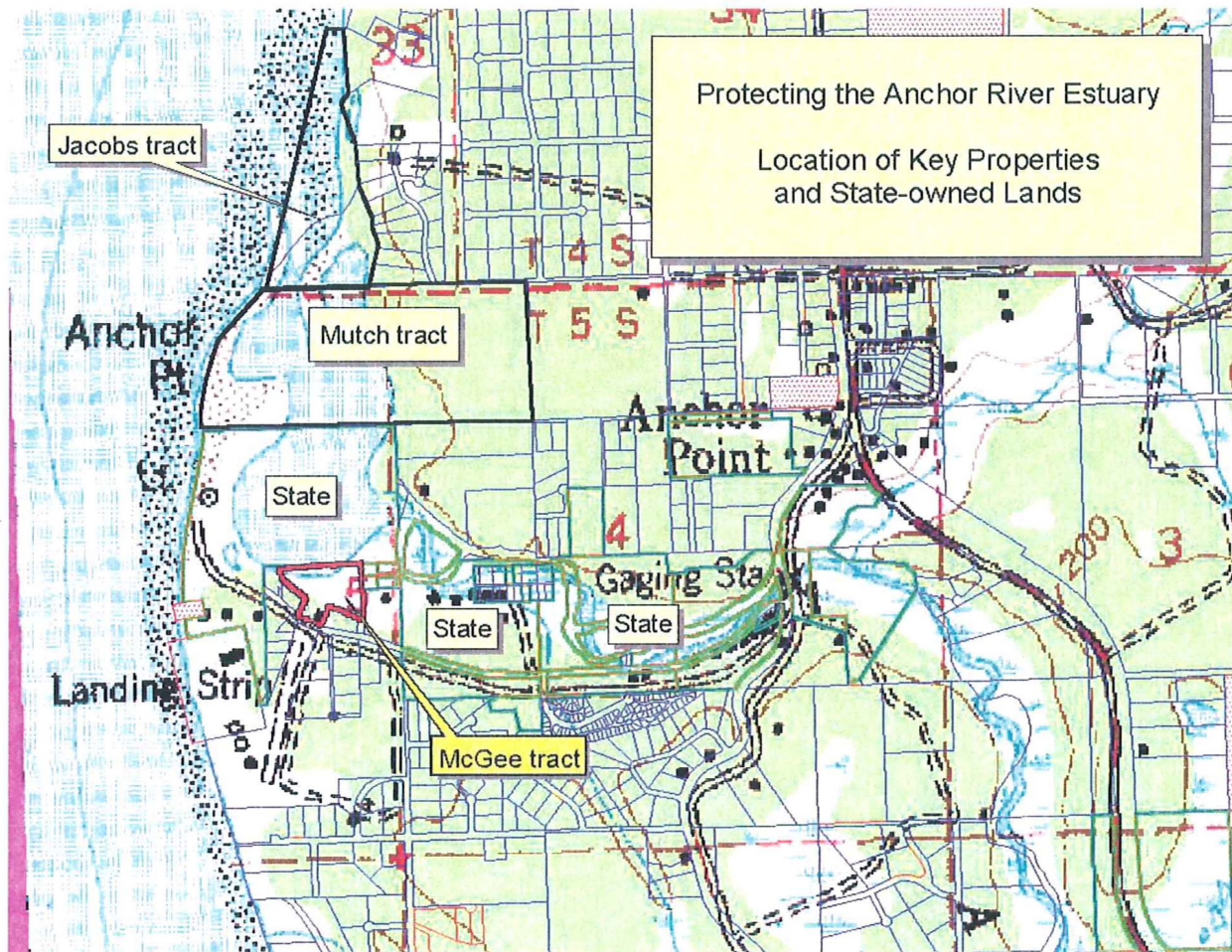
The McGee parcel is one of three remaining private parcels located along the Anchor River estuary on the southern Kenai Peninsula – an ecologically important salt marsh that supports a large and popular sport fishery. The McGee parcel is located on the north side of Anchor Point Beach Road, 1,200± feet east of Cook Inlet (boat launch) and 1± mile west of Anchor Point, Alaska. The parcel has attributes which will restore, replace, enhance and rehabilitate injured natural resources and the services provided by those natural resources, including important habitat for several species of fish and wildlife for which significant injury resulting from the spill has been documented. Acquisition of this small parcel will assure protection of approximately 7.56 acres.

The south 1± acre of the parcel is relatively level and elevated above the Anchor River Estuary. The remaining 6.5± acres are part of a larger salt marsh/estuary complex with high ecological significance. The parcel will contribute to the restoration of several species of salmonids (steelhead, coho salmon, king salmon, Dolly Varden) as well as bald eagles that concentrate at the mouth of the Anchor River to feed. The parcel is also important to the sport fishing and tourism industries, both of which were impacted by the *Exxon Valdez* Oil Spill (“EVOS”).

The property is bounded to the north by existing State Park lands. It is also a key link in a recreational trail planned by State Parks running on the uplands adjacent to the existing road from Anchor Point to the state lands at the mouth of the river. The proposed acquisition will be complemented by planned purchase of the two remaining private parcels (totaling 74 acres) within the Anchor River estuary. Acquisition of these other two parcels is being funded by an approved federal Coastal Wetlands Act grant and private donations.

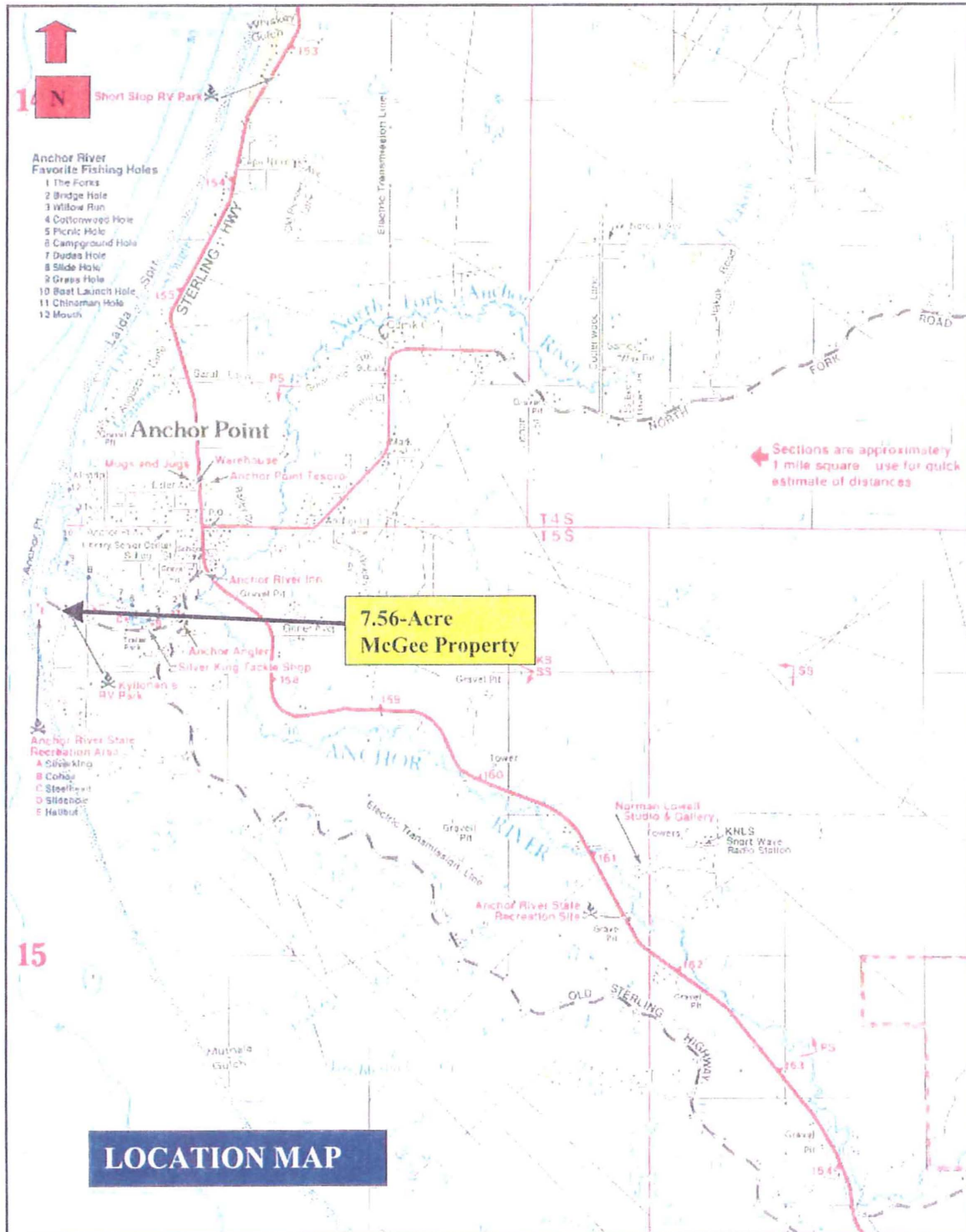
Protection of these tracts supports restoration of species and services injured by the Exxon Valdez Oil Spill by protecting habitat for salmonids and other fish species; feeding habitat for bald eagles; and recreational and tourism uses.

Attachment A: Parcel location



Attachement B: Parcel area

MacSwain Associates



Attachment C: Appraisal summary KEN 1104 / McGee Property

MacSwain Associates

4401 Business Park Blvd., Suite 22
Anchorage, Alaska 99503
Telephone: 907-561-1965
Facsimile: 907-561-1955
E-mail: macswain@alaska.net

October 10, 2002

Randall H. Hagenstein
The Nature Conservancy – Alaska Chapter
421 West First Avenue, Suite 200
Anchorage, Alaska 99501

Re: McGee Property
7.56 Acres
Anchor Point, Alaska

Dear Mr. Hagenstein:

Attached is a *Summary Appraisal* report that analyzes the above-referenced vacant land that fronts the north side of Anchor Point Beach Road about one mile west of the Sterling Highway. The purpose of the appraisal is to estimate the fee simple market value of the property. We prepare a complete analysis that intends to comply with the reporting requirements of the *Uniform Appraisal Standards for Federal Land Acquisitions* (UASFLA) and the *Uniform Standards of Professional Appraisal Practice* (USPAP). Since UASFLA states that an estimate of market value linked to exposure and marketing time is inappropriate and requires exclusion from the appraisal report, we invoke the jurisdictional exception rule permitted in USPAP.¹

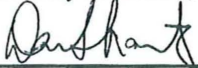
Based on the data, reasoning, and analysis that follow, we estimate the market value of appraised land, as of July 15, 2002, is \$40,000.

Market Value of 7.56-Acre McGee Property

\$40,000

We direct your attention to the Assumptions and Limiting Conditions for an explanation of the restrictions and limitations of this report. If you have questions regarding our analysis or conclusion, please contact us at our office.

Respectively submitted,



Dan Shantz, Certificate No. 47



Steve MacSwain, MAI, Certificate No. 42

¹ Standard Rule 1-1(c) of USPAP requires the appraiser to estimate a reasonable exposure time in conjunction with their opinion of market value. Section D-1b of UASFLA provides legal authority for invoking the Jurisdictional Rule.

Summary of Salient Facts and Conclusions

Property Type:	Vacant land, including estuary-type wetlands
Property Location:	North side of Anchor Point Beach Road, 1,200± feet east of Cook Inlet (boat launch) and 1± mile west of Anchor Point, Alaska
Purpose of Appraisal:	Estimate market value
Property Rights Appraised:	Fee simple estate
Legal Description:	Tract A, McGee Tracts, Plat 80-104, Homer Recording District
Property Owner:	McGee Family Revocable Trust
Land Area:	7.56 acres
Access:	Anchor Point Beach Road; two-lane with asphalt paving
Public Utilities:	Electricity and telephone
Topography:	South 1± acre relatively level and elevated above Anchor River estuary; remainder low-lying wetlands
Wetland Type:	6.5± acres of preservation-type wetlands with low probability of development due to high ecological significance
Flood Hazard Conditions:	Zone A, area of 100-year floodplain
Zoning:	Unrestricted per Kenai Peninsula Borough
Highest and Best Use:	Residential or recreation
Date of Value:	July 15, 2002
Date of Report:	October 10, 2002

Market Value of Appraised Land**\$40,000**

Court Notice FY 04 funds to be disbursed from the Habitat Sub Account for Resolution 04-03 and 04-05
Attachment C

			NOAA		0	DNR Total			0				
			USDA	\$	17,708	DNR Total			\$	195,449			
			Total to United States to NRDA	\$	17,708	Total to State to GeFONSI			\$	195,449			
Approved	Agency	Cooperating Agency	Listing	Project Number	FY04	FY05	FY06	Decision	Amount Funded FY 04				
1-Mar	DNR	DNR	Habitat Protection	40126	10,400			fund	\$10,400	DNR expenses associated with transfer of parcels acquired by TNC for the state on Thompson, Nakada, Knoll and McGee			
1-Mar	DNR	DNR	Nakada		462			fund	\$462	\$462 cost to TNC			
1-Mar	DNR	DNR	Knoll		81,042			fund	\$81,042	\$80.0 property cost \$1.042 cost to TNC			
1-Mar	DNR	DNR	Thompson		97,795			fund	\$97,795	\$90.0 property cost \$7,794 cost to TNC			
1-Mar	DNR	DNR	McGee		3,250			fund	\$3,250	TCF over head cost			
1-Mar	DNR	DNR	Best		2,500			fund	\$2,500	TCF over head cost			
			Total Funding For DNR March 1, 2004		\$	195,449	\$	-	\$	-	fund	\$195,449	From the Habitat Sub-account
Approved	Agency	Cooperating Agency	Listing	Project Number	FY04	FY05	FY06	Decision	Amount Funded FY 04				
	USDA	USFS	Duck Flats		\$	6,194			fund	\$6,194	To TNC over head cost		
	USDA	USFS	Jack Bay		\$	11,514	\$	-	\$	-	fund	\$11,514	To TNC over head cost
			Total Funding for USFS March 1, 2004		\$	17,708					\$17,708		

Habitat Sub Account Funding RECOMMENDATIONS March 1, 2004	Fund	Total Funding by Agency (includes GA)	GA
NOAA	\$ -	\$ -	\$ -
DNR Total	\$ 195,449	\$ 195,449	\$ 855
ADFG	\$ -	\$ -	\$ 8,372
DOI	\$ 17,708	\$ 17,708	\$ -
EVOS Admin funding*			
Total	\$ 213,157	\$ 213,157	\$ 9,227