

NEGOTIATORS MEETING
FEBRUARY 18, 1994
1:00 p.m.

ATTENDEES

Dave Gibbons
Jim Ayers (teleconference)
Glenn Elison
Judy Robinson
Alex Swiderski
Barry Roth
Tom Gerlach
Norman Lee
Chuck Gilbert
Dee Butler
Bob Putz
Rich Goossens (teleconference)
Bob Rice

Jim - he thanked everyone for being on course in developing the habitat program. He has tried to make sure that as we are under the spot light with regard to habitat protection, that we do it in a credible, legal and methodical way. Regarding the appraisal standards issue, his interest is in serving the Trustees. We ought to have uniform appraisal standards that are consistent with federal and state laws to protect the public interest. We need to do everything by the book so that everything will stand solidly. He is willing to accept his role. We must all be joined together in the effort to make sure that it is done by the book and that none of us let the sellers split us apart when we get to the negotiations. We should not accept any "free lunch". We are all going to do this the same way, through legal, uniform standards. He will be glad to clarify all the above points. He felt compelled to address these issues due to the nature of the comments he has received.

Chuck - he needs to talk to Jim about conversations with Bill Timme. He has repeatedly stated to Timme that these efforts are a group decision; however, he insisted on making Jim responsible.

Jim - he is offended by comments from the Native corporations that he is thwarting their progress to provide economic benefit for their people.

Chuck - the letter from Don Ebell was a very conscious decision from Bill Timme to finger Jim as the responsible party.

Jim - he is more than willing to accept the heat to keep the negotiations moving forward. He wants to make sure we don't turn on each other. He doesn't want a lot of unproductive malice.

Alex - in the interest of making sure we continue to present a united front, he asks to be notified in the future of meetings. He wasn't aware of the meeting with the sellers.

Chuck - it was an oversight. The intention of the meeting was to give the review of our appraisal and inform the sellers that their appraisal did not meet standards and would be rejected.

Glenn - could you clarify the relationship between the review of the parcels to be appraised with the review of the parcels by MIG prior to your authorization to be appraised.

Jim - we are required to have a review process. We must respond to the TC resolution and in doing so, he wants to make sure we have an understanding of what it is that is being discussed for appraisal and negotiation and are able to determine what the maximum benefit package is throughout the area. The old HPWG group is now known as the Management Information Group (MIG). We need to report back to the TC that we have done what was ordered by resolution.

Glenn - he welcomes an opportunity to meet with Jim.

Dee - she would like further clarification. Will we have to provide a package to MIG, and they will have to authorize the package?

Jim - not necessarily, but they may have some suggestions. They might talk about the Afognak consideration as an example.

Glenn - his concern is that we don't prejudge the outcome. There is really no way to come up with what is going to be the optimum cost benefit.

Jim - he wants to make sure you go in and talk to the MIG. The more reasonable we can be in our approach, the better off we will be. He is willing to have a separate meeting to offer advice as he looks at the whole picture.

Alex - we did something like that with Afognak to come up with some options for the TC so they wouldn't be stuck with an all or nothing option. They could buy less than the whole ball of wax. Starting with the Management Information Group seems like a good place to start.

Glenn - we welcome the opportunity to meet with Jim when the time is right.

Jim - the TC will be at a forum on the status five years later on March 22nd. He would like to have a teleconferenced discussion with the TC and give them an update on appraisals and negotiations. He wants to let them know we have complied with the intent of the resolution. At some point, we all have to come together because we need to have options in each case to see how it relates to the whole picture. We need to have the entire collage of protection.

Barry - he would like to schedule a meeting with Jim either Monday or Tuesday in Washington,

D.C.

Jim - whatever works for you.

Chuck - can you explain the intention of the meeting next week in Juneau and who the participants are expected to be?

Jim - this is fulfilling a commitment to allow the sellers to give us some input. He intends to listen to what they have to say. There will be four attorneys coming to the meeting, Wilkins, Bolger, Ebell and Timme. He will also meet with the federal attorneys on Wednesday morning to find out what their recommendations are. He will address how to resolve the issue over appraisals.

Barry - with the land and water conservation fund, you deal with the appropriations committee. Presumably with the settlement fund, you could do the same thing.

Jim - we as a group should think about this together. He wants to listen to the sellers and to the attorneys on what is legal and proper. Then we will make a decision about what is appropriate and move forward.

Dave - we will try to get some consensus on the documents passed out. Comments on the minutes should be forwarded to Dave by COB on Tuesday.

Rich - are we still pretty firm on the MOU?

Dave - we are pretty close. It is not so critical to have this signed by the Wednesday meeting.

Rich - he made some cosmetic changes to the appraisal standards package. We changed the part on comparable sales and struck out "arms length" after the Exxon transactions.

Dee - on the EVOS-related transactions, could we use Section A-10 of UASFLA so that they won't think we are being arbitrary and capricious. If this is what Jim is sending to the sellers, and we know that government sales are a critical concern of theirs, then we could deflect some of their debate by using a reference that is not arbitrary and capricious.

Norman - he agrees with Dee that this is the one point everyone is complaining about, and if we could put the references in, he would have no problem at all.

Rich - Dave, could you add this to the version on your DG?

Alex - you should add in accordance with Section A-10 of UASFLA.

Chuck - the other approach is to write it and stick it in later from a perception aspect.

Dee - before would be more effective than after.

Judy - these are ordinary standards which have been in effect for some time, and we are not putting in anything new.

Barry - the land value component of Seal Bay came out to \$262 an acre. If you can't use the appraisal, you can use the analysis that gets you that same number.

Rich - you can use the sales/private transactions that lead you there.

Barry - they are correct but they don't preclude use of government comparables.

Rich - the problem is unless they are fully analyzed, there are all these other clouded issues that get into the sale.

Norman - the other review done of Kachemak Bay made it clear. The project influence can be spelled out and quoted from UASFLA.

Rich - it is more of an issue of if we allow a third party appraisal.

Barry - "allow" is not the word because you can't stop them. At the meeting on Wednesday, you need to make sure there aren't two sets of appraisal instructions. Unless they use our standards, the appraisal is no good.

Rich - their attorney needs to go over the specifications in a pre-work conference. The agency that has taken the lead is responsible for the appraisal.

Norman - we cannot negotiate unless we have a fair market value appraisal. We can't look at it until it is approved.

Dee - there is nothing to keep them from third party appraisals.

Rich - we can at least discourage them.

Dee - from their point, if we have to wait until after a government purchased appraisal, we are wasting a lot of time. Right now they would like to contract for an appraisal and use our specifications and submit them at the same time.

Bob - there should not be any first or second.

Dee - Jim will run into this, and we might want to be prepared to give him the arguments to counter.

Alex - if someone follows these appraisal instructions, we are not going to disabuse that notion.

These instructions are only different in that they exclude EVOS sales.

Rich - he took the statement out regarding arms length.

Dee - what are we going to agree on? Will we move forward with these specifications?

Dave - these are not final, and Jim will have to buy off on them.

Alex - we should add the rest of the citation and use UASFLA throughout. He would take out "perceived" in the last paragraph.

Dee - she didn't have trouble with the word "perceived", but she will go with deleting it.

Barry - on F2 it should be "must equal" instead of "will equal". He raises from a political standpoint of users, should we set into the standards that condemnation is there, because it is a false threat from a federal standpoint. Also is testimony necessary?

Rich - testimony may be needed this summer.

Barry - where would you testify on this other than imminent domain?

Rich - the issue will be with appraisal practices.

Norman - if we struck out "judicial", would that be disturbing?

Rich - we may need this in the future.

Dee - we should explain that these specifications were also written to satisfy the needs of the Forest Service.

Judy - how about substituting "acquisition" for "taking"?

Dave - a global replace will change "taking" to "acquisition".

Dee - what are we doing with the judicial proceedings?

Alex - I think we should strike the word "judicial".

Barry - this is a contract obligation as opposed to a standard of the appraisal.

Rich - it is a standard contract clause which has been used for ten years or so. It is only stated as a requirement of the appraisal.

Alex - "judicial" is taken out.

Bob - he doesn't know that we should take this out.

Barry - it is required that our guy be prepared to testify because it may go to imminent domain.

Dee - USPAP is a supplement to UASFLA.

Barry - he suggested adding "that is described in UASFLA and expanded upon in USPAP". He suggested taking out the second "other" under Part III.

Dave - we will spell out EVOS.

Alex - he would change "project driven" to "project related".

Dave - the statement will read: according to Section A-10 of UASFLA, Exxon Valdez transactions will not be used as restoration transactions because they are not project related.

Dee - on the last page, we use photograph instead of photo.

Norman - the "s" on comparable sales should be consistent throughout.

Dave - he will make another version of the specification changes and forward it to everyone for review.

Dave - he has reviewed the MOU and doesn't have any comments.

Alex - he and Barry made one change in Paragraph 5 because we could not force the contract appraiser to change his appraisal. It should read: The COR shall ensure that the contract appraiser consider the lead agency appraisal review.

Alex - what do you do with your lead agency appraisal review?

Rich - you give it to the appraiser as a matter of courtesy.

Alex - we are trying to capture this.

Rich - they will probably get a signed certified letter saying their appraisal was rejected.

Dee - we need to define the purpose of the contracting officer.

Rich - this makes sure the contract appraiser understands there is a payment function involved here.

Dee - can you say the COR will confer with the review appraiser for authorization of payment?

Rich - this links the three of us in a contractual, review and payment relationship.

Alex - he is not sure this sentence addresses this.

Chuck - the COR may not be with the same agency as the appraiser.

Rich - it is possible to accept an approved report and a rejected report, and you may want to seek a second opinion.

Alex - there must be somewhere in the contract with the appraiser that discussed if the appraisal is rejected, that they don't get paid.

Rich - yes, there is.

Alex - the COR shall consider the review appraisal done by the lead agency to be the appraisal review for purposes of the contract with the appraiser.

Rich - you want to make sure there is unanimity with the COR.

Barry - he suggested adding: prior to certifying for final payment to the contract appraiser, the COR shall seek concurrence of the review appraiser from the lead negotiating agency.

The group concurred with the above statement.

Judy - if the lead reviewer turns you down, you don't get your money.

Dave - he has two changes to the flowchart. Preliminary reports were moved to the second block and HPWG was eliminated and replaced with the Management Information Group. Flowchart accepted.

On the Summary Sheet, the change was that preliminary title research is now preliminary title search.

Chuck - it should be preliminary title report. Accepted.

Dave - he moved up HAZMAT and spruce bark beetle review before the contract date.

Rich - he would hate to get well into the appraisal and find out there is a hazard problem.

Chuck - we should not look at this as a sequential thing.

Alex - it would take forever. We should get the appraisals going as soon as possible.

Dee - the federal government is not going to accept a contaminated site anyway. We should

agree that it is not going to be a sequential-type thing.

Chuck - we should make sure there is not an obvious dump site.

Dave - is "final title approval to law" necessary?

Alex - this means some sort of legal approval.

Chuck - it is a required step. In the discussion of options, we use offers.

Rich - we use purchase agreement.

Alex - yes, we should use purchase agreement to replace options.

Chuck - we have the appraisal amount offered on this sheet. That is confidential information and should not be put on this sheet.

Rich - often when there is a working file, someone can walk in off the street and see this.

Dave - appraisal amount line is removed.

Dave - has everyone looked at the amount for title searches?

Dee - FWS would prefer to keep their appraisal amount in their account since the money is transferrable from line item to line item and adjustments can be made.

Dave - he can't agree to that, and he has to run this by Jim.

Chuck - he has a budget to submit for addition. It has some personnel appraisal and travel costs.

Judy - could you clarify the meeting on Wednesday?

Dave - it is not the big meeting everyone thought it would be.

Dee - would it be useful for Jim to have a briefing before hand with those who have experience with these people, in case he needs to have information about particular sales?

Dave - he will bring this up to Jim.

Norman - he would be glad to talk with Jim about why particular appraisals won't fly.

Dave - he thinks Jim is more there to listen.

Meeting adjourned at 3:10 p.m.

2/18/94

NPWG
II

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teleconference Rich

KPWG
II

February 18, 1994

UNLESS SPECIFICALLY STATED OTHERWISE, THE FOLLOWING SPECIFICATIONS APPLY TO BOTH FEE SIMPLE LAND APPRAISALS AND PARTIAL ESTATE INTEREST APPRAISALS.

C.3 GENERAL SPECIFICATIONS

A. The Contractor shall furnish all materials, supplies, tools, equipment, personnel, travel and shall complete all requirements of this contract including performance of the professional services listed herein.

Four copies of the Draft Appraisal Report shall be submitted in a three ring loose leaf binder. The contractor will furnish one original and three copies of the final appraisal. The report shall provide an estimate of cash fair market value for the fee simple estate free of all assessments, and shall conform to the Uniform Standards of Professional Appraisal Practice (USPAP) as published by The Appraisal Foundation, and the Uniform Appraisal Standards for Federal Land Acquisitions, 1992 Edition (ISBN 0-16-038050-2)(UASFLA). In case of a conflict between the two standards, the latter standard will take precedence.

The Narrative Appraisal Report shall conform to recognized appraisal format, principles, and practices applicable to estimating cash fair market value, as required in the UASFLA.

B. Narrative Appraisal Report.

The Contractor shall make a detailed field inspection and identification of the item(s) of property as specified in each Task Order, and shall make such investigations and studies as are appropriate and necessary to enable the Contractor to derive sound conclusions and to prepare the appraisal report.

C. Examination Notice.

The Contractor shall provide the property owner and the Government a minimum of 10 days advance notice of the examination date and shall give the owner, or his designated representative, and the Government an opportunity to accompany the Contractor during his inspection of the property. These notices shall be documented in the Contractor's transmittal letter of the appraisal report. The Contractor shall certify that the signature of the report has personally visited the subject property(s) and all of the comparable transactions used in the comparative analysis.

D. Updating of Report.

Upon the request of the Government, the Contractor shall during a two-year period following the valuation date of the appraisal report show value as of a specified date. The contractor will furnish one original and three copies of the updated report, which shall include sales data or other evidence to substantiate the updated conclusion of value if a change in value occurs.

E. Testimony

Upon the request of the United States Attorney or the Department of Justice, or the Alaska Attorney General, the Contractor shall testify in any proceedings, as to the value as of the valuation date of any and all property included in the appraisal report.

Item (F) is applicable to partial estate interest appraisals only.

F. Estate to be Appraised.

1. When a partial estate interest is appraised, it will conform to UASFLA and will incorporate a before and after appraisal meeting agency standards as described in the task order.

2. After the market value of the fee estate has been determined, the appraiser may be requested to determine the contributory value of the various estates. The contributory value of the various estates must equal the market value of the fee estate.

C.4 TECHNICAL SPECIFICATIONS

4.1 REPORT

A. Format.

The report shall be typewritten on bond paper sized 8 1/2 by 11 inches with all parts of the report legible and shall be bound with a durable cover and labeled on the face. The label will identify the appraised property, the contract number, appraiser's name and address, and the date of the appraisal. All pages of the report, including the exhibits, shall be numbered.

B. Contents.

The report shall be divided into tabulated parts:

- Part I - Introduction
- Part II - Factual Data
- Part III - Analyses and Conclusions
- Part IV - Addenda

The content of the report shall, as a minimum, contain the following:

1. PART I - INTRODUCTION

a. Title Page shall include (1) the borough name(s) and general location(s) of the property; (2) that the appraisal is for the lead agency identified in the task order; (3) name and address of individual and the firm or corporation making the appraisal report; (4) the report date.

b. Table of Contents shall be arranged in accordance with the sequence of topical headings with corresponding page numbers.

c. Summary of Facts and Conclusions shall be a brief resume of the essential highlights of the report in order to offer a convenient reference to basic facts and conclusions. Items which shall be included are (1) Name of project and agency; (2) owner of record; (3) location or legal description; (4) name of appraiser; (5) dates of field work; (6) date of inspection; (7) effective date of appraisal; (8) interest under appraisement; (9) size; (10) highest and best use; (11) appraised values.

d. Statement of Assumptions and Limiting Conditions. The Contractor shall include in the report a statement of assumptions and limiting conditions related to the appraisal of the property.

e. References. The Contractor shall list the sources of data incorporated in the report, such as records, documents, technicians, or other persons consulted along with a statement of their qualifications and identification of their contribution to the report.

2. PART II - FACTUAL DATA

a. 1. Purpose of Appraisal for Partial Estate Interest Appraisal. The Contractor shall state that the purpose is to estimate total compensation for the estate to be acquired considering damages and/or benefits to the remainder. It shall include the function of the appraisal and a description of the estates appraised in both the before and after conditions.

2. Purpose of Appraisal for Fee Simple Land Appraisal. The Contractor shall state that the purpose is to estimate fair market value for the property. It shall include the function of the appraisal, and a definition of all values required and property rights appraised.

b. Definition of Fair Market Value. The definition is that as described in the UASFLA and expanded upon in USPAP.

c. Estate Appraised. Describe the Estate to be appraised and the legal description of the subject property.

d. Area and Neighborhood Data. The report shall include a concise discussion of market area, trends in use, and neighborhood and area analysis. This data (social, economic, and political) shall provide the basic information leading to a conclusion of highest and best use and shall include only information that directly affects the value of the property being appraised.

e. Property Data. The report shall include a narrative description of significant land features and all improvements. This section shall show the availability and suitability or adaptability of the property for the highest and best use. The property data shall include, as a minimum, the following:

1. A description of the land, giving dimensions, size, shape, access status and characteristics, land types, topography, timber, livestock forage, mineral character, and other characteristics that might affect value. If there is an indication that timber or mineral deposits have commercial value, this should be stated. If part of the property is assigned higher value than other portions, prepare a map delineating the various land classes.
2. A discussion of outstanding rights or possessory interests (easements, permits, leases, adverse possession, etc.) describing the type, area, condition, terms, rates, and their affect on value.
3. A description of all improvements, discuss each with reference to its physical condition, present use, obsolescence, and its contribution to the highest and best use.
4. A statement of the current assessed value and dollar amount of property taxes and discuss their affect on value.
5. Cite the zoning and other restrictions for the subject property and discuss their affect on value.
6. Discuss the affect on value of reservations and covenants described in the estate.
7. Distinguish between any real property and personal property values.
8. Discuss any environmentally threatening factors that may affect the property such as toxic waste, physical hazards, or noxious materials.

3. PART III - ANALYSES AND CONCLUSIONS

a. Analyses of Highest and Best Use. State the highest and best use or combination of uses that can be made of the property (land and improvements) for which there is current private open market. Give evidence of the demand for such use. If the highest and best use is different than the present use, discuss how the property is available, suitable, adaptable, and in demand for the new use. Be cautious in identifying highly speculative uses that are contingent on occurrences that are not demonstrated in the marketplace within which the subject might compete. Investment for profit or speculation in and of themselves are not acceptable highest and best uses without the identification of the physical interim use and anticipated future use that is

being anticipated. Highest and best use cannot be predicated on a demand created solely by the project for which the property is taken (e.g., rock quarry, when the only market is a highway project for which the property was taken). A proposed highest and best use cannot be the use for which the government is acquiring the property (e.g., missile test range, airfield, park), unless there is a prospect and demand for that use by others than the government.

b. Data Analysis. This section, divided into topical headings, shall contain the appraiser's discussion and analysis of market trends and elements of value. The text may refer to factual data included in the Addenda to the report.

The appraiser shall specifically state his conclusion, the factual data calculations, and the process of reasoning that led him/her to that conclusion.

The following items, as a minimum, shall be discussed in this section:

1. Cash Versus Contract Sales. All value estimates made in the appraisal report will be on the basis of cash or cash equivalence. The effect of financing on market value will be considered and the conclusions documented in this section. Cash equivalent is defined as: That price that would have been in effect, had the terms been all cash.

2. Price-time trends.

3. Physical Characteristics. The effect on value of elements such as size, location, access characteristics and status, road or highway frontage, restrictive covenants, zoning, utilities, view, vegetative cover, water frontage, mineral character and potential, and other elements of value as demonstrated in the market will be explored and analyzed.

c. Estimate of Value. The appraiser's estimates of value shall be developed in a logical sequence using accepted approaches to value supported by confirmed factual data.

1. Approaches to Value. Value shall be based upon the properties highest and best use, which may differ from its present use, and shall be supported by confirmed transactions of comparable lands having similar highest and best uses. In all cases the three approaches to value (cost, income, and direct sales comparison) shall be considered, and used, if applicable. At a minimum, the appraisal report shall contain a direct sales comparison approach which analyzes and compares the subject to all appropriate comparable sales, ending in a subject property value indication based on each sale. All such direct comparison indications shall then be correlated to a final estimate of value.

2. Comparable Sales. The appraiser shall personally visit, investigate, list in the report, and be prepared to testify with respect to all sales which may be pertinent to the valuation of the subject. The sales considered and not actually used by the appraiser shall be listed in a table in the addenda. This list shall cite pertinent facts such as date, size, buyer and seller, price, terms, location, etc., and include a remark as to why each sale was not used in the estimate of value. All comparable sales used in the valuation discussion shall meet the test of market value. All transactions used shall be verified with parties knowledgeable of the sale, (grantor, grantee, broker). Include date of confirmation, the name of the party with whom the sale was confirmed, and the name of the person confirming the sale. In accordance with Section A-10 of UASFLA, Exxon Valdez Oil Spill restoration transactions will not be used as comparables because they are project related.

The appraiser shall examine all prices and terms of comparable sales as to their equivalency to cash. Where comparable sales prices are adjusted because of terms or for other reasons, the amount of the adjustment shall be supported by presentation of factual evidence and the appraiser's reasoning.

The sale price of comparable sales used in this appraisal report shall be adjusted for appreciation or depreciation, if any, for the period of time between the sale date and the valuation date (Market condition) the amount of the adjustment shall be clearly stated. The basis for the adjustment in the form of an analysis of available pertinent market evidence shall be presented. Sales and resales of unaltered properties similar to the comparables and in the same market area, are preferred indicators of market condition. To be useful, such sales and resales must have occurred during the approximate period for which other comparables are being adjusted. Raw statistics on broad classes of property and covering large geographic areas will not suffice as a basis for the above described adjustments.

When using the direct sales comparison approach the appraiser shall, for each sale listed, discuss: Parties to the transaction, date of the transaction, acreage, legal description of property, interest conveyed, consideration, conditions of payment (cash or terms--contract sales will be discussed and conclusions made as to their cash equivalence), improvements (kind and whether they contribute to highest and best use), personal property, any outstanding rights and reservations and their effect on value, and physical description--topography, cover, etc. Each comparable site should be described in narrative form in sufficient detail to indicate how it compares to the subject property in elements affecting value. Buyer and seller motivation of the comparable transaction must be discussed. The potential for development as of the date of purchase shall be explored and presented.

When adjustments are made to comparable sales, the basis for the adjustments shall be shown in sufficient detail and supported by all available market evidence to allow the reviewer to judge their validity and acceptability. The

data will be presented in narrative form as well in comparison grids or tables. When the value of the subject property and comparables are highly similar, lump sum adjustments are acceptable, though the elements of dissimilarity affecting value shall be listed. If quantified adjustments are made, they shall be directly supported by verified market evidence.

3. In the direct sales comparison approach, the last sale of the subject property shall be listed. If it is a valid sale, it shall be qualified and given appropriate consideration in the value conclusion.

4. In the income and cost approaches, all cost and income estimates shall be supported by comparative costs or rental data for similar properties. The methods used to determine capitalization rates, accrued depreciations, and depreciation rates shall be discussed and computations and comparisons shown. Comparison charts (such as rental comparisons, constructions cost comparisons, etc.) shall be developed where feasible.

Items 5 through 8 are applicable only to partial estate interest appraisals:

5. In accordance with established legal principles and procedures the before value of the property shall be estimated as of the date of the appraisal without allowance of enhancement and/or diminution in value due to the project.

6. In the before acquisition appraisal, sales occurring after the date of the project shall be used in estimating value only if there is no project-related enhancement and/or diminution. In the after acquisition appraisal applicable sales occurring up to the date of the appraisal shall be used with full consideration given to the effects of the taking and the project in the estimate of value.

7. In the after acquisition appraisal, the estimate of value shall be developed by comparison with sales of properties encumbered by similar easements. If this cannot be done, the appraiser shall develop the estimate by direct comparison or other use of sales which give evidence of the value attributable to the subject's utility in its encumbered state.

8. The after acquisition appraisal shall, as a minimum, contain the following:

- a. A brief description of the part acquired.
- b. A description of the property rights acquired and a discussion of all the restrictions on the grantor and affect, if any, on the value of the subject.
- c. A discussion of the appraiser's interpretation of the property rights acquired.

d. A comprehensive description of the remainder in the after acquiring condition.

e. A discussion of the effect of the acquiring and the project on the remainder, showing highest and best use in the after condition and describing how benefits or damages occur.

d. Correlation and Final Value Estimate. The appraiser shall interpret the foregoing estimate and shall state his/her reasons why one or more of the conclusions reached in the estimate of value section are the best indicators of market value of the subject. The indicated value estimates derived through more than one approach to value will be correlated to reach the final estimate of value. If only the direct sales comparison approach is used, the indications given by the various sales will be correlated to reach the final estimate, showing which sale or sales were considered most comparable and provided the best value indicators. Where the "before and after" method is used to estimate just compensation, separate correlations are needed for the "before estimate" and the "after estimate".

The following item is applicable to partial estate interest appraisals only:

e. Estimate of Total Compensation. The appraiser's estimate of total compensation shall be derived as the difference between the estimated market value before the acquiring and the estimated market value of the property after the acquiring and as affected by the project. The method automatically takes into account diminution in value of and any benefits to the remainder.

This shall be shown as follows:

Value Before	\$ _____
Value After	\$ _____
Estimate of Just Compensation	\$ _____

The estimate of just compensation shall be summarized as follows:

Value of Part Acquired	\$ _____
Damages	\$ _____
Benefits	\$ _____
Estimated Total Just Compensation	\$ _____

The sum of the value of the part acquired and damages, less the benefits, must equal the difference between the before and after values.

f. A Certification Statement will be included that is consistent with USPAP and UASFLA.

4. PART IV - ADDENDA

All maps shall be originals of high quality with properties depicted in color (i.e. subject - ; comparable - green). They shall be of sufficient detail, with legend, scale, and north arrow, in order that properties may be readily located on the ground using the maps.

The addenda shall include:

a. Area Map - Small scale map showing the general location of the subject neighborhood.

b. Neighborhood map - Shall show the subject property and its immediate vicinity. The area and neighborhood maps may be combined if appropriate.

c. Subject Property Map or Plat - A large scale map that clearly shows the dimensions and topography of the subject property.

d. Comparable Sales Location Map - This shall show the location of sales used in estimating market value of the subject property in relationship to the subject.

e. Comparable Sales Form - For all transactions used in the appraisal show all of the pertinent information concerning each comparable. At a minimum, each verification will display the names of the state and geographic location, recording district, community area, grantor, grantee, estate purchased, instrument, tax parcel number, book/page, date, size, price, unit price, date of verification by whom and with whom, terms, legal description, access, utilities, zoning, highest and best use, current use, improvements, vegetation, topography, and soils. There should also be a remarks section.

f. Full legal description of subject property as presented in the preliminary title report.

g. Statement of the date(s) the subject property was inspected with property owner or his/her representative, and the government is representative (or a statement that property owner were government representative invited but declined to accompany appraiser on the inspection).

h. Photographs - The Contractor shall provide representative original color photographs of the subject property and all comparables in each copy of the final report. Photographs may be provided as a separate exhibit in the

addenda or included along with the narrative description of the subject property and sales. The following information shall be shown with each photograph:

1. Identification of scene in photograph (direction of view, etc.). The direction of view may be indicated on a map. If the photograph was taken from a distance such as an aerial or high vantage point, the approximate property boundaries must be clearly shown on the photograph. The boundaries of a "taking" must be identified on one or more photographs of the subject, as appropriate.

2. The name of the individual taking the photograph.

3. The date the photograph was taken.

i. Other Material - The appraiser shall include all other pertinent documents provided by the Contracting Officer or representative, plus appropriate charts, maps, etc.

j. Qualifications of Appraiser - The qualifications of the appraiser shall be included in the report as evidence that the responsible person is qualified to make such an appraisal.

RPWG
II

OIL SPILL COORDINATION OFFICE

*Alaska Region*TO: Barbora

FAX: _____

UNIT: _____

Verification No. _____

FROM: Dave Gibbons

FAX: _____

REMARKS: Changes to water from
2/18 meeting

_____Total number of pages (including cover): 9Date Sent: 2/22 Time: _____

DRAFTRPWG
II**NEGOTIATORS MEETING****FEBRUARY 18, 1994****1:00 p.m.****ATTENDEES**

Dave Gibbons
Jim Ayers (teleconference)
Glenn Elison
Judy Robinson
Alex Swiderski
Barry Roth
Tom Gerlach
Norman Lee
Chuck Gilbert
Dee Butler
Bob Putz
Rich Goossens (teleconference)
Bob Rice

Jim - he thanked everyone for being on course in developing the habitat program. He has tried to make sure that as we are under the spotlight with regard to habitat protection, that we do it in an incredible legal and methodical way. Regarding the appraisal standards issue, his interest is in serving the Trustees. We ought to have uniform appraisal standards that are consistent with both federal and state laws to protect the public interest. We need to do everything by the book so that everything will stand solidly. He is willing to accept his role. We must all be joined together in the effort to make sure that it is done by the book and that none of us let the sellers split us apart when we get to the negotiations. We should not accept any "free lunch". We are all going to do this the same way, through legal, uniform standards. He will be glad to clarify all the above points. He felt compelled to address these issues due to the nature of the comments he has received.

Chuck - he needs to talk to Jim about conversations with Bill Timme. He has repeatedly stated to him that these efforts are a group decision; however, he insisted on making Jim responsible

Jim - he is offended by comments from the Native corporations that he is thwarting their progress to provide economic benefit for their people.

Chuck - the letter from Don ^{Ebell} ~~Emil~~ was a very conscious decision from Bill Timme to finger Jim as the responsible party.

Jim - he is more than willing to accept the heat to keep the negotiations moving forward. He wants to make sure we don't turn on each other. He doesn't want a lot of unproductive malice.

RPWG
II

Alex - in the interest of making sure we continue to present a united front, he asks to be notified in the future of meetings. He wasn't aware of the meeting with the sellers.

Chuck - it was an oversight. The intention of the meeting was to give the review of our appraisal and inform them that their appraisal did not meet standards and would be reject. *red*

Glenn - could you clarify the relationship between the review of the parcels to be appraised with the review of the parcels by ~~HPWG~~ *MIG* prior to his authorization of parcels to be appraised.

Jim - we are required to have a review process. We must respond to the TC resolution and in doing so, he wants to make sure we have an understanding of what it is that is being discussed for appraisal and negotiation and are we able to determine what the maximum benefit package is throughout the area. The old HPWG group is now known as the Management Information Group (*MIG*). We need to report back to the TC that we have done what was ordered by resolution.

Glenn - he welcomes an opportunity to meet with Jim.

Dee - she would like further clarification. Will we have to provide a package to ~~HPWG~~ *MIG* and they will have to authorize the package?

Jim - not necessarily, but they may have some suggestions. They might talk about the Afognak consideration as an example.

Glenn - his concern is that we don't prejudge the outcome. There is really no way to come up with what is going to be the optimum cost benefit.

Jim - he wants to make sure you go in and talk to the ~~Management Information Group~~ *MIG*. The more reasonable we can be in our approach, the better off we will be. He is willing to have separate meetings to offer advice as he looks at the whole picture.

Alex - we did something like that with Afognak to come up with some options for the TC so they wouldn't be stuck with an all or nothing option. They could buy less than the whole ball of wax. Starting with the Management Information Group seems like a good place to start.

Glenn - we welcome the opportunity to meet with Jim when the time is right.

Jim - The TC will be at ~~the~~ *a* forum on the status five years later on March 22nd. He would like to have a teleconferenced discussion with the TC and give them an update on appraisals and negotiations. He wants to let them know we have complied with the intent of the resolution. At some point, we all have to come together because we need to have options in each case to see how it relates to the whole picture. We need to have the entire collage of protection.

Barry - he would like to schedule a meeting with Jim either Monday or Tuesday, *in Wash. D.C.*

Rud
II

Jim - whatever works for you.

Chuck - can you explain the intention of the meeting next week ^{in June} and who the participants are expected to be?

Jim - this is fulfilling a commitment to allow the sellers to give us some input. He intends to listen to what they have to say. There will be four attorneys coming to the meeting, Wilkins, Bolger, Ebell and Timme. He will also meet with the federal attorneys on Wednesday morning to find out what their recommendations are. He will address how to resolve the issue over appraisals.

Barry - with the land and water conservation fund, you deal with the appropriations committee. presumably with the settlement fund, you could do the same thing.

Jim - we as a group should think about this together. He wants to listen to the sellers and to the attorneys on what is legal and proper. Then we will make a decision about what is appropriate and move forward.

Dave - we will try to get some consensus on the documents passed out. Comments on the minutes should be forwarded to Dave by COB on Tuesday.

Rich - Are we still pretty firm on the MOU?

Dave - we are pretty close. It is not so critical to have this signed by the Wednesday meeting.

Rich - he made some cosmetic changes ^{to the APPROPRIATE STANDARDS PACKAGE.} We changed the part on comparable sales and struck out "arms length" after the Exxon transactions.

Dee - on the EVOS-related transactions, could we use Section A-10 of USAFLA so that they won't think we are being arbitrary and capricious. If this is what Jim is sending to the sellers, and we know that government sales are a critical concern of theirs, then we could deflect some of their debate by using a reference that is not arbitrary and capricious.

Norman - He agrees with Dee that this is the one point everyone is complaining about, and if we could put the references in, he would have no problem at all.

Rich - Dave, could you add this to the version on your DG?

Alex - you should add in accordance with Section A-10 of USAFLA

Chuck - the other approach is to write it and stick it in later from a perception aspect.

Dee - before would be more effective than after.

RPW6
II

Judy - these are ordinary standards which have been in effect for some time, and we are not putting in anything new.

Barry - the land value component of Seal Bay came out to \$262 an acre. If you can't use the appraisal, you can use the analysis that gets you that same number.

Rich - you can use the sales/private transactions that lead you there.

Barry - they are correct, but they don't preclude *use of GOVT comparables.*

Rich - the problem is unless they are fully analyzed, there are all these other clouded issues that get into the sale.

Norman - the other review done of Kachemak Bay ^d make it clear. The project influence can be spelled out and quoted from USAFLA.

Rich - it is more of an issue of ^{if} we allow a third party appraisal.

Barry - "allow" is not the word because you can't stop them. At the meeting on Wednesday, you need to make sure there aren't two sets of appraisal instructions. Unless they use our standards, the appraisal is no good.

Rich - their attorney needs to go over the specifications in a pre-work conference. The agency that has taken the lead is responsible for the appraisal.

Norman - We cannot negotiate unless we have a fair market value appraisal. We can't look at it until it is approved.

Dee - there is nothing to keep them from third party appraisals.

Rich - we can at least discourage them.

Dee - from their point, if we have to wait until ~~that point~~ *after a GOVT purchased appraisal,* we are wasting a lot of time. Right now they would like to contract for an appraisal and use our specifications and submit them at the same time.

Bob - their should not be any first or second.

Dee - Jim will run into this, and we might want to be prepared to give him the arguments to counter.

Alex - if someone follows these appraisal instructions, we are not going to disabuse that notion. These instructions are only different in that they exclude EVOS sales.

RWG
IF

Rich - he took the statement out regarding arms length.

Dee - what are we going to agree on? Will we move forward with these specifications?

Dave - These are not final, and Jim will have to buy off on them.

Alex - we should add the rest of the citation and use USAFLA throughout. He would take out "perceived" in the last paragraph.

Dee - she didn't have trouble with the word "perceived", but she will go with deleting it.

Barry - on F2 it should be "must equal" instead of "will equal". He raises from a political standpoint of users, should we set into the standards that condemnation is there, because it is false threat from a federal standpoint. Also is testimony necessary?

Rich - testimony may be needed this summer.

Barry - where would you testify on this other than imminent domain?

Rich - the issue will be with appraisal practices.

Norman - if we struck out "judicial" would that be disturbing?

Rich - we may need this in the future.

Dee - we should explain that these specifications were also written to satisfy the needs of the Forest Service.

Judy - how about substituting "acquisition" for "taking"?

Dave - a global replace will change "taking" to "acquisition".

Dee - what are we doing with the judicial proceedings?

Alex - I think we should strike the word "judicial".

Barry - this a contract obligation as opposed to a standard of the appraisal.

Rich - it is a standard contract clause which has been used for ten years or so. It is only stated as a requirement of the appraisal.

Alex - "judicial" is taken out.

Bob - he doesn't know that we should take this out.

RPW6
II

Barry - it is required that our guy be prepared to testify because it may go to imminent domain.

Dee - USPAP is a supplement to USAFLA.

Barry - he suggested adding "that is described in USAFLA and expanded upon in USPAP".
He suggested taking out the second "other" under Part III.

Dave - ^{we} he will spell out EVOS.

Alex - He would change "project driven" to "project related".

Dave - the statement will read: according to Section A-10 of USAFLA, Exxon Valdez transactions will be not be used as restoration transactions because they are not project related.

Dee - on the last page, we use photograph instead of photog~~raphs~~.

Norman - the "s" on comparable sales should be consistent throughout.

Dave - he will make another version of the specification changes and forward it to everyone for review.

Dave - he has reviewed the MOU and doesn't have any comments.

Alex - he and Barry made one change in Paragraph 5 because we could not force the contract appraiser to change his appraisal. It should read: The COR shall ensure that the contract appraiser consider the lead agency appraisal review.

Alex - what do you do with your lead agency appraisal review?

Rich - you give it to the appraiser as a matter of courtesy.

Alex - we are trying to capture this.

Rich - they will probably get a signed certified letter saying their appraisal was rejected.

Dee - we need to define the purpose of the contracting officer.

Rich - this makes sure the contract appraiser understands there is a payment function involved here.

Dee - can you say the COR will confer with the review appraiser for authorization of payment?

Rich - this links the three of us in a contractual, review and payment relationship.

TPW6
II

Alex - he is not sure this sentence addresses this.

Chuck - the COR may not be with the same agency as the appraiser.

Rich - it is possible to accept an approved report and a rejected report, and you may want to seek a second opinion.

Alex - there must be somewhere in the contract with the appraiser that discussed if the appraisal is rejected, that they don't get paid.

Rich - yes, there is.

Alex - the COR shall consider the review appraisal done by the lead agency to be the appraisal review for purposes of the contract with the appraiser.

Rich - you want to make sure there is unanimity with the COR.

Barry - he suggested adding: Prior to certifying for final payment to the contract appraiser, the COR shall seek concurrence of the review appraiser from the lead negotiating agency. ~~Approved~~

The group concurred with the above statement.

Judy - if the lead reviewer turns you down, you don't get your money.

Dave - he has two changes to the flowchart. Preliminary reports were moved to the second block and HPWG was eliminated and replaced with the Management Information Group. - *flowchart accepted*.

On the Summary Sheet, the changes were preliminary title research is now preliminary title search.

Chuck - it should be preliminary title report. - *accepted*

✓ Dave - he moved up ^{HAZ}hazMAT and spruce bark beetle review before the contract date.

Rich - he would hate to get well into the appraisal and find out there is a hazard problem.

Chuck - we should not look at this as a sequential thing.

Alex - it would take forever. We should get the appraisals going as soon as possible.

Dee - the federal government is not going to accept a contaminated site anyway. We should agree that it is not going to be a sequential type thing.

Chuck - we should make sure there is not an obvious dump site.

RPW
II

Dave - Is "final title approval to law" necessary?

Alex - this means some sort of legal approval.

Chuck - it is a required step. In the discussion of options, we use offers.

Rich - we use purchase agreement.

Alex - yes, we should use purchase agreement to replace options.

Chuck - if we have the appraisal amount offered on this sheet, that is confidential information and should not be put on this sheet.

Rich - often when there is a working file, someone can walk in off the street and see this.

Dave - ~~it is gone~~. Appraisal Amount Line is removed

Dave - has everyone looked at the amount for title searches?

Dee - FWS would prefer to keep their appraisal amount in their account. ^{since} The money is transferrable from line item to line item and adjustments can be made.

Dave - he can't agree to that, and he has to run this by Jim.

Chuck - he has a budget to submit for addition. It has some personnel ^{Appraisal} cost and travel costs.

Judy - could you clarify the meeting on Wednesday?

Dave - it is not the big meeting everyone thought it would be.

Dee - would it be useful for Jim to have a briefing before hand with those who have experience with these people, in case he needs to have information about particular sales.

Dave - he will bring this up to Jim.

Norman - he would be glad to talk with Jim about why particular appraisals won't fly.

Dave - he thinks Jim is more there to listen.

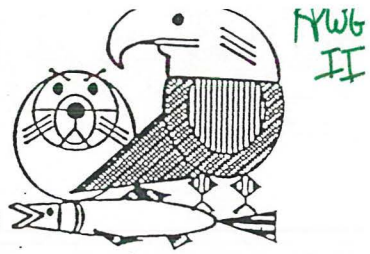
Meeting adjourned at 3:10.

Exxon Valdez Oil Spill Trustee Council

Restoration Office

645 "G" Street, Anchorage, AK 99501

Phone: (907) 278-8012 Fax: (907) 276-7178



FAX COVER SHEET

To: D. Gibbons.

Number: _____

From: B. Wilson

Date: 2/23/94

Comments:

Total Pages: 9

Attached are the revised minutes from Friday. I will begin distributing them.

Thanks!

Barbara

P.S. I provided copies to Jim & Molly.

FAX COMPLETE