From: Trueblood, Craig
To: <u>Dave Schaub</u>

Cc: <u>Vicki Egesdal; "Thomas Bradley"; Carl Griffin</u>

Subject: RE: Navy REPI agreement

Dave,

I reviewed the agreement. I did not see anything that would cause me to advise INLC not to enter into this arrangement with the Navy. Also, I suspect this is some sort of form and making any substantive changes would be problematic at best. So, let me give you a few key highlights from my review and my prior experience in dealing with the Federal government.

As you probably know, the Federal government in general tends to move at a very slow pace and with great caution. The military probably moves half that fast and with even more caution. Just be prepared for a pace that is pretty glacial in nature where progress is measured in months and years not days and weeks. Still, if you have a motived base commander or project manager at the Navy, you may be able to protect some habitat.

The nature of this agreement is such that INLC and the Navy are not really agreeing to do much more than work together in good faith over the next 5 years to look for possible conservation acquisitions. In that sense, you are not really putting too much on the line here, and neither is the Navy. Also, the agreement can be terminated by either party with 30 days notice.

You need to meet with the Navy at least once a year and identify potential land owners/properties. INLC is not to contact any landowner until you and the Navy agree on what owners to approach.

The Navy intends to provide 50% of the funds needed to acquire fee title, or the full fair market value of something less than fee (such as a conservation easement).

Both parties pay their own staff costs and legal fees but the parties can share on a case-by-case basis certain expenses such as title, appraisers and surveys. An appraisal will be required for each transaction. Surveys are not required in all cases. Each party must buy its own title insurance, if any is deemed necessary.

No press releases are allowed without the other party 's prior approval.

INLC will need to send progress reports to the Navy upon request.

The Navy will hold a permanent easement on any property INLC acquires in fee with Federal funds.

Federal money comes with administrative string attached, so as is typical you will need to comply with a series of Federal laws. I don't imagine these are particularly onerous or different than how INLC operates, but it is another level of administrative burden and scrutiny any time you partner with the Feds. For example: non-discrimination in the provision of benefits or services, no lobbying with Federal funds, maintain a drug-free workplace (notwithstanding WA State laws to the contrary), and equal opportunities in employment. Documents must be retained for at least three years

following termination of the agreement.

Any dispute with the Navy needs to be addressed among the parties and if it cannot, then the Navy has a rather comprehensive alternative dispute resolution process (i.e., no lawsuits).

Finally, keep in mind that the Navy's motivation here is minimizing development that might interfere with the Navy's mission, not necessarily protecting habitat. That is why it is called an "encroachment protection agreement" - they are preventing encroachments on the Navy's work, not protecting habitat. Your interests may align now and then, but their mission is clear. While not noted in the agreement as far as I can tell, the legislation authorizing the Navy to enter into encroachment protection agreements says that the Navy will require that any property acquired by INLC in fee with Federal money be conveyed to the Navy to implement its mission. When you work on your first PSA with the Navy I suspect this will come up in some fashion.

Hope this is useful. Glad to discuss.

Craig T. 206-370-8368