



July 30, 2009

Ronald Tressler
Seattle City Light
Environmental Affairs Division
700 5th Avenue, Suite 3200
P.O. Box 34023
Seattle, WA 98124

Dear Ron,

Enclosed are two originals of the signed Letter of Intent for transfer of the Finney Creek, Olivine Ends, Pressentin Creek, and South Marble 40 Trust Land Transfers to Seattle City Light. We look forward to working with you this biennium to complete these transactions. Please contact me at (360) 902-1482 if additional information is needed.

Sincerely,

Deborah Whitney
Property & Acquisition Specialist
Asset Management and Protection Division
PO Box 47014
Olympia, WA 98504-7014

Enclosures

RECEIVED

JUL 31 2009

Environmental
Affairs
Division

**WASHINGTON STATE
DEPARTMENT OF NATURAL RESOURCES
LETTER OF INTENT**

**TRUST LAND TRANSFER
SEATTLE CITY LIGHT**

1. Introduction. Seattle City Light (Receiving Agency) has been designated to receive state trust land identified as Pressentin Creek, South Marble 40, Finney Creek and Olivine Ends in the Trust Land Transfer (TLT) legislative appropriation for the 2009–2011 biennium. The purpose of this Letter of Intent (LOI) is to identify the process and terms of the transfer as provided by legislative direction and the Department of Natural Resources (DNR) trust management obligations. This LOI is an expression of the good faith intent of both parties to move this transaction to completion and is not a legally binding document.

2. Trust Land Transfer Program. The Trust Land Transfer program was created by legislation to protect special trust lands, provide funds for school construction and reposition Common School Trust lands to increase revenues and reduce management costs. Trust lands included in the program are recognized as having special characteristics desirable for uses other than timber harvest and trust revenue production. The legislature appropriates funds to acquire or lease the property at market value and directs the timber value be deposited to the common school construction account and the land value be used to acquire other common school trust land better suited for producing trust revenues. The selected property is transferred to the designated receiving agency to be managed for the intended special public use. Additional program information may be found on the DNR web site at http://www.dnr.wa.gov/BusinessPermits/Topics/OtherLandTransactions/Pages/amp_tlt.aspx.

3. Authority. Authority and funding for the transfer is provided by Chapter 497, Section 3203 of the 2009 Capital Budget Bill, RCW 79.17.200, and other statutes that may apply. The legislature has appropriated \$94 million to transfer or lease 34 properties. A copy of the Budget Bill is attached as Exhibit D.

4. Receiving Agency. The receiving agency as identified on LEAP Capital Document No. 2009-2a, referenced in 3203(1) as the approved property list, is “Seattle City Light”. The conveyance deed will identify the City of Seattle as the Grantee.

5. Property. Pressentin Creek, South Marble 40, Finney Creek and Olivine Ends, (herein referred to as ‘The Property’) proposed for transfer comprises approximately 1,500 acres in four locations within Skagit County. Some of the property is currently managed for trusts other than Common School and must be exchanged for equal valued Common School Trust land before the transfer can be completed. This extra step will be included as part of our administrative process. The Property is identified in Exhibit A.

6. Title. Title will be conveyed by quitclaim deed substantially in form as set forth in Exhibit B. The property will be conveyed AS IS, WHERE IS. The deed shall contain a release of liability relating to the condition of the property. The applicable deed will be submitted to the Receiving Agency for approval prior to conveyance.

7. Title Insurance. DNR will not provide title insurance. The Receiving Agency may acquire title insurance at its own expense.

8. Reservations. DNR will reserve minerals as required by RCW 79.11.210. DNR will also retain the property as "Permit Lands" as defined in the Department's Habitat Conservation Agreement entered into on January 30, 1997. Retaining The Property as Permit Lands is essential to protect the integrity of DNR's Habitat Conservation Plan. Both reservations are identified in Exhibit B.

9. Property Value. The Legislative appropriation will be used to compensate the Common School Trust for the value of The Property. The Receiving Agency will receive The Property without charge, but will be responsible for all future costs after ownership has been transferred.

10. Appraisal. DNR will complete an appraisal of The Property to determine market value. The appraisal will include a value for land and timber that will provide the basis for distributions to the land replacement and school construction accounts as required by legislation. The appraisal will remain confidential to DNR until the transfer is complete.

11. Board of Natural Resources. The transfer is conditioned upon approval by the Board of Natural Resources. The transfer will be presented to the Board after the appraisal is complete and the property transfer is desirable to both parties. The Board has the legal obligation to establish value for all lands leaving trust ownership.

12. Administrative Costs. DNR costs to complete trust land transfers are paid for by the appropriation. Such costs include staff time, equipment, travel, appraisals, closing costs, etc. Costs incurred by the Receiving Agency to receive, hold and manage The Property are the responsibility of the Receiving Agency.

13. Use Restriction. As required in Section 3203(6), a use restriction will be included in the deed that dedicates The Property for the appropriate public use as identified in Section 3203(1). The public use restriction proposed for Pressentin Creek, South Marble 40, Finney Creek and Olivine Ends is that it be conveyed to be used exclusively for fish and wildlife habitat, open space or recreation. Refer to the second paragraph in the deed (Exhibit B).

14. Prorations. All lease/rental income, if any, and assessments and other expenses relating to The Property shall be prorated as of closing. The Receiving Agency will assume responsibility for any assessments remaining unpaid as of the closing date.

15. Leases and Encumbrances. Leases and encumbrances will be transferred with the property unless other arrangements are made. A DNR title records report with copies of lease and encumbrance documents will be provided for review.

16. Access. Legal access appurtenant to The Property will be conveyed when available. However, DNR does not guarantee legal access to all properties. Access to some properties may be unavailable or restricted by easement language.

17. Removal from List. DNR and the Receiving Agency will attempt to complete the transfers as provided by legislation, however, either party may remove a property from the list as provided for in Section 3203(7) if determined the transfer is not in the state wide interest of the Common School Trust or Receiving Agency.

18. Continuing Forest Obligation. The Notice of Continuing Forest Land Obligation form will be signed by DNR and then the Receiving Agency prior to closing as required by RCW 76.09.070, RCW 76.09.390, and WAC 222-20-055. A sample of the form is attached as Exhibit C. All continuing forest obligations will become the responsibility of the Receiving Agency following closing.

19. Closing. Closing shall be carried out at the Olympia office of the Department of Natural Resources. The Receiving Agency acknowledges that DNR staff is acting as interested parties and not as escrow agents in preparing documentation and closing this transfer. Closing (Closing Date) will usually occur within 45 days following approval by the Board of Natural Resources. Each party will execute sufficiently in advance of the Closing Date all documents necessary to carry out this transfer including but not limited to real estate excise tax affidavits, assignment of any leasehold rights, etc. The cost of recording will be paid by DNR.

20. Lease Transfer. *This clause does not apply to any of the Seattle City Light Transfers.*

21. Schedule. DNR is initiating appraisal contracts for higher elevation properties first in order to take advantage of the summer operating season. Properties with high timber to land values also have an earlier schedule. We expect to begin work during the summer of 2009 and should have the first properties ready for transfer by early 2010.

22. Notices. Notices affecting this LOI or the subject transfers should be addressed to the following:

City of Seattle	Department of Natural Resources
Seattle City Light Environmental Affairs Division Attn: Ronald Tressler P.O. Box 34023 Seattle, WA 98124 Fax: 206-386-4589 Phone: 206-386-4506 email: ron.tressler@seattle.gov	State of Washington Department of Natural Resources Asset Management and Recreation Division Attn: Evert Challstedt P. O. Box 47014 1111 Washington Street SE Olympia, WA 98504-7014 Fax: (360) 902-1789 Phone: (360) 902-1605 email: evert.challstedt@dnr.wa.gov

23. Acknowledgments. The acknowledgments below indicate that both parties are committed to proceed with the Trust Land Transfer and/or Lease as provided by legislation and conditions as set forth in this document. It is understood that the decision to proceed is based on current knowledge and that new information could change the desirability of the transfer for either party. This LOI is not intended to have a legally binding effect, but is an expression of good faith intentions of both parties.

Please return the signed original to the above address and an executed copy will be returned when signed by DNR. Signature is requested by August 25, 2009 to maintain the indicated schedule.

City of Seattle

Department of Natural Resources

Signed: 
 Printed: LYNN BEST
 Title: DIRECTOR, EAD
 Date: 7/24/09

Signed: 
 Printed: Stephen Saunders
 Title: Division Mgr, AM&R
 Date: 7-30-09