MINUTE ITEM
This Calendar Item No. 97
was approved as Minute Item
No. 97 by the State Lands
Commission by a vote of 3
to 0 at its 10-17-95
meeting.

CALENDAR ITEM
97

A 34, 65, 80

S 14, 17, 31, 37

10/17/95
W 24480
S. Sekelsky
Frey
Pelkofer
Gonzalez

CONSIDER APPROVAL OF AGREEMENTS TO FACILITATE EXCHANGE OF LANDS PURSUANT TO PROVISIONS OF SUBSECTION 707(A) OF THE CALIFORNIA DESERT PROTECTION ACT

APPLICANT:

California State Lands Commission
100 Howe Avenue, Suite 100 South
Sacramento, California 95825

AREA, TYPE LAND AND LOCATION:

School land parcels as described in and pursuant to provisions of Section 707 of the California Desert Protection Act (PL 103-433) October 31, 1994.

LAND USE:

Exchange.

DESCRIPTION/BACKGROUND:

At its November 15, 1994, meeting, the California State Lands Commission (SLC) approved Calendar Item C114, which authorized staff to negotiate an Exchange Agreement with the Department of Interior (DOI) and to take all other actions necessary to expeditiously implement the provisions of the California Desert Protection Act (CDPA). The four agreements attached hereto as Exhibits B-E are the result of the negotiations between the parties and have each party's concurrence as to substance. Each agreement is summarized below.

Agreement to Exchange Lands (Exhibit B) is a general agreement with Bureau of Land Management (BLM) to facilitate the exchange of federal lands or interests for California State School Lands or interests impacted by the CDPA. The Agreement fulfills a requirement of the legislation.

Memorandum of Understanding (MOU) (Exhibit C) is an agreement proposed by the staffs of the Commission's Mineral Resources Management Division (MRMD) and BLM's Mineral Division. The MOU establishes the procedure for evaluation of the mineral potential of affected State School Land parcels and BLM parcels being considered for exchange. All candidate parcels will be reviewed independently by each agency and an assessment made of the mineral potential of the parcels as to "low, moderate, or high". The mineral assessment matrices will then be reviewed by the other agency and a consensus developed on the potential of each parcel. "Low mineral potential" rated parcels may be considered for immediate exchange using conventional surface and other standard appraisal practices. "High" potential parcels will require the preparation of a "mineral report" using BLM regulations and procedures to establish approximate equivalence of State and federal parcels for exchange. Those parcels ranked initially as "moderate" potential will be reviewed by the joint team to refine the evaluation to either a "low" or "high" potential for further exchange processing.

Memorandum of Agreement (MOA) (Exhibit D), between the SLC, BLM and the General Services Administration (GSA) facilitates the implementation of the CDPA as its provisions involve federal surplus lands under the jurisdiction of the GSA. The MOA provides for a process whereby monies derived from the sales of federal surplus lands or surplus lands used for exchange with the State can be credited to off-set the value of those State School Land parcels impacted by the CDPA.

Memorandum of Understanding (MOU) (Exhibit E), between the SLC and the BLM provides for the cooperative framework for the parties to establish and approve "Fair Market Estimates of Value" (appraised value) for lands and interests to be exchanged pursuant to the CDPA. The appraisal reports will be completed by an independant appraisal firm headquartered in the State of California, contracted by BLM, whose principal appraisers have "Member, Appraisal Institute (MAI) designations and are certified by the State of California. Appraisal reports will be prepared in conformance with the Uniform Standards of Professional Appraisal Practices (USPAP) and will be reviewed and approved by BLM and SLC as to substance and form..

STATUTORY AND OTHER REFERENCES:

A. Public Resources Code: Div. 6, Parts 1 and 2; Div. 7.7; Div. 13.

B. Cal. Code Regs.: Title 3, Div. 3; Title 14, Div. 6.

AB 884:

N/A

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Code Regs. 15061), the staff has determined that this activity is exempt from the requirements of the CEQA because the activity is not a "project" as defined by CEQA and the State CEQA Guidelines.

   Authority: Public Resources Code 21065 and 14 Cal. Code Regs. 15378.

EXHIBITS:

A. Location Map
B. Agreement to Exchange Lands (BLM-SLC)
C. Memorandum of Understanding - Minerals (BLM-SLC)
D. Memorandum of Agreement - Surplus Parcels (BLM-SLC-GSA)
E. Memorandum of Understanding - Appraisal Process (BLM-SLC)

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF CEQA PURSUANT TO 14 CAL. CODE REGS. 15061. BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY PUBLIC RESOURCES CODE 21065 AND 14 CAL. CODE REGS. 15378.

2. AUTHORIZE THE EXECUTIVE OFFICER OR HIS DESIGNEE, TO ENTER INTO AND EXECUTE THE MEMORANDA AND AGREEMENT BETWEEN CALIFORNIA STATE LANDS COMMISSION, BUREAU OF LAND MANAGEMENT, GENERAL SERVICES ADMINISTRATION AND THE DEPARTMENT OF INTERIOR, IN SUBSTANTIALLY THE SAME FORM AS ATTACHED HERETO IN EXHIBITS "B", "C", "D" AND "E".

EXHIBIT A

STATE LANDS COMMISSION

CALIFORNIA DESERT PROTECTION ACT 19

IMPACTED SCHOOL LAND PARCELS

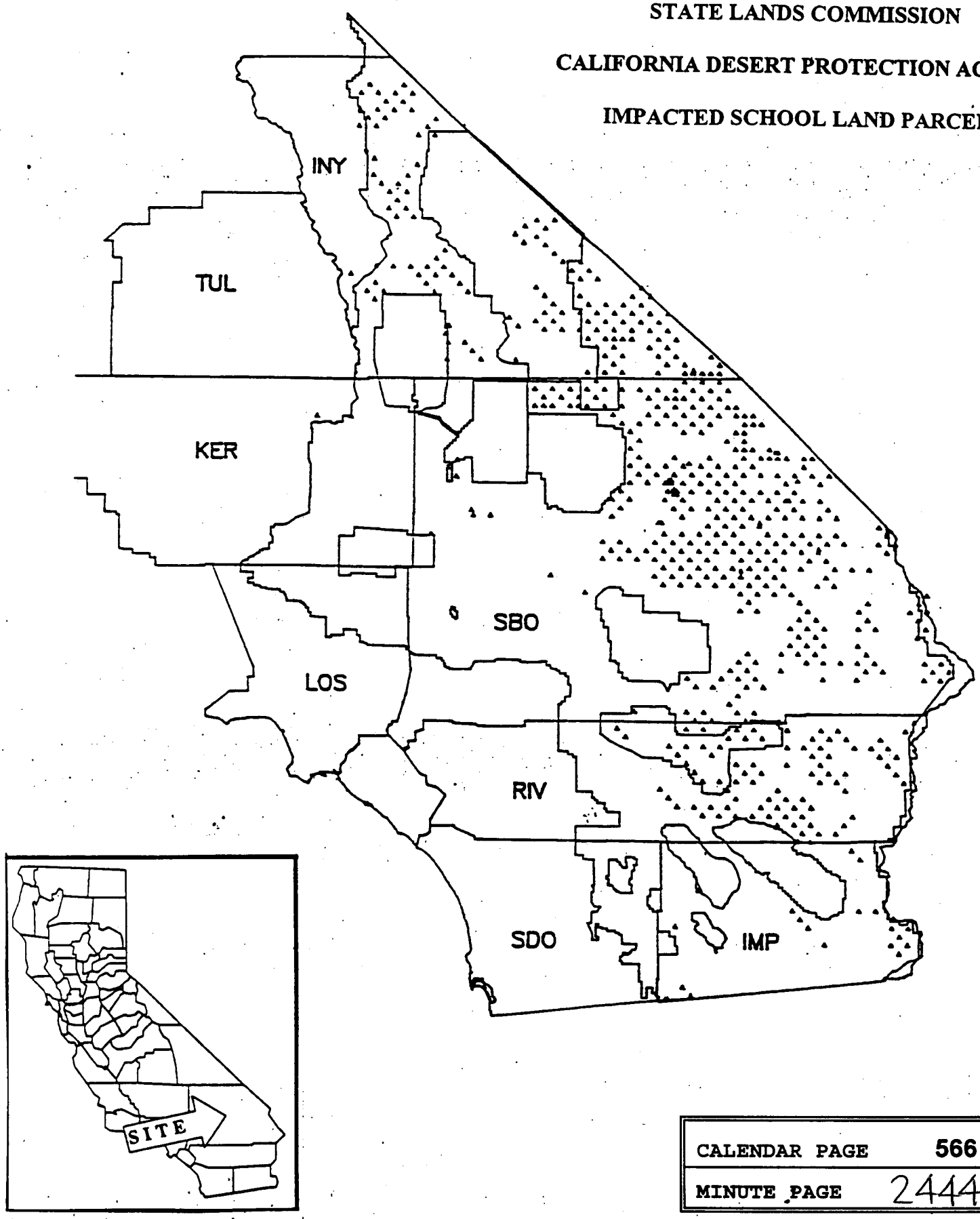

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EXHIBIT B

AGREEMENT TO EXCHANGE LANDS PURSUANT TO PROVISIONS OF THE CALIFORNIA DESERT PROTECTION ACT

This Agreement between the Bureau of Land Management (BLM) and the California State Lands Commission (Commission) is entered into pursuant to the provisions of Section 707 of the California Desert Protection Act (CDPA) (PL 103-433).

PURPOSE. The purpose of this Agreement is to implement the requirements of Section 206 of the Federal Land Policy and Management Act of 1976 (FLPMA) as amended by the Federal Land Exchange Facilitation Act of 1988. Exchanges under this Agreement shall comply with provisions of the regulations at Title 43 CFR part 2200.

OFFER OF STATE SCHOOL LANDS. The Commission offers to transfer to the Secretary those State School lands owned by the Commission within the wilderness areas and National Park system units designated by the CDPA as set forth in the list submitted to the Commission by BLM on June 26, 1995, pursuant to Section 707(b)(1). The National Park Service and the Bureau of Land Management will review the State School Lands offered by the Commission for compliance with the requirements of the Act. Immediately after the Commission agrees to exchange the lands on the list, the Commission may transfer surface management authority and/or possession of all or a portion of those lands to the Secretary to facilitate protection and management of the lands as envisioned in the CDPA. Surface Management would be by the agency of the Department of Interior, responsible for the management of the surrounding Federal lands.

It is anticipated under this Agreement that the Commission will convey to the United States, subject to title acceptance by the BLM, the State School Lands identified and agreed to by the DOI (BLM, NPS) and the Commission. The BLM agrees to accept title to lands owned by the Commission in compliance with the Assembled Land Exchange Agreement provisions of 43 CFR 2200 regulations.

BLM will convey Federal lands to the Commission so long as the approved appraised value of the conveyed lands does not exceed 125% of the approved appraised value of the non-Federal lands conveyed by the Commission and accepted by BLM; provided, that at the end of each two-year interval during the term of this Agreement, the Commission agrees to eliminate any outstanding cumulative credit balance in favor of the United States by conveying additional non-Federal lands. In the event there is a cumulative credit balance in favor of the Commission, BLM has the option of conveying additional Federal lands or providing a cash equalization payment to the Commission.

An assembled land exchange master file and ledger will be established by BLM to track the balances of the exchange transactions and determine equalization needs under this Agreement. At the end of each transaction completed under this Agreement, the Commission and BLM will concur in the cumulative balances reflected in the ledger.

VALUE DETERMINATIONS. The Commission and the BLM agree to complete appraisals on the lands offered by the Commission. Both parties agree at this time that the bulk of the lands will be appraised by contract issued under BLM's contracting authority. The appraisal will be completed in accordance with Federal Appraisal Standards, and in compliance with BLM contract specifications, and will be reviewed jointly by the Commission and the BLM state office review appraiser to insure compliance with appraisal standards. The decision of the BLM state office appraiser will be final. Agreement on the agreed upon values for lands may be under provisions of the previously cited regulations. Both parties also agree that the Commission's lands will be appraised on a parcel by parcel basis utilizing an area-wide approach, i.e. land of similar characteristics will be valued similarly.

If agreed to by both parties to this agreement, individual exchange projects may be appraised under a separate contract and all interests appraised on a project basis.

Federal lands or interests in lands will be appraised by the same methods identified above, except in the event where a proposed exchange involves transfer of Federal interests presently under control of the Government Services Administration (GSA). The Federal interests being offered by the GSA will be conveyed at the market value determined by GSA. If the interests will be transferred by GSA through BLM to the Commission, agreement by all parties shall be obtained regarding the value of the Federal interests.

NATURE OF TITLE TO BE CONVEYED. Conveyance of Commission owned lands will be fee simple, meaning that all interests will be conveyed including the mineral estate. The value of the mineral estate will be determined under the terms of the MOU between BLM and the Commission, regarding the determination of mineral values.

The Commission will convey to the United States of America by patent or Quit Claim Deed, free of liens or encumbrances, except as otherwise approved by BLM, specific State School Lands and all interest therein, situated in the State of California. In exchange therefor, the United States of America agrees to convey or cause to be conveyed to the Commission, or to such third party(ies) as may be designated by agreement between BLM, GSA and the Commission, by patent or Quit Claim Deed, free of liens or encumbrances, such real property and all interest therein, as may hereafter be determined by BLM.

APPROVAL BY COMMISSION. All acquisitions of Federal land by the Commission shall not be final until presented to and approved by the Commission as provided in California State.

LIMITATIONS ON PARCELS TO BE EXCHANGED. It is agreed by the parties that certain lands offered by the BLM or the Commission potential exchange parcels, may not be considered for exchange for reasons of standing commitments and/or management prerogative. Standing commitments shall be defined as any parcel or parcels having a cash deposit or application submitted to either of the parties, prior to November 1, 1994. In addition, Federal parcels impacted by rare, threatened or endangered species, old growth timber, toxic contamination, military ordinance, hazardous waste, lack of legal access, clouded title, and or historical or archaeological sites shall not be considered for exchange. As required by the CDPA, Federal lands or interest in lands may be offered to the Commission for exchange. The Commission may not elect not to accept these lands in exchange and agrees to notify BLM within 60 days, but no later than required by the CDPA. In the event this occurs, the Commission agrees to allow those Federal lands or interests to be disposed of in accordance with Federal regulations.

PROJECT MANAGERS. For purposes of implementing the provisions of the CDPA and this Agreement, the parties hereto appoint the following project managers who shall act on behalf of their agency. The project managers shall be: David McIlnay, Bureau of Land Management and Steven J. Sekelsky, State Lands Commission. All communications concerning this agreement and its provisions shall be addressed to the respective project managers. Either party may change its project manager by giving written notice to the other.

DISAGREEMENTS. Should the project managers be unable to agree on any aspect of the provisions of this Agreement, they shall submit the facts pertaining to the disagreement to the Secretary or his designee and the Executive Officer of the Commission for resolution.

It is agreed by both parties that each provision of this Agreement is subject to the laws of the State of California, the laws of the United States, and to the delegated authority assigned to each party of this Agreement.

This Agreement shall become effective when signed and shall remain in force until: 1) completion of the exchange of State Lands within the areas designated by the CDPA, 2) termination by mutual agreement, or 3) by notification in writing by the other party and subject to equalization of the values transferred under this agreement. Amendments may be proposed by either party consistent with the laws, regulations and policies in effect at the time of the proposed change and will become effective when approved by both parties.

Nothing in this Agreement shall be construed as obligating either party hereto to the expenditure of funds, or for the future payment of funds, in excess of appropriations authorized by law.

For the Bureau of Land Management,

ED HASTEY
State Director
Bureau of Land Management
2800 Cottage Way
Sacramento, California 95825

Date: _____

For the Commission,

ROBERT C. HIGHT
Executive Officer
California State Lands Commission
100 Howe Avenue, Suite 100 South
Sacramento, California 95825

Date: _____

EXHIBIT C

MEMORANDUM OF UNDERSTANDING
BETWEEN
CALIFORNIA STATE LANDS COMMISSION
AND
CALIFORNIA STATE OFFICE OF BUREAU OF LAND MANAGEMENT
REGARDING
TREATMENT OF MINERAL POTENTIAL IN LAND EXCHANGES

WHEREAS:

1. The California State Office of the Bureau of Land Management (BLM) and the California State Lands Commission (SLC) have agreed to a long range program of statewide land exchanges for mutual public benefit. Under the provisions of the California Desert Protection Act (CDPA) alone, up to 400,000 acres in some 700 parcels of School Lands and their mineral interests will be considered for this program, in conjunction with a value-equivalent in selected Public Lands and reserved Mineral Interests, as well as other valuable interests, held by the United States; AND

2. Equal value for all rights transferred in exchanges must be determined by Fair Market Value appraisals. Therefore such appraisals cannot include "add-on" value for any undefined mineral potential (Uniform Appraisal Standards for Federal Land Acquisitions, 1992, page 9, and regulations at 43 CFR 2201.3-2(b)); AND

3. Market transactions to date do not include allocations of dollar value to mineral potential; AND

4. The cost to determine the dollar value of the mineral potential of a parcel is generally in excess of its surface value; AND

5. Both agencies are willing to develop and facilitate a procedure to allow exchanges of land with mineral potential without detailed, time consuming and expensive evaluation of mineral potential. Under this procedure the purposes of the Federal Land Policy and Management Act (FLPMA) and the California Public Resources Code will be satisfied and the public interest served;

NOW THEREFORE BE IT RESOLVED THAT:

1. For exchanges in this program, BLM and SLC will each assess, on their respective lands, the mineral potential of each parcel by comparison with the Geology-Energy-Mineral (G-E-M)

assessment plats maintained by the BLM, SLC and other sources, and prepare summary tables (as shown on Attachment 2). These tables will then be submitted for review by the other agency. For parcels having "high" potential for mineral occurrence, reports will be prepared in accordance with protocols established pursuant to this MOU. These mineral assessments will be exchanged with each agency as they become available. All reports, including appraisal reports and title encumbrance reports, will be organized in the parcel order of the Notice of Realty Action to permit direct comparisons.

2. For all exchange parcels assessed for mineral potential, BLM and SLC will each prepare matrices of its respective parcels for comparison, using the format shown in Attachment 2. Since each party will serve as an agent of the other in preparing the required documentation, each will submit, for their respective matrices, originals of all maps and photographs as appropriate.

3. Mineral evaluation staffs of both agencies shall be responsible for ensuring that procedures, premises, and assumptions employed in SLC and BLM mineral assessments and reports are consistent and comparable with each other, and are fully stated. To that end, mineral staffs involved should meet before beginning any mineral reports, and again prior to preparation of final mineral reports, and again prior to preparation of final mineral reports. The object of this communication is to facilitate subsequent comparisons of parcels for exchange.

4. Any mineral report completed for high potential parcels will be in conformance with the format described in the BLM "3060 manual" and the terms as defined in the "3031 manual" (see Attachment 1). Reports should contain sufficient substance to serve as the technical base for an appraiser to determine Fair Market Value and Highest and Best Use of a parcel.

5. Estimated acreage of the mineralized area should be listed in the matrix; otherwise the parcel acreage will control. Entire contiguous parcels will not usually be assigned to a single mineral potential unless substantially all of the parcel shares that potential. "Contiguous" in this context excludes parcels touching only at the corners.

6. If the Highest And Best Use is determined by the appropriate agency appraiser to be mineral production for all or part of any parcels, these parcels will ordinarily be set aside for further study, and if appropriate, ultimately dropped from the exchange. No dollar values will be assigned to general mineral potential unless such values are from confirmed market transactions, or appraisals based on data sufficient to support a valuation.

7. In most cases, public lands encumbered by unpatented mining claims will not be appropriate for exchange. Lands of both parties currently leased or under application for lease or

permit ordinarily will be excluded from further consideration for exchange unless mutually agreed to by both parties. Appraisal reports should also reflect the presence of such situations.

8. It is acknowledged and presumed that State School Lands have access and may be developed in a manner contemplated by and consistent with the trust under which they were granted. Therefore, in exchanges under this agreement, the Fair Market Value of School Lands will not be discounted for lying within, for example, Wilderness Study Areas, or for being totally landlocked by surrounding Federal land. These lands will be appraised in consideration of the right of reasonable access to the surface and subsurface estate.

9a. Parcels rated as "low" mineral potential or unclassified, with any level of certainty, will be exchanged without further mineral comparisons or considerations. The mineral assessment will serve as the mineral report required in BLM Manual 3060.

9b. Parcels rated as having a "moderate" mineral potential, with any level of certainty, will be subject to further mineral assessments on a case by case basis. Where specific commodity(ies) identified from the G-E-M assessments as occurring on the parcels are determined to be marketable, a mineral report will be prepared for those reported mineral occurrences. The criteria for determining whether a mineral commodity(ies) is marketable will be based on whether the commodity(ies) currently being developed and sold within the market area of the parcel(s). A commodity(ies) not having current marketability will not be factored into the appraisal of the affected parcel(s).

10. The mineral staffs of the parties will jointly review all mineral assessments or reports for parcels having high potential and determine rough equivalence of potential for high potential parcels. Where the BLM District Manager and the SLC Minerals Program Manager concur that such potentials are roughly comparable, the respective acreages may be used as the basis for equivalence, and mineral potential will not be considered in the appraisal.

11. The intent of this Agreement is to facilitate the exchange of parcels with mineral potential without requiring a parcel for parcel match. The parties agree that the exchange of such parcels will be founded on equivalent mineral characteristics rather than equivalent numbers of parcels. It is recognized that, following the evaluation process as outlined above, the exchange of some parcels of selected or offered lands may be delayed in processing pending identification of appropriate exchange candidates, or pending a determination that specific parcels may be unsuitable for voluntary exchange.

12. A difference in monetary value may exist between acreages of mineral potential in exchange proposals, due to the state generally selecting Federal lands of higher surface use value

than it is giving up. In those instances, SLC may include selection of federal Reserved Mineral Interests in patented lands of the appropriate mineral potential to balance the value of the exchange. Appraised values of the entire exchange must still balance within acceptable tolerance.

13. Both BLM and SLC expect to receive and relinquish parcels which have advantages or disadvantages from a mineral or surface development perspective, e.g., access, distance to market, environmental considerations and other potential restrictions. The opportunity for diverse professional interpretation of available data in mineral reports, and for uncertainty due to lack of information, is the same for both agencies. The parties agree that, over the term of the exchange program, neither agency will be disadvantaged by the above provisions.

14. This agreement may be amended or terminated by the agreement of both parties at any time; however, it is the intent of the parties that it continue in force until the conclusion of any exchange then in progress. This agreement does not obviate the need to enter into exchange-specific agreements for cost sharing, scheduling, assignment of responsibilities and other purposes. Both the SLC Executive Officer and BLM Sate Director recognize the need to complete exchanges in a timely and expeditious manner. The parties hereto agree to actively pursue the completion of exchanges which incorporate both surface and mineral values and solve land management problems on both sides.

The effective date of this Agreement shall be the date of the later signature below.

Department of the Interior Bureau of Land Management	California State Lands Commission
_____	_____
State Director	Executive Officer
Date: _____	Date: _____

3031 - ENERGY AND MINERAL RESOURCE ASSESSMENT

I. Level of Potential

0. The geologic environment, the inferred geologic processes, and the lack of mineral occurrences do not indicate potential for accumulation of mineral resources.

L. The geologic environment and the inferred geologic processes indicate low potential for accumulation of mineral resources.

M. The geologic environment, the inferred geologic processes, and the reported mineral occurrences or valid geochemical/geophysical anomaly indicate moderate potential for accumulation of mineral resources.

H. The geologic environment, the inferred geologic processes, the reported mineral occurrences and/or valid geochemical/geophysical anomaly, and the known mines or deposits indicate high potential for accumulation of mineral resources. The "known mines and deposits" do not have to be within the area that is being classified, but have to be within the same type of geologic environment.

ND. Mineral(s) potential not determined due to lack of useful data. This notation does not require a level-of-certainty qualifier.

II. Level of Certainty

A. The available data are insufficient and/or cannot be considered as direct or indirect evidence to support or refute the possible existence of mineral resources within the respective area.

B. The available data provide indirect evidence to support or refute the possible existence of mineral resources.

C. The available data provide direct evidence but are quantitatively minimal to support or refute the possible existence of mineral resources.

D. The available data provide abundant direct and indirect evidence to support or refute the possible existence of mineral resources.

For the determination of No Potential, use 0/D. This class shall be seldom used, and when used it should be for a specific commodity only. For example, if the available data show that the surface and subsurface types of rock in the respective area is batholithic (igneous intrusive), one can conclude, with reasonable certainty, that the area does not have potential for coal.

* As used in this classification, potential refers to potential for the presence (occurrence) of a concentration of one or more energy and/or mineral resources. It does not refer to or imply potential for development and/or extraction of the mineral resource(s). It does not imply that the potential concentration is or may be economic, that is, could be extracted profitably.

Attachment 2

MINERAL POTENTIAL TABLE FOR EXCHANGES BETWEEN BLM AND STATE OF CALIFORNIA

Parcel Identifier/ Number State (S) Federal (F)	Township Range Section Aliquot Part	Parcel Acreage	Mineral Commodity & Approx. Acreage	Level of Potential - High (H), Moderate (M), Low (L), Zero (0), or No data (ND)	Mining Claims (MC), Leases (L), Private Land/Minerals (P)	Comments, Recommendations	Parcel will require detailed mineral report - Yes or No[1]

[1] Mineral report and mineral appraisal (if valuable for mineral development, and such development is the highest and best use of the property).

EXHIBIT D

MEMORANDUM OF AGREEMENT BETWEEN CALIFORNIA STATE LANDS COMMISSION, GENERAL SERVICES ADMINISTRATION AND THE DEPARTMENT OF INTERIOR REGARDING: IMPLEMENTATION OF THE CALIFORNIA DESERT PROTECTION ACT

The purpose of this Memorandum of Agreement ("Agreement"), executed by the General Services Administration ("GSA"), the Department of Interior ("DOI"), and the California State Lands Commission ("Commission"), is to memorialize certain agreements reached by the parties to implement the California Desert Protection Act of 1994 (Public Law 103-433 or "Act"), in a manner that minimizes costs and maximizes efficiency through the coordination of the parties.

Whereas, the purpose of the Act was to designate certain lands in the California desert as wilderness, to establish the Death Valley and Joshua Tree National Parks, and to establish the Mojave National Reserve. Section 707 of the Act directs the Secretary of the Interior to enter into negotiations for an agreement to exchange Federal lands or interests for California State School lands or interests which are located within the areas designated by the Act; and

Whereas, no Federal surface lands or interests within the Sate of California may be relinquished from Federal ownership until all State School Lands identified consistent with Section 707 of the Act have been acquired; and

Whereas, DOI is required, within six months of enactment, to submit a list of all affected State School Lands, all land in California under DOI's jurisdiction, and any other Federal surplus land to Congress and the Commission; and

Whereas, the Act prohibits the disposal of Federal surplus land or interests therein ("Surplus Property") located in the State of California until all affected State School Land is acquired unless: (1) DOI is notified of the availability of the property; (2) DOI has notified the Commission of such availability; and (3) the Commission has failed to notify DOI within six months that it wishes to consider entering into an exchange for such lands or interests therein; and

Whereas, GSA is authorized and responsible for disposing of Federal surplus property under the Federal Property and Administrative Services Act of 1949; and

Whereas, DOI is authorized and responsible for disposing of certain real property pursuant to the Federal Land Policy Management Act;

Whereas, the parties desire in a timely manner to efficiently, and economically implement the requirements of the Act by permitting the sale of Surplus Property, provided the proceeds of desired property, as such term is hereafter defined, are transferred to the State in fulfillment of the Act.

Accordingly, the parties to this Agreement, in consideration of the above, have reached agreement with respect to the implementation of the Act, subject to the terms and conditions set forth below:

I. AGREEMENT OF THE PARTIES

A. Each party to this Agreement shall use every effort to facilitate the timely acquisition of the affected State School Lands. GSA shall submit its list of Federal surplus property to DOI and DOI shall transfer its compiled list ("Suitable Surplus Property") to the Commission. The Commission shall review the Suitable Surplus Property List and notify DOI of any desired property ("Desired Property").

B. Notwithstanding the requirements of the Act, the Commission hereby agrees that the Federal Government may dispose of Desired Property provided: (1) the Commission, through its staff, approves of the disposal; and (2) the net proceeds, if any, are used to facilitate the exchange for State School Lands.

C. GSA will transfer the administrative control of Desired Property to BLM. GSA will dispose of the property as further discussed in Section II unless otherwise advised by BLM.

D. The parties agree that all property disposed of pursuant to this Agreement shall be deemed to be a transfer in compliance with the Act. The parties further acknowledge that the Commission has approved the disposal of Surplus Property more particularly described in Exhibit A.

E. GSA, BLM and the Commission agree that any Surplus Property with a known interest from a political subdivision within the State of California shall be excluded from the list of Suitable Surplus Property within the terms of this Agreement. Rather, GSA shall notify the Commission and BLM of the property and the known interest and immediately shall commence the required public body

and homeless screening process pursuant to applicable Federal laws to determine the full extent of interest in the property for public purposes. GSA will proceed with public benefit conveyance if any applications for such conveyance are received and approved by the sponsoring agencies. The balance of the property, if any, will be placed on the list of Suitable Surplus Property for consideration by the Commission.

II. SALE OF DESIRED PROPERTY BY GSA FOR BLM

A. Once the MOA is signed, the BLM will, consistent with Section 707(c)(3) of the Act, take administrative jurisdiction over the Federal lands or interests in lands identified as Desired Property. GSA will dispose of these properties under the Economy Act pursuant to BLM's delegation of its authority under FLPMA and consistent with this Agreement. Any like value received for the lands will be held by GSA in an administrative account until notified by BLM to convey the values to the Commission. GSA will issue the necessary conveyance documents to the parties acquiring the Desired Property.

If GSA disposes of the Desired Property by sale to a party other than the Commission, the value received for that property will be deposited in an account established at either a private title company or the GSA Finance division (Account) except as provided below. Any account established with the GSA Finance division shall not bear any interest. GSA understands that any funds held on the Account are for the benefit of implementation of Section 707 of the Act. Funds will not be withdrawn from the Account without the express approval of BLM except as otherwise provided in the Agreement.

The conveyance of the Desired Property or values to the Commission by GSA will be contingent upon BLM notifying GSA that BLM has received acceptable title to Commission lands within the areas designated by the Act. Once BLM has determined that acceptable title has been received, BLM will notify GSA to convey the values of or title to the Desired Property to the Commission.

B. BLM shall compensate GSA for all actual costs (Cost of Sale) incurred in the sale of Desired Property under this Agreement in accordance with the provisions of the Economy Act. All such costs will be compensated from the proceeds associated with the sale.

1. Since costs are difficult to estimate, as each sale is unique, GSA and BLM agree that the costs of the sale will not exceed five percent of the proceeds associated with the sale of the Desired Property unless otherwise negotiated.

2. The Cost of Sale starts on the date of selection of the property by the Commission as Desired Property.

3. GSA will pay the costs incurred for appraisals which have been ordered or prepared prior to the execution of this Agreement. All other appraisal costs shall be paid to GSA from the proceeds of sale.

C. GSA shall prepare and execute the deeds of conveyance for the Desired Properties at the direction of BLM consistent with this Agreement.

D. Each of the parties agrees that the Federal government may proceed with the disposal of Surplus Property, which is not Desired Property, upon receipt of notification by the Commission and BLM that they are not interested in the property.

III. PROTECTION AND MAINTENANCE OF THE DESIRED PROPERTIES

A. Reasonable costs necessary to protect and maintain the Desired Property by GSA, on behalf of BLM, shall be deducted from the proceeds of the sale.

IV. TERM AND AMENDMENT OF AGREEMENT

A. This Agreement shall become effective when signed by the last party hereto and shall remain in force until: 1) completion of the exchange of State School Lands within the areas designated by the Act, or 2) termination by mutual agreement of the parties.

B. Amendments consistent with the laws, regulations and policies in effect at the time may be proposed by any of the parties. Such amendments will become effective when approved by the parties to this Agreement.

IN WITNESS WHEREOF, the Commission, DOI and GSA have executed this Agreement.

CALIFORNIA STATE LANDS COMMISSION

_____ Date: _____

UNITED STATES DEPARTMENT OF INTERIOR

_____ Date: _____

UNITED STATES GENERAL SERVICES ADMINISTRATION

_____ Date: _____

EXHIBIT E

MEMORANDUM OF UNDERSTANDING BETWEEN DEPARTMENT OF INTERIOR, BUREAU OF LAND MANAGEMENT CALIFORNIA STATE OFFICE AND CALIFORNIA STATE LANDS COMMISSION

PARTIES. The parties to this Memorandum of Understanding (MOU) are the Bureau of Land Management-California (BLM) and the California State Lands Commission (SLC).

PURPOSE. The purpose of this MOU is to provide a cooperative framework in which the parties may establish and approve fair market estimates of value for real property identified for exchange.

This MOU will provide the BLM and SLC with a qualified appraisal firm familiar with industry appraisal standards to provide an independent estimate of market value. This MOU also provides a joint review of the final appraisal report(s).

STATEMENT OF WORK. The BLM appraisal program is managed by the Chief State Appraiser who is responsible for the review of appraisal reports. The SLC program manager and BLM State Appraiser will mutually agree on the selection of appraisal firms for work related to the Desert Protection Act. The appraisal firms will be selected from those available on the current BLM Appraisal Service Contract.

Both parties also agree that the Commission lands will be appraised on a parcel by parcel basis utilizing an area-wide approach, i.e. land of similar characteristics will be valued similarly.

The BLM State Appraiser and SLC program manager will jointly review completed appraisals to ensure that such reports and value estimates are acceptable to their respective agencies. Conflicts will be referred to the BLM's California State Director and the Executive Officer of the SLC for resolution, in the event that reviewing authorities for the SLC and BLM cannot agree on approval of values.

REPORTS. Appraisal reports will be prepared in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP) and with the Code of Federal Regulations (CFR) 43, parts 2200 and 2201. It has been agreed that a MAI (Member, Appraisal Institute) designated appraiser, certified and located in the State of California, will be used for land exchanges between the BLM and SLC.

When each assignment is completed, the resulting report will be forwarded to BLM's Chief State Appraiser who will forward a copy to the SLC for review.

PAYMENT. The BLM will be responsible for issuance of work order requests to secure appraisal services. The BLM and SLC will contribute funds equally to acquire appraisal services. The BLM shall notify the SLC of amounts due upon billing from the contractor. The participating agencies shall maintain a record in such a manner as to insure adequate control and accounting of contributed funds.

If and when funds become available through the National Park Service or US Fish and Wildlife Service for the Department of Interior to secure appraisal service related to the California Desert Protection Act, such funds shall be allocated to the SLC and BLM equally to off-set the costs of the appraisal services.

ED HASTEY State Director Bureau of Land Management	ROBERT C. HIGHT Executive Officer California State Lands Commission
Date: _____	Date: _____