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Chris Kelly  
California Program Director  
The Conservation Fund  
14951 "A" Caspar Road  
Caspar, CA 95420

Dear Chris,

Thanks for joining the conversation on ways to improve the process of conserving forestlands on the North Coast.

We agree on a number of things.

1. Yes, the Big River II transaction was extensively analyzed before it was completed.
2. Yes, the review of the Big River II transaction was made by well qualified professionals being in accordance with standards.
3. Yes, the review of the Big River II appraisal touched on most of the major assumptions and points of sensitivity.

The end result, however, shows how difficult it is to regulate good judgment. Of particular note, the analysis for purchase results in a large amount of value (about 1/3 of the purchase price) attributed to real estate. Absent, however, is any plan or analysis for realization. The analysis lacks any specific comparables for the theoretical sale of 160 acre lots supporting this real estate value.

The many details you cite in support of the deal, and the large amount of subjectivity associated with the appraisal process, highlights the need for more transparency, *before* deals are completed. Although the appraisal in Big River II has flaws, the deal is done. We identified its shortcomings to trigger a discussion to help us all learn how to make the process better for the deals that await state funding.

We think the most important way to improve the WCB acquisition process is to make appraisals available in draft form for 30 days of public comment *before* the Department of General Services reviews them and *before* the money has left the state coffers. Multimillion dollar state investments should be subject to as a much

or more public comment as many lesser state activities and transactions are. I hope you will join us as we simply seek greater transparency for the use of state funds for conservation deals, so that everyone who is interested in or affected by these transactions can have confidence that the state is getting a fair and reasonable deal.

Best Regards,



Sandy Dean  
Chairman

Cc: Natural Resource Secretary John Laird  
Finance Director Ana J. Matasantos  
John McCamman, Chairman, Wildlife Conservation Board  
Jim Kellogg, Member, Wildlife Conservation Board  
Karen Finn, Program Budget Manager  
John Donnelly, Wildlife Conservation Fund  
Sam Schuchat, Executive Officer, Stste Coastal Conservancy  
Lawrence Seltzer, President and Chief Executive Officer,  
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