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FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SB 255
 () Publish Date: _____
 Dept. Affected: Natural Resources
 BRU: Parks & Recreation Mgt
 Component: Parks Management
 Component Number: 452

Revision Date/Time (Note if correction): _____
 Title: Land Exchanges: Gold Cord Development
 Sponsor: Senator Green
 Requester: (S) RES

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: none
 Check this box (X) if funding for this bill is included in the Governor's FY2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

There is no fiscal impact associated with implementation of this legislation.

Prepared by: Jim Stratton Phone 269-8701
 Division: Parks & Outdoor Recreation Date/Time 28-Jan-02
 Approved by: Pat Pourchot Date 28-Jan-02
 Agency: Natural Resources

ALASKA STATE LEGISLATURE



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SENATOR LYDA GREEN SENATE DISTRICT N

Sponsor Statement Senate Bill 255

Unequal Land Exchange between the State of Alaska and Gold Cord, Inc Proposed change to land trade statutes to remove legislative approval for unequal land exchanges less than \$5 million.

Alaska State Parks has been working since 1978 to develop an opportunity for private reuse and management of historic buildings at Independence Mine State Park (IMSHP). To make such a private venture economical, the State has already completed or has in the works several projects. Parks completed paving the road to IMSHP, secured the underground mine tunnel (in a previous exchange) to allow for underground tours, and will complete rehabilitation of foundations and roofs on seven buildings (federal funds beginning in 2002), and several TRAAK projects to improve the trail system, parking lots, ADA access to existing visitor center, and interpretive panels on mine's history. An RFP seeking the private partner is scheduled for release in February 2002. Proposals will be due October 2002.

To facilitate road access to the underground mine tour, the State of Alaska sought an exchange with Gold Cord, Inc., the owner of a critical section of the road. While the State held an easement across the property, it was not of sufficient size to accommodate anticipated reconstruction to provide for bus access. In addition, Gold Cord held a federal mining claim that extended into the existing park boundaries.

The exchange has been agreed to by all parties as exemplified by the final exchange agreement that is anticipated to be signed by the DNR Commissioner on January 18, 2002. The State trades away no land, but provides the process by which Gold Cord can receive fee title to 19 acres of land valued at \$63,000 currently held by Gold Cord as federal mining claims. The State receives about six acres of land valued at \$68,500 from Gold Cord. Because the State brought no land to trade and because final values are not equal, the transaction requires legislative approval.

The Alaska Legislature approved another unequal value exchange at IMSHP between the State of Alaska and Alaska Hardrock, Inc. in 2000.

By statute, unequal exchanges that do not benefit the State of Alaska are not allowed. Only unequal exchanges that benefit Alaska are allowed. And any land exchange, whether equal or unequal in value involves only willing participants. Under existing statute, even though all parties agree and the state must come out ahead, unequal exchanges must receive legislative approval. Any exchange, equal or unequal over \$5 million in value must come before the legislature for approval. Since the exchange must benefit the state in any case, unequal value exchanges under the \$5 million level could be accomplished administratively to enhance efficiency.

**Final Exchange Agreement
Independence Mine SHP Exchange with
Gold Cord Development Corporation**

This Final Land Exchange Agreement for the unequal value exchange of land ("Agreement") is made and entered into this 22nd of January, 2002, by and between the State of Alaska, Department of Natural Resources, Division of Mining Land and Water, and Division of Parks and Outdoor Recreation ("State"), 550 W 7th Ave, Suite 1380, Anchorage, AK 99501-3561, and Gold Cord Development Corporation ("GCDC"), 519 W 8th Ave, Suite 209, Anchorage, AK 99501, pursuant to AS 38.50 and 11 AAC 67.200-280.

WITNESS:

WHEREAS, GCDC owns, in fee simple, Gold Cord 9, USMS 1093, in Sec. 28, T20N R1E SM, shown in Exhibit A. GCDC also owns two unpatented, surveyed, active federal mining claims on federal lands that have been State selected. These unpatented, active federal mining claims are Gold Cord Addition 1, United States Mineral Survey (USMS) 2069, and Gold Cord Addition 2, USMS 2090, excluding that portion overlapped upon USMS 1093, also in Sec. 28, T20N R1E SM and shown in Exhibit A. Federal regulation currently prevents GCDC from obtaining patent to these claims, and these claims are an impediment to the State receiving patent to the land under the State selection provisions of the Alaska Statehood Act.

WHEREAS, the State owns Snowbird 3, USMS 2045 and has state selection rights on Gold Cord Addition 1, USMS 2069 and Gold Cord Addition 2, USMS 2090, excluding that portion overlapped upon USMS 1093, in Sec. 28, T20N R1E SM, shown in Exhibit A. The State is not aware of any impediments to receiving patent to the state selected land, other than GCDC's federal mining claims. The State currently uses Gold Cord Mine Road, which crosses the southeast corner of Gold Cord 9, and the Independence Water Tunnel Road, which crosses Gold Cord Addition 2, to access part of Independence Mine State Historic Park (IMSHP). The State and the public currently use trails that cross the southern portion of Gold Cord Addition 2, USMS 2090. GCDC currently uses Gold Cord Mine Road and the Independence Water Tunnel Road to access its claims and mining operations.

WHEREAS, under this agreement, GCDC is willing to transfer to the State by warranty deed, the land estate, without mineral estate, of the to-be-surveyed southeast corner of Gold Cord 9 where the Gold Cord Road crosses Gold Cord 9. GCDC is also willing to quitclaim its federal mining claims on Gold Cord Additions 1 and 2 to the State, thereby removing any impediment to the State's acquisition of patent to the land. The State intends to retain the southern portion of Gold Cord Addition 2 and convey the land estate of Gold Cord Addition 1 and the northern portion of Gold Cord Addition 2, as well as the to-be-surveyed northwest corner of Snowbird 3, to GCDC. The State intends close Gold Cord Additions 1 and 2, and to-be-surveyed northwest corner of Snowbird 3, to new mining location under AS 38.05.185. Total acreage involved is 25,126, with the State receiving and retaining 6.125 acres and GCDC receiving 19,001. All lands in question are adjacent to IMSHP.

WHEREAS, it is the intention of the parties as soon as GCDC quitclaims to the State its active federal mining claims, the State will start the process by which the federal government awards land to the State. As soon as the State has received a federal patent for the land, the State will exchange deeds with GCDC.

A summary of the exchange is set out in the chart below. Value of active, unpatented federal mining claims not included. Appraised value is \$5,000 each for a total of \$10,000.

Parcel Description	Acreage/ Appraised Value	Current Legal Status	Proposed Action	Intended Owner
Gold Cord 9 USMS 1093 SE Corner	0.46 \$3,500	Owned by GCDC, subject to Gold Cord Mine Road R/W	GCDC conveys to the State by warrant; deed the land estate only	State of Alaska
Gold Cord +2 USMS 2090 Southern Portion	5.665 \$65,000	Owned by federal government, subject to Gold Cord Mine Road R/W, federal mining claim by GCDC, and State selection	GCDC quitclaims mining claims to State/ Federal conveyance of fee simple estate to the State subject to existing easements.	State of Alaska
Gold Cord +2 USMS 2090 Northern Portion	5.665 \$22,000	Owned by federal government, subject to Gold Cord Mine Road R/W, federal mining claim by GCDC, and State selection	GCDC quitclaims mining claims to State/ Federal conveyance of fee simple estate to the State subject to existing easements/ State conveys land estate to GCDC by quitclaim deed and will close the land to mining location.	GCDC
Gold Cord +1 USMS 2069	12.506 \$35,000	Owned by federal government, subject to Gold Cord Mine Road R/W, federal mining claim by GCDC, and State selection	GCDC quitclaims mining claims to State/ Federal conveyance of fee simple estate to the State subject to existing easements/ State conveys land estate to GCDC by quitclaim deed and will close the land to mining location.	GCDC
Snowbird 3 USMS 2045 NW Corner	0.83 \$6,000	Owned by State, subject to Gold Cord Mine Road R/W	State conveys land estate to GCDC by quitclaim deed and will close the land to mining location.	GCDC

WHEREAS, the benefits to the State of Alaska achieved by this exchange are as follows: Land to be acquired by the State is crossed by the Gold Cord Mine Road and the Independence Water Tunnel Road, which give access to an important portion of IMSHP. State of Alaska ownership of the land and management rights vested in the Division of Parks will allow the Division of Parks to make the necessary improvements needed to access the water tunnel both in terms of the safety and enjoyment of park visitors. Acquisition of the land will allow the Division to continue achieving its goal of preserving and interpreting Alaska's cultural heritage. Should the park be offered for private concession, the capability to improve the water tunnel access is crucial to a concession contract. This supports the Division's goal of providing support to the state's tourism industry.

WHEREAS, it is the intent of the parties that GCDC will receive title to land under its mining buildings, roads and adjacent to current mining operations. Also, prior to the negotiations with the state, GCDC had begun development of a safety adit to access flooded sublevels of the Gold Cord Mine. Portal for this safety adit is located within the north half of Gold Cord Addition No. 2. This location is critical to the safe access and drainage of sublevel development at the Gold Cord Mine. Since the adit will not be used to either develop or extract the mineral potential of the north half of Gold Cord Addition No. 2, continued development of this safety adit is a civil engineering project. Receiving title to these lands will solidify and consolidate ownership for the company and facilitate its business goals in gold mining.

WHEREAS, the State has followed specific procedures that are required to protect the public interest.

WHEREAS, the parties anticipate that the legislature will approve this agreement.

NOW THEREFORE, in consideration of their mutual covenants and promises and other good and valuable consideration, the receipt and sufficiency of which are acknowledged and confessed, the parties covenant and agree as follows:

1. **Ownership Determination.** GCDC currently owns and will quitclaim in full to the State, sole ownership of the two federal mining claims known as Gold Cord Addition 1, USMS 2069 and Gold Cord Addition 2, USMS 2090. The State, by previous action under the Statehood Act, has selected the lands of these mining claims. GCDC currently owns Gold Cord 9, USMS 1093 and the State currently owns Snowbird 3, USMS 2045. It is the parties understanding that these facts are essential to the land exchange.

2. **Legal Descriptions.** Because land status and ownership has historically been a major concern demanding precise boundaries, all parcels subject to this agreement have been surveyed by a deputy federal mineral surveyor as a part of the patenting process. These surveys were well monumented and made of record for the use and benefit of the general public. At the current time, extant monuments legally govern and control all claim boundaries. Where monuments are missing or disturbed, precise legal procedures govern replacement. For all these reasons, legal descriptions of the lands and interests which are the subject of this Agreement are fixed to the land as follows: Gold Cord Addition 1 has been fully described on the plat of USMS 2069 with monumentation existing on the ground as shown in detail on that drawing which represents the completed federal survey. Gold Cord Addition 2 has been fully described on the plat of USMS 2090 with monumentation existing on the ground as shown in detail on that drawing which represents the completed federal survey. Gold Cord 9 has been fully described on the plat of USMS 1093 with monumentation existing on the ground as shown in detail on that drawing which represents the completed federal survey. Snowbird 3 has been fully described on the plat of USMS 2045 with monumentation existing on the ground as shown in detail on that drawing which represents the completed federal survey.

3. **Taxes.** There are no outstanding taxes on the lands to be exchanged.

4. **Authority.** Each signatory to this Agreement has the authority to negotiate this exchange on behalf of its principals, subject to any necessary approval by a Board of Directors, the State Legislature, and the State's findings and approvals as may be required by law.

5. **Conveyance and Closing.** The State and GCDC will exchange their respective rights, titles and interests in the lands identified in Exhibit A on an unequal value basis, subject to valid existing rights and other reservations as may be required by law. GCDC will quitclaim to the State the active, unpatented federal mining claims Gold Cord Addition 1, USMS 2069 and Gold Cord Addition 2, USMS 2090, and the State will quitclaim to GCDC land estate for a portion of the land formerly encumbered by these active, unpatented federal mining claims and a portion of Snowbird 3, USMS 2045. The State will close Gold Cord Additions 1 and 2, and to-be-surveyed northwest corner of Snowbird 3, to new mining location under AS 38.05.185. The State will seek to receive patent from the federal government for Gold Cord Addition 1, USMS 2069 and Gold Cord Addition 2, USMS 2090, and will receive from GCDC a warranty deed for the land estate for the to-be-surveyed southeast corner of Gold Cord 9, with language specifying the intent that lands conveyed by GCDC are to be owned by the State of Alaska with management rights vested in the Division of Parks and Outdoor Recreation, and to be managed as part of IMSHP. The schedule for the remaining steps in the land exchange is as follows and is approximate. Failure to strictly comply with the following schedule is not necessarily fatal to this Agreement. However, each step of this Agreement is essential to the realization of the intention of the parties and the substantial failure of either party to meet the terms of the agreement in accordance with the schedule set out below within a reasonable period of time shall be grounds to reform or rescind the Agreement.

<u>Requirement</u>	<u>Completion Date</u>
Review of Agreement by Legislature	January 23 - May 16, 2002
GCDC quitclaims mining claims to the State for Gold Cord Addition 1 and Gold Cord Addition 2	June 5, 2002
State gives GCDC state survey instructions for Gold Cord Addition 1 and 2, Snowbird 3, and Gold Cord 9	June 5, 2002
Request Priority Conveyance of Land covered by Gold Cord Addition 1 and 2 from Federal Government	June 14, 2002
Conveyance of Land covered by Gold Cord Addition 1 and Gold Cord Addition 2 to State from the Federal Government with conversion of federal mining claims into state mining claims	August 14, 2002
State closes state mining claims over Gold Cord Addition 1 and Gold Cord Addition 2	August 30, 2002
Plat of Survey of Gold Cord Addition 1 and 2, Snowbird 3 and Gold Cord 9	August 30 2002
Plat Approval by the Mat-Su Borough	September 30, 2002
Exchange of Deeds between GCDC and the State with GCDC receiving Gold Cord Addition 1, the north half of Gold Cord Addition 2 and the NW corner of Snowbird 3 and the State receiving the SE corner of Gold Cord 9	October 31, 2002

6. Value of Land. The land and interest in land to be exchanged by the parties is of unequal appraised fair market value. According to the *Appraisal of Hatcher Pass Gold Cord Properties for a Land Exchange, Palmer, Alaska, Valuation Date of September 19, 2001, Appraiser: Eric G. Follett, MAI*, the value of the 19.001 acres going to GCDC is \$63,000, the value of the 6.125 acres going to the State is \$68,500 and the value of the two active, unpatented federal mining claims going to the State is \$10,000. GCDC agrees to receive land of less value, and that it does not expect compensation from the State for the \$5,500 difference in the land value nor the additional \$10,000 in excess valuation of the mining claims. The State agrees to receive land of less acreage, a difference of 12.876 acres.

7. Land Surveys. The completion of survey work will be necessary to conclude the exchange. GCDC will bear the cost of the surveys or accomplish the survey with its own staff. Surveys will conform to all applicable State of Alaska law. The survey shall include an as-built survey of Gold Cord Road over Gold Cord 9, and Gold Cord Addition 1 and 2. State survey instructions will be followed as appropriate. State survey instructions will be finalized and given to GCDC before survey work is expected to be done by GCDC during summer, 2002.

8. State Personnel Costs. The Division of Parks and Outdoor Recreation will cover 100% of the cost for state personnel, both in the Division of Parks and in the Division of Mining, Land and Water.

9. Mineral Closing and Land Classification Orders. The State will complete mineral closing and land classification orders that will go into effect when the State receives patent from the federal government for the lands identified in Exhibit A, and pursuant to AS 38.05.185(a) and 11 AAC 67.230(b).

10. ACMP. The property involved in this land exchange is outside the boundaries of the Alaska Coastal Management Program.

11. Third Party Interests. There are no known third party interests in the parcels belonging to each party, nor the federal land involved.

12. Entire Agreement. The parties agree that there are no promises, terms, conditions or obligations other than those contained or referred to in this Agreement. The parties agree that any oral representations made by either party during the negotiation of this Agreement, which are not incorporated by writing into this Agreement, are not binding. Quitclaim by GCDC is not to be interpreted as itself a revocation, relinquishment or extinguishments of any specific interest or all interests in the mining claims so conveyed. It is not intended by this Agreement that any prior recorded document be modified except as specifically set forth by this Agreement. All prior recorded documents will continue to be honored by all parties to this Agreement.

13. Definitions.

(a) "Management rights" is intended as a term of art assuring management authority as based upon AS 41.21.020(a)(3).

(b) "Adjacent to" is intended to include contiguous.

(c) "Selection rights" is intended to include all acts of state selection independent of time actually exercised.

(d) "Conveyance" and "convey" is intended to include the concept of apparent reconveyance.

(e) "Conservation easement" is intended assurance of uninterrupted access during the period preceding full conveyance of lands.

14. Road Access. (a) Prior to the completion of this exchange, the State may continue its use of the Gold Cord Road across Gold Cord 9 and the Independence Water Tunnel Road across Gold Cord Addition 2 for park purposes. GCDC shall continue to have unobstructed use of Gold Cord Road across Gold Cord Additions 1 and 2, and continued surface and subsurface use of Gold Cord Additions 1 and 2 not in unavoidable conflict with contracted improvements to Gold Cord Addition 2 and IMSHP by the State.

(b) Future use of the Gold Cord Road over the parcels to be received by Gold Cord Development Corporation in this exchange is intended to continue in the historic and current Gold Cord Road use pattern. Nothing in this Agreement, or through this exchange, is intended to change the historic pattern of Gold Cord Road use, and access, north of the new park boundary created by this land exchange.

15. Immunity: GCDC has conveyed to the State a conservation easement for public access across Gold Cord 9 in USMS 1093, Gold Cord Addition 1 in USMS 2069, and Gold Cord Addition 2 in USMS 2090. This conservation easement shall expire upon the state's acquisition of the land on which the conservation easement is located. GCDC shall be immunized from tort liability in accordance with AS 34.17.055 during the existence of the conservation easement.

16. Binding Effect. This Agreement shall be binding on and inure to the benefit of the respective parties hereto, their successors and assigns. This agreement shall be executed by an exchange of deeds intended to take place before December 31, 2002.

17. Construction. This Agreement shall be construed and enforced in accordance with the laws of the State of Alaska.

18. Legislative Approval. This final land exchange agreement is subject to approval by the Alaska Legislature under AS 38.50.140. Without legislative approval by the end of the legislative session in the year 2001, this Final Land Exchange Agreement is null and void.

**Final Report and Best Interest Findings
on Proposed Land Exchange between
Gold Cord Development Corporation
and the State of Alaska for the
Division of Parks and Outdoor Recreation
ADL 228152
January 18, 2002**

Introduction

This proposed land exchange between the State of Alaska, Department of Natural Resources, for the Division of Parks and Outdoor Recreation and Gold Cord Development Corporation proposes to trade two parcels of state land, totaling 19.001 acres, for two parcels of land totaling 6.125 acres. In addition, Gold Cord Development Corporation will trade two unpatented federal mining claims, allowing 23.836 acres of federal land to be transferred to the State. All parcels are in Independence Valley in the Hatcher Pass area of the Talkeetna Mountains, approximately 20 miles north of Palmer and within the Matanuska-Susitna Borough. Refer to the map enclosed with this report, and the detail descriptions below, for specific parcel locations.

The purpose of the exchange is for the State of Alaska, Division of Parks and Outdoor Recreation to acquire the access road to the water tunnel, the main tunnel of the old Independence Mine tunnel workings, for addition to Independence Mine State Historical Park. Gold mining is an integral part of Alaska's history and the Division of Parks and Outdoor Recreation would like to preserve and interpret this particular piece of Alaska's gold mining history.

The Division of Parks and Outdoor Recreation and Gold Cord Development Corporation started serious negotiations in 2000. On June 11, 2001, both parties signed a Preliminary Exchange Agreement. According to that agreement, appraisal and preliminary survey work was done in late summer and early fall of 2001. The draft appraisal was received in October, 2001. Based on the data in that document, the Division of Parks and Outdoor Recreation and Gold Cord Development Corporation returned to negotiations and altered the preliminary exchange agreement. On November 16, 2001, both parties signed an Amendment to the Preliminary Exchange Agreement. The final appraisal was received in December. In December and January, there will be public notice on the exchange and related mineral closures, area and management plan exceptions, and land classification changes. In January, the final report will be written based on public comment received and the exchange will go before the Alaska Legislature for review. Legislative review is required under Alaska Statute 3850.140 because the exchange is no longer for equal appraised fair market value. If approval is received, deeds will be exchanged within 6 months of legislative approval.

This report is the land exchange report required by Alaska Statute 38.50.130.

Public Notice and Comment Period

Public Notice for the land exchange starts Tuesday, December 18, 2001. Public comment must be received at either of the two Division of Parks and Outdoor Recreation offices listed below by 4:30 pm, Friday, January 18, 2002.

Parks Contact Person in Anchorage:

Kathryn Reid
Ph: (907) 269-8709
Fax: (907) 269-8907
Email: Kathryn_Reid@dnr.state.ak.us

Alaska State Parks
550 West 7th Avenue, Suite 1380
Anchorage, Alaska 99501-3561
(Downtown at 7th and F Streets)

Parks Wasilla/Palmer Office:

Mat-Su Area Office
Alaska State Parks
HC 32, Box 6706
Wasilla, Alaska 99654

Ph: (907) 745-3975
Fax: (907) 745-0938
Location: Mile 0.4 Bogard Road, Finger Lake SRS
Area Superintendent: Dale Bingham

The Appraisal

The appraisal contract was awarded to Follett & Associates of Anchorage, Alaska. The appraiser is Eric G. Follett, MAI. The appraisal is titled *Appraisal of Hatcher Pass Gold Cord Properties for a Land Exchange, Palmer Alaska*, herein referred to as the land exchange appraisal. The valuation date of the appraisal is September 19, 2001.

The State will be receiving 6.125 acres valued at \$68,500, plus two unpatented federal mining claims (no acreage) valued at \$10,000 for a total of \$78,500. Gold Cord Development Corporation will be receiving 19.001 acres valued at \$63,000.

All land involved in the exchange was appraised as land estate only. Mineral estate was not included since the State cannot deed the mineral estate in this circumstance. Gold Cord Development Corporation chose not to deed mineral estate due to possible loss of extra-lateral mining rights.

The land involved in the exchange has been divided into five parcels for appraisal purposes. Of these five, two parcels will go to the State of Alaska, Division of Parks and Outdoor Recreation, and three parcels (two are contiguous) will go to Gold Cord Development Corporation. The division of the parcels was based on location, topography and current land ownership.

There was one copy of the land exchange appraisal available for public review at each of the Division of Parks and Outdoor Recreation offices listed below.

Parks Contact Person in Anchorage:

Kathryn Reid	Alaska State Parks
Ph: (907) 269-8709	550 West 7 th Avenue, Suite 1380
Fax: (907) 269-8907	Anchorage, Alaska 99501-3561
Email: Kathryn_Reid@dnr.state.ak.us	(Downtown at 7 th and F Streets)

Parks Wasilla/Palmer Office:

Mat-Su Area Office	Ph: (907) 745-3975
Alaska State Parks	Fax: (907) 745-0938
HC 32, Box 6706	Location: Mile 0.4 Bogard Road, Finger Lake SRS
Wasilla, Alaska 99654	Area Superintendent: Dale Bingham

Legal and Physical Descriptions of Land Involved plus Appraised Value

Parcels to be Acquired by the State of Alaska, Division of Parks and Outdoor Recreation
The State of Alaska, Division of Parks and Outdoor Recreation will receive two parcels. One parcel is owned by Gold Cord Development Corporation. The other parcel is currently federal land, but will become state land as part of the land exchange. Both parcels are in Section 28, Township 20 North, Range 1 East, Seward Meridian (T20N R1E SM). Total acreage is 6.125. Legal descriptions of these two parcels are:

<u>Parcel</u>	<u>Acreage</u>	<u>Current Owner</u>
Lot 1 (SE corner), Gold Cord 9, USMS 1093	0.46	Gold Cord Development Corporation
South Half, Gold Cord Addition 2, USMS 2090	5.665	Federal Government, Federal Mining Claim held by Gold Cord Development Corp.

The water tunnel access road crosses both these parcels. Both parcels are adjacent to, and will be managed as part of, Independence Mine State Historical Park. See the map enclosed with this report. Formerly, the road was the old railroad track bed for Independence Mine and currently is a single lane, dirt road with no state maintenance.

The majority of the Lot 1, Gold Cord 9 is encumbered by the water tunnel access road, which makes a hairpin turn on the property. There is no other development on this parcel. The lot is gently sloping with good views of the surrounding mountains, but is too far from Independence Mine State Historical Park for commercial use. Platting by the Matanuska-Susitna Borough would require several variances and restrictions due to the small size of the parcel, including no habitable dwelling built on-site, and no on-site well and septic system would be allowed. Road access is seasonal. The appraised value for the Lot 1, Gold Cord 9 is \$3,500.

The south half of Gold Cord Addition 2 is in close proximity to Independence Mine State Historical Park, making this property very desirable for residential and commercial use. The southeast corner of the property is about 120 feet from the upper paved parking lot for the park. The southwest corner is bisected by a paved trail connecting historical buildings in the park with

the main mining tunnel and other facilities. The property has a gentle to moderate sloping hillside, with excellent views of the Independence Mine historical buildings, Independence Valley, and the surrounding mountains. Road access is seasonal, but the close proximity to the park makes walk-in relatively easy during the winter (8 months). The appraised value for southern half of Gold Cord Addition 2 is \$65,000.

Total appraised value for these two parcels is \$68,500.

In addition to these two parcels, the State will receive two unpatented federal mining claims from Gold Cord Development Corporation. This allows the federal land to be transferred to the State. The appraised value for the mining claim on Gold Cord Addition 1, USMS 2069 is \$5,000. The appraised value for the mining claim on Gold Cord Addition 2, USMS 2090 is \$5,000. Total appraised value for these two mining claims is \$10,000.

The total appraised value of both the parcels and the mining claims is \$78,500.

Parcels to be Acquired by Gold Cord Development Corporation

Gold Cord Development Corporation will receive three parcels. Two of the three parcels are contiguous. One parcel is currently owned by the State. The other two parcels are currently federal land, but will become state land as part of the land exchange. All three parcels are in Section 28, Township 20 North, Range 1 East, Seward Meridian (T20N R1E SM). Total acreage is 19.001. Legal descriptions of these three parcels are:

<u>Parcel</u>	<u>Acreage</u>	<u>Current Owner</u>
Lot 1 (NW corner), Snowbird 3, USMS 2045*	0.83	State
North Half, Gold Cord Addition 2, USMS 2090*	5.665	Federal Government, Federal Mining Claim held by Gold Cord Development Corp.
Gold Cord Addition 1, USMS 2069	12.506	Federal Government, Federal Mining Claim held by Gold Cord Development Corp.

* Contiguous parcels

The Lot 1, Snowbird 3 borders on the mining tunnel access road. This parcel is moderately sloping with good views of the surrounding mountains and the Independence Mine Historical Buildings, but is too far from these buildings for commercial use. Platting by the Matanuska-Susitna Borough would require several variances and restrictions due to the small size of the parcel, including no habitable dwelling built on-site, and no on-site well and septic system would be allowed. Road access is seasonal. There is no development on this parcel. The appraised value for Lot 1, Snowbird 3 is \$6,000.

The north half of Gold Cord Addition 2 has the private access road to the Gold Cord Mine. A very small portion of the southern corner of the Gold Cord Mill building crosses onto this parcel at the very north end. This parcel is slightly steeper than the southern half of Gold Cord Addition 2, but still has excellent views of the Independence Mine historical buildings, Independence Valley,

and the surrounding mountains. The seasonal, private road is a winding, steep, one-lane gravel road. Private road access prohibits subdividing the parcel under borough code. The steeper slope and distance from the historical park precludes most types of commercial development. Possible development would be recreational cabin or residence/bed & breakfast with walk-in/ski/snowmachine access in the winter (8 months). The appraised value for the north half of Gold Cord Addition 2 is \$22,000.

Gold Cord Addition 1 is just above Independence Valley in the upper west Fishhook Creek Valley, with gently sloping terrain and good mountain views. Access is by a private, winding, steep, one-lane gravel road with seasonal use only. Private road access prohibits subdividing the parcel under borough code. Possible development is a single recreational cabin site with walk-in/ski/snowmachine access in the winter (8 months). The appraised value for Gold Cord Addition 1 is \$35,000.

Total appraised value for all three parcels is \$63,000.

Summary of Appraised Values and Land Involved

The charts below summarize the land acquired on both sides of the trade.

Summary of parcels and mining claims going to the Division of Parks and Outdoor Recreation

Parcels	Acreage	Total Value
Lot 1 (SE corner), Gold Cord 9, USMS 1093	0.46	\$3,500
South Half, Gold Cord Addition 2, USMS 2090	5.665	\$65,000
Total for Parcels	6.125	\$68,500
Unpatented Federal Mining Claims		
Gold Cord Addition 1, USMS 2069	N/A	\$5,000
Gold Cord Addition 2, USMS 2090	N/A	\$5,000
Total for Mining Claims	N/A	\$10,000
Total for All	6.125	\$78,500

Summary of parcels going to Gold Cord Development Corporation

Parcels	Acreage	Total Value
Lot 1 (NW corner), Snowbird 3, USMS 2045	0.83	\$6,000
North Half, Gold Cord Addition 2, USMS 2090	5.665	\$22,000
Gold Cord Addition 1, USMS 2069	12.506	\$35,000
Total	19.001	\$63,000

The state, federal, and Gold Cord Development Corporation lands are not in the coastal zone. Neither are the lands wetlands or in a floodplain. The parcels are within the Matanuska-Susitna Borough, but there is no zoning in the area.

The difference in the land value between what each party receives is \$5,500, and in favor of the State. With the additional value of the mining claims to the State, the difference in favor of the State increases to \$15,500. The acreage difference between what each party receives is 12.876, and in favor of Gold Cord Development Corporation. Both parties still agree to the exchange, subject to legislative review.

Legislative Review

Since this is an unequal value exchange, it must receive Legislative review.

Land Planning and Classification

The Willow Sub-Basin Area Plan, adopted October 1982, sets out general management intent and land classification for the Hatcher Pass area. The plan specifies that the area will be managed primarily for mining and recreation. The plan classified the land as mineral and public recreation land.

The Hatcher Pass Management Plan spells out more specific management intent for the area. The management intent for the Independence Valley subunit is to protect habitat, the scenic vistas and the historic character, and to encourage tourism and the continued mining on existing claims. The plan recognizes that a balance is needed between the protection of historic mining sites and the nourishing of current mining operations within the area. The Hatcher Pass Management Plan was adopted in 1986, and amended in 1989.

Both plans support the expansion of Independence Mine State Historical Park and the mineral closure for land going to the park. State regulations (11 AAC 67.220) require that land to be traded should be either unclassified, or classified as settlement, agriculture, or reserved use. Therefore, by classification, current and future state land in Independence Valley is not open for a land exchange. The intent of the plans is to support mining in the area, and the state land to be received by Gold Cord Development Corporation is for the support of their mining operation. In order to reclassify the land, a special exception to the land use plans allowing a change of classification for the state land going to Gold Cord Development Corporation is proposed. Please see the proposed special exception to the Willow Sub-Basin Area Plan and Hatcher Pass Management Plan, and the proposed land classification order #79-023-A01 enclosed with this report.

This reclassification is only for the 19.001 acres of state land going to Gold Cord Development Corporation. No other land in the Hatcher Pass area will be reclassified because of this land exchange.

The state land involved in this exchange will be closed to mineral entry under AS 38.05.185 because state mining claims could interfere with existing mining operations. The mineral closure is only for the land described in this report and part of this land exchange. No other land in the Hatcher Pass area will be closed to new mineral entry through the mineral closure related to this land exchange.

The Willow Sub-Basin Area Plan and the Hatcher Pass Management Plan support the mineral closure for the land going to the Division of Parks and Outdoor Recreation. Both plans support Independence Mine State Historical Park and the need to preserve historical land marks. The park already has a mineral closure on it. Independence Valley is listed for both active mining and mineral closures for public recreation purposes.

A mineral closure on the state land going to Gold Cord Development Corporation is for the support of their mining operation. This mineral closure prevents the disruption of their mining operation, facilities, and any improvements they may make, by anyone who might stake a state mining claim under these parcels. Since the intent of the plan is to support continued mining for existing operations in Independence Valley, and since the mineral closure on these parcels supports the existing mine operation in this valley, this mineral closure is consistent with the plan intent. Please see the proposed mineral order #773 enclosed with this report.

Benefits of the Exchange

Benefit to the State

In the 1999-2001 land exchange with Alaska Hardrock, Inc., State of Alaska, Division of Parks and Outdoor Recreation received title to the water tunnel for use in underground tunnel tours. In order to develop the underground tours, the access road to the water tunnel will need extensive upgrading to meet federal and state safety standards for public use. By owning this land, the Division of Parks and Outdoor Recreation can achieve this. Opening up the underground portion of Independence Mine State Historical Park to the public gives the park visitor a more complete picture and better understanding of an Alaskan hard rock gold mine in the first half of the twentieth century. This supports the Division of Parks and Outdoor Recreation's goal of preserving and interpreting Alaska's cultural heritage.

Acquiring tunnel access also supports the Division of Parks and Outdoor Recreation's goal of providing support to the state's tourism industry. Long term management plans for the historical park include the possibility of a private concession contract. The option of underground tours, either as part of a package, or by itself, make a concession contract much more viable.

Note: The goals for the Division of Parks and Outdoor Recreation are listed in the *Alaska State Park System: Statewide Framework*, June 1982

Benefit to Gold Cord Development Corporation

Gold Cord Development Corporation pays an annual fee to the federal government to keep their unpatented federal mining claims active. There is currently a moratorium on obtaining a federal patent for land occupied by unpatented federal mining claim. While it may be possible to obtain a patent to a claim in the future, the probability appears remote.

By entering into this land exchange with the State, Gold Cord Development Corporation can receive a deed for three quarters of the land currently covered by their unpatented mining claims, and would no longer pay the annual mining claim fee. This consolidates their property and

secures permanent ownership to land neighboring land already owned by Gold Cord Development Corporation, land with facilities on them, and land that provides road access to their mining operation

Alternatives

Independence Mine camp and underground tunnels are a unique resource for Alaskans. This is why the area was made into a historical park. There is no alternative land for purchase with access to the Independence Mine main tunnel entrance. While there is land inside the park that could provide access to the tunnel entrance, it has historic buildings on it, and is too steep to safely build a road on. The only alternative to a land exchange would be to purchase needed portions of Gold Cord Development Corporation's patented and unpatented mining claims. Gold Cord Development Corporation indicated that they would not want to sell, but would accept a land trade, since this enables them to solve certain issues that could not be dealt with in a purchase situation. Another alternative would be to forego the land exchange. As stated above, there is no alternative for the tunnel access road. And without access to the tunnel, the ability to develop the tunnel is lost.

Without the ability to develop the mine tunnel and the associated tours, the opportunity for a concession contract to operate and maintain the historical buildings at Independence Mine State Historical Park would be significantly diminished. The State is not in a position to continue funding the maintenance on these historical buildings. Preliminary contacts with potential private operators indicate that a tour opportunity is needed for the entire project to be economically viable. Without a public/private partnership, the mine buildings will continue to deteriorate.

It is in the State's best interest to obtain this property.

The parcels going to Gold Cord Development Corporation are also a unique resource for them. There is no alternative at this time to receive a deed for federal land occupied by unpatented mining claims. There is no alternative land to purchase that would provide road access to, and facilities for, their Gold Cord mining operation. While they might be able to build another access road on their existing patented land, to build a duplicate road so near an existing one over fragile tundra would be inefficient, wasteful, and destructive. In some places, the topography would prohibit a road, making it impossible to create the needed access.

This land exchange allows each party to attain what they want. No other alternative achieves this kind of win/win situation for either party.

Public Comment Received

The public notice and comment period ran from December 18, 2001, through January 18, 2002. Newspaper display ads appeared in the Anchorage Daily News on Friday, December 21, and Friday, December 28. Display ads also appeared in the Frontiersman on Friday, December 21, and Friday, December 28. Legal classified ads appeared in the Juneau Empire on Wednesday,

December 19 and Friday, December 21, and in the Fairbanks News Miner on Wednesday, December 19 and Saturday, December 22.

Documentation on the proposed land exchange was sent by postal mail or email on December 18, 2001 to the following: 1) all native corporations and villages within the Mat-Su Borough; 2) all community councils within the Mat-Su Borough; 3) all property owners within a six mile radius, including state and federal mining claim holders - this encompassed over four townships; 4) all members of the legislature; 5) all state department commissioners, the governor's office, and the Mat-Su Borough; 6) user groups of the area and other interested organizations.

Also, a public notice sign with map was mailed to every post office in the Mat-Su Borough and the Municipality of Anchorage for public posting. The public notice was also placed on the State of Alaska and Department of Natural Resources public notice web pages. This public notice was also emailed to the media by the Department of Natural Resources' Public Information Center in Anchorage. Further, the documentation on the land exchange was posted on the Division of Parks web site. Mailings and web postings were completed by December 18.

In addition to this, the Anchorage Daily News published an article on Thursday, January 3, 2002, on the land exchange and the underground tunnel tours Parks hopes to have if this exchange is completed.

Only a few comments were received. The land exchange appears to be non-controversial. Individual comments are addressed below.

The Division of Parks and Outdoor Recreation received four requests, by phone, email or in person, for either more information, or paper copies of the land exchange information. None of these individuals indicated if they were for or against the land exchange.

Two comments were received as letters by email, from the Mountaineering Club of Alaska, Inc. and Alaska Center for the Environment. The letter from the Mountaineering Club of Alaska, Inc., stated its support for the exchange, but opposed future development that would impact recreational activities in the area by their members. The only development planned for the land the State will receive in the exchange is improved water tunnel road access. While improvements to Independence Mine State Historic Park as a whole will likely increase visitation to the park itself, much of this increase will be confined to the area of the park with existing historic buildings and the water tunnel entrance. The surrounding area, both inside and outside the park, will remain open to hiking, climbing and skiing, and should receive little impact because of the exchange or related development.

The Alaska Center for the Environment letter asked that a title restriction be included on two parcels going to Gold Cord to "promote the mining use of the land." Both the Willow Sub-Basin Area Plan and the Hatcher Pass Management Plan recognize the importance of the existing mining operations in the area. The intent of both plans is to support continued mining for the existing operations in Independence Valley. They also asked that the parcels going to the

state of Alaska carry a title restriction dedicating the land for state park use in perpetuity. The land is to be included in the existing Independence Mine State Historic Park.

Comments were received from three individuals by email, the Gateway Community Council in Palmer, Habitat Division of the Alaska Department of Fish & Game by email, and the Mat-Su Borough by letter, stating support for the land exchange or the tours that this land exchange will enable Parks to have at Independence Mine State Historic Park. The Mat-Su Borough is preparing two resolutions supporting the land exchange to be turned in to the legislature when the legislature reviews this land exchange during the 2002 session. One resolution will be from the Mat-Su Parks, Recreation and Trails Advisory Board, and the second will be from the Mat-Su Borough Assembly.

In summary, the Division received no opposing comments to the exchange itself, but did receive one opposition to any potential related development on the land the State is acquiring. The opposition came from the Mountaineering Club of Alaska, Inc. Three of the five supporting comments of the exchange included support for the anticipated development in and around the existing historic structures and underground mine tour. One of these supporters is the Mat-Su Borough.

Given the supporting and opposing public comments received, the Department of Natural Resources plans to continue the land exchange process.

UNIFORM 2002 FRI 09:55 AM DNR FROM JOHN O'P
THE DNR 1 051 200 0010
11 2001

**Proposed Special Exception
to Willow Sub-Basin Area Plan
and the Hatcher Pass Management Plan
December 14, 2001 * ADL 228152**

The Department of Natural Resources (DNR) proposes to make a Special Exception to both the Willow Sub-Basin Area Plan and the Hatcher Pass Management Plan. The special exceptions are necessary to enable a land exchange between the Gold Cord Development Corporation and DNR. DNR has determined that the land exchange is in the State's interest and is consistent with the management intent contained in these plans. However, the land classification prevents the exchange. State land included in the exchange is currently classified Public Recreation and Minerals. New state land, transferred from the federal government as part of the exchange, will be classified Public Recreation and Minerals. State land must be classified Settlement, Agriculture, or Reserved Use, or be unclassified, in order to be included in a land exchange (11 AAC 67.220).

A Special Exception is a one-time, limited-purpose variation of a land use plan's provisions (see 11 AAC 55.030).

The specific exception to the Willow Sub-Basin Area Plan (adopted in 1982) is to change the classification of current state land proposed for the exchange to Gold Cord Development Corporation (GCDC) to Reserved Use Land, and have that portion of new state land proposed for the exchange to GCDC initially be classified as Reserved Use Land. This is an exception to the classifications spelled out in the Willow Sub-Basin Area Plan, Appendix 3, page 3-5, Table 1. The portion of exchanged land to be added to Independence Mine State Historic Park would receive the classification listed in the area plan, which would be Public Recreation and Minerals Lands. This classification will not affect any other state lands within the Hatcher Pass management unit of the plan, and will only be implemented if a final land exchange agreement is reached. If the exchange is not consummated, the original classification will be restored on current state land, and federal land will remain under federal jurisdiction, having no state classification on it.

The exception to the Hatcher Pass Management Plan is intended to enable the exchange of the state land, current and future, to be classified as Reserve Use. Land exchanges and the Reserved Use classification are not mentioned in the Primary or Secondary uses for the Independence Subunit (Subunit #5, page 227) of the Hatcher Pass Management Plan. The Hatcher Pass Management Plan was adopted by DNR in 1986 and amended in 1989.

DNR has determined that these Special Exceptions are consistent with the Management Intent for these lands as expressed in the two plans. DNR is making this exception because it is in the State's interest considering the overall public benefits of the exchange, specifically the state's acquisition of land with access to a valuable tourism and historic mining resource in Hatcher Pass. DNR generally does not classify the surface estate of state lands for disposal in order to facilitate mineral development. In making the determination that the different classification for state land, current and future, is in the state's interest, the exchange must be looked at as a whole.

Consistency with Plans' Management Intent - The following explains how these actions are consistent with the plans' management intent:

Willow Sub-Basin Plan: The exchange is consistent with the management intent for the Hatcher Pass Management Unit (page 209 of plan) - which emphasizes Mining and Recreation. More specific management intent is found in the Hatcher Pass Management Plan.

Hatcher Pass Management Plan, Independence Sub-Unit (subunit #5): The State's acquisition of their portion of the parcels is clearly consistent with the plan's management intent for this subunit, which is to protect the area's historic mining character and encourages tourism and education. Land within Independence Mine State Historical Park already has a mineral closure, which is stated in the plan. Therefore, the land added to the park would also receive a mineral closure. This protects the State's ability to develop this area for tourism and protect the historic value, part of the plan's management intent.

GCDC acquisition of their portion of the parcels is also clearly consistent with the plan's management intent for this subunit, which is to support existing private mining operations. The mineral closure to be placed on GCDC's parcels support the plan's management intent by not allowing any new mining interests to interfere with the existing mining operation.

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF LAND

LAND CLASSIFICATION ORDER NO. 79-023-A01

I. Name Gold Cord Development Corporation/State of Alaska Land Exchange

II. The classifications in Part III are based on written justification contained in one of the following plans:

Area Plan: _____
Adopted () Revised () Dated _____

Management Plan: _____
Adopted () Revised () Dated _____

Site Specific Plan: Proposed (X)
Adopted () Revised () Dated 12-14-2001

Preliminary Report and Best Interest Findings on Proposed Land Exchange between Gold Cord Development Corporation and the State of Alaska for the Div. of Parks/Outdoor Rec.

III. Legal Acquisition Existing Classification
Description Acreage Authority Classification by this action

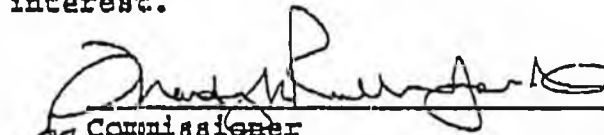
<u>Description</u>	<u>Acreage</u>	<u>Authority</u>	<u>Classification</u>	<u>by this action</u>
T20N R1E SM Section 28 Lot 1 (NW Corner) Snowbird, USMS 2045	0.83 acres	Pat., GS-1224	Public Recreation	Reserved Use
Gold Cord Addition 1, USMS 2069	12.506 acres	Pat., GS-1224*	Mineral	Reserved Use
North Half, Gold Cord Addition 2, USMS 2090	5.665 acres	Pat., GS-1224*	Mineral	Reserved Use

Total Acreage = 19.001

* Currently federal land, will become state land through this exchange by this acquisition authority

IV. This order is issued under the authority granted by AS 38.04.065 and AS 38.05.300 to the Commissioner of the Department of Natural Resources. The above described lands are hereby designated and classified as indicated. Nothing shall prevent the reclassification of these lands if warranted in the public interest.

Classified:


Commissioner
Department of Natural Resources

1/18/02
Effective Date

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF LAND

MINERAL ORDER #773

XXX Closing Lands to Mineral Entry Opening Lands to Mineral Entry

I. Name Gold Cord Development Corporation/State of Alaska Land Exchange

II. This mineral order is based upon the attached Commissioner's Finding and the written documentation contained in:

Area Plan: _____ Dated _____

Management Plan: _____ Dated _____

Site Specific Plan: Preliminary Report and Best Interest Findings on Proposed Land Exchange between Dated 12-14-2001

Other: Gold Cord Development Corporation and the State of Alaska for the Division of Parks and Outdoor Rec. Dated _____

<u>File Number</u>	<u>Legal Description</u>	<u>Acreage</u>
ADL 228152	Gold Cord Addition 2, USMS 2090	11.330
	Gold Cord Addition 1, USMS 2069	12.506
	Lot 1 (SE corner), Gold Cord 9, USMS 1093	0.46
	Lot 1 (NW corner), Snowbird 3, USMS 2045	0.83
	All in Section 28, T20N R1E SM	Total acreage = 25.126

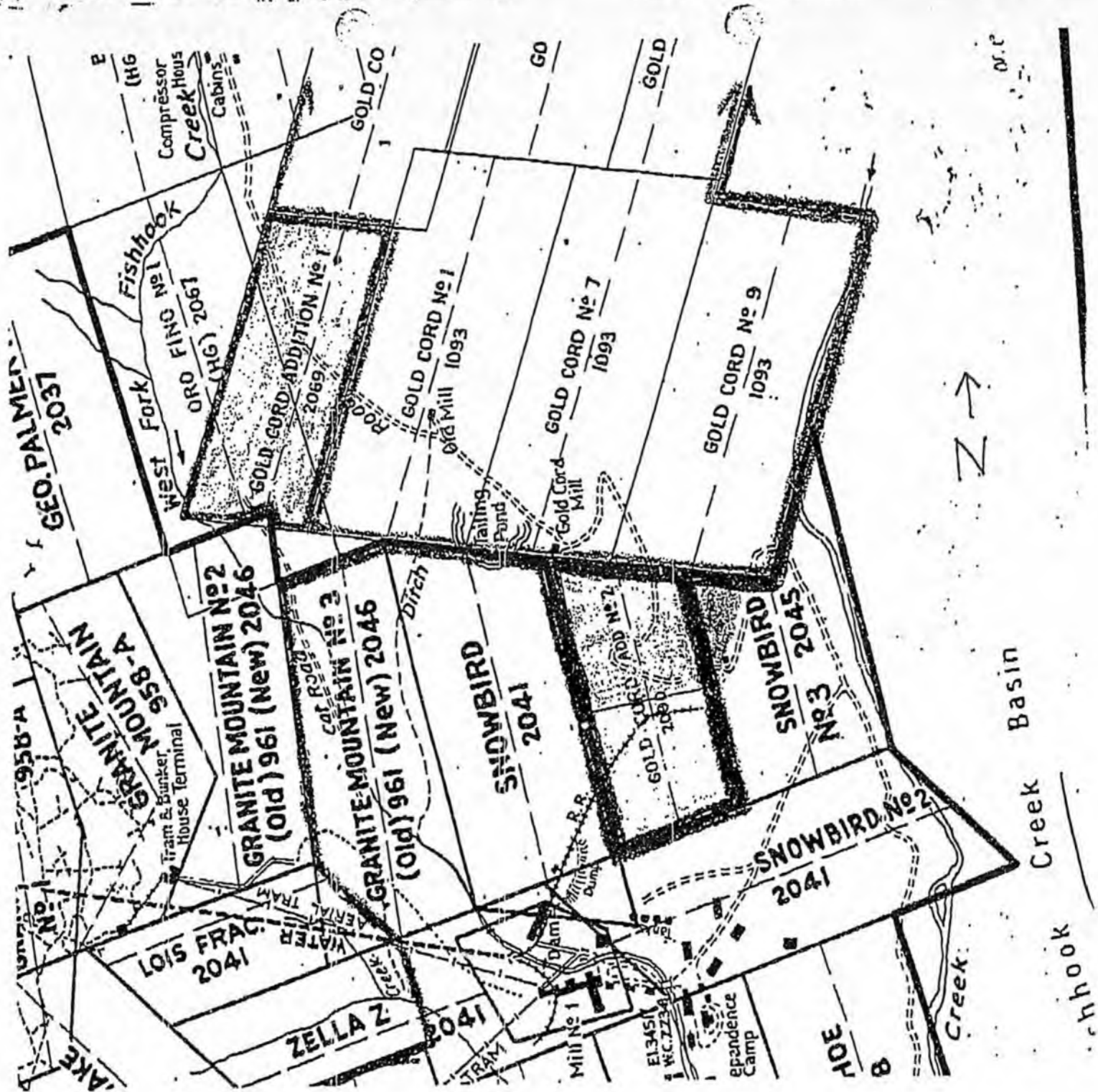
IV. This order is subject to valid existing rights and issued under the authority granted by AS 38.05.185 - 38.05.275 to the Department of Natural Resources. The above described lands are hereby XXX closed opened to entry under the locatable mineral and mining laws of the State of Alaska.

Concur: [Signature]
Director
Division of Mining, Land and Water








1/16/02
Date

Approved: [Signature]
Commissioner

1/18/02
Effective Date



**Exhibit A for Final Exchange Agreement
Independence Mine SHP Exchange with Gold Cord Development Corporation**

- | | | | |
|---|---|--|--|
|  | Gold Cord Additions 1 & 2, active federal mining claims by GCDC |  | Gold Cord Add. 1 and portion of Gold Cord Add. 2 going to GCDC |
|  | GCDC Property |  | Portion of Gold Cord Addition 2 going to the State |
|  | Independence Mine SHP |  | Gold Cord 9, Lot 1 going to the State |
|  | Portion of State land going to GCDC | | |