



“Ecological Assets  
Have Redefined  
Rural Land Values”



Appraisal Institute  
Northern California Chapter  
South San Francisco, CA  
September, 2019

Eco-Asset Solutions & Innovations LLC  
San Francisco and South Lake Tahoe  
01-415-706-6154  
info@easillc.com



# calvin and Hobbes



THERE'S TREASURE  
EVERYWHERE



What kind of value to *you* see in this landscape?

Ecosystem Services

- atmospheric gas regulation
- climate regulation
- disturbance regulation
- water regulation
- water supply
- soil formation
- soil maintenance
- biodiversity maintenance
- nutrient cycling
- waste treatment
- pollination
- pest control
- food production
- raw materials
- genetic library
- cultural components

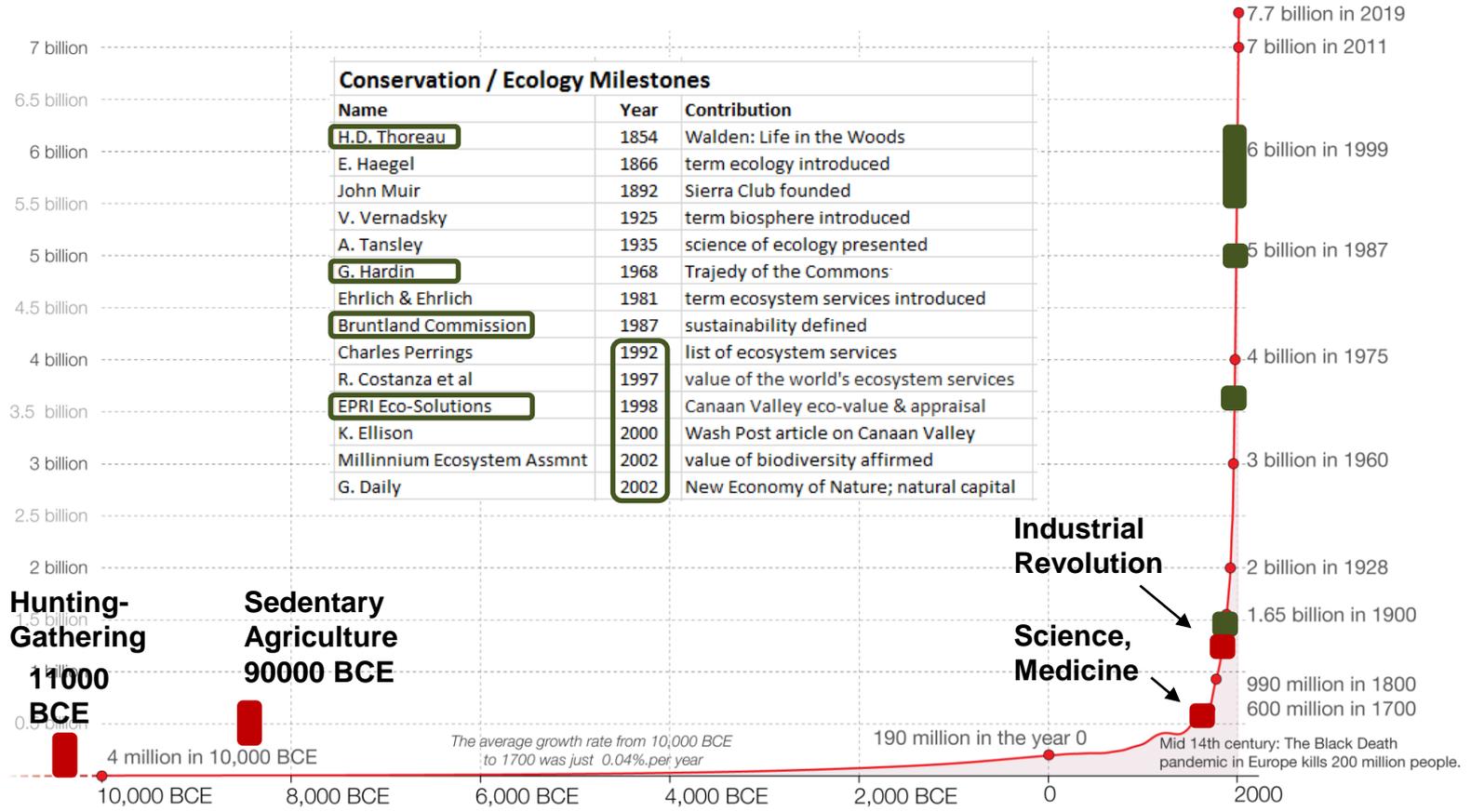
THERE'S TREASURE EVERYWHERE!



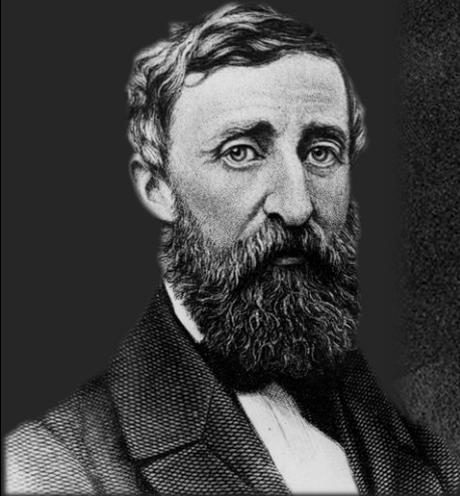
In the early days, production was highly valued!.

- Food production
- Raw materials

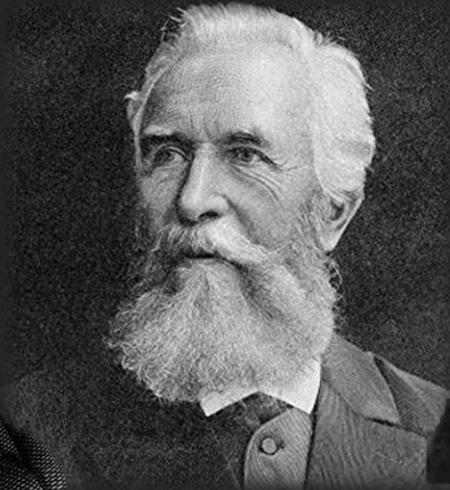
### World Population Growth Over Time



Early Conservation / Ecology Personalities



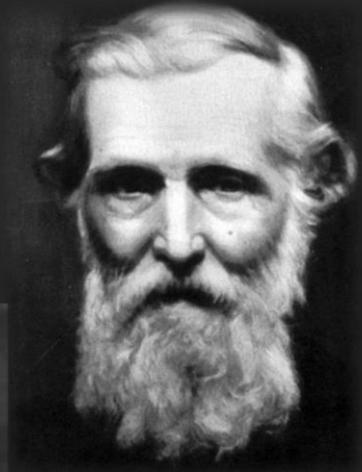
Thoreau



Haeckel



Vernadsky



Muir

# The New Pioneers



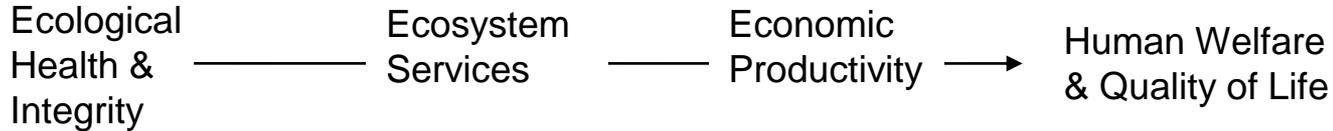
## The New Economy of Nature

The Quest  
to Make  
Conservation  
Profitable



Gretchen C. Daily  
AND  
Katherine Ellison

“We only manage what we measure. We only value what we struggle for.”



Early, traditional \$\$ market value

- food production
- raw materials

What about all these other eco-services as we ‘struggle’ to adapt in a rapidly changing world?

- atmospheric gas regulation
- climate regulation
- disturbance regulation
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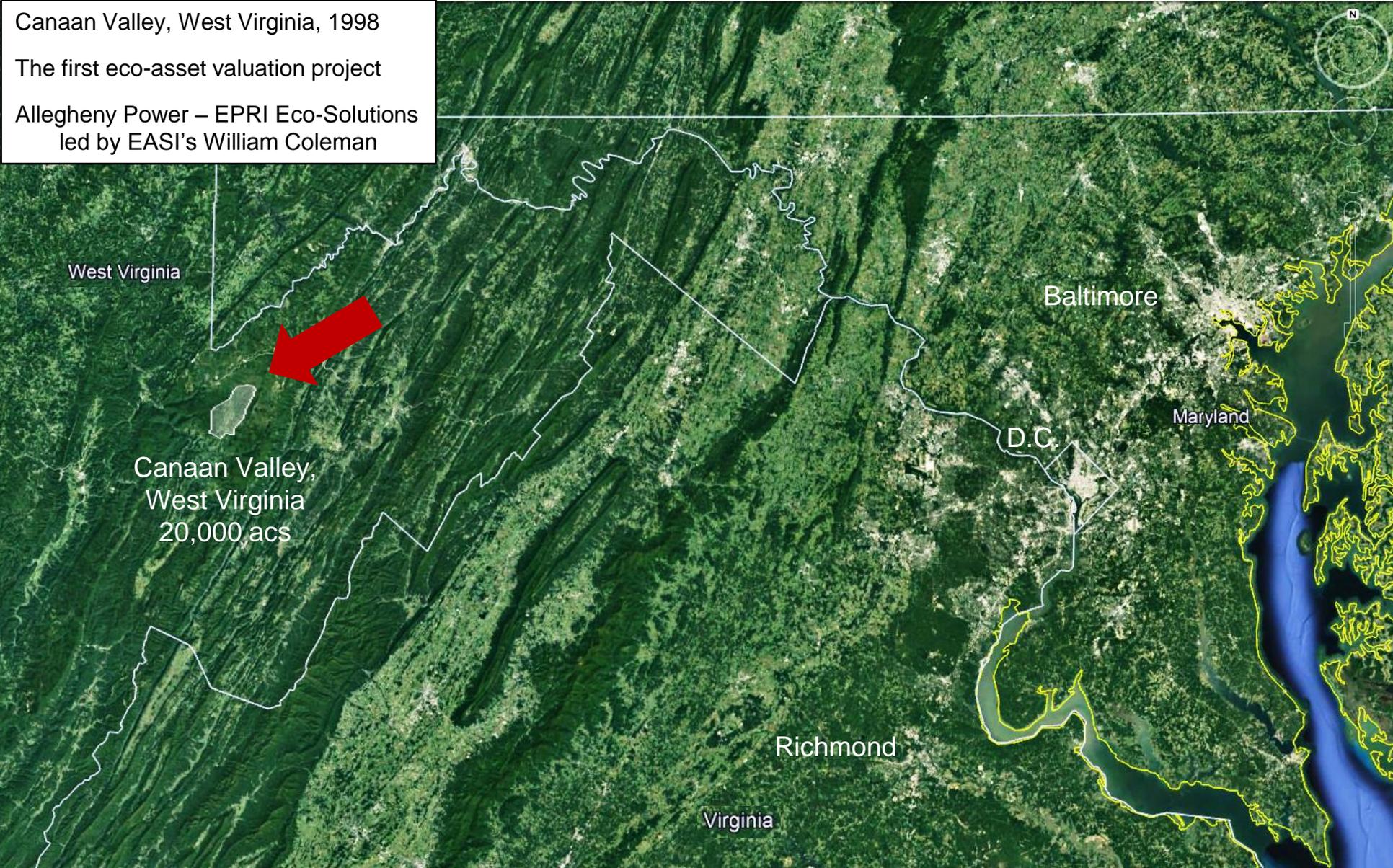
No value?

No *measurable* value?

Non-market value only?

Measurable, eco-asset market value?

Canaan Valley, West Virginia, 1998  
The first eco-asset valuation project  
Allegheny Power – EPRI Eco-Solutions  
led by EASI's William Coleman



West Virginia

Baltimore

Maryland

D.C.

Richmond

Virginia

Canaan Valley,  
West Virginia  
20,000 acs

Allegheny Power Company - 1998



Sell the land!  
(At what price?)

Sell 8000 acres for  
vacation homes &  
recreation

Conduct an eco-asset  
review and appraisal  
of the wildest parts,  
about 12,000 acres

**Conservation Fund**, managing the Land & Water Conservation Fund for USFWS, offered \$16M using Yellow Book methods



Really?

Canaan Valley  
  
20,000 acres  
acquired in 1900s  
  
Pump Storage  
Power Plant

\$33M appraised eco-asset value!

- Wetland credits
- Stream credits
- Species credits
- Carbon credits

Price Waterhouse affirmed our method; IRS gave a supporting Opinion Letter



\$33M bulk/gross eco-asset value  
- \$16M sale paid out of L&WCF  
\$17M 'gift' to federal govt.



\$5M tax deduction! (30% bracket)

**\$21M project value** to Allegheny Power  
\$11M on remaining land sale  
\$32M total value  
+ industry awards and repeat PR value



The biggest reward may have been creation of the Canaan Valley National Wildlife Refuge.



## Land and Eco-Assets for Sale

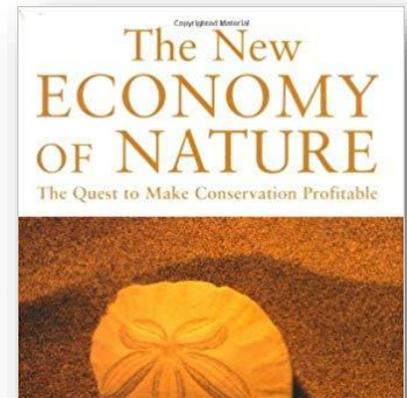
By Katherine Ellison  
January 25, 2002

The Canaan Valley in Tucker County, West Virginia, long has been a kind of promise for conservationists.

The scenic Appalachian Mountain basin features extraordinary biological diversity, largest wetlands east of the Mississippi. It offers habitat for the threatened Cheat Mountain salamander and potential habitat for the endangered West Virginia northern flying squirrel and the Indiana bat.

But it wasn't until a dollar value could be established for such natural assets -- including the contribution of regenerated forests toward regulating the global climate -- that the property's owners prepared to turn it over for preservation.

In what may be an unprecedented effort to showcase a new approach to conservation, Allegheny Energy Inc. plans to sell roughly 12,000 acres of Canaan Valley land to the U.S. Fish and Wildlife Service, possibly as soon as next week. What makes the plan remarkable is how the power company calculated the property's value for tax purposes. By including the worth of the land's ecosystems, it came up with a figure that more than doubled traditional estimates.



The EPRI project represented one of the world's most advanced efforts to calculate concrete values for environmental services that for so long had been taken for granted. It was also another sign of how a hitherto radical notion—treating ecosystems as vital capital assets—was becoming more broadly accepted.

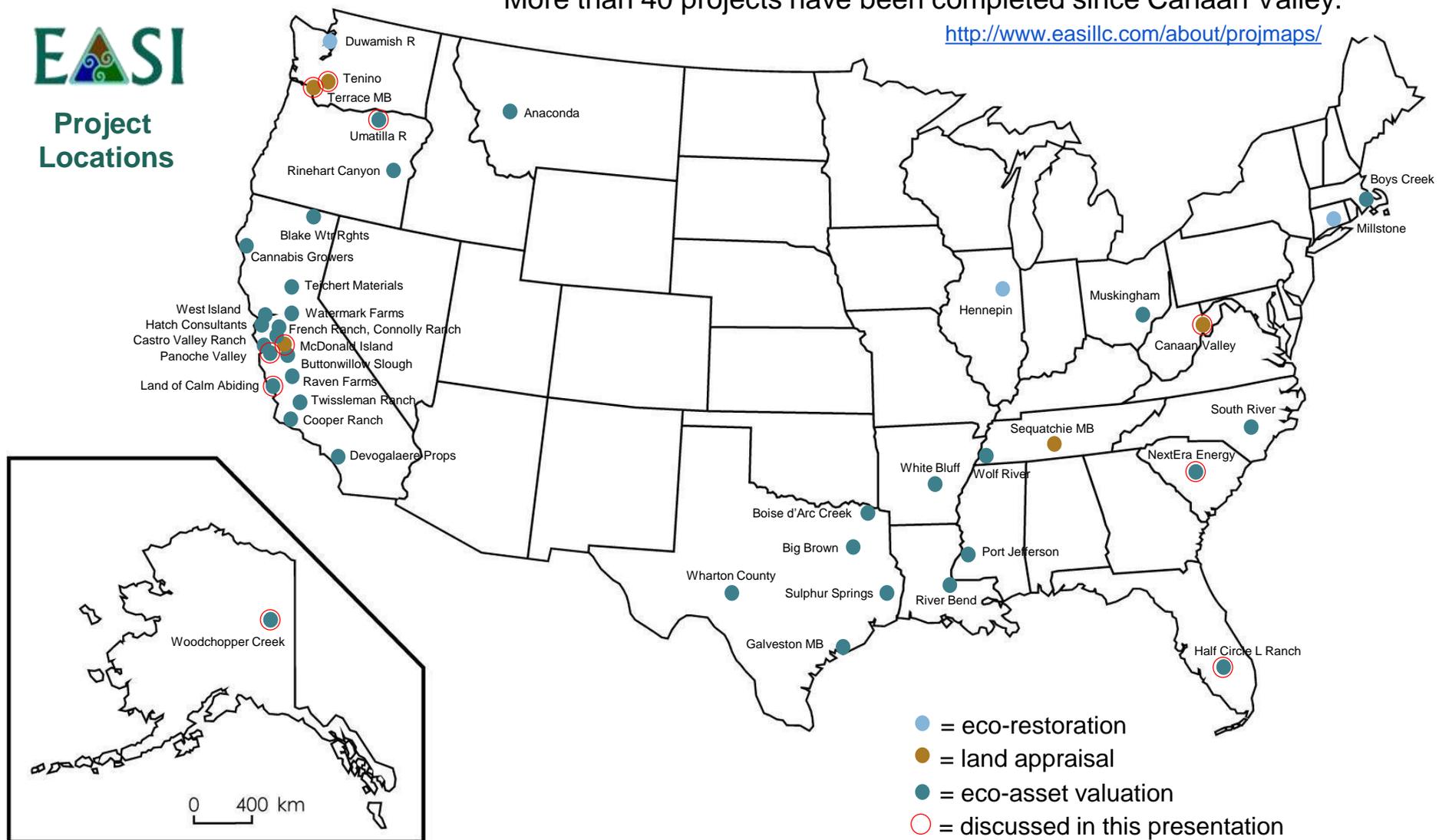


More than 40 projects have been completed since Canaan Valley.

<http://www.easilc.com/about/projmaps/>



### Project Locations



## About Ecological Assets (review)

The economic benefits of ecosystem services went unappreciated and therefore unquantified for far too long.



That changed in the 1990s. Economists revealed that ecosystem services are worth twice as much as global GDP.

They showed that eco-services support all economic productivity and all quality of life.

This makes sense if you think about it. Eco-services are like the bricks and mortar, the wiring and switches, the conveyor belts of nature's 'factory'. They create 'natural *capital*' flowing through the economy.

Example: Wetland habitats (natural capital) buffer floodwaters, filter toxins from rainwater and store water in aquifers. Wetlands provide housing for wildlife and plants. Biodiversity enables habitat production.

Economists realized the replacement value of these eco-services is huge. Preserving and restoring eco-services becomes a high priority.

### Ecosystem Services

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The diversity of habitats and species is important to economic productivity in every region worldwide.

## Eco-Services, Mitigation Banks, Eco-Asset Value, Land Value

- Eco-services needed to have consistent, measurable economic value. Landowners needed a way to monetize these services. They needed *market-based* incentives to get things going.
- Policy-makers created voluntary compensatory mitigation programs to accomplish these goals.
- These programs require developers to *compensate* for impacts to local ecological features by *offsetting* or *mitigating* these impacts. This gives developers cost-effective compliance options.
- The programs permit landowners to develop wetland or conservation banks that can earn mitigation credits. Credit prices are set by the landowner, applying basic market principles of supply, demand, cost recovery, profits, and willingness-to-pay.
- Developers can buy mitigation credits to offset their project's environmental impacts. This is usually less expensive than other options they have.
- The policies originated during the Ronald Reagan and George W. Bush years. A \$300 billion economy has developed as a result.
- Congress would have to rewrite the Clean Water Act Endangered Species Act to undo these policies.



Other habitats like woodlands, grasslands and desert lands provide valuable eco-services, including fertile soil, pollination, pest control and production of raw materials like timber and pasture.

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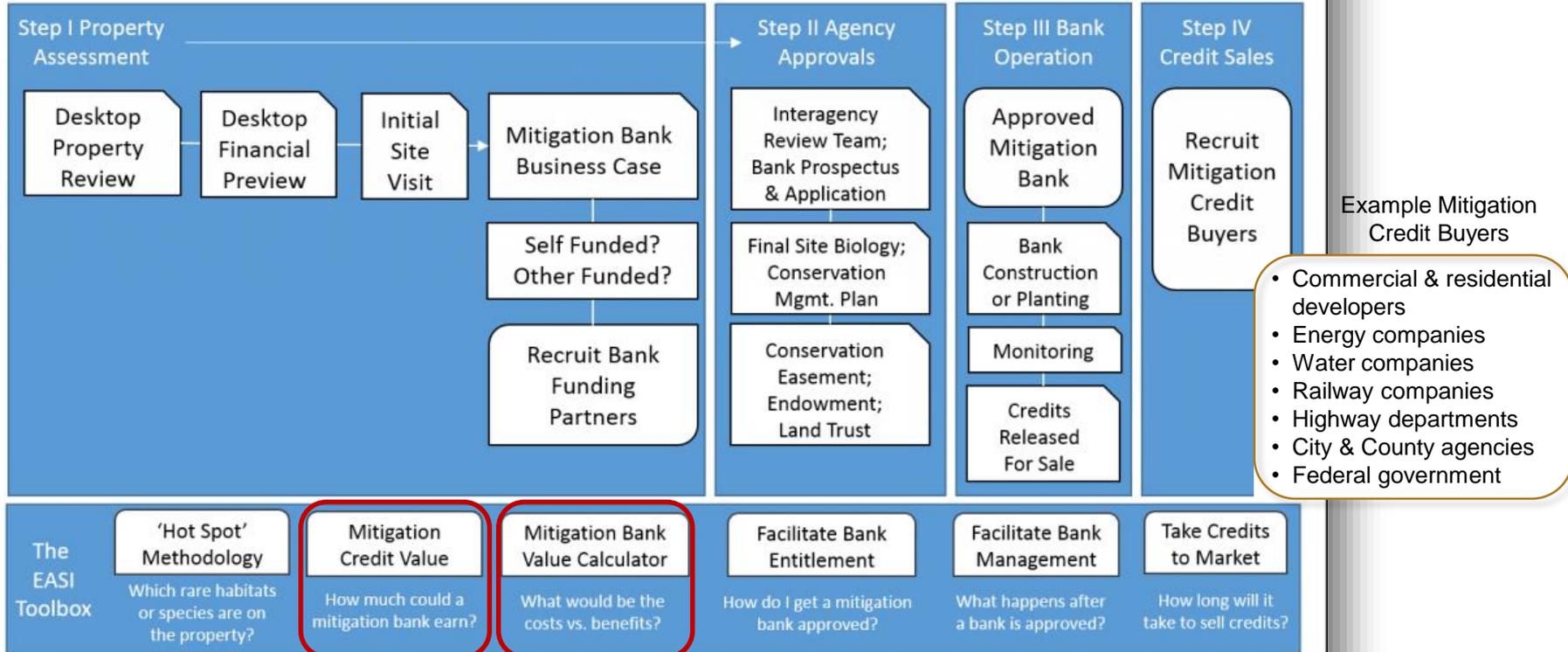


Experienced policy makers understand the economic and social importance of preserving and restoring these landscapes.



Native biodiversity is well adapted to local climatic and topographic conditions. This helps optimize overall ecological and economic productivity.

# Four Steps for Landowners – Building a Successful Mitigation or Conservation Bank



Potential mitigation banking revenue can influence highest-and-best-use determinations during appraisals



US Army Corps of Engineers  
(Clean Water Act)

**Wetland & Stream  
Mitigation Credits**

US Fish & Wildlife Service  
(Endangered Species Act)

**Species & Habitat  
Conservation Credits**

(also called mitigation credits)

US Environmental Protection Agency  
(Clean Water Act)

**Water Quality Credits**  
(in some areas)

About Mitigation Credits

A mitigation credit is a **unit of trade** used to offset loss of ecosystem quality, usually from construction, development or operation of built infrastructure. A mitigation credit has carefully controlled utility and liquidity.

A mitigation credit is a **standard unit of measure** representing the protection or increase (called 'lift') in ecosystem quality that results from preservation, enhancement, restoration or creation (PERC) of important ecological features such as wetlands or other rare habitat types.

Mitigation credits are **awarded to landowners** in exchange for a) dedicating land via a conservation easement to the public domain in-perpetuity, b) investing in the measured PERC of land to purposefully compensate for lost ecological quality, and c) implementing a wildlife and habitat management plan (WHMP) to ensure that ecological resources are protected long term.

A mitigation bank is the usual result of these efforts. Agencies approve each step of the process leading to mitigation bank operation.

Once earned, mitigation credits can be sold to buyers as proof of the buyers' effort to compensate (mitigate) for development impacts. The price of a mitigation credit is set by basic market principles of supply, demand, development cost, desired profits and willingness-to-pay.

Buyers are those who have to secure certain kinds of environmental permits from federal agencies. They are 'permittees'. They can include commercial & residential developers, city & county governments, industry and others entities who impact ecological quality.

Mitigation credits are **intangible assets** in that they lack physical substance; they are anchored to the land just like a mineral certificate is, but they are not subject to depreciation like structures, vehicles, equipment or inventory (tangible assets).

Mitigation credits are a) **authorized** by state/federal agencies; a ledger account is then established. Credits are b) **released** for sale as the mitigation bank achieves agency-approved performance standards. Credits can then be c) **'withdrawn'** (sold) from the ledger as buyers need to compensate for ecological impacts. Once money changes hands the mitigation credit has become a **liquid asset**.

Demand for mitigation credits depends on rates of economic growth driven by planned development projects. It can take years, even decades, for a mitigation bank to sell all of its authorized mitigation credits.

Mitigation credit broker/sellers may sell credits to permittees from an approved mitigation bank. **Broker/sellers** may manage the marketing of mitigation credits, draft sales agreements, coordinate and track credit transfers. But a credit may only be sold once to offset an impact. Credits may not be purchased for resale. All sales are reported to the agencies to ensure that credits are accounted for from authorization to withdrawal.

Once a credit is withdrawn from a ledger (sold), it is permanently retired. The credit-acre (the land to which the credit is anchored) is then managed for conservation purposes by a third-party entity -- a land trust, an environmental group, or an agency itself.



info@easillc.com

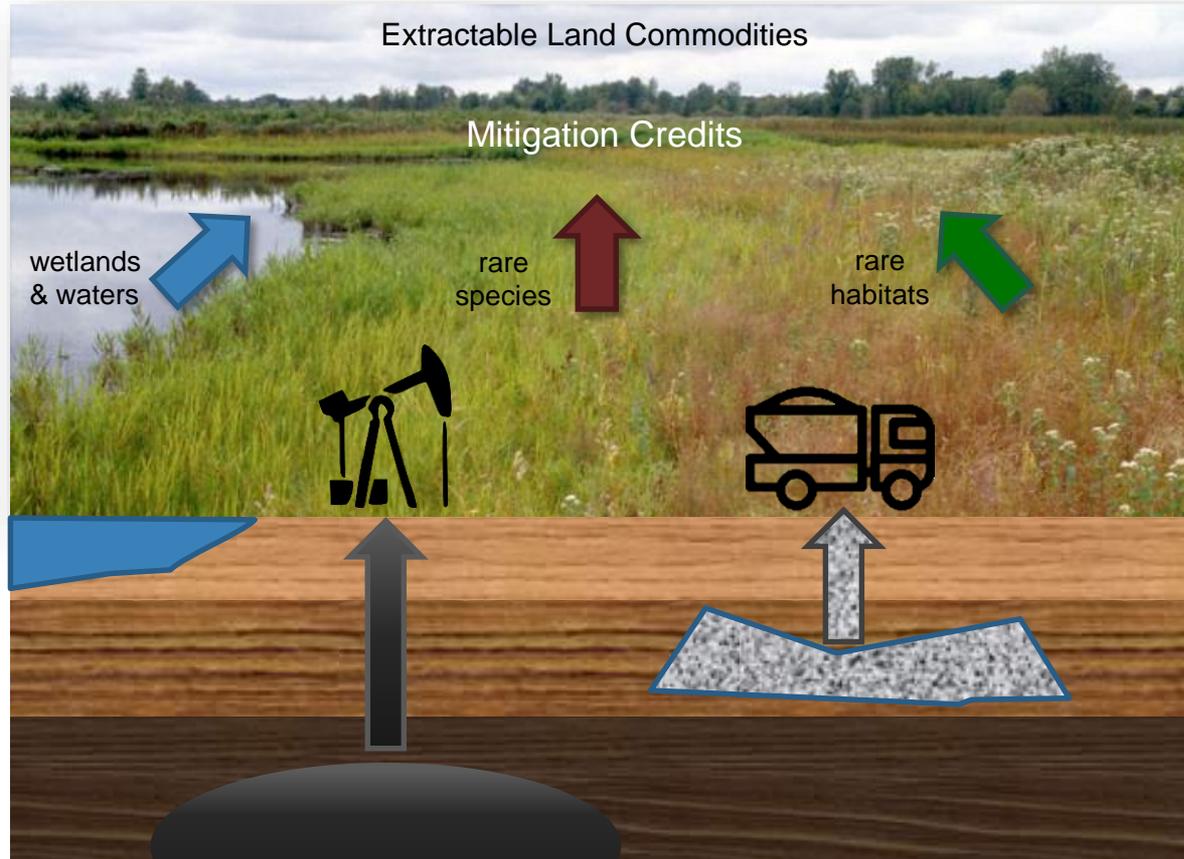
- Monetizing eco-services creates a business argument for land conservation.  
(Long term protection for eco-services is assured through *conservation easements* required for every mitigation bank.)
- The 'business of conservation' blends free market principles with society's quality of life needs.
- Ecological assets can significantly boost land value *and* protect or restore eco-services.
- Developing mitigation credits leads to bookable assets that are subject to familiar methods of land pricing, purchasing, accounting and tax valuation.
- Appraisal methods should now uniformly incorporate eco-asset data and business methods.



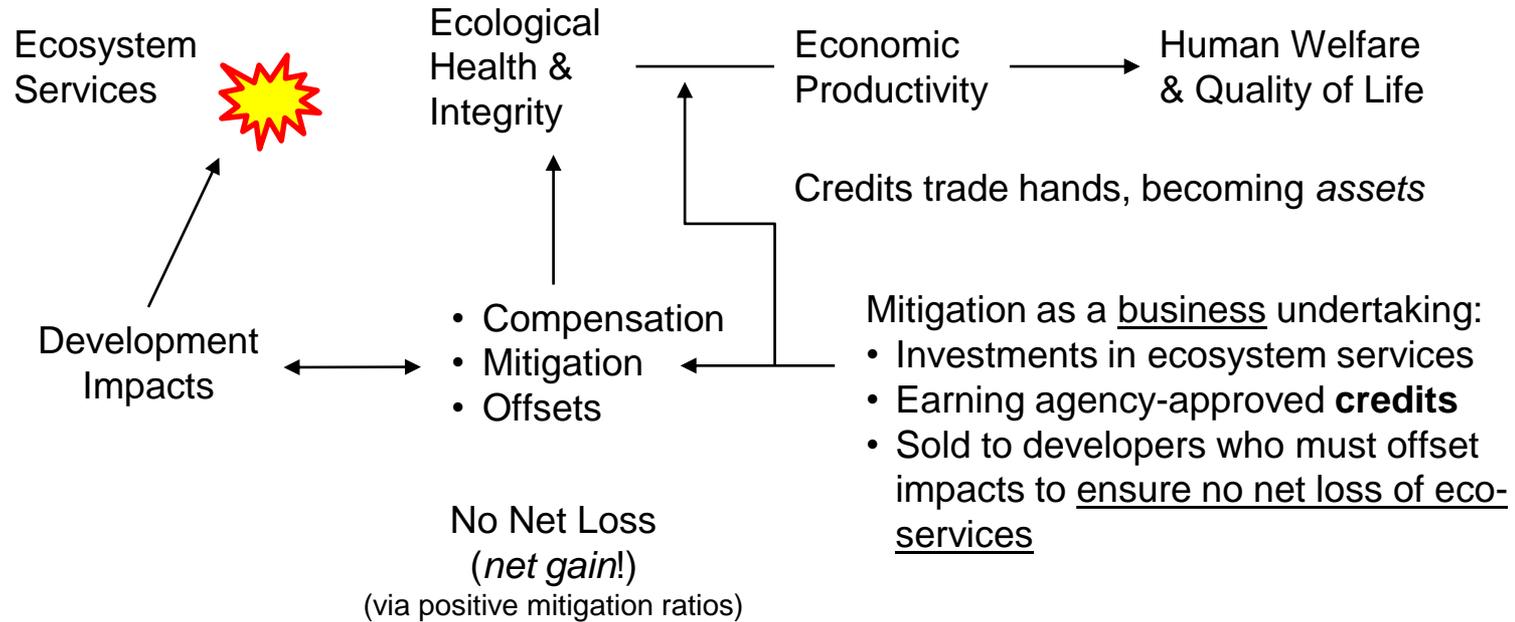
Once again: Ecological Assets are like other extractable natural resource fixed to the land.

They are like minerals, or oil & gas. They are natural resource *stocks* that can be developed to *flow* into the economy.

As mitigation credits taken to market, they offset development impacts (becoming bookable assets... (ecological assets) while the acre of land is retired for low-impact compatible uses – grazing, recreation, etc.



# Protecting Quality of Life & Sustainable Economic Productivity Calls for 'No Net Loss' of Ecosystem Services



## Making Ecological Assets 'Revenue Real'

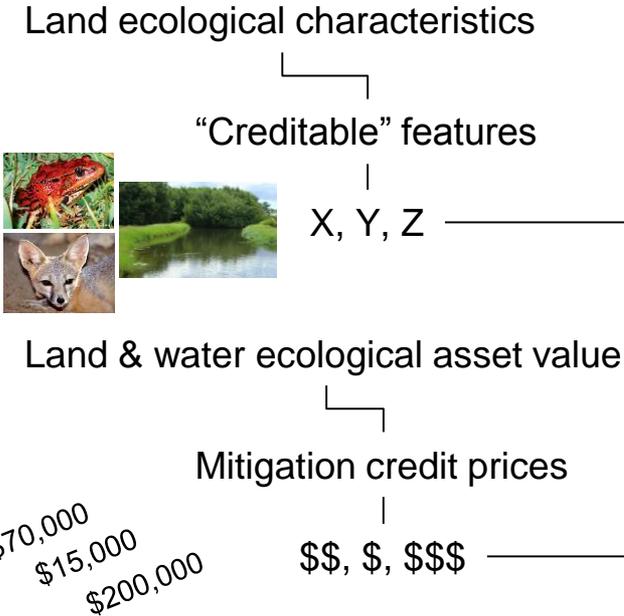
Requires a reliable set of market data, plus methods and tools, that can:

1. Identify high-value lands carrying potential ecological assets
2. Estimate gross eco-asset value based on:
  - a) the land's ability to generate mitigation credits and
  - b) the market value of these credits
3. Estimate eco-asset revenue potential measured as mitigation bank NPV and ROI
4. Determine a property's current appraised value\* (or estate value) following Appraisal Institute (MAI) guidelines

\*EASI valuations are conducted in partnership with experienced, certified appraisers. Appraised value stems from highest-and-best-use determinations built upon a property's eco-asset valuation.



Here's how to do it!



$$[(X*\$\$)*acs]+[(Y*\$)*acs]+[(Z*\$\$\$)*acs] = \text{gross EAV}$$

┆

+ other revenue potential income = total land revenues

(cattle, timber, minerals, res/com development...)

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Development costs (mitigation bank)

- land acquisition  
mineral rights?
- conservation easement
- endowment fund & project sponsor
- wildlife & habitat management plan  
restoration, monitoring & reporting...

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Market demand (mitigation credit “adsorption rate”)

- competition; mit-credit type & quantity
- rate of mit-credit sale
- potential buyers

Credit sale timeline; discount rate, NPV/ROI/ROR







## Project Case Studies



Eco-Asset Solutions & Innovations LLC

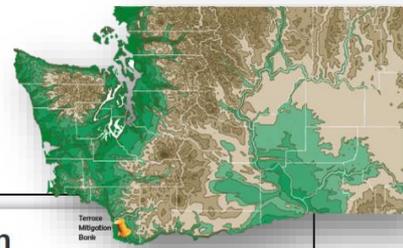
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**Case Study 1:** A 130-acre property in **Vancouver, Washington** was approved for wetland mitigation banking in 2015.



EASI predicted Terrace MB could generate about \$12.6M in gross eco-asset value, or \$97,000/acre, based on a wetland credit price of \$156,000 each.

Colliers International was asked to appraise the property. They assigned a 15 year project period and a 17.5% discount rate to the EASI eco-asset values, predicting net earnings = \$4.9M (\$38K/ac).

Prices today are about \$190,000 per credit-acre.

The bank has 81 approved credits.

At today's value, that would be \$15.2 million gross, \$5.9M net, or an average of \$45,000 per acre.

(As of January, 2019, 12+ credits have been sold, valued at \$2.25M.)

## Banking on wetland restoration

Developers buy credits to offset damage to environment



Cornell Rolschy, co-owner of Rolschy Inc., is helping lead restoration at Terrace Mitigation Bank in east Vancouver. Federal regulations and a construction boom have helped raise the demand for mitigation banks. Alisha Jucevic/The Columbian

[Buy this photo](#)

By [Troy Brynelson](#), Columbian staff writer

Published: June 25, 2017, 6:02 AM

“A 113-acre former peat bog in Vancouver, WA, became Terrace Mitigation Bank in 2017.

It will be restored over the next decade and conserved for the foreseeable future. The bank will generate millions in revenues by restoring it and selling credits to local developers, whose projects may cause ecological damage.”

Terrace MB LLC approached Riverview Community Bank, a federally regulated lender, for a loan to finance site restoration.

They offered future mitigation credits as collateral for the loan.

The lender was unfamiliar with the mitigation credits or mitigation banking. They funded the Colliers appraisal to understand the relationship between traditional land value and mitigation credit values.

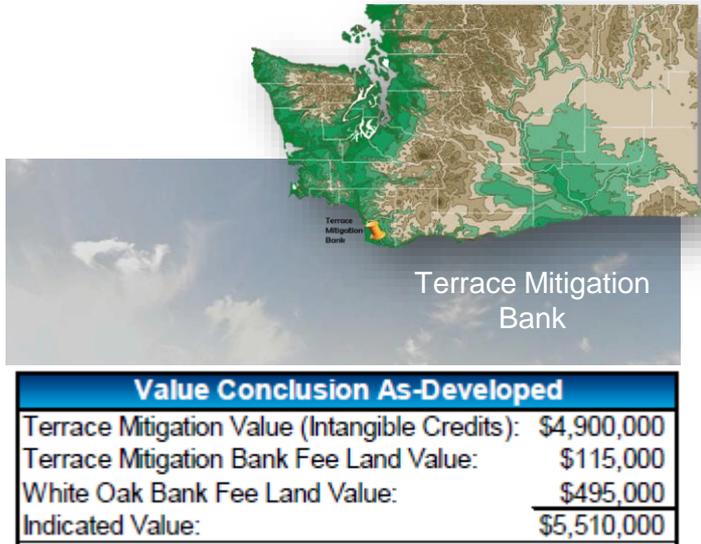
Colliers set up a clear framework for the assessment:

#### Regulatory Authority

“The Subject Property has been designated as a mitigation bank by the Washington Department of Ecology (Ecology). As such, the Subject Property can sell credits to offset mitigation on other lands.

#### Mitigation Credit Market Demand

“The primary users of credits are likely to be the City of Vancouver, Clark Regional Wastewater District, Pacific Energy, Port of Vancouver, Portland General Electric Company, Washington State Department of Transportation and a number of public, quasi-public and private users.”



#### Mitigation Credit Market Price

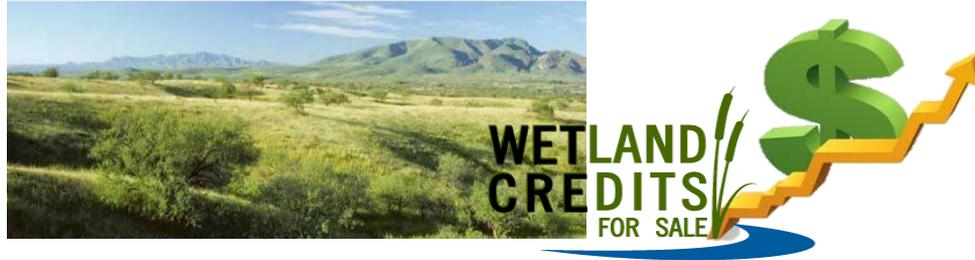
“The starting point for the analysis is the value of a credit. We looked to the public records for sales of similarly developed credits (e.g. ‘comparables’). (According to EASI) the adjusted average value is about \$156,000 per credit statewide. For reference are the available sales for (nearby) East Fork and Columbia River mitigation banks.

“The final estimate of market value for the Subject Property is based on the summation of the fee interest in the Property plus the present value of the agency-authorized mitigation credits for the Terrace MB.”

# Case Study Lessons

Lesson 1 – Mitigation credits can be bona fide indicators of land value and important sources of business revenue.

## LAND VALUATION



Lesson 2 – Mitigation credits, although intangible assets, have known market value. That value can be recognized for purposes of debt financing.



**Case Study 2:** A 355 acre horse ranch in California's **San Benito County** was purchased in 2014 for \$500,000, or about \$1400/acre.

EASI performed an eco-asset review, finding 5 ('creditable') species for which mitigation credit market value had been established.

EASI estimated the gross value of future mitigation credits to be \$9M.

The landowner had no experience with mitigation banking. Instead, he sold 300 acres to a local energy company that needed mitigation land to offset proposed solar energy development impacts.

The energy company paid \$4400/acre (\$1.3M) for the mitigation land, three times comparable market value.

Why pay that premium?

The 300 mitigation credits would have cost the energy company 5x as much (\$6.5M) if purchased from a mitigation bank. The company saved ~ \$5M by accepting the landowner's offer.

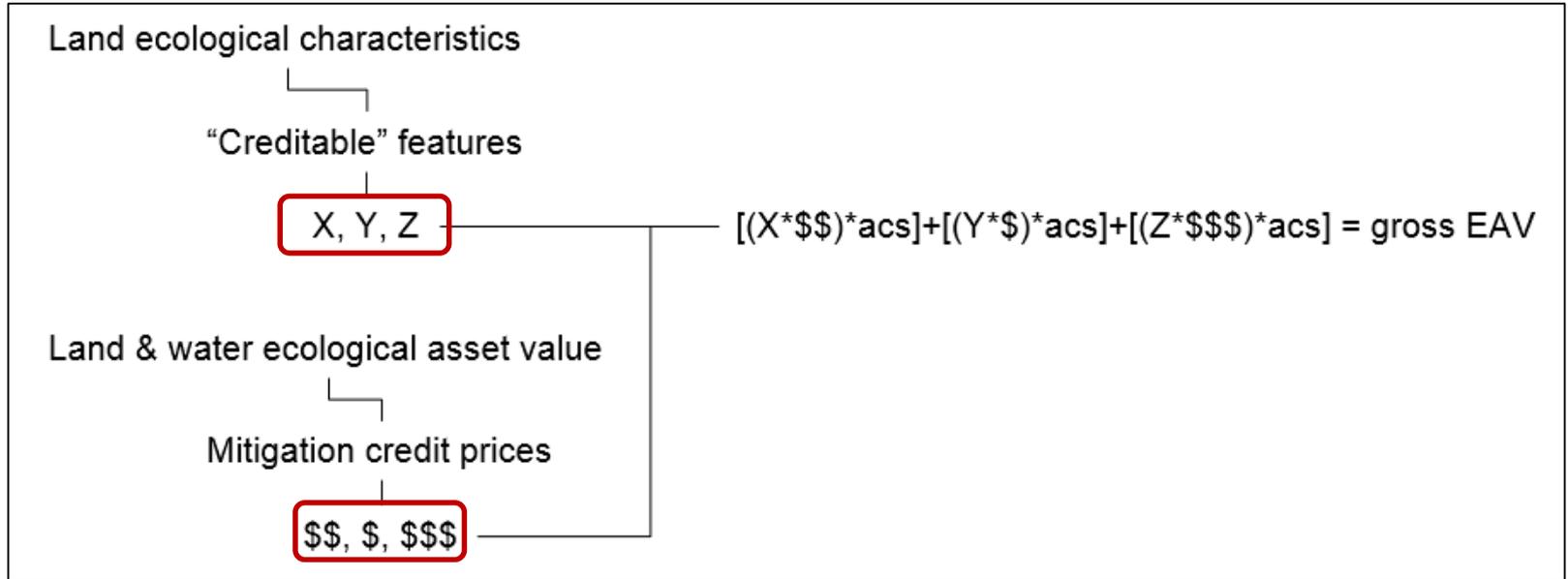


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Lesson 2 – Mitigation credits, although intangible assets, have known market value. That value can be recognized for purposes of debt financing.

Lesson 3 – Developing a mitigation bank can be costly, and isn't always necessary. Just knowing the *potential* mitigation credit (eco-asset) value can boost land sale prices.



**Case Study 3:** In 2016, a California Reclamation District needed to mitigate for levee maintenance impacts at **McDonald Island** in the San Joaquin River.

The Rec District asked a local landowner to sell or donate 200 acres of potential mitigation land to help meet this obligation.

The landowner, unsure how to value the mitigation acres, asked EASI to conduct an eco-valuation. Colliers International was asked to perform a land appraisal once the eco-valuation was complete.

The appraisal showed a 24:1 ratio between the gross value of mitigation credits and the market value of the 200 acres. The gift value of the property (subject to tax deduction) went from \$200K to \$4.9M.



(From the Colliers' report)

Final Value Conclusion:

| Subject Property Value Conclusion                    |             |           |             |
|--|-------------|-----------|-------------|
|  | Parcel A    | Parcel B  | Total       |
| Market Value of Fee Land (Real Estate):              | \$120,000   | \$80,000  | \$200,000   |
| Bulk Value of Mitigation Credits (Intangible Value): | \$4,250,000 | \$425,000 | \$4,675,000 |
| Total Market Value:                                  | \$4,370,000 | \$505,000 | \$4,875,000 |

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| Total Market Value:                                  | \$4,370,000 | \$505,000 | \$4,875,000 |

\$32M gross eco-asset value  
- \$16M price paid by CF / L&WCF

\$16 gift to federal govt.

\$4.8M tax deduction (30% bracket)

**\$20.8M project value** to Allegheny Power



Case Study 4: A 485-acre meditation retreat center in **Monterey County, CA** wanted to find more conservation oriented economic uses for the land.

In 2017 EASI estimated \$24M in gross value for wetland and species/habitat credits. (The land's Corpororo Creek is a headwater for sturgeon spawning in central CA.)

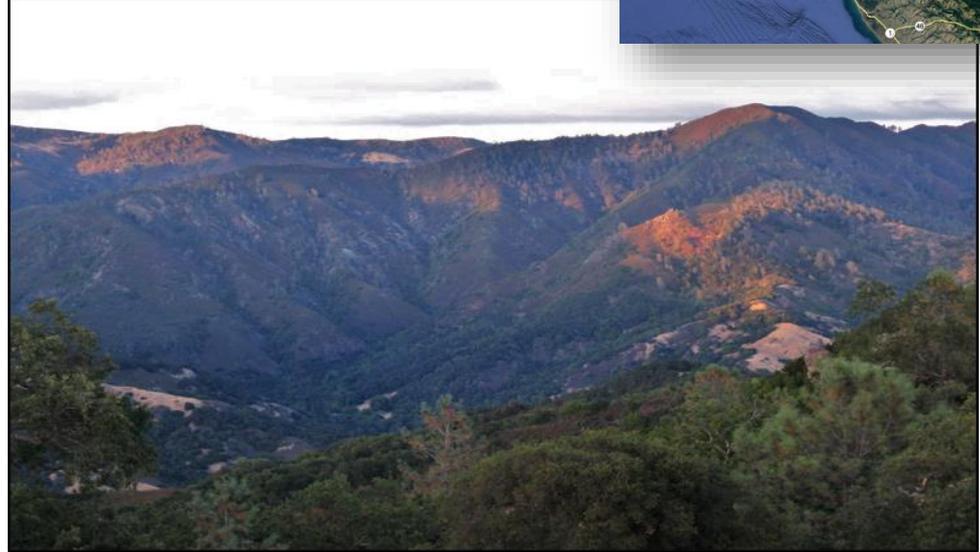
Mitigation bank development costs were also studied leading to a predicted ROI of 4.5:1.

The property exists in an area with essentially zero competition from other mit-credit sellers.

Demand for mitigation credits would come from local city, county and state agencies as well as industry operating in the Central Coast region.

During the land survey, EASI accidentally identified 'complications' with the county-recorded property boundaries. (Permanent structures on federal land!)

This put mitigation bank on hold – probably indefinitely.



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Lesson 5 – Attractive ROI is not always the determining factor in project decision making.



Case Study 5: A landowner in **Umatilla County, Oregon** considered building the only mitigation bank in the eastern part of the state, on a 2300 acre property.

In 2017 EASI estimated the gross value of wetland credits to be \$30M on 355 acres, or \$85,000/acre.

Eco-restoration costs, plus costs to set up a mitigation bank endowment fund, led to a total development cost of about \$5M. That cost, and uncertain demand for mit-credits in eastern Oregon kept project ROI at 0.6:1.

However, by deferring high restoration costs to later development phases, and by securing Letters of Interest from prospective credit buyers, ROI could grow to 2.6:1.

Other project flex points were identified to increase ROI, allowing the landowner to scenario-plan future development options.

Landowner is currently negotiating cost-share options with a local Native American group interested in fisheries restoration.



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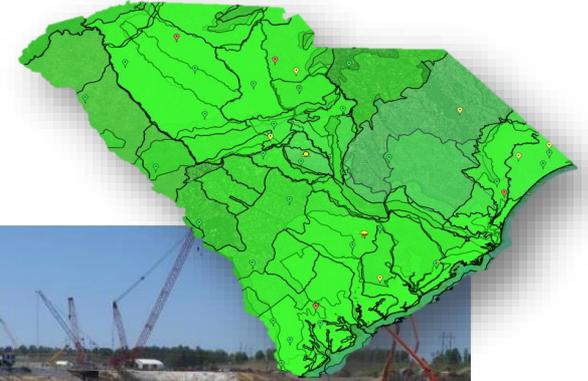
Lesson 6 – Mitigation credits don't always generate attractive ROI.



Case Study 6: A national energy company wanted to learn about mitigation credit markets in **South Carolina**.

In 2017 the company purchased a state-owned nuclear power plant with the promise of decommissioning the facility and replacing it with natural gas generation.

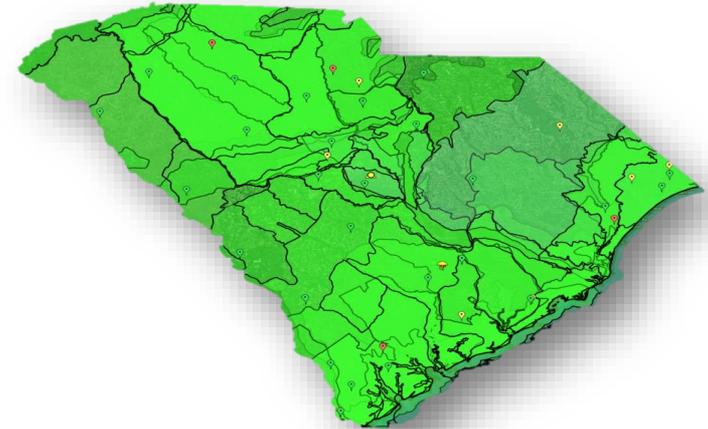
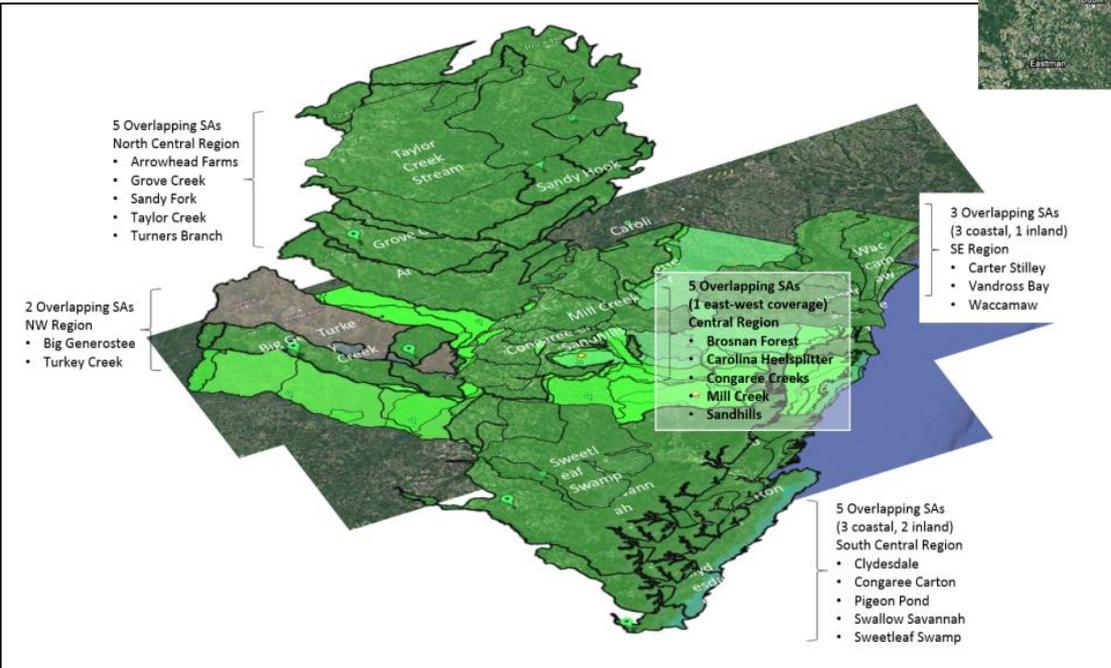
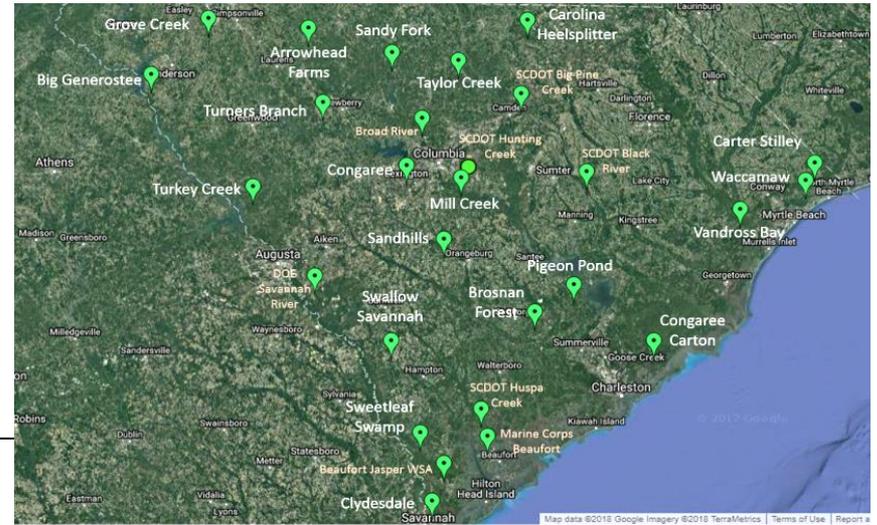
Decommissioning would leave a large depression in the landscape. The company wondered if wetlands restoration and mitigation banking could help them recover some of the costs.



The company asked EASI to do a market analysis of South Carolina wetlands banking.

South Carolina is home to a large number of wetland mitigation banks. The *service areas* for these banks often occupy entire watersheds.

EASI discovered that the state was essentially blanketed with wetland banks – there were essentially no open business niches.



South Carolina mitigation bank service areas – plan view



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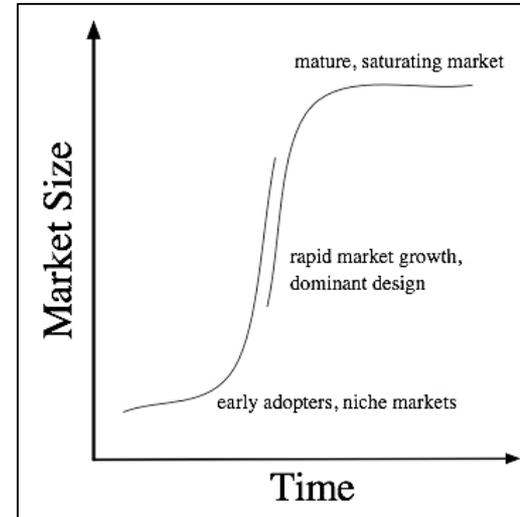
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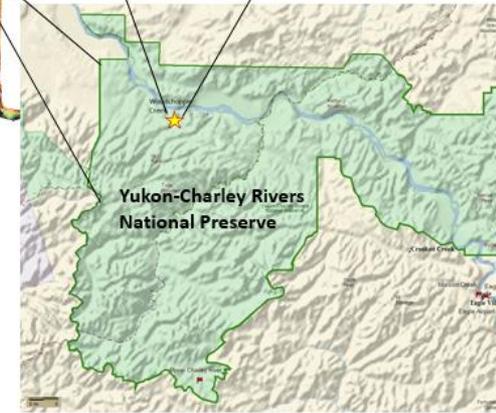
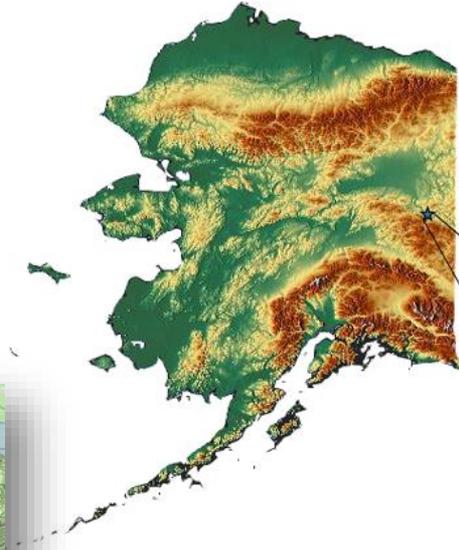
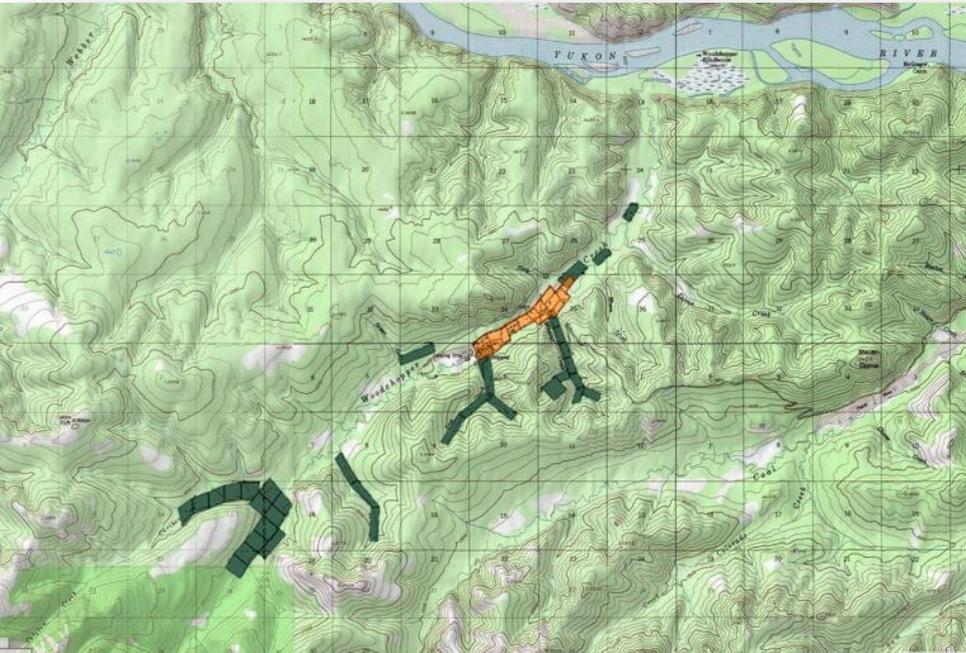
Lesson 6 – Mitigation credits don't always generate attractive ROI.

Lesson 7 – Some mitigation credit markets may be saturated.



**Case Study 7:** A 1340 acre inholding of **Alaska's Yukon-Charley Rivers National Preserve** included patented and unpatented mining claims. The landowner decided to sell the claims in 2018 and wanted to know if eco-assets would boost the asking price.

The National Park Service wanted to consolidate federal land ownership and minimize future mining disturbance. They offered to buy the claims.



At what price should the landowner/claims-holder sell?

- What are wetland mitigation credit comparables?
- What are the mining claim comparables?
- Were these asset values compatible?

Yukon River at Woodchopper Creek





Measure

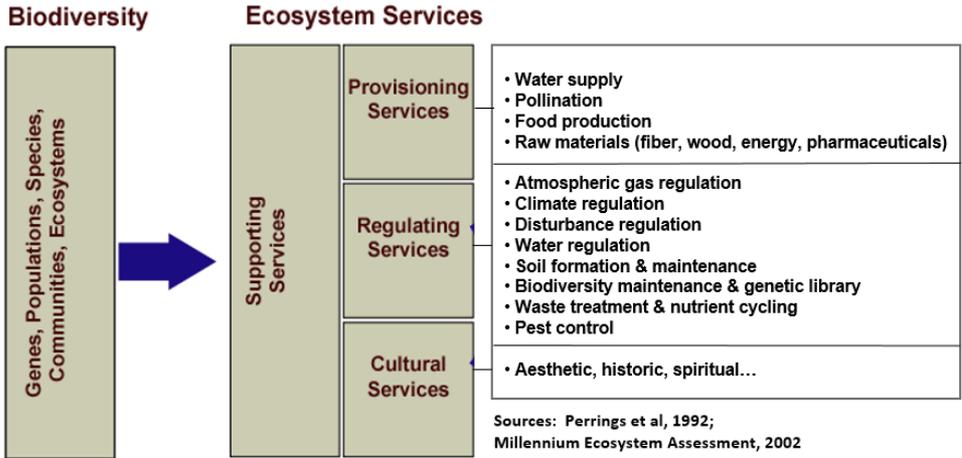
Yukon River

# Wildlife on Woodchopper Creek

35 species have  
Alaska F&G wildlife  
management plans!



# Turns out that biodiversity is the foundation for all ecosystem services!

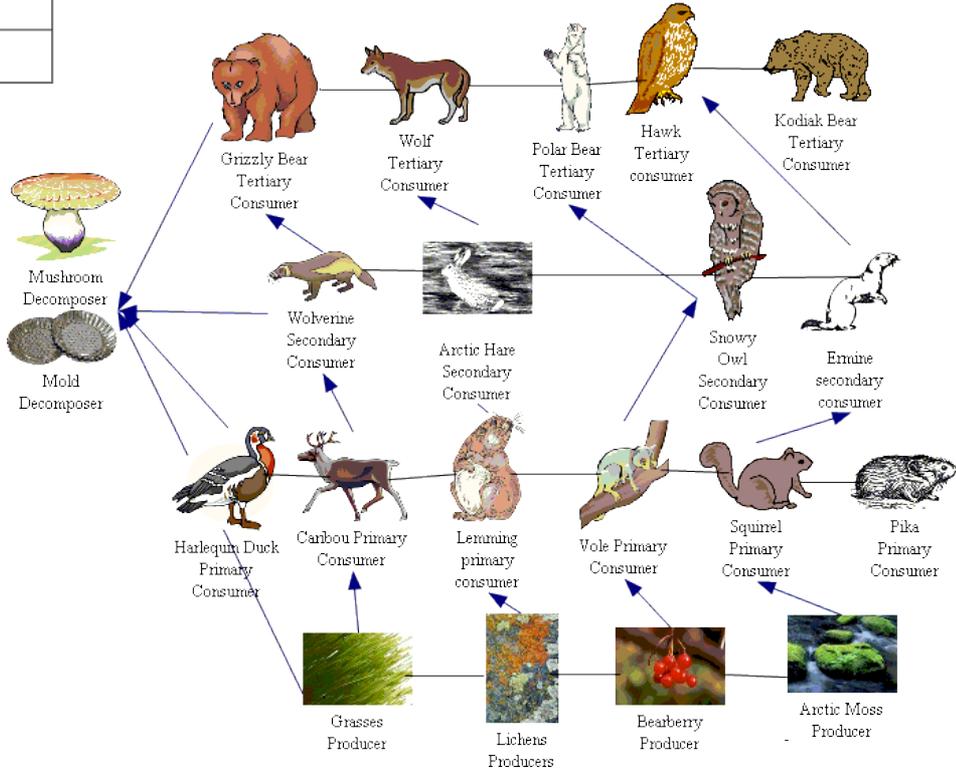


All economic activity  
All quality of life

↓

Total Economic Value (TEV)

The Woodchopper Creek property is a highly desirable landscape. But would NPS pay a premium price based on willingness-to-pay for high ecosystem service values?



# Client Mining Claims – Yukon-Charley Rivers National Preserve

1. Patented Claims  
(surface rights)  
262 acres

Prior mining;  
PERC opportunities

Preservation  
Enhancement  
Restoration  
Creation

Wetland, stream,  
biodiversity  
ecosystem services

Compensatory  
mitigation credits

PRM for mining    Sell to market

Net, known  
market  
price

(Convert to  
Patented Claims?)

2. Unpatented Claims  
(no surface rights)  
1077 acres

A. Claims w/o  
economical  
mineral recovery  
486 acres

Donate/sell  
claims  
NPS    Sell to  
market

Value?

Fee simple  
claim value  
or  
Ecosystem  
Service  
value

Market price comparables

Willamette Method?

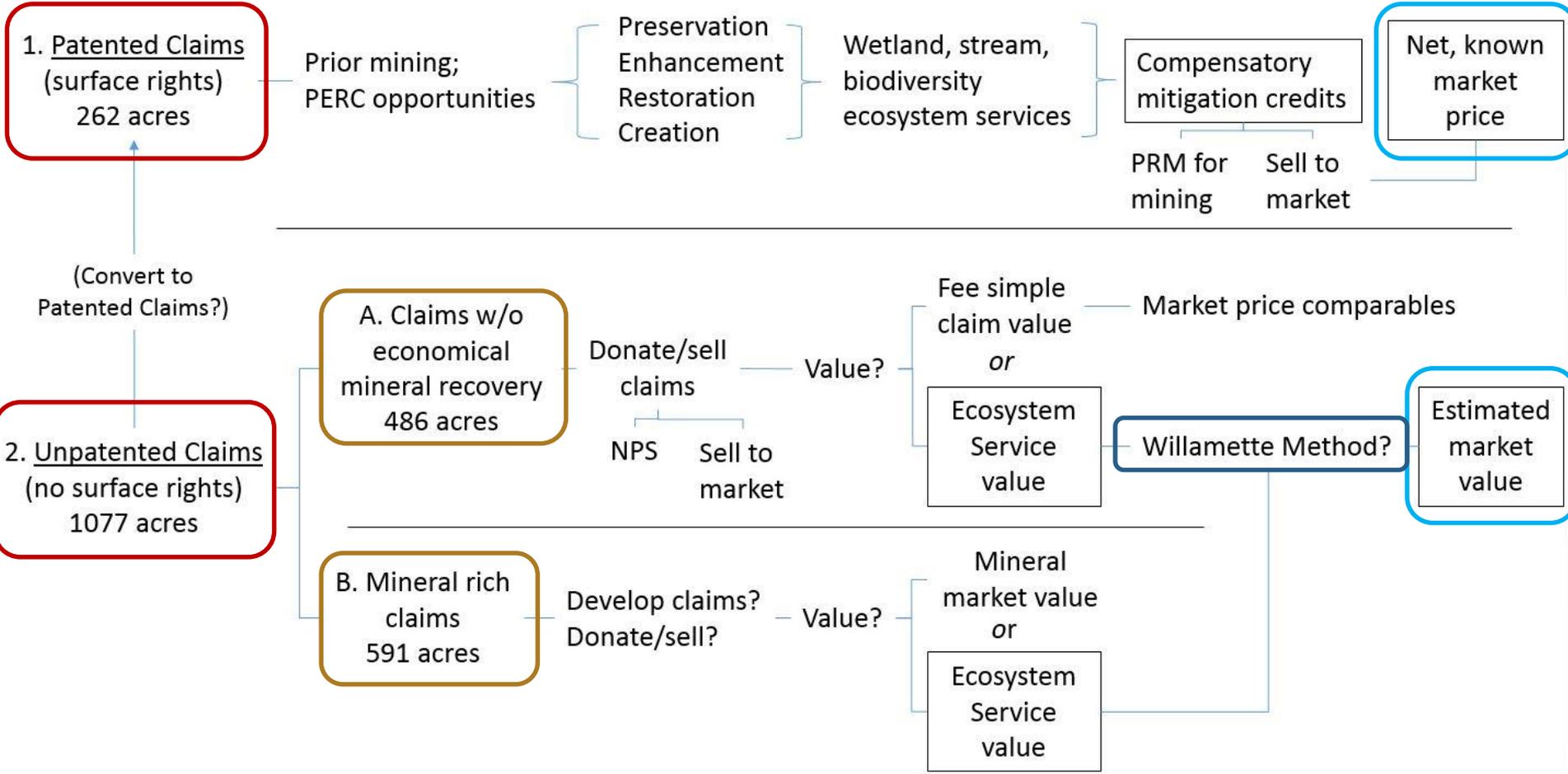
Estimated  
market  
value

B. Mineral rich  
claims  
591 acres

Develop claims?  
Donate/sell?

Value?

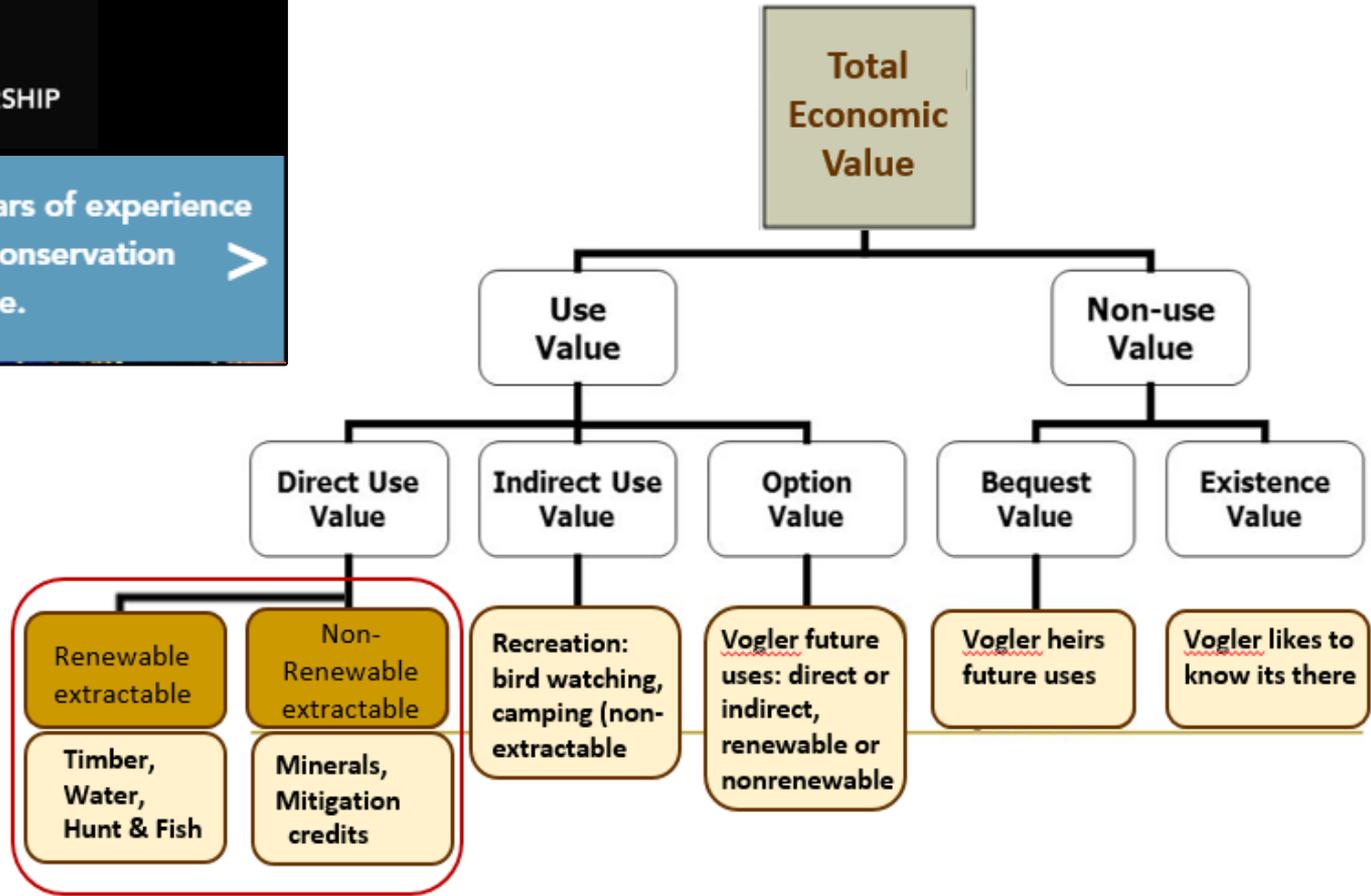
Mineral  
market value  
or  
Ecosystem  
Service  
value





WILLAMETTE PARTNERSHIP

We have over 20 years of experience with market-based conservation solutions. Learn more. >



Hard Eco-Asset Market Value

Patented Claims & Surface Rights

EASI

'Soft' Eco-Asset Market Value?

Unpatented Claims & Mineral Rights

Willamette Partnership

# Case Study Lessons

Lesson 1 – Mitigation credits can be bona fide indicators of land value and important sources of business revenue.

Lesson 2 – Mitigation credits, although intangible assets, have known market value. That value can be recognized for purposes of debt financing.

Lesson 3 – Developing a mitigation bank can be costly, and isn't always necessary. Just knowing the *potential* mitigation credit (eco-asset) value can boost land sale prices.

Lesson 4 – The gift value of land, and the related tax offset, can increase by taking eco-asset values into consideration. This is also true when figuring estate value.

Lesson 5 – Attractive ROI is not always the determining factor in project decision making.

Lesson 6 – Mitigation credits don't always generate attractive ROI.

Lesson 7 – Some mitigation credit markets may be saturated.

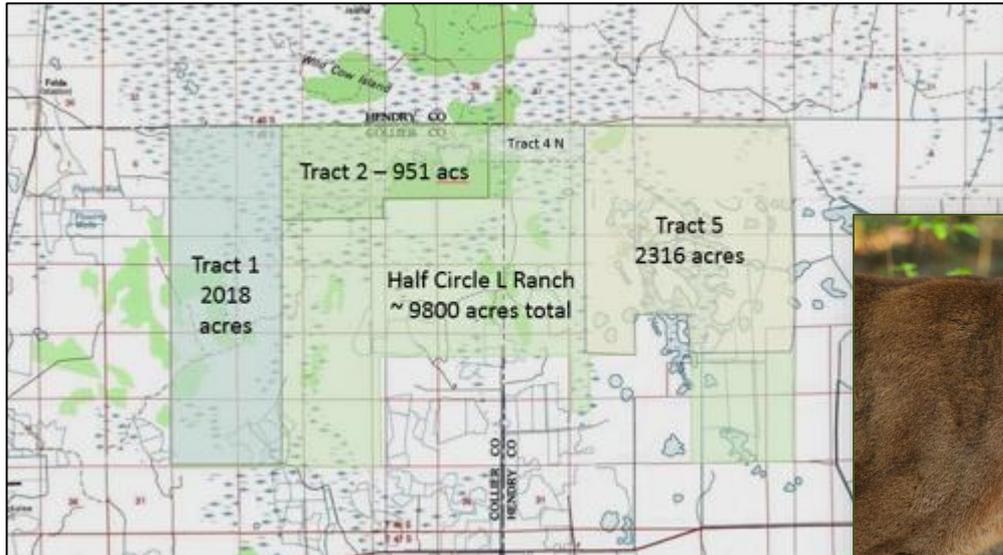
Lesson 8 – Hard eco-asset market value is not everything. 'Soft' EAV can build willingness-to-pay for a highly attractive property, especially if advocated by a reputable source.



Case Study 8: A 10,000 acre ranch in south Florida, one of the area's best known historic and natural landscapes, went on the market after four generations of family ownership.

Before deciding to make an offer on the ranch, a potential buyer in Louisiana contacted EASI about mitigation bank development options. Could he earn back the land purchase cost and make additional money?

The ranch had been subdivided into 6 tracts, with the agricultural land separated from the ranch land. Four tracts were considered wild enough to qualify for wetlands and/or species mitigation banking – including conservation credits for the rare Florida panther.



Which, if any, of the tracts should our buyer consider, and why?

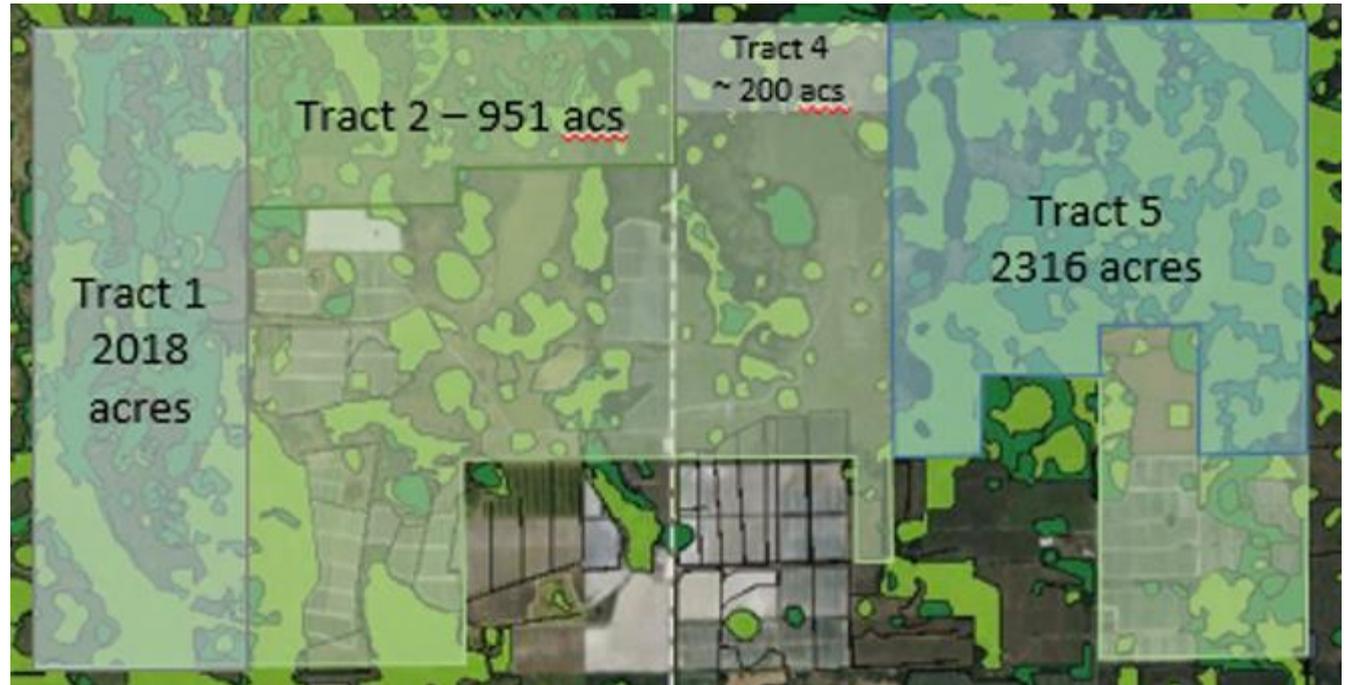
The buyer had grown up hiking, camping and hunting there – on Tract 2 in particular. Should a land purchase be based on business or personal considerations?

EASI's challenge – to model six different land purchase options. ~ whoa



Really?

- All four tracts
- Tract 1 alone
- Tract 2 alone
- Tract 5 alone
- Tracts 1 & 2 together
- Tracts 2, 4 & 5 together



# The EASI Project Performance Table

Discounted cash flow analysis and return on investment for projected mitigation bank revenues vs. costs – 20 project years

|  |  | Year End                |                 |                                       |         |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           | (Confirmation Columns)        |            |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |                        |         |
|--|--|-------------------------|-----------------|---------------------------------------|---------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------------------------------|------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|------------------------|---------|
|  |  | 2020                    |                 | 2021                                  |         | 2022      |           | 2023      |           | 2024      |           | 2025      |           | 2026      |           | 2027      |           | 2028      |           | 2029      |           | 2030                          |            | 2031    |         | 2032    |         | 2033    |         | 2034    |         | 2035    |         | 2036    |         | 2037    |         | 2038    |         | 2039                   |         |
| Project Year                                 |  | 1                       | 2               | 3                                     | 4       | 5         | 6         | 7         | 8         | 9         | 10        | 11        | 12        | 13        | 14        | 15        | 16        | 17        | 18        | 19        | 20        |                               |            |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |                        |         |
| <b>A: Mitigation Credit Inventory</b>        |  | <b>Credits Released</b> |                 |                                       |         |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           | <b>Total Credits Released</b> |            |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |                        |         |
| Total Wetland Credits Authorized             |  | 3177.25                 |                 |                                       |         | 566.53    |           |           |           | 802.67    |           |           |           | 802.67    |           |           |           |           |           |           | 802.67    |                               |            |         | 802.67  |         |         |         |         |         |         |         |         |         |         |         |         |         | 3,777   | wetland                |         |
| Tract 1                                      |  | 1616.40                 |                 |                                       |         |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |                               |            |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         | 0                      | stream  |
| Tract 2                                      |  | 710.25                  |                 |                                       |         |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |                               |            |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         | 1,708                  | pasture |
| Tract 4                                      |  | 60.00                   |                 |                                       |         |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |                               |            |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         | 0                      | stream  |
| Tract 5                                      |  | 1389.60                 |                 |                                       |         |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |                               |            |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         | 0                      | stream  |
| Total Florida Panther Credits Authorized     |  | 1107.15                 |                 |                                       |         | 256.36    |           |           |           | 362.30    |           |           |           | 362.30    |           |           |           |           |           |           |           |                               |            | 362.30  |         |         |         |         |         |         |         |         |         |         |         |         |         |         | 1,708   | panther                |         |
| Tract 1                                      |  | 403.60                  |                 |                                       |         |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |                               |            |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         | 0       | stream                 |         |
| Tract 2                                      |  | 231.75                  |                 |                                       |         |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |                               |            |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         | 0       | stream                 |         |
| Tract 4                                      |  | 140.00                  |                 |                                       |         |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |                               |            |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         | 0       | stream                 |         |
| Tract 5                                      |  | 326.40                  |                 |                                       |         |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |                               |            |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         | 0       | stream                 |         |
| Total Potential Credit Access (11 rate)      |  | 5485.00                 |                 |                                       |         | 822.75    |           |           |           | 1165.56   |           |           |           | 1165.56   |           |           |           |           |           |           |           |                               | 1165.56    |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         | 5,485   | total credits released |         |
| <b>B: Mitigation Credit Release and Sale</b> |  |                         |                 |                                       |         |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |                               |            |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |                        |         |
| -- Wetland Riparian Credit Release \$        |  | 3777.25                 | credit-releases | pre-release -> performance release -> |         |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |                               |            |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |                        |         |
| Pre-Construction & year 0 (pre-sale @ 15%)   |  | 15%                     |                 | 566.53                                | 0%      | 25%       | 0%        | 25%       | 0%        | 25%       | 0%        | 25%       | 0%        | 25%       | 0%        | 25%       | 0%        | 25%       | 0%        | 25%       | 0%        | 25%                           | 0%         | 25%     | 0%      | 25%     | 0%      | 25%     | 0%      | 25%     | 0%      | 25%     | 0%      | 25%     | 0%      | 25%     | 0%      | 25%     | 0%      | 25%                    |         |
| Performance Credit Release                   |  | 25%                     |                 | 0.00                                  | 0.00    | 802.67    | 0.00      | 802.67    | 0.00      | 802.67    | 0.00      | 802.67    | 0.00      | 802.67    | 0.00      | 802.67    | 0.00      | 802.67    | 0.00      | 802.67    | 0.00      | 802.67                        | 0.00       | 802.67  | 0.00    | 802.67  | 0.00    | 802.67  | 0.00    | 802.67  | 0.00    | 802.67  | 0.00    | 802.67  | 0.00    | 802.67  | 0.00    | 802.67  | 0.00    | 802.67                 |         |
| Credits Sold @ Market -> use rate            |  | 37.00                   |                 | 566.53                                | 523.53  | 1235.25   | 1235.25   | 1235.25   | 1235.25   | 1235.25   | 1235.25   | 1235.25   | 1235.25   | 1235.25   | 1235.25   | 1235.25   | 1235.25   | 1235.25   | 1235.25   | 1235.25   | 1235.25   | 1235.25                       | 1235.25    | 1235.25 | 1235.25 | 1235.25 | 1235.25 | 1235.25 | 1235.25 | 1235.25 | 1235.25 | 1235.25 | 1235.25 | 1235.25 | 1235.25 | 1235.25 | 1235.25 | 1235.25 | 1235.25 |                        |         |
| Credits Sold @ Bulk                          |  | 37.00                   |                 | 37.00                                 | 37.00   | 37.00     | 37.00     | 37.00     | 37.00     | 37.00     | 37.00     | 37.00     | 37.00     | 37.00     | 37.00     | 37.00     | 37.00     | 37.00     | 37.00     | 37.00     | 37.00     | 37.00                         | 37.00      | 37.00   | 37.00   | 37.00   | 37.00   | 37.00   | 37.00   | 37.00   | 37.00   | 37.00   | 37.00   | 37.00   | 37.00   | 37.00   | 37.00   | 37.00   |         |                        |         |
| Total Credits Sold/Year                      |  |                         |                 | 37.00                                 | 37.00   | 37.00     | 37.00     | 37.00     | 37.00     | 37.00     | 37.00     | 37.00     | 37.00     | 37.00     | 37.00     | 37.00     | 37.00     | 37.00     | 37.00     | 37.00     | 37.00     | 37.00                         | 37.00      | 37.00   | 37.00   | 37.00   | 37.00   | 37.00   | 37.00   | 37.00   | 37.00   | 37.00   | 37.00   | 37.00   | 37.00   | 37.00   | 37.00   | 37.00   |         |                        |         |
| Ending Credit Inventory                      |  | 529.53                  |                 | 432.53                                | 1235.25 | 1235.25   | 1235.25   | 1235.25   | 1235.25   | 1235.25   | 1235.25   | 1235.25   | 1235.25   | 1235.25   | 1235.25   | 1235.25   | 1235.25   | 1235.25   | 1235.25   | 1235.25   | 1235.25   | 1235.25                       | 1235.25    | 1235.25 | 1235.25 | 1235.25 | 1235.25 | 1235.25 | 1235.25 | 1235.25 | 1235.25 | 1235.25 | 1235.25 | 1235.25 | 1235.25 | 1235.25 | 1235.25 | 1235.25 |         |                        |         |
| Credit Sales Remaining Total                 |  | 37.00                   |                 | 14.00                                 | 111.00  | 148.00    | 185.00    | 185.00    | 222.00    | 259.00    | 296.00    | 333.00    | 370.00    | 407.00    | 444.00    | 481.00    | 518.00    | 555.00    | 592.00    |           |           |                               |            |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |                        |         |
| -- Stream Credit Release Schedule            |  | 0                       | stream          | pre-release -> performance release -> |         |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |                               |            |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |                        |         |
| Pre-Construction & year 0 (pre-sale @ 15%)   |  | 15%                     |                 | 0.00                                  | 0.00    | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00                          | 0.00       | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    |         |         |                        |         |
| Performance Credit Release                   |  | 25%                     |                 | 0.00                                  | 0.00    | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00                          | 0.00       | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    |         |         |                        |         |
| Credits Sold @ Market -> use rate            |  | 37.00                   |                 | 0.00                                  | 0.00    | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00                          | 0.00       | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    |         |         |                        |         |
| Credits Sold @ Bulk                          |  | 37.00                   |                 | 0.00                                  | 0.00    | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00                          | 0.00       | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    |         |         |         |                        |         |
| Total Credits Sold/Year                      |  |                         |                 | 0.00                                  | 0.00    | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00      | 0.00                          | 0.00       | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    |         |         |                        |         |
| Ending Credit Inventory                      |  | 529.53                  |                 | 432.53                                | 1235.25 | 1235.25   | 1235.25   | 1235.25   | 1235.25   | 1235.25   | 1235.25   | 1235.25   | 1235.25   | 1235.25   | 1235.25   | 1235.25   | 1235.25   | 1235.25   | 1235.25   | 1235.25   | 1235.25   | 1235.25                       | 1235.25    | 1235.25 | 1235.25 | 1235.25 | 1235.25 | 1235.25 | 1235.25 | 1235.25 | 1235.25 | 1235.25 | 1235.25 | 1235.25 | 1235.25 | 1235.25 | 1235.25 | 1235.25 |         |                        |         |
| Credit Sales Remaining Total                 |  | 37.00                   |                 | 14.00                                 | 111.00  | 148.00    | 185.00    | 185.00    | 222.00    | 259.00    | 296.00    | 333.00    | 370.00    | 407.00    | 444.00    | 481.00    | 518.00    | 555.00    | 592.00    |           |           |                               |            |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |                        |         |
| -- Florida Panther                           |  | 1107.15                 | credit-releases | pre-release -> performance release -> |         |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |                               |            |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |                        |         |
| Pre-Construction & year 0 (pre-sale @ 7.5%)  |  | 7.5%                    |                 | 256.36                                | 0%      | 25%       | 0%        | 25%       | 0%        | 25%       | 0%        | 25%       | 0%        | 25%       | 0%        | 25%       | 0%        | 25%       | 0%        | 25%       | 0%        | 25%                           | 0%         | 25%     | 0%      | 25%     | 0%      | 25%     | 0%      | 25%     | 0%      | 25%     | 0%      | 25%     | 0%      | 25%     | 0%      | 25%     |         |                        |         |
| Performance Credit Release                   |  | 25%                     |                 | 0.00                                  | 0.00    | 362.30    | 0.00      | 362.30    | 0.00      | 362.30    | 0.00      | 362.30    | 0.00      | 362.30    | 0.00      | 362.30    | 0.00      | 362.30    | 0.00      | 362.30    | 0.00      | 362.30                        | 0.00       | 362.30  | 0.00    | 362.30  | 0.00    | 362.30  | 0.00    | 362.30  | 0.00    | 362.30  | 0.00    | 362.30  | 0.00    | 362.30  | 0.00    | 362.30  | 0.00    |                        |         |
| Credits Sold @ Market -> use rate            |  | 88.23                   |                 | 256.36                                | 167.33  | 442.60    | 324.38    | 629.05    | 540.82    | 815.43    | 727.26    | 1001.33   | 913.70    | 825.47    | 737.25    | 649.02    | 560.79    | 472.56    | 384.33    |           |           |                               |            |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |                        |         |
| Credits Sold @ Bulk                          |  | 88.23                   |                 | 88.23                                 | 88.23   | 88.23     | 88.23     | 88.23     | 88.23     | 88.23     | 88.23     | 88.23     | 88.23     | 88.23     | 88.23     | 88.23     | 88.23     | 88.23     | 88.23     | 88.23     | 88.23     | 88.23                         | 88.23      | 88.23   | 88.23   | 88.23   | 88.23   | 88.23   | 88.23   | 88.23   | 88.23   | 88.23   | 88.23   | 88.23   | 88.23   | 88.23   | 88.23   |         |         |                        |         |
| Total Credits Sold/Year                      |  |                         |                 | 88.23                                 | 88.23   | 88.23     | 88.23     | 88.23     | 88.23     | 88.23     | 88.23     | 88.23     | 88.23     | 88.23     | 88.23     | 88.23     | 88.23     | 88.23     | 88.23     | 88.23     | 88.23     | 88.23                         | 88.23      | 88.23   | 88.23   | 88.23   | 88.23   | 88.23   | 88.23   | 88.23   | 88.23   | 88.23   | 88.23   | 88.23   | 88.23   | 88.23   | 88.23   |         |         |                        |         |
| Ending Credit Inventory                      |  | 167.33                  |                 | 73.71                                 | 324.38  | 266.11    | 266.11    | 266.11    | 266.11    | 266.11    | 266.11    | 266.11    | 266.11    | 266.11    | 266.11    | 266.11    | 266.11    | 266.11    | 266.11    | 266.11    | 266.11    | 266.11                        | 266.11     | 266.11  | 266.11  | 266.11  | 266.11  | 266.11  | 266.11  | 266.11  | 266.11  | 266.11  | 266.11  | 266.11  | 266.11  | 266.11  | 266.11  |         |         |                        |         |
| Credit Sales Remaining Total                 |  | 88.23                   |                 | 224.63                                | 224.63  | 441.14    | 441.14    | 441.14    | 441.14    | 441.14    | 441.14    | 441.14    | 441.14    | 441.14    | 441.14    | 441.14    | 441.14    | 441.14    | 441.14    | 441.14    | 441.14    | 441.14                        | 441.14     | 441.14  | 441.14  | 441.14  | 441.14  | 441.14  | 441.14  | 441.14  | 441.14  | 441.14  | 441.14  | 441.14  | 441.14  | 441.14  |         |         |         |                        |         |
| <b>C: Total Mitigation Bank Revenue:</b>     |  |                         |                 |                                       |         |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |                               |            |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |                        |         |
| Market Pricing Rate                          |  | 105.5%                  |                 | 53,539                                | 36,684  | 104,111   | 109,838   | 161,813   | 126,252   | 126,736   | 156,065   | 145,553   | 151,443   | 158,718   | 165,566   | 171,031   | 187,616   | 197,631   | 208,804   | 220,303   | 232,426   | 245,210                       | 258,636    | 272,723 | 287,494 | 299,942 | 325,153 | 242,241 | 243,396 | 297,001 | 264,711 | 272,053 |         |         |         |         |         |         |         |                        |         |
| Wetland Credit Revenues                      |  | 158,663                 |                 |                                       |         | 4,287,590 | 4,523,321 | 4,742,703 | 4,931,470 | 5,094,563 | 5,231,470 | 5,603,601 | 5,911,159 | 6,236,349 | 6,579,380 | 6,944,873 | 7,328,653 | 7,726,455 | 8,138,442 | 8,558,771 | 9,020,253 | 9,530,884                     | 10,095,665 | 10      |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |                        |         |

Performance  
Table contents  
close up

| <b>(A) Mitigation Credit Inventory</b>                                   |         | Credits Released |
|--|---------|------------------|
| Total Wetland Credits Authorized   | 3777.25 |                  |
| Tract 1  | 1614.40 |                  |
| Tract 2  | 713.25  |                  |
| Tract 4  | 60.00   |                  |
| Tract 5  | 1389.60 |                  |
| Stream Credit-Feet Authorized  | 0.00    |                  |
| Total Florida Panther Credits Authorized                                 | 1707.75 |                  |
| Tract 1  | 403.60  |                  |
| Tract 2  | 237.75  |                  |
| Tract 4  | 140.00  |                  |
| Tract 5  | 926.40  |                  |
| Total Potential Credit-Acres (1:1 ratio)                                 | 5485.00 |                  |
| Total Approved Linear Feet-Credits (Stream)                              | 0       |                  |
| <b>(B) Mitigation Credit Release and Sale</b>                            |         |                  |
| <b>-- Wetland / Riparian Credit Release Schedul</b> 3777.25 credit-acres |         |                  |
| Pre-Construction & year 0 (prelease = 15%)                               | 15%     |                  |
| Performance Credit Releases  | 25%     |                  |
| Credits Available  |         |                  |
| Credits Sold @ Market --> use rate                                       | 37.00   |                  |
| Credits Sold @ Bulk  | \$ -    |                  |
| Total Credits Sold/Year  |         |                  |
| Ending Credit Inventory:   |         |                  |
| Credit Sales Running Total   |         |                  |
| <b>-- Stream Credit Release Schedule</b> 0 linear foot-credits           |         |                  |
| Pre-Construction & year 0 (prelease = 15%)                               | 15%     | 0.00             |
| Performance Credit Releases  | 25%     |                  |
| Available Credits  |         |                  |
| Credits Sold @ Market --> use rate                                       | 6%      |                  |
| Credits Sold @ Bulk  | \$ -    |                  |
| Total Credits Sold/Year  |         |                  |
| Ending Credit Inventory:   |         |                  |
| Total Credit Sales to Date   |         |                  |
| <b>-- Florida panther</b> 1707.75 credit-acres                           |         |                  |
| Pre-Construction & year 0 (prelease = 7.5%)                              | 15%     |                  |
| Performance Credit Releases  | 25%     |                  |
| Credits Available  |         |                  |
| Credits Sold @ Market --> use rate                                       | 88.23   |                  |
| Credits Sold @ Bulk  | \$ -    |                  |
| Total Credits Sold/Year  |         |                  |
| Ending Credit Inventory:   |         |                  |
| Credit Sales Running Total   |         |                  |

| <b>(C) Total Mitigation Bank Revenue:</b>           |              | Project Year: |
|---|--------------|---------------|
| Market Pricing Rate:                                | 105.5%       |               |
| Wetland Credit Revenue                              | \$88,663     |               |
| Market Pricing Rate:                                | 0%           |               |
| Stream Credit Revenue                               | \$0          |               |
| Market Pricing Rate:                                | 109.0%       |               |
| Panther Credit Revenue                              | \$12,916     |               |
| MB Credit Sales Revenue                             |              |               |
| Trust Fund Interest Earned                          |              |               |
| Total MB Revenues                                   |              |               |
| <b>(D) Other Income (Potential Compatible Uses)</b> |              |               |
| Market Pricing Rate:                                | 103%         |               |
| Tract 1 grazing, timber, hunting, tourism           |              |               |
| Tract 2 grazing, timber, hunting, tourism           |              |               |
| Tract 5 grazing, timber, hunting, tourism           |              |               |
| Compatible Use annual totals                        |              |               |
| <b>(E) Mitigation Bank Costs:</b>                   |              |               |
| Land Cost per acre                                  | \$ 3,300     |               |
| Mineral rights - cost of Right of Entry Release     | 30%          |               |
| Annual Cost Adjustment (CPI)                        | 103%         |               |
| Management (Operation & Maintenance)                | \$ 753,597   |               |
| Trust Fund Costs                                    |              |               |
| Construction & Implementation (Capital)             | \$ 6,129,040 |               |
| Subtotal (minus Land)                               |              |               |
| Contingency   | 5%           |               |
| Total Annual Costs:                                 |              |               |
| <b>(F) Mitigation Bank Net Income:</b>              |              |               |
| Net Present Value (NPV) @                           | 5.00%        |               |
| Net Present Value (NPV) @                           | 10.00%       |               |
| Net Present Value (NPV) @                           | 15.00%       |               |
| <b>CONCLUSIONS</b>                                  |              |               |
| Net Present Value @                                 | 5.00%        |               |
| Net Present Value @                                 | 10.00%       |               |
| Net Present Value @                                 | 15.00%       |               |

Mit-bank performance results were not uniform across the various options.

Why? Because Tract characteristics varied.

Biggest challenge? Credit demand was small.

Purchase of Tract 2 made the most immediate business sense.

| Key Project Financials (20 years)  |                       |
|------------------------------------|-----------------------|
| Land purchase price                | \$ 18,100,500         |
| Mineral Rights                     | \$ 5,430,150          |
| Start up capital required          | \$ 6,898,289          |
| Management costs                   | \$ 20,249,431         |
| Trust Fund Costs                   | \$ 12,559,948         |
| Total MB costs                     | \$ 62,026,571         |
| MB gross earnings                  | \$ 187,392,959        |
| <b>MB net earnings (ROI \$)</b>    | <b>\$ 125,366,388</b> |
| Base Return on Investment (no NPV) | 202%                  |
|                                    | 5.00% 124%            |
|                                    | 10.00% 76%            |
|                                    | 15.00% 45%            |

Comparing Tract Performances

|                 | Tract 1               | Tract 2               | Tract 4     | Tract 5               |  | Tracts 1 & 2          | Tracts 2, 4, 5        |
|-----------------|-----------------------|-----------------------|-------------|-----------------------|--|-----------------------|-----------------------|
|                 | \$ 6,659,400          | \$ 3,138,300          | \$ -        | \$ 7,642,800          |  | \$ 9,797,700          | \$ 11,441,100         |
|                 | \$ 1,997,820          | \$ 941,490            | \$ -        | \$ 2,292,840          |  | \$ 2,939,310          | \$ 3,432,330          |
|                 | \$ 2,987,349          | \$ 1,585,183          | \$ -        | \$ 2,977,281          |  | \$ 4,161,265          | \$ 4,322,207          |
|                 | \$ 8,816,048          | \$ 5,297,323          | \$ -        | \$ 9,798,784          |  | \$ 11,952,231         | \$ 13,594,523         |
|                 | \$ 5,468,258          | \$ 3,285,727          | \$ -        | \$ 6,077,812          |  | \$ 7,413,512          | \$ 8,432,163          |
|                 | \$ 31,130,608         | \$ 21,413,625         | \$ -        | \$ 33,422,608         |  | \$ 39,711,588         | \$ 43,728,618         |
|                 | \$ 187,392,959        | \$ 187,392,959        | \$ -        | \$ 187,392,959        |  | \$ 187,392,959        | \$ 187,392,959        |
|                 | <b>\$ 156,262,351</b> | <b>\$ 165,979,334</b> | <b>\$ -</b> | <b>\$ 153,970,351</b> |  | <b>\$ 147,681,371</b> | <b>\$ 143,664,341</b> |
| NPV/ROI Options | 502%                  | 775%                  | \$ -        | 461%                  |  | 372%                  | 329%                  |
| 5%              | 317%                  | 717%                  |             | 290%                  |  | 234%                  | 205%                  |
| 10%             | 214%                  | 502%                  |             | 195%                  |  | 154%                  | 134%                  |
| 15%             | 150%                  | 367%                  |             | 135%                  |  | 105%                  | 89%                   |

# Case Study Lessons

Lesson 1 – Mitigation credits can be bona fide indicators of land value and important sources of business revenue.

Lesson 2 – Mitigation credits, although intangible assets, have known market value. That value can be recognized for purposes of debt financing.

Lesson 3 – Developing a mitigation bank can be costly, and isn't always necessary. Just knowing the *potential* mitigation credit (eco-asset) value can boost land sale prices.

Lesson 4 – The gift value of land, and the related tax offset, can increase by taking eco-asset values into consideration. This is also true when figuring estate value.

Lesson 5 – Attractive ROI is not always the determining factor in project decision making.

Lesson 6 – Mitigation credits don't always generate attractive ROI.

Lesson 7 – Some mitigation credit markets may be saturated.

Lesson 8 – Hard eco-asset market value is not everything. 'Soft' EAV can build willingness to pay for a highly attractive property, especially if advocated by a reputable source.

Lesson 9 – It's not all about the size and diversity of a potential mitigation bank site. Development costs and market conditions are critical determinants of project success.



Case Study 9: A 1700 acre ranch in **Thurston County, WA** was offered for sale by the landowner in 2018.

The ranch holds valuable wetland and stream features, as well as land occupied by the rare Mazama pocket gopher. Oregon white oak is also present, representing three creditable eco-asset types.

Developers want to buy this property; the owner wants to conserve it.

The State Dept. of Ecology wants to acquire it as a wildlife preserve.

The Conservation Fund made an offer of \$9M or \$5300/ac, but the landowner thinks it is worth more. He turned to EASI.



EASI estimated a total of \$43M in gross eco-asset value for wetlands, MPG and OWO mitigation credits.

At 5% discount rate over 20 years, EASI estimated mitigation bank ROI will be 5.5:1.

A subsequent appraisal conducted by Kidder Mathews affirmed the mit-credit values, extended the mit-bank performance period to 30 years and applied an 18.2% discount rate.

KM affirmed that mitigation banking was highest and best use and estimated \$12M in mit-bank value (\$8600/ac).

Conservation Fund acted as though they never heard of land mitigation credit value! But their own website showed otherwise.

The landowner's counteroffer is likely to be \$14M.



(From the CF Website)

Managing Mitigation Funds to Conserve Bird Habitat



Conservation Banking on the Rise in Texas



In Wyoming, Using Mitigation To Benefit Family Ranches



"That's ridiculous!"

# Case Study Lessons

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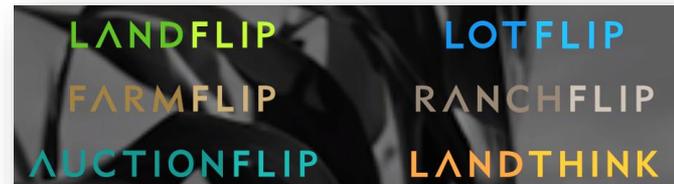
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Lesson 9 – It's not all about the size and diversity of a potential mitigation bank site. Development costs and market conditions are critical determinants of project success.

Lesson 10 – Knowledgeable buyers will underbid eco-asset rich properties knowing they can be flipped.





As For the Future...



Eco-Asset Solutions & Innovations LLC

San Francisco and South Lake Tahoe

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info@easillc.com



Selling rural land can be easier if the eco-asset values are known!

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## N3 CATTLE COMPANY

Livermore, California

\$72,000,000 | 50,500 +/- Acres | Santa Clara County

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PROPERTY TYPE: Cattle, Equestrian, Farms and Ranches, Fishing and Hunting, Homes and Cabins, Recreation, Waterfront

\$1425/ac



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What if the prop description included this:

*“Ranch carries \$625M in developable ecological assets”*

### PROPERTY DESCRIPTION:

The iconic N3 Cattle Company is on the market for the first time in 85 years. This beautiful and expansive California property spans 50,500 acres through four counties, making it the largest land offering in the State of California. Located just south of Livermore, and east of Oakland and San Jose, it is easily accessed from San Francisco, the Peninsula and the East Bay. The Ranch is completely private and uniquely preserved, healthy and wild as it has been for hundreds of years. It is a vital and rare haven of original California landscape and wildlife. The property encompasses 80 square miles of diverse terrains, flora, fauna, and important watersheds and creeks. N3 has been a working cattle ranch for 85 years and offers a rare look at a way of life quickly disappearing. Sprinkled with a dozen rustic cabins, the ranch also hosts one of the most famous, sustainable hunting operations in the state. Its owners are fourth-generation ranchers and are respected members of the ranching community. The ranch is enrolled in the Williamson Act and has **no conservation easements**.

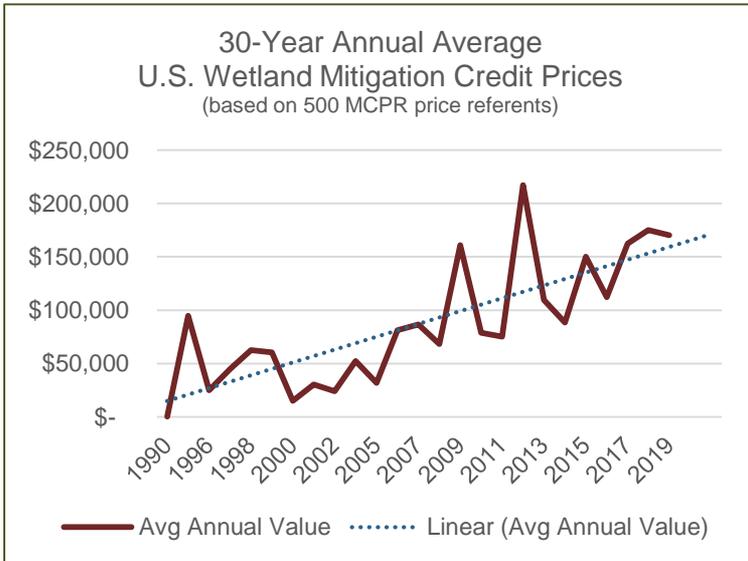
We've shown real world examples, not speculation.

The lessons apply to all large rural properties.

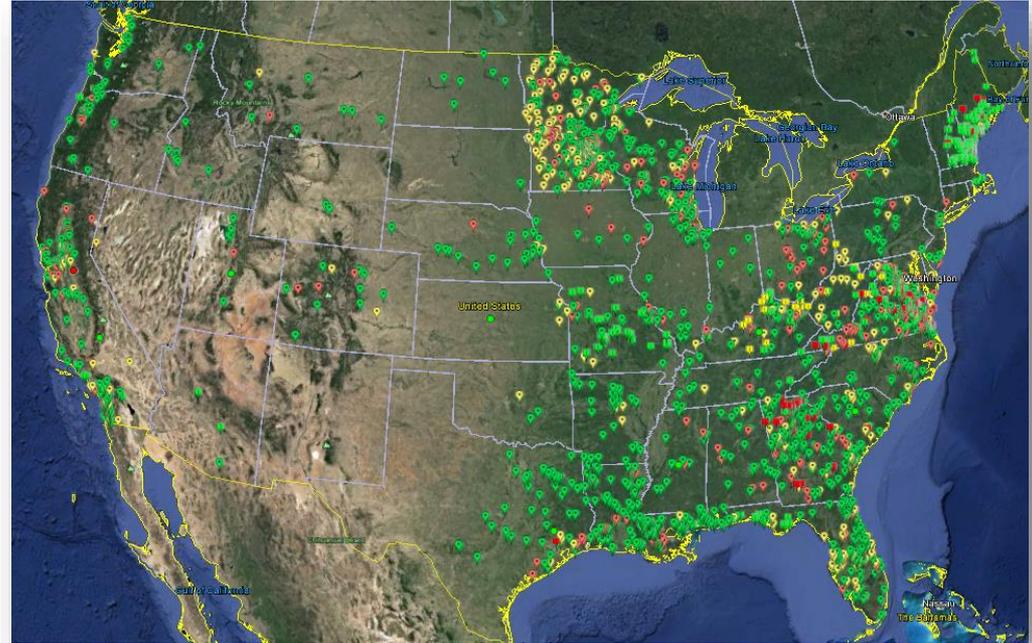
About 1600 commercial mitigation banks have produced nearly \$300 billion in assets.

In California, 140 commercial mit-banks have produced about \$11 billion in assets.

The 2019 mit-credit trend chart looks like this:



## U.S. Mitigation Banks



This is a national movement; there's no going back even if political winds shift now and then. Key questions include:

- How fast will the eco-asset value movement expand?
- Does 'early entry' still apply to mitigation banking after 30 years?
- When will real estate professionals uniformly apply new methods?

The net effect so far has been to dramatically increase land conservation in the U.S.

~ Agency resource managers and NGOS couldn't be happier about the attention given to natural capital.

AND ... we have seen an increase in the utility and market value of private lands (farms & ranches).

Land appraisal methods now have to catch up. Rural land is worth more than you thought it was!

Highest and best use determinations need to consider eco-asset revenue potential.

### In summary:

- Eco-assets are like any other natural resource that is anchored to the land – water, minerals, or oil & gas
- Mitigation credits are intangible assets fixed to clearly defined conservation acres; i.e., tangible property
- Eco-assets are subject to common natural resource development and market considerations.
- Landowners *deserve to know* about these largely unknown land value / revenue components.
- Real estate agents and Appraisers are the ones to tell 'em.



'As for the future' ...

EASI and its affiliates want to reach as many private landowners as possible over the next two years.

We are targeting landowners holding 1,000-10,000 acres where economies of scale come into play. Rangeland is high priority.

(Imagine how many \$\$ billions in land assets might be revealed!)

Ranch lands are preferred because they usually include diverse habitat types – from wetlands to woodlands and scrub-sage.

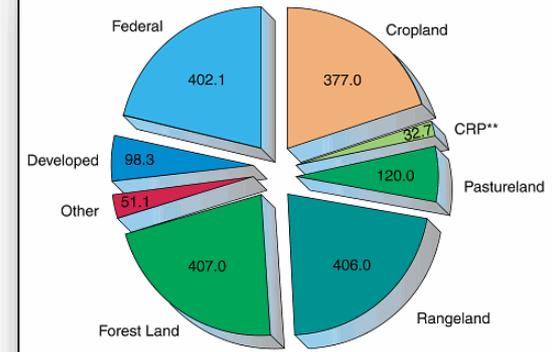
Timber lands will benefit where the landowner is open to conservation-oriented revenue streams.

Properties in active eco-asset markets are ideal.



## How Our Land is Used

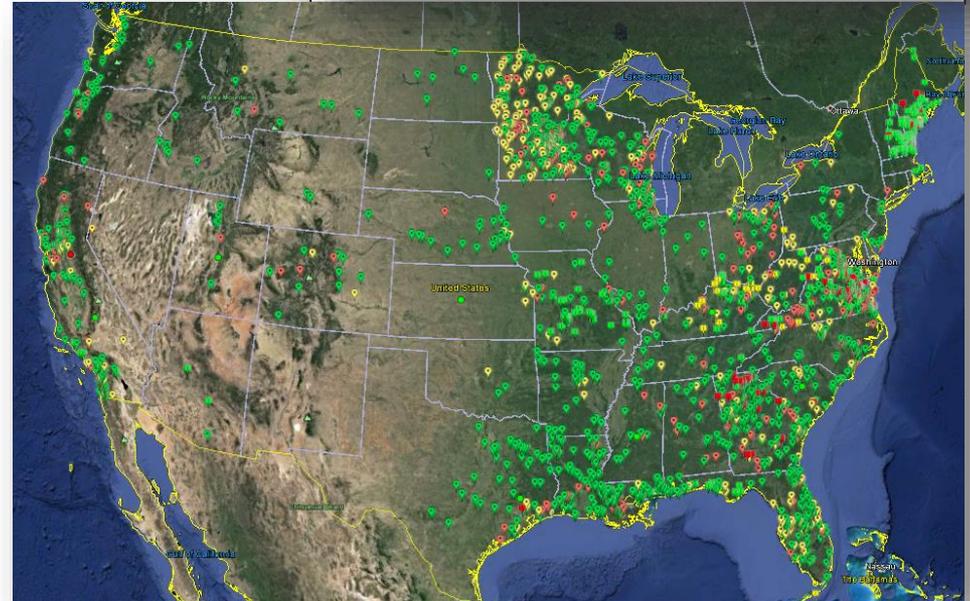
Millions of Acres\*



\*Non-Federal Land 1,492 million acres, including conterminous United States, Hawaii, Puerto Rico, and U.S. Virgin Islands.

Source: USDA, Natural Resources Conservation Service 1997 National Resources Inventory Revised December 2000

\*\*Conservation Reserve Program Land



## Ecological Assets Boost Western Farm and Ranch Land Value

Tuesday



**American Society of Farm Managers & Rural Appraisers**  
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# Ecological Assets Boost Western Farm and Ranch Land Value

JANUARY 15, 2019 BY EINNEWS

A potential mitigation bank near Olympia, Washington. Ecological assets contribute about \$40,000 per acre in gross land value for mid-to-large sized Western farms and ranches. EASI confirmed today that ecological assets contribute an average of about \$40,000 per acre in gross land value for mid-to-large sized Western farms and ranches."— William Cole

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## Ecological Assets Boost Western Farm and Ranch Land Value

*Ecological assets contribute an average of about \$40,000 per acre in gross land value for mid-to-large sized Western farms and ranches.*

SAN FRANCISCO, CALIFORNIA, UNITED STATES, January 15, 2019 /EINPresswire.com/ -- San Francisco (EASI) - Eco-Asset Solutions and Innovations (EASI) confirmed today that ecological assets contribute an average of about \$40,000 per acre in gross land value for mid-to-large sized farms and ranches in the Western region, according to William Coleman, EASI's founder and CEO.

The company has just completed its 11th eco-asset value study in the past two years. "People are surprised to learn how much value lies in land-based ecological assets," said Coleman. "They can't imagine that that tens of thousands of dollars in per-acre value might have gone unseen for so long."

About Eco-Assets

“

EASI confirmed today that ecological assets contribute an average of about \$40,000



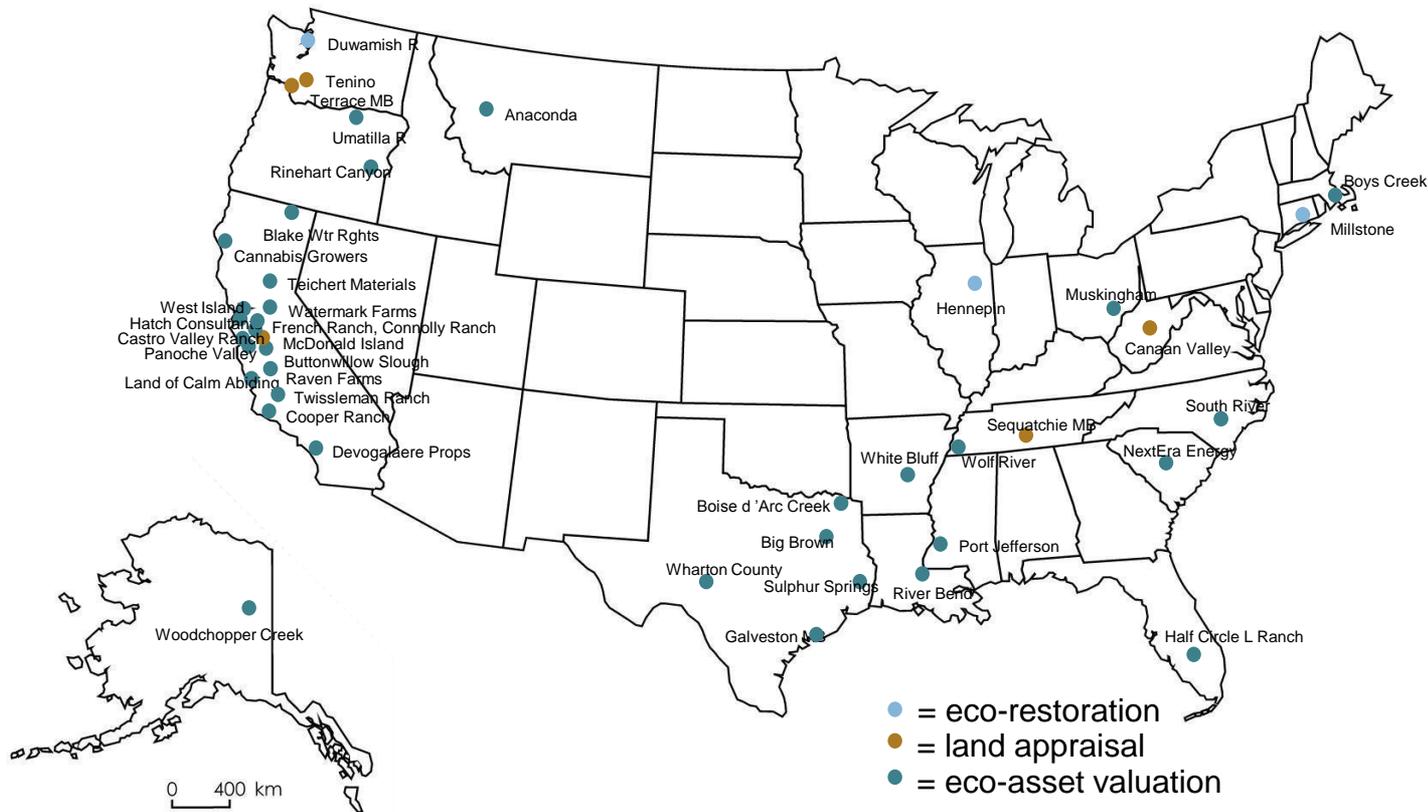
A potential mitigation bank near Olympia, Washington.

Ecological assets, eco-assets for short, include compensatory mitigation credits for protection of wetlands and streams, rare species and habitats, for prevention of nutrient runoff, and for forest and soil carbon sequestration. Eco-Assets have been around since the



EASI has been leading the way. Find out more on the Web!

We seek landowners, real estate agents, appraisers and investors who want to benefit from these developing eco-asset markets.



For more information:

[info@easillc.com](mailto:info@easillc.com)

415-706-6154



# Eco-Asset Solutions & Innovations

‘Real value from investing in nature’



