

Hood Canal Coordinating Council In-Lieu Fee Program Statement of Sale

OFFICIAL RECORD OF SALE OF MITIGATION CREDITS PURSUANT TO THE TERMS AND CONDITIONS OF THE HOOD CANAL COORDINATING COUNCIL IN-LIEU FEE PROGRAM FINAL PROGRAM INSTRUMENT AND PROVISIONS CONTAINED IN 33 CFR PARTS 325 AND 332 AS REVISED EFFECTIVE JUNE 9, 2008 (FEDERAL MITIGATION RULE).

I. PURPOSE

This Statement of Sale confirms the sale of mitigation credits from the Hood Canal Coordinating Council In-Lieu Fee Program (hereinafter "Sponsor") to the Applicant listed in Article III below. This Statement of Sale does not constitute a permit or permission to proceed with any proposed action. The Applicant is responsible for obtaining all necessary permits for a proposed action.

II. TRANSFER OF PERMIT MITIGATION RESPONSIBILITY

The Sponsor hereby accepts full responsibility for satisfying the mitigation requirements for the Applicant's below specified US Army Corps of Engineers ("Corps"), and Washington Department of Ecology ("State") permits for which the Hood Canal Coordinating Council In-Lieu Fee Program has been designated as the compensatory mitigation vehicle. This responsibility does not include any additional mitigation requirements as a result of subsequent permit modifications or violations. This responsibility includes compliance with 33 CFR 332, 40 CFR 230, and any applicable state and local jurisdictional laws, and the terms of the Program Instrument. In satisfaction of the compensatory mitigation requirements, the Sponsor shall provide compensatory mitigation of the type and in the amount necessary to meet the mitigation requirements of the below specified Corps and State permits.

III. APPLICANT AND IMPACT PROJECT DETAILS

A. Sponsor:

Hood Canal Coordinating Council, a non profit entity organized under the Revised Code of Washington (RCW) Chapter 24.03 and recognized by the Internal Revenue Service as having 501(c)(3) tax exempt status.

Scott Brewer
Executive Director
17791 Fjord Dr. NE, Ste 122
Poulsbo, WA 98370

B. Applicant.

United States Navy (hereinafter "Navy" or "Applicant")

Peter M. Dawson
Captain, US Navy
Commanding Officer, Naval Base Kitsap
120 South Dewey Street, Building 443

Bremerton, WA 98314

C. Impact Project. The Sponsor has accepted mitigation fees in the amount of \$6,897,349.80 for the unavoidable impact to aquatic resources as described below. Upon acceptance of these fees from the Applicant, the Sponsor is agreeing to implement mitigation and assume all associated obligations and liabilities according to terms of the Program Instrument.

HCCC ILF Program Service Areas:

- Hood Canal Marine/Nearshore, and
- WRIA 15 Freshwater

Descriptions of impacts are provided in the In Lieu Fee Use Plan for the Navy's Explosives Handling Wharf #2, dated September 5, 2012.

Permitting Agency: Washington Department of Ecology Water Quality Certification

Permit Number: WQC Order #9157, issued August 10, 2012

Permitting Agency: US Army Corps of Engineers, Sections 10/404

Permit Number: NWS-2009-572

Debits incurred in the Hood Canal Marine/Nearshore Service Area: 9.54

Debits incurred in the WRIA 15 (Kitsap Basin) Freshwater Service Area: 8.4 (2.4 WQ, 2.4 Hydro, 3.6 Hab)

Descriptions of debits are provided in the In Lieu Fee Use Plan for the Navy's Explosives Handling Wharf #2, dated September 5, 2012.

IV. MITIGATION CREDITS PURCHASED AND MITIGATION FEES PAID

A. Mitigation Credits Purchased. In exchange for the payment of mitigation fees, the Applicant receives 17.94 mitigation credits. These credits have been withdrawn from the Advance Credit pools as shown in the 2 service areas.

B.1. Allocation to the HCCC ILF Program Account. The mitigation fees will be deposited into the following accounts within the Hood Canal Coordinating Council In-Lieu Fee Program Account (see Basic Agreement Article III.D and Appendix F):

Service Area: Hood Canal Marine/Nearshore

Total Mitigation Fees (Land Fee plus Credit Fee) Collected from Applicant: \$ 6,568,950.60

Land Fee Account: \$ 438,801.84

Program Admin. Account: \$ 656,538.93 (10.71% of total credit fee)

Contingency Fee Account: \$ 898,679.81 (14.66% of total credit fee)

Long Term Management Fund: \$ 490,411.90 (8.00% of total credit fee)
 Mitigation Project Accounts: \$ 4,084,518.12 (66.63% of total credit fee)

B.2. Allocation to the HCCC ILF Program Account. The mitigation fees will be deposited into the following accounts within the Hood Canal Coordinating Council In-Lieu Fee Program Account (see Basic Agreement Article III.D and Appendix F):

Service Area: WRIA 15 (Kitsap Basin) Freshwater

Total Mitigation Fees (Land Fee plus Credit Fee) Collected from Applicant: \$ 328,399.20

Land Fee Account: \$ 9,199.20
 Program Admin. Account: \$ 34,186.30 (10.71% of total credit fee)
 Contingency Fee Account: \$ 46,794.70 (14.66% of total credit fee)
 Long Term Management Fund: \$ 25,536.00 (8.00% of total credit fee)
 Mitigation Project Accounts: \$ 212,683.00 (66.63% of total credit fee)

V. PROOF OF PURCHASE

This Statement of Sale shall serve as official proof, pursuant to Permit NWS-2009-572, that the Applicant has purchased mitigation credits from the Sponsor.

- A. Signed Statement of Sale provided to Applicant. The Sponsor will provide a signed copy of the Statement of Sale to the Applicant within 15 days after receipt of payment of mitigation fees from the Applicant. The Applicant is responsible for submitting copies of the signed Statement of Sale to appropriate regulatory agencies as proof of purchase of HCCC ILF Program mitigation credits.
- B. Signed Statement of Sale provided to the Corps and Ecology. The Sponsor will provide a signed copy of this form to the Corps and Ecology within 15 days after receipt of funds from the Applicant.
- C. Copies available to IRT members. Copies of this Statement of Sale will be made available to any member of the IRT upon the IRT member’s request.

VI. ADDITIONAL PROVISIONS

- A. Allocation of Funds. The Sponsor will deposit the moneys listed above into the program account in the amounts listed in Article IV.B of this Statement of Sale. Record of these funds will also be added to the Program Account Ledger.
- B. Spending Authorization. Upon receipt of mitigation fees, the Sponsor shall be authorized to spend up to 75 percent of funds allocated to Administrative Accounts according to the terms of the Program Instrument (see Appendix F). The District Engineer, after consultation with the IRT, must authorize all additional expenditures from the program account pursuant to 33 CFR 332.8(i)(2) and pursuant to the Basic Agreement Article III.B.

C. Reporting requirements unaffected. This Statement of Sale shall not affect reporting requirements outlined in the Program Instrument.

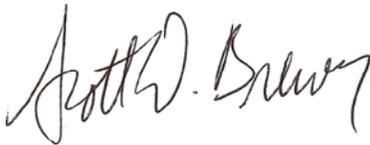
D. Effect of Statement of Sale. This Statement of Sale does not in any manner affect statutory authorities and responsibilities of the Sponsor or the Applicant. This Statement of Sale is not intended, nor may it be relied upon, to create any rights in third parties enforceable in litigation with the United States, State of Washington or the Sponsor. This Statement of Sale does not authorize, nor shall it be construed to permit, the establishment of any lien, encumbrance, or other claim with respect to the Hood Canal Coordinating Council In-Lieu Fee Program property, with the sole exception of the right on the part of the Corps to require the Sponsor to implement provisions of the Program Instrument, including recording conservation easements or similarly restrictive site protection mechanisms, required as a condition of the issuance of permits for discharges of dredged and fill material into waters of the United States associated with construction and operation and maintenance of a Mitigation Site.

E. Attorneys' Fees. If any action at law or equity, including any action for declaratory relief, is brought under the Contract to enforce or interpret the provisions of this Statement of Sale, each party to the litigation shall bear its own attorneys' fees and costs of litigation, unless allowable under the Equal Access to Justice Act.

F. Headings and Captions. Any paragraph heading or caption contained in this Statement of Sale shall be for convenience of reference only and shall not affect the construction or interpretation of any provision of this Statement of Sale.

IN WITNESS WHEREOF, the Sponsor confirms the information contained in this Statement of Sale to be true as written.

SPONSOR



Scott Brewer
Hood Canal Coordinating Council
Executive Director
17791 Fjord Drive NE, Suite 122
Poulsbo, WA 98370-8481

October 22, 2012
Date