
APPENDIX N

DOCUMENTS RELATING TO DAVIS MOUNTAIN

JAMES J. JEFFRIES, MAI

Real Estate Appraiser & Consultant

October 12, 1998

Mr. James King
Director, Land Protection
The Nature Conservancy of Texas
P. O. Box 1440
San Antonio, Texas 78295-1440

RE: Glass-Glen Burnie 27,518.78 Acres
Davis Mountains, Jeff Davis Co., TX.

Dear James:

You have requested that I give some preliminary valuation thought to the above referenced property. As I understand the situation, the Glass-Glen Burnie Foundation Property which is commonly known as the Caldwell Ranch mostly sits on the east and northeast side of S.H. 118 but a portion of the Ranch is also on the west side of this highway and extending to S.H. 166. Therefore, there is substantial frontage along the portions of S.H. 118 and S.H. 116 which forms the northwest corner of the "Scenic Loop"; plus there is much other S.H. 118 frontage north of S.H. 166; the road to Kent and Interstate 10. The land is mostly mountainous with the primary drainage through the middle being Cherry Creek and Canyon. The overall elevation range is generally 5,000 to 6,600 feet above sea level and the terrain varies from narrow and steep canyon gorges with flat to steep valley floors, to bluffs, high plateau areas, and minor mountain peaks. There are various open grazing areas but the mountain uplands and slopes are more typically mixed oak-pinyon-juniper woodlands. The Caldwell Ranch has historically been utilized for cattle production plus the strong contingency of normal seasonal hunting. The structural improvements on the property are older in age and typical for the size and type of ranch; that is, several houses, barns, corrals, fences, roads, windmills, pipelines, etc.

According to information available, the Caldwell Ranch has been subject to a long term grazing lease and the said lease has negatively impacted the property use potentials and, hence, market value. At your direction, it is assumed that the grazing lease will be expediently terminated and, thus, not constitute a negative influence on the highest and best use and most probable sale price.

Because of its extensive amount of road frontage, good access to Interstate 10, the wooded but typically accessible mountain terrain, and the market influences which prevail in this general area, it is logical that the Caldwell Ranch has some potential to be subdivided into smaller acreage increments. There is also an equal potential of a recreationally motivated buyer; namely, the wealthy individual who would acquire the tract for the prestige of owning a high quality, scenic "West Texas Ranch". Of course, in the latter scenario, the actual full time land utilization would likely continue as a cattle operation, supplemented with the very important aspect of hunting.

1104 South Mays Street, Suite 218 • Round Rock, Texas 78664 • (512) 310-8981 • Fax 310-0571

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The Nature Conservancy of Texas (TNC) has a conservation easement over properties which adjoin the Caldwell Ranch at two locations. The Locke's Gap Property off the northwest end of the McIvor Ranch has a common boundary with the south-most line of the Caldwell Ranch for an extensive distance plus the east-most easterly property line adjoins the Burkitt Foundation tract for about ½ mile. The Caldwell Ranch is an important property segment in your preservation effort in the Davis Mountains megasite.

As you explained, a private conservation minded individual has a contract to buy the Caldwell Ranch for the estimated sale price of \$6,054,131.60 or \$220 per acre. This private individual has proposed an assignment of the contract to TNC. There are other costs associated with the possible TNC acquisition and these mostly relate to the contingency of "buying out" the existing grazing lease. You have expressed an opinion that the total acquisition price will be around \$250 per acre.

Over the last 18 months, I have prepared a number of appraisal assignments for properties located in the Davis Mountains and all of these would be within a few miles of the Glass-Glen Burnie Foundation Tract. One of the appraisal assignments was on the Locke's Gap segment of the McIvor Ranch which adjoins the Caldwell Ranch. Further, during this same time frame, I co-authored a report on the Burkitt Foundation real estate which adjoins the east end of the Caldwell Ranch. I am familiar with most or all of the recent comparable sales which would be available to use as value indicators for the subject property.

For your current business needs, I offer my preliminary and grossly limited conclusion that the assignment price (\$220 - \$250 per acre) would fall within a normal range of prices for the subject's region; given its subdivision potentials, desirable recreational amenities, size and location.

As we agreed, this writing is not an appraisal of the Glass-Glen Burnie Foundation 27,518.78 acre tract and should not, under any set of circumstances, be construed as such. Rather, it is a confidential value consultation document between you and I, with both of us fully recognizing the limitations of the work effort. It is specifically disclosed that I have not made a field inspection of the Caldwell Ranch nor have I completed any type of specific comparative analysis to directly relate any comparable sales to the Glass-Glen Burnie Foundation Tract. I have only considered the general parameters of land prices in the area and have noted that the subject's assignment price, plus other acquisition costs, fall within these benchmarks.

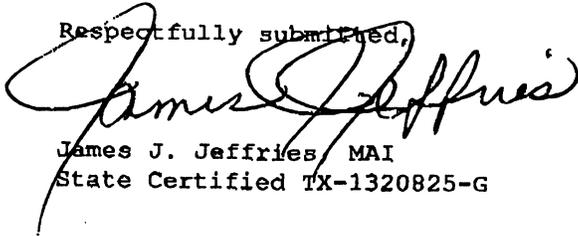
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James, I trust this information is helpful. At your direction, I look forward to completing the necessary field and office work to author a full appraisal on the property.

Thank you for allowing me to be of service.

Respectfully submitted,

A handwritten signature in cursive script, reading "James J. Jeffries". The signature is written in dark ink and is positioned above the typed name and title.

James J. Jeffries MAI
State Certified TX-1320825-G

CHARITABLE PLEDGE

This Charitable Pledge is made this 12th day of August, 1999, by CAROLINE A. FORGASON (nee Alexander), sole owner of DAVIS MOUNTAINS LAND AND CATTLE COMPANY, (hereinafter called "Pledgor") to THE NATURE CONSERVANCY (hereinafter called "TNC") a non-profit charitable corporation.

R E C I T A L S

DAVIS MOUNTAINS LAND AND CATTLE COMPANY and Pledgor have entered into a contract with The Nature Conservancy of Texas, Inc., a wholly owned subsidiary of TNC to purchase 27,133.31 acres of land in Jeff Davis County, of which this pledge is an exhibit. Such purchase is to be effected at a price equal to the full fair market value of the Property, as established by independent appraisal in an amount which is to be determined as set forth in such contract, at Section 3.2. This pledge is equal to the value of a conservation easement retained by TNC.

TNC is an organization described in Sections 170(c)(2), 170(h)(3), and 509(a)(1) of the Internal Revenue Code of 1986, a principal purpose of which is to preserve and conserve natural and open-space lands for "conservation purposes," within the meaning of Section 170(h)(4)(a) of said Code; and

In pursuit of said conservation purposes TNC has caused the Property to be subject to a perpetual conservation easement (the "Conservation Easement"), attached hereto as an exhibit to said Contract of Purchase and by this reference made a part hereof, which limits the uses of the activities upon the Property and substantially reduces the value of the Property on account of the elimination or restriction of valuable potential uses and activities; and

PLEDGOR desires to make a substantial charitable contribution to TNC to support its conservation efforts, in an amount sufficient to offset the monetary detriment attributable to TNC's creation and imposition of the Conservation Easement over and upon the Property;

NOW THEREFORE, PLEDGOR does hereby promise to contribute to TNC the real property, securities and cash of the value of not less than \$2,839,717, subject to adjustment at closing as provided in 3.2 of said Purchase Contract, payable as follows:

1. The transfer of marketable securities and cash of the value of not less than \$450,000 at closing;

2. The conveyance of title and possession of a portion of a tract of 5,854 acres of land in Jeff Davis County previously conveyed by TNC to Pledgor on December 22, 1997, the exact dimensions of said tract to be determined by a survey agreed upon by the parties. Said property is to be valued at \$200 per acre (its present market value). Said conveyance is to be completed on or before December 1, 1999;
3. Grantor shall have the option to (a) pay all or part of the balance of this pledge in cash or securities on or before December 1, 1999, or (b) defer the payment, in cash or securities of one half or more of the balance of said pledge after crediting the above amounts, until on or before July 1, 2000, and then pay the remainder in cash or securities on or before July 1, 2001; and
4. These amounts and payment dates may be varied by written agreement of the parties.

The uses to which said contribution may be put shall be entirely within the discretion of TNC. Pledgor understands, and explicitly acknowledges, that TNC intends to rely upon the Pledgor's promise made hereby and that such reliance will make such promise enforceable.

PLEDGOR:

Caroline A. Forgason
 Caroline A. Forgason (nee Alexander)

ACKNOWLEDGED:

THE NATURE CONSERVANCY OF TEXAS, INC.

By: Robert J. Peter
 Name: Robert J. Peter
 Title: Vice President and
 Texas State Director