

Jeffrey L. Kelley
Certified General Appraiser

Gregory G. Kelley, C.G.A. *
Jeffrey L. Kelley, C.G.A.

* Also Certified in Wyoming

September 28, 2006

Teton County Commissioners
c/o Roger Hoopes
89 North Main Street, #1
Driggs, Idaho 83422

RE: Complete Summary Appraisal Report
Subject: **Five (5) Tracts of Vacant Land** & Two (2) Improved Tracts
Teton County, Idaho

Dear Commissioners:

At your request, I have performed an update appraisal analysis on the properties above. I have reviewed the market for recent sales of properties in the area in order to perform this analysis. Based on my investigation, I conclude that some of the properties have increased in value. The following is a conclusion of my analysis:

Parcel 1: 160-Acre Tract: Increased or \$2,125 per acre or \$1,940,000 / \$12,125 per Acre

Parcel 2: 8.25-Acre Tract: No Change In Value

Parcel 3: 8.50-Acre Tract: No Change In Value

Parcel 4: 16.50-Acre Tract: No Change In Value

***Parcel 5:* 2-Acre Tract: No Change In Value**

Improved Parcel 1 (County Court House): Increase In Value from \$600,000 to \$724,000.

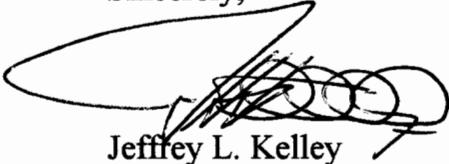
Improved Parcel 2 (County Shed Property): No Change In Value

Our analysis indicates that land values in the Packsaddle area have increased due to a recent sale in that area. As a result, Parcel #1 has been increased \$2,125 per acre. However, recent data in the other areas indicate our values from last spring have not changed.

We have investigated sales in the downtown area of Driggs. We found one sale that is pending. If this property is to close, it will indicate land values in the area are increasing. Since the property had not closed, we have not completely tied our value to it. Nevertheless, we conclude the courthouse has an increase in value of at least 20% because of pending sales and offers in the area. Therefore, we conclude it has a current value of \$724,000. We found that there has been no change in value to the County Shed property.

The update values above are based on an effective date of September 25, 2006. We will keep in our file a copy of the sales used to arrive at these update opinions. If the county would like, we could prepare a formal addendum to the summary appraisals reports completed last spring.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jeffrey L. Kelley', with a large, sweeping flourish extending to the left.

Jeffrey L. Kelley
Appraiser, CGA #362

Jeffrey L. Kelley
Certified General Appraiser

*Gregory G. Kelley, C.G.A.**
Jeffrey L. Kelley, C.G.A.

* Also Certified in Wyoming

March 20, 2006

Teton County Commissioners
c/o Roger Hoopes
89 North Main Street, #1
Driggs, Idaho 83422

RE: Complete Summary Appraisal Report

Subject: Five (5) Tracts of Vacant Land

Parcel 1: 160-Acre Tract, N $\frac{1}{2}$ S $\frac{1}{2}$, Sec. 3, T. 5 N., R. 44 E.B.M.

Parcel 2: 8.25-Acre Tract, A Portion of the SW $\frac{1}{4}$, Sec. 6, T. 5 N., R. 46 E.B.M.

Parcel 3: 8.50-Acre Tract, A Portion of NW $\frac{1}{4}$, SE $\frac{1}{4}$, Sec. 36, T. 5 N., R. 45 E.B.M.

Parcel 4: 16.50-Acre Tract, Tax #1430 & #2873, Sec. 35, T. 4 N., R. 45 E.B.M.

***Parcel 5:* 2-Acre Tract, Portion SE $\frac{1}{4}$ NE $\frac{1}{4}$, Sec. 34, T. 4 N., R. 45 E.B.M.**

Teton County, Idaho

Dear Commissioners:

As requested, I have made a careful, personal inspection of the above referenced parcels. I have also prepared a Complete Summary Appraisal Report, wherein I have provided you with my opinion of the *market value* of each parcel in its present condition.

Market Value is defined as "the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus." Implicit in this definition are various conditions that can be found in the full Market Value definition, which is set forth in the report.

I have prepared this appraisal for you as a representative of the Teton County Commissioner's Office. It has been reported that the Commissioner plans to use this appraisal to establish a value for land that will eventually be traded in the future. ***The use of this appraisal by anyone other than the Commissioners, their associates, accountants or counsel is strictly prohibited. Furthermore, this appraiser assumes no one, except the Teton County Commissioners will rely upon the content and opinions of value herein.***

I have prepared this appraisal in compliance with the current edition of the Uniform Standards of Professional Appraisal Practice (USPAP). At your request, I have prepared a Complete Summary Appraisal Report. In this report, I have considered the Cost, Sales Comparison and Income Approaches. However, I have only used the Sales Comparison Approach because the properties being appraised are vacant tracts of land.

Based on my inspection, study and review of the market, it is my opinion that the market value of the subject parcels, as of March 3, 2006, is as follows:

CALLED AS FOLLOWS:		09-28-2006
Parcel 1:	\$1,600,000	Revised \$1,940,000
Parcel 2:	\$124,000	
Parcel 3:	\$85,000	
Parcel 4:	\$231,000	
Parcel 5:	\$58,000	

Sincerely,



Jeffrey L. Kelley,
Appraiser, Idaho CGA #362

PARCEL 5 (2-ACRE TRACT OF LAND):

SUMMARY OF SALIENT FACTS AND CONCLUSIONS:

Owner of Record: Teton County is the recorded owner of this parcel of land. They have held title to it for more than five (5) years.

Location: This parcel is found at 100 West and 650 South, which is north of Victor, in Teton County.

Legal Description: Township 4 North, Range 45 East of the Boise Meridian.
Section 34: Portion SE $\frac{1}{4}$ NE $\frac{1}{4}$

Land Size: 2 Acres

Zoning Designation: A- 2.5

Flooding Designation: This parcel is found within Zone "X" (or outside the flood plain) on the FEMA flood plain map. This information was confirmed by Community Panel 1602300100C. Eff. Date: August 4, 1988.

Improvements: None

Highest and Best Use: Pasture land with potential home site development.

Valuation Date: March 3, 2006

Estimate of Value: ***\$58,000 or \$29,000 per acre***

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PURPOSE AND INTENDED USE OF THE APPRAISAL:

Purpose of the Appraisal: This appraisal is a market analysis of five (5) tracts of vacant land that are owned by Teton County. This analysis is based on the highest and best use of these parcels in their present “as is” condition. It is an appraisal of their “fee simple” title. The effective date of these appraisals is March 3, 2005.

Each parcel has been appraised separately. No assumptions or extraordinary conditions, other than those stated below, have been made in preparing these appraisals.

Intended User: Roger Hoopes of the Teton County Commissioner’s Office has asked our firm to prepare these appraisals. They are considered the client of this report. The County Commissioners and possibly the Huntsman Groups are the intended users of this document.

Intended Use: The Teton Commissioner’s Office and the Huntsman Group plan to use these appraisals as a base value for trading property in the future.

SCOPE OF THE APPRAISAL:

The client has requested that a market analysis be performed on five (5) tracts of vacant land owned and operated by Teton County. The properties are scattered throughout the Teton Basin. The appraisal is to be based on the highest and best use of each parcel in its present “as is” condition. The “fee simple” title of each parcel is to be appraised.

Each parcel has been appraised separately. Some assumptions and extraordinary conditions have been made in appraising these properties. These assumptions and conditions are listed below. The effective date of these appraisals is March 3, 2006, or the last date of my inspection of them.

A Complete Appraisal on each parcel has been performed. In this appraisal, the three (3) standard appraisal methods of valuation have been employed. They are the Cost, Sales Comparison and Income Approaches. However, only the Sales Comparison Approach has been used. The Cost and Income Approaches were not used because all of the parcels are vacant tracts of land.

The sales used in the analysis have all been confirmed and verified. They have been confirmed by the seller, the buyer or through the local Multi-listing service. I have verified all closed transaction with a Warranty Deed. These deeds will remain in my file, which I will keep in house for 5 or more years.

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS:

[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]

[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]

Parcel 5:

The appraisal of this parcel is subject to the following assumptions and limiting conditions:

- It is assumed this parcel could be developed with a single-family dwelling, even though it is 2.0 acres in size. The zoning around this parcel is A-2.5, requiring a minimum lot size of 2.5 acres for development.
- Several County Commissioners have informed me that this parcel does not have any water rights. I have attempted to confirm this information. I have contacted Clay Fullmer, the water master for the Teton River. According to him, there is no way to determine the water rights on this tract, except through the county. Therefore, I assume that this property does not have access to surface water.
- I created an *extraordinary assumption* that this parcel has legal access. According to several County Commissioners and County plat maps, the property is found along a county road. Nevertheless, I have been unable to find any confirming legal document giving the property access. For the purpose of this appraisal, it is assumed this parcel has legal access.
- This appraisal assumes that this parcel does not contain any latent environmental issues that will affect its value. I was unable to find any obvious environmental concerns on the property. However, my inspection of it was cursory in nature. Furthermore, I am not a qualified environmental auditor.

EXPOSURE TIME:

Parcel 1 would have an exposure time of less than one (1) year at the opinion of value stated herein. Parcel 2 would have a similar exposure time based on the high demand for home sites in the view corridor. Parcel 3 would have a lengthy exposure time of a one year or more because its potential market is limited to the property owners surrounding it. Parcel 4 would have an exposure time of one year or more because of its unique condition as a mostly depleted gravel pit. Finally, Parcel 2 would have an exposure time of less than 6 months based on the extraordinary assumption that it can be used as a home site.

ESTATE TO BE APPRAISED:

The estate to be appraised is the “fee simple title” of each parcel in its “as is” condition. The term “fee simple,” suggests that each parcel is not encumbered by any other interests, but only subject to easements, recorded right-of-ways and the four (4) powers of government— eminent domain, escheat, taxation and police power. The term “as is,” refers to the legal and physical condition of the parcel in its relationship to its highest and best use as of the *effective date* of this appraisal.

INSPECTION OF THE PROPERTY:

I inspected each parcel on several occasions. My last inspection occurred on March 3, 2006. I made a complete and thorough inspection of each parcel at that time. The photographs herein were taken then. *The effective date of this appraisal is March 3, 2006.*

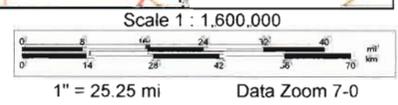
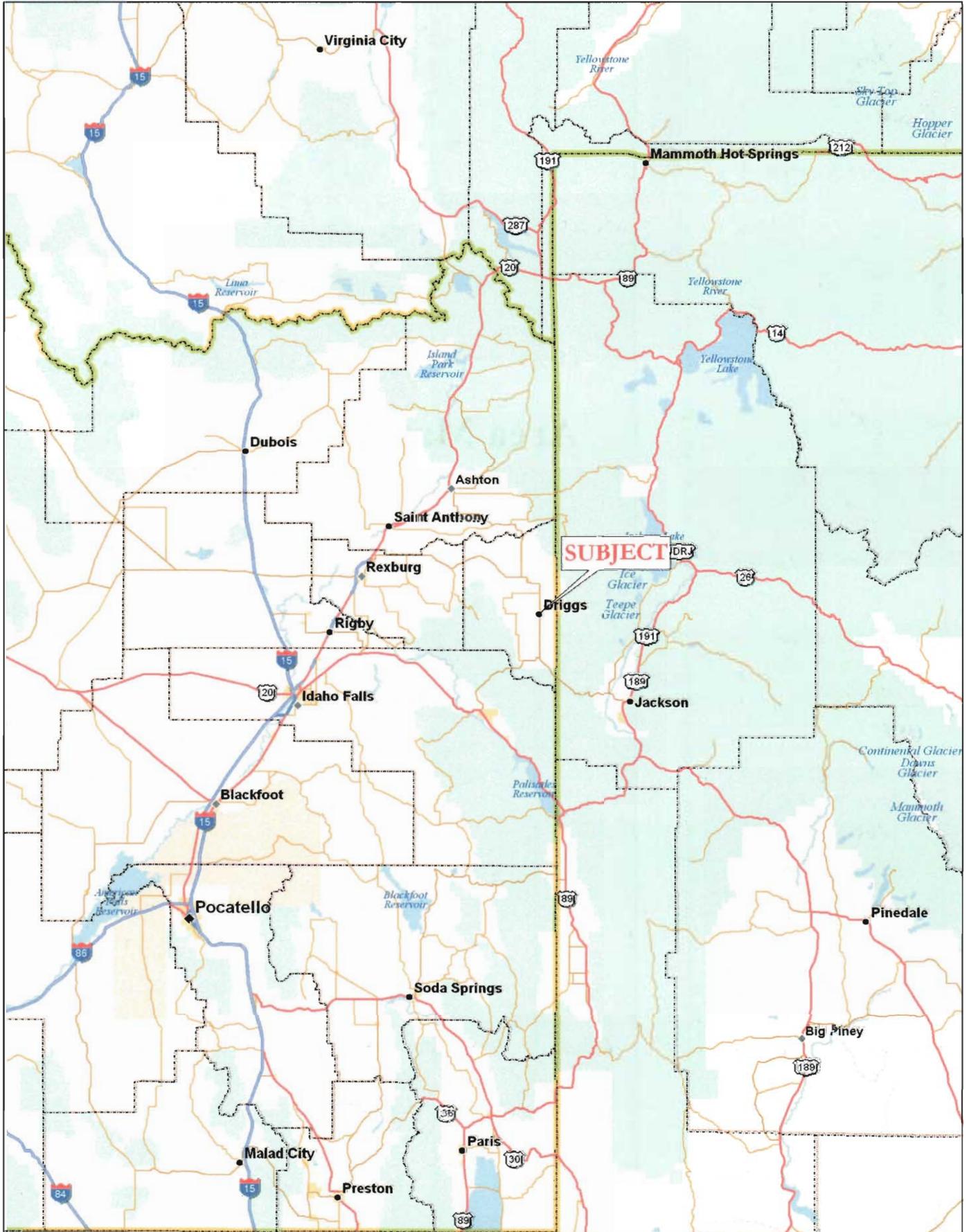
DEFINITIONS USED IN THIS APPRAISAL:

1. **Market Value:** The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as a specified date and the passing of title from seller to buyer under conditions whereby:
 - (a) Buyer and seller are typically motivated;
 - (b) Both parties are well informed or well advised and both acting in what they consider their own best interest;
 - (c) A reasonable time is allowed for exposure in the open market;
 - (d) Payment is made in terms of cash in U.S. dollars, or in terms of financial arrangements comparable thereto; and
 - (e) The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

2. **Highest and Best Use:** The highest and most profitable use for which the property is adaptable and needed or likely to be needed in the near future. Alternatively, that use from a reasonably probable and legal alternative use, found to be physically possible, appropriately supportive, financially feasible and which results in highest land use.

3. **Improvements:** Buildings or other relatively permanent structures or developments located on, or attached to land.

Area Map



AREA DATA:

County and City Information:

Teton County The subject parcels are found throughout Teton County, Idaho. Teton County is found along the extreme eastern edge of eastern Idaho, near the Wyoming border. It had a population of 6,859 persons in July of 2002. This is a 14 percent increase from the year 2000. Some of the communities in Teton County include Driggs, Victor and Tetonia. Driggs is the county seat and is found along the east side of the county. Victor is located eight (8) miles south of Driggs, and Tetonia, which is located six (6) miles northwest of Driggs. (See Area Map.)

Teton County is surrounded by several mountain ranges. The Big Hole Mountains border the valley on the west and the Teton Mountain Range on the east. Most of the land lying in the valley consists of open land that is in private ownership. This land is used primarily as irrigated agricultural land, wet and dry pasture land and for residential and recreational home sites.

The Teton River bisects the valley floor south to north. It originates from several small creeks and streams west of Victor. All of the creeks in the area flow into this river. Most of these creeks and streams are seasonal and dry up after the spring run-off.

Teton County is located approximately twenty-eight (28) miles west of Jackson Hole, Wyoming. In recent years, many people have moved into Teton County, Idaho, in order to avoid paying high real estate prices in and around the Jackson Hole area.

Teton County is bisected by State Highway 33 and 31. Highway 33 bisects the county north and south. It continues west of Driggs approximately 55 miles to Rexburg. It continues south of Driggs through Victor and then 20 miles east to Jackson Hole, Wyoming. Jackson Pass separates the Teton Basin from the Jackson area.

State Highway 31 runs west of Victor to Swan Valley, Idaho, where it connects with U.S. Highway 26. This highway continues west towards Idaho Falls, Idaho. Victor is separated from Swan Valley by Pine Creek Pass. State Highway 32 runs north of Tetonia through Felt and onto Ashton, Idaho.

Teton County is commonly known as the Teton Basin. It has an elevation that ranges from 6,000 feet to approximately 6,500 feet. Its summer temperatures rarely exceed 85° and its winter lows often drop well below 0°.

City of Driggs Driggs is the county seat of Teton County and had a population of 1,137 persons in July of 2004. Its population has increased 3% since 2004. It has a sizeable commercial district, with a large grocery store, several retail stores, a lumber yard, convenience stores, restaurants, gas stations and other types of businesses. Several banks and professional office buildings are also found within the city.

Driggs is incorporated and has its own municipal government. It is protected by the Teton Sheriff's Department and the Teton Rural Fire District. The city also maintains and operates its own water and sewer systems. The Driggs Sewer District extends to Victor, which is south of the city. All of the properties lying along this trunk line have access to this sewer system.

Driggs has its own small-craft airport. This airport is large enough to accommodate small private jets and light aircraft. Recently, the airport extended its runway and upgraded its aviation electronics.

The primary utilities in the area include the Fall River Rural Electric Cooperative, which provides electrical service, and Qwest, which provides telephone service. Scheduled airline services are available at Idaho Falls and Jackson, Wyoming.

City of Victor Victor is found eight (8) miles south of Driggs and near Parcel 4 and 5. It had a population of 1,216 persons in July of 2004. Its population has increased 151% since 2000. Most of this growth is due to people who are employed in Jackson, Wyoming, moving into an area with relatively less-expensive housing costs.

The City of Victor is incorporated and has access to city sewer and water. This system runs from Driggs south to Victor. Victor has a small commercial district with a grocery store, convenience store and several other minor businesses.

General Economy:

Historically, the economy in Teton Valley has been primarily influenced by agriculture, with some timber harvesting and limited amounts of mining. However, new development and an increase in population have driven the economy toward service industries and tourism.

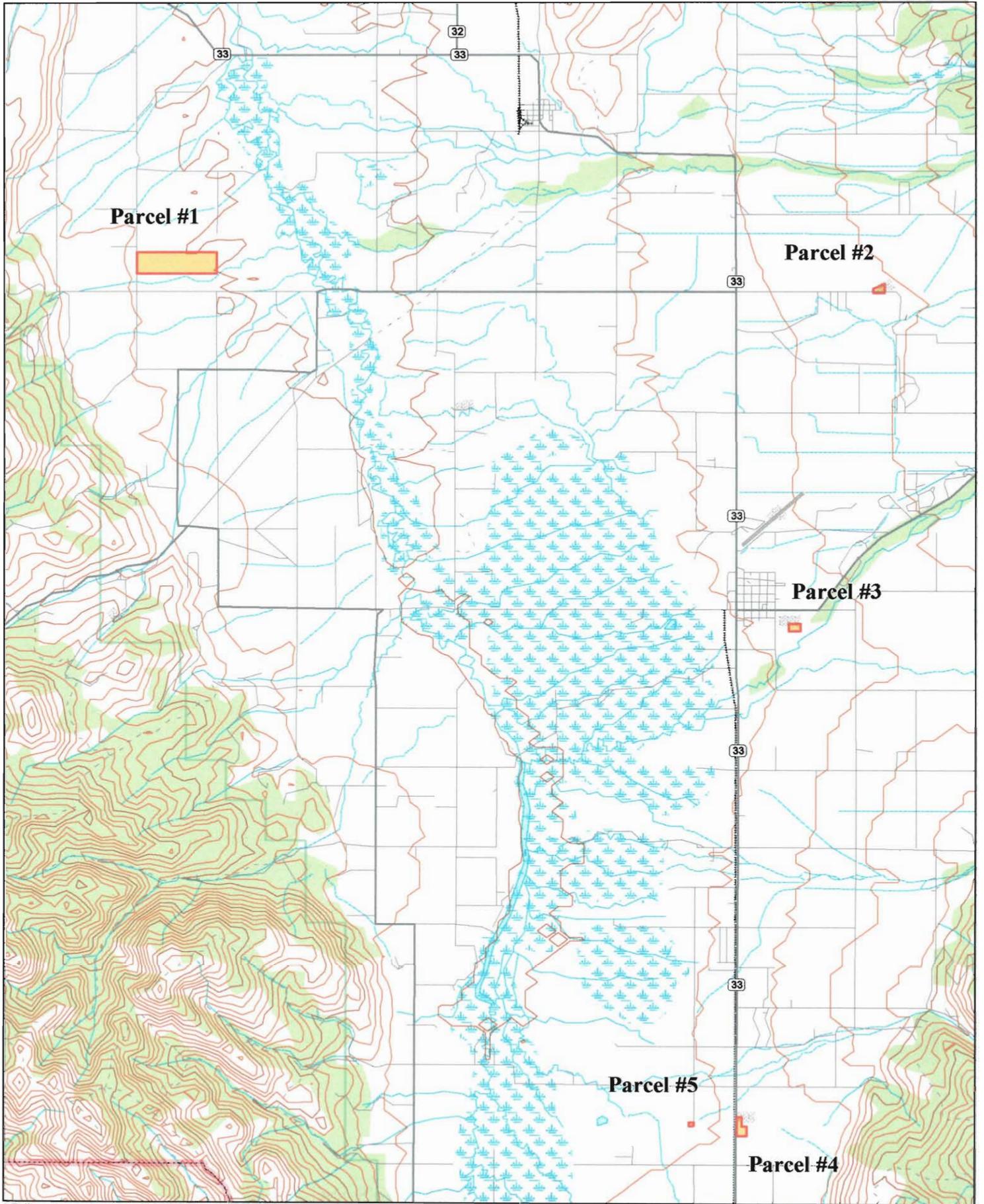
Most of the employment in the valley is agricultural-related. This work is typically seasonal and usually peaks during harvesting in the fall. Most of the winter employment is found at Grand Targhee, which employs both local and many out-of-state seasonal workers.

Some of the tourist and recreational activities in the valley include skiing at Grand Targhee Ski Resort, cross country skiing and snowmobiling. During the summer, fishing, hiking and horseback riding are the biggest recreational activities. The annual Hot-Air Balloon Festival and summer activities at Grand Targhee Resort also draw a large number of people to the valley.

The general economy of Teton County has remained stable during the 1990's. Personal income in the valley has increased during the past ten (10) years. Land values have also increased in the valley during this period of time. From 2000 to 2004, land values increased 200%.

Teton County has also become a popular location for people seeking a second home in a recreational area. As a result, many home sites and rural subdivisions have been developed along the Teton River and in corridors that have a panoramic view of the Teton Mountain Range. This increase in population has also increased development of new homes and businesses. It has also increased land values in the area.

Neighborhood Map



[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

NEIGHBORHOOD DATA

Parcel 5:

This parcel is found one mile west of Parcel 4 and one mile north of Victor. It is situated approximately one-half (½) mile south of 600 South.

The area surrounding this tract is a mixture of irrigated agricultural land, pasture land and residential acreage development. Most of the land is presently undeveloped. A few home sites have been developed along 600 South, which is north of the property.

The topography of this area level to undulating. Most of the vegetation in the area consists of open pasture grass and hay. Large cottonwood trees and willows line areas where the creeks bisect the landscape. Willows and natural shrubbery are also found along the wetlands and sloughs.

The subject property is accessible by a dirt road, which runs south of 600 South. This road appears as a county road on the plat maps. However, it is only improved as a dirt trail at the present time.

An electrical transmission line runs on the east side of the property. Local electrical and telephone utilities are found along 600 South. However, they do not extend to the property.

OWNERSHIP HISTORY:

Teton County is the recorded owner of Parcels 1, 2, 3, 4 and 5. They have held title to these properties for more than five (5) years.

LEGAL DESCRIPTION:

The legal descriptions of the subject parcels are as follows:

[REDACTED]

Parcel 5: Township 4 North, Range 45 East of the Boise Meridian.
Section 34: Portion SE¼ NE¼ .

ASSESSED VALUE AND TAXES:

Since all of the properties are owned by Teton County, they are not assessed for tax purposes.

[REDACTED]

COUNTY ZONING:

According to the Teton Planning and Zoning Department, the subject parcels have been zoned as follows:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Parcel 5: Zoning: A-2.5

This zoning allows the property to be used for agricultural activities and other uses that are in harmony with agricultural production. Although this tract is only 2.0 acres in size, it is in conformity with this use restriction. This designation extends in all directions around this tract of land.

Aerial Map

(Parcel 5)

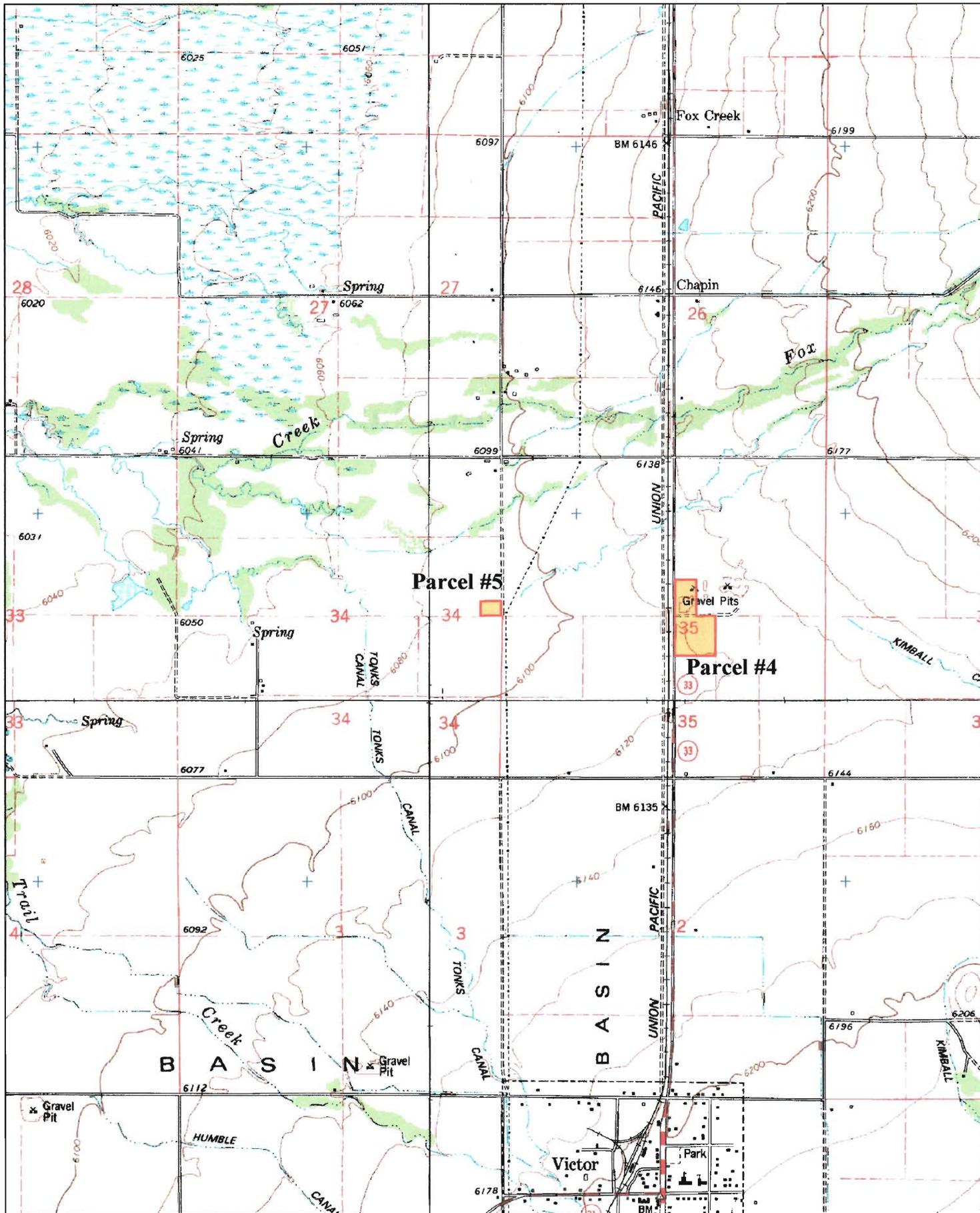


USGS

Parcel #5

Topography Map

(Parcel 5)



Parcel 5:

Size & Location

This is a 2-acre tract of land located at approximately 650 South and 100 West. It is located one-half (½) mile west of State Highway 33 and one-half (½) mile south of 600 South. It is bordered on the west, north and east by pasture land and on the south by irrigated agricultural land. (See Aerial Map.)

Topography and Soil Condition

The topography of this parcel ranges from level to undulating. Its soil consists exclusively of *Driggs-Wiggleton gravelly loam*, 0 to 2% slope. *Driggs-Wiggleton* is a complex of soils found along Fox Creek near State Highway 33. It consists of 50 to 75% Driggs soil and 25 to 50% of Wiggleton soil. This soil is used primarily for range. Irrigation is difficult because of the channeled relief and shallow gravelly areas. The subject property consists of open land with no trees. Its vegetation is primarily pasture grass that is indigenous to the area.

Accessibility

This parcel is accessible by a dirt road that leads south of 600 South. The road runs along the east side of several residential homes, which are situated along 600 South. The dirt trail leading to the property is presently not maintained year-round.

According to several county maps, this property has legal access. Several County Commissioners have also verified this fact. However, I have not found any legal instrument granting legal access to this parcel. Therefore, I assume, for the purpose of this report, that such access does exist.

View

This parcel has a panoramic view of the valley and the mountains surrounding it. It also has a view of the Victor Townsite to the southeast. A transmission line runs along the east side of the property. (See Aerial Map and Topography Map.)

Special Features

This property does not have direct access to electric or telephone services. These services are found one-half (½) mile to the north along 600 South.

Utility

This property is found in the middle of the section and is surrounded by agricultural fields. In recent years, several rural subdivisions have been developed in the area. This property has good potential as a residential homesite.

HIGHEST AND BEST USE:

In arriving at an opinion of value, I have analyzed and determined the highest and best use of each parcel. Typically, I would analyze each parcel in its unimproved and improved condition. However, all of the parcels are unimproved. Therefore, I have only analyzed them as unimproved land.

I have used four (4) criteria for determining the highest and best use of each parcel. These four (4) factors, or use criteria, require that the property be:

- (1) Legally Permissible;
- (2) Physically Possible;
- (3) Financially Feasible;
- (4) Maximally Productive.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Parcel 5:

Legally Permissible:

This parcel has been zoned for Agricultural (A-2.5) use. This zoning restriction extends throughout the area. The present use of the subject is in compliance with this use restriction. Although it is only 2.0 acres in size, it could be developed with a residential homesite. Therefore, the property has good legal utility as a residential home site.

Physically Possible:

This parcel is a 2-acre tract of land located at approximately 650 South and 100 West. It is located one-half (1/2) mile south of 600 South. It is bordered on all sides by pasture land and irrigated agricultural land. It is located at the end of a dirt trail. It appears to have legal access, according to the county. It has a panoramic view of the southern section of Teton County and the mountains surrounding it. It also has a view of the City of Victor to the south. The property is adjacent to a transmission line that runs through the area. However, its view and location give its greater value than any loss that might occur due to its proximity to this line.

Financially Feasible:

The demand for residential acreage homesites in the subject area has dramatically increased during the past five (5) years. Small residential tracts have more than double in value during this time. Therefore, the property has good utility as an acreage homesite.

Maximally Productive:

This property is found one-half (1/2) mile south of 600 South in the Fox Creek area. It is located near Highway 33. It does not have access to utilities. However, it does have good utility for residential development. It has an unobstructed view of the southern portion of the Teton Valley. It is located away from other homes. Therefore, its highest and best use is that of an acreage homesite.

APPROACHES TO VALUE:

Three approaches to value are generally considered in arriving at an estimate of the value of Real Estate. These are called Sales Comparison, Cost and Income approaches.

The application of the Sales Comparison Approach produces an estimate of value by comparing the subject with similar properties of the same type and class that have sold or are currently offered for sale in the same or complementary areas. The sale prices of properties, deemed most comparable, set the range in which the value of the subject property will fall. When properly applied, this approach generally allows for both depreciation and appreciation in value.

In the Cost Approach, a value is estimated by computing the present replacement cost of the improvements and then applying an appropriate depreciation rate to arrive at a depreciated value of the improvements. This depreciation rate is concluded either from comparing sales for similar types of properties to their replacement cost, or from the various accepted Age-Life methods, or both. This is then added to the land value, found by comparison in the market, to arrive at a value for the property.

This approach is based on the assumption that the replacement cost is the upper limit of value. This approach is best used when the improvements are new or near new and are proper improvements for the property. As improvements increase in age and as depreciation accumulates, the validity of this approach lessens.

The Income Approach is a process of developing the net rental income from a property into an indication of value. This is accomplished by analyzing the relationship of net rental incomes from similar properties to their selling prices in the market. The relationship between this net income and the selling price is called a capitalization rate. The net income is divided by the capitalization rate to show value.

I have considered all three (3) approaches herein. However, I have only used the Sales Comparison Approach in arriving at an opinion of value for each parcel. I have not used the Cost or Income Approaches because each parcel is unimproved land.

VALUATION SECTION

I have used the Sales Comparison Approach to arrive at an opinion of value for each parcel of land. I have investigated the market in order to find sales of properties that are similar to each parcel in likeness and quality. I have then compared these sales to each parcel in order to arrive at an opinion of value.

All of the parcels are found in a market in which land values are increasing. Therefore, I have looked for the most recent sales to compare with each parcel. I have made some adjustments for sales that are older than one (1) year. In some cases, the most recent sale is one year old. I have not made adjustments to these sales if there have been no additional sales in the area that indicate an increase in value.

I used sales as close to the subject parcels as possible. During my investigation, I found that properties in one part of the county have more similarity than they do with sales in other parts of the county. For example, small tract sales, north of Driggs, have a high value because they are in the "view corridor" and have a view of the Grand Tetons. Sales around Victor have a different value because of the strong demand for small acreage sites in that area. This is due largely because of its proximity to Jackson. Therefore, I have tried to find sales in the immediate area of influence for each parcel in order to make them comparable.

The sales found have similar "highest and best use" to each parcel. Most of them have potential for either residential or recreational development. However, each sale is unique and requires some adjustment when compared with each parcel.

I have used a *qualitative analysis* to compare each sale to the individual parcels. Under this analysis, I isolate various factors that affect value. I then compare each sale to the subject parcel using these factors and eliminating any differences with a +/- . Finally, I bracketed the weighed sales to arrive at an indication of value.

I have also analyzed each sale to determine if adjustment is required to make it a "cash equivalent" sale. Each sale has been analyzed to see if any conditions surrounding it make it dissimilar to the subject. Finally, all of the sales have been analyzed to see if they need adjustment for time. A few sales require this adjustment.

I have analyzed each parcel below. On the next page, I have set forth a "List of Sales." These are the sales used to arrive at an opinion of value for each parcel. I have confirmed all of the sales with either the buyer, the seller or through the Multi-listing Service. I have also obtained a Warranty Deed on each sale. My analysis of each parcel is found on the following pages.

List of Sales

<i>SALE</i>	<i>BUYER</i>	<i>DATE</i>	<i>PRICE</i>	<i>SIZE (Acres)</i>	<i>PRICE (Per Acre)</i>	<i>LOCATION</i>	<i>POTENTIAL USE</i>
1	Confidential	Dec-05	\$2,000,000	200.00	\$10,000	1.5 Mi. SW of Tetonía	Residential/Recreational Development
2	Polanco	Feb-06	\$1,390,000	160.00	\$8,688	5 Mi. SW of Tetonía	Residential/Recreational Development
3	Neese	Jun-05	\$760,000	80.00	\$9,500	.5 Mi. W of Tetonía	Residential/Recreational Development
4	Lynch	Aug-05	\$215,000	10.00	\$21,500	2 Mi. S. Tetonía	Residential Development
5	Wertheim	Jan-06	\$149,500	10.00	\$14,950	2 Mi. NE Tetonía	Residential/Recreational Homesite Development
6	Austin	Feb-05	\$73,000	5.00	\$14,600	East of Darby Townsite	Residential/Recreational Homesite Development
7	Melehes Brother	Mar-05	\$220,000	20.00	\$11,000	1 Mi. E. of Driggs	Gravel Extraction Residential Development
8	Sutton	May-04	\$140,000	15.00	\$9,333	1 Mi. E. of Driggs	Gravel Extraction Residential Development
9	Hartshorn Oil	May-04	\$260,000	15.25	\$17,049	2 Mi. S. of Driggs	Residential or Commercial Development
10	Blackfoot Farms	Jun-05	\$960,000	80.00	\$12,000	1.5 Mi. N. of Victor	Residential or Planned Unit Development
11	Victor Mountain Retreat	Jan-05	\$405,000	20.00	\$20,250	North of Victor	Residential or Planned Unit Development
12	Lee	Nov-05	\$65,000	2.51	\$25,896	450 S. 39th E.	Residential Development
13	Jacobs	Nov-05	\$78,000	2.84	\$27,465	200 W. Hwy. 31	Residential Development
14	Johnson	Apr-05	\$79,000	2.70	\$29,259	100 W. Cedron Rd.	Residential Development

I have used three (3) sale to arrive at an opinion of value for each parcel. These sales indicate the current value of each parcel as of the effective date of this appraisal, which is March 3, 2006. [REDACTED]

Parcel 5:

This parcel is a 2-acre tract of land. In this appraisal, I have created an *extraordinary assumption* that it can be used as a home site. I also assume it has legal access since the county has assured me that it has this access. However, I did not find any records supporting this conclusion.

Based on these assumptions, I have investigated the market for small tracts of land that are not found in a subdivision. I have found three (3) sales in the Victor area. These sales range in size from 2.51 to 2.70 acres. They are not found in formal subdivisions. However, they are found in the same area of influence as the subject.

I have analyzed these sales using the following factors: Location, Size & Topography, Access and Amenities to the Site. I have not adjusted any of the sales for time since they occurred between April and November of 2005. The following is how these sales compare to the subject parcel.

Location: All of the sales are similar in location to the subject. They are all located within several miles of Victor. They are all surrounded by acreage home sites of similar size.

Topography: Like the subject, all of the sales are found on level topographies. As a result, there is no building restriction on them.

Access: All of the sales have access from a county road. It is assumed the subject also has access to a county road, even though this road is presently a dirt road.

Amenities to the Site: All of the properties have a view of the area surrounding them. Sale #14 has less of a view than the subject. However, it is found along Trail Creek. I conclude these differences are a "wash."

Sales Adjustment Table

Adjustments	Subject	Sale 12		Sale 13		Sale 14	
Sale Price:	-		\$65,000		\$78,000		\$79,000
Number of Acres:	2.00		2.51		2.84		2.70
Price Per Acre:	-		\$25,896		\$27,465		\$29,259
Financial Terms:	-		0		0		0
Date of Sale Adj.:	N/A		Nov-05		Nov-05		Apr-05
Adj. for Time:	N/A		0.00%		0.00%		0.00%
Condition of Sale			-		-		-
Adjustment:	N/A		0		0		0
Total Adjustment:	N/A		\$25,896		\$27,465		\$29,259
Other Adjustments:							
Location:	650 S. 100 W.	450 S. 39th E.	Similar	200 Hwy. 31	Similar	100 W. Cedron	Similar
Size & Topography	Small/Level	Small/Level	Similar	Small/Level	Similar	Small/Level	Similar
Access:	Dirt Trail	County Road	Similar	County Road	Similar	County Road	Similar
Amenities to the Site:	View of Area Homesite	View of Area Homesite	Similar	View of Area Homesite	Similar	Creekside Homesite	Similar
Overall Comparability:			<i>Similar</i>		<i>Similar</i>		<i>Similar</i>

Comparable	Price Per S.F.	Overall Comparability
Sale 12:	\$25,896	Similar
Subject	-	
Sale 13:	\$27,465	Similar
Sale 14:	\$29,259	Similar

I conclude these sales are similar to the subject in likeness and quality. As a result, the subject has an indicated value somewhere between \$25,896 and \$29,259 per acre. I have tended to the upper end of the spectrum because of the location and view of the subject. It is found at the end of the road where no other homes are located. It has a good view of the valley toward the south. Therefore, I conclude it has an indicated value of \$29,259 per acre.

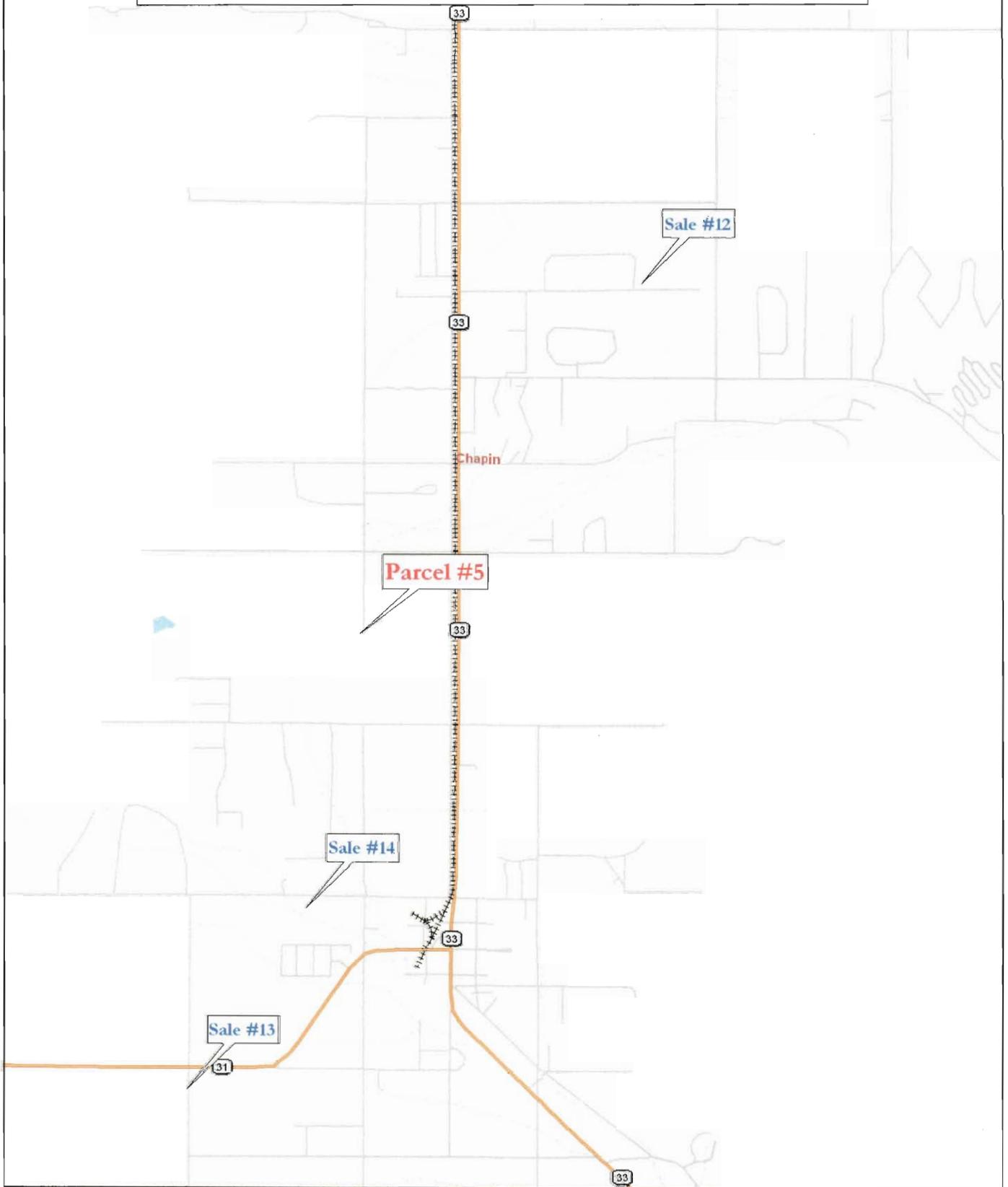
2 Acre Potential Homesite @ \$29,000 Per Acre = \$58,000

Called At: \$58,000

Addendum

- ▶ **Parcel #4's Firm Offer by John Montoya**
- ▶ **Land Sales Map**
- ▶ **Land Sales Data**
- ▶ **Certification and Statement of Limiting Conditions**
- ▶ **Qualifications of the Appraiser**

Parcel #5's Land Sales Map



Sale # 12

Buyer	Lee
Seller	Mock
Date	November 2005
Consideration	\$65,000
Land Size	2.51 Acres
Estimated Value of Improvements	None
Estimated Value of Land	2.51 acres of residential land at \$25,896 per acre
Sales Data	Warranty Deed #173017
Information verified by	Multi-listing Service
Legal Description	SE1/4 SW1/4 NE1/4 SW1/4 Sec. 24, T. 7 N., R. 45 E.B.M., Teton County, Idaho.
Location	This property is found at 450 South 39th East, in Teton County, Idaho.
Property Description	This is a rectangular tract of land contain 2.51 acres. It is a fenced tract of land where horses are allowed. It is not in a subdivision and has no CC&Rs. It has year-round access. It has a view of the mountains surrounding it.
Zoning	A-2.5
Highest and Best Use	Residential development
Remarks	None

Sale # 13

Buyer	Jacobs
Seller	Budge
Date	November 2005
Consideration	\$78,000
Land Size	2.84 Acres
Estimated Value of Improvements	None
Estimated Value of Land	2.84 acre home site @ \$27,465 per acre
Sales Data	Warranty Deed #173019
Information verified by	Multi-listing Service
Legal Description	This parcel is found in the NE1/4 NE1/4 of Sec. 16, T. 3 N., R. 45 E.B.M., Teton County, Idaho.
Location	This property is found at 200 West State Highway 31, which is west of Victor, in Teton County, Idaho.
Property Description	This is a 2.84 acre homesite. It has a level topography. It is accessible by a graveled road with year-round access. It has a view of the area surrounding it. It has electricity. It is not in a subdivision. It is located near Teton Springs Golf Course.
Zoning	A-2.5
Highest and Best Use	Residential Development
Remarks	None

Sale # 14

Buyer	Johnson
Seller	Johnson
Date	April 2005
Consideration	\$79,000
Land Size	2.70 Acres
Estimated Value of Improvements	None
Estimated Value of Land	2.70 Acre Homesite @ \$29,259 per acre
Sales Data	Warranty Deed #167769
Information verified by	Multi-Listing Service
Legal Description	A portion of the NE1/4 of Sec. 10, Township 3 North, Range 45 East, Boise Meridian, Teton County, Idaho...lengthy metes and bounds description is in the appraiser's file.
Location	This property is found near 100 West Cedron Road (800 South), in Teton County, Idaho.
Property Description	This is a narrow tract of land that is bordered on the north by a paved county road and on the south by Trail Creek. It is a flat tract of land that is not in a formal subdivision. It has no CC & Rs. It has water rights and mature cottonwoods on it. It also has access to electrical and telephone services.
Zoning	A-2.5
Highest and Best Use	Residential Homesite Development
Remarks	None

CERTIFICATION AND STATEMENT OF LIMITING CONDITIONS:

The Appraiser certifies that, to the best of his knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial and unbiased professional analyses, opinions and conclusions.
3. The Appraiser has no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. The Appraiser has no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction of value that favors the cause of the client, the amount of the value, the attainment of a stipulated result, the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. My analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
8. I have visited the property that is the subject of this report. However, my visit was cursory in nature.
9. No one provided significant real property appraisal assistance to the person signing this certification.
10. All conclusions and opinions concerning the real estate that are set forth in this letter were prepared by the Appraiser(s), whose signature appears on this report. No change of any item in this report shall be made by anyone other than the Appraiser, and the Appraiser shall have no responsibility for any such unauthorized change.

CONTINGENT AND LIMITING CONDITIONS:

The certification appearing in this report is subject to the following conditions and to such other specific and limiting conditions as are set forth by the Appraiser.

1. The Appraiser assumes no responsibility for matters of a legal nature affecting the property or the title thereto, nor does the Appraiser render any opinion as to the title, which is assumed to be good and marketable. The property is considered to be under responsible ownership.
2. Any sketch or plat map attached may show approximate dimensions and is included to assist the reader in visualizing the property. The Appraiser has not made a survey of the property.

3. The Appraiser is not required to give testimony or appear in court because of having made the inspection with reference to the property in question, unless arrangements have been previously made thereto.

4. Any distribution of the valuation in this report between land and improvement applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.

5. The Appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The Appraiser assumes no responsibility for such conditions, or for engineering which might be required to discover such factors.

6. Information, estimates, and opinions furnished to me and contained in this report were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished can be assumed.

7. The description of the property herein is stated for the purpose of arriving at an opinion of value. It should not be used for any other purpose, such as a description for a prospectus or for describing the property for sale. All parts of this appraisal should only be construed as applying to the opinion of value herein and should not be used separately for specific information.

8. Disclosure of the contents of this report is restricted to the intended users of the report. No other individual is authorized by the appraiser to use this report.

9. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the Appraiser. The Appraiser has no knowledge of the existence of such materials on or in the property. The Appraiser however, is not a qualified environmental auditor who has the skill to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. Any latent environmental problem within or underneath the property may also affect its value. The value estimate herein is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.



Jeffrey L. Kelley, C.G.A.

Idaho State Certified Appraiser, #ICA-362

QUALIFICATIONS OF THE APPRAISER

Jeffrey L. Kelley

Idaho State Certified Appraiser, #ICA-362

Education:

Juris Doctorate - Whittier College School of Law, Los Angeles, CA

Bachelor of Science - Brigham Young University, Provo Utah

Major: Real Estate Finance

Minor: Economics

Background:

Assisting Appraiser - Kelley Real Estate & Appraisal since 1994;

Practicing Attorney - State of California, June 1991 - July 1994;

Member of the Idaho State Bar - April 1995;

Member of the Utah State Bar - May 1994;

Member of the California State Bar - June 1991;

Special Training:

Institute Appraisal Course 120, 310, 320, 510 and 520

Standard and Ethics Courses — App. Inst. Course 420 A & B

Advanced Condemnation Appraisal Courses

App. Inst. Courses 710 & 720

ASFMRA Conservation Easement Seminar

Various Continuing Education Society Seminars

Experience:

- **Commercial Properties:** Retail, Industrial, Professional Office & Apartment Complexes;
- **Agricultural Properties:** Farmland, Ranches and Range Land;
- **Recreational Properties:** Conservation (Before & After) Easements, Fee Ownerships, Estate Tax Appraisals;
- **Condemnation Appraisals:** Various ITD Projects around eastern Idaho as well as local municipality condemnation appraisal including the City of Blackfoot, Rexburg, Pocatello and Fremont County.
- **Specialized Appraisals:** Conservation Easements, Development and Mineral Right Extractions, Schools, Gravel Pits, Railroad Right-of-Ways and Potato Fresh Pack and Processing Facilities
- **Client Base:** Major Lending Institutions, Idaho Transportation Department, Bureau of Land Management, Idaho Department of Parks & Recreation, Bureau of Rec., Army Corp of Eng. City of Pocatello, City of Idaho Falls, The Nature Conservancy, Attorneys, Accountants, General Service Administration, Small Business Administration, Farm Service Agency, L.D.S. Church & other governmental and private entities.