

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.

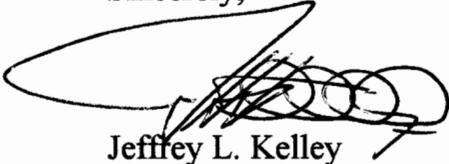
Improved Parcel 2 (County Shed Property): No Change In Value

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.S.A.
Jeffrey L. Kelley, C.S.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 1 (160-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 660 feet north of the intersection of 400 North 800 West, in the Packsaddle area, of Teton County.

Legal Description: Township 5 North, Range 44 East of the Boise Meridian.
Section 3: S½ N½

Land Size: 160 Acres

Description: This is a long, narrow tract of land with rolling topography. It has a panoramic view of the Teton Mountain range.

Zoning Designation: A-20

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: Two (2) Test Wells for Water Table

Highest and Best Use: Dry agricultural land with some residential home site development.

Valuation Date: March 3, 2006

Estimate of Value: ~~\$1,940,000~~ or ~~\$12,125~~ per acre *Revised*
~~\$1,600,000~~ or ~~\$10,000~~ per acre *09.28.2006*

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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:

Parcel 1:

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

- It is assumed this parcel does not have access to any surface water rights. While preparing this appraisal, I investigated the water rights by interviewing the County Commissioners and the Idaho Department of Water Resources. Both of these sources indicate the property does not have access to water.
- While preparing this appraisal, I noticed an *error* in the legal description of the Warranty Deed transferring titled from the State of Idaho to Teton County. According to the deed, the property is located on the *South- Half of the North-Half* of Section 3. However, the property is actually located on the *North-Half of the South-Half* of this section. I assume this is the correct legal description and have appraised the property according to this assumption.
- 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.

Parcel 2:

[REDACTED]

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

Furthermore, I am not a qualified environmental auditor.

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

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.*

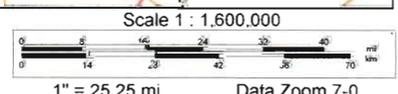
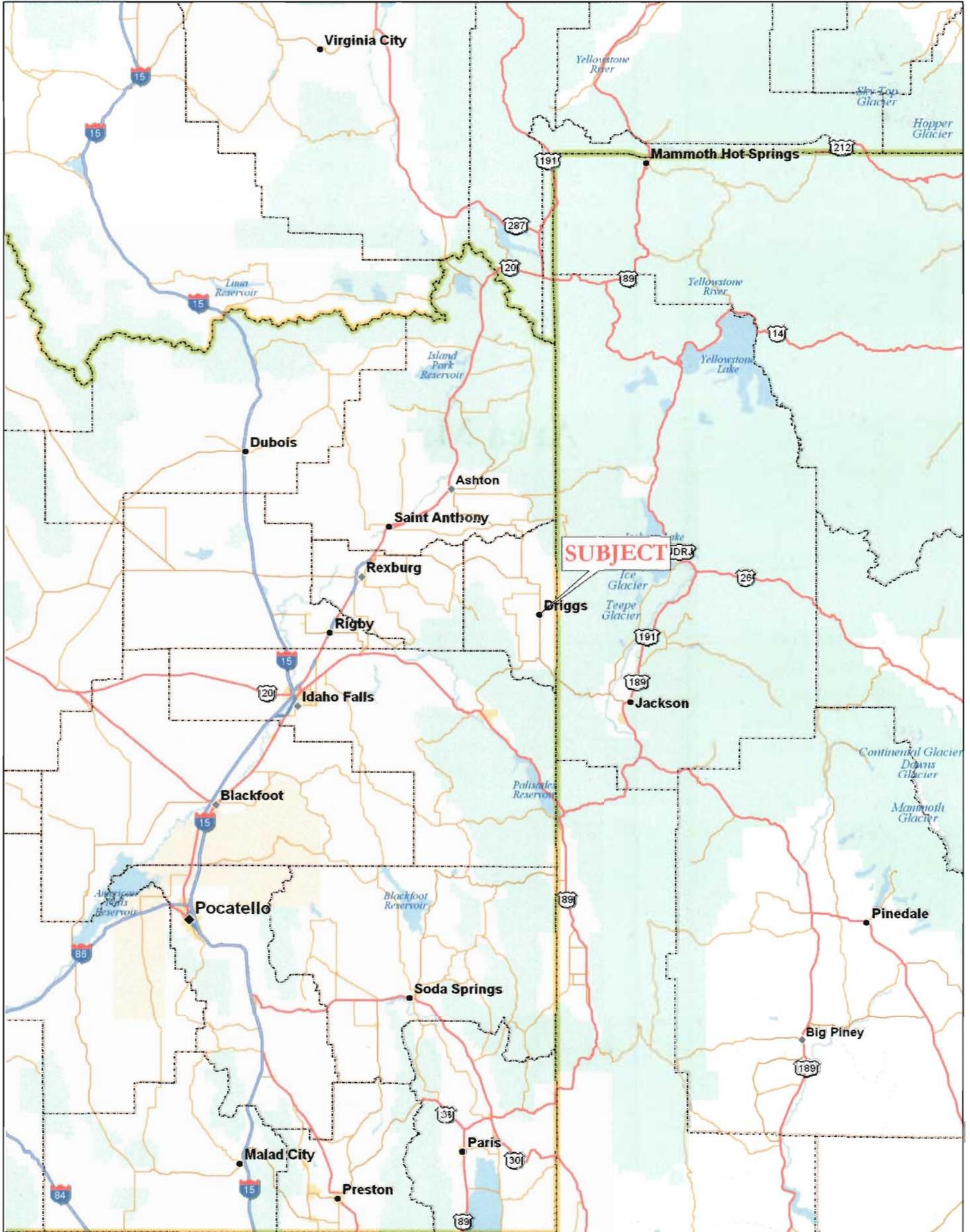
DEFINITIONS USED IN THIS APPRAISAL:

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.

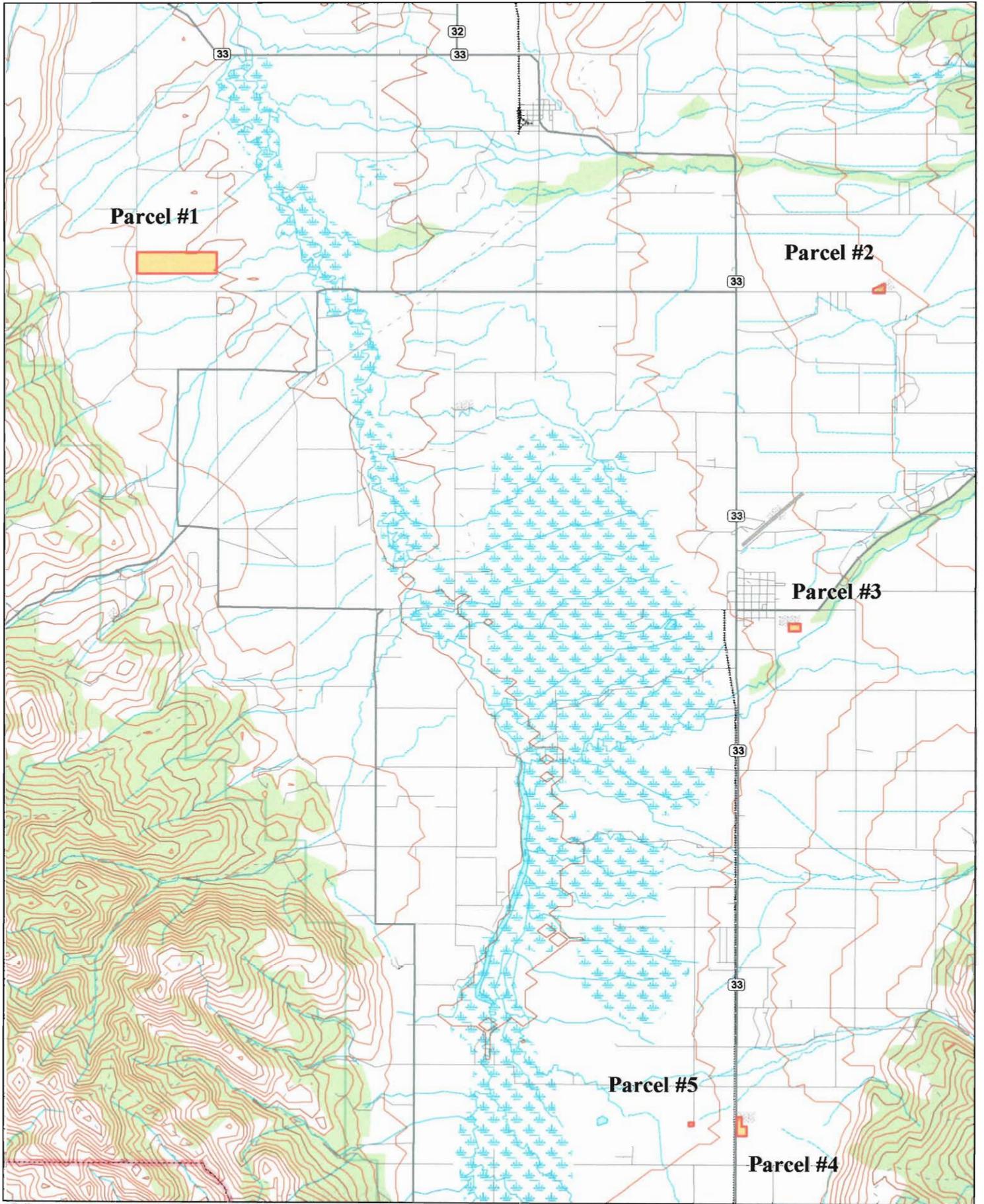
Most of the employment in the valley is agricultural-related. This work is typically seasonal and usually peaks during harvesting in the fall. Most of the winter employment is found at Grand Targhee, which employs both local and many out-of-state seasonal workers.

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



NEIGHBORHOOD DATA:

Parcel 1:

This parcel is found in the Packsaddle area of Teton County. It is located approximately seven (7) miles northwest of Driggs.

It is situated on the bench that runs along the west side of the valley. A few seasonal streams run through this area. However, most of the land is dry and does not have access to surface water. The land in this area is used primarily as irrigated or dry cropland. Irrigation water is primarily retrieved from deep wells. Irrigated lands are watered with wheel and hand line systems.

The subject area has a panoramic view of the Teton Mountain Range, the Teton River and the valley surrounding it. This view extends north and south of the area several miles.

The general topography in this area is level to sloping, with a general slope to the east. Most of the land in the area consists of rolling hills and plateaus. Slopes in the area range from 2% to 12%. Most of the steeper slopes are found west of the area along the foothills and mountains.

The subject neighborhood is accessible by various graveled county roads, which bisect the area along section lines. A major road in the area is Packsaddle Road (400 North). It runs east and west and connects the area with State Highway 33, which is to the east. It is one of the few roads that crosses the Teton River in the area.

Pole Line Road (800 West) is another major road. It runs north and south through the area and along the west side of the property. It continues north to State Highway 33 and south to Bates Road.

Most of the development in the area is restricted to farmsteads, which are sparsely scattered along the county roads. There are no recreational home sites in the immediate area. However, a new dwelling has been constructed south of the property along Packsaddle Road.

Land values in the area have almost doubled in the past 12 months. Several tracts near the subject have recently sold. The listing date on these properties has been relatively short.

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:

Parcel 1: Township 5 North, Range 44 East, Boise Meridian, Section 3, North Half of the South Half, Teton County, Idaho.¹

[REDACTED]

ASSESSED VALUE AND TAXES:

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

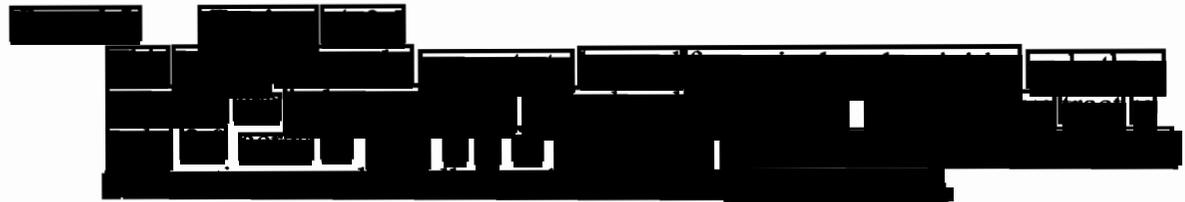
¹ Teton County received title to this parcel from the State of Idaho in November of 1993. This transfer is evidenced by Warranty Deed #114620. The legal description in this deed is erroneous. It states that the property is found in the South-Half of the North-Half of Section 3, Twp. 5 North, Range 44 E., B.M. In reality, this parcel is found in the North-Half of the South-Half of Section 3. I recommend the County contact the title company and arrange for a correction of this deed.

COUNTY ZONING:

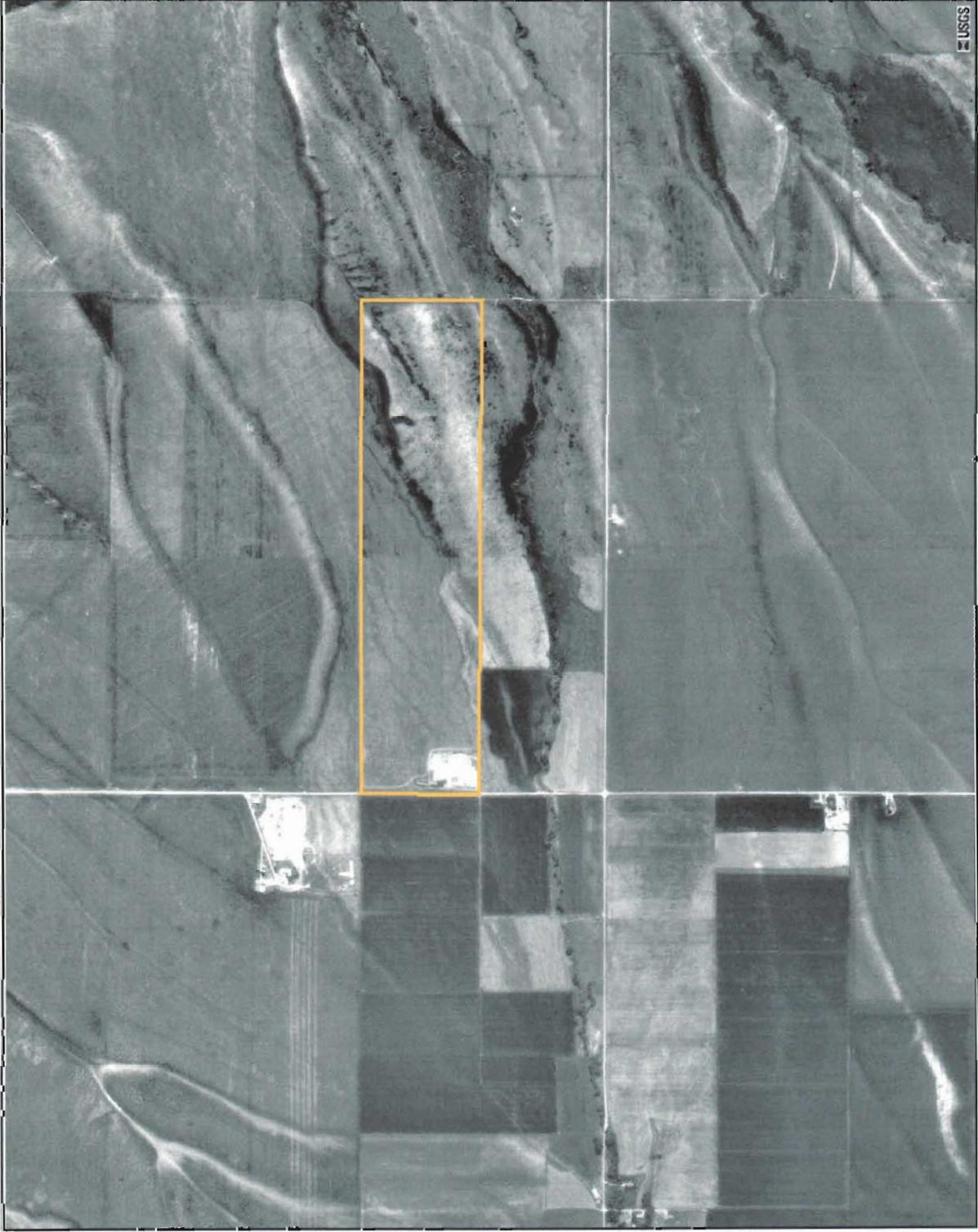
According to the Teton Planning and Zoning Department, the subject parcels have been zoned as follows:

Parcel 1: Zoning: A-20

This zoning allows the property to be used for agricultural activities and other uses that are in harmony with the surrounding agricultural uses, such as residential PUDs, recreational use and light commercial uses. This land can be divided into 20-acre homesites without platting a subdivision. This zoning designation extends around the subject property. The present use of the property is in compliance with this use restriction.



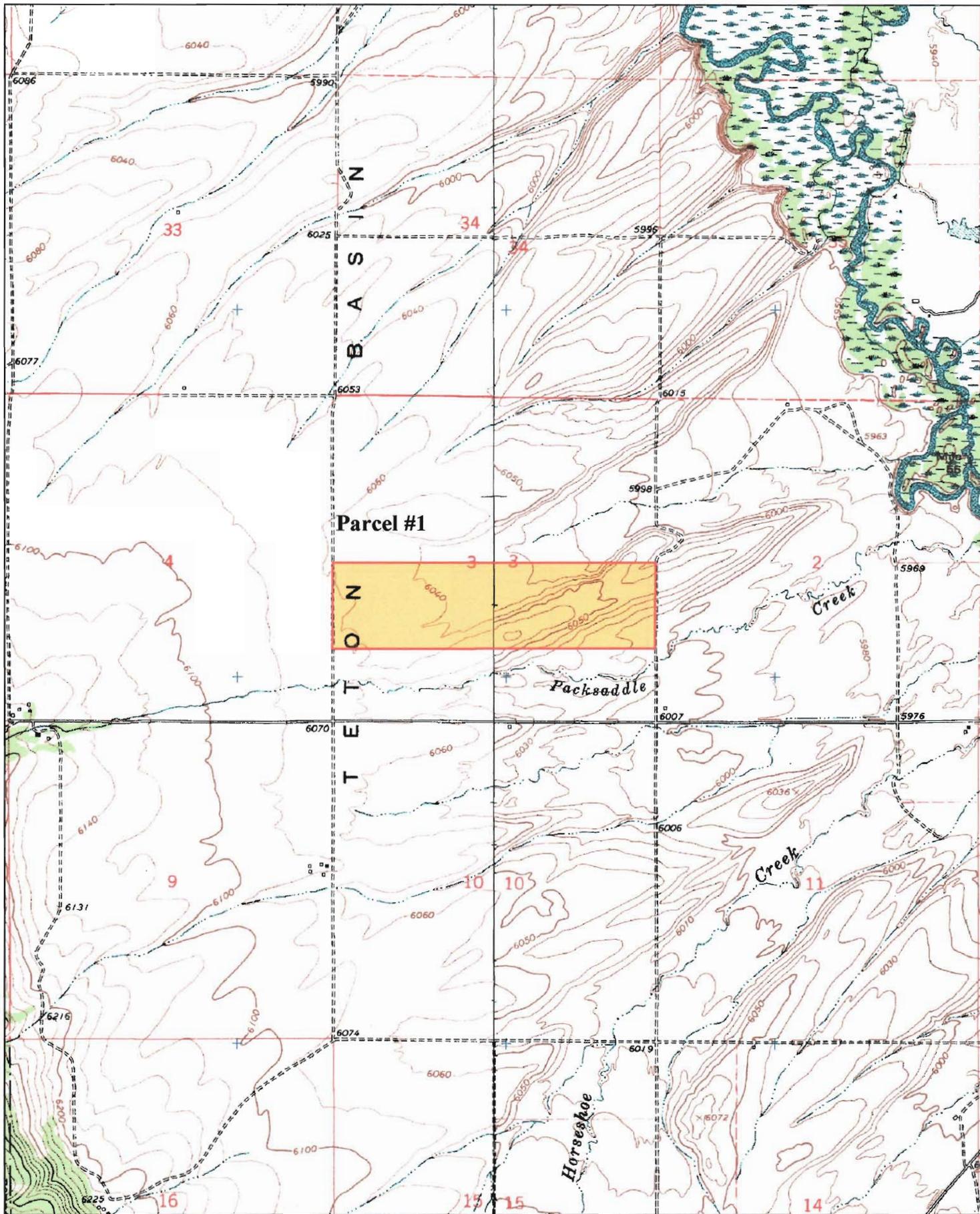
Aerial Map
(Parcel 1)



Parcel #1

Topography Map

(Parcel 1)

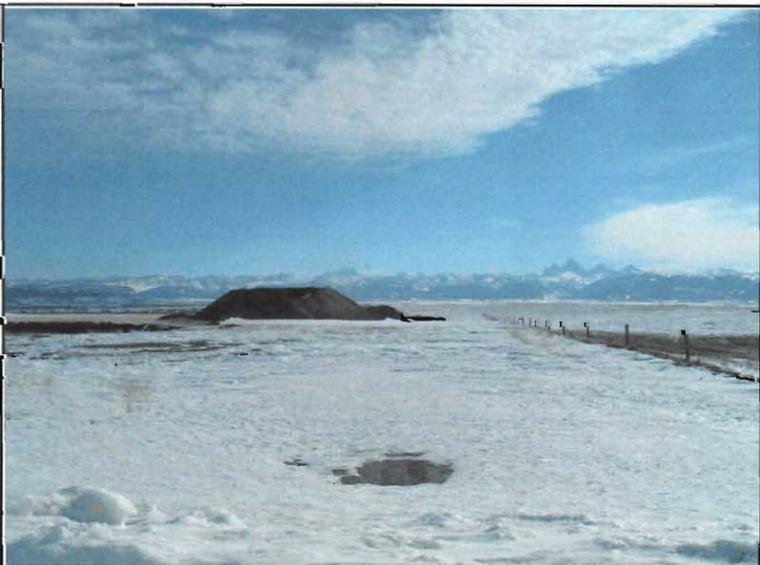




1. Looking south along the west side of the subject parcel.



2. Looking east from the northeastern corner of the property.



3. Looking east from the southwestern corner of the property.



4. Looking northeast at a small gravel pit on the west side of the property.



5. Looking north along the western side of the property.

DESCRIPTION OF THE PROPERTY:

Parcel 1:

Location and Size:

This is a 160-acre tract of land lying along the east side of Pole Line Road (800 West) in the Packsaddle area. It is rectangular in shape and is approximately 1,320 feet wide and 5,260 feet long. It is bordered on the west by Pole Line Road and on the north by dry agricultural land. It is bordered on the east and south by dry graze land.

Topography and Soil Condition

Its topography ranges from level to sloping, with slopes ranging from 2% to 12%. A 50-foot high knolls lies across the eastern section of the property. Soils on the property consist of *Driggs silt loam*, 2 to 4%; *Tetonia silt loam*, 0 to 12%; *Badgerton loam*, 2 to 4% and *Ririe silt loam*, 4 to 12%. (See *Photographs*) Typically, these soils have a native vegetation of bluebunch, wheatgrass and scattered sagebrush. During my inspection, I found most of the property has wheatgrass growing on it. Very little sagebrush is found on this parcel. There are no trees on it. (See *Photographs.*)

Accessibility

It is directly accessible from Pole Line Road (800 West). It is located approximately one-quarter ($\frac{1}{4}$) mile north of Packsaddle Road or 400 North. Pole Line Road is a graveled county road that is maintained year-round. (See *Photographs 1 through 3.*)

View

The eastern side this parcel has a panoramic view of the Teton Mountain Range, the Teton River and the valley surrounding it. This view is enhanced by the large knoll running across its eastern edge. The view of the valley is somewhat restricted across the western and middle sections of the property because of this knoll. However, the entire property has a view of the Packsaddle area and mountain range to the west.

Special Features

This parcel features a small gravel pit near the county road. This pit is approximately 10 to 12 feet deep and is approximately one (1) acre in size. A second gravel pit is found near its eastern side. This pit is part of a test site to determine whether the property could be used as a gravel pit. This hole is quite small and could easily be covered.

Two (2) test wells are found on the property. One of these wells is located near the test hole on the east side of the property. The other is located north of the first well along a ridge. Both wells were drilled to determine if the water table would be affected by a proposed landfill. Neither well reached the water table.

Utility

This parcel is presently being used as dry pasture and for some limited hay production by a county employee. Originally, it was purchased by Teton County as a potential site for a landfill. However, it was never developed for this purpose. Instead, the property has remained vacant and mostly unused since 1993.

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.

Parcel 1:

Legally Permissible:

This parcel is zoned for Agricultural (A-20) use. Under this use restriction, it can be divided into 20-acre lots without a subdivision plat. It can also be used for a variety of agricultural purposes. Any development could include residential planned unit development or individual home sites. The present use of this parcel is in compliance with its use restriction. This zoning designation will not change in the foreseeable future since it is surrounded by similarly zoned land.

Physically Possible:

This is a 160-acre tract of land. It has a panoramic view of the Teton Mountain Range, the Teton River and the Teton Valley. Based on its size and location, it has good physical utility as dry cropland. It also has utility for speculative recreational development.

Financially Feasible:

Land values in this area have almost doubled in the last 12 months. There is a strong demand for properties that have a view of the Teton Mountain Range. Therefore, I conclude this property has good financial utility as future residential homesite or recreational development land.

Maximally Productive:

The subject property is found in the Packsaddle area. It has a panoramic view of the Teton Mountain Range and valley. It is in an area where property is being purchased for speculative purposes. Therefore, its highest and best use is dry cropland in the interim with speculative recreational development in future.

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. My analysis of Parcel #1 is as follows:

Parcel 1:

I have used three (3) sales to arrive at an opinion of value for this property. The sales considered on in the same area of influence as this parcel. They have occurred between June 2005 and February 2006. In addition to these sales, I have considered several offers to purchase and pending sales that have fallen through. For example, two (2) 80-acre tracts of land, owned by Lucra Investments, were pending sale at \$10,000. These properties are 1 mile northwest of the subject. This pending sale fell through because the buyer was unable to get financing. According to the seller, Jeffrey Baurer, they are offering these properties on the market at \$9,800.

Once again, I have used a *qualitative analysis* to analyze each sale with the property. I have isolated various factors that affect value. These factors are location, topography, access and overall utility. I have compared each sale to the subject on a superior/inferior basis using these factors. I have then bracketed the sales to arrive at a specific indication of value for this parcel.

Location: Location refers to attractiveness, view, overall appeal to the market of a certain tract of land. I conclude that all of the sales are similar to the subject in location. Although some of them are located several miles to the northeast, they all have an excellent view of the Teton Mountain Range. All of them have similar access to recreational resources such as the Teton River, Targhee Ski Resort and the forest.

Topography: Topography refers to the slope on a certain tract of land. A parcel may have more value if it is located on a hill or less value if the hills on it are too steep for development. I conclude that all of the sales have similar value based on this factor. Although Sale #1 and #3 are found on the valley floor, the subject and Sale #2 have similar utility because their slopes do not prohibit any development. In fact, it is fair to assume the subject may have more value because it is higher up and has a better view of the Teton Mountain Range.

Access: This applies to the accessibility of each sale during all seasons of the year. I conclude that all of the sales have similar access. All of them are located along county roads that are maintained year round.

Utility: This factor is a “catch all” for determining the overall quality of a tract of land. It represents the appeal a tract has for a specific purpose. All of the sales are agricultural land. I conclude all of them are similar in potential utility as recreational home sites. However, Sale #2 is slightly inferior to the subject and the other properties. Unlike the subject, it is found further north along 800 North. It does not have a knoll that allows a “total” panoramic view of the valley and the Teton River.

Of course, Sale #1 and #3 don't have a view like the subject because they are on the valley floor. However, they do have some amenities like creeks flowing through them and large cottonwood trees. I conclude these different amenities are a "wash" when comparing them with the subject's superior view.

Sales Adjustment Table							
Sale Price:	-		\$2,000,000		\$1,390,000		\$760,000
Number of Acres:	160.00		200.00		160.00		80.00
Price Per Acre:	-		\$10,000		\$8,688		\$9,500
Financial Terms:	-		0		0		0
Date of Sale Adj.:	N/A		Dec-05		Feb-06		Jun-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		\$10,000		\$8,688		\$9,500
Other Adjustments:							
Location:	Packsaddle Area	1.5 Mi. SW Tetonia	Similar	Packsaddle Area	Similar	5 Mi. W. Tetonia	Similar
Topography:	Rolling	Level	Similar	Rolling	Similar	Level	Similar
Access:	Paved Road	Paved Road	Similar	Paved Road	Similar	Paved Road	Similar
Utility:	Resid/Rec. Dev.	Resid/Rec. Dev.	Similar	Resid/Rec. Dev.	-	Resid/Rec. Dev.	Similar
Overall Comparability:			Similar		-		Similar

Sale 2:	\$8,688	-
Sale 3:	\$9,500	Similar
Subject:	-	
Sale 1:	\$10,000	Similar

This analysis indicates a value between \$9,500 and \$10,000. I have tended to the upper limit because values are continuing to increase in this area at a very rapid pace. Therefore, I conclude this parcel has an indicated value as follows:

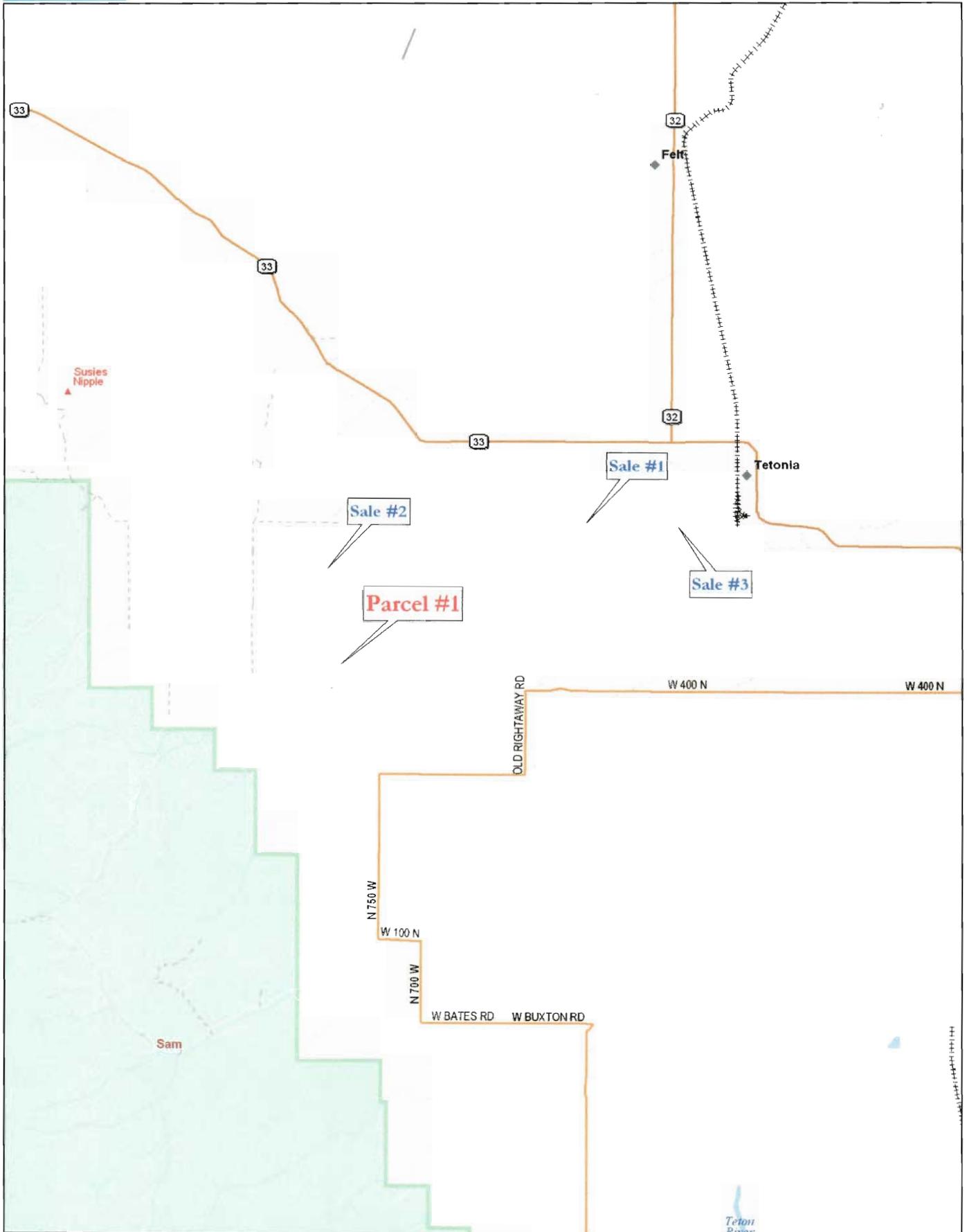
160 Acres of Land @ \$10,000 Per Acre = \$1,600,000

CALLED AT: \$160,000

*Revised 09-28-2004 \$1,940,000
(\$12,125 per Acre)*

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**



Sale # 1

Buyer	Confidential
Seller	Ronald Fullmer
Date	December 2005
Consideration	\$2,000,000
Land Size	200.00 Acres
Estimated Value of Improvements	None
Estimated Value of Land	200 Acres of Agricultural Land @ \$10,000 per acre
Sales Data	Contract
Information verified by	Multi-Listing Service
Legal Description	S1/2 S1/2, Sec. 25 and N1/2 NW1/4, NW1/4 NE1/4, Sec. 36, except 1 acre described in Instrument #135221, Twp. 6 N., Rng. 44 E.B.M., Teton County, Idaho.
Location	This property is found northwest of 575 North and 500 West, which is 1.5 miles southwest of Tetonian, in Teton County, Idaho.
Property Description	This is an oddly-shaped tract that is bisected by Spring Creek. It is open agricultural land with good water. It is part of the historic Fullmer Ranch, which is being sold off in pieces. It has a panoramic view of the Teton Peaks.
Zoning	A-2.5
Highest and Best Use	Residential Acreage Development
Remarks	This property was listed on the market for approximately 9 months prior to selling.

Sale # 2

Buyer	Polanco
Seller	Lucra Investments
Date	February 2006
Consideration	\$1,390,000
Land Size	160.00 Acres
Estimated Value of Improvements	None
Estimated Value of Land	160 Acres of Dry Cropland @ \$8,687.50 per acre
Sales Data	Warranty Deed #175027
Information verified by	Seller Jeffrey Baurer - 208.705.0859
Legal Description	Twp. 6 N., R. 44 E.B.M., Teton County, Idaho Sec. 33 S1/2 NE1/4 and N1/2 SE1/4
Location	This property is found on the west side of 800 West and one mile north of 400 North, in Teton County, Idaho.
Property Description	This is a squarely-shaped tract of land containing 160 acres of dry cropland. It has a panoramic view of the Teton Mountain Range and the valley surrounding it. Its topography is rolling in nature. It has been primarily used as dry cropland for many years.
Zoning	A-20
Highest and Best Use	Residential or recreational development potential
Remarks	This sale is part of a larger parcel that was purchased by Lucra Investments from Josephson for approximately \$5,800 per acre a year ago. The seller is attempting to sell off 80 acres parcels of this larger tract. He is asking \$9,800 per acre. He has received several firm offers at \$9,500, but they have falld through because of financing.

Sale # 3

Buyer	Neese
Seller	Fullmer
Date	June 2005
Consideration	\$760,000
Land Size	80.00 Acres
Estimated Value of Improvements	None
Estimated Value of Land	80 Acres of Agricultural Land @ \$9,500 per acre
Sales Data	Warranty Deed #169125
Information verified by	Multi-Listing Service
Legal Description	Lot 4, Sec. 30 and Lot 1, Sec. 31, T. 6 N, R. 45 E.B.M., Teton County
Location	This property is found at 400 West and 600 North in Teton County. It is 1/2 mile west of Tetonia.
Property Description	This is an 80 acre tract of land with a fabulous view of the Teton Mountain Range. It has good water and is part of the Fullmer Ranch. It is accessible from a county road.
Zoning	A-2.5
Highest and Best Use	Residential or recreational development.
Remarks	This property was listed on the market for approximately 9 months prior to selling.

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.