SELF CONTAINED APPRAISAL REPORT OF

Bullards Beach Spit Property
Located At

Coos County Map and Tax Lots
28-15-24-100, 28-14-19-1000, & 28-14-18-300

PREPARED FOR

Oregon State Parks
725 Summer St. NE, Suite C
Salem, Oregon 97301
Attention: Cliff Houck, Real Property Manager

AND

Bandon Biota
875 Michigan Avenue, Suite 3920
Chicago, IL 60611
Attention: Michael Keizer, Chief Executive Officer

AS OF

June 5, 2010

PREPARED BY

JEFFREY L. MARINEAU, MAI
MARINEAU AND ASSOCIATES
P. O. BOX 1017
COOS BAY, OREGON 97420

Date of Report: June 28, 2010

APPRAISAL FILE #: B-3362

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June 28, 2010

Oregon State Parks
725 Summer St. NE, Suite C
Salem, Oregon 97301
Attention: Cliff Houck, Real Property Manager

and

Bandon Biota, LLC
875 Michigan Avenue, Suite 3920
Chicago, IL 60611
Attention: Michael Keizer, Chief Executive Officer

RE: Bullards Beach Spit property,
Bandon, Coos County, OR.

Dear Mike:

Pursuant to your request, an appraisal has been completed on 97.73 acres of land identified as Coos County Map and Tax Lots 28-15-24-100, 28-14-19-1000, and 28-14-18-300, and located just north of Bandon on the Coquille River Spit. An aerial inspection of the property was made on June 5, 2010 and this is the date of value. A physical inspection of the subject property was made on June 16, 2010. The appraisal was prepared for possible sale negotiations between Bandon Biota, LLC and Oregon State Parks and Recreation Department.

The report has been written in Self Contained form at the request of the client with supporting data and analyzes in compliance with the guidelines of USPAP, Uniform Standards of Professional Appraisal Practice, and the regulations as formulated in FIRREA.

The Sales Comparison Approach is utilized in this report. After careful consideration of all available information and analyzing all factors pertinent to the fee simple valuation of the subject real property as defined in this report, the estimated market value of the land, as of June 5, 2010, is **TWO HUNDRED TWENTY THOUSAND DOLLARS.**

FINAL VALUE CONCLUSION: $220,000

Your attention is directed to the attached report for property and market descriptions, date of presentation, and reasonable assumptions that are offered in support of the previous stated conclusions of market value; subject to the included Statement of Limiting Conditions. A copy of the appraiser's Certification is also included herein.

Thank you for the opportunity of providing you with this service. Please contact this office at the referenced address if you have any questions or comments concerning this appraisal report.

Sincerely,

Jeffrey L. Marineau, MAI

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SUMMARY OF FACTS AND CONCLUSIONS

Valuation Date: June 5, 2010

Date of Report: June 28, 2010

LAND: Coos County Plat maps indicate the subject property totals approximately 97.73 acres. The parcel is irregular in shape and consists of Coos County Map and Tax Lots 28-15-24-100, 28-14-19-1000, and 28-14-18-300. Topography is moderate undulating sand while vegetation is mostly small shrubs and beach grass. Access is available to the subject off of Park Road. The property is encumbered by the Coos County REC, Recreational Zone; however, Coquille River Estuary Management Plan (CREMP) overlay zones cover all but approximately 3.5 acres of the subject. The CREMP zones take precedence over the REC zone. The CREMP zones include NR 10, Natural Resource zone, the Conservation Aquatic zone, and the Natural Aquatic zone. No utilities are developed on site. However, no development is allowed on the subject property and utilities are not necessary. The subject property has a good location and amenities with good ocean access and frontage on the Coquille River.

IMPROVEMENTS: There are no improvements located on the subject property.

HIGHEST AND BEST USE: Based on zoning, the Highest and Best Use for the subject property is for low intensity water dependant recreational uses.

FINAL VALUE CONCLUSION **$220,000**

APPRAISER: Jeffrey L. Marineau, MAI

STATEMENT OF LIMITING CONDITIONS

The appraisal report is subject to the following limiting conditions. The report is not to be relied upon unless the conditions are accepted.

Standard Assumptions

1. Title to the property is assumed to be good and marketable unless otherwise stated. A Preliminary Title Report was not made available for this report and is included in the addenda. It is assumed that there are no exceptions, exclusions and stipulations that substantially affect the valuation of the subject property. A title company should be consulted if there are questions regarding the legal description.
2. That there is legal access to the property, unless otherwise noted. The property is appraised free and clear of any or all liens, easements or encumbrances unless otherwise stated.
3. 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 appraisers. The appraisers have no knowledge of the existence of such materials on the property. The appraisers, however, are not qualified to detect such substances. The presence of potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there are no such materials on or in the property that would cause a loss in value. No responsibility is assumed for such conditions. If the client has any questions as to hazardous materials, an independent expert or an engineer should be consulted.
4. It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless nonconformity has been identified, described and considered in the appraisal report.
5. Assuming cash or cash equivalent terms for the subject valuation.
6. Assuming twelve to eighteen months of open market exposure.

Limiting Conditions

1. Information, estimates or opinions that are furnished to the appraisers, which may be contained in this report, were obtained from sources considered reliable and believed correct. If the client has any question regarding this information, it is the client's responsibility to seek whatever independent verification is deemed necessary.
2. Any maps or sketches, which may be attached to this report, are included to assist the reader in visualizing the property. Acreage calculations are approximate, and if there are any questions as to their accuracy, the client should have an independent expert verify the information utilized for this report.
3. The appraisal report has been prepared for the exclusive benefit of the client and the client's assigns. It may not be used or relied upon by any other party. Any party or parties, who use or rely upon any information in this report, without the preparer's written consent, do so at their own risk.

4. No right to testimony is included in this appraisal, unless previous agreements have been made. None is proposed in this instance.

5. Unless otherwise stated, this appraisal has not considered any unapparent value or loss such as that derived from mineral deposits, boundary disputes with a neighboring property, concerns or value issues related to Measure 49, demands for easements or water rights, etc.

PHOTOGRAPHS OF SUBJECT PROPERTY

Photos Taken June 5, 2010

Aerial view of the northern portions of the subject property.

Aerial view looking south across the subject property.

PHOTOGRAPHS OF SUBJECT PROPERTY
Photos Taken June 5, 2010

The southern portions of the subject.

View looking east across the subject.

PHOTOGRAPHS OF SUBJECT PROPERTY
Photos Taken June 5, 2010

Another view looking east from Park Road.

Photo looking east near the subject's southern property line.

FACTUAL INFORMATION

THE APPRAISAL PROCESS / SCOPE OF WORK

This is a Self Contained Appraisal of the fee simple interest in the subject land. The intended use of the appraisal is for possible sale negotiations. It is understood that Oregon State Parks, Cliff Houck, Real Property Manager, Bandon Biota, Michael Kiezer, Chief Executive Officer, and assigns are the intended users. Bandon Dunes is the client of Marineau and Associates. An aerial inspection of the property was June 5, 2010. Physical inspection of the subject property was made June 16, 2010, the date of value.

The assignment involves the collection and gathering of data from various sources which were then analyzed to arrive at a value conclusion. The types of data collected included information on the social, political, governmental and economic factors within the county the property is located in, assembling accurate information on the legal description, assessed value, zoning and history of the property. Sales data was gathered from a variety of sources which included private investors, real estate brokers and salespersons, the Assessor's Office, the Recorder's Office, and other governmental agencies. The data was assembled, analyzed and a value conclusion was developed, given the limiting conditions and assumptions of the assignment. The Coos and Curry County areas provide the primary data for this analysis. Other data was researched along the entire Oregon Coast and on the south coast of Washington State. We found local data to be the most meaningful, and therefore, chose to use the local data even though some of the sales date as far back as 2003.

There are generally three approaches to value. The Sales Comparison Approach is typically the best method of analyzing raw land. There are no improvements located on the subject property, and the Cost Approach is not applicable to this assignment. The Income Approach will not be used based on our scope of work and vacant land, similar to the subject are rarely leased. This valuation will rely on a Sales Comparison Approach value analysis to determine the market value of this property.

Prior Services

This office has not preformed appraisal services on this property within the past three years.

Competency

There is information in the addenda section of this report that lists the qualifications of Jeffrey L. Marineau, MAI, and the author of this report. Mr. Marineau's experience includes over 36 years of experience as an appraiser in Oregon, which includes experience in the valuation and evaluation of commercial, industrial properties, and agricultural developments.

William E. Flora, under the supervision of Jeffrey L Marineau, MAI, assisted in the following categories described in OAR 161-025-0030(9)(a):"(A) define the appraisal problem; (B) conduct preliminary analysis, select and collect applicable data; (C) conduct an analysis of the subject property; (D) conduct highest and best use analysis; (E) estimate land value, including on-site improvements; (F) estimate value of the property using the three approaches to value - cost, sales comparison and income capitalization [as applicable]; (G) reconcile each value

indication and reconcile the final value estimate; and (H) report estimate(s) of value(s) as defined."

Definition of Market Value

The most probable price in terms of money 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.

Market Value means 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 the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interest;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
- The price represents a normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition is from regulations published by federal regulatory agencies pursuant to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989 between July 5, 1990, and August 24, 1990, by the Federal Reserve Systems (FRS), National Credit Union Administration (NCUA), Federal Deposit Insurance Corporation (FDIC), the Office of Thrift Supervision (OTS), and the Office of Comptroller of the Currency (OCC). This definition is also referenced in regulations jointly published by the OCC, OTS, FRS, and FDIC on June 7, 1994, and in the Interagency Appraisal and Evaluation Guidelines, dated October 27, 1994.

Owner of Record / History

Bandon Dunes LP purchased the subject property from Moore Mill and Lumber Co. on 04/28/1992 for $170,000, Deed Recordation # 92-05-0109

Assessed Value and Annual Tax Load

The current tax and assessment information is presented below. All data on the following spreadsheet was obtained from the Coos County Website.

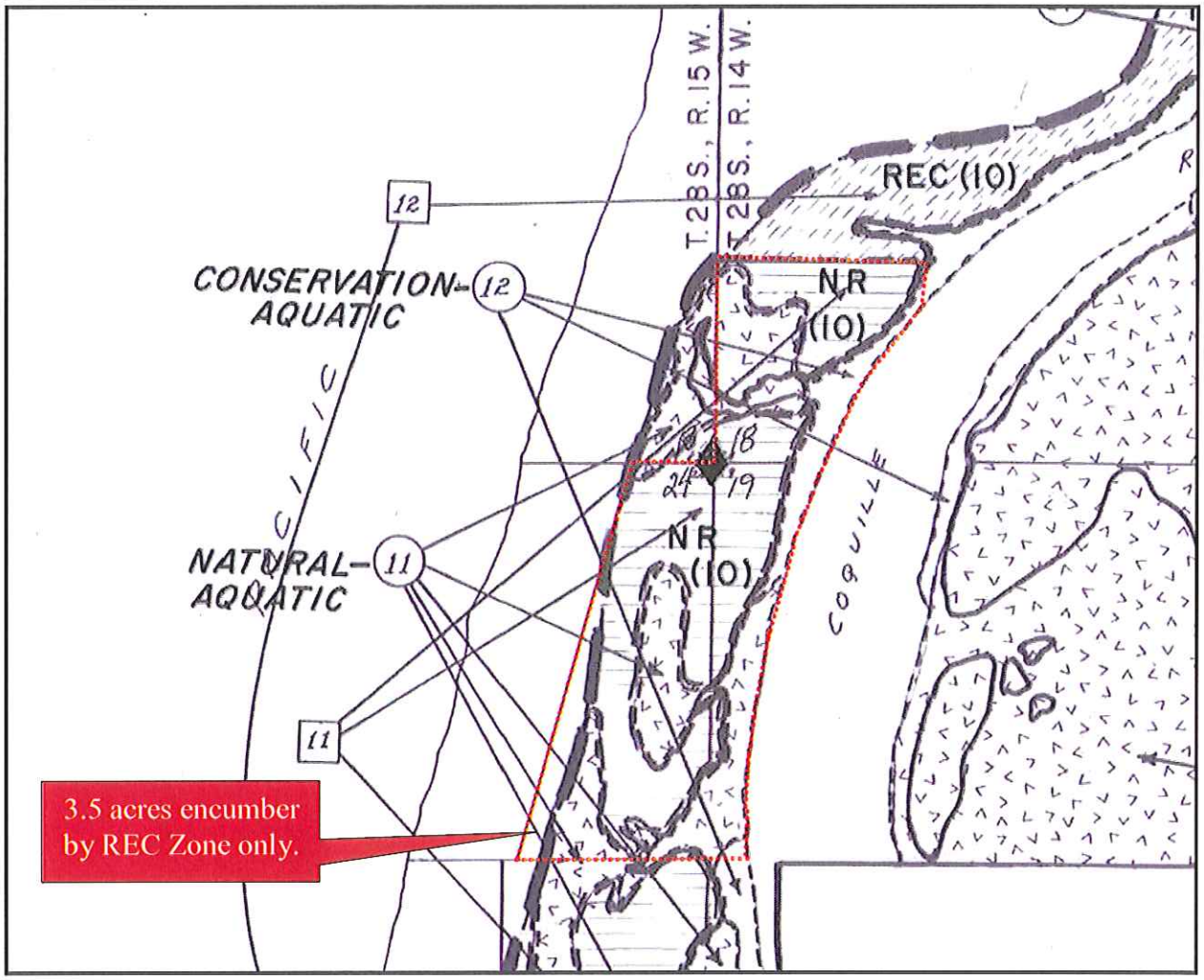
Real Property - Current 2010 Assessment and Tax Load						
		REAL MARKET VALUE				2010
Map / Tax Lot	Land Area	Land	Improvement	Total	Tax Assessed Value	Tax Amount
28-15-24-100	52.25	$ 226,016	$ -	$ 226,016	$ 134,388	$ 1,258
28-14-19-1000	18.88	$ 5,000	$ -	$ 5,000	$ 5,000	$ 46
28-14-18-300	26.60	$ 95,937	$ -	$ 95,937	$ 57,041	$ 538
TOTAL	97.73	$ 326,953	$ -	$ 326,953	$ 196,429	$ 1,842

Zoning

The entire subject property is located within Coos Counties REC, Recreational zone; however, the Coquille River Estuary Management Plan (CREMP) overlay zones also encumber the subject property with the exception of approximately 3.5 acres on the southwest corner of the property. The 3.5 acres not encumbered by the CREMP zones has a long narrow mostly triangular shape and is approximately 105 feet wide at the south end by approximately 2,250 feet long. Note, these area calculations are very approximate and were calculated using ArcView, map scales, and visual estimations between zone maps and aerial photography with plat map overlays. It has been determined the areas of the property encumbered by the Recreational zone only, share the same highest and best use of the areas encumbered by the CREMP zones because of poor utility, and flood plain issues, and therefore, only the CREMP zones are researched in this analysis. The CREMP zones take precedence over the Recreational zone.

The CREMP Zones encumbering the subject property include the Natural Resource Zone (NR 10 acre minimum), which is a Coos County Shoreland Management Designation, and the Natural Aquatic and Conservation Aquatic Zones, which are both Coos County Aquatic Management Designations.

Zoning Map



Uses permitted outright in the NR 10 zone include timber farming and harvesting, non-structural dikes, home occupation subject to Review Standard and Special Development Condition 120, and a few other uses are allowed outright. Administrative Conditional Uses allowed in the NR 10 zone include low intensity recreation subject to Review Standard and Special Development Conditions 54 and 94, single family dwellings subject to Review Standard and Special Development Conditions 10, 32, 96, 97, 99, and 105, and other uses subject to special review standards and conditions. The matrix presented on the following page lists the uses allowed in the CREMP NR zone. Following the matrix is the definition of Low-Intensity Recreation, and Review Standards and Special Development Conditions 54, 94, 10, 32, 96, 97, 99, and 105 for the conditionally allowed low intensity recreational and residential uses.

SECTION 4.2.200. Open Space and Natural Zoning Districts.

The uses and activities regulated by the open space and natural zoning districts are set forth below:

TABLE 4.2a

OPEN SPACE/NATURAL	ZONE DISTRICT				
USE	SS	REC	MES	CREMP REC	CREMP NR
Airport	N	N	N	N	N
Aquaculture	N	N	N	N	N
Farm use pursuant to ORS 215.203	P	P	P-83	P-100,101	ACU-54,34
Farm use pursuant to ORS 215.203 but not for profit	P	P	P-83	P-100,101	ACU-54,34
Farm buildings	P	P	P-83	ACU-54	ACU-54
Timber farming/harvesting	P	P	P-83	P-100,101	P
Propagation, management and harvesting of a forest product	P	P	P-83	ACU-38, 52,54,85	ACU-38, 52,54
Log storage/sorting yard (land)	N	N	N	N	N
Recreation:					
high intensity	P	P	N	ACU-54,86	N
low intensity	P	P	P-82	ACU-54,86	ACU-54,94
Dryland moorage	N	N	N	N	N
Marina shoreside facility	N	N	N	ACU-54,87	N
Marinas	N	P	N	P	N
Fish & wildlife habitat management	P	P	P	N	N
Hunting & fishing preserve	N	P	P-83	N	N
Research & education observation structure	P	P	N	N	N
Campground	P-30	P-30	N	N	N
Recreational vehicle park	N	P-30	N	N	N
Educational-associated facilities	P	P	N	N	N
Dorm facilities	P	N	N	N	N
Modification of historic structure	ACU-65	ACU-65	N	ACU-54,65	ACU-54,65
Water-borne transportation	N	N	N	N	N
Dryland moorage	N	N	N	N	N
Industrial & port facilities	N	N	N	N	N
Contaminated soil/land farming	N	N	N	N	P
Stream alteration	N	N	N	N	N
Navigation aids	N	N	N	N	N

TABLE 4.2a

OPEN SPACE/NATURAL USE	ZONE DISTRICT				
	SS	REC	MES	CREMP REC	CREMP NR
Restoration:					
passive	N	N	P	N	N
active restoration of fish & wildlife habitat or water quality & estuarine enhancement	P	P	P	N	N
Residential:					
single family dwelling:	N	ACU-5	N	ACU-54,88	ACU-10,32, 96,97,99,105
temporary residence	N	P-13	N	P-13,100, 101	N
watchman/caretaker	P-72	P-72	N	ACU-54,72, 89	N
2-family duplex	N	N	N	N	N
multi-family duplex	N	N	N	N	N
2nd floor apartment	N	N	N	N	N
family hardship	N	N	N	N	ACU-2
Bed & Breakfast	N	N	N	N	C-104
Home occupation	N	N	N	N	P-120
Cottage industry	N	N	N	N	P-120
Day care facility (12 people or less)	N	N	N	N	N
Day care facility (13 people or more)	N	N	N	N	N
Land divisions:					
partition	N	P-6	P-6	P-6,48,54	ACU-6,48,54
subdivision	N	P-6	P-6	P-6,48,54	ACU-6,48,54
residential planned unit dev.	N	N	N	N	N
recreational planned unit dev.	N	N	N	N	N
Mobile Home Park	N	N	N	N	N
Industrial uses:					
water-dependent (WD)	N	N	N	N	N
water-related (WR)	N	N	N	N	N
non-WD/non-WR	N	N	N	N	N
Circus/Carnival	N	P-27	N	N	N
Fire station	N	ACU-7	N	N	N
Solid waste disposal	N	N	N	N	N
Museum	N	ACU-7	N	N	N
Zoos	N	ACU-7	N	N	N

TABLE 4.2a

OPEN SPACE/NATURAL	ZONE DISTRICT				
USE	SS	REC	MES	CREMP REC	CREMP NR
Utility facility:					
generation of power for public sale	N	N	N	N	N
generation of power not for public sale	N	N	N	N	N
service lines	P	N	P-83	N	ACU-54
communication structure	N	P	P-83	ACU-7,54	N
air and water navigation aids	N	ACU-7	N	ACU-7,54	N
sewer/water plant/pump station	N	N	N	N	N
Exploration:					
geo-thermal	N	N	N	N	N
aggregate	N	N	N	N	N
other mineral or subsurface resource	N	N	N	N	N
Mining/mineral extraction, including dredging necessary for mineral extraction:					
geo-thermal	N	N	N	N	N
aggregate	N	N	N	N	N
other mineral or subsurface resource	N	N	N	N	N
Dikes:					
new construction	N	P	ACU-83, 90	ACU-54,92	N
maintenance/repair	N	P	ACU-83, 90	ACU-54,92	N
Drainage and tidegating	N	P	N	ACU-54,92	N
Dredge material disposal	N	P	N	ACU-40, 41,51,54	ACU-36,41, 51,54
Fill	N	P	N	ACU-54,93	ACU-36,41, 51,54
Mitigation	N	P	P	ACU-54,87	ACU-54
Shoreland Stabilization:					
structural	N	ACU-102	ACU-84	ACU-46, 54	ACU-46, 54,95
non-structural	N	P	P	P	P
Commercial:					
convenience store	N	C-7,72, 107	N	N	N
off-road vehicle parts & repair service	N	C-7,108	N	N	N
golf course	N	P	N	N	N
kennel	N	P	N	ACU-54	ACU-54

TABLE 4.2a

OPEN SPACE/NATURAL	ZONE DISTRICT				
USE	SS	REC	MES	CREMP REC	CREMP NR
Commercial - continued:					
water-dependent	N	N	N	N	N
water-related	N	N	N	N	N
non-water-dependent/related	N	N	N	N	N
hotel/motel	N	N	N	N	N
off road vehicle rental	N	P	N	N	N
race track	N	C-7	N	N	N

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(2) Low-Intensity Recreation: does not require developed facilities and can be accommodated without change to the area or resource. For example, boating hunting, hiking, wildlife photography, and beach or shore activities can be low-intensity recreation;

Review Standards and Special Development Conditions 54:

54. The following CREMP Policies shall additionally limit all uses and activities set forth in the matrix. Applicable Policies are set forth below, by Shoreland Unit:

SHORELAND UNIT #	LIMITING POLICY #
11	14, 17, 18, 27

On the following page are limiting policies 14, 17, 18, and 27 set forth in Review Standards and Special Development Conditions 54.

Limiting Policy 14:

- **Policy #14: General Policy on Uses within Rural Coastal Shorelands**

I. Coos County shall manage its rural areas with the "Coquille River Coastal Shorelands Boundary" by allowing only the following uses in rural shoreland areas, as prescribed in the management units of this Plan, except for areas where mandatory protection is prescribed by LCDC Goal #17 and #18:

a. farm uses as provided in ORS 215;

b. propagation and harvesting of forest products consistent with the Oregon Forest Practices Act;

c. private and public water-dependent recreation developments;

d. aquaculture;

e. water-dependent commercial and industrial uses, water-related uses and other uses only upon a finding by the county that such uses satisfy a need which can not be accommodated on uplands or in urban and urbanizable areas or in rural areas built upon or irrevocably committed to non-resource use;

f. single family residences on lots, parcels, or units of land existing on January 1, 1977 when it is established that:

1. the dwelling is in conjunction with a permitted farm or forest use, or

2. the dwelling is in a documented "committed" area, or

3. the dwelling has been justified through a goal exception, or

4. such uses do not conflict with the resource preservation and protection policies established elsewhere in this Plan;

g. any other uses, provided that the Board of Commissioners determines that such uses satisfy a need which cannot be accommodated at other upland locations or in urban or urbanizable areas. In addition, the above uses shall only be permitted upon a finding that such uses do not otherwise conflict with the resource preservation and protection policies established

elsewhere in this Plan.

This strategy recognizes (1) that Coos County's rural shorelands are a valuable resource and accordingly merit special consideration, and (2) that LCDC Goal #17 places strict limitations on land divisions within coastal shorelands. This strategy further recognizes that rural uses "a" through "g" above, are allowed because of need and consistency findings documented in the "factual base" that supports this plan.

- **Policy #15: Land Divisions within Rural Shorelands**

This policy indicates that water dependant low intensity recreational uses would be allowed. The subject property is within the "Coquille River Coastal Shorelands Boundary".

Limiting Policy 17:

- **Policy #17: Protection of "Major Marshes" and Significant "Wildlife Habitats" in Coastal Shorelands**

Local government shall protect from development, major marshes and significant wildlife habitat, coastal headlands, and exceptional aesthetic resources located within the Coquille River Coastal Shorelands Boundary unless exceptions allow otherwise.

I. Local government shall protect:

a. "Major marshes" to include areas identified in the Goal #17 "Linkage Matrix", and the Shoreland Values Inventory map; and

b. "Significant wildlife habitats" to include those areas identified on the map "Freshwater Wetlands" plus natural areas of significant importance identified on the map "Historical/Archaeological/Scientific sites"; and

c. "Coastal headlands"; and

d. "Exceptional aesthetic resources" where the quality is primarily derived from or related to the association with coastal water areas.

II. This strategy shall be implemented through:

a. plan designations and use and activity matrices set forth elsewhere in this Plan that limit uses in these special areas to those that are consistent with protection of natural values, and

b. through use of the Special Considerations Map that identifies such special areas and restricts uses and activities therein to uses that are consistent with the protection of natural values. Such uses may include propagation and selective harvesting of forest products consistent with the Oregon Forest Practices Act, grazing, harvesting wild crops, and low-intensity water-dependent recreation.

This strategy recognizes that special protective consideration must be given to key resources in coastal shorelands over and above the protection afforded such resources elsewhere in this Plan.

We are unsure if the subject is within any of these specially identified areas. However, this policy says the government must protect from development. Low intensity recreational uses are defined as not requiring development or change to the resource. Even if the subject were to be within one or all of these specially identified areas, low intensity recreational uses are likely to be allowed, according to the Coos County Planning Department.

Limiting Policy 18:

- **Policy #18: Protection of "Historical, Cultural and Archaeological Sites"**

Local government shall provide special protection to historic and archaeological sites and shall continue to refrain from widespread dissemination of site-specific information about identified archaeological sites.

I. This strategy shall be implemented by requiring review of all development proposals involving an archaeological or historical site to determine whether the project as proposed would protect the historical and archaeological values of the site.

II. The development proposal, when submitted shall include a site development plan showing, at a minimum, all areas proposed for excavation, clearing and construction. Within three (3) working days of receipt of the development proposal, the local government shall notify the Coquille Tribe in writing, together with a copy of the site development plan. The Coquille Tribe shall have the right to submit a written statement to the local government within Thirty (30) days of receipt of such notification, stating whether the project as proposed would protect the historical and archaeological values of the site, or, if not, whether the project could be modified by appropriate measure to protect those values. "Appropriate measures" may include, but shall not be limited to, the following:

a. retaining the historic structure in-situ or moving it intact to another site; or

b. paving over the site without disturbance of any human remains or cultural objects upon the written consent of the Tribe; or

c. clustering development so as to avoid disturbing the site; or

d. setting the site aside for non-impacting activities, such as storage; or

e. if permitted pursuant to the substantive and procedural requirements of ORS 97.750 and 358.920, contracting with a qualified archaeologist to excavate the site and remove any cultural objects and human remains and reinterring the human remains at the developer's expense.

f. Using civil means to ensure adequate protection of the resources, such as acquisition of easements, public dedications, or transfer of title.

If a previously unknown or unrecorded archaeological site is encountered in the development process, the above measures shall still apply. Land development activities, which violate the intent of this strategy, shall be subject to penalties prescribed in ORS Chapter 97.990.

III. Upon receipt of the statement by the Tribe, or upon expiration of the Tribe thirty day (30) response period, the local government shall conduct an administrative review of the development proposal and shall:

a. approve the development proposal if no adverse impacts have been identified, as long as consistent with other portions of this Plan, or

We do not believe the subject is a historical, cultural, or archeological site. However, if the subject were a historical, cultural, or archeological site, a low intensity recreational use would most likely still be allowed.

Limiting Policy 27:

- **Policy #27a: Mass Movement**

Coos County shall require all development in known areas potentially subject to mass movement that lie within the Coastal Shorelands Boundary to comply with Policy #6, Natural Hazards, of the Coos County Comprehensive Plan, Volume 1.

We do not believe this policy applies to the subject.

Review Standards and Special Development Conditions 94:

94. Low-intensity recreation shall be limited to water-dependent, and only permitted in CREMP Shoreland Unit #11.

This standard limits low intensity recreational uses to water dependent, and the zone map indicates the subject is in CREMP Shoreland Unit # 11.

Review Standards and Special Development Conditions 10:

10. Single family residential dwelling, not provided in conjunction with farm use (farm use not for profit may occur in conjunction with this use), upon findings that the proposed dwelling:

    a. is compatible with farm uses described in subsection (2) of ORS 215.203 and is consistent with the intent and purposes set forth in ORS 215.243; and

    b. does not interfere seriously with accepted farming practices, as defined in paragraph (c) of subsection (2) of ORS 215.203, on adjacent lands devoted to farm use; and

    c. does not materially alter the stability of the overall land use pattern of the area; and

    d. is situated upon generally unsuitable land for the production of farm crops and livestock, considering the terrain, adverse soil or land conditions, drainage, flooding, vegetation, location and size of the tract.

This review standard does not apply to the subject as there are no farm uses at the subject location.

Review Standards and Special Development Conditions 32:

32. Seasonal farm worker housing in conjunction with an existing commercial farm use provided:

    a. the seasonal farm housing will be removed or dismantled each year, the housing shall be located on a parcel which is part of a commercial farm enterprise, as determined from the evaluation of the factors in Section 4.2.900 (96), which will require as many seasonal farm workers as the housing will accommodate.

    b. A dwelling occupied by a manager of the seasonal farm housing is located within a distance that facilitates adequate supervision of the residents and management of the housing facilities.

    c. The seasonal farm housing will not force a significant change in, or significantly increase the cost of, accepted farm practices employed on surrounding lands devoted to farm use.

    d. The seasonal farm housing will not be occupied on a year-round basis.

    e. Maximum occupancy for seasonal farm worker housing shall be no more than 9 months.

This review standard does not apply to the subject as there are no farm uses at the subject location.

Review Standards and Special Development Conditions 96:

96. A dwelling customarily provided in conjunction with existing commercial farm use may be allowed when findings are developed which document that the subject property is determined to be in commercial farm use, and

situated on a commercial farm unit of sufficient size that it is consistent with the size of existing commercial farm enterprises located within the county or sub-county area [OAR 660-05-015(6)(a)]. If sub-county areas are used, such shall be determined at the time of application and based upon topographic and other geographic considerations.

When determining whether a proposed dwelling is customarily provided in conjunction with commercial farm use the following factors shall be considered:

a. the size of the entire commercial farm unit, including all land leased for 20 years or more that is part of the managed unit;

b. types of commercial farm crops and acreage for each type;

c. the number of other permanent or temporary dwellings on or serving the entire commercial farm unit;

d. the number of owners/employees/workers on the commercial farm unit, permanent and seasonal; and

e. the extent and nature of the work to be performed by occupants of the proposed dwelling.

This review standard does not apply to the subject as there are no farm uses at the subject location.

Review Standards and Special Development Conditions 97:

97. A single family dwelling may be allowed provided findings are developed which document that the dwelling is necessary for and accessory to a permitted forest use addressing the following factors:

a. a findings that the parcel upon which the dwelling is to be located is of sufficient size to perpetuate the existing or potential commercial forest enterprise of the particular area; general guidelines to be used in making this determination include consideration of the following factors:

- types and sizes of commercial forest units in the area;
- types of "intensive forest products" (Christmas trees, nurseries, etc.) to be produced, value of products to be sold, expected yields, forest practices and marketing practices;
- specific site characteristics, such as soil productivity, special soil or land conditions, and terrain and drainage characteristics.

b. An assessment of the size of the entire forest unit (existing or proposed);

c. operational requirements for the particular forest or woodlot activity proposed;

d. the number of other permanent or temporary dwellings on or serving the entire forest unit.

This review standard does not apply to the subject as there are no forestry uses at the subject location.

Review Standards and Special Development Conditions 105:

105. One farm-help dwelling in conjunction with farm use may be allowed for the relative of a farm operator when:

a. the relative is the grandparent, grandchild, parent, child, brother, or sister of the farm operator or the farm operator's spouse [ref. ORS 215.283(1)(e)(B)];

b. the farm operator states in writing that the relative's assistance in the management of the farm use is or will be required by the farm operator [ref. ORS 215.283 (1)(e)(B)], and states how the farm operator will continue to have some significant involvement in farm operations and the County finds, based on the material so submitted and such other evidence that is presented, that the relative's assistance in the management of the farm use is or will be required by the farm operator [ref. ORS 215.283 (1)(e)(B), and that the farm operator will continue to have some significant involvement in farm operations.

c. The farm-help dwelling will be located on the same lot or parcel as the dwelling of the farm operator [ref. ORS 215.283(1)(e)(A)];

d. the lot or parcel upon which the farm operator's dwelling is located is at least 20 acres in size, including any portion of the lot or parcel not zoned EFU or CREMP-AG;

e. the farm operator's dwelling and the farm-help relative's dwelling are the only dwellings on the subject lot or parcel; and

f. the county imposes a condition on the subject lot or parcel prohibiting its division or partition upon establishment of the farm-help relative's dwelling on the lot or parcel [ref. ORS 215.263(7)].

This review standard does not apply to the subject as there are no farm uses at the subject location. Based on the Review Standards and Special Development Conditions, it does not appear a single family dwelling will be allowed due to the lack of a sizable farm or forestry use on the property.

There are no uses permitted outright in the Natural Aquatic Zone. Aquaculture is an allowable Administrative Conditional Use subject to Estuarine Matrix Footnotes 2 and 13. This use is also subject to Appendix 2 Volume 3 (Coquille River Estuary) Policies 17 and 18. This use is not feasible at the subject's location, and therefore, is not researched further for this analysis.

Aquaculture is a permitted use in Conservation Aquatic Zone, but again this use is not feasible at the subject's location, and therefore is not researched for this analysis. Docks and Moorage is listed as an allowable Administrative Conditional Use subject to Estuarine Matrix Footnotes 1 and 2. This use is also subject to Appendix 2 Volume 3 (Coquille River Estuary) Policies 10, 17, and 18. This type of use is not feasible at the subject's location. The CREMP Matrix presented below lists uses allowed in aquatic units 11 and 12 of the subject property.

TABLE 4.3a

CREMP ESTUARINE USES/ACTIVITIES MATRIX

Aquatic Zoning District		USES				
			Commercial			
AQUATIC UNIT NO.	Designation	Aquaculture	Water-Dependent	Water-Related	Non-WD/WR	Docks and Moorage
8	Conservation	2,11 P #17,18	N	N	N	1,2 ACU #10,17,18
10	Natural	2,13 ACU #17,18	N	N	N	N
11	Natural	2,13 ACU #17,18	N	N	N	N
12	Conservation	2,11 P #17,18	N	N	N	1,2 ACU #10,17,18
13	Natural	2,13 ACU #17,18	N	N	N	N
14	Development	2,12 ACU #17,18	2 P	2,3 ACU #17,18	N	2 ACU #10,17,18
15	Conservation	2,11 P #17,18	1,2 ACU #17,18	N	N	1,2 ACU #10,17,18
16	Natural	2,13 ACU #17,18	N	N	N	N

Zoning Summary

In summary, low intensity water dependant uses or conservation seem to be the most likely uses for the subject property. Other uses may be allowed but the properties location and land type are not conducive to other uses such farm, forest, or high intensity recreational uses.

Area Data

The subject property is located in Coos County. Coos Bay and North Bend abuts each other in Northern Coos County, and form the Bay Area Community. The Bay Area is situated along the Oregon Coastal Highway (Route 101). Together, these two communities form the largest metropolitan area on the Oregon Coast. The twin city Bay Area is a forest product and tourism/recreation based, lower-to-middle income region located on the Southern Oregon Coast, Coos County, Oregon.

The local economy has improved in the last two decades since the recessionary forces affecting timber harvesting caused a deep drop in real estate prices. With the immigration of seniors, unemployment rates have been reduced, as non-manufacturing employment opportunities replaced positions displaced in the manufacturing sector. Recent population figures show an estimated 63,210 in Coos County, up from the 1990 census figure of 60,273. Coos Bay has a population of 16,670 while North Bend has 9,855 residents, according to Portland State University.

The Mill Casino and Resort has taken over one of the closed mill sites and has built an Indian gambling resort. The construction of the Scottish links golf courses 25 miles to the South, just north of Bandon, by Michael Keiser out of Chicago, has led to a lot of new interest in this area. Four Scottish links golf courses, and an extensive practice facility, have already been developed five miles to the north of Bandon. The resort is one of our largest employers with close to 450 employees plus several hundred caddies during the peak summer months. Mr. Keiser has put more than $100,000,000 into this development, which has drawn national and international attention.

The North Bend Airport Business Park negotiated construction of a large office building for a call-center facility, which has been in operation for several years. The call center service, recently purchased by Xerox, is tied to the fiber optic cable that has been brought to our community. A new larger airport terminal building and control tower at the South Coast Regional Airport was completed in 2008. The State Legislature passed a bill authorizing $20,000,000 for a new natural gas line for Coos County from the I-5 corridor, subject to voter approval, which passed. Work is now complete and working line has been extended under the bay to the North Spit.

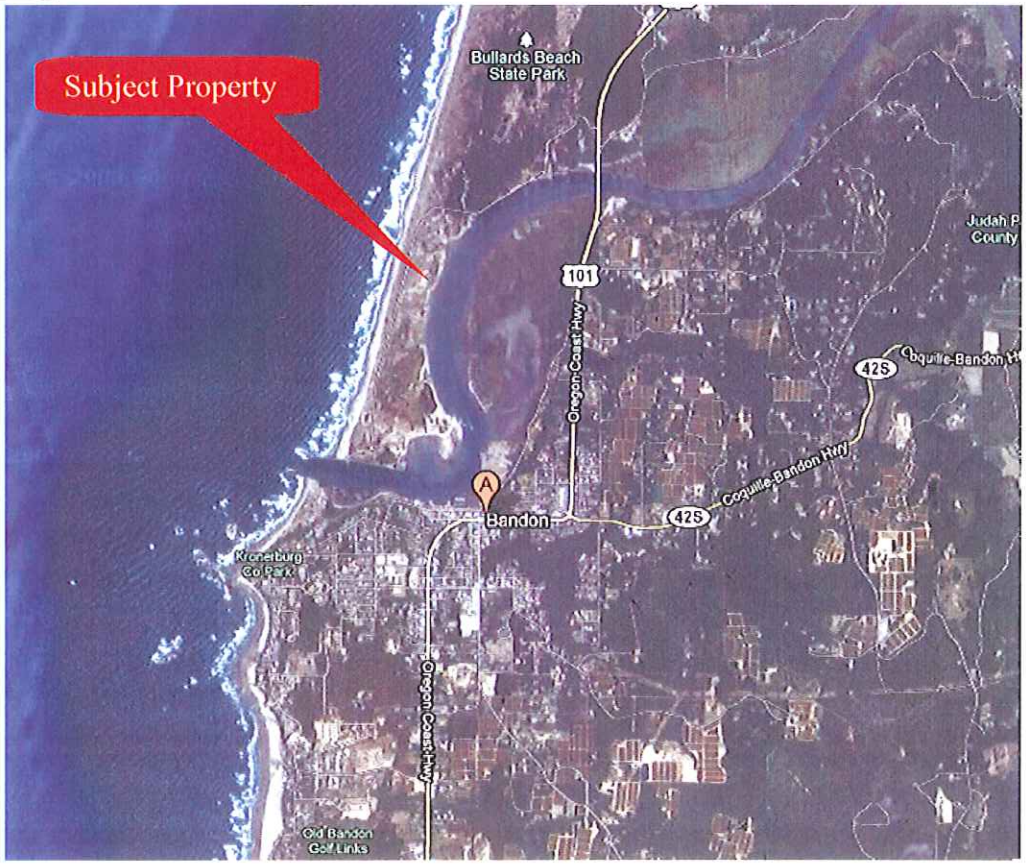
The area's economy shows positive economic signals. Although there have been mill closures in the past, there are now solid industrial prospects. There has been additional semi-intense new retail development. Wal-Mart acquired the lands to the east of their original store for over $1.5 million dollars and developed a Wal-Mart Superstore on Newmark Avenue. Staples spent $532,500 for a lot on the west side of Wal-Mart and built their store there. These developments are across the street from SOCC, the local 2-year college. Newmark Street has undergone a widening project that significantly improved the traffic flow and access to all properties in this area.

Oregon Resources will soon be opening the old Glenbrook Nickel Site in the South Coos Bay area. They will invest over $30 million and employ over 40 people. In addition, if the Jordon Cove LNG facility is approved, it will bring $900 million in investment and employ more than 70 people. In 2007, the CEDCO Mill Casino and Hotel plus RV Park constructed a luxury six story hotel and indoor pool with spas at the southwest corner of the Casino, reported as costing over $45 million dollars. The area economy, as a whole, should see moderate growth into the foreseeable future.

Neighborhood

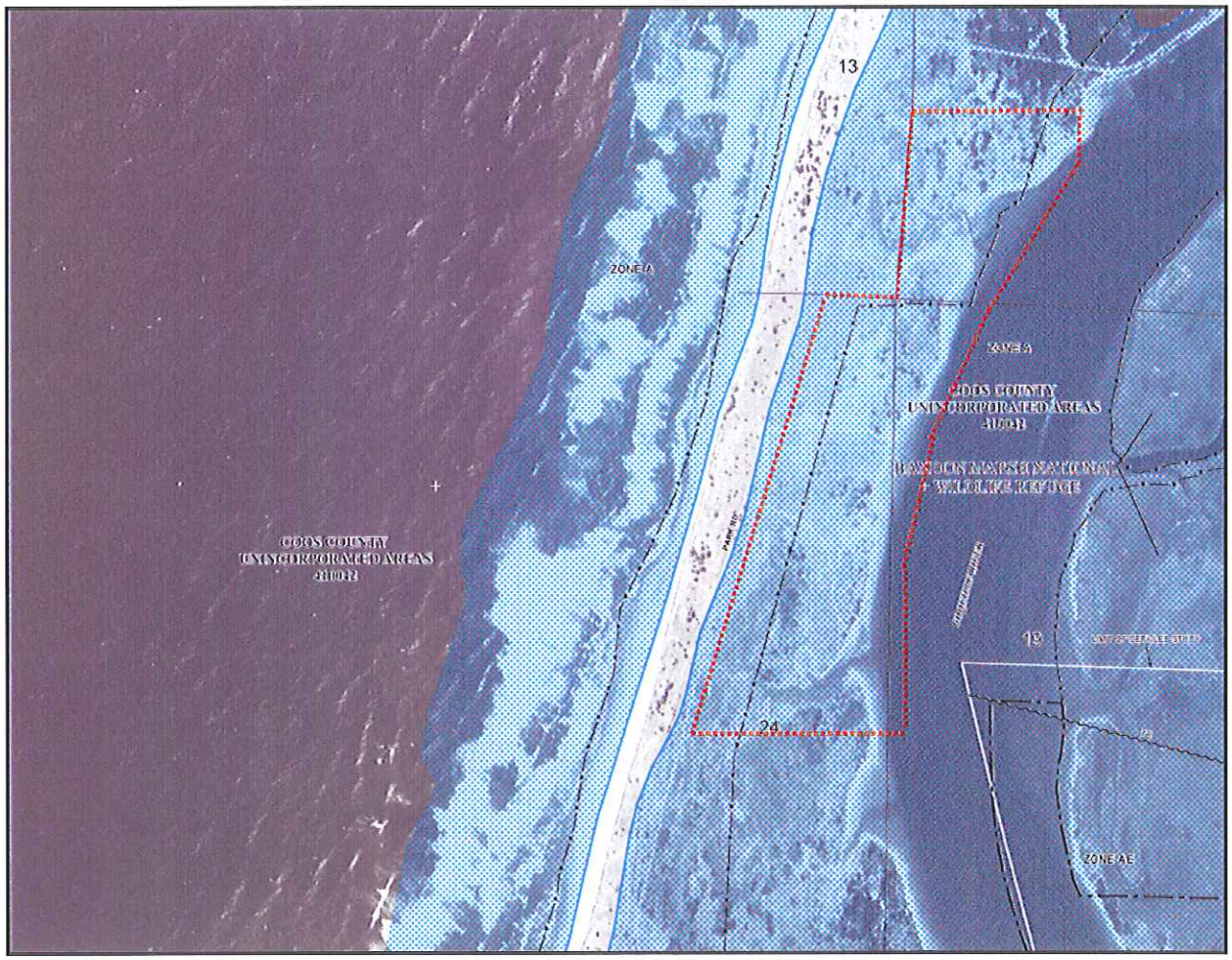
The subject property is located Just north of the City of Bandon along the west side of the Coquille River and on the Bullards Beach spit. Uses directly surrounding the subject include Bullards Beach Campground directly to the north, ocean beaches directly to the west, the lighthouse and mouth of the Coquille River, directly to the south. The park like setting surrounding the subject property makes this area a popular sightseeing location for tourists during the summer months. Other tourist attractions in the area include Old Town Bandon, the Pacific Ocean in general, and the world class Bandon Dunes Golf Resort. Tourist traffic on the southern Oregon coast picks up in May, gets very busy during July and August, and begins to slow again in late September. The tourist season is a busy time of year on the Southern Oregon Coast. Other land uses in the surrounding area vary from small rural acreage homesites to large tracts of recreational, agricultural, and forest lands. The subject is a typical use within its neighborhood.

Area Map



FEMA Flood Map (41011C0327D)

It appears the entire subject property is located within a federally identified special flood hazard zone evidenced by panel 41011C0493D, September 25, 2009. The legend follows the flood map below.



LEGEND

SPECIAL FLOOD HAZARD AREAS (SFHAs) SUBJECT TO INUNDATION BY THE 1% ANNUAL CHANCE FLOOD

The 1% annual chance flood (100-year flood), also known as the base flood, is the flood that has a 1% chance of being equaled or exceeded in any given year. The Special Flood Hazard Area is the area subject to flooding by the 1% annual chance flood. Areas of Special Flood Hazard include Zones A, AE, AH, AO, AR, A99, V, and VE. The Base Flood Elevation is the water-surface elevation of the 1% annual chance flood.

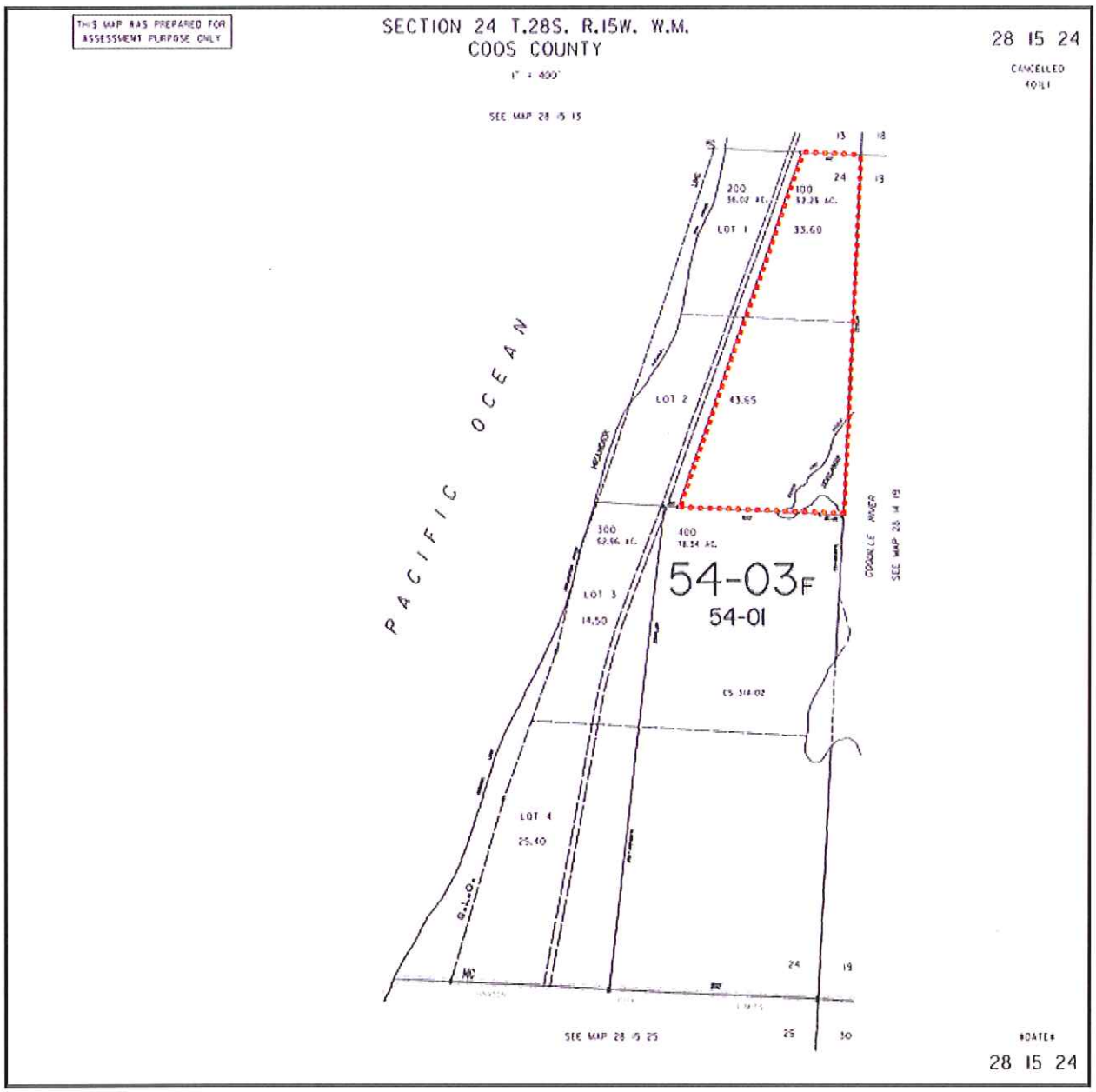
ZONE A	No Base Flood Elevations determined.
ZONE AE	Base Flood Elevations determined.
ZONE AH	Flood depths of 1 to 3 feet (usually areas of ponding); Base Flood Elevations determined.
ZONE AO	Flood depths of 1 to 3 feet (usually sheet flow on sloping terrain); average depths determined. For areas of alluvial fan flooding, velocities also determined.
ZONE AR	Special Flood Hazard Areas formerly protected from the 1% annual chance flood by a flood control system that was subsequently decertified. Zone AR indicates that the former flood control system is being restored to provide protection from the 1% annual chance or greater flood.
ZONE A99	Area to be protected from 1% annual chance flood by a Federal flood protection system under construction; no Base Flood Elevations determined.
ZONE V	Coastal flood zone with velocity hazard (wave action); no Base Flood Elevations determined.
ZONE VE	Coastal flood zone with velocity hazard (wave action); Base Flood Elevations determined.

FLOODWAY AREAS IN ZONE AE

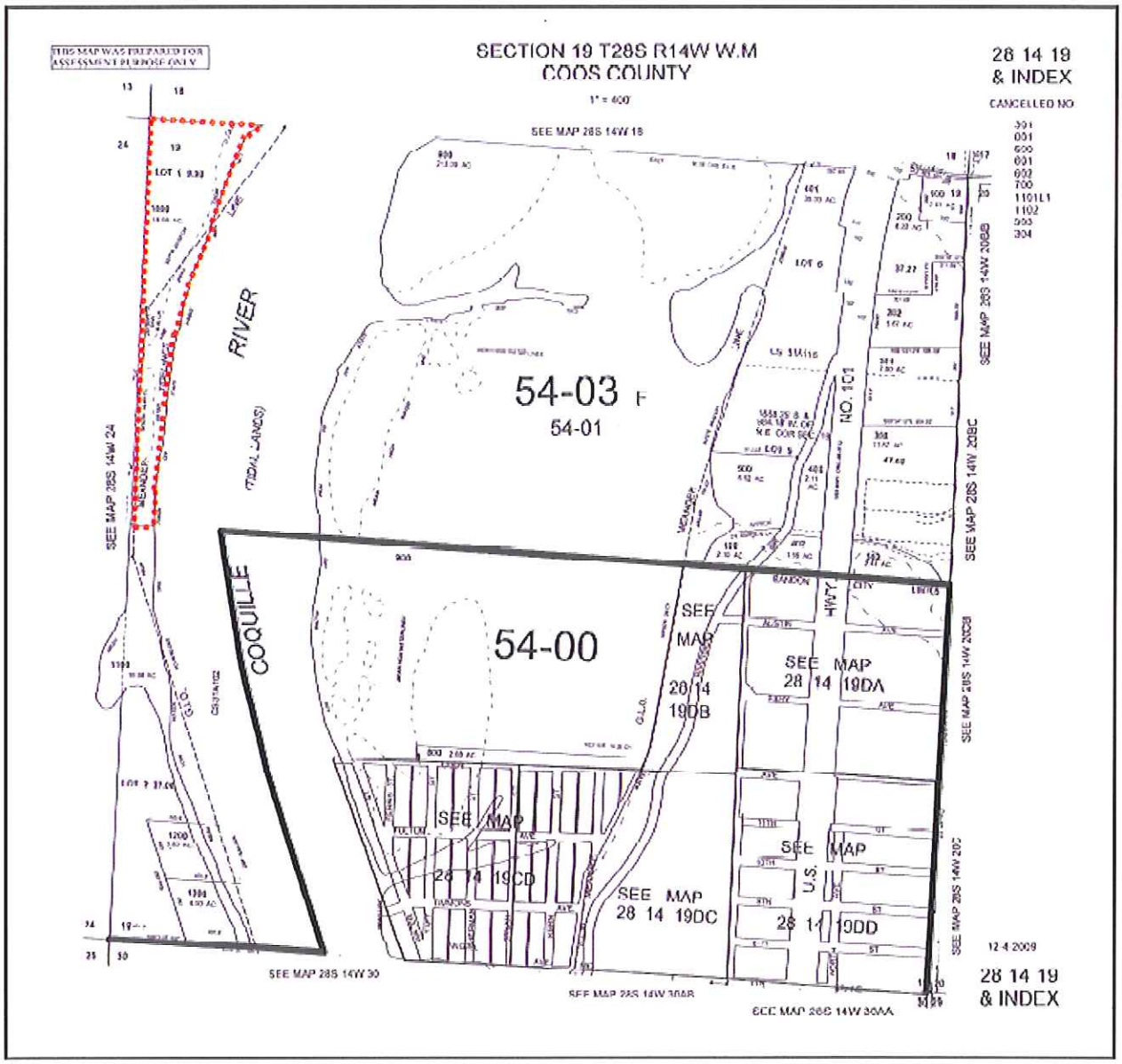
The floodway is the channel of a stream plus any adjacent floodplain areas that must be kept free of encroachment so that the 1% annual chance flood can be carried without substantial increases in flood heights.

OTHER FLOOD AREAS

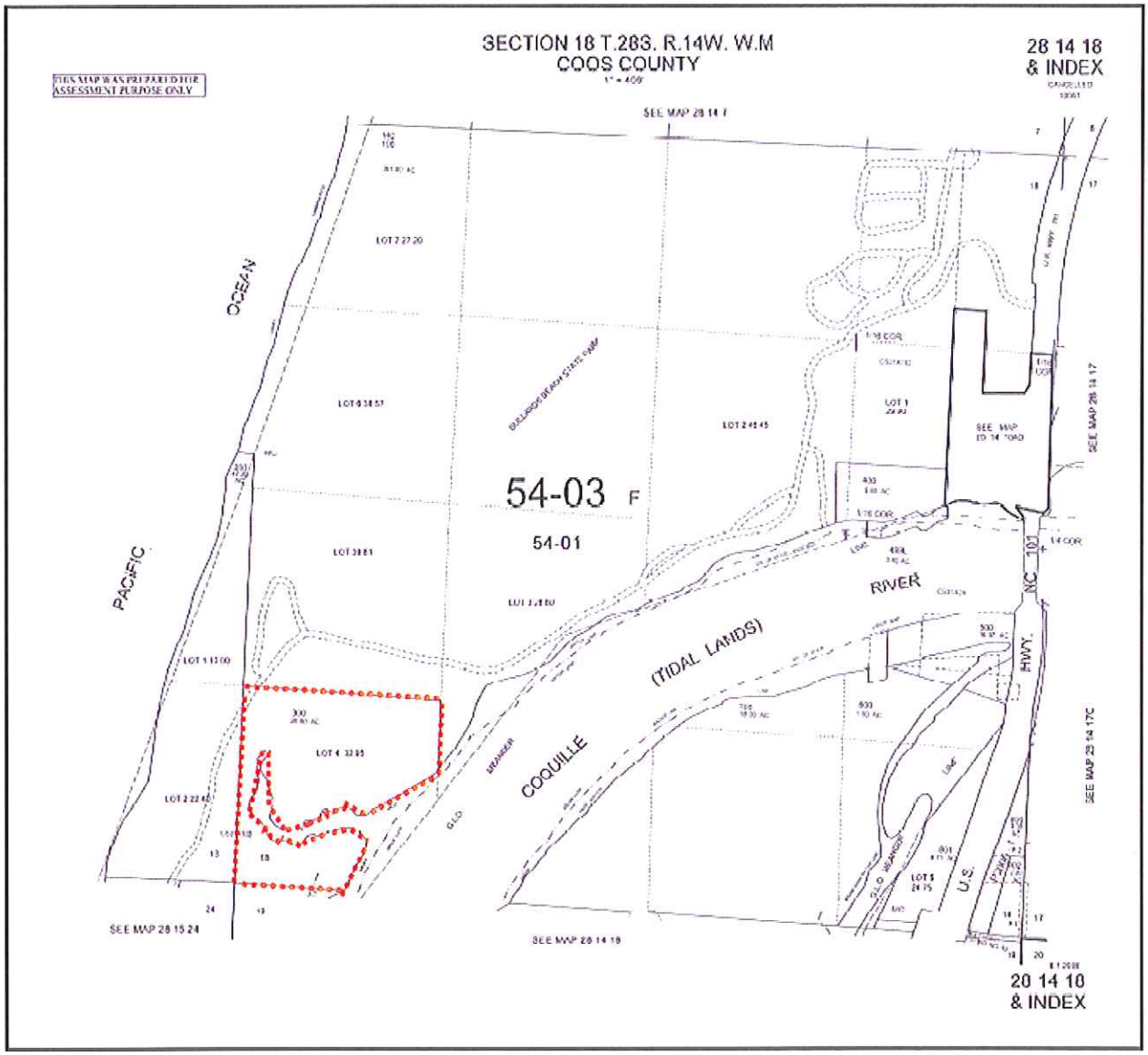
Plat Map 28-15-24-100



Plat Map 28-14-19-1000



28-14-18-300


SECTION 18 T.28S. R.14W. W.M
COOS COUNTY
28 14 18
& INDEX
SEE MAP 28 14 7
OCEAN
PACIFIC
54-03 F
54-01
RIVER
(TIDAL LANDS)
COQUILLE
NC 101
HWY.
U.S.
SEE MAP 28 15 24
SEE MAP 28 14 18
SEE MAP 28 14 17
SEE MAP 28 14 17C
20 14 18
& INDEX

SUBJECT PROPERTY DESCRIPTION

Site

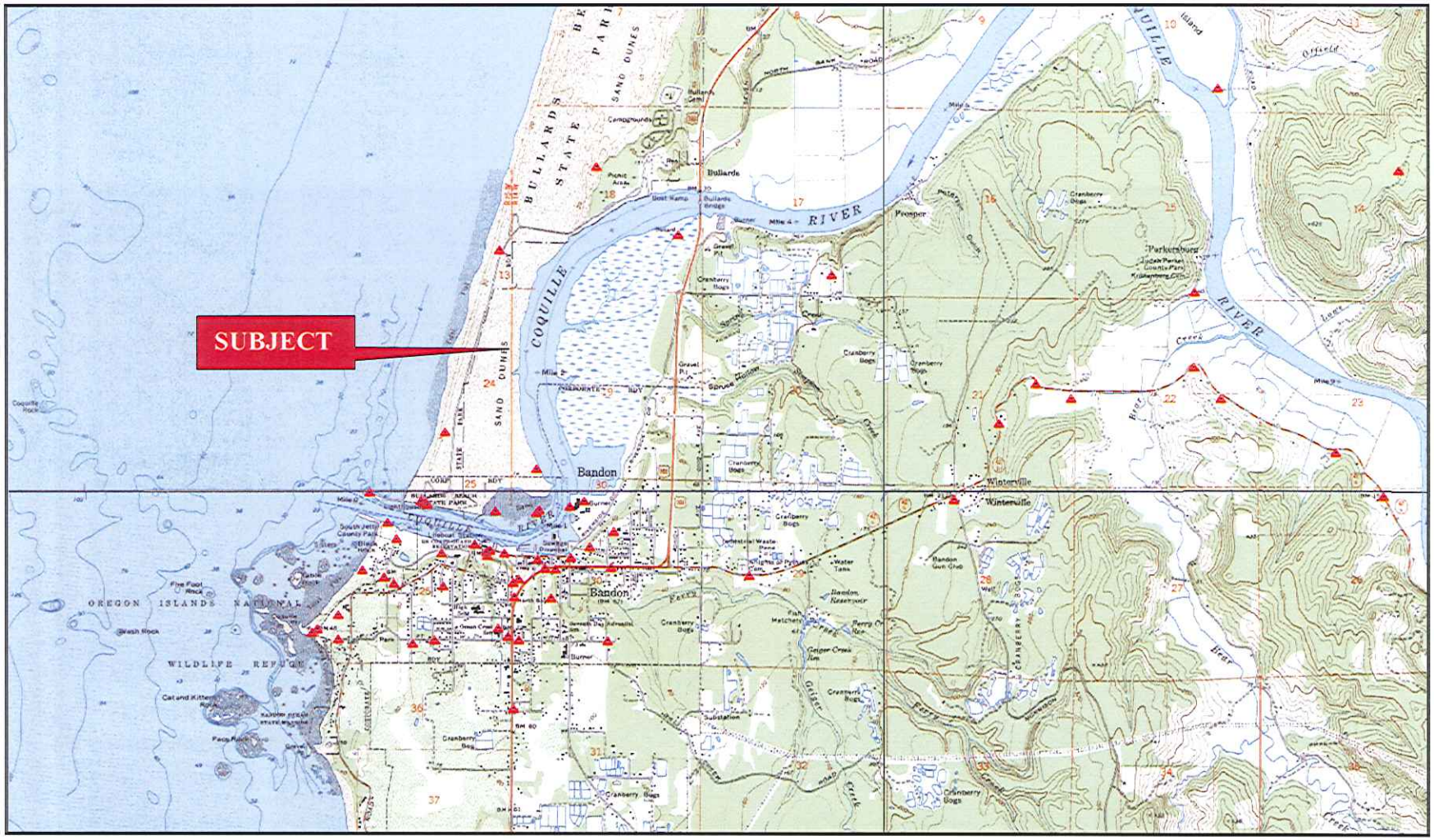
Access to the property is available off of Park Road. Park Road runs north to south, parallel to the subject parcel's western boundary. From Park Road there are several single lane dirt roads that run east to west and onto the subject. The property consists of three map and tax lots, including Coos County Map and Tax Lot 28-15-24-100, 28-14-19-1000, and 28-14-18-300 which have a total land area of 97.73 acres.

The topography of the subject is mostly level with moderate undulating changes in elevation. The areas with lower elevation appear to have tidal influence. There is evidence of wood debris on many areas along the river suggesting heavy flooding at times during the winter at high tide. There are areas on the east side of the parcel that are submerged in the Coquille River. Ground cover on the property is relatively sparse with mostly beach grass and small shrubs, but very few trees of any kind. Power is available adjacent the subject property. No water or sewer is developed on the site.

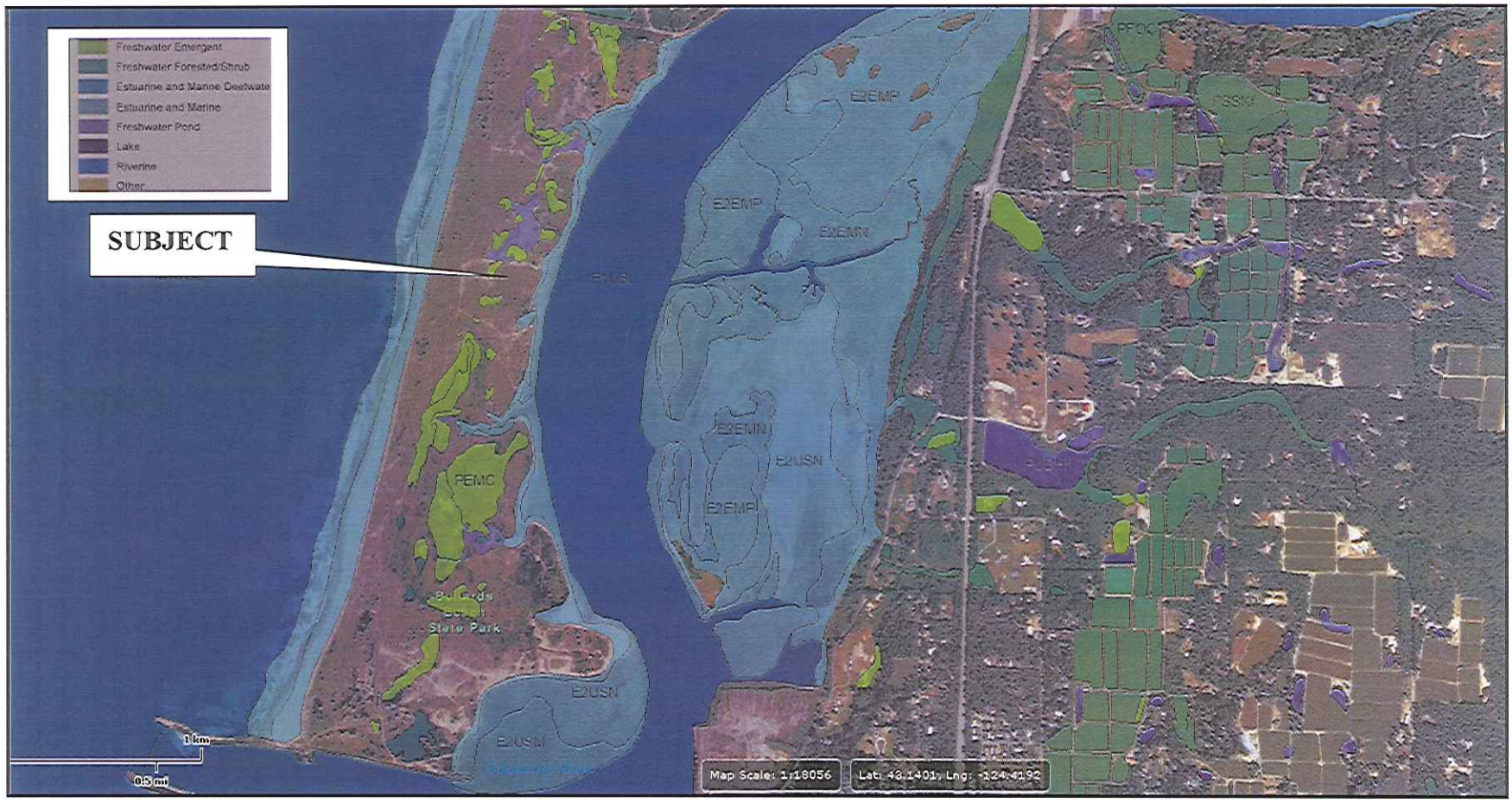
In summary, the subject is considered to have a good location with a park like setting, Coquille River frontage, and direct ocean beach access. The amenities afforded to the subject in combination with a location in close proximity to Bullards Beach Campground and the city of Bandon give this parcel good utility for water dependant low intensity recreational uses.

Aerial View

Topographic Map



Wetlands Map



Improvements

There are no improvements located on the subject property.

Highest and Best Use Analysis

The function of Highest and Best Use Analysis is to assess the physical qualities of a property in relation to the forces at work in its marketplace. It assists the appraiser in identifying elements of utility and function, and allows for the reasoned prediction of the subject property's performance in the marketplace. The term Highest and Best Use, as defined by the Appraisal Institute, is:

> the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest and best use.

The highest use defined above implies a distinction between the Highest and Best Use of land, or a site as though vacant, and the property as improved. In both instances, the economic principles of supply and demand, substitution, balance and conformity are the basis of a valuation for analyzing the interest in both real property and the improvements. These interdependent economic principles influence value based on utility, scarcity, desire and effective purchasing power.

Site "As Vacant Land"

In analyzing the Highest and Best Use for the subject site "as vacant", the appraiser attempts to determine the most likely and probable use of the land.

Legally Permissible Uses: The entire subject property is located within Coos Counties REC, Recreational Zone; however, the Coquille River Estuary Management Plan (CREMP) overlay zones also encumber all of the subject property with the exception to approximately 3.5 acres on the southwest corner of the subject. The 3.5 acres not encumbered by the CREMP zones has a long narrow mostly triangular shape and is approximately 105 feet wide by approximately 2,250 feet long. Note, the previous area calculations are very approximate and were calculated using ArcView, map scales, and visual estimations between zone maps and aerial photography with plat map overlays. In the areas of the subject property that are encumbered by both the REC and CREMP zones, the CREMP zones take precedence over the County Recreational Zone.

The CREMP Zones encumbering the subject property include the Natural Resource Zone (NR 10 acre minimum), which is a Coos County Shoreland Management Designation, and the Natural Aquatic and Conservation Aquatic Zones, which are both Coos County Aquatic Management Designations.

Uses permitted outright in the NR 10 zone include timber farming and harvesting, non-structural dikes, home occupation subject to Review Standard and Special Development Condition 120, and a few other uses are allowed outright. Administrative Conditional Uses allowed in the NR 10 zone include low intensity recreation subject to Review Standard and Special Development Conditions 54 and 94, single family dwellings subject to Review Standard and Special Development Conditions 10, 32, 96, 97, 99, and 105, and other uses

subject to special review standards and conditions. As discussed in the zoning section of this report, low intensity water dependant recreational uses is a use likely to be allowed on the subject property.

A small portion of the subject property, approximately 3.5 acres, is zoned Recreational only. This zone permits outright high intensity recreational uses, low intensity recreational uses, farm uses, timber uses, and more. Conditional uses include single family dwellings, fire stations, and more. It appears there is a remote chance the subject could be developed with a caretakers residence in conjunction with a high intensity recreational use; however, flood plain issues and the utility of this long narrow area makes any type of development debatable. It is impossible to know if this type of development would be allowed at this location without going through with a conditional use hearing.

Given the zoning and other land use restrictions on the remainder property, and the probable opposition from the environmental community to a high intensity recreational development on subject, it is unlikely that the typical buyer would consider this type of development on the subject parcel. Low intensity water dependant recreational uses or conservation seem to be the most likely uses for the subject property.

Physically Possible Uses: The overall site is 97.73 acres and it appeared that most of the upland areas of the site are useable. The topography of the land is moderate making many uses of the land physically possible. However, the restrictive CREMP Zones are going to restrict most uses of the subject. Low intensity water dependant recreational uses are physically possible.

Financial Feasibility / Marketability: The subject location is well suited for low intensity water dependant recreational uses. The sales used in this report indicate that there is market demand for properties that have limited utility, yet have qualities that are attractive for environmental protection, conservation, and unobtrusive recreational uses. The subject certainly has these qualities with Coquille River frontage, low lands with tidal influence, close proximity to the ocean beaches, and very restrictive zoning. It is our opinion that a low intensity water dependant recreational use is financially feasible and maximally productive.

Conclusion of Highest and Best Use "As Vacant": The Highest and Best Use of the subject property is for a low intensity water dependant recreational use.

VALUATION

Description of the Approaches to Valuation

There are three basic approaches to estimating the value of real property. These are generally referred to as the Cost Approach, the Sales Comparison Approach and the Income Capitalization Approach. The applicability of any of the approaches to a given subject property is directly related to the availability of market data. There are instances when one or more of the approaches may not be reliably developed. Each of the valuation techniques is defined below.

Cost Approach: A set of procedures in which an appraiser derives a value indication by estimating the current cost to reproduce or replace the existing improvements, deducting for all accrued depreciation in the property and adding the estimated land value.

Sales Comparison Approach: A set of procedures in which an appraiser derives a value indication by comparing the property being appraised to similar properties that have been sold recently, applying appropriate units of comparison and making adjustments, based on the elements of comparison, to the sale prices of the comparables.

Income Capitalization Approach: A set of procedures in which an appraiser derives a value indication for income-producing properties by converting anticipated benefits into property value. This conversion is accomplished by either (1) capitalizing a single year's income expectancy or an annual average of several years' income expectancies at a market- derived capitalization rate or a capitalization rate that reflects a specified income pattern, return on investment, and change in the value of the investment; or (2) discounting the annual cash flows for the holding period and the reversion at a specified yield rate.

Regardless of the income capitalization approach taken, the analysis includes forecasts and predictions of future events as buyers of income-producing property basically trade present dollars for the right to receive future dollars.

The valuation process is composed of integrated and interrelated techniques and procedures designed to produce a reliable and convincing estimate of value. On the following pages are presented the Market Data and Analyses, which form the basis of the final value estimates.

The data presented in the Sales Comparison Approach is the most recent and applicable data available for this analysis. Data along the entire Oregon Coast was researched along with a few data points located on the southern coast of Washington State. We found the local data to be most meaningful even though some of the information dates back to 2003 and 2004. Each sale was verified and inspected as closely as possible to accurately assess the land and any existing site improvements.

Sales Comparison Approach

The Sales Comparison Approach produces a value estimate based upon the sales and/or listings of reasonably comparable properties. It is a process of making primarily physical comparisons between sold properties and the subject. The reliability of this technique depends on the following:

1. The degree of comparability between the comparison property and the subject.
2. The accuracy of the sales data.
3. The actions of the market in the intervening time since the sale.
4. The absence of unusual conditions affecting the sale.

This approach is the most common and reliable method of estimating the land value. It is a primary approach utilized by us in evaluating the property.

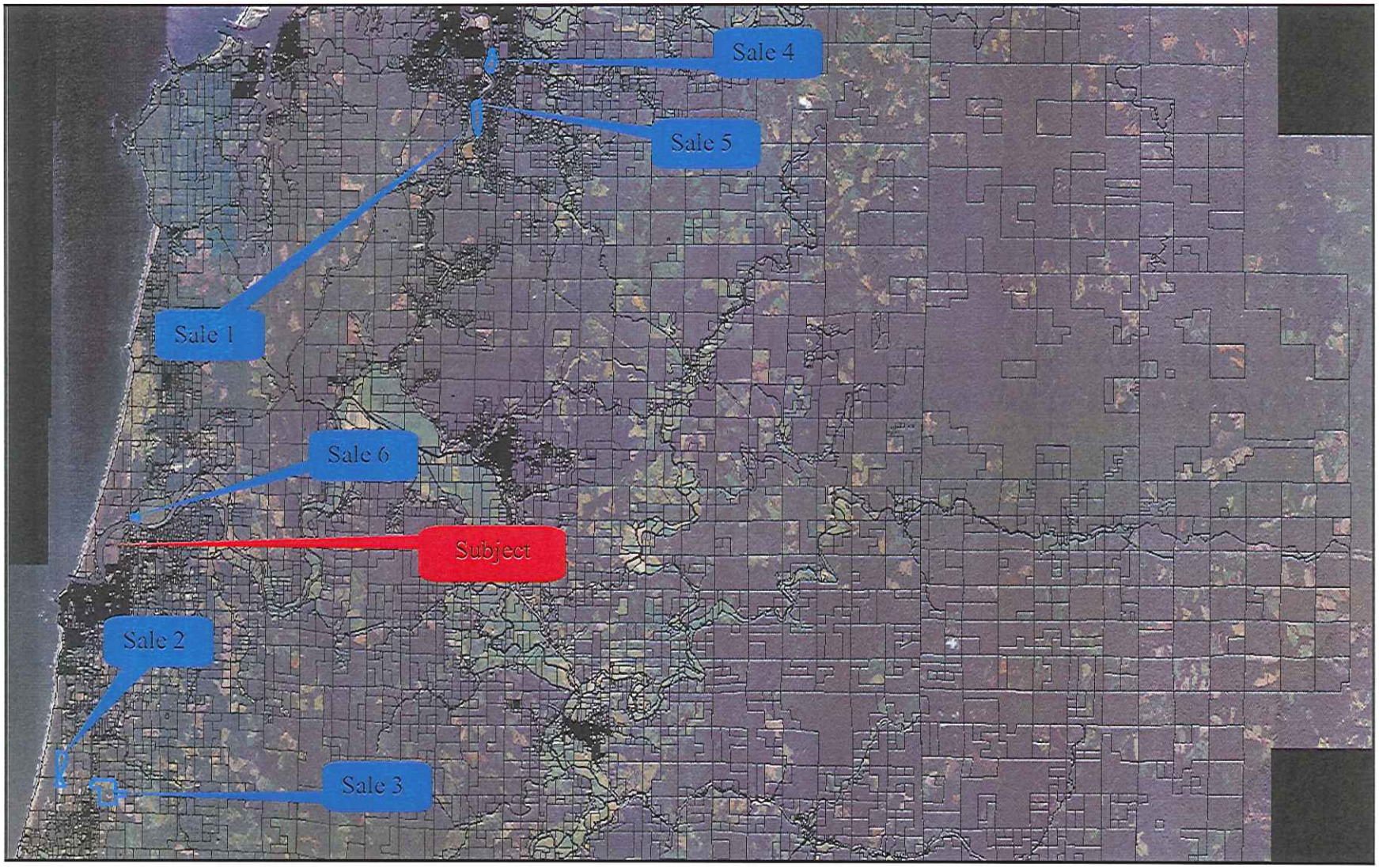
The exteriors of the comparable properties have been inspected and the sales were analyzed in relation to the subject property. The analysis included adjustments for differences accountable in the four above conditions plus location, lot size, utility, and other factors which were relevant. It is noted that larger parcels typically sell for lower dollar prices per square foot than do smaller parcels. The sales used were considered the closest, most recent relevant sales available for comparison to the subject property.

The Sales Comparison Approach is based primarily on the Economic Principle of Substitution in that the value of a site and improvements tends to be the cost of acquiring an equally desirable substitute property. It is the process of analyzing sales of similar, recently sold properties, preferably from the subject immediate neighborhood, in order to derive an indication of the most probable sales price. This approach is most reliable in an active market for property with a high degree of similarity and becomes less effective in an inactive market, or when properties lack homogeneity.

In the Sales Comparison Approach, the subject property is compared to the most recent and relevant sales of properties similar to the subject. In this analysis, the appraisers have identified the most comparable properties.

A total of 6 sales are used in the Sales Comparison Approach. Given the Highest and Best Use of the subject property with a low intensity water dependant recreational use, the appraiser searched for vacant land sales with tidal or marsh influence that are likely to be used for a conservation type use, similar to the subject. It was necessary to use additional data that does not have tidal, marsh, or conservation influence in order to bracket the subject per acre value. The best available data is used to support our estimate of value.

Comparable Sales Map



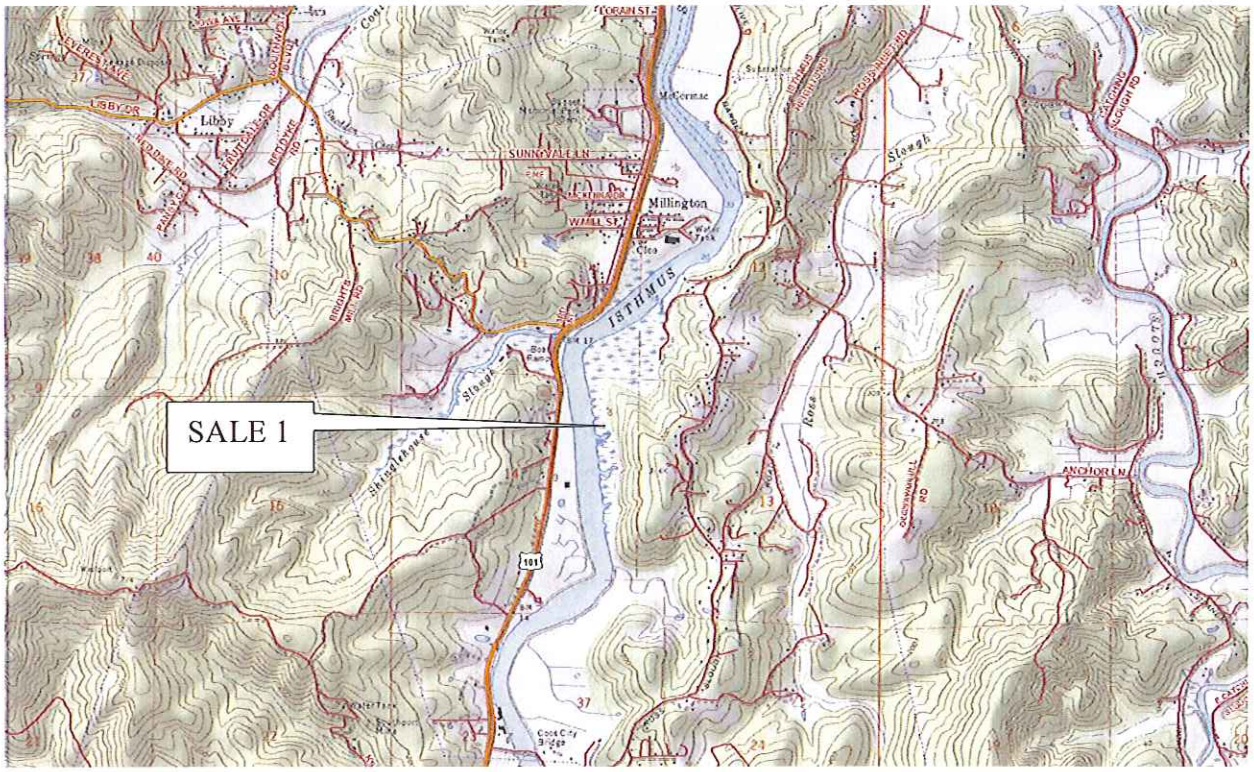
Sale 1

LOCATION:	Isthmus Slough, west of Olive Barber Road, south of Millington, Coos County
GRANTOR:	Plum Creek Timberlands, LP
GRANTEE:	Charles and Joanna Bracelin
DATE OF SALE:	May 1, 2007
CONSIDERATION:	$180,000
TERMS OF SALE:	Unknown
LAND SIZE:	80.9 acres
UNIT PRICE:	$2,225 per acre
LEGAL DESCRIPTION/ PROPERTY IDENTITY:	Coos County Map and Tax Lot Number 26-13-14-100
ZONING:	CBEMP / Forest
RECORDATION:	2007-5872
VERIFIED:	Dan Holman, Realtor

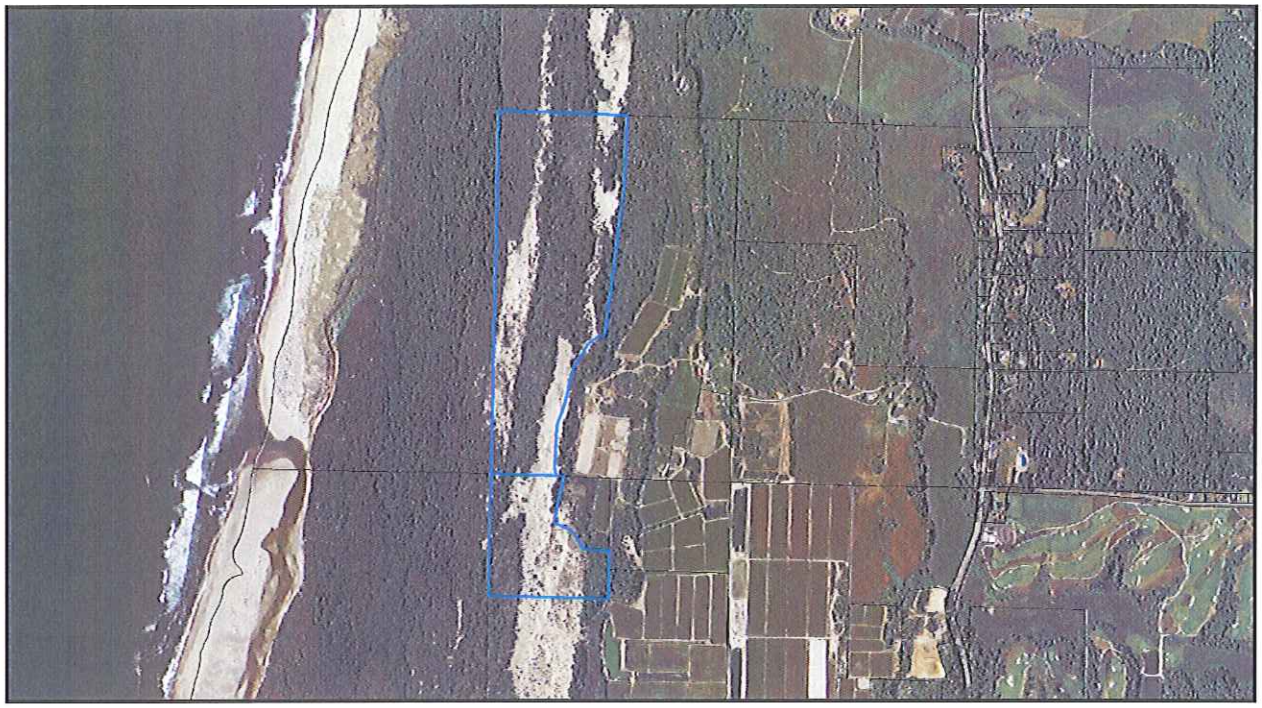
COMMENTS:

Sale 1 is an unimproved 80.9± acre site that is encumbered by the Coos Bay Estuary Management Plan Zone and Coos Counties Forest Zone. The property is located on the eastside of and fronting Isthmus Slough. At the time of Sale, no access was available to the property. The buyers owned adjacent property where access could be developed. This property has mostly flat low lying topography and consists of tidelands and upland timberland. Timber on the property had been harvested before the sale closed, except for timber in the riparian areas. The property was marketed to the adjacent property owner and the buyers responded with an offer of $180,000, which ultimately was the sale price. No utilities are developed to the property.

TOPOGRAPHY MAP



Sale 2

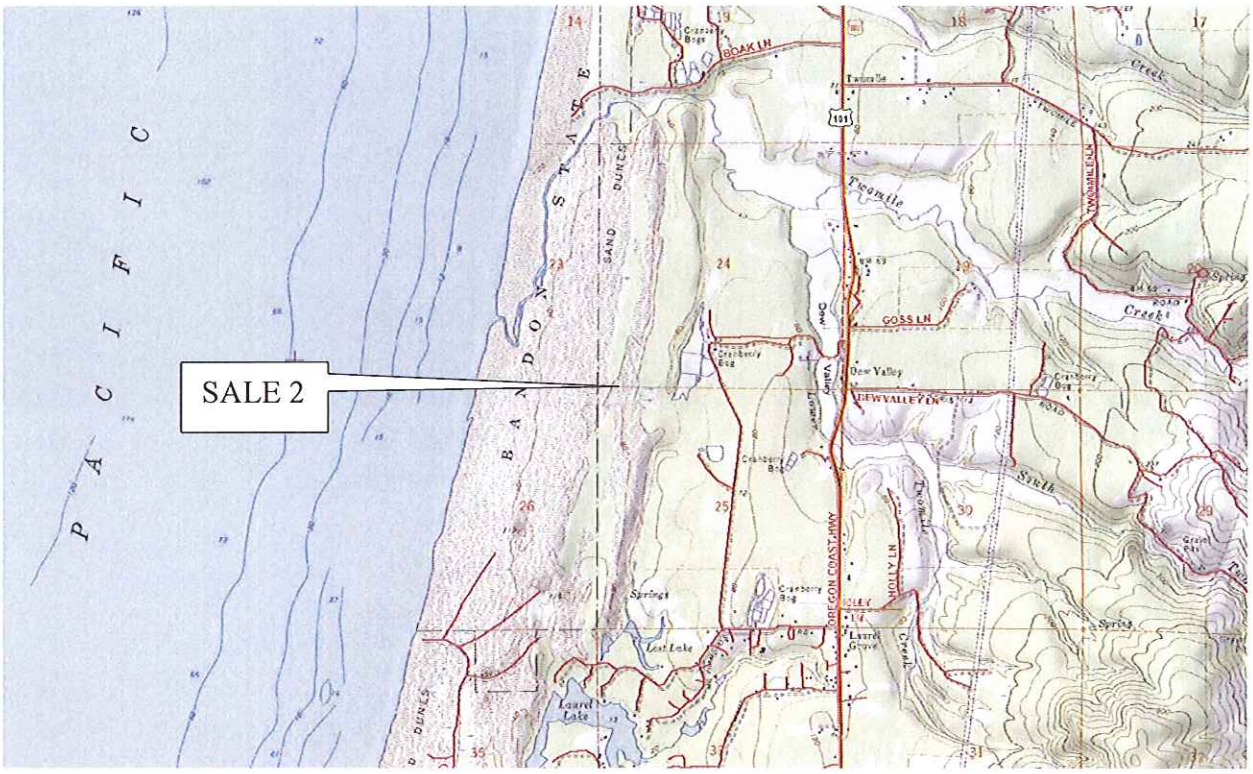


LOCATION:	Abuts the east side of Bandon State Park; West of US 101 and Dew Valley Drive; South of Bandon, Coos County
GRANTOR:	Marci Murray and David Kranick
GRANTEE:	Bandon Biota, LLC
DATE OF SALE:	05/08/2003
CONSIDERATION:	$270,000
TERMS OF SALE:	Cash
LAND SIZE:	135 acres
UNIT PRICE:	$2,000 per acre
LEGAL DESCRIPTION/ PROPERTY IDENTITY:	Coos County Map and Tax Lot Number 29-15-24-201 & 29-15-25-900
ZONING:	F; EFU
RECORDATION:	2003-6464
VERIFIED:	Bob Johnson representing Bandon Biota, LLC

COMMENTS:

Sale 2 totals 135 acres and consists primarily of forested and open sand dunes. Our inspection indicates that some areas of the parcel are sand dune with little to no vegetative ground cover. The topography is flat to moderately steep with predominantly conifer tree species (mostly pine) with thick under brush. There may have been some low lying wetland areas on the interior of the site, but they were not visible or obvious during our inspection. There was no direct physical access or utilities developed to the property.

TOPOGRAPHY MAP



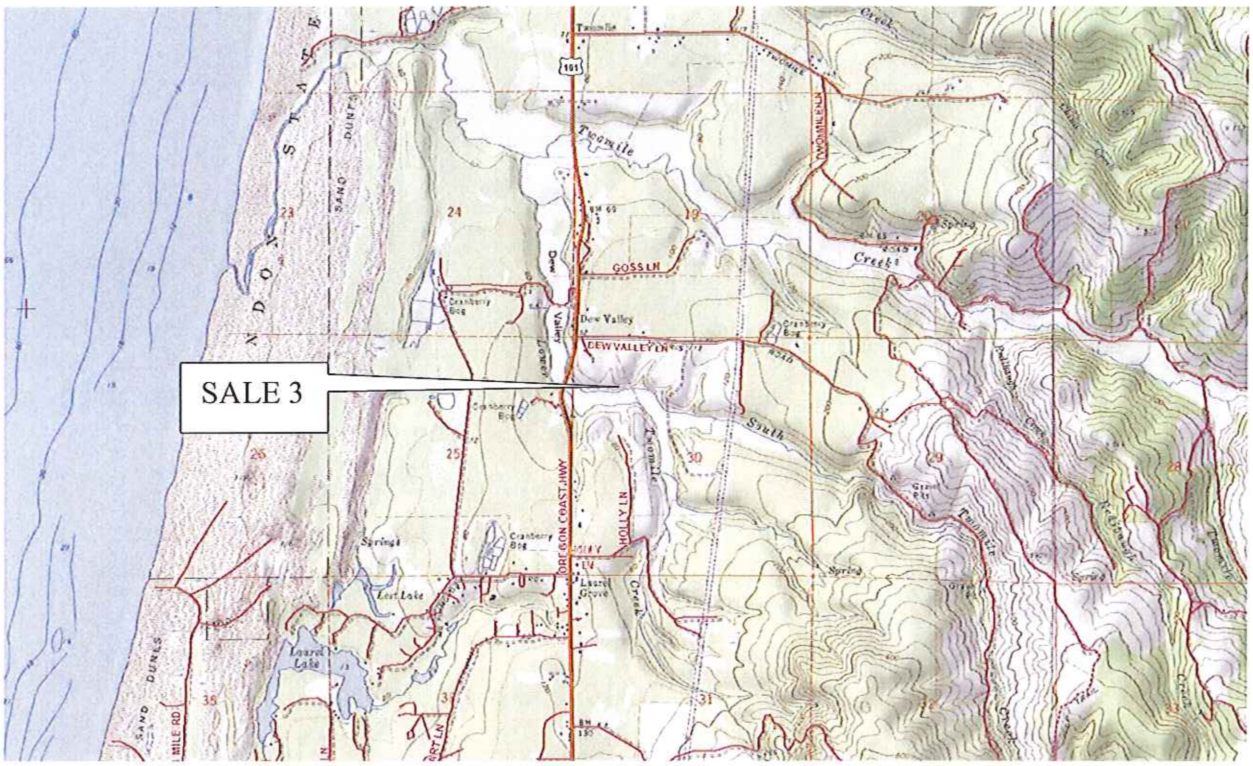
Sale 3

LOCATION:	On the east side of US 101; South side of Dew Valley Lane; Approximately 5 miles south of Bandon, Coos County.
GRANTOR:	Erick and Maria Zink
GRANTEE:	Bandon Crossings, LLC
DATE OF SALE:	6/23/2005
CONSIDERATION:	$960,000
TERMS OF SALE:	Portions paid to accommodator as part of 1031 exchange.
LAND SIZE:	278.25 acres
UNIT PRICE:	$3,450 / acre
LEGAL DESCRIPTION/ PROPERTY IDENTITY:	Coos County Map and Tax Lot Number: 29-14-30-1000
ZONING:	EFU; F
RECORDATION:	2005-9377
VERIFIED:	Erick Zink

COMMENTS:

At the time of sale, the proposed use was a golf course and a conditional use permit was required to facilitate the sale. Since the sale, the property has been developed as the Bandon Crossings Golf Course. The site is located west of Highway 101, approximately 5 miles south of Bandon. This parcel is encumbered by Coos Counties Forest and Exclusive Farm Use Zones, and the past uses of the property were grazing and timberland. The topography is undulating with mostly moderate grades. Two Mile Creek passes through the bottomland areas where wetlands were obvious. All improvements on the property were removed with the exception of the house which was of no interest to the buyers and given no value.

TOPOGRAPHY MAP



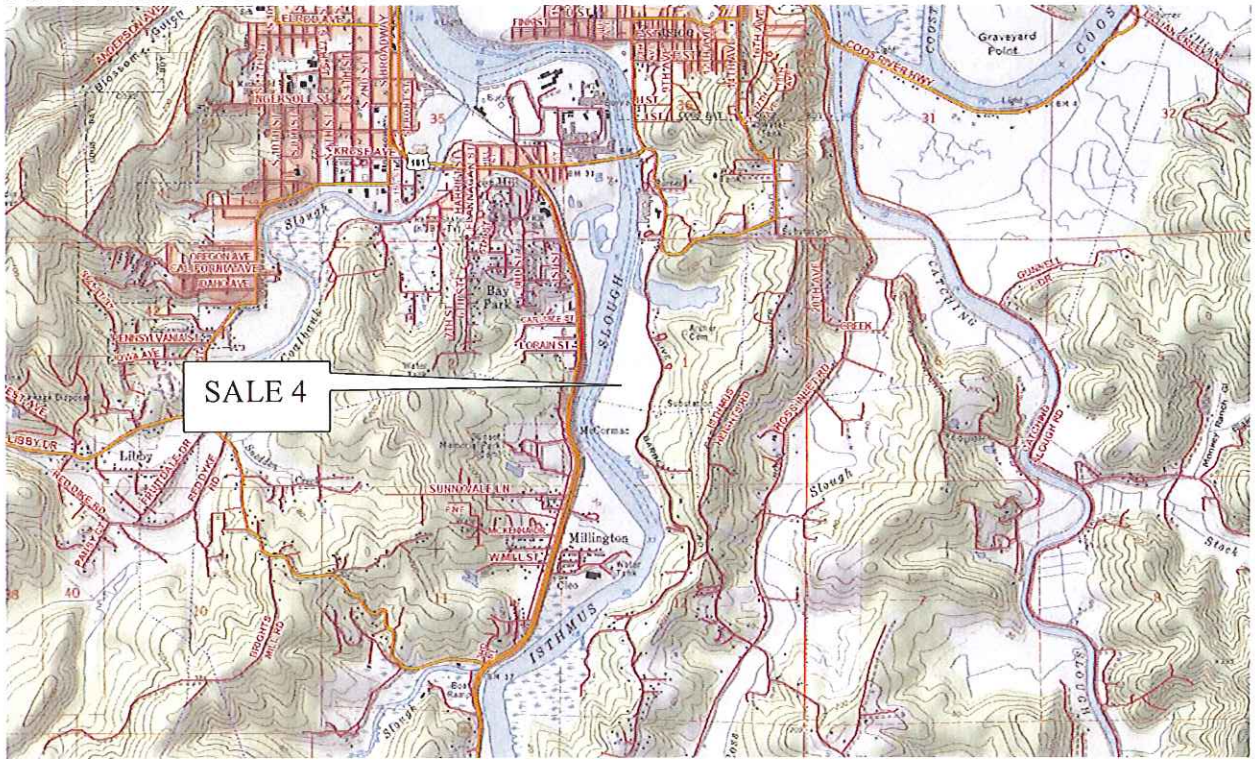
Sale 4

LOCATION:	East side of Isthmus Slough; West of Olive Barber Road; South of Isthmus Heights Road; South of Eastside, Coos County.
GRANTOR:	Clay Pelfrey and Erin Connors
GRANTEE:	Fan-Yen and Chen-Mei Hong
DATE OF SALE:	May 4, 2006
CONSIDERATION:	$47,000
TERMS OF SALE:	IRC 1031 Exchange
LAND SIZE:	70.32 acres
UNIT PRICE:	$668 per acre
LEGAL DESCRIPTION/ PROPERTY IDENTITY:	Coos County Map and Tax Lot Number 26-13-1B-600 and 26-13-1C-100
ZONING:	CBEMP, Coos Bay Estuary Management Plan
RECORDATION:	2006-6419
VERIFIED:	Fan-Yen Hong

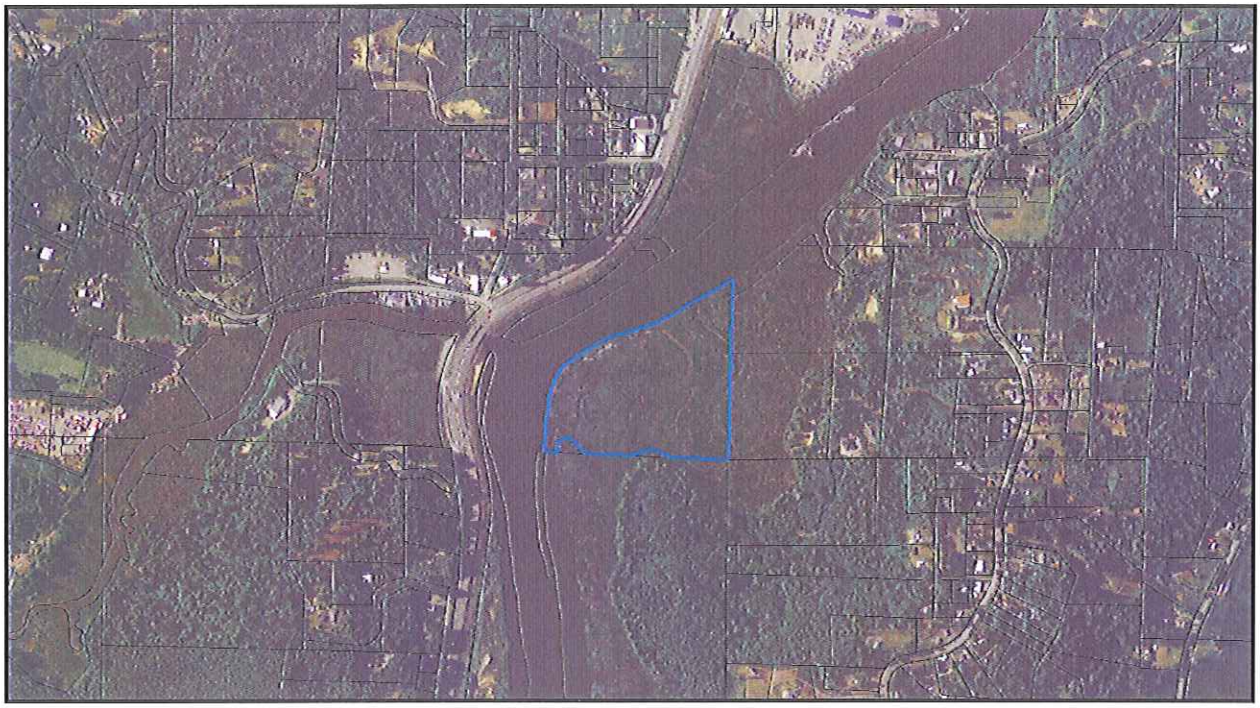
COMMENTS:

Sale 4 consists of mostly tideland and salt marsh that were reclaimed after a dike was breached years ago. The tideland fronts Isthmus Slough, which is a shallow draft navigable tributary of Coos Bay. There is a narrow upland area that fronts Olive Barber Road, which is a two-lane, county-maintained road. The upland portion is attractive, with conifer and underbrush cover. There is a trail system through the upland area to the water. It appears to be frequently used, most likely by the general neighborhood. There is trash debris on this area, but nothing that would suggest contamination. There may be a narrow strip of timber that could be harvested. There is a high-voltage powerline easement through the site; it is 230±' wide at its east end and approximately 160' wide at the west end. It is developed with overland powerlines that span the tideflats and Isthmus Slough. The zoning is CBEMP, 29-CS (uplands) and 29-NA (tidelands). The 29-CS zone of this sale has no uses permitted outright, with agriculture, recreation, and land transportation facilities conditionally allowed. The 29-NA zone conditionally permits mitigation, stabilization, and aquaculture.

TOPOGRAPHY MAP



Sales 5

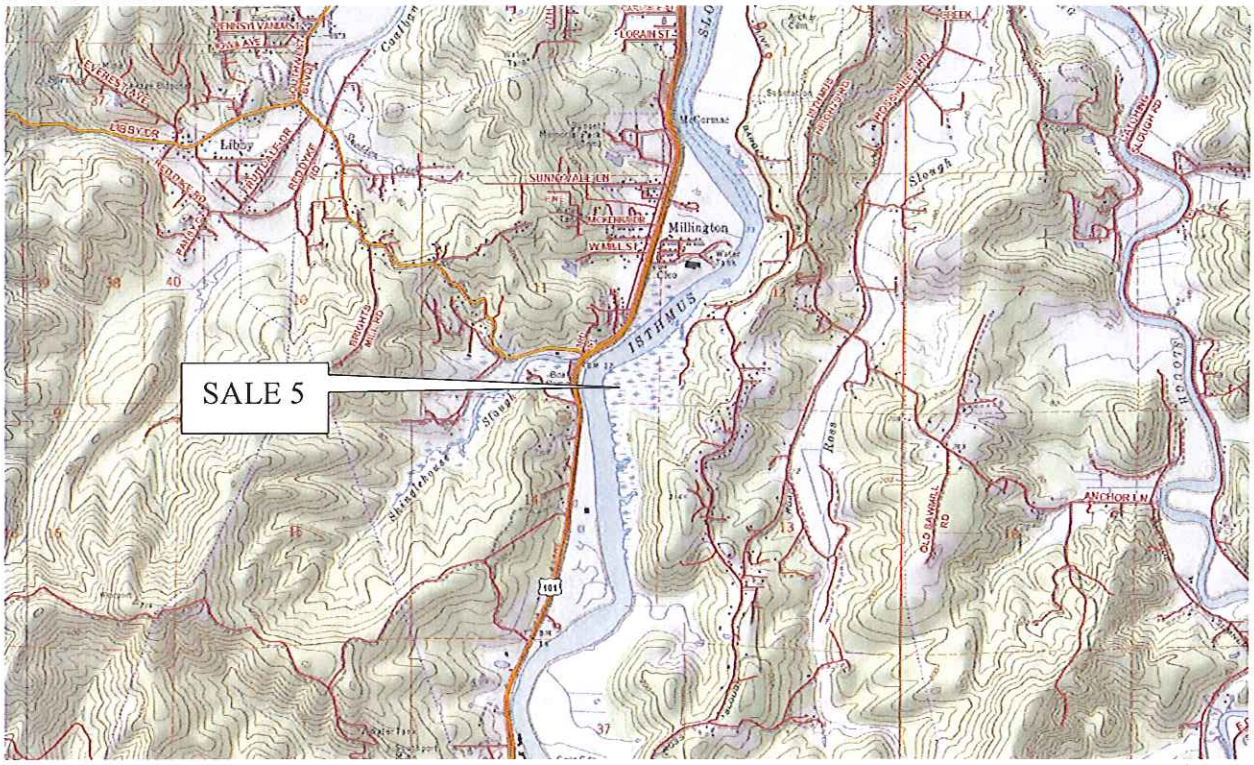


LOCATION:	The east side of Isthmus Slough; Southeast of Shingle House Slough Road; East of Hwy101; South East of Eastside, Coos County.
GRANTOR:	Ducks Unlimited, Inc
GRANTEE:	Glenn Nesbitt
DATE OF SALE:	12/23/2009
CONSIDERATION:	$10,000
TERMS OF SALE:	Cash
LAND SIZE:	21.78 acres
UNIT PRICE:	$459 per acre
LEGAL DESCRIPTION/ PROPERTY IDENTITY:	Coos County Map and Tax Lot Number 26-13-11D-100
ZONING:	CBEMP, Coos Bay Estuary Management Plan
RECORDATION:	2010-231
VERIFIED:	Angela Haralson, Realtor

COMMENTS:

Sale 5 fronts Isthmus Slough and is nearly 100% salt marsh with a meandering system of drainable canals. No economic uses are allowed or feasible within the CBEMP zone. Access is by way of the slough.

TOPOGRAPHY MAP



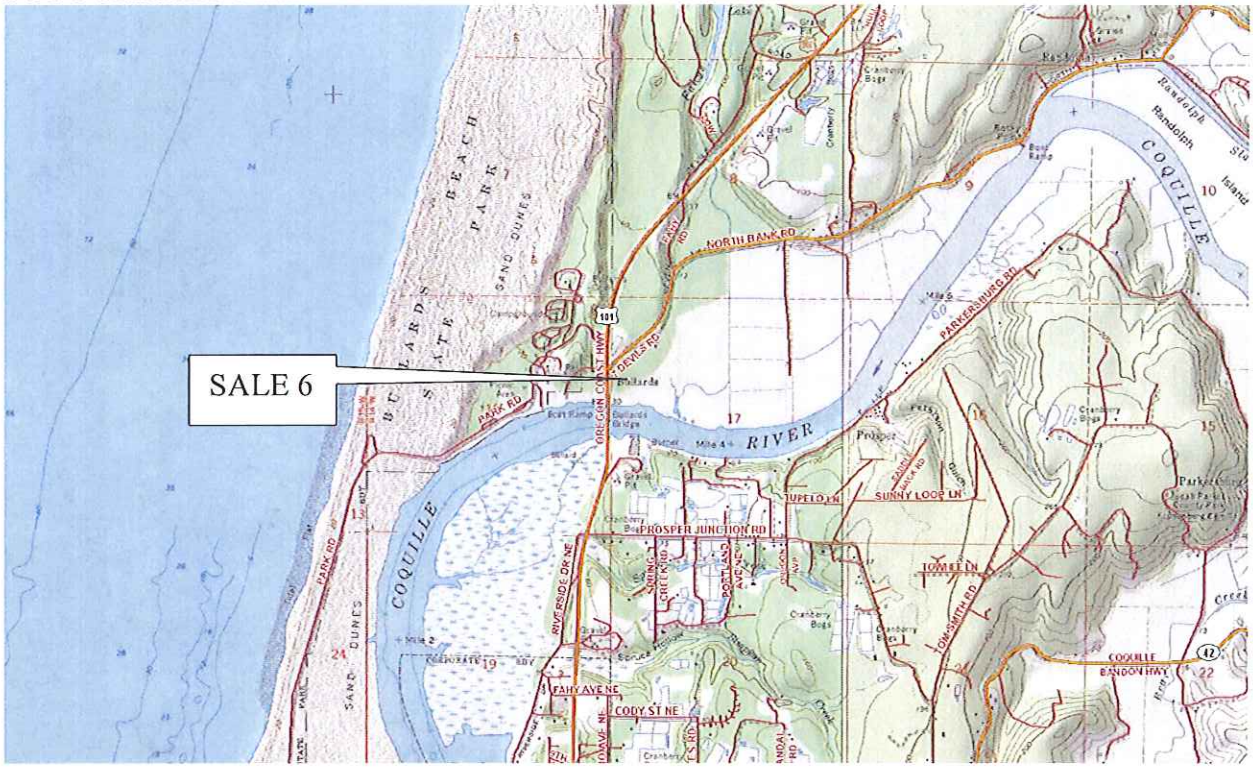
Sales 6

LOCATION:	North side of the Coquille River at the junction of Highway 101 and Seven Devils Road; north of Bandon, Coos County.
GRANTOR:	Bandon Dunes, LP
GRANTEE:	U.S. Fish and Wildlife Service
DATE OF SALE:	09/14/2004
CONSIDERATION:	$64,000
TERMS OF SALE:	Cash
LAND SIZE:	27.2 acres
UNIT PRICE:	$2,353 / acre
LEGAL DESCRIPTION/ PROPERTY IDENTITY:	Coos County Map and Tax Lot Number 28-14-17-200
ZONING:	BDR, Bandon Dunes Resort; CREMP
RECORDATION:	2005-9377
VERIFIED:	David Ledig, U.S. Fish and Wildlife Service

COMMENTS:

According to David Ledig of U.S. Fish and Wildlife, the property was purchased for the intact salt marsh. The salt marsh located on this parcel has had minimal disturbance and is basically in a natural form. It was attractive to the buyer, as there is minimal restoration work that needs to be done to restore the salt marsh to natural form. It is the U.S. Fish and Wildlife Service intent to restore Fahy's Creek natural flow across this property and into the Coquille River, and to maintain the natural state of the existing salt marsh. There are upland areas on this parcel that are forested with moderate to steep topography.

TOPOGRAPHY MAP



Sale No.	Date	Total Price	Zoning	Type	Value	Land Area in Acres	Price per Square Foot/Acre		
1	5/1/07	180,000	CBEMP	Land	$ 180,000	80.90	$ 2,225	26-13-14-100 Coos County	**Bracelin**
			F	Building	$ -			East side of Isthmus Slough; South of Millington; east of US 101	
					$ 180,000			Tidelands and timberland	
								Isthmus Slough Frontage.	
2	5/8/03	270,000	F	Land	$ 270,000	135.00	$ 2,000	29-15-24-201, 29-15-25-900 Coos County	
			EFU	Building	$ -			Abuts East side of Bandon State Park; West of US 101 and Dew Valley	
					$ 270,000			Drive; South of Bandon	**Bandon Biota, LLC**
								Sandy Fordune with possible ocean view.	
3	6/23/05	960,000	EFU	Land	$ 960,000	278.25	$ 3,450	29-14-30-1000 Coos County	**Bandon Crossings, LLC**
			F	Building	$ -			East side of US 101; south side of Dew Valley Lane; approximately	
					$ 960,000			5 miles south of Bandon	
4	5/4/06	47,000	CBEMP	Land	$ 47,000	70.32	$ 668	26-13-1B-600 & 26-13-1C-100 Coos County	
				Building	$ -			East side of Isthmus Slough; West of Olive Barber Road; South	
					$ 47,000			of Isthmus Heights Road; South of Eastside	**Hong**
								Mostly Tidelands and Salt Marsh.	
5	12/23/09	10,000	CBEMP	Land	$ 10,000	21.78	$ 459	26-13-11D-100 Coos County	**Nesbitt**
				Building	$ -			East side of Isthmus Slough; West of Olive Barber Road; Southeast of	
					$ 10,000			Eastside.	
								Nearly 100% Salt Marsh.	
6	9/15/04	64,000	BDR	Land	$ 64,000	27.20	$ 2,353	28-14-17-200 Coos County	**US Fish and Wildlife**
			CREMP	Building	$ -			North side of Coquille River at junction with east side of Hwy 101	
					$ 64,000			and Seven Devils Road; North of Bandon	

Land Value Reconciliation

Sale 1 closed in May of 2007 for $180,000 and totals 80.90 acres in size. The subject, from a physical standpoint has flatter topography which would allow for more uses of the property. However, due to the very restrictive zones encumbering the subject and flood plain issues, Sale 1 is considered to have a superior utility when compared to the subject. This sale has upland forested areas located in the Forest zone, which allows for more uses of the land, including a single family homesite as a conditional use. This sale had no access available at the time of sale and the timber was in riparian areas next to the slough. The subject has superior appeal and amenity when compared to this sale, including Coquille River frontage and close proximity and access to the ocean beach. The subject does not have ocean views. It is our opinion, this sale indicates a value range from $2,000 to $2,500 per acre for the subject.

In May of 2003, Sale 2 sold for $270,000. This parcel totals 135 acres in size. Overall, Sale 2 has superior utility when compared to the subject property. This parcel is similar in size with moderate undulating topography. The subject has flat topography that could accommodate similar types of development; however, the very restrictive zoning will most likely prevent any development from ever taking place. Sale 2 is zoned Forest and Exclusive Farm Use, which are superior when compared to the subject's CREMP zones. The sale is considered to have superior amenity with distant ocean views. The subject lacks an ocean view but has river frontage and is located in close proximity to the ocean. Sale 2 took place in 2003, which makes this sale a less reliable data point given fluctuations in the market over time. Since this sale closed, the market went through a period of rapid growth, and in the middle of 2006 the market flattened and has remained soft. It is our opinion this sale indicates a value range of $2,000 to $2,500 per acre for the subject property.

Sale 3 closed in June of 2005 for $960,000 and totals 278.25 acres in size. Sale 3 is considered to have superior utility when compared to the subject property. This parcel is larger in size with undulating topography. The subject has flat topography that could accommodate similar types of development; however, the very restrictive zoning would most likely prevent any development from ever taking place. Sale 3 is zoned Forest and Exclusive Farm Use, which allow for more uses of the property when compared to the subject's CREMP zones. The sale is considered to have inferior amenity. The subject has river frontage and is located in close proximity to the ocean, while Sale 3 has close proximity to the ocean but lacks water influence. It is our opinion this sale indicates a value less than $3,450 per acre for the subject.

In May of 2006, this property sold for $47,000, and totals 70.32 acres in size. The subject property is a superior parcel when compared to Sale 4. The subject has river frontage with ocean influence, while this parcel has Isthmus Slough frontage with a small upland area that is forested. The parcels are similar in size, and have relatively similar utility with very restrictive zoning. The location on Bullards Beach spit is superior. Sale 4 indicates a value of greater than $668 per acre for the subject property.

Sale 5 closed in December of 2009 for $10,000 and totals 21.78 acres in size. This sale is an inferior parcel when compared to the subject property. The subject has a good location on the Bullards Beach spit, Coquille River Frontage, and access to the ocean, while this property has Isthmus Slough frontage. This sale is nearly 100% salt marsh making even low intensity uses

like hiking or photography more difficult, and flooding happens often. The subject has upland areas mixed in with areas affected by tidal influence. Both parcels have very restrictive zoning laws. Sale 5 indicates a value of greater than $459 per acre for the subject property.

In September of 2004, Sale 6 sold for $64,000, and totals 27.20 acres in size. Sale 6 is considered to have a similar location and amenity when compared to the subject. Both parcels are located north of Bandon with Coquille River Frontage. This sale has a mixture of intact salt marsh and forested uplands, while the subject has flatter topography with sandy soils and tidal influences. Both parcels have relatively restrictive zoning. Sale 6 is considered to give good representation of market value for the subject property, as it was purchased to conserve the existing salt marsh. It is our opinion that any party purchasing the subject would put the subject to a similar use. Sale 6 indicates a value range of $2,000 to $2,500 per acre for the subject property.

In summary, the subject is considered to have equal to superior amenity and appeal when compared to all of the sales used in this analysis due to the river frontage, ocean influence, good location, and unique natural habitat. Sales 2 and 3 have greater utility due to less restrictive zoning. The subject has superior amenities when compared to Sale 3, but inferior amenities compared to Sale 2. Sale 2 has distant ocean views. Sale 1 also has an upland area in the Forest zone, which is a less restrictive zone when compared to the subjects CREMP Zone, but again, the subject has superior amenities. Sales 4 and 5 represent the bottom end of the market range for the subject property as they are inferior parcels. Sale 6 gives good representation of the subject value as it has a similar highest and best use for low intensity recreation. The sales presented in this analysis seem to indicate a value range for the subject property from $2,000 per acre up to $2,500 per acre. The appraiser feels that a value in the middle of this indicated range is appropriate for the subject. The subject properties very restrictive zone is offset by the good location and amenities. After carefully considering all pertinent factors affecting value, the appraiser estimates the value of the subject property at $2,250 per acre.

Summary of the Sales Comparison Approach

Summary of the Sales Comparison Approach			
Components	**Area in Acres**	**Price Per Acre**	**Value**
Land	97.73	$ 2,250	$ 219,893
Total	97.73		$ 219,893
		Rounded To:	**$ 220,000**

FINAL VALUE CONCLUSION

In summary, the Sales Comparison Approach to value is typically the best method of analyzing vacant rural land. Based on our scope of work this valuation relies on a Sales Comparison Approach value analysis to determine the market value of the subject property.

After careful consideration of all available information, analyzing all factors pertinent to the fee simple valuation of the subject real property as defined in this report, the estimated market value, as of June 5, 2010 is, **TWO HUNDERED TWENTY THOUSAND DOLLARS.**

FINAL VALUE CONCLUSION: $220,000

CERTIFICATION OF THE APPRAISER

I certify that, to the best of my knowledge and belief,

-- *the statements of fact contained in this report are true and correct.*

-- *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.*

-- *I have no present or prospective interest in the property that is the subject of this report, and have no personal interest with respect to the parties involved.*

-- *I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.*

-- *The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.*

-- *my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.*

– *the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.*

– *as of the date of this report, Jeffrey L. Marineau, MAI, has completed the requirements under the continuing education program of the Appraisal Institute.*

-- *my analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).*

-- *I have made a personal inspection of the property that is the subject of this report.*

-- *William E Flora, provided significant, professional assistance in the preparation of this report to the person signing this report.*

6/28/2010

Jeffrey L. Marineau, MAI *Date*

ADDENDA

QUALIFICATIONS OF THE APPRAISER
JEFFREY L. MARINEAU, MAI
STATE CERTIFIED APPRAISER #C000029; Expiration April 30, 2012

Education

Graduate of the University of Oregon, Bachelor of Science Degree in Business Administration - Real Estate Major, 1973

Appraisal Institute:

Course 1-Part A	:	Successfully challenged examination
Course 1-Part B	:	Successfully challenged examination
Course II	:	Successfully completed course
Litigation Valuation	:	Successfully completed course
Market Analysis	:	Successfully completed course
Standards of Professional Practice, Part A (USPAP):		Successfully completed course - 2001
Standards of Professional Practice, Part B (420)	:	Successfully completed course - 2001
Condemnation Appraising Course SE710	:	Successfully completed course - 1999
Condemnation Appraising Course SE720	:	Successfully completed course - 1999

Seminars:

Tax Code and Valuation - 1986
Applied Appraisal Techniques - 1986
Narrative Appraisal Report Writing - 1986
Lease and Leasehold Valuation - 1987
Income Producing Properties - 1987
R41-c Memorandum (FHLBB) - 1987
Construction Cost Seminar - 1987
Highest and Best Use - 1988
Cash Equivalency - 1988
Cash Flow Analysis - 1989
Hazardous Wastes & Toxic Materials - 1989
Real Estate Risk Analysis - 1989
Mineral Valuation - 1990
UC/IAR Form - 1989
Legal/Professional Topics – 2003
USPAP Update – 2006
Federal Land Acquisition – 2007
Business Practices and Ethics-2008
Appraiser as an Expert Witness - 1992
Americans w/Disabilities Act - 1992
Wetlands Evaluation Issues - 1992
Hotel/Motel Valuation - 1993
Income Property Valuation - 1993
Professional Timber Cruising - 1994
Subdivision Analysis - 1994
Hotel/Motel Valuation - 1993
The Internet and Appraising - 1997
Eminent Domain - 1998
Oregon Wetlands - 2001
Federal Land Exchanges - 2000
Federal Land Acquisition – 2002 and 2007
Easement Valuation – 1990
Uncertainties of Measure 37 – 2005
GIS Applications - 2006
New Technology for Foresters - 2007
Construction Details and Trends-2008

Southwestern Oregon Community College Courses:

Residential Blueprint Reading & Sketching
Commercial Blueprint Reading & Sketching
Residential Electrical Wiring

Other Real Estate related workshops and seminars

Appraisal Experience

Eminent Domain:	Full and partial takings, Air rights, Microwave beam paths, Highway right-of-way, etc.
Industrial:	Wood products manufacturing plants, Warehouses, Deep draft water frontage, Shipyards, Seafood processing plants, Log yards, etc.
Commercial:	Retail store buildings, Office buildings, Restaurants, Service stations, Supermarkets, Shopping centers, etc.
Residential:	Single-family dwellings, Multifamily dwellings, Condominiums
Special Purpose:	Governmental structures, Timberland, Sand dunes, Motels, Recreational vehicle parks, Churches, Hospitals, Ranch and farm land, Subdivisions, etc.

05/10

QUALIFICATIONS OF THE APPRAISER
Jeffrey L. Marineau, MAI (continued)

Employment

Apprentice Appraiser: 1968 to 1973. Appraisal experience working with Fred J. Marineau, limited to non-school days.

Licensed Real Estate Appraiser: Employed since 1973 with Fred J. Marineau, Real Estate Appraisers and Consultants

Owner: Marineau and Associates - July 1986 to present

State Certified Appraiser: C000029

Professional Organizations

Member, Appraisal Institute

Member, Rotary International

Member, Coos County Board of Realtors

REPRESENTATIVE LIST OF APPRAISAL/CONSULTATION CLIENTS

Court Appearances

District Court - Coos and Curry Counties
Circuit Court - Coos, Curry and Douglas Counties
Oregon Tax Court
Federal Bankruptcy Court - Eugene
Department of Revenue - Coos and Lincoln Counties
Board of Equalization - Coos County

Corporate Clients

Weyerhaeuser Corporation
Georgia Pacific Corporation
Menasha Corporation
International Paper Corporation
Bohemia Corporation
Al Pierce Company
Coos Head Timber Company
South Coast Lumber Company
Lloyd Corporation
Chevron Corporation
Union Oil of California
Agnew Timber Company
HGE, Incorporated
Toth Aluminum Corporation
Yergen and Meyer Corporation
Coos Aviation, Inc.
Westbrook Land and Timber
Ocean Terminals
Bald Knob Land and Timber Co.
Coast Distributors, Inc.
Moore Mill Lumber Company
Sause Bros. Ocean Towing, Inc.

Financial Clients

Wells Fargo Bank
U. S. Bancorp
Bank of America
Oregon Bank
Umpqua Bank
Seafirst Mortgage Corporation
Klamath First Federal
Siuslaw Valley Bank
Key Bank
Freedom Federal Savings & Loan
Yaquina Bay Bank
Chetco Federal Credit Union
Rainier Financial Services
Frontier Investment Corporation
First Farwest Capital Fund, Inc

Public Clients and Institutions

City of Coos Bay
City of Coos County
City of North Bend
City of Reedsport
City of Bandon
City of Coquille
State of Oregon:
Forestry Department
State Lands Division
Oregon Department of Transportation
University of Oregon
Oregon State University
Southwestern Oregon Community College
North Bend School District 13
Port of Newport
U. S. Bureau of Land Management
U. S. Forest Service
Bonneville Power Administration
General Services Administration
U. S. Postal Service
Oregon International Port of Coos Bay
Federal Deposit & Insurance Corp. (FDIC)
Federal Savings & Loan Ins. Corp (FSLIC)
Coos Bay School District 9
Trust for Public Lands
Natural Resources Conservation Service
Nature Conservancy
U. S. Small Business Administration
U. S. Corps of Engineers
U. S. Fish and Wildlife Service

05/10