



King County Urban Forest Preservation Project

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**King County Urban Forest Carbon Program
2018 Project
Project Design Document**

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PROJECT OVERVIEW

Basic Project Details

Project Name: King County Urban Forest Carbon Program – 2018 Project

Type: Preservation Project

Project Location: Near Sammamish in King County, Washington

Project Operator Name: King County Department of Natural Resources and Parks

Project Area Parcels

List of parcel or parcels covered by the Preservation Commitment(s), collectively defining the Properties, noting which ones contain the Project Area, each with a unique identifier

Jurisdiction / Location	Property	Unique Identifier	Description / Notes
King County	Soaring Eagle Regional Park Addition	252506-9090	Protected by the 12/13/2017 conservation easement (updated 11/15/2018) and contains Project Area
King County	Soaring Eagle Regional Park Addition	252506-9091	Protected by the 12/13/2017 conservation easement (updated 11/15/2018) and contains Project Area

Project Area Ownership

Project Operator must demonstrate ownership of potential credits or eligibility to receive potential credits. If the Project Operator is not the same as the landowner, provide agreement(s) between Project Operator and landowner authorizing Project Operator to execute this project. Include documentation including title/filename as an attachment.

King County is the landowner and project operator.

Additional Notes:

Title and filename of relevant attachment(s):

Amended Transfer of Development Rights Conservation Easement

1 King County 2018 Soaring Eagle Phase 2 Amended CE 20181115.pdf

Project Area has been drawn to exclude portions of the Preservation Commitment where (pre-existing) critical areas restrictions may protect trees from removal; see *Demonstration of Threat of Loss* section.

LOCATION OF PROJECT AREA (Section 1.3, 1.4)

Location Eligibility

Project Areas must be located in parcels within or along the boundary of at least one of the following criteria. Describe how the Project Area(s) meet the location criteria.

- A) The Urban Area boundary ("Urban Area"), defined by the most recent publication of the United States Census Bureau*
- B) The boundary of any incorporated city or town created under the law of its state;*
- C) The boundary of any unincorporated city, town, or unincorporated urban area created or designated under the law of its state;*
- D) The boundary of land owned, designated, and used by a municipal or quasi-municipal entity such as a utility for source water or water shed protection;*
- E) A transportation, power transmission, or utility right of way, provided the right of way begins, ends, or passes through some portion of A through D above.*

Project Area(s) location eligibility description:

The Project Areas meet location eligibility criteria A and B.

Title and filename of relevant attachment(s):

Location Eligibility Map

2 King County 2018 Location Eligibility Map 201907.pdf

Location Eligibility Local-Scale Map for Soaring Eagle Park Addition Property

3 King County 2018 Soaring Eagle Local Scale Location Eligibility Map.pdf

Maps

Provide a map of the Project Area with geospatial location vector data in 1) pdf form and 2) any file type that can be imported and read by Google Earth Pro (example KML, KMZ, or Shapefile format). Map should include relevant urban/town boundaries. Include title/filename of relevant attachments.

Geospatial location (boundaries) of Project Area. *Title and filename of relevant attachment(s):*

Shapefiles

4 King County 2018 Soaring Eagle Project Area.zip

Regional-scale map of Project Area. *Title and filename of relevant attachment(s):*

Project Locator Map

5 King County 2018 Project Locator Map 201907.pdf

Map(s) of Project Area. *Title and filename of relevant attachment(s):*

Map of Project Area – Soaring Eagle Park Addition Property

6 King County 2018 Soaring Eagle Project Area Map

DEMONSTRATION OF THREAT OF LOSS (Section 4.2, 4.3)

Project Operator must demonstrate that the Project Area is eligible per existing land use designations. Provide evidence to support the following statement: "Prior to the Preservation Commitment(s), the Project Trees were not preserved from removal through a Recorded Encumbrance, Governmental Preservation of Trees on Public Land, or other prohibitions on their removal."

Describe all "overlay zones", critical areas and their protection buffers, legal encumbrances, and any other pre-existing tree/forest restrictions that may have hindered removal of the Project Trees (in the pre-Preservation Commitment condition). If such pre-existing tree/forest restrictions cover any portion of the Project Area, explain how such restrictions still permitted development and tree removal (such that there was a verifiable threat of loss consistent with your Quantification) and provide supporting evidence including a map.

Land use designation(s) for the Project Area:

King County zoning RA-5 zone, residential use allowed

Overall Explanation:

The Soaring Eagle Regional Park Addition appraisal concluded that highest and best use (HBU) was residential development outside of environmentally sensitive areas and demonstrated pre-existing easements & restrictions did not preserve the project trees. It also showed that HBU of residential development without preservation commitment is valued multiple times greater than conservation use after the preservation commitment.

Mapped critical areas are present on the Property but are not known to prevent tree removal and development in the areas that have been included in the Project Area. King County Critical Areas which are known to significantly restrict clearing and development include wetlands and their buffers, wildlife habitat networks, steep slopes and landslide hazard, waterbodies / watercourses and their buffers, channel migration zones, and floodways and 100-year floodplains. Relevant to the Soaring Eagle Park Addition Property are the following: streams and a maximum 165 foot riparian buffer around them; wetlands and a maximum 300 foot buffer around them; points at which the wildlife habitat network enters and exits tax parcels and a 150 foot buffer around those points, as well as a freely movable 300 foot-wide corridor connecting the entry and exit points. For each of these relevant Critical Areas, buffers actually required on the Soaring Eagle Park Addition Property in the case of residential development are unlikely to be of the maximum possible size (given site conditions); however, the Project Area assumes maximum possible buffers in order to be conservative in crediting. Potential steep slope hazard areas are also present on the property, but do not, on their own, completely prevent development (though they do typically make development more expensive). To be conservative in crediting, Project Area has been drawn to provide at least a 50-foot buffer around potential steep slope hazard areas, as would be required if they were landslide hazard areas (given the < 200ft rise of their slopes). Potential steep slope hazard areas are frequently cleared and developed within King County.

Title and filename of relevant attachment(s):

Appraisal of Soaring Eagle Park Addition Property Prior to Preservation Commitment
7 King County 2018 Soaring Eagle Appraisal Excerpt

See “summary of salient facts and conclusions” section and “environmentally sensitive areas” section of appraisal.

PRESERVATION COMMITMENT

Provide a complete copy of the written Preservation Commitment. Include title/filename, date, and term. If the Project Operator (PO) is not the same as the landowner and the carbon rights (right of PO to receipt and disposal of credits) are not established in the Preservation Commitment itself, then attach the agreement establishing these rights. If Project Area does not have the same boundaries as Preservation Commitment, please state the reasons why, and reference the PDD section(s) where those reasons are discussed in detail.

Title/filename: Amended Transfer of Development Rights Conservation Easement
1 King County 2018 Soaring Eagle Phase 2 Amended 20181115

Date: 12/13/2017, updated 11/15/2018

Preservation Term (years applicable): in perpetuity

Additional Notes:

MONITORING AND REPORTING

Describe your plans for continuity of operation of this Carbon+ Project, including monitoring and reporting. If Project Operator plans to claim credits for future growth, describe methods that will be used to quantify future growth.

Monitoring and reporting will be done by the staff of the King County Forest Carbon Program, which is a program of the Department of Natural Resources & Parks of King County.

The project properties will be managed in accordance with the terms of the conservation easements which have been placed over them, which permanently protect the conservation values of the properties. There are no specific locations planned for future activities, though limited development of non-motorized forest trails and associated trailhead facilities is allowed by easements and is contemplated. Consequently, conservative (maximum estimated) deductions have been made from creditable Project Area (via deductions to avoided biomass and soil emissions calculations) to avoid claiming carbon credits from any trees that may be removed and soil that may be disturbed for such limited enhancement of passive recreation opportunities on the parcels.

QUANTIFICATION DOCUMENTATION (Section 10)

Follow detailed instructions in the Protocol for conducting quantification and utilize the Carbon Quantification Spreadsheet to show calculations. Ensure that your requested credit issuance schedule (issuance dates) is accurate and complete in the spreadsheet. Project Operators should describe and appropriately reflect in their carbon quantification any and all planned future activities that may affect the % canopy or carbon stocking in any way.

Method for determining canopy cover (e.g. i-Tree, inventory, other):

Utilized the i-Tree Canopy tool to estimate % tree canopy cover.

Brief description of approach to quantifying carbon (e.g. Forest Service tables, inventory, other):

The afforestation tables from Appendix B of the US Forest Service General Technical Report (GTR) NE-343 (USFS GTR NE-343) for Pacific Northwest, West, alder-maple stands (B21) and Douglas-fir stands (B22) are used for carbon quantification.

Title and filename of attached Excel version of your completed Carbon Quantification Spreadsheet:

8 King County 2018 CarbonQuantSpreadsheet 201907.xls

8 King County 2018 CarbonQuantSpreadsheet 201907.pdf

Summary numbers from Carbon Quantification Spreadsheet

Project Area (acres)	15.1
Does carbon quantification use stratification (yes or no)?	No
Percent tree canopy cover within Project Area	92
Project stock / acre (tCO ₂ e/acre)	490
Accounting Stock / acre (tCO ₂ e/acre)	392
On-site avoided biomass emissions (tCO ₂ e / acre)	268
On-site avoided soil carbon emissions (tCO ₂ e / acre)	6
Deduction for displaced biomass emissions (tCO ₂ e / acre)	49
Deduction for displaced soil emissions (tCO ₂ e / acre)	2
Credits from avoided biomass emissions (tCO ₂ e / acre)	219
Credits from avoided soil emissions (tCO ₂ e / acre)	4
Total credits from avoided biomass and soil emissions (tCO ₂ / acre)	223
Credits attributed to the project (tCO ₂), excluding future growth	3,361
Contribution to Registry reversal pool	336
Total credits to be issued to the Project Operator (tCO₂) (excluding future growth)	3,025

Data Sources & Filenames Referenced in Carbon Quantification Spreadsheet (Section 10)

The following list of information is only a summary for ease of navigation of your PDD.

Accounting Stock Measurement Method

Description of quantification, including methods, forest type, and data sources.

Used option A – estimation of Accounting Stock using USFS GTR NE-343

Title and filename of relevant attachment(s):

[n/a – the relevant afforestation tables, Appendix B, from USFS GTR NE-343 already included in Carbon Quantification Spreadsheet]

If stratification is used, maps of strata and stratum definitions

Stratification is not used for carbon quantification.

Stand Maps

Explanation / statement of method(s) used:

Stand boundaries drawn in ArcGIS based on approximate age of establishment (see Forest Age Info below) given all stands in species grouping of conifer-deciduous mix best represented in GTR tables by PNW West Douglas fir – alder-maple. Stand areas measured in ArcGIS.

Title and filename of relevant attachment(s):

[n/a – shapefile] (CFC_KC2018Batch_SoaringEagle_Stands.zip)

9 King County 2018 Soaring Eagle Stands.zip

Map of Forest Stands for Soaring Eagle Park Addition Property

10 King County 2018 Soaring Eagle Stands Map.pdf

Forest Age

Age and explanation / statement of method(s) used:

Utilized historical aerial imagery series to document presence (and persistence) of substantially complete tree cover on Project Area, by Property and stand.

Title and filename of relevant attachment(s):

Soaring Eagle Historic Aerials Series

11 King County 2018 Soaring Eagle Historic Aerial Imagery.pdf

Forest Composition

Composition and explanation / statement of method(s) used:

Utilized the i-Tree Canopy tool (with its built-in satellite imagery viewer, random point sampling, and manual classification process) to estimate coniferous-deciduous mix at the same time as canopy cover.

Conducted on a Property basis given all stands in species grouping of conifer-deciduous mix utilizing both Douglas-fir and alder-maple PNW West GTR tables.

Title and filename of relevant attachment(s):

i-Tree Outputs

12 King County 2018 Soaring Eagle iTreeData.dat

12 King County 2018 Soaring Eagle iTreeExport.csv

12 King County 2018 Soaring Eagle iTreeReport.pdf

Canopy Cover

Percent cover and explanation / statement of method(s) used:

Utilized the i-Tree Canopy tool to estimate % tree canopy cover. Conducted by Property.

Title and filename of relevant attachment(s):

i-Tree Outputs

12 King County 2018 Soaring Eagle iTreeData.dat

12 King County 2018 Soaring Eagle iTreeExport.csv

12 King County 2018 Soaring Eagle iTreeReport.pdf

Fraction of Biomass at Risk

Fraction at risk and explanation / statement of method(s) used:

Appraisal states HBU as residential development, with 6 units on the Project parcels.

Title and filename of relevant attachment(s):

7 King County 2018 Soaring Eagle Appraisal Excerpt

Impervious Limits

Maximum fraction impervious cover and explanation / statement of method(s) used:

Table 21A.12.030 in King County Code, using RA-5 zoning based on appraisal.

Title and filename of relevant attachment(s):

King County code (n/a – external source)

https://www.kingcounty.gov/council/legislation/kc_code/24_30_Title_21A.aspx

7 King County 2018 Soaring Eagle Appraisal Excerpt

Existing Impervious Area

Existing impervious cover fraction and explanation / statement of method(s) used:

Mapped known existing impervious surfaces.

Title and filename of relevant attachment(s):

Soaring Eagle Property Map of Known Existing Impervious Surfaces

13 King County 2018 Soaring Eagle Impervious Surface Map.pdf

Planned Project Activities

Description / statement of method(s) used:

There are not currently specific locations planned for future activities, though limited development of non-motorized forest trails and associated trailhead facilities is allowed by easement and is contemplated. Consequently, conservative (maximum estimated) deductions have been made from creditable Project Area (via deductions to avoided biomass and soil emissions calculations) to avoid claiming carbon credits from any trees that may be removed and soil that may be disturbed for such limited enhancement of passive recreation opportunities on the parcels. These area-based deductions have been distributed across forest stands on a forest stand area-weighted basis.

Title and filename of relevant attachment(s):

Amended Transfer of Development Rights Conservation Easement
1 King County 2018 Soaring Eagle Phase 2 Amended CE 20181115

Additional Notes

CO-BENEFITS QUANTIFICATION DOCUMENTATION

Optional: If Project Operators has conducted co-benefits quantification for this Project, please summarize results and list source / supporting files here.

[n/a – not assessed]

Attachments

- 1 King County 2018 Soaring Eagle Phase 2 Amended CE 20181115
- 2 King County 2018 Location Eligibility Map 201907
- 3 King County 2018 Soaring Eagle Local Scale Location Eligibility Map
- 4 King County 2018 Soaring Eagle Project Area files
- 5 King County 2018 Project Locator Map 201907
- 6 King County 2018 Soaring Eagle Project Area Map
- 7 King County 2018 Soaring Eagle Appraisal Excerpt
- 8 King County 2018 CarbonQuantSpreadsheet 201907
- 9 King County 2018 Soaring Eagle Stands files
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- 12 King County 2018 Soaring Eagle iTree files
- 13 King County 2018 Soaring Eagle Impervious Surface Map



20181220000636

EASEMENT Rec: \$117.00
12/20/2018 2:09 PM
KING COUNTY, WA

When Recorded Mail To:

King County
Transfer of Development Rights Program
201 S. Jackson St. Suite 600
Seattle, WA 98104

EXCISE TAX NOT REQUIRED

King Co. Records Division

By MB, Deputy

**AMENDED TRANSFER OF DEVELOPMENT RIGHTS
CONSERVATION EASEMENT**

Grantor [Seller]: King County, a political subdivision of the State of Washington.

Grantee [Buyer]: King County, a political subdivision of the State of Washington.

Legal Description (abbreviated): Section 25; Township 25; Range 06

Additional legal(s) on Page 18

Assessor's Tax Parcel ID#: 252506-9011; 9082; 9090 and 9091

This Conservation Easement is granted on this 15th day of November 2018, by and between King County, a political subdivision of the State of Washington, ("Grantor"), and King County, a political subdivision of the State of Washington, ("Grantee"), for the purpose of forever conserving the open space character, ecological significance, forest/agricultural resources, passive recreation opportunity, native vegetation and wildlife habitat features of the subject property, and to modify the original conservation easement granted over the subject property on the 13th day of December 2017 (with King County recording number 20171213000619).

WHEREAS, Grantor and Grantee make the following recitals:

This Conservation Easement is intended to be functionally the same easement as the original conservation easement granted over the subject property on the 13th day of December 2017 (with King County recording number 20171213000619) that this Conservation Easement modifies, with the exception of clarifications regarding the carbon sequestration and storage value possessed by the Protected Property, certain reserved rights related to carbon sequestration and storage, and certain rights to and obligations arising from environmental credits or offsets. At the date of granting of the original easement, King County had been developing but had not yet finalized its preferred legal language to address carbon sequestration and storage within a conservation easement.

A. The Grantor is the sole owner in fee simple of the real property ("Protected Property") legally described in Exhibit A-1, attached to and made a part of this Conservation Easement, which consists of approximately 50 acres of land located in King County, Washington. A map

of the property and the 50-acre easement area is attached, and made part of this Conservation Easement, as Exhibit B.

B. In addition to certain development rights, the Protected Property possesses open space values in accordance with RCW 84.34.020, ecological and natural values, as well as water, stream, groundwater recharge, carbon sequestration and storage, passive recreation and educational values that are of great importance to Grantor, Grantee, the people of King County and the people of the State of Washington. These values are referred to herein as the “Conservation Values” of the Protected Property.

C. The specific Conservation Values of the Protected Property are further documented in the Present Conditions report, signed and dated December, 2017, on file at the offices of Grantee, which describes the relevant features, current use and state of improvement of the Protected Property. The Grantor and Grantee acknowledge and agree that to the best of their knowledge, the Present Conditions Report (incorporated herein by the reference “the Present Conditions Report”) includes a complete and accurate description of the Protected Property, and is intended to serve as an objective, though nonexclusive, information baseline for reference purposes to determine future compliance with the terms of this Conservation Easement (hereafter “Easement”). Because the Present Conditions Report, and standards described therein, may be amended from time to time, ongoing use and management of the Protected Property shall be governed by this Easement, rather than the Present Conditions Report.

D. The Grantor is conveying the property interest conveyed by this Easement for the purpose of assuring that, under the Grantor and Grantee’s perpetual monitoring, the Conservation Values of the Protected Property will be conserved and maintained in perpetuity, and that uses of the Protected Property that are inconsistent with these conservation purposes will be prevented or corrected by the Grantor in consultation with Grantee.

E. The Grantee is a “qualified conservation organization,” as defined by the Internal Revenue Code, and accepts the responsibility of enforcing the terms of this Easement and upholding its conservation purposes forever.

F. Grantee has determined that the Protected Property qualifies as a sending site under the provisions of K.C.C. 21A.37 for the Transfer of Development Rights (“TDR”) Program. Grantee has determined, after consideration of existing improvements, existing residential homesites, and retained development rights, that the Protected Property has a total of Ten (10) development rights available for transfer from the Protected Property to qualified receiving sites. As of the date of this amended Conservation Easement, King County has exercised the right to remove all of these Ten (10) development rights.

G. The Conservation Values protected by this Easement are recognized by, and the grant of this Easement will serve, the following clearly delineated governmental conservation policies:

1. The 2016 King County Comprehensive Plan Policy R-313 which states “The purpose of the Transfer of Development Rights Program is to reduce development potential in

the Rural Area and designated Natural Resource Lands, and its priority is to encourage the transfer of development rights from private rural properties into the Urban Growth Area.”

2. RCW 84.34.010, in which the Washington State Legislature has declared “that it is in the best interests of the state to maintain, preserve, conserve and otherwise continue in existence adequate open space lands for the production of food, fiber and forest crops, and to assure the use and enjoyment of natural resources and scenic beauty for the economic and social well-being of the state and its citizens.”

3. RCW 64.04.130 and RCW 84.34.210 grant counties the authority to acquire Easements to preserve, conserve and maintain open space, agricultural and timber lands; RCW 36.70A.090 provides that counties should provide for innovative land use management techniques such as transfer of development credit programs.

4. King County Ordinance No. 10150 (Conservation Futures Tax), in which the King County Council finds there is an “increasing need to provide a system of public open spaces necessary for the health, welfare, benefit and safety of the residents of King County and to maintain King County as a desirable place to live, visit and locate businesses.”

5. King County Code Chapter 21A.37, under which King County adopted standards for qualification of “Rural Area” Sending Sites into the Transfer of Development Rights Program and the Protected Property meets the qualifications for participation in the program with its current rural zoning, and as qualified Open Space in accordance with RCW 84.34.020.

6. King County’s Transfer of Development Rights program enables the owners of parcels with “Rural Area” zoning to transfer development rights from such a property to certain receiving sites within unincorporated and incorporated King County in exchange for the permanent preservation and protection of the land and its Conservation Values.

NOW, THEREFORE, in consideration of the above and the mutual covenants, terms, conditions and restrictions contained herein and issuance of TDR Certificate #360 for Ten (10) Rural Transferable Development Rights pursuant to King County Code Section 21A.37, Grantor and Grantee agree as follows:

1. *Grant of Easement*

Grantor voluntarily grants and conveys to the Grantee, and the Grantee accepts, as permitted by R.C.W. 64.04.130 and R.C.W. 84.34, and K.C.C. 21A.37, a Conservation Easement (the “Easement”) in perpetuity, over the Protected Property, including all rights to environmental credits or offsets developed or created through the preservation or protection of the Conservation Values (“Preservation Credits”), which rights to Preservation Credits shall not affect Grantor’s Reserved Rights set forth in Section 5 of this document, on the terms and conditions set forth herein exclusively for the purpose of conserving and forever maintaining the agricultural/forest resources, open space character, ecological significance, passive recreation opportunity, native vegetation and wildlife habitat of the Protected Property. Grantor expressly intends that this Easement runs with the land and that this Easement shall be binding on Grantor’s successors and assigns.

2. Purpose

It is the purpose of this Easement to assure that the Protected Property will be retained forever in an open space condition and to prevent uses of the property that will significantly impair or interfere with the Conservation Values of the Protected Property. An additional purpose of this Easement is to allow the Grantee to develop, create, and dispose of Preservation Credits arising from the Protected Property. Grantor and Grantee intend that this Easement will confine the use of the Property to such activities, including, without limitation, passive recreation, education, and open space management as are consistent with the terms and provisions of this Easement.

3. Rights of Grantee

To accomplish the purpose of this Easement the following rights are conveyed to Grantee by this Easement:

(a) To preserve and protect the Conservation Values of the Protected Property;

(b) To enter upon the Protected Property at reasonable times in order to monitor Grantor's compliance with and otherwise enforce the terms of this Easement in accordance with Section 9; provided that, (i) except in cases where Grantee determines that immediate entry is required to prevent, terminate, or mitigate a violation of this Easement, such entry shall be upon prior reasonable notice to Grantor, and (ii) Grantee shall not in any case unreasonably interfere with Grantor's quiet use and enjoyment of the Protected Property;

(c) To prevent any activity on or use of the Protected Property that is inconsistent with the purpose of this Easement and to require the restoration of such areas or features of the Protected Property that may be damaged by any inconsistent activity or use, pursuant to paragraph 7.

(d) To accrue, count, develop, create, and sell or otherwise dispose of any Preservation Credits developed or created through the preservation or protection of the Conservation Values. Preservation Credits may include amounts of greenhouse gas emission mitigation, credits for storage of carbon dioxide, storm water run-off reductions, energy savings, fish habitat, and air quality benefits arising from the Conservation Values of the Protected Property and the continued existence and natural growth of these Conservation Values subsequent to the granting of this Easement (including but not limited to future storage of carbon dioxide in soils that remain undisturbed and in existing forest areas and individual trees that continue to grow). Any obligations or liabilities arising from this sub-section (d) shall remain with the Grantee, and this sub-section (d) shall not impose any further obligation on the Grantor beyond the other terms of this agreement.

4. Prohibited Uses

Any activity on or use of the Protected Property inconsistent with the purpose of this Easement is prohibited. Without limiting the generality of the foregoing, the following activities and uses are expressly prohibited:

(a) *Development Rights.* Except to the extent permitted in Section 5 of this Easement, the use of development rights for any residential, commercial, or industrial development on the Protected Property, that are now or hereafter allocated to, implied, reserved or inherent in the Protected Property, is prohibited, and the parties agree that such rights are removed from the Protected Property and may not be used on or transferred to any other portion of the Protected

Property as it now or hereafter may be bounded or described. The development rights, however, may be transferred to other property pursuant to the Transfer of Development Rights program as authorized by King County Code 21A.37 or a successor program authorized by the King County Code.

(b) Subdivision and Boundary Line Adjustments. Except to the extent permitted in Section 5 of this Easement, the following are prohibited: the legal or *de facto* division, subdivision, or partitioning of any existing legal parcel of the Protected Property for any purpose, including, without limitation any subdivision, short subdivision, platting, binding site plan, testamentary division, or other process by which existing legal lots on the Protected Property are further divided.

Except to the extent permitted in Section 5 of this Easement, the boundary lines of legal lots on the Protected Property shall not be adjusted in a manner that creates new lot line configurations involving the Protected Property that result in a net increase of allowed dwelling units or buildable lots on the Protected Property or any adjacent lot, or lots, that are in addition to the dwelling units or buildable lots permitted in Section 5; and provided further, a boundary line adjustment that combines the Protected Property, or any portion thereof, with property on which a conservation easement has not been placed the effect of which is to remove development rights is prohibited. and provided further, boundary line adjustments which would result in the Protected Property exceeding the limit on non-tillable surface as specified in Section 4(n) of this Easement are prohibited;

(c) Construction and Improvements. Except to the extent permitted in Section 5 of this Easement, placing, constructing or maintaining any buildings or structures or components thereof, are prohibited, including without limitation, factories, warehouses, retail outlets, houses, transient accommodations, impermanent live-in structures including mobile homes and campers, communication lines, communication towers, public utilities, self-service storage facilities, storage tanks, and storage for boats on trailers or other trailers.

(d) Commercial Development. Any commercial or industrial use or activity on the Protected Property are prohibited, except as allowed in connection Grantor's Reserved Rights set forth in Section 5 allowing forest practices, agricultural uses, and rural occupation and industry uses conducted in a manner that protect the Conservation Values of the property.

(e) Road Construction. No portion of the Protected Property that is not already paved (and noted in the Present Conditions Report) shall be paved or otherwise covered with concrete, asphalt, gravel, or crushed rock, provided that trails and access roads or parking lots may be constructed and maintained to facilitate limited impact recreation as permitted in Section 5 of this Easement.

(f) Mining Limitations. The mining or extraction of soil, sand, gravel, rock, oil, natural gas, fuel, coal, peat, sod or any other mineral substance, using any method that disturbs the surface of the land are prohibited except as necessary for installation or repair of utilities, water systems or septic systems serving any existing building or future structures in connection with

the Grantor's Reserved Rights set forth in Section 5 of this Easement. Conducting exploration for any minerals or hydrocarbons is prohibited.

(g) *Trash and Dumping.* The disposal, storage, or release of hazardous substances, rubbish, garbage, debris, unregistered vehicles, abandoned equipment, parts thereof, or other unsightly or offensive waste or material are prohibited on the Protected Property. The meaning of trash and refuse does not include natural vegetation originating on the subject property. The term "release" shall mean any release, generation, treatment disposal, storage, dumping, burying, abandonment, or migration from off-site. The term "hazardous substances" as used in this Easement shall mean any substances, materials, or wastes that are hazardous, toxic, dangerous, harmful or are designed as, or contain components that are, or are designated as, hazardous, toxic, dangerous, or harmful and/or which are subject to regulation as hazardous, toxic, dangerous or harmful or as a pollutant by any federal, state, or local law, regulation, statute, or ordinance, including, but not limited to, petroleum or any petroleum product.

(h) *Intensive Recreational Uses.* Except to the extent permitted in Section 5, conducting or knowingly permitting a use or activity engaging in Intensive Recreation are prohibited. Intensive Recreation is defined as any recreational use or activity involving organized athletic games such as baseball, soccer, football, motorized sports of any kind, commercial and non-commercial hunting or trapping, commercial and non-commercial shooting or target practice, commercial overnight camping, activities and uses that require land development, clearing or grading, developed athletic fields, spectator viewing areas, or any support facility for such activities.

(i) *Vehicles.* Except to the extent permitted in Section 5 of this Easement, the off-road operation of motorcycles, dune buggies, all-terrain vehicles, snow mobiles, or other types of off-road motorized vehicles or the operation of other sources of excessive noise pollution which may degrade the Conservation Values of the Protected Property are prohibited.

(j) *Signs.* Placement of commercial signs, billboards, or other commercial advertising material on the Protected Property is prohibited.

(k) *Wetlands.* Any activity on the Protected Property that changes, disturbs, alters or impairs the plant and animal habitat, ecological value or scenic qualities of a wetland or wetland buffer is prohibited. Prohibited activities include, but are not limited to: artificially draining water into or out of the wetland; grading, filling or compacting wetland soils; conducting domestic animal grazing or agricultural activities of any kind; hunting or trapping; and application of biocides except when determined to be necessary for the eradication of invasive non-native plant species and such application is by the narrowest spectrum, least persistent material appropriate for the target species. Nothing in this agreement shall be construed to prohibit management of the wetland located on the Protected Property for its ecological value or to prohibit restoration or enhancement of the wetland pursuant to Sections 3 and 7 of this Easement.

(l) *Timber Harvest.* Except to the extent permitted in Section 5, the pruning, cutting down, or other destructive removal of trees or shrubs within the Protected Property is prohibited.

(m) Introduced Vegetation. Except to the extent permitted in Section 5 of this Easement, the planting or introduction of nonnative species of plants, including those classified as noxious weeds by the Washington State Noxious Weed Control Board or otherwise by state or local regulation, is prohibited.

(n) Alteration of surface water, subsurface water or channeling water. Except to the extent permitted in Section 5, any alteration of the surface waters, surface water channels, draining or piping of surface water, or the damming of water channels, including the lining of water channels with rocks, wood, trees, sand bags, or other materials, or the creation of new water impoundments, water courses or wells are prohibited on the Protected Property without the prior approval of King County.

(o) Soil Degradation and Water Pollution. Except as reasonably necessary for Grantor's exercise of the Reserved Rights described in Section 5, or exercise of third party rights under the Permitted Exceptions, any use or activity that causes or is likely to cause significant soil degradation or erosion or significant depletion or pollution of surface or subsurface waters is prohibited.

(p) Unlisted Use. If a question arises about whether a particular use is prohibited because it is not explicitly listed in this Section 4, the parties shall consider it to be prohibited if it is substantially similar in all material respects to a prohibited use included in this Section 4.

In the event the Grantors desire to make changes to the use of the Protected Property or undertake any activities requiring issuance of a permit, Grantor must comply with all applicable county, state and federal laws and regulations. This Easement will in no way affect, impair or modify current or future zoning, land use or other lawful regulatory authority over the Protected Property.

5. Reserved Rights

Grantor reserves to themselves, and to their personal representatives, heirs, successors, and assigns, the right to continue to enjoy the Protected Property in any manner that is consistent with the Purpose of this Easement and is not expressly prohibited by Section 4 ("Prohibited Uses"). In that regard, the uses and rights set forth in this Section 5, though not an exhaustive list of all consistent permitted uses, are consistent with the Purpose of this Easement, are not prohibited by Section 4 of this Easement, and shall not be precluded, prevented, or limited by this Easement.

(a) Selective Removal of Trees. Grantor reserves the right to prune, cut down, and remove trees located on the Protected Property only when all of the following conditions are simultaneously met: (1) as necessary to control or prevent hazard, disease, or fire, to improve forest health, or to allow and conduct limited impact recreation as described in Section 5(c); (2) in a manner consistent with the Conservation Values of the Property; (3) in a manner conducive to the creation or development of Preservation Credits from the Protected Property and consistent with the ongoing obligations associated with such Preservation Credits; and (4) in a manner that is consistent with applicable federal, state and local laws and regulations pertaining

to forestland and relating to growing, managing, harvesting or processing of trees or timber. Additionally, for tax parcels 252506-9090 and 252506-9091 taken together, the cumulative total removal of forest canopy and conversion of forestland to non-forest uses reserved under this Section 5 and its sub-sections shall not exceed two (2) acres. Grantor reserves the right to use motorized vehicles and equipment for the forest practices described in this Section 5 (a).

(b) Rural Occupation and Industry Uses. Grantor reserves the right to rural occupation and industry uses and activities on the Protected Property; such activities and uses include but are not limited to the sale of agricultural products produced on or off site, on-premises tasting and sampling of horticultural and agricultural crops, and other uses and activities that are similar in nature to these stated uses and defined in Chapter 21A.06 of the King County Code, or its successor, and consistent with the purpose of this Easement.

(c) Limited Impact Recreation. Grantor reserves the right to allow and conduct limited impact recreational use and activities on the Protected Property, provided that such recreational use is consistent with the Conservation Values and the Purpose and terms of this Easement, and not prohibited in Section 4. Limited impact recreation is defined as informal play, picnicking, jogging, hiking, cross-country skiing, biking, horse riding, nature viewing, fishing, and primitive overnight camping, as well as limited organized recreational events such as mountain bicycle races which do not require any clearing or grading. Structures associated with limited impact recreational use are limited to bathrooms and informational boards, wildlife viewing platforms, trail structures, trailhead parking areas, sleeping platforms or other small structures such as gazebos or picnic shelters.

(d) Emergencies. Grantor reserves the right to undertake other activities necessary to protect public health, property improvements, or human safety, or which are actively required by and subject to compulsion of any governmental agency with authority to require such activity.

(e) Unlisted Use. If a question arises about whether a particular use is a reserved right because it is not explicitly listed in Section 5, the parties shall consider it to be a reserved right if it is substantially similar in all material respects to a reserved right included in this Section 5.

6. Responsibilities of Grantor Not Affected

Other than as specified herein, this Easement is not intended to impose any legal or other responsibility on the Grantee, or in any way to affect any existing obligation of the Grantor as owner of the Protected Property. This shall apply to:

(a) Taxes. The Grantor shall continue to be solely responsible for payment of all taxes and assessments levied against the Protected Property. Upon five days written notice to the Grantor, the Grantee shall have the right, but not the obligation, to pay any taxes or assessments levied against the Protected Property in accordance with any bill, statement or estimate procured from the appropriate authority. If the Grantee ever pays any taxes or assessments levied against the Protected Property, the Grantor shall reimburse the Grantee for the same, with interest until reimbursed at the lesser of ten percent or the maximum rate allowed by law. The Grantor shall reimburse the Grantee for these sums plus any reasonable attorney fees and court costs incurred to collect such sums.

(b) *Upkeep and Maintenance, Costs, Legal Requirements, and Liabilities.* Grantor retains all responsibilities and shall bear all costs and liabilities of any kind related to the ownership, operation, upkeep, and maintenance of the Protected Property, including the maintenance of adequate liability insurance coverage. Grantor remains solely responsible for obtaining any applicable governmental permits and approvals for any construction or other activity or use permitted by this Easement, and all such construction or other activity or use shall be undertaken in accordance with all applicable federal, state, and local laws, regulations, and requirements. Grantor shall keep the Protected Property free of any liens arising out of any work performed for, materials furnished to, or obligations incurred by Grantor.

(c) *Remediation.* If, at any time, there occurs, or has occurred, a release in, on, or about the Protected Property of any hazardous substances, Grantors agree to take all steps necessary to assure its containment and remediation, including any cleanup that may be required, unless the release was caused solely by Grantee, in which case Grantee shall be responsible for such remediation. Should Grantor become aware of the release of any hazardous substances, Grantor shall make best efforts to inform Grantee of such release as soon as possible.

(d) *Control.* Nothing in this Easement shall be construed as giving rise to any right or ability in Grantee to exercise physical or managerial control over the day-to-day operations of the Protected Property, or any of Grantor's activities on the Protected Property, or otherwise to become an operator with respect to the Protected Property within the meaning of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended ("CERCLA"), or the Model Toxics Control Act, as amended ("MTCA").

(e) *Liability and Indemnification.* Grantor hereby agrees to release, hold harmless, indemnify, and defend Grantee, its officers, employees and agents from and against all liabilities, penalties, costs, losses, damages, expenses, causes of action, claims, demands, judgments or administrative actions, including, without limitation, reasonable attorney's and consultant's fees, arising from or in any way connected with (1) injury to or death of any person, or physical damage to any property, resulting from any act, omission, condition, or other matter related to or occurring on or about the Property, regardless of cause, except to the extent caused solely by the negligent acts or omissions of Grantee, its officers, employees or agents; (2) the violation or alleged violation of, or other failure to comply with, any state, federal, or local law, regulation or requirement, including without limitation, CERCLA and MTCA, by any person other than Grantee, its officers, employees and agents; or (3) the presence or release in, on, from, or about the Protected Property, at any time, of any hazardous substances, unless caused solely by the Grantee.

7. Grantee's Right to Restore the Protected Property

In the event the open space character, forest resources, ecological significance or wildlife habitat of the Protected Property are impaired by an Act of God, the Grantee shall have the right, but not the obligation, to restore all or portions of the Protected Property subject to Grantor's approval which shall not reasonably be withheld, and subject to all Reserved Rights in Section 5 of this Easement.

8. Access

Access by the general public to the Protected Property is conveyed by this Easement.

9. Enforcement

Grantee shall have the right to prevent and correct violations of the terms of this Easement as set forth below.

(a) *Notice of Failure.* If Grantee determines that the Grantor is in violation of the terms of this Easement or that a violation is threatened, Grantee shall give written notice to Grantor of such violation and demand corrective action sufficient to cure the violation and, where the violation involves injury to the Protected Property resulting from any use or activity inconsistent with the purpose of this Easement, to restore the portion of the Protected Property so injured to its prior condition in accordance with a plan approved by Grantee.

(b) *Grantor's Failure to Respond.* Grantee may bring an action as provided for in Section 9(c) below if Grantor fails to cure the violation within thirty (30) days after receipt of notice thereof from Grantee; fails to begin curing such violation within the thirty (30) day period under circumstances where the violation cannot reasonably be cured within the thirty (30) day period; or fails to continue diligently to cure such violation until finally cured.

(c) *Grantee's Action.* Grantee may bring action at law or in equity in a court of competent jurisdiction to enforce the terms of this Easement, to enjoin the violation, *ex parte* as necessary and as allowed under the applicable civil rules, by temporary or permanent injunction, to recover any damages to which it may be entitled for violation of the terms of this Easement or injury to any of the Conservation Values protected by this Easement, including damages for the loss of the Conservation Values; and to require the restoration of the Protected Property to the condition that existed prior to any such injury. Without limiting Grantor's liability therefore, Grantee, in its sole and absolute discretion, may apply any damages recovered to the cost of undertaking any corrective action on the Protected Property. All such actions for injunctive relief may be taken without Grantee being required to post bond or provide other security.

(d) *Immediate Action Required.* If Grantee, in its sole and absolute discretion, determines that circumstances require immediate action to prevent or mitigate significant damage to the Conservation Values of the Protected Property, Grantee may pursue its remedies under this Section 9 without prior notice to Grantor or without waiting for the period provided for cure to expire.

(e) *Nature of Remedy.* Grantee's rights under this Section 9 apply equally in the event of either actual or threatened violations of the terms of this Easement. Grantor agrees that Grantee's remedies at law for any violation of the terms of this Easement are inadequate and that Grantee shall be entitled to the injunctive relief described in this Section 9 both prohibitive and mandatory, in addition to such other relief to which Grantee may be entitled, including specific performance of the terms of this Easement, without the necessity of proving either actual damages or the inadequacy of otherwise available legal remedies. Grantee's remedies described in this Section 9 shall be cumulative and shall be in addition to all remedies now or hereafter existing at law or in equity.

(f) *Costs of Enforcement.* All reasonable costs incurred by Grantee in enforcing the terms of this Easement against Grantor, including, without limitation, costs and expenses of suit and reasonable attorney's fees and reasonable consultant's fees, and any costs of restoration necessitated by Grantor's violation of the terms of this Easement shall be borne by Grantors; provided, however, that if Grantors ultimately prevail in a judicial enforcement action each party shall bear its own costs.

(g) *Grantee's Discretion.* Enforcement of the terms of this Easement shall be at the discretion of the Grantee, and any forbearance by the Grantee to exercise its rights under this Easement in the event of any breach of any terms of this Easement by Grantor shall not be deemed or construed to be a waiver by Grantee of such term or of any of Grantee's rights under this Easement. No delay or omission by Grantee in the exercise of any right or remedy upon any breach by Grantors shall impair such right or remedy or be construed as a waiver.

(h) *Acts Beyond Grantor's Control.* Nothing contained in this Easement shall be construed to entitle Grantee to bring any action against Grantor to abate, correct, or restore any condition on the Protected Property or to recover damages for any injury to or change in the Protected Property resulting from causes beyond Grantor's control, including, without limitation, fire, flood, storm, and earth movement, and from any prudent action taken by Grantor under emergency conditions to prevent, abate, or mitigate significant injury to the Protected Property resulting from such causes.

(i) *Violations of Easement by Third Parties.* When there are violations of the terms of this Easement by parties other than Grantor, its officers, employees and contractors, Grantor shall take reasonable steps to terminate such violations. If such violations persist even after Grantor has taken reasonable steps to terminate them, Grantor will not be deemed in violation of this Easement and shall have no liability or responsibility to indemnify Grantee for the costs to remediate such conditions.

10. *Alternate Dispute Resolution*

If a dispute arises between the Parties concerning the consistency of any proposed use or activity with this Easement, the Parties shall attempt to resolve the dispute through informal discussion. The Parties may also agree to refer the dispute to mediation. Upon such agreement, the Parties shall select a single mediator to hear the matter. Each party shall bear its own costs, including attorney's fees, if mediation is pursued under this Section 10. The Parties shall share equally the fees and expenses of the mediator.

11. *Notice and Approval*

(a) *Notice.* Whenever notice is required under this Easement, the party required to give notice ("Notifying Party") shall give reasonable notice prior to the date the Notifying Party intends to undertake the use or activity in question. The notice shall describe the nature, scope, design, location, timetable, and any other material aspect of the proposed activity in sufficient detail to permit the other party to make an informed judgment as to its consistency with the purpose and terms of this Easement.

(b) *Evaluation of Proposed Activities.* The purpose of requiring the Notifying Party to notify the other party prior to undertaking certain permitted uses and activities is to afford the other party an opportunity to ensure that the use or activity in question is designed and carried out in a manner consistent with the purpose and terms of this Easement.

12. *Notice of Transfer of Protected Property by Grantor and Successor and Assigns*

Anytime the Protected Property itself, or any interest in it is transferred by the Grantor to a third party, the Grantor, its successors and assigns, shall notify the Grantee in writing, and the document of conveyance shall expressly refer to this Easement.

13. *Termination of Easement*

(a) *Frustration of Purpose.* If a court of competent jurisdiction determines that conditions on or surrounding the Protected Property change so much that it becomes impossible to fulfill any of the conservation purposes of the Easement, the court may, at the joint request of both the Grantor and Grantee, terminate in whole or in part this Easement.

(b) *Economic Value.* The fact that any use of the protected Property that is expressly prohibited by this Easement, or any other use as determined to be inconsistent with the purpose of this Easement, may become greatly more economically valuable than permitted uses, or that neighboring properties may in the future be put entirely to uses that are not permitted thereunder, has been considered by the Grantor in granting this Easement. It is the intent of both Grantor and Grantee that any such changes shall not be assumed to be circumstances justifying the termination or extinguishment of this Easement pursuant to this section.

(c) *Proceeds.* If the Easement is terminated and the Protected Property is sold or taken for public use that is inconsistent with the terms and conditions of this Easement, the Grantee shall be entitled to a percentage of the gross sale proceed of condemnation award equal to the ratio of the appraised value of this easement to the unrestricted fair market value of the Property, as these values are determined on the date of termination. The Grantee shall use the proceeds consistently with the conservation purposes of this Easement.

14. *Modification*

This Easement may be modified by agreement of the parties, provided that any such amendment shall be consistent with the purpose of the Easement and shall not affect its perpetual duration. All modifications shall be in writing, signed by both parties and recorded in the real property records of King County.

15. *Interpretation*

This Easement shall be interpreted under the laws of Washington, resolving any ambiguities and questions of the validity of specific provisions so as to give maximum effect to its conservation purposes.

16. *Venue*

Any litigation arising from the terms or obligations of this Easement shall be brought in King County Superior Court.

17. Perpetual Duration

This Easement shall be a binding servitude running with the land in perpetuity, and no merger of title, estate or interest shall be deemed effected by any previous, contemporaneous, or subsequent deed, grant, or assignment of an interest or estate in the Protected Property, or any portion thereof, to Grantee, it being the express intent of the parties that this Easement not be extinguished by, or merged into, any other interest or estate in the Protected Property now or hereafter held by Grantee. Every provision of this Easement that applies to the Grantor or Grantee shall also apply to their respective agents, heirs, executors, administrators, assigns, and all other successors as their interests may appear.

18. Inaction

Inaction or inactivity on the part of Grantee with respect to the Easement shall not constitute abandonment of the Easement.

19. Notices

Any notices required by this Easement shall be in writing and shall be personally delivered or sent by first class mail to Grantor and Grantee respectively at the following addresses, unless a party has been notified by the other of a change of address.

To Grantor: King County Department of Natural Resources and Parks
Transfer of Development Rights Program
201 S. Jackson Street, Suite 600
Seattle, WA 98104

To Grantee: King County Department of Natural Resources and Parks
Transfer of Development Rights Program
201 S. Jackson Street, Suite 600
Seattle, WA 98104

20. Grantor's Title Warranty

The Grantors warrant that they have good and sufficient title to the Property, free from all encumbrances except those set forth in Exhibit C attached to and made a part of this easement, and hereby promise to defend the same against all claims that may be made against it.

21. Legal Fees

In the event of any action or proceeding arising out of this Easement, the prevailing party shall be entitled to an award and reimbursement of reasonable attorney's fees and court costs.

22. Severability

If any provision of this Easement is found to be invalid, illegal or unenforceable, that finding shall not affect the validity, legality or enforceability of the remaining provisions.

23. *Entire Agreement*

This instrument sets forth the entire agreement of the parties with respect to the terms of this Easement and supersedes all prior discussions, negotiations, understandings, or agreements relating to the terms of this Easement, all of which merge herein.

24. *Waiver of Defenses*

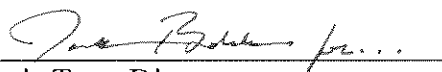
Grantor hereby waives any defense of laches, estoppel or prescription and acknowledges and agrees that the ten-year statute of limitations provided in RCW 4.16.020 does not apply to this Easement, and Grantor waives any rights of Grantor pursuant to such statute.

25. *Acceptance*

The Grantor and Grantee hereby accept this Conservation Easement.

In Witness Whereof, the Grantors and Grantee, intending to legally bind themselves, have set their hands on the date first written above.

Grantor: King County, a political subdivision of the State of Washington



Christie True, Director
Department of Natural Resources and Parks

Grantee: King County, a political subdivision of the State of Washington

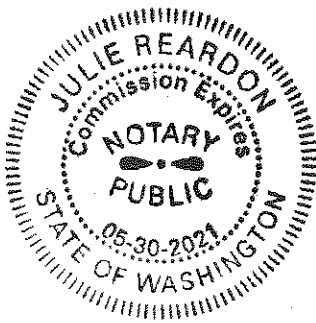


Christie True, Director
Department of Natural Resources and Parks

STATE OF WASHINGTON)
)SS.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that Josh Baldi is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he is authorized to execute the instrument and acknowledged it as the Director, WLR Division of the Department of Natural Resources and Parks of King County to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 11/15/18



[Signature]
Julie Reardon
Printed name

Notary Public in and for the
State of Washington

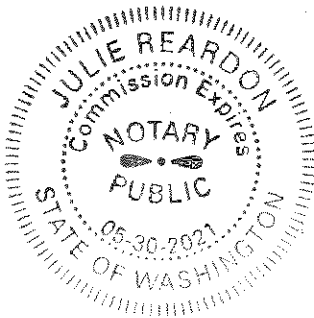
Residing at Federal Way

My appointment expires 5/30/21

STATE OF WASHINGTON)
)SS.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that Josh Baldi is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he is authorized to execute the instrument and acknowledged it as the Director, WLR Division of the Department of Natural Resources and Parks of King County to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 11/15/18



Julie Reardon
Printed name: _____
Notary Public in and for the
State of Washington
Residing at Federal Way
My appointment expires 5/30/21

KING COUNTY TRANSFER OF DEVELOPMENT RIGHTS PROGRAM
NORTON PROPERTY

EXHIBIT A

LEGAL DESCRIPTION – EASEMENT AREA

Parcel 1:

The Southwest Quarter of the Southwest Quarter of Section 25, Township 25 North, Range 6 East, Willamette Meridian, in King County, Washington.

Parcel 2D:

Lots 3 and 4, King County Short Plat Number 582023, recorded under Recording Number 8301200582, in King County, Washington.

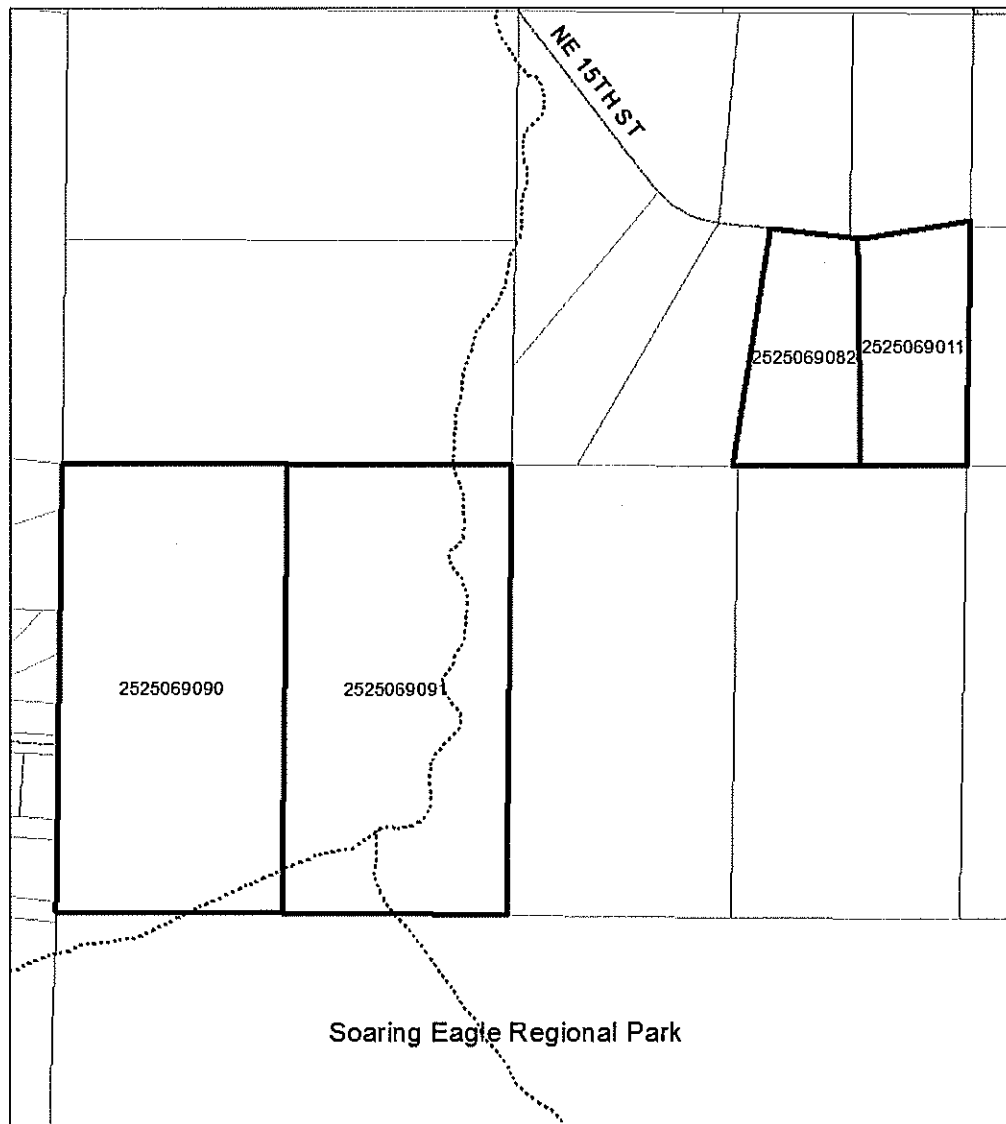
Together with Tract X as delineated on the face of said Short Plat and Recording No. 8201040316.

Situate in the County of King, State of Washington.






KING COUNTY TRANSFER OF DEVELOPMENT RIGHTS PROGRAM

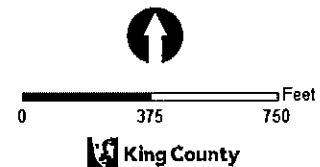
EXHIBIT B
PROPERTY MAP – EASEMENT AREA

PARCEL #s: 252506-9011; 9082; 9090 and 9091



LEGEND

-  Protected Property (approx. 50 acres)
-  Other KC Parcel Boundaries
-  Roads
-  Open Water
-  Streams



KING COUNTY TRANSFER OF DEVELOPMENT RIGHTS PROGRAM

EXHIBIT C

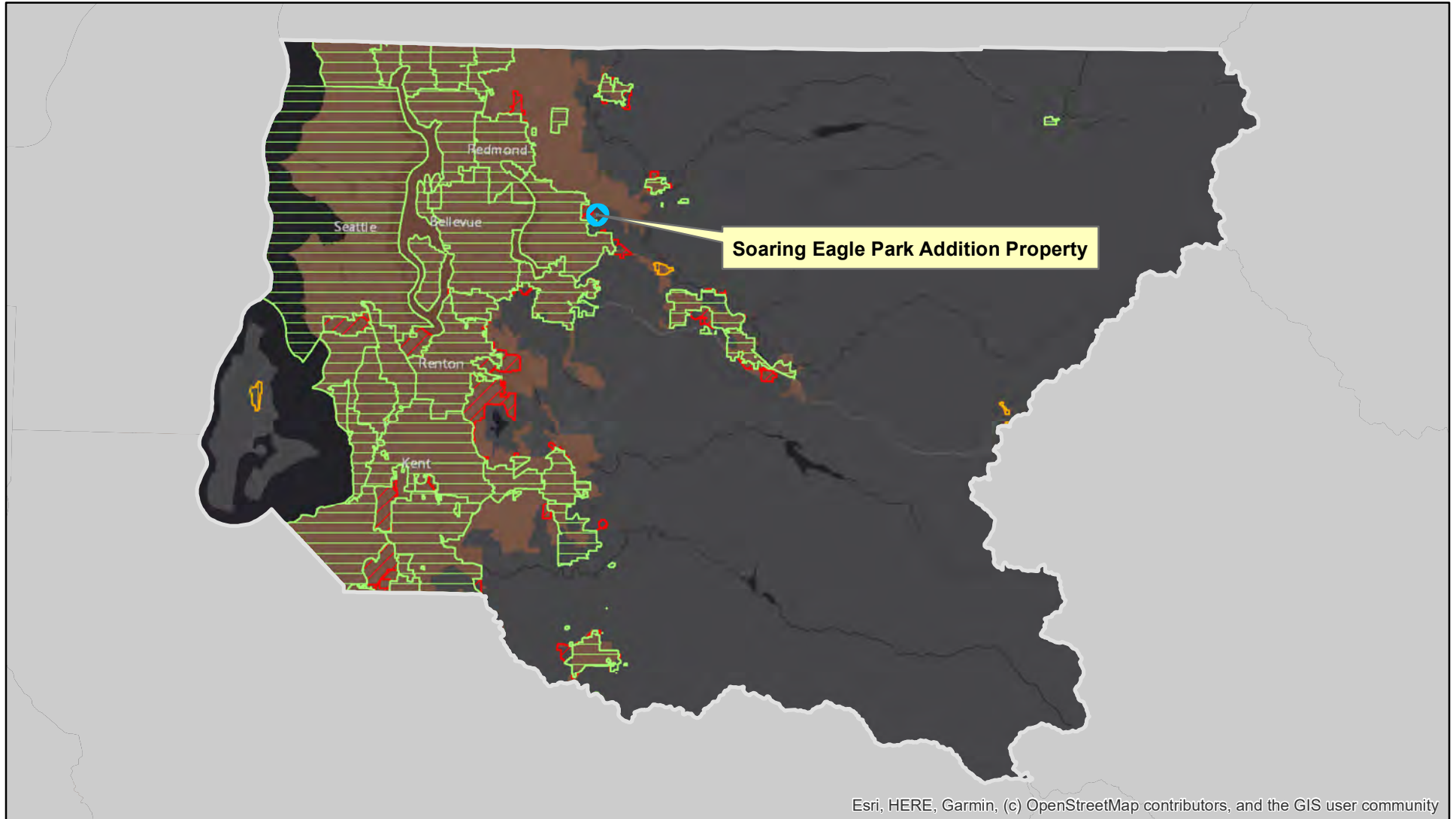
PERMITTED EXCEPTIONS/TITLE REPORT

Those special exceptions listed on Stewart Title Guaranty Company Commercial Services Title Report #17000200213 dated November 14, 2017, and any supplements thereto (which Title Report and Supplement are incorporated into this Agreement by this reference) numbered 2 (Paid Current or Exempt), 3 (Paid Current or Exempt), 4 (Paid Current or Exempt), 5 (Paid Current or Exempt), 6, 8, 10, 11, 12, 13, 14, 15, 16, 16, 18, 19, 20, 21, 22, 23, 24, 25, and 26.






Location Eligibility Map

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King County Land Conservation Initiative 2018 Preservation Project



Legend

-  Project Location
-  A. (U.S. Census Urban Area)
-  B. (Incorporated Areas of King County)
-  C.1 (King County Urban Unincorporated Areas)
-  C.2 (King County Rural Towns)

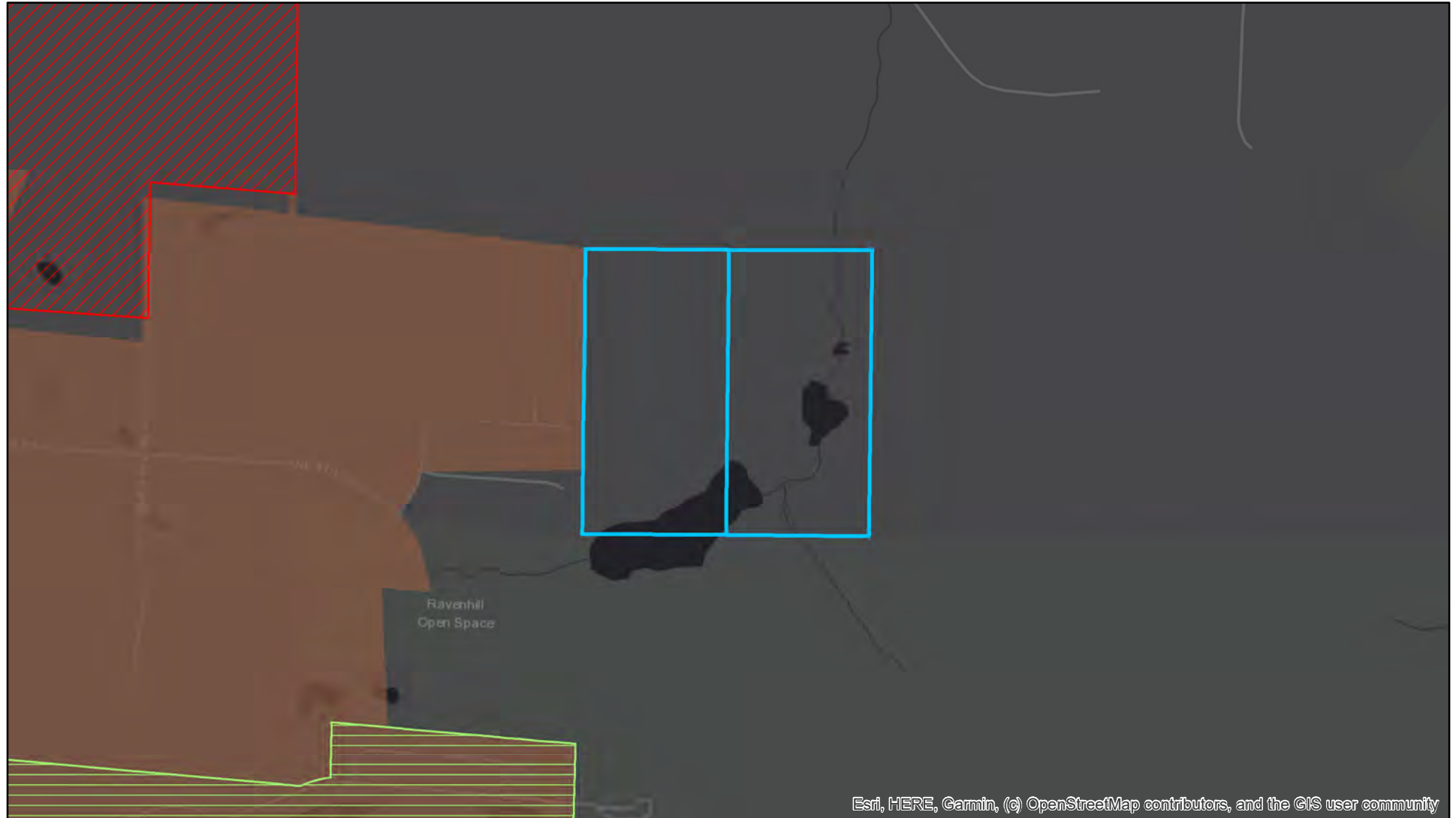
0 2.5 5 10 Miles








Location Eligibility Map

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King County Land Conservation Initiative 2018 Preservation Project -- Soaring Eagle Park Addition



Legend

-  Project Location (parcels subject to Preservation Commitment)
-  A. (U.S. Census Urban Area)
-  B. (Incorporated Areas of King County)
-  C.1 (King County Urban Unincorporated Areas)
-  C.2 (King County Rural Towns)

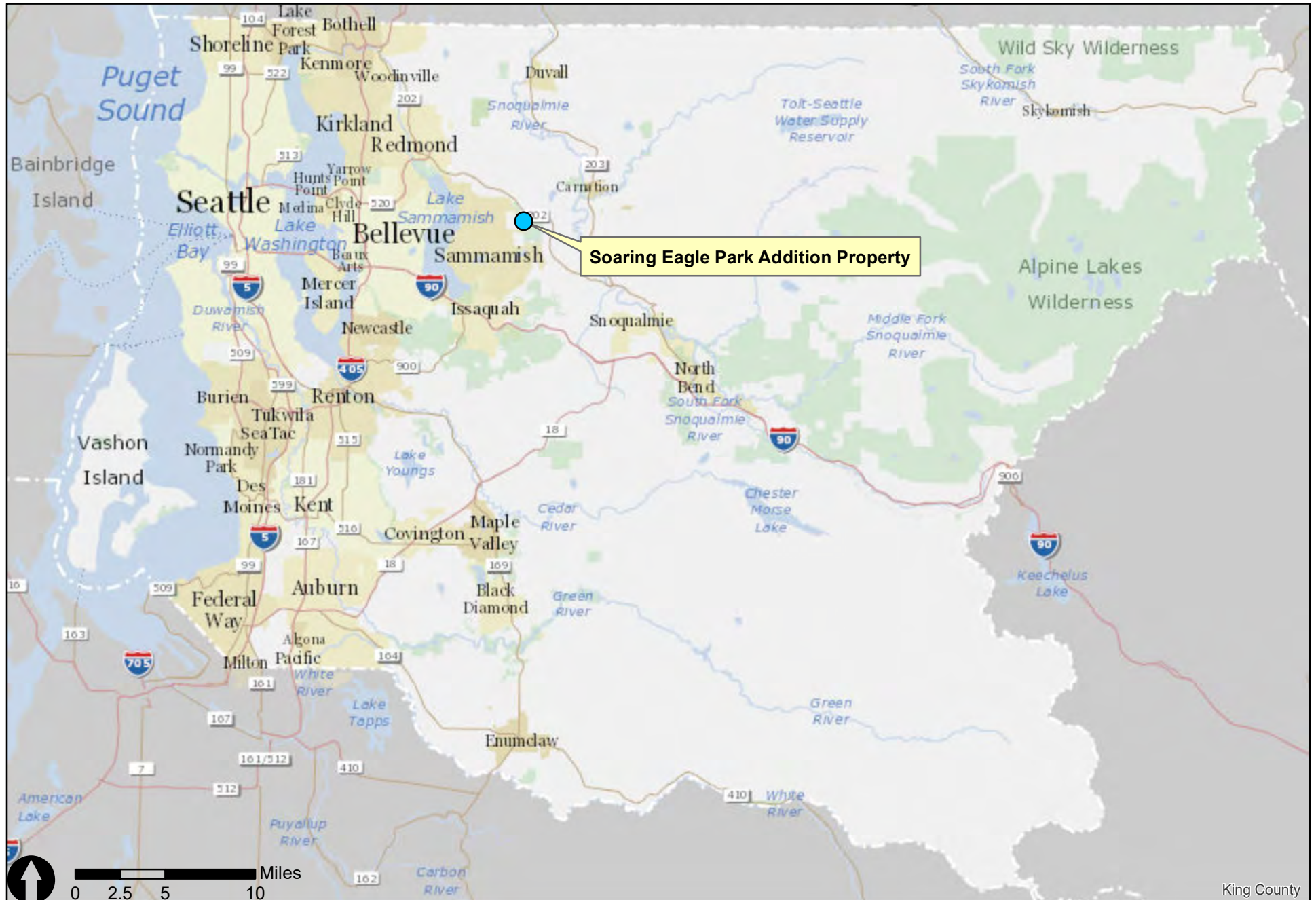
0 500 1,000 2,000 Feet



Project Locator Map

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King County Land Conservation Initiative 2018 Preservation Project



Map of Project Area

Date Saved: 12/5/2018 11:05:14 PM

Property: Soaring Eagle Park Addition

King County Land Conservation Initiative 2018 Preservation Project

Aerial imagery: 2017



0 50 100 200 Feet

Legend



Project Area



"The Property" (parcels addressed by the Preservation Commitment; labeled by PIN)



APPRAISAL

of

SOARING EAGLE PROPERTIES

APNs: 252506-9090, 9091, 9092, 9013

9094, 9017, 9093, 9018, 9011 & 9082

269th Avenue NE, NE 8th Street & NE 15th Street
Redmond, WA 98053

as of

October 11th, 2016
Effective Date of Value

Prepared for

Nelson Mathews
Northwest Program Manager
Trust for Public Land
315 NW Oregon Avenue
Bend, OR 97701

Prepared by

Anthony Gibbons, MAI, CRE

RE•SOLVE

GIBBONS & RIELY PLLC

Real Estate Appraisal & Counseling and Mediation

261 Madison Avenue South, Suite 102

Bainbridge Island, Washington 98110-2579

Ref. 16182

RE•SOLVE

GIBBONS & RIELY PLLC
Real Estate Appraisal, Counseling & Mediation
261 Madison Avenue South, Suite 102
Bainbridge, Washington 98110-2579

Anthony Gibbons, MAI, CRE
Direct Dial 206 909-1046
Email: agibbons@realestatesolve.com

Taylor Gibbons
Direct Dial 206 842-1930
Email: taygibbons@realestatesolve.com

November 16, 2016

Nelson Mathews
Northwest Program Manager
The Trust for Public Land
315 NW Oregon Avenue, Suite 9
Bend, OR, 97701
Sent via Email: nelson.mathews@tpl.org

RE: **Soaring Eagle Properties**
269th Ave SE & NE 8th Street
Redmond, WA 98053
King County APNs: 252506-9090, 252506-9091, 252506-9092, 252506-9013, 252506-9094,
252506-9017, 252506-9093, 252506-9018, 252506-9011 & 252506-9082

Dear Mr. Mathews


At your request, we have prepared an appraisal of the above-referenced property, which is described in the attached report. This analysis pertains to the potential acquisition of a Conservation Easement which will encumber the entire property by the King County Water and Land Resources Division. The value conclusion is made subject to the limiting conditions and extraordinary assumptions described within the body of this report. The subject property consists of 10 vacant tax parcels totaling 170 acres of land zoned for low-density residential use.

This appraisal has been prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP). It complies with the requirements of the Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA).

As a result of our investigation and analysis, we have concluded with the following difference or diminution in market value of the fee simple interest in the subject real estate, both Before and After the acquisition of the intended easement, as of the effective date of value, October 11th, 2016, the date of inspection.

BEFORE Property Value.....	\$4,475,000
<u>AFTER(Transfer of Development Rights & Use Restrictions).....</u>	<u>\$430,000</u>
Conservation Easement.....	\$4,045,000

Respectfully submitted,


Anthony Gibbons, MAI, CRE
Ref: 16182

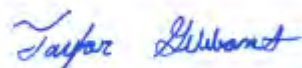

Taylor Gibbons, Appraiser Trainee

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APPRAISER'S CERTIFICATION

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 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.
- ❖ My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- ❖ 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 the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- ❖ My analyses, opinions, and conclusions were developed, and this appraisal has been prepared, in conformity with the Uniform Appraisal Standards for Federal Land Acquisitions
- ❖ The appraisal was made and the appraisal report prepared in conformity with the Appraisal Foundation's Uniform Standards for Professional Appraisal Practice, except to the extent that the Uniform Standards for Federal Land Acquisitions required invocations of USPAP's Jurisdictional Exception Rule, as described in Section D-1 of the Uniform Standards for Federal Land Acquisitions.
- ❖ I have made a personal inspection of the property that is the subject of this report.
- ❖ I have afforded the owner or a designated representative of the property that is the subject of this appraisal the opportunity to accompany me on the inspection of the property.
- ❖ Persons providing significant professional assistance to the persons signing this report are identified herein.
- ❖ The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- ❖ I have disregarded any increase in Market Value caused by the proposed public improvement or its likelihood prior to the date of valuation. I have disregarded any decrease in Market Value caused by the proposed public improvement or its likelihood prior to the date of valuation, except physical deterioration within the reasonable control of the owner;
- ❖ This appraisal has been made in conformity with the appropriate State and Federal laws and requirements, and complies with the contract between the agency and the appraiser;
- ❖ I previously appraised the subject property in April of 2015 for King County who was interested in acquiring the property.
- ❖ As of the date of this report, Anthony Gibbons has completed the requirements under the continuing education program of the Appraisal Institute.
- ❖ As of the date of this report, Anthony Gibbons has completed the Standards and Ethics Education Requirement of the Appraisal Institute for Designated Members.

RESTRICTION UPON DISCLOSURE & USE:

Disclosure of the contents of this appraisal report is governed by the By-Laws & Regulations of the Appraisal Institute.

Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser or the firm with which (s)he is connected, or any reference to the Appraisal Institute or to the MAI designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication without the prior written consent and approval of the undersigned. No part of this report or any of the conclusions may be included in any offering statement, memorandum, prospectus or registration without the prior written consent of the appraiser.

The property has been appraised for its fair market value as though owned in fee simple, or as encumbered only by the existing easements as described in the title report in the addenda, in the Before and After condition. The opinion of value expressed below is the result of, and is subject to the data and conditions described in detail in this report.

Anthony Gibbons and Taylor Gibbons made a personal inspection of the property that is the subject of this report on October 11th, 2016.

The Date of Value for the property that is the subject of this appraisal is October 11th, 2016.

Per the MARKET VALUE definition herein, the market value diminution conclusion for the property that is the subject of this appraisal on a cash basis is:

BEFORE Property Value	\$4,475,000
AFTER(Transfer of Development Rights & Use Restrictions)	\$430,000
Conservation Easement	\$4,045,000

Name: **Anthony Gibbons, MAI, CRE**

Certified General Real Estate Appraiser. Lic No 1100854

Name: **Taylor Gibbons, Appraiser Trainee**

Appraiser Trainee. Lic No 1001717

Date Signed: November 16, 2016

Signature: 

Signature: 

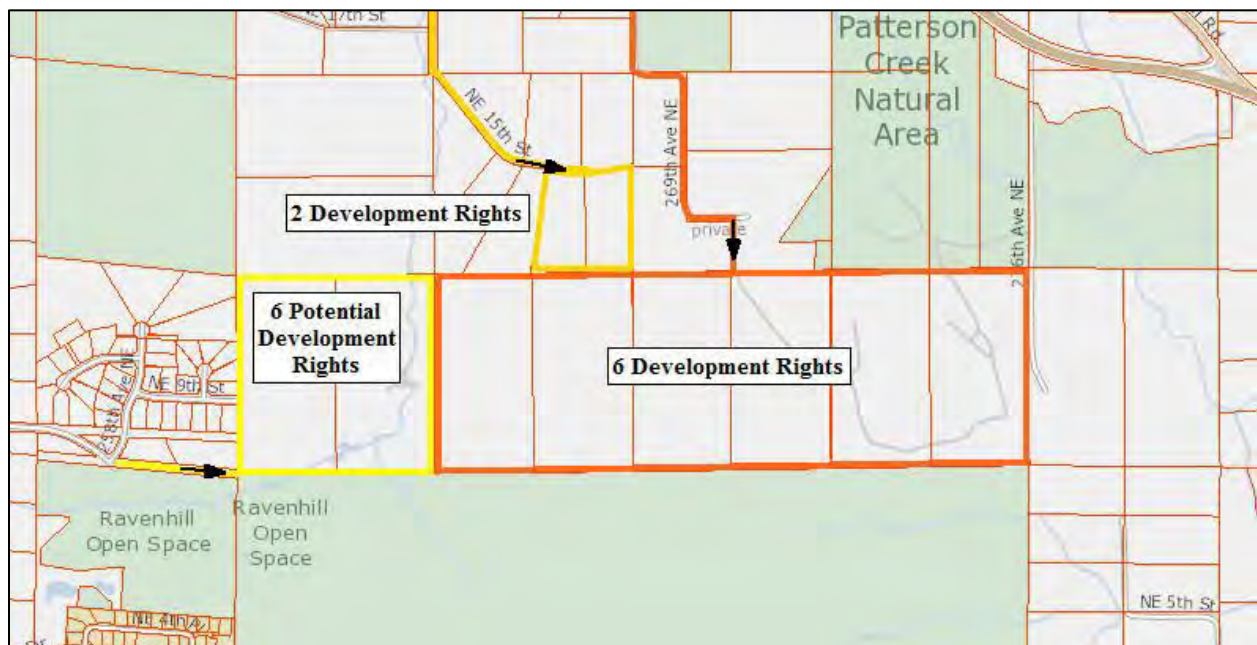
SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Identity of the Property & Location

The subject of this appraisal is the Soaring Eagle Properties. Located in unincorporated King County approximately 7.5 miles southeast of Redmond with primary access from 269th Ave NE, the property is identified by King County Assessor's parcel numbers 252506-9090, 252506-9091, 252506-9092, 252506-9013, 252506-9094, 252506-9017, 252506-9093, 252506-9018, 252506-9011 and 252506-9082.

Description

Located directly north of the Soaring Eagle Regional Park and east of the City of Sammamish, the subject property is a contiguous holding of eight 20-acre tax parcels and two 5-acre parcels totaling 170 acres of vacant land. The property is zoned Rural Residential by King County, allowing for single-family development with between 5 and 10 acres per home site. Consisting entirely of forest, the site exhibits mostly rolling topography and in some places steep slopes. There are also two large wetlands and a stream. Current zoning allows a maximum density of 30 dwelling units, however access to the easterly six 20-acre parcels (dark orange) must be improved to county road standards if those parcels are subdivided. Expanding the road would most likely require a dedication by neighboring property owners and reconstruction of the existing bridge which is believed to be cost prohibitive. These six parcels are therefore treated as large estates, each capable of supporting just one home. Two of the 20-acre parcels (yellow) are sequestered west of the stream, and because they abut a public right-of-way, could potentially be subdivided into six speculative lots, slightly below maximum density standards due to sensitive areas. The two 5-acre parcels (light orange) are accessed separately, and therefore treated as stand-alone development sites. The total development potential of the property is therefore believed to be approximately 14 single-family residences. Please see the map below which is provided for illustrative purposes.



Purpose of Appraisal

The purpose of this appraisal is to establish the fair market value of the subject, both Before and After a Conservation Easement is placed over the entire property which will prohibit future development and restrict the property to low-impact recreational uses.

Highest and Best Use

The highest and best use of the subject in the Before condition is development with up to 14 single-family residences, with the westerly two 20-acre parcels requiring subdivision into approximately 6 lots, and the remaining 8 parcels treated as stand-alone development sites. In the After condition, the subject loses all of its development potential and is restricted to open space into perpetuity.

Final Value Opinion

BEFORE Property Value..... \$4,475,000
AFTER(Transfer of Development Rights & Use Restrictions)..... \$430,000
Conservation Easement..... \$4,045,000

Reconciliation and Final Value Conclusion			
Approaches to Value	\$/acre	\$/lot	Indicated Value
Before Property Valuation			
	170.12 acres	14 lots	\$
Sales Comparison Approach	\$26,452/acre	\$321,429/lot	\$4,500,000
Developer's Snap-shot Approach	\$26,158/acre	\$317,857/lot	\$4,450,000
Before Value Conclusion	\$26,305/acre	\$319,643/lot	\$4,475,000
After Property Valuation			
	170.12 acres	0 lots	\$
Sales Comparison Approach	\$2,528/acre	n/a	\$430,000
After Value Conclusion	\$2,528/acre	n/a	\$430,000
		Before Property Value	\$4,475,000
		<u>After Property Value</u>	<u>\$430,000</u>
		Conservation Easement	\$4,045,000

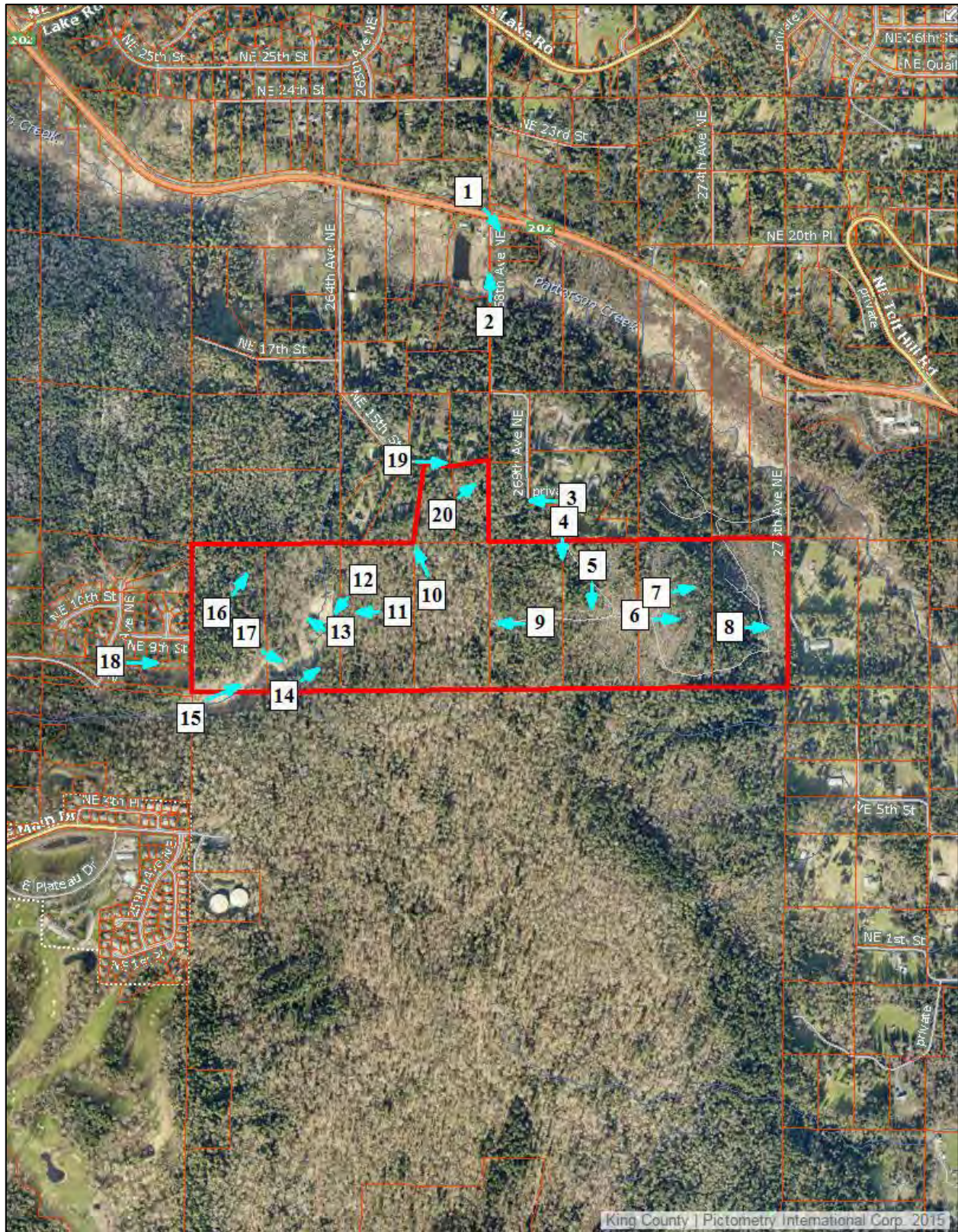
Effective Date of Value

The effective date of value is October 11th, 2016, the latest day of inspection. This appraisal was performed in October and November of 2015.

SUBJECT PHOTOGRAPHS



AERIAL PHOTOGRAPH
(Area outlines are approximate. Microsoft Bing image.)



PICTURE LOCATIONS MAP

Photographs taken on October 11th, 2016. All picture locations are approximate.



1. The eastern six 20-acre parcels are accessed from 268th Ave NE off of NE Redmond-Fall City Rd, a two-lane paved arterial also known as Highway 202.



2. 268th Ave NE is a recently paved one lane road extending south from the Highway 202 and crossing Paterson Creek. The bridge is pictured ahead.



3. 268th Ave NE turns into 269th Ave NE which is a 30ft wide shared access easement. The road would need to be expanded to support the subject's maximum achievable density of 30 lots.



4. A 30ft wide easement provides access from 269th Ave NE to the east six parcels. The easement is improved as a walking trail, and would also require a dedication to support subdivision.



5. Parcels 9013, 9094 and 9017 exhibit generally level topography. Picture taken from parcel 9017.



6. Looking east from parcel 9093. Ahead the topography begins to slope down to the east towards the Patterson Creek basin.



7. The slope is moderate at first.



8. Then drops steeply in the western portion of parcel 9018.



9. Looking west from the near central area of parcel 9094.



10. Looking southeast towards the Patterson Creek valley from the southern portion of parcel 9013.



11. In parcel 9092 the topography begins to slope gently down to the west. Picture looking west from the approximately center of the parcel



12. The topography then drops steeply down to the wetland in the eastern portion of parcel 9092. Looking southwest along the slope.



13. The wetland as pictured from the east.



14. A ravine and unclassified stream feeds into the southern portion of parcel 9091. Looking east.



15. Looking north up the wetland from the neighboring Soaring Eagle Regional Park to the south.



16. The northwest portion of parcels 9090 and 9091 is generally level.



17. Looking back east down on the wetland from the northwest portion of parcels 9090 and 9091



18. Because NE 8th Street, a 60ft wide unimproved right-of-way, provides access to parcels 9090 and 9091, they are considered capable of supporting subdivision into approximately 6 homes.



19. The two 5-acre parcels are located at the terminus of NE 15th Street, a single-lane paved road connecting with Highway 202 to the north.



20. The two lots exhibit gently sloping topography, and because they are accessed separately, are effectively treated as stand-alone development sites.

INTRODUCTION

Legal Description

The subject property is comprised of 10 contiguous tax parcels which are identified by King County Assessor identification numbers 252506-9090, 252506-9091, 252506-9092, 252506-9013, 252506-9094, 252506-9017, 252506-9093, 252506-9018, 252506-9011 and 252506-9082. The legal description for the eight 20-acre parcels as detailed in a Stewart Title Company title report is as follows:

Parcel A:

The South Half of the Southwest Quarter of Section 25, Township 25 North, Range 6 East, Willamette Meridian, in King County, Washington.

Parcel B:

The South Half of the Southeast Quarter of Section 25, Township 25 North, Range 6 East, Willamette Meridian, in King County, Washington.

Parcel C:

An easement for ingress and egress as established by instruments recorded under Recording Numbers 6341678 and 6402862;

And an easement for ingress and egress over that portion of the Northwest Quarter of the Southeast Quarter of said Section 25, described as follows:

The North 60 feet of the West 330 feet of said subdivision; and a strip of land 60 feet wide, having 30 feet of such width on each side of the following described centerline:

Beginning at a point on the North line of said subdivision a distance of 360 feet East from the Northwest corner thereof;

Thence South parallel to the West line of said subdivision a distance of 990 feet, more or less, to a point 330 feet North of the South line of said subdivision;

Thence at Right angles East and parallel to said South line a distance of 300 feet;

Thence at Right angles South and parallel to the West line of said subdivision a distance of 330 feet to an intersection with said South line at a point 660 feet, more or less, East of the Southwest corner of said subdivision and the end of said centerline.

The legal description from King County Assessor's records for the two 5-acre parcels is provided below:

LOT 4 KCSP #582023 REC # 8301200582 SD SP DAF POR OF OF NE 1/4 OF SW 1/4 SEC 25-25-6 LY SLY OF FOLG LN - BAAP ON W LN SD NE 1/4 WCH IS 1036 FT SLY OF NW COR SD NE 1/4 TH N 39-46-37 E 680.73 FT TAP OF CRV TH SELY ALG SD CRV HAV RAD 270 FT DIST 204.64 FT TH S 82-54-10 E 406.06 FT TH N 81-10-19 E 329.17 FT TO ELY LN SD NE 1/4 & TERM SD LN

LOT 3 KCSP #582023 REC # 8301200582 SD SP DAF POR OF OF NE 1/4 OF SW 1/4 SEC 25-25-6 LY SLY OF FOLG LN - BAAP ON W LN SD NE 1/4 WCH IS 1036 FT SLY OF NW COR SD NE 1/4 TH N 39-46-37 E 680.73 FT TAP OF CRV TH SELY ALG SD CRV HAV RAD 270 FT DIST 204.64 FT TH S 82-54-10 E 406.06 FT TH N 81-10-19 E 329.17 FT TO ELY LN SD NE 1/4 & TERM SD LN

Assumptions and Limiting Conditions Including Extraordinary Assumptions and Hypothetical Conditions

This appraisal report has been prepared under the following general assumptions and limiting conditions, which may affect the opinions and conclusions stated in this report.

- We have been provided with a title report for the eight 20-acre parcels dated January 27th, 2015, and it is assumed this accurately reflects the current title status of the subject property. We are not in possession of a title report for the two 5-acre parcels and have therefore assumed free and clear title of parcels 252506-9011 and 252506-9082.
- We have been provided with a Commitment for Title Insurance by Stewart Title Company for subject tax parcels 252506-9013, 252506-9017, 252506-9018, 252506-9090, 252506-9091, 252506-9092, 252506-9093 and 252506-9094, which are legally described on the previous page. It would appear, and it is assumed, that none of the special exceptions noted in that report would cloud the title of the property or preclude the subject owner from engaging in a prospective transaction.
- **RE•SOLVE** is unaware of any toxic contaminating materials either in the subject soils or within the subject premises. This appraisal assumes that the subject property is free and clear of all contamination. However, this assumption should not be misconstrued as a guarantee that such conditions do not exist.

Extraordinary Assumptions and Hypothetical Conditions

Hypothetical Condition: In the After condition the proposed Conservation Easement is assumed to be in place.

Scope of Appraisal

Appraisal Content

The scope of work performed in this appraisal is in compliance with the specific guidelines of the Uniform Standards of Professional Appraisal Practice (USPAP).

The subject has been valued in the Before condition using two approaches to value. The first, the Direct Sales Comparison Approach, considers recent sales of large acreage properties with potential for low-density residential development. The second approach is the Developer's Snapshot Approach, which represents a residual land methodology. Here recent sales of finished lots, similar in size to what is permitted on the subject property, are researched and analyzed to develop a total retail sell-out value for the property, this representing potential sale proceeds that could be obtained from developing the property and selling the individual lots. Working backwards, developer's costs and selling costs are subtracted to arrive at a residual land value. This is essentially an Income Approach.

In the After condition, the subject is valued using the Sales Comparison Approach, this time considering sales of land which is heavily restricted in use, this intended to reflect the subject's potential under the terms of the Conservation Easement.

Sales data is obtained from public records as well as private databases including CoStar, the Commercial Broker's Association and the Northwest Multiple Listing Service. All sales comparisons have been inspected and verified with one or more parties to the transaction when possible.

The Cost Approach is not applicable to unimproved properties, as there are no improvements to value. Cost is considered in the application of development costs in the residual approach, together with development profit, and thus many components of a Cost Approach are presented. However the subject is not improved, and therefore the cost analysis is only used to calculate a land residual.

An Income Capitalization Approach is also not applicable here, as this is not an income producing property. However the development approach employed represents a form Income Approach, in that the revenue from lot sales is used to derive a land value indication.

Report Type

This report meets the standards of an *appraisal report*, and is presented in a narrative format that is intended to be self-contained.

Significant Professional Assistance

- **SA Newman Company.** Principal Tim Newman, MAI has been retained to provide a cruise and timber valuation. Mr. Newman has been appraising for over thirty years, and concentrates his practice on the cruising and valuation of timber.

Purpose of Appraisal

The purpose of this appraisal is to establish the market value of the subject property as of the date of appraisal, which is the most recent date of inspection. According to UASFLA standards the term "market value" is defined as follows:

Market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal.

Property Rights Appraised

This is an appraisal of the fee simple interest in the subject property in the Before and After condition, with and without the intended Conservation Easement which will prohibit future development.

Intended User/Use of Appraisal

Intended users of this report include the client, Nelson Mathews of TPL, as well as Kurt Engstrom, Senior Review Appraiser for King County Department of Natural Resources, and authorized associates, representatives or agents. Additional users include Becky Petersen, Acquisition Project Manager for the King County Department of Natural Resources. The intended use of this appraisal is to assist the TPL

and the county in determining the fair market value of a Conservation Easement which would potentially be placed over the entire property, for purposes of property and property rights acquisition.

Summary of Appraisal Problem

The subject property is comprised of 10 residential tax parcels totaling 170 acres of raw land located approximately 7.5 miles southeast of the City of Redmond in unincorporated King County, Washington. The property is made up of a contiguous holding of eight 20-acre parcels and two 5-acre parcels. Access to the east six 20-acre parcels is from 268th Avenue SE, a single-lane paved right-of-way extending south from SR-202 before turning into 269th Avenue SE, a 30ft wide shared access easement. A stream and wetland segregates the western two 20 acre parcels, which are therefore accessed from NE 8th Street, an unimproved 60ft right-of-way which terminates into the western property boundary. Finally, the two 5-acre parcels are accessed from NE 15th Street, another single lane asphalt road extending south from Highway 202. Topography over the site is mostly level, however there are steep slopes in the eastern portion of the property, and around a stream and wetland located in the western portion of the property. The entire property is moderately forested with merchantable timber, appraised at \$157,000 for a Class IV harvest with near-term conversion to residential use. If developed, King County low-density mixed rural residential (RA-5 and RA-10) zoning requires between 5 and 10 acres per home site, resulting in a maximum development potential for the property of 30 dwelling units.

Due to access constraints, achieving the maximum density will be difficult. The eastern six 20-acre parcels are accessed from a single-lane right-of-way and shared easement including a bridge across Patterson Creek. Subdividing these parcels into 20 potential lots would increase the intensity of use of the road which would then need to be brought up to King County road standards. This would likely involve widening the existing easement (requiring a dedication from neighboring property owners), and replacing the Patterson Creek bridge, all at the developer's cost. As currently platted however, these six 20-acre parcels are entitled to use the road as it currently stands.

The potential for high development costs coupled with the subject's individual lot status raises the question of highest and best use which is the focal point of the appraisal problem. Does the retail sell-out value of the six existing 20-acre lots exceed the retail sell-out value of twenty 5 to 10 acre lots if the parcels are subdivided? To answer this question we have utilized cost figures obtained from similar low-density subdivisions which are then subtracted from a retail sell out value derived from recent large lot sales in East King County. When analyzing the potential sale of the existing six 20-acre lots as stand-alone development sites and including the comparatively minor cost of providing on-site access to each lot, it becomes apparent that developing the property to its maximum achievable density is cost prohibitive. The highest and best use of the six eastern 20-acre parcels is therefore believed to be the individual sale as six larger residential estates.

The western two 20-acre parcels are a different story. They are separated from the larger site by a stream and wetland, and have separate access from NE 8th Street, a 60ft unimproved right-of-way large enough to accommodate a smaller scale subdivision. Although approximately 50% of the combined area of these parcels is considered unbuildable due sensitive areas and setbacks, the developable portion is assumed large enough to accommodate subdivision into 6 single-family residential lots.

The two 5-acre lots are part of an existing subdivision which has already achieved maximum density. Both are therefore treated as stand-alone development sites with a combined potential for two single-family residences.

In conclusion, the highest and best use of the property is development with 14 single family residences: six 20-acre estates, a subdivision of six 5-acre lots, and two existing 5-acre home sites.

Other essential considerations with respect to property characteristics include sensitive areas which restrict the placement and location of potential building sites on the property. They include a stream, ravine, wetlands, and steep slopes, which also serves as open space and a natural amenity which compliments residential use. Another key consideration is the subject's location directly east of some of the Eastside's more high profile bedroom communities. This area has historically been a target for high-end development.

King County is interested in placing a Conservation Easement over the property which will prohibit any future development and essentially restricts the property to open space uses. The assignment is to arrive at a value for the easement which is accomplished through valuing the subject in the Before and After condition, both with and without the intended easement. Both the Developer's Snapshot Approach and Sales Comparisons Approach are implemented. The search for comparable sales data is focused on two types of residential property: large acreage low-density residential development land, and sales of finished lots deemed comparable to the finished product of the subject which includes 20-acre lots, 5-acre lots, and development land with potential for 6 dwelling units. In the After condition, the subject is valued using the Sales Comparison Approach consider sales of heavily restricted land.

Use/Sales History

According to King County Assessor's records, there have been no sales of the subject parcels within the previous ten years. Records do indicate that parcel 9013 was acquired in a warranty deed dated August 2nd, 1991 for \$1,300,000, and that parcels 9017 and 9018 were acquired in a warranty deed dated December 30th, 1991 for \$990,700. Parcel 9011 and 9082 were also acquired in August of 1991 for \$300,000. The historic nature of these transactions is unknown; they appear to have included other properties or a larger parcel which was then subdivided after sale. Regardless, the market has transformed drastically over the past 24 years, and historic transactions provided little insight into the subject's current market value.

To the best of our knowledge, the subject property has not been offered for sale since it was acquired by the current owners, and it is not presently listed for sale. It is known however that King County is interested in placing a Conservation Easement over the property.

General Assumptions and Limiting Conditions

This appraisal report has been made with the following general assumptions:

1. No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
5. All engineering studies are assumed to be correct. The plot plans and illustrative material in this report are included only to help the reader visualize the property.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
7. It is assumed that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.
8. It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless a non-conformity has been identified, described, and considered in this appraisal report.
9. It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the opinion of value contained in this report is based.
10. It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
11. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, and other potentially hazardous materials may affect the value of the property. The value estimated is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The intended user is urged to retain an expert in this field, if desired.

This appraisal report has been made with the following general limiting conditions:

1. If the subject is improved: Any allocation of the total value estimated in this report between the land and the improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
2. Possession of this report, or a copy thereof, does not carry with it the right of publication.

3. The appraiser, by reason of this appraisal, is not required to give further consultation or testimony or to be in attendance in court with reference to the property in question unless arrangements have been previously made.
4. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent of the appraiser

The following assumptions and limiting conditions may apply to this assignment:

1. Any opinions of value provided in the report apply to the entire property, and any proration or division of the total into fractional interests will invalidate the opinion of value, unless such proration or division of interests has been set forth in the report.
2. In the case of proposed developments: If only preliminary plans and specifications were available for use in the preparation of this appraisal; the analysis, therefore, is subject to a review of the final plans and specifications when available.
3. In the case of proposed developments, and the assignment of values to a property at the completion of construction, all proposed improvements are assumed to have been completed unless otherwise stipulated, so any construction is assumed to conform with the building plans referenced in the reports.
4. In the case of improved property: The appraiser assumes that the reader or user of this report has been provided with copies of available building plans and all leases and amendments, if any, that encumber the property.
5. If no legal description or survey was furnished, the appraiser used the county tax plat to ascertain the physical dimensions and acreage of the property. Should a survey prove this information to be inaccurate, it may be necessary for this appraisal to be adjusted. If a legal description has been provided, the appraiser is not responsible for the accuracy of the description. The property appraised is assumed to be as delineated on county maps, as noted in this appraisal.
6. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.
7. If the subject is improved: The Americans with Disabilities Act (ADA) became effective January 26, 1992. The appraiser has not made a specific compliance survey or analysis of any improvements on the property to determine whether or not it is in conformity with the various detailed requirements of ADA. It is possible that a compliance survey of the property and a detailed analysis of the requirements of the ADA would reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative impact upon the value of the property. Since the appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.

MARKET ANALYSIS

MARKET ANALYSIS

Introduction

The subject property is located in East King County, approximately 7.5 miles southeast of the City of Redmond in King County, Washington. The area is generally defined as the Eastside of the Puget Sound metropolitan area. Major cities in the region include Seattle at the core, with Everett to the north, Bellevue in the east, and Tacoma to the south. Boasting the State's highest annual median household income projected at \$78,657¹ in 2015, King County accounts for 29% of the state's total population of 7.18 million and is the recognized economic capital of the Puget Sound Region.

Surrounding Cities

Although the subject has a Redmond zip code, it is essentially located on the eastern edge of the Sammamish Plateau which is largely defined by Patterson Creek to east and Lake Sammamish to the west. Until recent times, the Sammamish neighborhood was a relatively undeveloped rural area, however following the emergence of Microsoft and other high-tech institutions, the area has undergone a transformation into one of the Eastside's more desirable bedroom communities. The city is home to 61,250 residents, and boasts a median household income of over \$140,000² based on the 2010 census.

Redmond is home to 60,560 inhabitants as well as Microsoft who employs 33,792 in the city alone. The tech giant is responsible for bolstering the City's growth, which has increased by over 20% per decade since 1990. Only recently was Redmond's population overtaken by Sammamish due to the annexation of the Klahanie area, making Sammamish the 8th largest city in King County. Both cities have exhibited steady population growth in recent years, a trend which is likely to continue.

Population									
Year:	1990	2000	2010	2011	2012	2013	2014	2015	2016
Redmond	35,800	45,256	55,144	55,150	55,360	55,840	57,700	59,180	60,560
% change		26.4%	21.8%	0.0%	0.4%	0.9%	3.3%	2.6%	2.3%
Sammamish	n/a	34,104	45,780	46,940	47,420	48,060	49,260	49,980	61,250
% change		n/a	34.2%	2.5%	1.0%	1.3%	2.5%	1.5%	22.5%

King County	1,507,305	1,737,034	1,931,249	1,942,600	1,957,000	1,981,900	2,017,250	2,052,800	2,105,100
% change		15.2%	11.2%	0.6%	0.7%	1.3%	1.8%	1.8%	2.5%
Washington State	4,866,659	5,894,143	6,724,540	6,767,900	6,817,770	6,882,400	6,968,170	7,061,410	7,183,700
% change		21.1%	14.1%	0.6%	0.7%	0.9%	1.2%	1.3%	1.7%

The subject's location just east of Sammamish enjoys the benefits of open space and rural characteristics while still being within commuting distance to the commercial centers of large cities. It has particularly strong links via State Route 520 from Redmond to Bellevue and the Seattle CBD. Redmond can be reached in an approximate 8 mile 13 minute drive using SR-202 (NE Redmond-Fall City Road). In summary, although located in a rural setting on the fringe of the metropolitan area, the subject location benefits from strong commuting links through interstate access, with Seattle Bellevue, Redmond, and Renton all located within an approximate 30 minute drive.

¹OFM Median Household Income Estimates by County

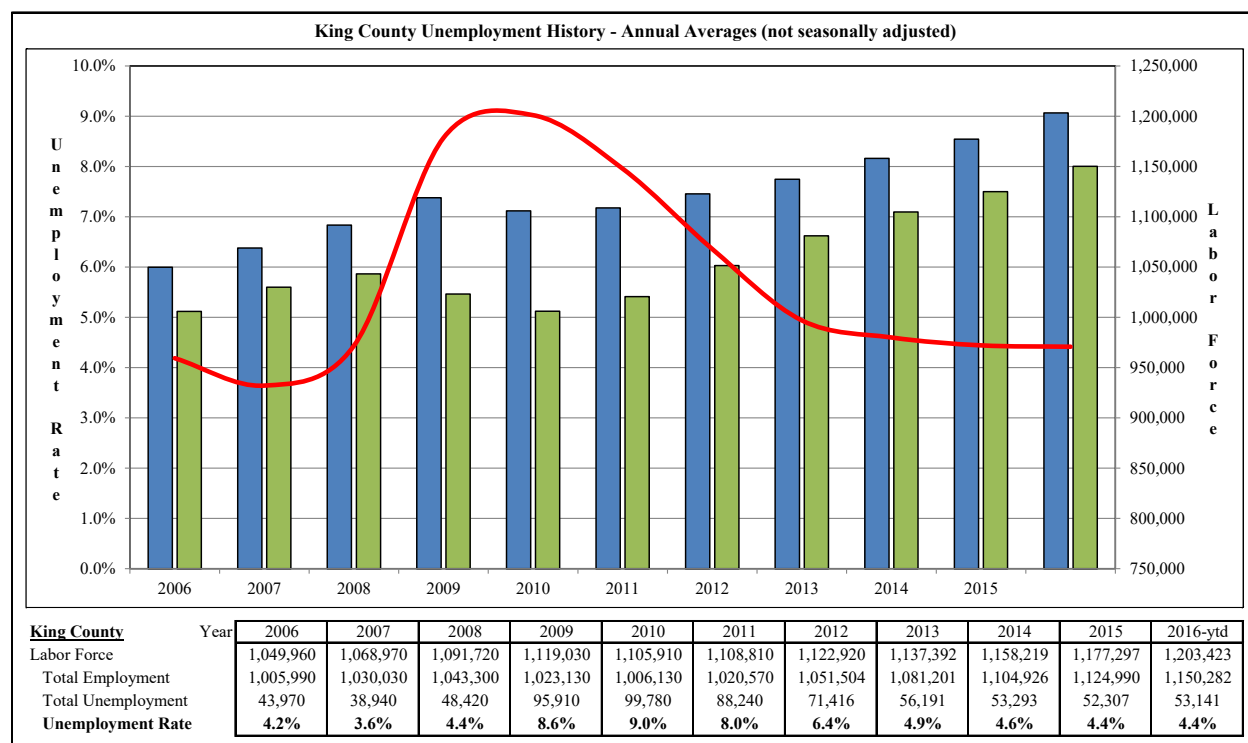
² United States Census Bureau, *Median household income (in 2013 dollars)*.

Regional Economic Trends

In historic and relative terms, the Puget Sound Area has a generally stable and strong economy. Over the last thirty-five years, the state and regional economy has prospered, and generally outperformed the nation. For the period from 1980 to 2000, the Washington State economy outperformed the U.S. economy in many employment and wage categories. Employment growth fared better than that of the U.S. in every industry division of the economy with the exception of agricultural services, forestry and fishing. Overall, state wage and salary jobs grew by 64% during the period while national jobs grew at 42.5%. Manufacturing made good headway with a 10% gain statewide compared to a 14% drop nationwide. Washington's population grew by 42% while the national growth rate was just 24%.

From 1990 to 2000, many sectors of the economy grew with admirable gains measured in the tens of thousands of jobs. Business services gained the most in absolute terms with the addition of nearly 100,000 new jobs. Construction, transportation and public utilities, retail, finance, insurance, real estate, health services and local government each made sizable gains totaling more than 500,000 jobs. On the other hand, the category 'other transportation equipment', which includes aerospace production, lost 30,415 jobs as Boeing lost market share to Airbus.

From mid-2000 through 2002, the region, as well as the country as a whole, was in recession. The four county central region of Puget Sound was in recession for over two years, with a contraction of 80,000 jobs in March 2001 to March 2002. Although aerospace took the biggest single hit, it by no means represented the bulk of the decline in employment. Manufacturing overall was down by approximately 10% and more than half of this not attributable to aerospace. After 2002 though, King County began gaining jobs, and the employment and population numbers combined demonstrated a growing demand for labor and upward pressure on wages through 2007.



The National Bureau of Economic Research indicates that the recent national recession commenced in December of 2007 and was technically over by June of 2009. As can be seen on the employment chart presented on the following page, the Puget Sound area continued to feel many impacts of the recession after that date, but it is clear an erratic recovery has been in place since 2011. In 2013 the state unemployment rate dropped below national levels since the first time since the recession, and personal income increased by 3.1%, with a predicted increase of 5.2% for 2014. King County average unemployment levels have now decreased for a fifth straight year, from a recent high of 9.1% in 2010 to 4.4% in 2015. The average annual rate now stands at 4.5%, however was recently reported as low as 3.9% in the month of August.

The Puget Sound Market is now in a growth cycle. Currently 65 projects are under construction in downtown Seattle, well above the most recent historical high of 50 projects in 2014³. According to the Seattle Times, in the summer of 2016 Seattle had more cranes in its skyline than any other U.S. city. The housing market has improved vastly: as of August the Case-Shiller home price index has increased 11.4% over last year, the second fastest rising in the nation. Recent apartment growth in King County is also unprecedented. From 2011 to 2014, 32,500 apartment units were delivered, with an additional 48,000 units under way or slated for delivery between 2015 and 2019. In total, 80,000 units are in some form of development or proposal in King County representing a near 50% increase in supply. This has also been accompanied by 8% annual growth in rental rates during the past 3 years⁴.

The outlook for the region is generally good. Boeing decided to assemble its upgraded 777x aircraft in Everett leading to the construction of a 1.3 million square wing assembly plant and raising the total number of project employees to around 3,700. Amazon has already identified 9.8 million square feet of office space in the South Lake Union area it plans to occupy by 2019. Accounting for approximately 35% of Puget Sound office space absorption since 2010, the tech giant has helped balance the region's economy, as well as encouraged other Silicon Valley companies to increase their presence in the area. For example Google recently announced its plans to move into 607,000sf in South Lake Union which is estimated to add between 3,000 and 4,000 new jobs⁵. Apple is also rumored to be setting up shop in the Ballard area. The region's economy has also been fueled by the viaduct replacement, light rail, and 520 bridge expansion projects.

Residential Home Prices

The subject is located in the East of Lake Sammamish MLS area (540) where the median home price is currently \$727,500 for existing construction, and \$945,000 for new construction. Eastside home prices are typically much higher than what is found in the larger Puget Sound Region. Including four Eastside neighborhoods in a combined statistic yields an average median home price of \$703,875 for existing construction, this compared to just \$545,000 in King County as a whole. While existing home prices are considered to be more indicative of actual market returns, new home prices affect the returns expected by land developers and therefore play a large part in lot pricing.

³ The Seattle Times, "Downtown Seattle's building frenzy: 65 projects now in construction," Mike Rosenberg, June 21st, 2016.

⁴ Daily Journal of Commerce, "For apartments: Go West you man, go Northwest!" Dylan Simon, February 25th, 2016.

⁵ The Seattle Times, "Google plans big expansion in South Lake Union," Rachel Lerman, March 24th, 2016.

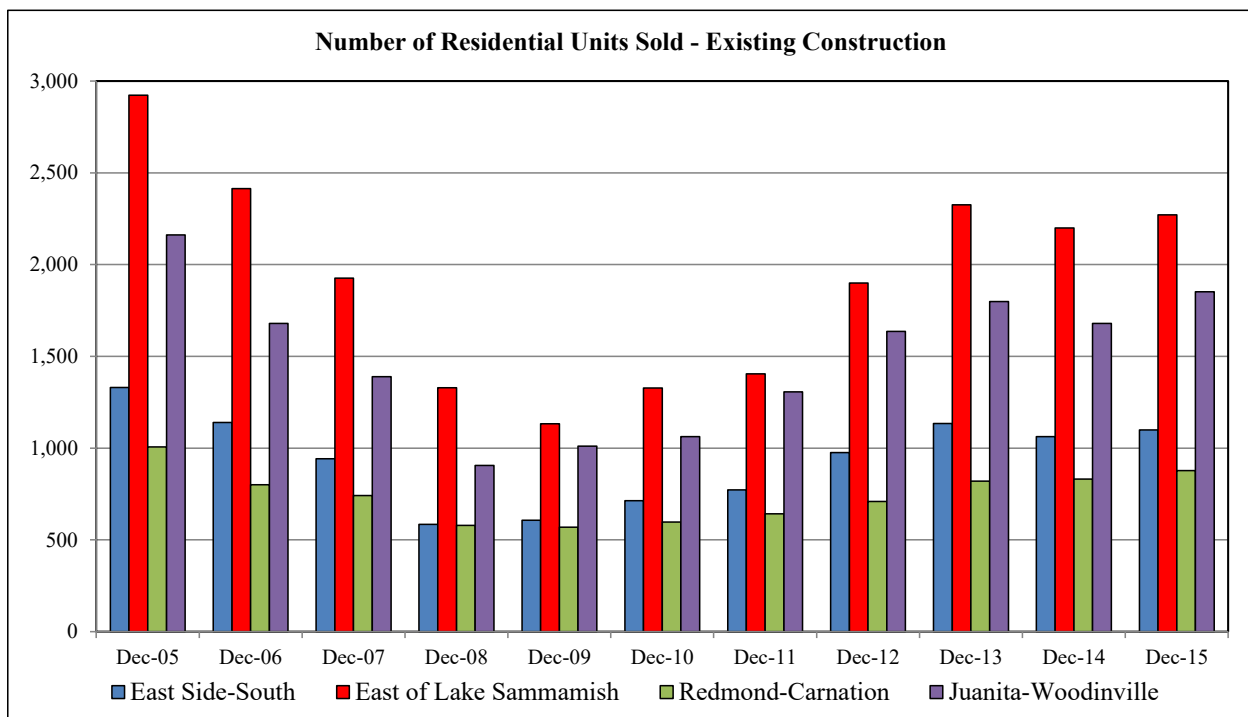
Existing Product

Appreciation in Puget Sound home prices averaged about 12%-15% annually between 2004 and 2007, however recessionary impacts arrived in 2008. The East of Lake Sammamish MLS area experienced declines of 4% and 12% in 2008 and 2009, respectively. In the following years the market entered a state of flux as home values were kept down by a frozen credit market and deluge of foreclosure sales as banks divested assets in order to gain liquidity. The subject MLS area reported minor gains of 1% in 2010, followed by declines of -4% in 2011 and -2% in 2012.

The combined Eastside statistic generally affirms a decline of approximately 20% in 2008 and 2009. The three proceeding years yielded mixed results; a 2% gain in 2010, followed by a decrease of -6% in 2011, and subsequent increase of 4% in 2012. The up and down statistics reported in the post recessionary years is likened to a small pebble bouncing down a stream, and is not necessarily indicative of a long term discernible trend. This period is generally treated as a flat market.

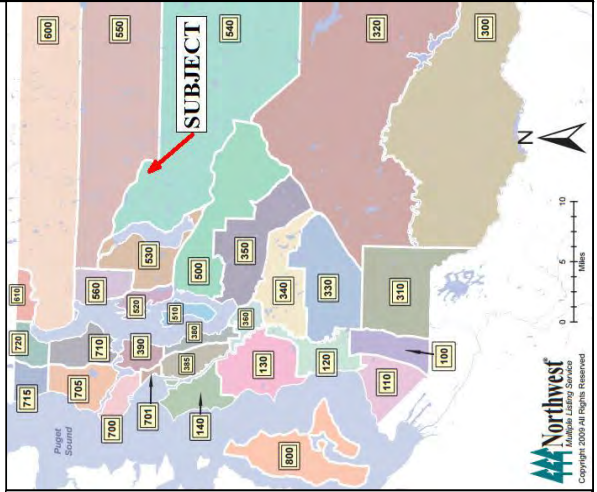
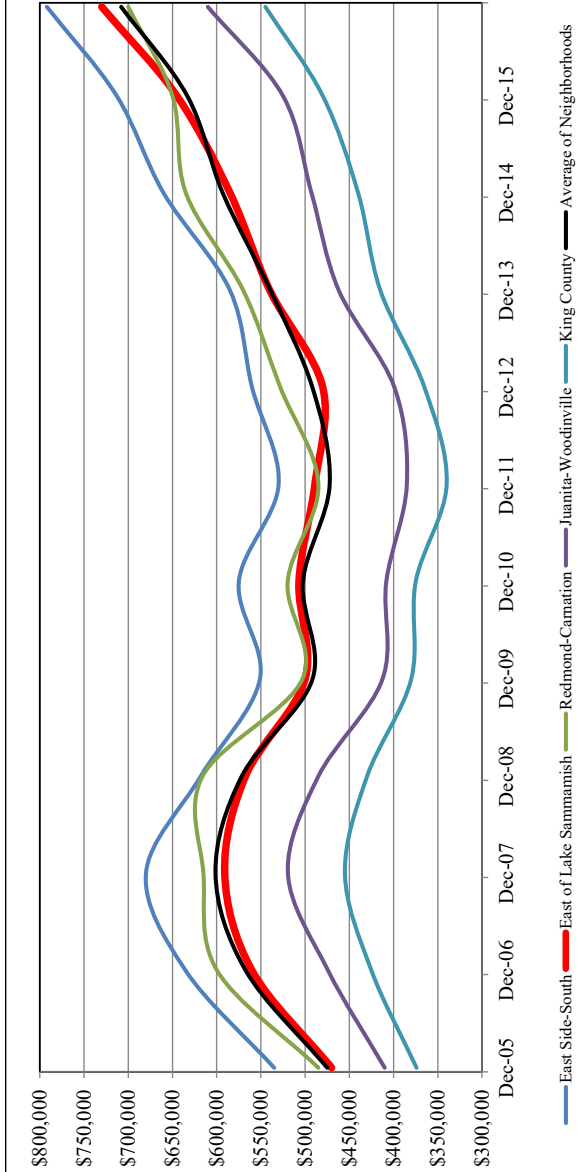
Starting in 2013, home prices have continually been on the rise. The subject MLS area reported increases of 13% in 2013, 8% in 2014, and 10% in 2015. This equates to an average annual return of over 10%/year. Annual appreciation was slightly lower in the combined Eastside submarket at just under 9%/year, based on reported gains of 10%, 10% and 7% during the same time period. As of November 1st of this year home prices are already up 13% in the subject area, and 14% in the Eastside submarket.

With median home prices currently on the rise, sales volume is up significantly from previous years. Before the recession the number of housing units sold in King County breached 30,000 transactions per year, however dropped significantly to approximately 16,000 sales in 2008/09, with the nearly 50% drop in volume representing a severely depressed market. The market has improved since; 26,693 homes sold in King County in 2015.



East King County 10 year Residential Median Home Prices - Existing Construction

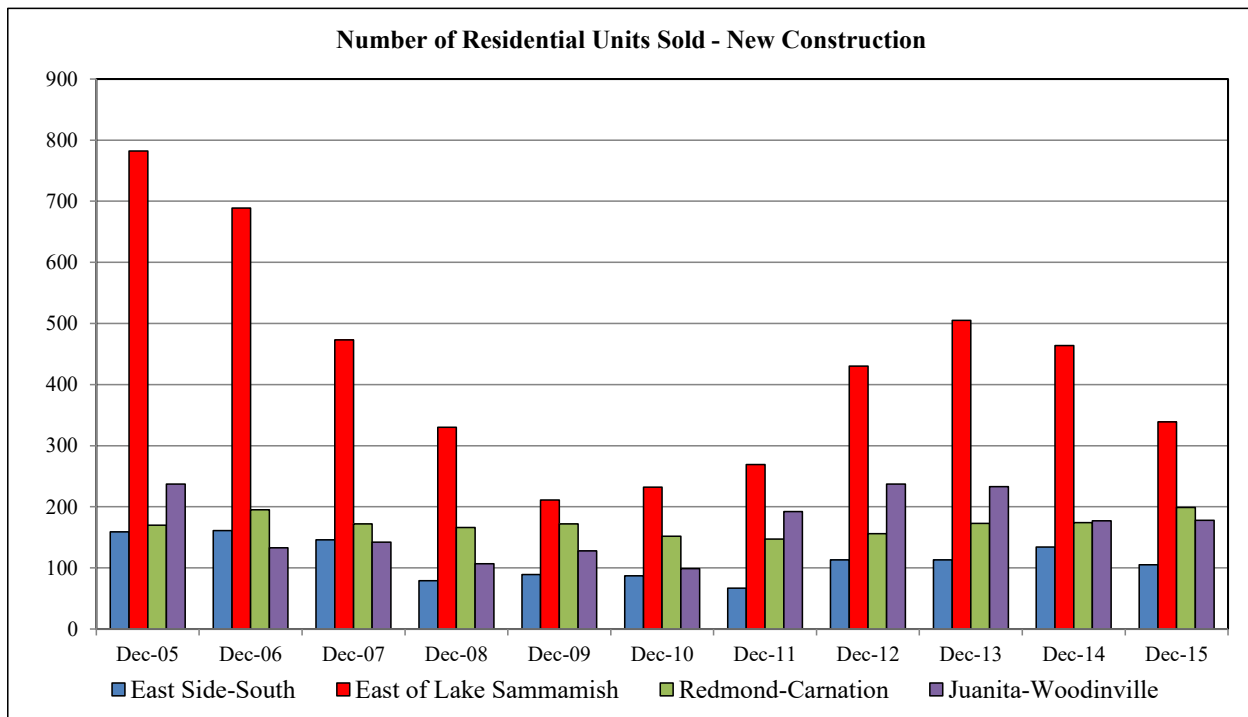
Neighborhood/Area Code	Dec-05	Dec-06	Dec-07	Dec-08	Dec-09	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14	Dec-15	Nov-16
East Side-South 500	Price	\$535,000	\$635,100	\$679,975	\$618,000	\$551,155	\$530,000	\$560,000	\$585,000	\$660,000	\$713,000	\$792,000
	Units Sold	1,330	1,140	942	584	607	713	773	1,134	1,063	1,099	913
	% change	19%	7%	-9%	-11%	4%	-8%	6%	4%	13%	8%	11%
East of Lake Sammamish 540	Price	\$470,000	\$560,000	\$590,882	\$567,500	\$500,000	\$489,000	\$480,000	\$540,000	\$584,809	\$645,000	\$730,000
	Units Sold	2,923	2,414	1,926	1,329	1,132	1,327	1,405	2,325	2,200	2,271	1,783
	% change	19%	6%	-4%	-12%	1%	-4%	-2%	13%	8%	10%	13%
Redmond-Carnation 550	Price	\$485,000	\$599,500	\$615,000	\$616,000	\$503,000	\$519,750	\$485,000	\$528,000	\$570,000	\$634,800	\$700,000
	Units Sold	1,007	801	741	579	569	597	642	709	820	831	732
	% change	24%	3%	0%	-18%	3%	-7%	9%	8%	11%	2%	8%
Juanita-Woodinville 600	Price	\$410,000	\$474,000	\$519,450	\$485,000	\$412,500	\$385,000	\$399,000	\$462,000	\$492,750	\$525,000	\$610,000
	Units Sold	2,162	1,679	1,389	905	1,010	1,062	1,307	1,636	1,799	1,680	1,565
	% change	16%	10%	-7%	-15%	-1%	-6%	4%	16%	7%	7%	16%
Average of Neighborhoods 500, 540, 550 & 600	Price	\$475,000	\$567,150	\$601,327	\$571,625	\$491,664	\$502,500	\$472,250	\$491,750	\$539,250	\$593,090	\$708,000
	Units Sold	1,856	1,509	1,250	849	830	925	1,032	1,305	1,520	1,444	4,993
	% change	19%	6%	-5%	-14%	2%	-6%	4%	10%	10%	7%	12%
King County	Price	\$374,000	\$425,000	\$455,000	\$429,950	\$380,000	\$375,000	\$340,000	\$365,000	\$440,000	\$480,000	\$545,000
	Units Sold	31,939	27,834	23,790	15,991	16,022	16,640	18,150	21,540	24,393	26,693	22,733
	% change	14%	7%	-6%	-12%	-1%	-9%	7%	14%	6%	9%	14%



New Construction

New residential construction activity in the East Side markets slowed down markedly in the wake of the recent economic crisis. As financial securities precipitously went into free fall, the credit market all but came to halt as banks closed their doors to developer's seeking loans. Residential construction in East King County was not impervious to this dearth in construction following the housing boom in the first half of the decade. As exhibited by the chart below, the sales volume of new residential homes in 2009/2010 dropped to nearly half that experienced in the peak years of 2004-2006. Even the subject MLS area which has historically been a target for new development saw a drop from 782 new units sold to only 211 units in 2009.

Although the East King County residential market rebounded after the recession, reaching 505 sales in 2013, that number has decreased to 339 in 2015, and may not breach 300 this year. This is partly due to a scarcity of finished lots resulting from dearth in construction activity during the recession in which land developer's put a halt to projects.

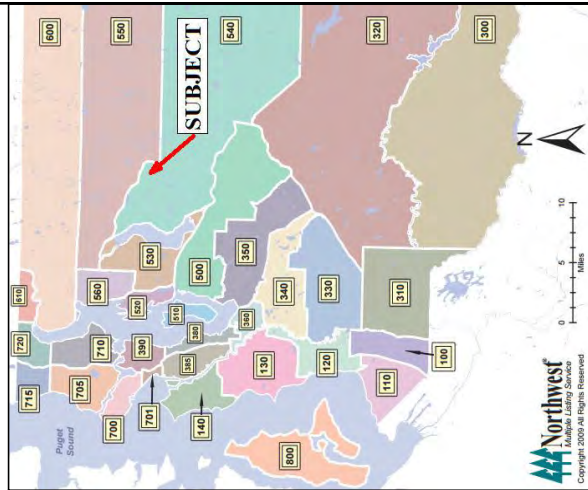
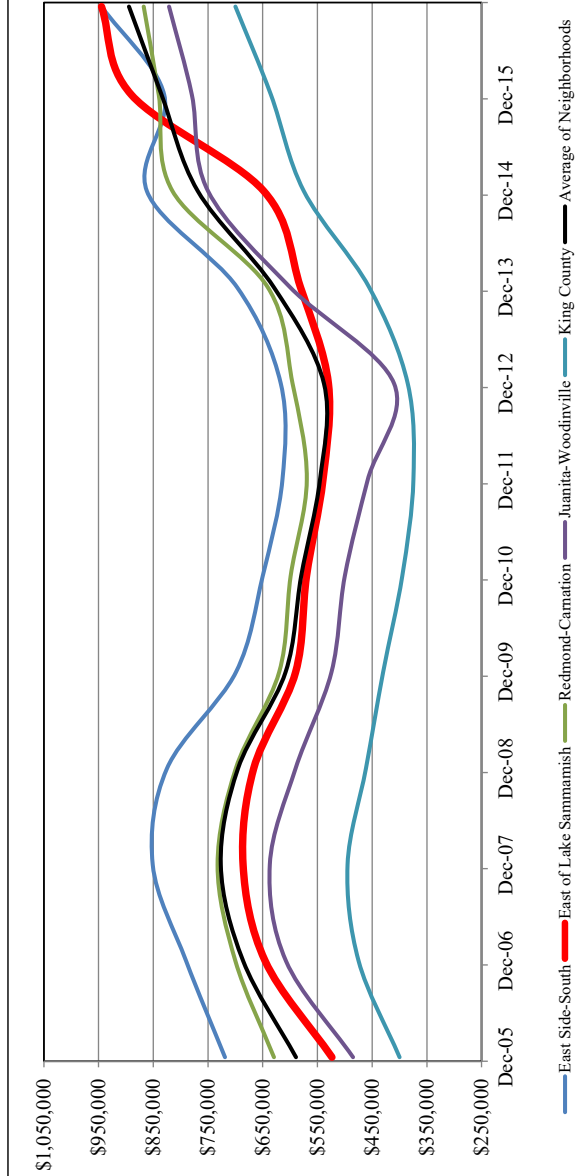


After five straight years of declining prices for new construction in the East of Lake Sammamish area (representing a total decline of 20% since 2007), prices have been on the rise since 2012. The median price of a new home increased 10% in 2013, 12% in 2014, and a staggering 37% in 2015. The steep increase in new construction prices has left home builder's with a wide margin, strengthening the demand for finished lots, and in turn placing upward pressure on lot values.

The subject MLS area is detailed in red in the graph on the following page along with other East King County neighborhoods. The combined Eastside statistic has generally mirrored the Sammamish neighborhood, increasing 17%, 22% and 9% during the same time period. Gains have cooled off this year (7%), however this is expected as the market stabilizes and is not necessarily indicative of a downturn.

East King County 10 year Residential Median Home Prices - New Construction

Neighborhood/Area Code	Dec-05	Dec-06	Dec-07	Dec-08	Dec-09	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14	Dec-15	Nov-16
East Side-South 500	Price	\$719,000	\$790,000	\$851,000	\$825,000	\$699,000	\$614,000	\$617,000	\$696,843	\$861,735	\$830,000	\$944,389
	Units Sold	159	161	146	79	89	87	113	113	134	105	76
	% change		10%	8%	-3%	-1.5%	-7%	0%	13%	24%	-4%	14%
East of Lake Sammamish 540	Price	\$523,495	\$645,578	\$685,950	\$666,500	\$589,950	\$539,950	\$529,940	\$581,000	\$648,191	\$889,990	\$944,645
	Units Sold	782	689	473	330	211	232	430	505	464	339	279
	% change		23%	6%	-3%	-11%	-3%	-2%	10%	12%	37%	6%
Redmond-Carnation 550	Price	\$629,495	\$699,990	\$732,495	\$699,207	\$620,000	\$599,000	\$595,500	\$640,767	\$814,990	\$840,000	\$867,483
	Units Sold	170	195	172	166	172	152	156	173	174	199	112
	% change		11%	5%	-5%	-11%	-3%	5%	8%	27%	3%	3%
Juanita-Woodinville 600	Price	\$485,000	\$607,520	\$637,072	\$590,000	\$524,400	\$458,127	\$410,000	\$599,950	\$750,000	\$779,500	\$821,192
	Units Sold	237	133	142	107	128	99	237	233	177	178	163
	% change		25%	5%	-7%	-11%	-5%	-11%	46%	25%	4%	5%
Average of Neighborhoods 500, 540, 550 & 600	Price	\$589,248	\$685,772	\$726,629	\$695,177	\$608,338	\$579,748	\$538,110	\$629,640	\$768,729	\$834,873	\$894,427
	Units Sold	1,348	1,178	933	682	600	570	936	1,024	949	821	630
	% change		16%	6%	-4%	-12%	-5%	-1%	17%	22%	9%	7%
King County	Price	\$399,950	\$474,800	\$495,000	\$461,412	\$430,000	\$374,655	\$385,000	\$455,500	\$575,000	\$635,000	\$699,925
	Units Sold	4,187	4,023	3,807	2,899	2,406	2,189	2,635	2,970	3,090	3,192	801
	% change		19%	4%	-7%	-7%	-8%	3%	18%	26%	10%	10%

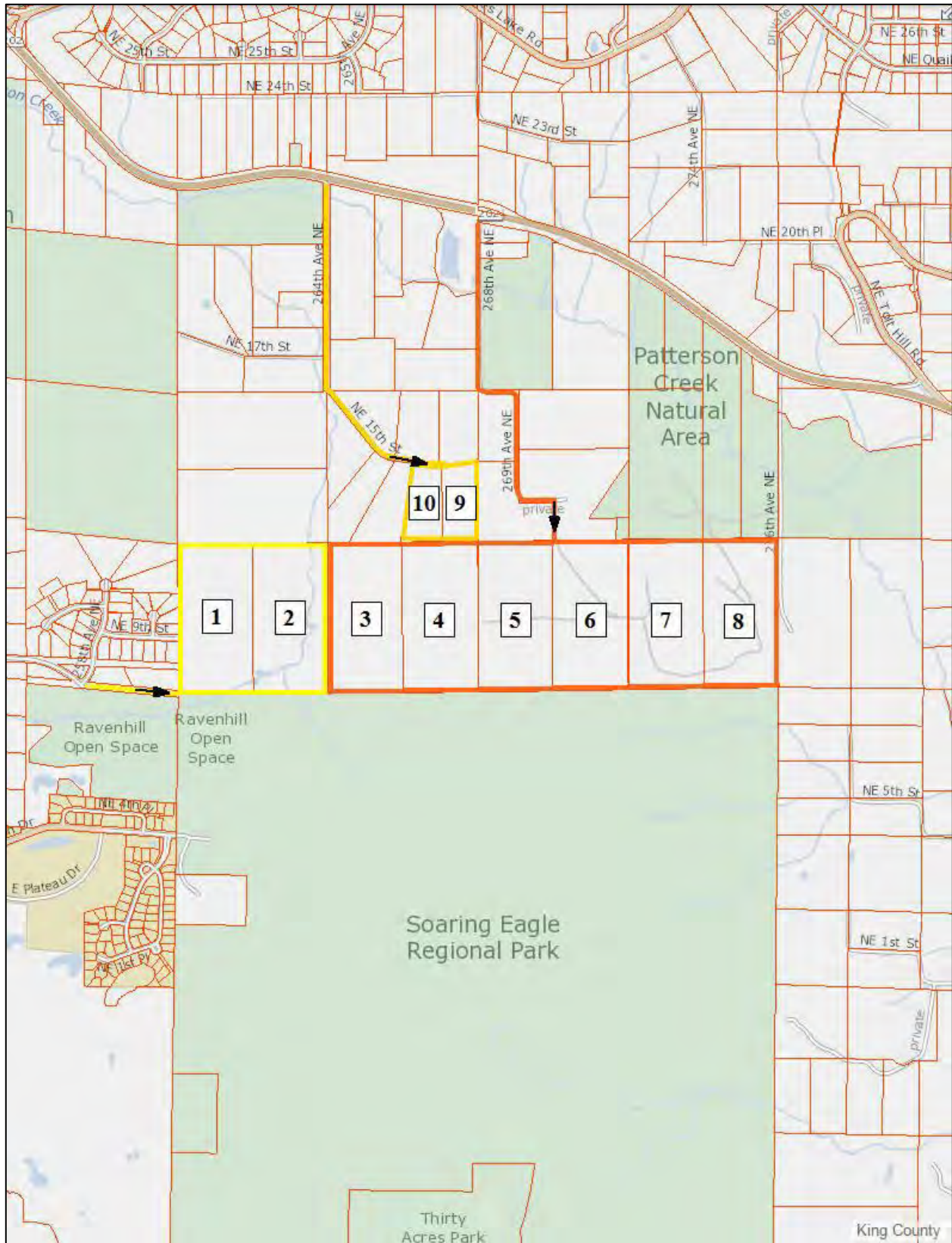


Neighborhood Characteristics

The subject neighborhood constitutes a fairly irregular rural/residential neighborhood as found in the Lake Sammamish area. To the north and east, the low-density zoning and sensitive areas of the Patterson Creek Basin have created a rural atmosphere where large lots and open space combine to provide a private and attractive residential neighborhood which also buffers the subject from SR-202. Directly to the west, a cluster style subdivision of up-scale homes on ½ acre lots presents a stark contrast and is more representative of the Sammamish Plateau. Directly to the south, the 600 acres of Soaring Eagle Regional Park provides a high degree of privacy and offers a unique recreational opportunity.

In conclusion, as large lots with the capacity for high-end estate development, the subject property is ideally located in an area where the median price of a new home recently is just under \$945,000 (5th highest in King County). The neighborhood maintains a rural character while lying within a reasonable commuting distance to Redmond, Bellevue, and the Seattle CBD, and would be expected to find ready interest if placed on the market.

SITE DATA



PARCEL/ACCESS MAP

SITE DATA

Summary Chart

Site Data Summary Chart							
Lot	Parcel Numbers	Land Area		Topography	Sensitive Areas	Zoning	Dev. Rights
1	252506-9090	20.00ac	871,200sf	Level/Steep	Wetland	RA-5	4 units
2	252506-9091	20.00ac	871,200sf	Gentle/Steep	Wetland/Landslide	RA-5	2 units
3	252506-9092	20.00ac	871,200sf	Gentle/Steep	Landslide/Erosion	RA-5	1 unit
4	252506-9013	20.00ac	871,200sf	Rolling	None	RA-5	1 unit
5	252506-9094	20.00ac	871,200sf	Rolling	None	RA-5	1 unit
6	252506-9017	20.00ac	871,200sf	Rolling	None	RA-5	1 unit
7	252506-9093	20.00ac	871,200sf	Level/Steep	Landslide/Erosion	RA-10	1 unit
8	252506-9018	20.00ac	871,200sf	Level/Steep	Landslide/Erosion	RA-10	1 unit
9	252506-9011	5.05ac	219,978sf	Gentle Slopes	None	RA-5	1 unit
10	252506-9082	5.07ac	220,849sf	Gentle Slopes	None	RA-5	1 unit
Total Subject		170.12ac	7,410,427sf			RA-5/10	14 units

*Some Landslide Harzard areas are "Potential," for which ordinances have not yet been adopted.

Present Use

The subject property is vacant.

Land Area and Shape

Referring to the chart presented above, the subject property consists of a contiguous holding of eight 20-acre tax parcels and two 5-acre tax parcels. The individual parcels are generally rectangular in shape. The total subject land area is 170.12 acres, or 7,410,427sf.

Access & Location

Access to the eastern six 20-acre parcels (9092, 9013, 9094, 9017, 9093 and 9018) is from 269th Avenue NE, a 30ft wide shared access easement currently improved as a single lane asphalt road. To the northwest, 269th Avenue NE hooks west before turning into 268th Avenue NE, a 10ft wide county right-of way which crosses Patterson Creek and ends at NE Redmond-Fall City Road, also known as Highway 202. The entire road is approximately 3,115ft in length. The eastern parcel's immediate access is a 30ft wide private easement which extends approximately 300ft from the northwest corner of parcel 9017 to 269th Avenue NE. It is currently improved as a walking trail.

The western two 20-acre parcels (9090 and 9091) abuts Crosse Creek, a 37 home subdivision mostly comprised of ½ acre lots improved with high-end residences. NE 8th Street, an unimproved 60ft wide right-of-way, dead-ends into the western boundary of parcel 9090. This is believed to be the logical point of access for the two western 20 acre tax parcels which are effectively sequestered from the larger site by a wetlands, ravine and stream. The right-of-way is approximately 720ft in length, and would need to be improved to serve as vehicular access.

The two 5-acre parcels (9011 and 9082) are part of a pre-existing subdivision of approximately 5 acre lots which are served by NE 15 Street, another single lane paved right-of-way which turns into 264th Avenue NE before crossing Patterson Creek and ending in Highway 202.

In terms of location the subject is located in a relatively rural area on the eastern fringe of East King County's more developed neighborhoods. These include Sammamish directly to the east, Redmond to the northwest, and Issaquah to the south. The benefit of this location is that it affords the ability to live in a relatively low density area which is still within a reasonable commuting distance from Puget Sound's core employment areas.

Topography

The property exhibits mixed topography. The eastern portion of the property consisting of parcels 9018 and 9093 is situated on edge of the Patterson Creek basin, dropping approximately 200ft in elevation. This slope runs through the approximate southwest two-thirds of parcel 9018 and the northeast third of parcel 9093. From there the property slopes gently up to the southwest to a relatively high point found in the southern portion of parcel 9013. Parcels 9013, 9094 and 9017 are therefore considered to exhibit generally level topography well suited for residential development, as are parcels 9011 and 9082 (5 acre lots) which slope gently to the north. Although parcels 9093 and 9018 contain steep slopes, there are also large areas within these parcels which are considered suitable for residential development.

From the relative high point and southern portion of parcel 9013, the property slopes gently down to the northwest before dropping steeply in the western portion of parcel 9092. This is the location of the wetlands, stream and ravine. The latter runs through the northeast corner of parcel 9091 and is estimated to be about 20 to 30ft deep and approximately 100ft wide. Northwest of the wetlands the property slopes steeply up to the approximate northwestern third of parcel 9091 and northwestern three-quarters of parcel 9090, areas which are considered generally level. This is the location of the potential 6 lot subdivision which will be accessed from NE 8th Street.

Views

Views from the subject property are described as territorial. The easterly most parcels, 9018 and 9093, are located on the edge of the Patterson Creek basin and could potentially benefit from partial views to the east with light clearing. Parcels 9090, 9091 and 9092 surround the wetlands which are considered to be visual amenities; however vegetative buffer requirements are considered to limit views from these areas to partial at best.

Vegetation

The entire property is forested with Douglas Fir, Hemlock, Red Cedar, Alder, Maple and Cottonwood, the net volume of which was estimated at 2,619MBF in March of 2015 by Tim Newman, a timber specialist previously hired to appraise the subject's merchantable timber value. The timber appraisal did not include the two 5 acre parcels 9011 and 9082. Mr. Newman concluded with a Class III (no near-term land use conversion) harvest value of \$636,000, and Class IV harvest of \$157,000 which would come as a potential offset to development costs, although for practical purposes no precise incremental adjustment is made in this appraisal, as most comparable properties appear to have a similar coverage of timber at sale.

The property is also inhabited by light vegetation on the forest floor, and emergent vegetation surrounding the wetlands.

Utilities

Electricity is presumably available through public utility from 269th Avenue NE, and Puget Sound Energy provides electricity to the Crosse Creek subdivision containing NE 8th Street which borders the subject to the west. For the two 5 acre parcels, power is available through public utility in NE 15th Street. Water for each parcel must be provided by a drilled well which is assumed to be a possibility, and in the case of parcels 9090 and 9091 which have subdivision potential, a shared community well. Alternatively the Crosse Creek subdivision is served by the Sammamish Plateau Water and Sewer district, although the cost of installing a waterline to the home sites could exceed the cost of installing a community well.

All of the lots are considered large enough to support on on-site septic systems which is typical of rural areas. Although we have not been provided with soils analysis it is assumed that the subject soils could support such systems. This is evidenced by surrounding properties which according to Assessor's records operate with private septic systems.

Soils

We are not in possession of a soils survey for the subject, however surrounding properties appear to have been developed without site penalty and therefore it is assumed that soils are suitable for residential development.

Minerals

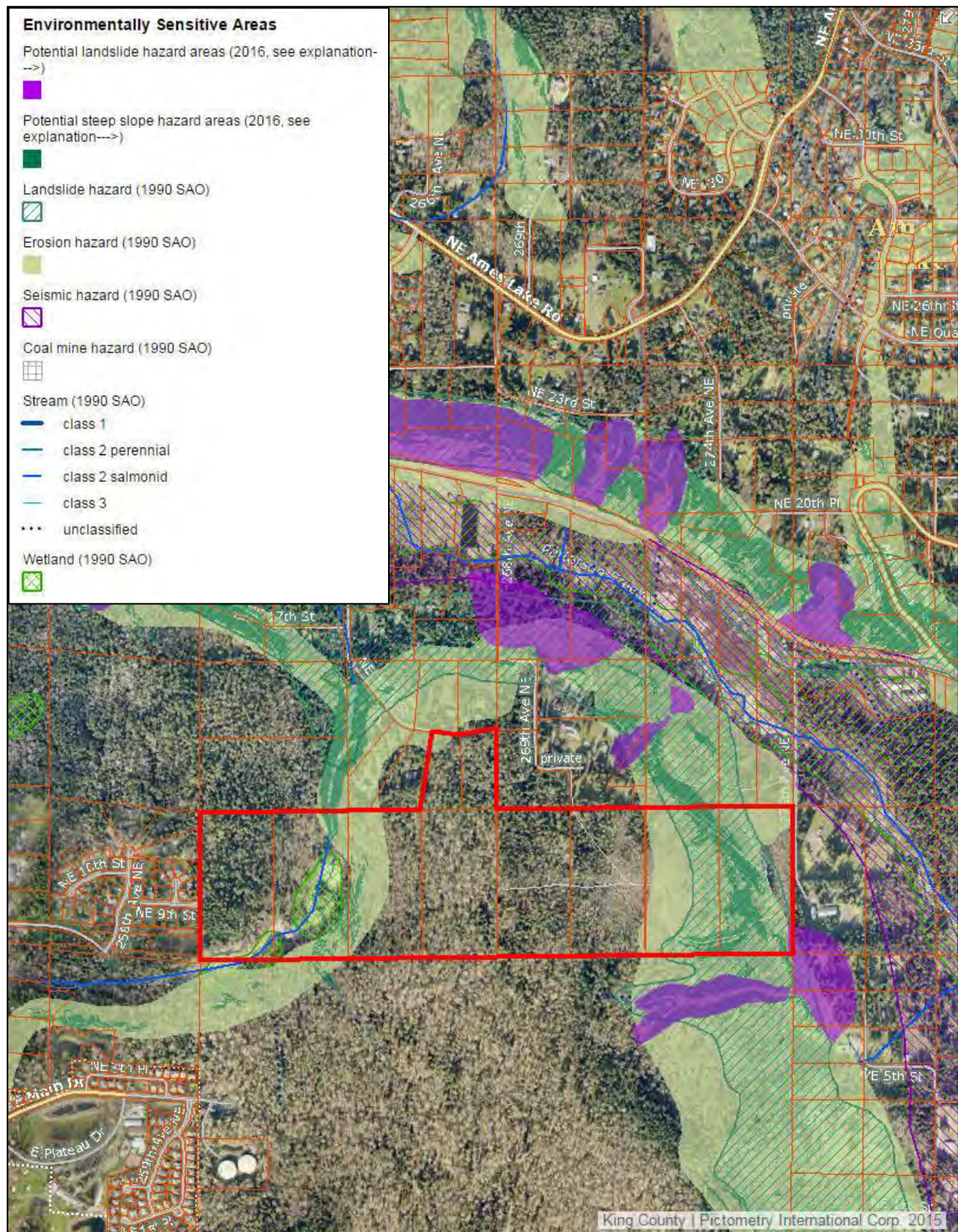
Weyerhaeuser Timber Company has reserved ores and minerals on the property including coal, oil and gas. However for many reasons, mineral value is essentially non-existent here, and the property value is not discounted for a reservation of mineral rights. Mining is not a permitted activity in this zone, and to the best of our knowledge there are no commercially valuable mineral deposits at this site, that would eclipse the value of the property for residential use. We are assuming that the exercising of any mineral rights would require complete restoration of all surface uses, and would not be permitted to disrupt or impair the value of any above ground uses (building or timber).

Environmentally Sensitive Areas

Aquatic Areas

According to King County sensitive areas maps a class 2 salmonid stream runs through the southeast corner of parcel 9090 (picture 11), flowing into the lower wetland before exiting through the ravine in the northeast corner of parcel 9091. Labeled as a type F waters, King County Sensitive Areas Ordinance requires a natural vegetation buffer of 165ft⁶ from the edge of the stream. There is also a class 2 perennial stream which crosses the northern portion of parcel 9091 before entering the lower wetland. If the perennial stream contains no fish habitat then the buffer could be as low as 65ft.

⁶ K.C.C. 21A.24.358 Aquatic areas - buffers



SENSITIVE AREAS MAP

Wetlands

There are two Class 1 wetlands located on the subject property (green cross pattern on the SA map presented on the previous page). Based on county records the upper wetland is 3.7 acres, the northern portion of which is located in the southeast corner of parcel 9090 and southwest corner of parcel 9091. The lower wetland is centrally located in parcel 9091 and is approximately 5.5 acres in size. Buffers from Class 1 wetlands range from 50ft to 300ft depending on the habitat score of the individual wetland and intensity of adjoining use. It is reasonable to believe that because a salmonid stream flows into the wetland the habitat score is high, possibly requiring a buffer in the high end of the range (150ft to 300ft).

Landslide Hazard

A large strip of land running across the approximate southwest three-quarters of parcel 9018 and eastern half of parcel 9093 is designated as a Landslide Hazard area (detailed by teal diagonal patterns). Buffers are determined on a case by case basis using a critical areas report prepared by a geotechnical engineer or geologist. If a critical areas report is not presented then the minimum buffer is 50ft, unless the slope experiences a vertical rise of over 200ft, and then the minimum may increase to 100ft⁷. Structures are prohibited in the buffer and Landslide Hazard area, as well as the clearing of trees or vegetation.

Erosion Hazard

Approximately this same area as detailed above, as well as the easterly slope leading down to the wetlands (parcels 9091 and 9092) including the ravine is designated as an Erosion Hazard area (light green). Beyond seasonal clearing restrictions when clearing more than 15,000sf, there are few restrictions in the zone that would be considered to materially interfere with the development potential of the property.

Potential Landslide and Steep Slope Hazard

In the wake of the Oso landslide, King County started modernizing 1990's era Landslide Hazard maps in an attempt to increase public health and safety. The result is a new layering to sensitive areas maps which identifies potential landslide hazard areas (purple on the sensitive areas map). The layer is not considered to *"identify actual landslide hazards or existing landslide risks for specific properties, but depending on the nature of proposed development, further investigation of the site and a detailed evaluation of the landslide hazard by a licensed geological engineer or engineering geologist may be recommended or even required."* A second layering identifies potential steep slope hazard areas (dark green), and uses almost identical language.

Setbacks from Buffers

King County also requires an additional 15ft building setback from the edge of the vegetative buffer areas. Any new development must be performed outside the buffer and setback areas⁸. Where lots are not large enough to accommodate this, the developer must go through the Alteration Exception Process in order to obtain a variance to build within the buffer. Acceptance of such a variance by the county

⁷ K.C.C. 21A.24.280 Landslide Hazard Areas

⁸ Alesha Klein, King County DDES

typically requires mitigation of the area being developed. This may be at a 1:1 ratio or higher, and may be either on site or off site. Mitigation requirements are determined on a case by case basis at the time of permitting.

Conclusion & Summary of Impacts

In conclusion, although large portions of the property are designated as sensitive areas, the parcels are large enough that all of the subject tax parcels are considered to contain sufficient development land. Of greater impact on value is the separation of the eastern six 20 acre parcels from the western two 20 acre parcels by the wetlands and stream. This effectively precludes using NE 8th Street to access the six 20 acre parcels, which are therefore limited to one development right per parcel. Parcels 9013, 9094, 9017, 9011 and 9082 appear are almost entirely free from sensitive areas.

Hazards

Essentially there are no known hazards here. The steep hillside located on parcels 9018 and 9093 is designated as an Erosion Hazzard and Landslide Hazzard area, although the slope is heavily forest and no evidence of erosion were noted during our inspection. The easterly hillside leading down to the wetlands and ravine are also designated as an Erosion Hazzard area.

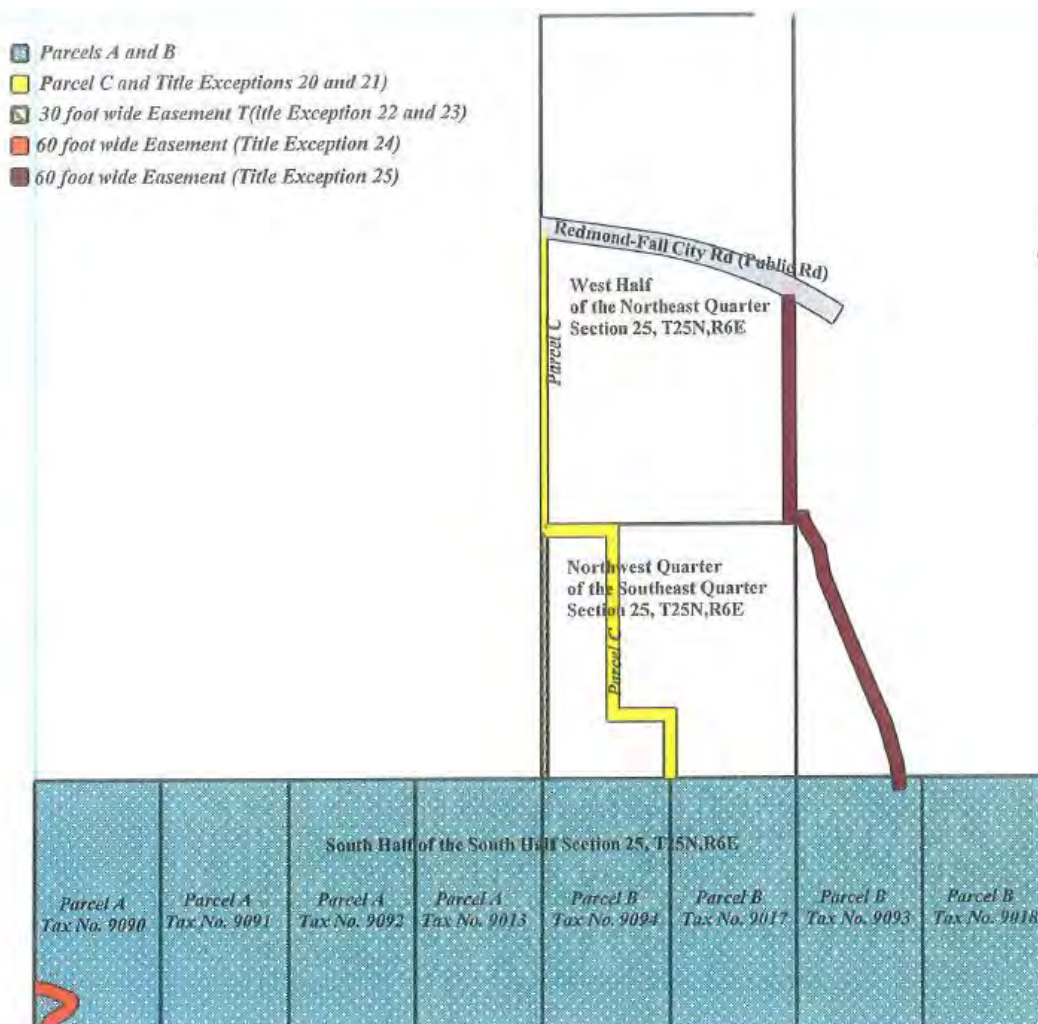
Easements & Restrictions

Easements listed on the Title Officer's Review of the Title Report include a 30ft wide easement for ingress and egress which benefits the subject property. This presumably refers to 269th Avenue NE which serves the easterly six 20 acres parcels. The easement contains maintenance obligations. A second easement for ingress, egress, maintenance and utilities runs along the westerly 30ft of parcel 252506-9050 located directly north of the property and extending from the end of 268th Avenue NE to the northwest corner of parcel 9094. Respective construction and maintenance obligations between the subject property owner and owner to the north are detailed in the easement. It would appear that the road was never construction nor utilities installed.

The State of Washington is in possession of a 60ft road easement located in the southwest corner of parcel 9090 and depicted in orange on the easement map presented on the following page. The easement was granted for the purpose of "*construction, reconstruction, use and maintenance of a road to be used for hauling forest products and other valuable materials from lands owned or owned in the future by the State of Washington.*" Its location, approximately 280ft north of the wetland, is an unlikely target for development due to vegetative buffer and building setback requirements, and therefore its impact on property value is considered to be nominal.

There was a fourth potential access easement which was terminated due to it not being completed before a specific date in the past. Detailed in maroon on the easement map, the easement would have granted the right to construct a two lane road and 80 ton bridge over Patterson Creek with utilities connecting the subject property to SR 202. The subject property owner would have been responsible for the initial cost of construction, after which maintenance would be shared by the users of the road.

There are two sensitive areas notices on title which identify the location, buffers and setbacks from sensitive areas. The notice affects the eastern half of the property and is presumably referring to Landslide Hazzard Area located on parcels 9018 and 9093.



In conclusion, with the exception of the State of Washington's access easement (orange), the remaining easements listed in the Title Officer's Review of the Title Report are considered to benefit the subject property by providing limited access. It must be noted though that at 30ft in width, these easements would need to be expanded to serve the east six 20 acre parcel's maximum achievable density of 20 units. This supports a highest and best use of development with just 14 homes which is discussed in further detail in the following section. Please note that we are not in possession of a title report for the two 5 acre parcels 9011 and 9082 and have therefore assumed free and clear title.

Assessed Value and Real Estate Taxes

By statute, properties in the state of Washington are assessed at 100% of market value, but typically assessed values can understate or lag the market, or simply be off due to the inexact (mass-appraisal) nature of the assessment process. The assessments for the 2016 and 2017 tax years are presented on the following page. The latest assessment, which was effectively made in January of 2016, is up from the

previous year, increasing from \$3,573,000 to \$3,794,000, or approximately 6%. Our opinion of property value is higher than the January 2016 assessment.

King County Assessments & Taxes						
Value Year	Tax Year	Parcel Number	Land	Improvements	Total	Taxes
2016	2017	252506-9090	\$427,000	\$0	\$427,000	
		252506-9091	\$356,000	\$0	\$356,000	
		252506-9092	\$394,000	\$0	\$394,000	
		252506-9013	\$419,000	\$0	\$419,000	
		252506-9094	\$444,000	\$0	\$444,000	
		252506-9017	\$444,000	\$0	\$444,000	
		252506-9093	\$351,000	\$0	\$351,000	
		252506-9018	\$374,000	\$0	\$374,000	
		252506-9011	\$291,000	\$0	\$291,000	
		252506-9082	\$294,000	\$0	\$294,000	
		Subject	\$3,794,000	\$0	\$3,794,000	TBD
2015	2016	252506-9090	\$402,000	\$0	\$402,000	\$5,492.62
		252506-9091	\$335,000	\$0	\$335,000	\$4,579.75
		252506-9092	\$371,000	\$0	\$371,000	\$5,070.25
		252506-9013	\$395,000	\$0	\$395,000	\$5,397.25
		252506-9094	\$418,000	\$0	\$418,000	\$5,710.62
		252506-9017	\$418,000	\$0	\$418,000	\$5,710.62
		252506-9093	\$331,000	\$0	\$331,000	\$4,696.75
		252506-9018	\$352,000	\$0	\$352,000	\$4,811.37
		252506-9011	\$274,000	\$0	\$274,000	\$3,916.76
		252506-9082	\$277,000	\$0	\$277,000	\$3,957.62
		Subject	\$3,573,000	\$0	\$3,573,000	\$49,343.61

Zoning and Land Use

The subject property exhibits mixed Rural Area zoning. The purpose of the Rural Area zone is to “provide for an area-wide long-term rural character and to minimize land use conflicts with nearby agricultural or forest production districts or mineral extraction sites.” A zoning map appears at the end of this sub-section.

RA-10 – 25% of Property

Approximately 24% of the subject property consisting of the eastern two 20-acre parcels 9018 and 9093 is zoned RA-10. The following lot development standards apply:

Base Density:	0.1 du/ac
Minimum Lot Area:	7.5 acres
Minimum Lot Width	135’
Minimum Street Setback	30’
Minimum Interior Setback	10’
Base Height	40’
Maximum Impervious Surface	15%

RA-5 – 75% of Property

The remaining 76% of the property consisting of the western six 20-acre parcels 9090, 9091, 9092, 9013, 9094, and 9017, and two 5-acre parcels 9011 and 9082 is zoned RA-5, which is also a King County zoning designation for rural residential property, essentially permitting twice the density of the RA-10 zone. The following lot development standards apply.

<i>Base Density:</i>	<i>0.2 du/ac</i>
<i>Minimum Lot Area:</i>	<i>3.75 acres</i>
<i>Minimum Lot Width</i>	<i>135'</i>
<i>Minimum Street Setback</i>	<i>30'</i>
<i>Minimum Interior Setback</i>	<i>10'</i>
<i>Base Height</i>	<i>40'</i>
<i>Maximum Impervious Surface</i>	<i>20%</i>

RA Allowable Uses

Permitted uses in the RA zones include: detached single-family residences, one accessory dwelling per basic lot area, bed and breakfast guesthouses, home occupation, parks, cultural facilities, cemeteries, day care facilities, houses of worship and stables. Conditional uses include townhouses, apartments, community residential facilities, home industry, campgrounds and amusement center.

The property has a maximum achievable density of 30 lots, which would consist of four 10-acre lots and twenty-six 5-acre lots. This does not account for the presence of sensitive areas, or the previously discussed access issues, both of which are discussed in further detail in the Highest and Best Use section of this report

CONSERVATION EASEMENT & AFTER CONDITION

Introduction

In the After condition the entire subject property is encumbered by a Conservation Easement which prohibits future development and restricts the property to open space uses for the purpose of *“forever conserving the open space character, ecological significance, forest/agricultural resources, native vegetation and wildlife habitat of the subject property.”* The easement will permanently restrict use of the property to passive recreation, education and open space management

Rights of Grantee

King County will have the right to preserve and protect the conservation values of the subject property including access at reasonable times in order to monitor and enforce the terms of the easement. This includes the prevention of activities that are inconsistent with the terms of the easement or to conduct or require restoration of damaged areas. This right of access shall however not interfere with the Grantor’s quiet use and enjoyment of the property.

Prohibited Uses

Activities that are inconsistent with the purpose of the easement are prohibited. These included:

- Residential, commercial or industrial development.
- Further subdivision of the property. A boundary line adjustment that combines the subject property with a neighboring property which is not protected by a conservation easement is prohibited, and cannot result in the creation of a new development right on the subject property or a neighboring property.
- Constructing, replacing or maintaining any buildings or structures. Installation of private or public utilities, communication lines or towers is prohibited without prior written consent from King County which shall not be unreasonably withheld.
- Any commercial or industrial use or activity.
- Paving or asphalt. Road and trail construction is allowed for limited impact recreation.
- Mining using any method that disturbs the surface of the land.
- Trash and dumping.
- Intensive recreational uses including organized athletic games, motorized sports, hunting, trapping, target practice, commercial camping or any activities that require grading or clearing.
- The off-road operation of motor vehicles or any other source of excessive noise pollution.
- Commercial signs are prohibited unless used in connection with sale or lease of the property or for advertising the sale of agricultural products.
- An activities that disturbs alters or impairs any wetlands on the property is prohibited.
- Timber harvest, pruning, cutting down or removal of trees or shrubs.
- Planting or introduction of non-native species.
- Alteration of surface water, subsurface water or channeling of water.
- Soil degradation and water pollution.

Any uses that are substantially similar to the prohibited uses listed on the previous page but not specifically listed are also prohibited. County, State and Federal laws and regulation are all still applicable.

Reserved Rights

The grantor will maintain the right to enjoy the property in a manner that is consistent with the terms of the easement. The following uses are therefore permitted:

- Timber harvest including pruning, cutting down and removing trees in a manner consistent with the conservation values of the property. Motorized vehicles and equipment are allowed to conduct these activities. **This is not considered to include commercial logging of any kind.**
- Rural occupation and home industry including the sale of agricultural products produced on or off-site, on-premise tasting and sampling of horticultural and agricultural crops, and other similar uses defined in King County Code Chapter 21A.06.
- Installation and use of a single well for the agricultural activities listed above.
- Limited impact recreation defined as formal play, picnicking, jogging, hiking, cross-country skiing, biking, horse riding, nature viewing, fishing, and primitive overnight camping. Support structures for the uses are allowed including temporary bathrooms, informational boards, wildlife viewing platforms, trail structures, sleeping platforms or other small structures such as gazebos or picnic shelters.

Substantially similar uses to those listed above are considered to be a reserved right of the Grantor.

The easement will give the general public the right to access the subject property. King County will also have the right to restore the property in the event that the open space character, forest resources, ecological significance or wildlife habitat is impaired by an Act of God.

The Grantor is responsible for continuing to pay all applicable taxes for the subject property, and for any maintenance and upkeep costs, legal requirements, and liabilities related to ownership. This includes remediation if hazardous substances are released on the property. The Grantor and its successors must also notify King County if the property is transferred to a third party.

Conclusion

In conclusion, the Conservation Easement is considered to severely impact the value of the subject property by prohibiting all future development and restricting the property to very specific recreational and open space uses. Allowing the general public to access the property is also considered to negatively impact property value, as it reduces privacy, and therefore detracts from the remaining recreational value to the owners. The extent of this value impact is the topic of this report.

HIGHEST & BEST USE

HIGHEST & BEST USE

Introduction

"Highest & Best Use" is defined by The Appraisal Institute as:

"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 value. The four criteria the highest and best use must meet are: legal permissibility, physical possibility, financial feasibility and maximum profitability."

Source: The Dictionary of Real Estate Appraisal, Third Edition, Copyright 1993, published by the Appraisal Institute.

Larger Parcel

The subject property is a contiguous holding of eight 20-acre tax parcels and two 5-acre tax parcels. To the best of our knowledge the subject ownership includes no other holdings which are contiguous with or adjacent to the subject property, and therefore the subject is considered the larger parcel for appraisal purposes.

Highest & Best Use

The highest and best use analysis provides the foundation for a value conclusion by identifying the specific market position of a subject. It is governed by consideration of the property's legal, physical and economic potential. If the property is improved, the process requires separate analysis of the land as though vacant and the land as improved. This provides the basis for a conclusion as to whether the improvements adequately contribute to overall value as to continue to be the preferred use, or whether an alternate use would better support the land value. In this case the subject constitutes raw residential development land and is analyzed in its current condition, which is vacant.

As Though Unimproved

Legally Possible:

The subject property consists of eight 20-acre tax parcels and two 5-acre tax parcels with a total land area 170.12 acres. The two 5-acre tax parcels and six of the 20-acre parcels are zoned RA-5, allowing for one home per 5 acres, while the eastern two 20-acre parcel are zoned RA-10 where the maximum allowable density of one home per 10 acres. The property is therefore theoretically capable of achieving a maximum density of 30 single-family residences under current zoning.

Although the parcels are contiguous, there are three separate points of access into the property, all of which must be used in order to access all of the parcels. The eastern six 20-acre parcels (9092, 9013, 9094, 9017, 9093 and 9018) are accessed from a 30ft wide easement from 269th Avenue NE. King County code states that any land development impacting the service level, safety, or operational efficiency of roads serving the development shall improve those roads in accordance with King County

road development standards⁹. Therefore subdividing the six 20-acre parcels into 20 lots (two are zoned RA-10 and four are zoned RA-5) would likely require a dedication by neighboring property owners to widen the existing road, as well as the replacement of the bridge over Patterson Creek. Although we are not in possession of a cost estimate for these improvements, they are believed to eclipse the potential retail sell out value of a 20 lot subdivision, particularly considering the (already high) value of estate sized (20 acre) lots in the subject market. Further analysis is presented in the discussion of financial feasibility.

The two westerly 20-acre parcels (9090 and 9091) are located at the terminus of NE 8th Street, a 60ft wide unimproved right-of-way through which the subject is legally entitled access. This right-of-way is considered sufficient to serve a potential subdivision of those parcels. Their subdivision potential is discussed in further detail in the section below.

The two 5 acre lots are accessed separately from NE 15th Street. Because they are part of an existing subdivision of similar sized lots and have already achieved their maximum density, parcels 9011 and 9082 are treated as stand-alone parcels which are ready for development.

Physically Possible:

Although the subject property contains a number of sensitive areas including wetlands, streams and landslide and erosion hazard areas, each parcel is considered to contained sufficient land area which is capable of supporting residential development. This is particularly true for the easterly six 20-acre parcels which are effectively limited to one development right each due to access constraints.

The westerly two 20-acre parcels are considered unconstrained in terms of access and therefore technically capable of achieving the maximum density allowed in the RA-5 zone. While this is assumed to be a possibility for parcel 9090 approximately 75% of which constitutes generally level terrain, free from sensitive areas, it would appear that less than 25% of parcel 9091 is located outside of sensitive area setbacks and considered suitable for development. Dividing parcel 9091 into four lots which conform to RA-5 lot development standards is improbable, and therefore we have assumed that the parcel could potentially support 2 lots if subdivided. The combined development potential of parcels 9090 and 9091 is therefore believed to be 6 dwelling units.

In conclusion, the eastern six 20-acre parcels are each considered to have a development right, the western two 20-acre parcels could support up to six development rights, and the two 5-acre parcels can also each support a development right, equating to a total development potential of **14 residential dwelling units**.

Financially Feasible and Maximally Productive:

The question of highest best use falls heavily on the financial feasibility of obtaining access. The eastern six 20-acre parcels, which contain 20 of the 30 potential development rights allowed under maximum density standards, are accessed from a 10ft wide county right-of-way which crosses Patterson Creek before turning into a 30ft wide asphalt road easement. Widening this easement to King County standards would mostly likely require a dedication from neighboring property owners, in addition to the substantial cost of improving approximately 3,415ft of road and replacing the existing bridge.

⁹ K.C.C. 14.42.040 Developments

Although we have not been provided with a cost estimate for these improvements, we are in possession of costs estimates for similar large acreage RA-5 zoned properties in Issaquah and Fall City. Unlike the subject, both of these properties bordered public right-of-ways and were considered capable of supporting their maximum achievable densities. The costs estimates range from approximately \$150,000/lot for a 225 acre property with steep topography to just under \$200,000 for an 18 unit large lot subdivision which required substantial access improvements. It is reasonable to believe developing the eastern six 20-acre parcels would fall towards the upper end of this range given the large development area and relatively low yield of 20 lots, this still not accounting for the substantial cost of perfecting access to the property.

On the following page we have provided a Developer's Snapshot of the subject property with a 20 lot yield assuming \$175,000 in development cost with a 10% contingency for a total cost of \$192,500 per lot. The total retail sell out value of the 20 lots is estimated to be \$8,400,000; \$400,000/lot for the 16 RA-5 lots and \$500,000/lot for the 4 RA-10 lots. Lot pricing is based off of recent sales of large lots in the Eastside market which are retained within our work files. Subtracting 3% selling costs, and applying a 20% developer's margin and profit, results in a value of \$2,535,000. **Once again, this does not account for the cost of perfecting off-site access to the subject property.**

The next page contains a Developer's Snapshot which assumes the existing 20-acre lots are sold as is, as large 20 acre estates. The total retail-sell-out value of \$3,700,000 is derived from the *Estate Lot* sales comparisons presented later. The residual analysis assumes minor development costs of just under \$50,000/lot which includes a 10% contingency. These include improving the subject's immediate access easement, running driveways to each lot, clearing building sites, feasibility studies, surveys, and CAD studies all of which are assumed necessary to effectively market and sell the lots. Subtracting 3% selling costs, and this time a 15% developer's margin and profit for a less risky project of already platted lots results in a value of \$2,700,000.

The development analysis above is presented purely for the purposes determining the highest and best use of the property and should not be misconstrued as a standalone value opinion for the easterly six 20-acre parcels.

In the proceeding sections, we have valued the property as a 14 lot subdivision which is considered to be the highest and best use. Each of the six eastern 20-acre parcels is considered capable of supporting one development right, as are the two 5-acre parcels, and combined, the two western parcels could potentially support up to 6 development rights. We have assumed that on-site access must be provided to each of the stand-alone development parcels in order to effectively market and sell them, however as currently platted no off-site road improvements would be required.

Final Conclusion and Summary

In conclusion, the highest and best use of the subject property is the separate sale of the individual 20-acre tax parcels and two 5-acre tax parcels for development with up to 14 single-family residential dwelling units. The assumption is that tax parcels 9090 and 9091 which are accessed separately would be sold together with a shared development potential of up to six lots.

Highest & Best Use Analysis - Developer's Snapshot Approach			
<i>Total Retail Sell-Out Price (TRSOP)</i>		<u>\$/Lot</u>	<u>\$</u>
3-6 RA-5 Lots	16 lots	\$400,000	\$6,400,000
7-8 RA-10 Lots	4 lots	\$500,000	\$2,000,000
Total Retail Sell-out Price	20 lots	\$420,000	\$8,400,000
Selling Costs	<u>% TRSOP</u>	<u>\$/Lot</u>	<u>\$</u>
Marketing (direct builder sales)	1.0%	\$4,200	\$84,000
Closing Costs	3.0%	\$12,600	\$252,000
Total Selling Costs	4.0%	\$16,800	\$336,000
Development Costs	<u>% TRSOP</u>	<u>\$/Lot</u>	<u>\$</u>
Hard Costs	36%	\$150,000	\$3,000,000
Soft Costs	6%	\$25,000	\$500,000
<i>Subtotal</i>	<i>42%</i>	<i>\$175,000</i>	<i>\$3,500,000</i>
10% Contingency	4%	\$17,500	\$350,000
Grand Total Development Cost	46%	\$192,500	\$3,850,000
Other Costs			
<u>Timber Value - similar to comps</u>			
Total Other Costs			
Total Project Cost	46%	\$192,500	\$3,850,000
<i>Developer's Margin & Profit</i>	20%	\$84,000	\$1,680,000
<i>Total Costs & Profit</i>	70%	\$293,300	\$5,866,000
Land Value	30%	\$126,700	\$2,534,000
Rounded	30%	\$126,750	\$2,535,000
\$/unit of comparison, acres, lots	120.00-ac	\$21,125/ac	\$126,750/lot

Highest & Best Use Analysis - Developer's Snapshot Approach			
<i>Total Retail Sell-Out Price (TRSOP)</i>		<u>\$/Lot</u>	<u>\$</u>
3 Parcel 9092	1 lot	\$550,000	\$600,000
4 Parcel 9013	1 lot	\$650,000	\$650,000
5 Parcel 9094	1 lot	\$650,000	\$650,000
6 Parcel 9017	1 lot	\$650,000	\$650,000
7 Parcel 9093	1 lot	\$550,000	\$600,000
8 Parcel 9018	1 lot	\$550,000	\$550,000
Total Retail Sell-out Price	6 lots	\$616,667	\$3,700,000
<i>Selling Costs</i>	<u>% TRSOP</u>	<u>\$/Lot</u>	<u>\$</u>
Marketing (direct builder sales)	1.0%	\$6,167	\$37,000
Closing Costs	3.0%	\$18,500	\$111,000
Total Selling Costs	4.0%	\$24,667	\$148,000
<i>Development Costs</i>	<u>% TRSOP</u>	<u>\$/Lot</u>	<u>\$</u>
Hard Costs	5%	\$30,000	\$180,000
Soft Costs	2%	\$15,000	\$90,000
<i>Subtotal</i>	<i>7%</i>	<i>\$45,000</i>	<i>\$270,000</i>
10% Contingency	1%	\$4,500	\$27,000
Grand Total Development Cost	8%	\$49,500	\$297,000
<i>Other Costs</i>			
<u>Timber Value - similar to comps</u>			
Total Other Costs			
Total Project Cost	8%	\$49,500	\$297,000
<i>Developer's Margin & Profit</i>	15%	\$92,500	\$555,000
<i>Total Costs & Profit</i>	27%	\$166,667	\$1,000,000
Land Value	73%	\$450,000	\$2,700,000
Rounded	73%	\$450,000	\$2,700,000
\$/unit of comparison, acres, lots	120.00-ac	\$22,500/ac	\$450,000/lot

BEFORE VALUATION

SALES COMPARISON APPROACH - BEFORE

Introduction

The search for comparable sales has included a review of residential land sales activity in East King County. Sales selected for analysis preferably include raw land zoned for low-density development, with little or no entitlement work. Because sales of the subject's magnitude occur infrequently, the search has been expanded to include South Snohomish County. Older sales are time adjusted to approximately reflect past market conditions.

Adjustments for Time

From 2013 to 2015 median home prices in the Lake Sammamish area increased 10.3% per year on average, compared to 8.8% in the larger East King County submarket. An annual upwards adjustment of 10% per year is therefor considered reasonable for this time period. As of November 1st of 2016 home prices in the subject MLS area are already up 13%, compared to 14% countywide. Concluding with 15% annual appreciation for 2016 results in a 12% upwards adjustment as of the October 11th date of value which is considered appropriate.

Sale Conditions Adjustment

Sales comparisons 1 through 4 are considered to represent arms-length transactions, and therefore no additional adjustments have been applied to these sales for sale conditions. Comparable 5 is currently under contract with a feasibility period extending through February of 2017. The contract price should therefore be discounted slightly to reflect the prospective date of sale, as well as any concessions which might occur. A 5% discount is considered reasonable.

Comparable 6 is an active listing which has expired multiple times with more than 3 years of market exposure. The listing agent reported that the buyer is unrealistic in their expected price, but that multiple developers have expressed interest at the \$1.9 to \$2 million range. The listing price is therefore adjusted downwards by 25% to this level.

Other Adjustments

Other adjustments are considered for location, size, zoning, density, development potential, etc., and these are treated on a qualitative basis through application of a graphing technique that allows for consideration of the economies of scale associated with these types of value attributes.

Comparable Data

A total of six comparable sales have been selected for analysis. They range in size from 40 to 225 acres, and can support between 8 and 42 speculative development rights under maximum achievable density standards. All are zoned for single-family residential development allowing one home for every 5 acres, and for the most part sold with little or no building entitlement. A map of comparable sales and Sales Comparison Chart is presented on the following pages.



MAP OF BEFORE SALES COMPARISONS

Residential Land Sales - BEFORE									
	SUBJECT BEFORE	Comparable #1	Comparable #2	Comparable #3	Comparable #4	Comparable #5	Comparable #6		
Address	<u>Property Identification</u> 269th Ave/NE/NE 8th St Redmond 98053 King County 252506-9090 (9091,92, 13,94,17,93,18,11,82)	<u>Property Identification</u> 67xx 252nd Ave NE Redmond 98053 King County 112506-9088 & 9146	<u>Property Identification</u> Enumclaw Franklin Rd Enumclaw 98022 King 362106-9013, 9014 & 9004	<u>Property Identification</u> 51st Ave SE Bothell 98012 Snohomish County 270515-003-005(8)00, 270522-002-001(2,5,42)- 00	<u>Property Identification</u> 10610 Rent-Issaq Rd SE Issaquah 98027 King County 062306-9014, 9031, 9052, 072306-9001 & 9020	<u>Property Identification</u> 21207 SE May Valley Rd Issaquah 98027 King County 162306-9010, 9011, 9085 & 9086	<u>Property Identification</u> 14430 176th Place SE Snohomish 98290 Snohomish 270609-004-00300		
Acres	<u>Site Data</u> 170.12ac	<u>Site Data</u> 40.73ac	<u>Site Data</u> 115.00ac	<u>Site Data</u> 73.69ac	<u>Site Data</u> 225.55ac	<u>Site Data</u> 80.08ac	<u>Site Data</u> 69.00ac		
SqFt	7,410,427sf	1,774,199sf	5,009,400sf	3,209,936sf	9,824,958sf	3,488,284sf	3,005,640sf		
Condition	Raw Land	Raw Land	Vacant (logged)	Raw Land	Raw Land	Farm	Raw Land (SFR)		
Topography	Mixed - Rolling/Sloped	Rolling	Level/Sloped	Level/Sloped	Sloped	Level/Rolling	Rolling/Steep		
Views	Territorial	Territorial	Territorial	Territorial	Mountain/Sound	Territorial	Territorial		
Sensitive Areas	Wetland/Stream	Wetland	Erosion/Steep Slopes	Little Bear Creek	Slopes, Stream	Stream/Flood/Steep slopes	Steep Slopes		
Zoning	76% RA-5 24% RA-10	RA-5	RA-5	R-5	RA-5	RA-5	R-5 F		
Density	0.20du/ac 0.10du/ac	0.20du/ac	0.20du/ac	0.20du/ac	0.20du/ac	0.20du/ac	0.20du/ac		
Max/Effective	30 lots 14 lots	8 lots	23 lots	32 lots	42 lots	16 lots	10 lots		
Effective Density	6 acres/du 12 acres/du	5.1 acres/du	5.0 acres/du	2.3 acres/du	5.4 acres/du	5.0 acres/du	6.9 acres/du		
Date	<u>Date of Value</u> October 11, 2016	<u>Sales Data</u> May 26, 2016	<u>Sales Data</u> June 27, 2016	<u>Sales Data</u> March 11, 2014	<u>Sales Data</u> January 28, 2014	<u>Sales Data</u> Under Contract	<u>Sales Data</u> Active		
Price		\$3,000,000	\$1,157,300	\$3,100,000	\$5,000,000	\$4,160,000	\$2,750,000		
Listed		October 12, 2015	January 28, 2010	n/a	n/a	January 19, 2016	September 5, 2013		
Conditions		Arms Length	Arms Length	Arms Length	Arms Length	Arms Length	Arms Length		
DOM		224 days	2,309 days	n/a	n/a	268 days	1,132 days		
Time/Conditions	<u>Value Conclusion</u>	<u>Adjustments</u>	<u>Adjustments</u>	<u>Adjustments</u>	<u>Adjustments</u>	<u>Adjustments</u>	<u>Adjustments</u>		
Adjusted Price	\$4,500,000	5% \$3,162,788	4% \$1,205,239	33% \$4,107,740	34% \$6,698,449	0% \$3,952,000	0% \$2,062,500		
\$/14 unit potential	\$321,429/unit	\$395,348/unit	\$52,402/unit	\$128,367/unit	\$159,487/unit	\$246,753/unit	\$294,643/unit		
\$/30 units	\$150,000/unit	\$77,653/ac	\$10,480/ac	\$55,744/ac	\$29,698/ac	\$49,351/ac	\$206,250/unit		
\$/acre	\$26,452/ac						\$29,891/ac		
Time Adjustments		<u>Comments</u>	<u>Comments</u>	<u>Comments</u>	<u>Comments</u>	<u>Comments</u>	<u>Comments</u>		
2013 10%		Pre-application submitted for 8-lot plat. Partially cleared rolling land, wetland at property corner.	Recently logged land north of Enumclaw. Powerlines over two property corners. Right-of-ways divide property into three parts. Raw land.	Buyer reports 32 possible home sites. Sloped topo. Little Bear Creek runs between property and road. Permits submitted for 32 lot subdivision. Snohomish County.	Raw land with 42 lots potential w/ good views. \$2,015,000 class III cut. Cost of access is high. Purchased by Trust for Public Land based on appraisal by our firm.	Under contract to Buchanan Homes. Feasibility into Feb 2017. Farm located in May Creek Valley next to high-end subdivision. Creek divides property. Two access points.	Contiguous holding of 7 tax parcels on hilltop. Mixed R-5/Forest zoning. MLS sheet says 8 to 10 lot potential. SFR estate, agent says developer interest at \$1.9 to \$2M.		
2014 10%									
2015 10%									
2016 15%									

Comparable 1: Comparable 1 is the only sale included in this analysis which sold with entitlement. A preliminary application and conceptual design for an 8-lot subdivision was recently submitted for this 40.73 acre property which is located in the Union Hill neighborhood east of Redmond. Consisting of two tax parcels zoned RA-5, the property is partially cleared and somewhat constrained by a large wetland located in the southwest property corner. Water, power and gas are all available, and access is provided by a single lane dirt road from 252nd Ave NE, a shared gravel access easement. Although parties to the transaction have been unavailable for comment, we have assumed that access to the site is sufficient. The surrounding neighborhood is generally characterized by high-end homes and therefore the property is considered to have potential for a gated subdivision. The property sold for \$3,000,000 in May of 2016.

Adjusting the sale upwards for time provides a total dollar indication of \$3,162,788, equating to approximately \$395,000/unit and \$78,000/acre. As a smaller property with some entitlement work the comparable sets a ceiling on \$/unit and \$/acre value. At over four times the size the subject should achieve a higher total dollar value.

Comparable 2: Comparable 2 represents the other end of the spectrum and is included in this analysis to establish a lower parameter on value. The 115 acre property consists of three tax parcels which were logged in the recent past and are now lightly forested with regrowth. Zoned RA-5, the speculative yield is 23 development rights under the maximum allowable density. With the exception of some steep slopes in the southeast portion of the property, the site exhibits rolling topography and is therefore well suited for development. However a right-of-way does divide the property, and power lines cross over two of the property corners. The property sold in June of 2016 for \$1,157,300.

The price is adjusted upwards for time to \$1,205,239, or approximately \$52,000/unit and \$10,500/acre. As mentioned previously this comparable sets an overall lower limit on value. Although the subject has access difficulties it is larger and located in the far superior Redmond/Sammamish market.

Comparable 3: Located just north of Bothell and about 16 miles northwest of the subject in South Snohomish County, Comparable 3 consists of six tax parcels totaling 73.69 acres of land. The property is zoned Rural 5 with a maximum allowable density of 1du/5ac, however Snohomish County grants bonus densities for rural cluster developments which exceed open space requirements. Permits were recently submitted for a 32 lot subdivision which was subsequently platted after sale. Access to the property must come over Little Bear Creek, and as of the date of inspection an elevated roadway had been constructed, probably similar to what would be required of the subject if it were to achieve its maximum development potential of 30 dwelling units.

Selling in March of 2014 for \$3,100,000 to Centex Homes, the sale adjusts upwards for time to \$4,107,740 which equates to approximately \$128,000/unit and \$56,000/acre. Because this significantly smaller property has similar development potential resulting in a relatively high effective density of 2.3 acres/unit, the comparable indicates a lower \$/acre value for the subject. Both properties face similar access constraints, but because the subject enjoys a superior location it should achieve a similar \$/unit value. On a total price basis, although the RA-5 zone doesn't offer density bonuses, the subject is over twice the size of the comparable resulting in a higher total dollar indication for the subject. The subject's superior location also plays a large part in this placement.

Comparable 4: Comparable 4 is the acquisition of 225 acre of RA-5 zone land located on Squak Mountain directly east of Issaquah. This former RV park is heavily forested with mature timber, and although steep topography over the site creates access difficulties, it comes with the added benefit of good view potential. If developed, the property could yield up to 42 single family lots. The property was purchased by the Trust for Public Land for eventual transfer to King County. The negotiated sales price of \$5,000,000 relied on an appraisal performed by our firm.

The January 2015 sale is adjusted upwards for time to \$6,698,449 which equates to just under \$160,000/unit and \$30,000/acre. The comparable is substantially larger in size, and although the location in Issaquah is considered slightly inferior, the prospective lots located on the face of Squak Mountain are considered generally superior. The comparable property also contains substantial timber value. Given these superiorities, the comparable indicates an overall lower value for the subject on a total price, \$/unit and \$/acre basis. Note that the use of a government sale results in some circularity in this process, as the transaction was based on an appraisal, and thus significant weight is not placed on the transaction, although circumstances indicate the property was acquired in a non-forced sale at market value.

Comparable 5: Also located in Issaquah although further to the southeast in May Valley, Comparable 5 is an 80 acre farm consisting of four 20-acre tax parcels. The property is zoned RA-5 with a maximum development potential of 16 lots, however May Creek divides the site and steep slopes in the southern portion of the property constrains development. The property does however have two points of access to either side of the creek, and there is an existing bridge which was repaired in 2016 according to Assessor's records. A neighboring subdivision of high-end homes to the east attests to the neighborhoods appeal.

Buchan Homes has the property under contract for \$4,160,000 with feasibility lasting through 2017. Discounting the contract price by 5% provides a total dollar indication of \$3,952,000, or approximately \$247,000/lot and \$49,000/acre. The location and setting in May Valley represents an attractive development opportunity, indicating a lower \$/acre and \$/unit value for the subject in terms of its 30 lot speculative development potential. At over twice the size however the subject should exceed the total dollar value indication of the comparable, also on \$/unit basis terms of its 14 unit potential.

Comparable 6: The last comparable is the listing of a contiguous holding of 7 tax parcels comprising a 69 acre residential estate located just southeast of Monroe in Snohomish County. The property sits on a hill up above the valley floor where the view potential is good, and borders the Lord Hill Regional Park to the north. Zoned R-5 and Forest, the marketing flyer reports an 8 to 10 lot building potential. Access is currently from a steep gravel road and would probably require some work to support subdivision and development. Please note the MLS land area differs from Assessor's records however is assumed correct.

The property has been on the market for over 3 years at \$2,750,000, and according to the listing agent the seller expects an unreasonable price. Developers have expressed interest at the \$1.9 to \$2 million level, and therefore the listing price is adjusted downwards by 25% to \$2,062,500, or \$206,250/unit and \$29,891/acre. As a smaller development site with a similar speculative density the indication is for a lower \$/acre and \$/unit value for the subject, but significantly higher total dollar value. When the comparable is analyzed for its existing 7 parcel development potential the indicator is roughly \$294,000/unit. Compared to the 14 lot potential of the subject in the face of access issues, the subject's lower effective density 12acres/du would then support a higher \$/unit value for the subject.

Valuation Analysis

The adjusted total price range presented by the land sales comparisons is approximately \$1,205,000 to just under \$6,700,000. The majority of the comparisons are significantly smaller in size suggesting a value placement towards the upper-end of this range, but well below the \$6.7 million indication provided by the Squak Mountain sale which has 42 lot potential and a significantly larger land area of 225 acres.

As a 40 acre site albeit in a slightly superior location, Comparable 3 sets a firm lower-limit on value at \$3.12 million. Although the property has some entitlement for 8 lots, so does the subject for 10 lots as it currently stands. Comparables 3 and 5 raise the bar to around \$4 million. Both are still half the subject's size and zoned for a similar density of development although Comparable 3 took advantage of bonus densities to achieve 32 lots. In this regard Comparable 3 provides a good indication at \$4.1 million. A comparison to the subject's 30 lot speculative yield is more appropriate here considered both properties have similar access constraints. A placement above but not significantly above this level is therefore reasonable and would factor in the subject's superior location.

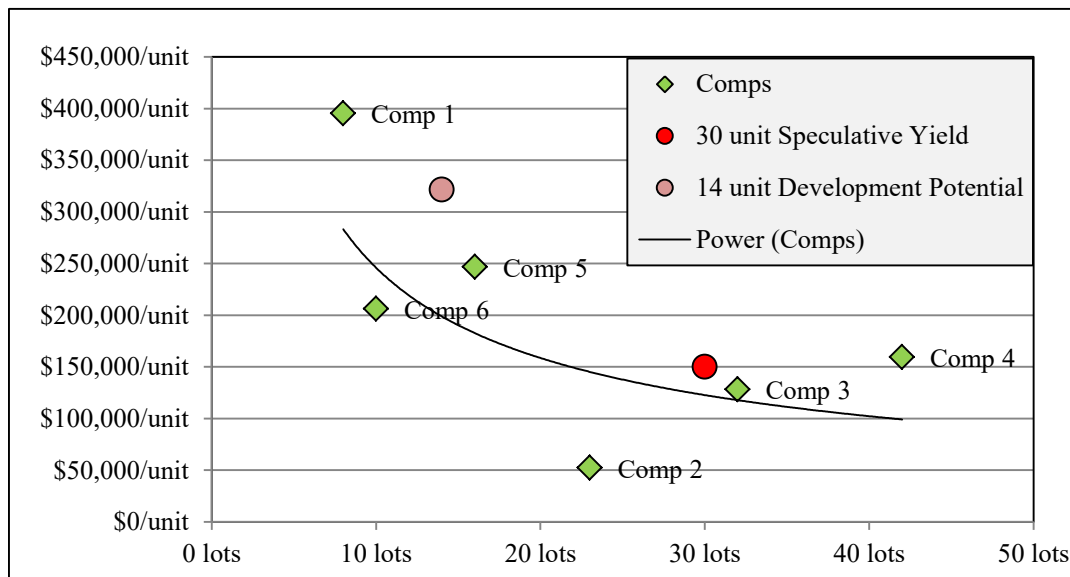
In terms of the subject's 30 unit speculative yield, Comparable 3 is the most similar at 32 lots, however due to rural clustering bonuses achieved a much higher density of 2.3 acres/du. The comparison is however appropriate given the similar access constraints. Because the subject has a superior location and lower effective density, the indication is for a value above \$128,000/unit. Comparisons 4 and 5 support a value below the \$200,000 to \$250,000/unit range. Both properties have significantly lower speculative lot yields which they are considered more likely to achieve. Finally Comparable 4 support a value below \$160,000/unit due to a location on the face of Squak Mountain and associated view potential. The comparable is also difficult to access, however is considered more cautiously as a government sale.

When assessing the subject's more achievable development potential of 14 lots, the only comparison of note is Comparable 6 which is already comprised of seven tax parcels with steep access also being a consideration here. The indication per existing development right is approximately \$295,000/unit, setting a cautiously perceived low-end on \$/unit value.

In our opinion the property value in the Before condition through the Sales Comparison Approach is **\$4,500,000**, equating to \$150,000/unit (30 theoretical units), or \$321,429/unit (14 units). On a total price basis the value conclusion lies in the upper-end of the range due to the subject's large land area, but more towards the middle which is attributed to the access difficulties. The conclusion does however fall above the \$4.1 million indication of Comparable 3 which has a similar yield and access issues, yet is significantly smaller in size. At \$150,000/unit per 30 lot speculative yield the value conclusion is within the previously established range of roughly \$128,000 to \$160,000/unit.

In terms of \$/acre value, the comparisons present a value range of approximately \$10,400 to \$77,600/acre. The lower-end is set by a large 115 acre tract of land that was logged in the recent past, is divided by multiple right-of-ways, and is located in the far inferior Southeast King County market. The subject value conclusion at \$26,452/acre is therefore appropriate as it falls well above this value, but still towards the lower-end of the total \$/acre range due to the subject's large land area and access issues. For instance Comparable 3 indicates a value below approximately \$55,000/acre a much smaller property with similar speculative development potential, as does Comparison 6 at just under \$30,000/acre which is similar in terms of effective density but almost a third of the size.

The low-density development land sales due not necessarily lend themselves to graphic analysis. This is attributed to differences in location and site constraints which vary from property to property. There is however a general correlation between the number of potential dwelling units and the price paid per development unit, with larger sites typically seeing a discount in \$/unit value due to economies of scale.



As can be seen in the graph above, the comparisons tend to stray from the trend line. Comparable 2 for instance sits well below due to an inferior location and site condition, whereas Comparable 4 sits well above due to superior view potential, as does Comparable 1 which is located in a generally superior neighborhood in Redmond and has some preliminary work. For the 30 lot theoretical yield allowed under existing zoning the subject's placement (red) just above the trend line is a product of a generally superior location. Please note that Comparable 3 sits close by due to a similar lot yield and access difficulties. In terms of the more easily achievable 14 unit development potential the subject (pink) is well above the trend line which reflects the existing 10 platted lots and once again a generally more superior location.

Final Value Conclusion

Although the Sales Comparison Approach proves difficult due to the subject's unique property characteristics, each of the comparisons aids in establishing value parameters using different units of comparison. Strong emphasis has been placed on Comparable 3 which although achieving its maximum yield, had to overcome similar access issues including crossing a relatively large creek. Although a listing, as a contiguous hold of low-density zoned land Comparable 6 also provides valuable insight.

In our opinion, the Before value conclusion of the subject property as reached through the Sales Comparison Approach to value is:

Before Value Conclusion	\$4,500,000
\$/acre.....	\$26,452/ac
\$/maximum theoretical lot yield (30 units).....	\$150,000/unit
\$/potential lot yield in consideration of access issues (14 units)	\$321,429/unit

DEVELOPMENT APPROACH - BEFORE

Introduction

The Development Approach is a residual valuation analysis which examines the “finished” value of the end product of a real estate development opportunity. After deducting the costs and profit incentive required to deliver this revenue, the analysis provides an estimate of value for a particular development site. The approach to valuation is well recognized by both the market, and real estate appraisers.

As detailed in the Highest and Best Use section of this report, developing the property with the maximum allowable density of 30 lots is cost prohibitive due to access constraints. In this approach the subject is therefore treated as a finished plat of 10 lots, two of which (parcels 9090 and 9091) have further development potential. The Developer’s Snapshot is a simple enumeration of the individual retail sellout prices of these lots, an accounting of costs, and an estimate of profit incentive. There is no incremental accounting for the time value of money and inflation over the period during which the lots are being marketed. The approach does however hold merit, as developers of residential real estate tend to favor knowns (current lot prices, construction costs, etc.) over unknowns (inflation, lot price appreciation, absorption, and achievable annual returns). The approach is also particularly applicable in this case due to the individual parcels and multiple points of access which would most likely attract different buyers and are more easily accounted for in the approaches’ lot specific pricing.

The “finished” product in the subject’s case is a 10-lot subdivision. Completed lot values are based on an examination of comparable lot sales in the subject’s market area. Due to the variety of lots accounted for in this analysis which includes six 20-acre lots, two 5-acre lots and 40 acres of development land, three sets of sales comparison are used to establish lot pricing. Lot sales have been adjusted to account for time, location, and size in the same manner to the sales comparison approach.

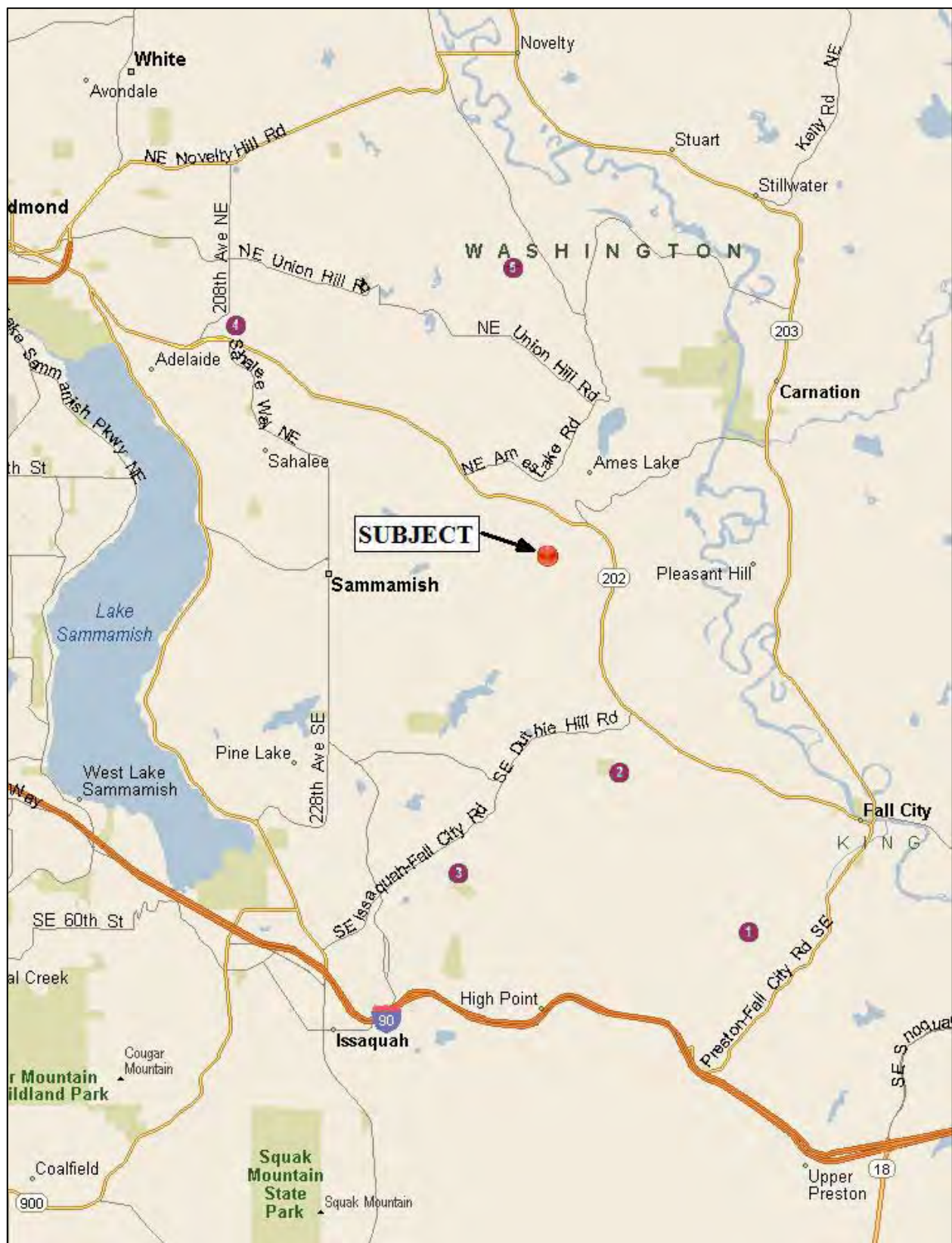
Construction costs estimates are developed from cost comparisons retained within our work files as pertains to similar developments. In this case the costs are minimal because the lots are already platted, and mostly involve providing access to each of the individual parcel and some feasibility work to aid in marketing and selling the properties. This is in response to the sales data used to price the lots; many of the comparisons featured graded access, water supply, and some septic feasibility work.

Lot Pricing

As mentioned previously, three sets of comparable sales are used to establish lot pricing. These include large *Estate Lots*, *Five Acre Lots*, and *Development Land Sales*. The sales data is summarized in the following section, however comparable write-ups are provided in the addendum of this report.

Estate Lots

The *Estate Lots* are used to develop a value for the westerly six 20-acre parcels which due to access difficulties can support just one development right each. A total of five comparable sales have been selected for analysis, ranging in size from 10.05 to 33.66 acres. Most are limited to one development right. A sales map and comparison chart are presented on the following pages.

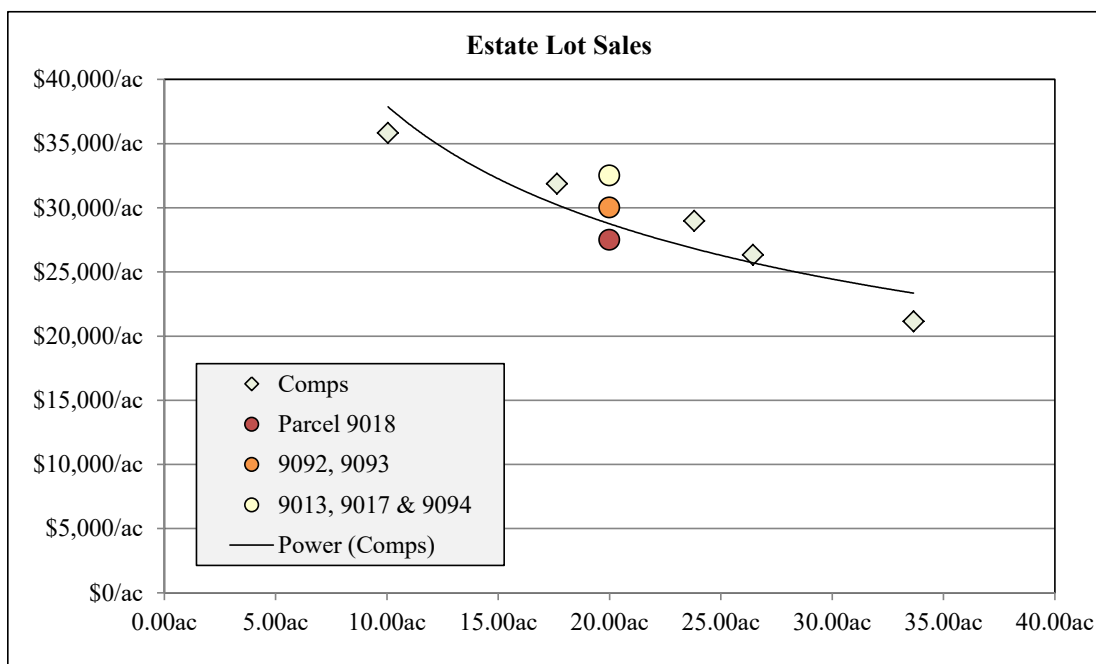


MAP OF ESTATE LOT SALES

Estate Lot Sales						
	SUBJECT	Comparable #1	Comparable #2	Comparable #3	Comparable #4	Comparable #5
Address City County APNs Acres SqFt Topography Views Sensitive Areas Zoning Units:	<u>Property Identification</u> 269th Ave NE 98053 Redmond 98053 King County 252506-9092, 9013, 9094, 9017, 9093 & 9018	<u>Property Identification</u> 31430 SE 62nd Way Fall City 98024 King County 212407-9100	<u>Property Identification</u> 28800 SE Issaq-Fall City Rd Fall City 98024 King County 072407-9025	<u>Property Identification</u> 25520 SE Old Blk Nig Rd Issaquah 98029 King County 142406-9018	<u>Property Identification</u> 21205 NE 58th St Redmond 98053 King County 162506-9121	<u>Property Identification</u> 26550 NE 70th St Redmond 98053 King County 122506-9035
	<u>Site Data</u> 20.00ac/Parcel 871,200sf Level/Sloped Territorial Wetland/Creek/Slopes RA-5/RA-10 Varies	<u>Site Data</u> 10.05ac 437,778sf Moderate/Steep Territorial/Mountains Wetlands/Erosion RA-10 1 dwelling unit	<u>Site Data</u> 23.81ac 1,037,156sf Moderate/Steep Territorial Landslide/Steep Slopes RIP 1 dwelling unit	<u>Site Data</u> 26.44ac 1,151,726sf Moderately Sloped Territorial Wetland/Creek/Slopes RA-5 P 2 potential dwelling units	<u>Site Data</u> 33.66ac 1,466,229sf Level/Steep Territorial Wetland/Landslide RA-5 1 dwelling unit	<u>Site Data</u> 17.65ac 768,626sf Moderate/Steep Valley/Mountains Landslide RA-10 1 dwelling unit
	<u>Utilities</u> In street n/a In street n/a	<u>Utilities</u> In street n/a In street n/a	<u>Utilities</u> n/a In street n/a	<u>Utilities</u> Private well n/a In street n/a	<u>Utilities</u> Private well On property n/a n/a	<u>Utilities</u> In street n/a In street In street
	<u>Date of Value</u> October 11, 2016	<u>Sales Data</u> July 29, 2016 \$350,000 August 7, 2015 Arms Length 352 days	<u>Sales Data</u> March 26, 2015 \$575,000 October 24, 2014 Arms Length 152 days	<u>Sales Data</u> January 24, 2014 \$519,000 October 1, 2013 Arms Length 113 days	<u>Sales Data</u> May 8, 2015 \$600,000 May 29, 2014 Arms Length 339 days	<u>Sales Data</u> Pending \$625,000 May 13, 2016 Arms Length 164 days
Time/Conditions Adjusted Price \$/acre of Land	<u>Lot Value Conclusions</u>					
	Parcel 9018	\$550,000 \$27,500/ac				
	9092, 9093	\$600,000 \$30,000/ac				
	9013, 9017 & 9094	\$650,000 \$32,500/ac				
<u>Time Adjustments</u>	<u>Comments</u>	<u>Comments</u>	<u>Comments</u>	<u>Comments</u>	<u>Comments</u>	<u>Comments</u>
2013 10%	Irregular shaped lot in sub-division of 10 acre lots with high-end homes. Driveway to building site is overgrown and must be re-established. Mountain view potential w/ clearing. CAD	Issues: subdivision cannot use rural road. Listed as "estate site." Agent confirmed most likely one large site. Purchased by neighbor who owns 80	Agent - 2nd home possible but mostly likely large estate. 75% unusable due to wetland buffers and slopes. Large level building site. Private well, electricity in road. Powerline Esmt.	One tax lot, existing building site located between steep slope and wetland, limited building footprint for only one home. CAD study and wetland delineation.	Large lot located on the valley hillside, graded for construction with permits available. Good views of the Snoqualmie River Valley and Cascade Mountains.	

After adjustments are applied, the *Estate Lot* sales present a range in value of approximately \$360,000 to \$712,000. They range in size from 10.05 to 33.66 acres, and with the exception of Comparable 3 are all limited to just one dwelling unit. It must be admitted at the outset that most of the *Estate Lot* comparisons are considered inferior in terms of site constraints. Because there is no zoning for large lot estates this close-in, the majority are heavily encumbered by sensitive areas which is why they lack subdivision potential. Each is however considered to have one relatively unrestricted building site.

As a much smaller 10.05 acre lot Comparable 1 sets a lower-limit on total dollar value at \$360,000, but upper-limit on per unit value at approximately \$36,000/acre due to economies of scale. On the other end of the spectrum are Comparable 3 at 26.44 acres and Comparable 4 at 33.66 acres which sold for adjusted values of \$696,000 and \$712,000, respectively. The \$/acre indications of these comparisons are approximately \$26,000 and \$21,000, with the smaller subject lots expected to achieve higher \$/acres values, especially when considering the relative lack of site constraints. The rest of the comparisons provide as infill and are presented on the graph below along with the individual lot value conclusions.



Parcel 9018 is located on the edge of the Patterson Creek basin where steep slopes effectively limit development to the northeast corner of the parcel at the bottom of the slope. This has warranted a placement just below the trend line at \$550,000. Parcels 9092 and 9093 also have steep slopes but with relatively large building sites, and are therefore assigned values just above the trend line at \$600,000. Parcels 9013, 9017 and 9094 are generally level and therefore regarded as superior to the majority of comparisons selected for analysis due to their relatively large usable areas. At \$650,000, they sit well above the trend line. In conclusion, the average 20-acre lot price assigned to the subject is **\$616,667**.

Five Acre Lots

The *Five Acre Lot* sales are used to price the two 5-acre lot (Parcel 9011 and 9082). They range in size from 4.25 to 6.03 acres, and are all located within 6 miles of the subject. A sales map and comparison chart are presented on the following pages.



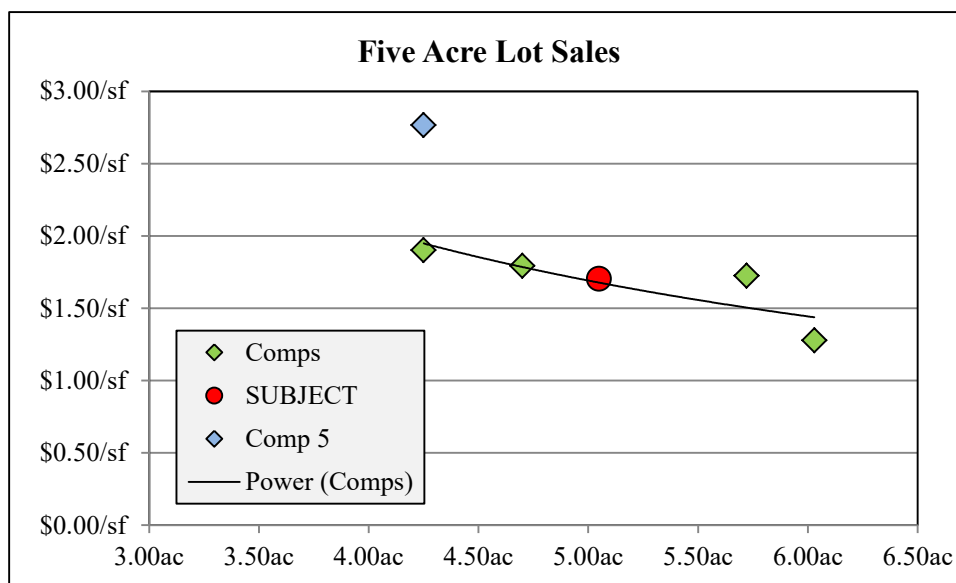
MAP OF FIVE ACRE LOT SALES

Five Acre Lot Sales						
	SUBJECT	Comparable #1	Comparable #2	Comparable #3	Comparable #4	Comparable #5
Address City County APNs Acres SqFt Topography Views Condition Water/Sewer Power/Gas Access Date Price Listed Conditions DOM	<u>Property Identification</u> SE 15th Street 98053 Redmond King County 252506-9011 & 9082 <u>Site Data</u> 5.05ac 5.07ac 219,978sf 220,849sf Gentle Slopes None Forested	<u>Property Identification</u> 261xx NE 17th St 98053 Redmond King County 252506-9071 <u>Site Data</u> 6.03ac 262,666sf Level/Moderate/Steep None Cleared building site	<u>Property Identification</u> 277xx NE 20th Pl 98014 Carnation King County 302507-9063 <u>Site Data</u> 4.25ac 185,130sf Level/Rolling None Partially cleared	<u>Property Identification</u> 25008 NE 52nd Pl 98053 Redmond King County 142506-9087 <u>Site Data</u> 4.70ac 204,732sf Gentle Slopes None Forested	<u>Property Identification</u> 10 212th Ave NE 98053 Redmond King County 052506-9023 <u>Site Data</u> 5.72ac 249,238sf Moderate Lake Partially cleared	<u>Property Identification</u> 1218 289th Ave NE 98014 Carnation King County 302507-9014 <u>Site Data</u> 4.25ac 185,130sf Gentle Slopes None Cleared building site
	<u>Utilities</u> n/a In-street No on-site access	<u>Utilities</u> Private well n/a On property n/a Gravel road	<u>Utilities</u> In-street n/a In-street n/a Gravel road	<u>Utilities</u> In-street Approved In-street In-street No on-site access	<u>Utilities</u> On property Approved In-street In-street No on-site access	<u>Utilities</u> In street Expired In street In street Gated access w/landscape
	<u>Date of Value</u> October 11, 2016	<u>Sales Data</u> December 18, 2015 \$300,000 January 13, 2015 Arms Length 335 days	<u>Sales Data</u> August 19, 2016 \$345,000 May 24, 2016 Arms Length 85 days	<u>Sales Data</u> May 15, 2015 \$310,000 February 19, 2015 Arms Length 86 days	<u>Sales Data</u> July 31, 2015 \$370,000 April 3, 2015 Arms Length 118 days	<u>Sales Data</u> July 15, 2016 \$495,000 April 6, 2016 Arms Length 99 days
	Time/Conditions Adjusted Price \$/sf of Land	<u>Value Conclusion</u> 12% 0% \$335,730 \$1.28/sf	<u>Adjustments</u> 2% 0% \$352,073 \$1.90/sf	<u>Adjustments</u> 18% 0% \$367,146 \$1.79/sf	<u>Adjustments</u> 16% 0% \$429,484 \$1.72/sf	<u>Adjustments</u> 3% 0% \$511,964 \$2.77/sf
Time Adjustments	<u>Comments</u> Two forested lots located toward the end of a sub-division.	<u>Comments</u> Forested lot with cleared building site located in same neighborhood as subject. Driveway and power to building site. Borders open space, lots of topography.	<u>Comments</u> Non-contiguous lot, Tolt Hill Rd (busy) frontage. Partially cleared, rolling topography. Stream runs by road. Located on the north side of valley. Expired CAD from 2011.	<u>Comments</u> Rectangular lot is entirely forested. Borders power line easement. Approved 4bd septic design. Single-story 2,960sf home built after sale.	<u>Comments</u> Lake Helen waterfront. Mostly cleared w/ gently slopping topography. 5bd approved septic design, wetland delineation and survey. LA says road noise had	<u>Comments</u> Last lot in the Blakely Woods gated community. Gently sloping lot with cleared building site. Needs septic but all other utilities in street. Area of high-end homes.
2013 10%						
2014 10%						
2015 10%						
2016 15%						

After adjustments are applied the *Five Acre Lots* present a total price range of approximately \$335,000 to \$511,000. These sales took place within the previous 1 ½ years, and are all zoned RA-5 allowing just one dwelling unit.

The closest comparable in terms of location is Comparable 1 which is located in the subject neighborhood just ½ mile to the northwest. Although the 6.03 acre lot is slightly larger, it exhibits inferior topographical constraints and therefore sets a lower limit on value at \$335,000. Comparables 2 and 3 also provide lower-end indications of \$352,000 and \$367,000, respectively. Both are slightly smaller in size and were negatively impacted by externalities; Comparable 2 by proximity to the busy Tolt Hill Road, and Comparable 3 by proximity to a power line easement.

An upper limit on value of just under \$430,000 is found in Comparable 4. This 5.72 acre lot features lake frontage, and although located somewhat close to a busy road, benefits from proximity to Redmond in a generally superior market. The site also consisted mostly of grass and was ready to build. Comparable 5 is included as another upper-end indicator, although is admittedly a slightly different animal being located in a gated community of high-end homes. The pricing at over \$500,000 reflects this situation, and provides insight on to the premium in value paid for lots in “luxury” developments where there is high degree of control over conformity and appearance.



Economies of scale play less of a part here due to similarities in size and development potential. In the graph above the subject’s 5-acre lots have been priced at **\$375,000**. This placement touching but slightly above the trend line is primarily attributed to the subject’s more private location at the end of a street. Note that Comparable 5 does not make up the trend line, but sits well above.

Development Land

The *Development Land* sales are used to arrive at a value for the easterly two 20-acre lots which combined constitute 40 acres of land with development potential for up to 6 dwelling units. Comparable sales therefor include properties ranging in size from 20.13 to 40.73 acres which if subdivided can support between 4 and 11 homes. A sales map and comparison chart are presented on the following pages.

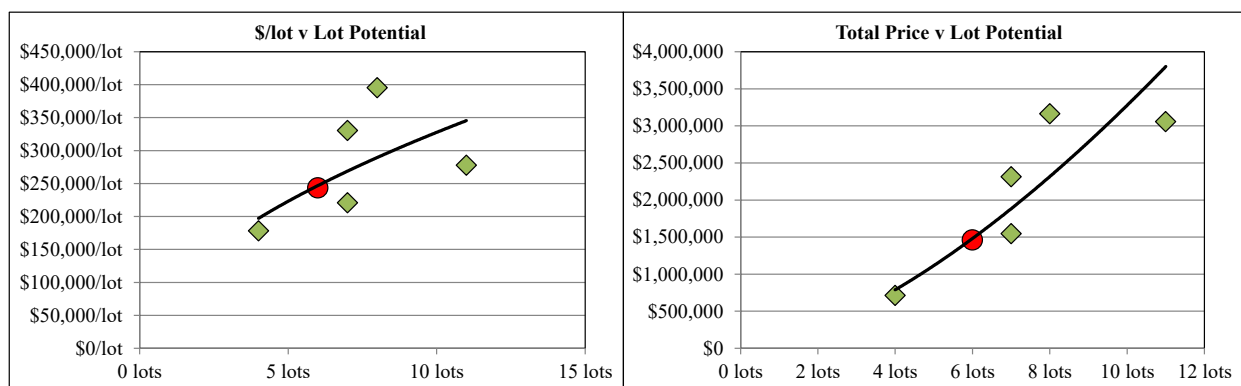


MAP OF DEVELOPMENT LAND SALES

Development Land Sales							
	SUBJECT	Comparable #1	Comparable #2	Comparable #3	Comparable #4	Comparable #5	
Address City County APNs Acres SqFt Condition Topography Views Sensitive Areas Zoning Density Units Effective Density Date Price Listed Conditions DOM	<u>Property Identification</u> 269th Ave/NE/NE 8th St 98053 King County 252506-9090 & 9091	<u>Property Identification</u> 2050 290th Ave NE 98014 King County 292507-9007	<u>Property Identification</u> 31405 SE Red-Fall Rd 98024 King County 092407-9019	<u>Property Identification</u> 8079 208th Ave NE 98053 King County 052506-9016	<u>Property Identification</u> 67xx 252nd Ave NE 98053 King County 112506-9088 & 9146	<u>Property Identification</u> 24616 NE 8th St Sammamish 98074 King County 262505-9012 & 9075	
	<u>Site Data</u> 40.00ac 1,742,400sf Raw Land Rolling/Sloped Territorial/Wetland Wetland/Stream RA-5 0.20du/ac 6 lots 7 acres/lot	<u>Site Data</u> 20.13ac 876,863sf Raw Land Rolling/Steep Territorial/Valley Erosion/Landslide RA-5-SO 0.20du/ac 4 lots 5.0 acres/lot	<u>Site Data</u> 36.46ac 1,588,328sf Raw Land Level/Sloped Territorial/Valley Stream RA-5 0.20du/ac 7 lots 5.2 acres/lot	<u>Site Data</u> 37.43ac 1,630,615sf Equestrian Estate Rolling None Stream/Ravine RA-5 0.20du/ac 7 lots 5.3 acres/lot	<u>Site Data</u> 40.73ac 1,774,199sf Raw Land Rolling Territorial/Wetland Wetland RA-5 0.20du/ac 8 lots 5.1 acres/lot	<u>Site Data</u> 14.02ac 610,519sf Raw Land (SFR) Level/Moderate None Steep slopes R-1 RA-5 0.20du/ac 11 lots 1.3 acres/lot	
	<u>Date of Value</u> October 11, 2016	<u>Sales Data</u> October 9, 2015 \$625,000 March 26, 2015 Arms Length 197 days	<u>Sales Data</u> September 16, 2014 \$1,225,000 July 17, 2014 Arms Length 61 days	<u>Sales Data</u> September 30, 2015 \$2,025,000 May 19, 2015 Arms Length 134 days	<u>Sales Data</u> May 26, 2016 \$3,000,000 October 12, 2015 Arms Length 227 days	<u>Sales Data</u> July 10, 2015 \$2,618,000 June 10, 2013 Arms Length 760 days	
	<u>Value Conclusion</u> \$1,460,000 \$243,333/lot \$36,500/acre	<u>Adjustments</u> 14% \$712,339 \$178,085/lot \$35,387/ac	<u>Adjustments</u> 0% \$1,545,055 \$220,722/lot \$42,373/ac	<u>Adjustments</u> 14% \$2,313,409 \$330,487/lot \$61,800/ac	<u>Adjustments</u> 5% \$3,162,788 \$395,348/lot \$77,653/ac	<u>Adjustments</u> 17% \$3,055,598 \$277,782/lot \$218,014/ac	
	<u>Comments</u> Two 20 acres tax parcels. Estimated 50% usable area with wetland buffers. Access must be improved	<u>Comments</u> Property includes one water certificate with Ames Lake Water Association. Two access easements. Agent says access is not currently sufficient for 4 lots. Good views Snoqualmie Valley.	<u>Comments</u> Level equestrian property in Snoqualmie River Valley. Agricultural buildings in good condition. Purchased for equestrian estate. Multiple offers, all cash.	<u>Comments</u> Equestrian estate used to board horses. Doublewide & 2,610 SFR built in 1948. Mostly cleared pasture, 3 tax parcels. Buyer will continue equestrian use. CU removal cost is \$188K.	<u>Comments</u> Pre-application submitted for 8-lot plat. Partially cleared rolling land, wetland at property corner.	<u>Comments</u> Former SFR purchased by Quadrant Homes. Split KC zoning - 9 acres R-1, 4 acres RA-5. 3 acres added after sale with BLA. 11 lots developed after sale. Raw land, no entitlements.	
	Time/Conditions Adjusted Price \$/lot \$/acre						
	Time Adjustments						
	2013	10%					
	2014	10%					
	2015	10%					
2016	15%						

After adjustments are applied, *Development Land* sale range from approximately \$712,000 to over \$3,000,000. These sales range in size from 20.13 to 40.14 acres, and for the most part constitute raw land capable of supporting between 4 and 11 homes if subdivided.

Comparable 1 sets a lower-limit on value on at \$712,000. The 20 acre property is zoned RA-5-SO, but access issues will need to be resolved in order to achieve all four development rights. The located on the Snoqualmie River Valley hillside also comes with topographical constraints. The rest of the *Development Land Sales* provide upper-end indicators of value as they can support between 7 and 11 lots at a similar density as the subject. For example Comparable 2 is 36.46 acres with a maximum yield of 7 lots, and although a stream constrains development the property sold in a superior condition as an equestrian estate. The subject's development land value should therefore fall below the \$1,545,000 indication of the comparable, however not substantially below given that the subject is considered capable of supporting only one less lot.



Parcels 9090 and 9091 have been placed on the trend line above for a combined price of **\$1,460,000**, equating to \$243,333/lot and \$36,500/acre. On a per lot basis, this places the subject just above the \$220,000/lot indication of Comparable 2 which is appropriate given that the comparable has similar site constraints created by a stream but a higher effective density. Comparable 3 on the other hand sets an upper limit on lot value at \$330,000/lot; the property is located only 2 ½ miles east of downtown Redmond.

On a \$/acre basis the subject falls at the lower-end of the comparable range of approximately \$35,000 to \$77,000 (excluding Comparable 5 which has a much higher effective density of 1.3 acre/lot). This is due to the subject's condition as raw land, 3 of the 5 comparisons were previously improved as either single-family residential or equestrian estates. It is also noted that the subject has some potentially high off-site development costs, including improving NE 8th Street and running power to the property.

Total Retail Sell-out Value

The total retail sell-out value is therefore concluded at **\$5,910,000**. For a summary, please see the chart on the following page.

Total Retail Sell-Out Price (TRSOP)			<u>Parcels</u>	<u>\$/Parcel</u>	<u>\$</u>
1	Parcel 9090	Development Parcels (6 potential lots)	1 parcel	\$730,000	\$1,460,000
2	Parcel 9091		1 parcel	\$730,000	
3	Parcel 9092		1 parcel	\$550,000	\$600,000
4	Parcel 9013		1 parcel	\$650,000	\$650,000
5	Parcel 9094		1 parcel	\$650,000	\$650,000
6	Parcel 9017		1 parcel	\$650,000	\$650,000
7	Parcel 9093		1 parcel	\$550,000	\$600,000
8	Parcel 9018		1 parcel	\$550,000	\$550,000
9	Parcel 9011		1 parcel	\$375,000	\$375,000
10	Parcel 9089		1 parcel	\$375,000	\$375,000
Total Retail Sell-out Price			10 parcels	\$591,000	\$5,910,000

Development Expenses

This is an appraisal of land. The total retail sell-out price presented above is for unimproved lots, however it is assumed that access and power would be provided to each site in order to effectively market and sell the lots. This includes some feasibility work including septic, critical areas and surveys. The inclusion of these costs is also part necessity as the majority of sales comparisons used to price the individual lots typically had at least graded access, water either on site or closely available, and some feasibility work. Therefore the value of these improvements must be deducted to arrive at an appropriate value for the land as though raw.

It must be noted that while the six westerly 20-acre lots and two 5 acre lots were valued using comparisons that for the most part had these improvements, the two easterly 20-acre lots and development land were valued as raw land. This is intended to reflect how this component of the property would be treated on the market; the most likely buyer is a developer who would not necessarily need to be enticed by existing access and utilities, they are in fact looking to create this value themselves. This is evidenced by the *Development Land Sales*, the majority of which sold as raw land. Therefore the construction costs presented below apply only to the single lot development sites, and not parcels 9090 and 9091. Selling costs are however applied to all tax parcels.

Marketing & Sales Costs

A developer is not the end user of a subdivision, and often the cost to market and sell lots (in the form of commissions, marketing, excise tax, and title insurance) is typically incorporated with a developer's pro forma. In the case of smaller subdivisions, and also certain larger plats, direct sales to builders are very common, and come without a commission. We have allowed for a marketing allowance of then just 1%, as well as excise tax (1.78%) and title insurance (0.25%), for a rounded 3% deduction.

Construction Costs

The cost to complete the subdivision is based on number of cost sources which include actual bid projects in the subject market. We have assumed that for the subject lots to be successfully marketed and sold, each must be improved with access and power. This would also likely include the clearing of a potential

building site, and perhaps some feasibility work for septic and critical areas. We have concluded with a hard cost allowance of \$30,000 per lot, prior to consideration of soft costs or contingency. The relatively low cost assignment is attributed to the already platted lots, which if developed with just one home do not need to meet the often expensive development standards enforced by subdivisions today.

To the hard costs, we have added soft costs as well as an overall contingency allowance of 10%. This includes an allowance for clearing permits, CAD studies, and septic and water feasibility. Based on discussion with local real estate agents, modern environmental regulations make the marketing and selling of land difficult due to increased uncertainty about development potential. This is evidenced by the sales comparisons, many of which sold with CAD studies and approved septic feasibility. It is our opinion that these costs would amount to \$15,000/lot (8 total lots) for a total soft cost of \$120,000.

The total development costs for the subject property is therefore \$396,000, equating to \$49,500 per parcel for the subject's 8 stand-alone parcels, not including parcels 9090 and 9091.

Miscellaneous Costs & Timber Offset

According to a 2015 timber appraisal of the property the total yield from a Class IVg (residential) cut is \$157,000 per our timber consultant SA Newman. Because the majority of sales comparisons were forested property which also included timber value, this has not been assessed as an off-set to development costs.

A summary of the cost breakdown appears on the following page.

Developer's Gross Margin

A developer gross margin typically falls in a range of 15 to 30% of the total retail sell-out price, and while often regarded as the entrepreneurial incentive designed to encourage development, it also represents a contingency for cost overruns and unanticipated conditions.

For the subject, which is already platted and requires very little entitlement work, the risk and profit incentive would tend to lie in the lower-end of that range. In consideration of the subject's desirable location and Puget Sound's current development market our selected margin lies at just 15%.

Developer's Snapshot Approach & Property Value Conclusion

A breakdown of the revenue and cost of the subdivision is presented below, together with the Before property value conclusion as established through the Development Approach of **\$4,450,000**.

Developer's Snapshot Approach

<i>Total Retail Sell-Out Price (TRSOP)</i>			
	<u>Parcels</u>	<u>\$/Parcel</u>	<u>\$</u>
1 Parcel 9090 Deveopment Parcels	1 parcel	\$730,000	\$1,460,000
2 Parcel 9091 (6 potential lots)	1 parcel	\$730,000	
3 Parcel 9092	1 parcel	\$550,000	\$600,000
4 Parcel 9013	1 parcel	\$650,000	\$650,000
5 Parcel 9094	1 parcel	\$650,000	\$650,000
6 Parcel 9017	1 parcel	\$650,000	\$650,000
7 Parcel 9093	1 parcel	\$550,000	\$600,000
8 Parcel 9018	1 parcel	\$550,000	\$550,000
9 Parcel 9011	1 parcel	\$375,000	\$375,000
10 Parcel 9089	1 parcel	\$375,000	\$375,000
Total Retail Sell-out Price	10 parcels	\$591,000	\$5,910,000
Selling Costs	<u>% TRSOP</u>	<u>\$/Parcel</u>	<u>\$</u>
Marketing (direct builder sales)	1.0%	\$5,910	\$59,100
Closing Costs	2.0%	\$11,820	\$118,200
Total Selling Costs	3.0%	\$17,730.00	\$177,300
Development Costs	<u>% TRSOP</u>	<u>\$/Parcel</u>	<u>\$</u>
Hard Costs	4%	\$30,000	*\$240,000
Soft Costs	2%	\$15,000	*\$120,000
<i>Subtotal</i>	<u>6%</u>	<u>\$45,000</u>	<u>\$360,000</u>
10% Contingency	1%	\$4,500	\$36,000
Grand Total Development Cost	7%	\$49,500	\$396,000
Other Costs			
<u>Timber Value - not included</u>	*Development Costs do not include parcels 9090 & 9091		
Total Other Costs			
Total Project Cost	7%	\$39,600	\$396,000
<i>Developer's Margin & Profit</i>	15%	\$88,650	\$886,500
<i>Total Costs & Profit</i>	25%	\$145,980	\$1,459,800
Land Value	75%	\$445,020	\$4,450,200
Rounded	75%	\$445,000	\$4,450,000
\$/unit of comparison, acres, lots	170.12-ac	\$26,158/ac	\$445,000/parcel

RECONCILIATION & BEFORE VALUE CONCLUSION

Approaches to Value

The approaches to value utilized in this report have resulted in the following conclusions of value for the subject property in the Before condition:

Reconciliation and Final Value Conclusion			
Approaches to Value	\$/acre	\$/lot	Indicated Value
Before Property Valuation			
	170.12 acres	14 lots	\$
Sales Comparison Approach	\$26,452/acre	\$321,429/lot	\$4,500,000
Developer's Snap-shot Approach	\$26,158/acre	\$317,857/lot	\$4,450,000
Before Value Conclusion	\$26,305/acre	\$319,643/lot	\$4,475,000

The approaches to value are essentially given equal weight. This recognizes the short comings of each approach. For the Sales Comparisons Approach this includes a lack of sales data of similar low-density residential land in close proximity to high density areas, especially in the subject's size class. Although the lot values used to derive the total retail-sell-out used in the Developer's Snapshot Approach rely on recent sales data, the estimation of development costs involves a high degree of speculation and is therefore view cautiously. A final value conclusion midway between these two approaches is therefore considered reasonable.

Final Before Value Conclusion

In conclusion, we have concluded with the following property value for the subject in the Before condition:

Before Property Value Conclusion **\$4,475,000**
\$/lot (14 total lot potential) **\$319,643/lot**
\$/acre **\$26,305/acre**

AFTER VALUATION

SALES COMPARISON APPROACH – AFTER

Introduction

In the After condition the entire subject property is encumbered by a Conservation Easement which prohibits future development and restricts the property to open space and recreational uses. The primary means of valuing the subject in the After condition is the Sales Comparison Approach considering sales of heavily restricted properties which also lack development potential. These are referred to as *Restricted Land Sales*. Limiting comparables to this unique property type has required the inclusion of a slightly larger market area. Some older sales have also been included which are adjusted for time to approximately reflect past market conditions.

Adjustments for Time

Time adjustment are the same as in the Before condition, that is 10% in 2013, 10% in 2014, 10% in 2015 and 15% annual appreciation in 2016 equating to an upwards adjustment of approximately 12% as of the date of value.

Sale Conditions Adjustment

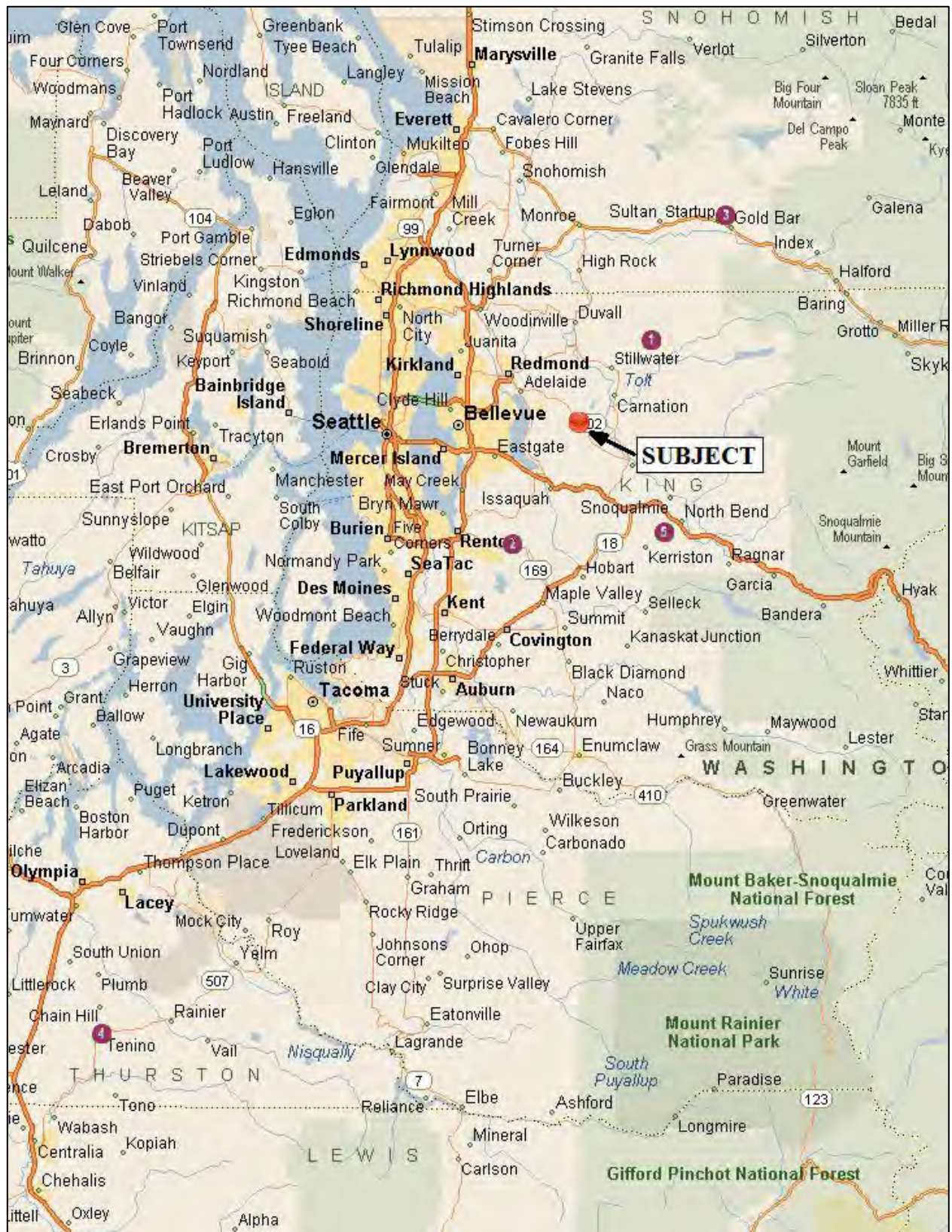
All of the *Restricted Land Sales* are considered to represent arm's length transactions resulting in no additional adjustments for sales conditions.

Other Adjustments

Other adjustments are considered for property size, location, use at sale etc., and these are treated on a qualitative basis through application of a graphing technique that allows for consideration of the economies of scale associated with these types of value attributes.

Comparable Data

Sales selected for analysis of the property in the After condition as though encumbered by the Conservation Easement include large acreage sites with little to no development potential but some remaining utility found in the land in the form of open space, timber land, or recreational use. These properties range in size from 32 to 166 acres, and are located in King, Snohomish and Thurston Counties. A map of these sales and a sales comparisons chart are presented on the following pages.



MAP OF RESTRICTED LAND SALES

Restricted Land Sales						
	SUBJECT AFTER	Comparable #1	Comparable #2	Comparable #3	Comparable #4	Comparable #5
Address	Property Identification 269th Ave/NE 8th St Redmond 98053 King County 252506-9090 (9091,92, 13,94,17,93,18,11,82)	Property Identification 36700 Swan Mill Road Duvall 98019 King County 242607-9003, 9002, 9014 & 9015	Property Identification 178x SE Renton-Maple Rd Renton 98058 King County 242305-9015, 9016 & 9020	Property Identification 387xx Hwy 2 Gold Bar 98251 Snohomish County 280931-003-00200 & 00100	Property Identification xxxx Blumaier Park Ave Tenino 98589 Thurston County 11619440000 & 11619410201	Property Identification 14xx 409th Ave SE North Bend 98045 King County 172308-9006
Acres	Site Data 170.12ac	Site Data 152.00ac	Site Data 32.20ac	Site Data 80.20ac	Site Data 61.00ac	Site Data 166.00ac
Square Feet	7,410,427sf	6,621,121sf	1,402,632sf	3,493,512sf	2,657,160sf	7,230,960sf
Topography	Mixed - Rolling/Sloped	Rolling	Moderate/Steep	Generally Level	Sloped	Moderate/Steep
Views	Territorial	Territorial	Territorial/River	Territorial	Territorial	Mountains/Territorial
Sensitive Areas	Wetland/Stream	Erosion/Stream	Landslide/Erosion	Floodway/River	n/a	Landslide/Erosion
Condition	Forested	Recently Logged				
Water/Sewer	Utilities Needs well n/a	Utilities n/a n/a	Utilities n/a n/a	Utilities n/a n/a	Utilities Unknown n/a	Utilities Unknown In street
Power/Gas	In street n/a	n/a n/a	In street n/a	n/a n/a	n/a n/a	In street In street
Date	Date of Value October 11, 2016	Sales Data December 31, 2015	Sales Data May 1, 2015	Sales Data October 15, 2015	Sales Data December 16, 2014	Sales Data May 31, 2014
Price		\$250,000	\$127,000	\$178,000	\$100,000	\$635,000
Listed		April 27, 2015	June 20, 2013	August 27, 2014	June 16, 2014	June 20, 2013
Conditions		Arms Length	Arms Length	Arms Length	Arms Length	Arms Length
DOM		244 days	671 days	408 days	180 days	341 days
Time/Conditions	Value Conclusion	Adjustments	Adjustments	Adjustments	Adjustments	Adjustments
Adjusted Price	\$430,000 \$2,528/ac	12% \$278,827 \$1,834/ac	19% \$150,962 \$4,688/ac	14% \$202,557 \$2,526/ac	23% \$123,165 \$2,019/ac	30% \$823,814 \$4,963/ac
Time Adjustments	Comments	Comments	Comments	Comments	Comments	Comments
2013 10%	Entire property is subject to a Conservation Easement that prohibits development and restricts the property to open space uses.	DNR easement prohibits residential development. 4 tax parcels, recently logged, buyer is responsible for replanting. Open space continuance is required. Power is 6,800ft away.	No home sites along Hwy 169. Building site is at top of slope however no access. Seller has Class 11 DNR logging permit. Majority of property is designated as Landslide/Erosion hazard.	Property is not currently accessible but needs either bridge or access esmt over neighboring property. Majority of site is in flood zone. 4,000ft of Wallace River waterfront.	No insurable access to property. Permitted access for harvest & maintenance. Purchased by timber company. Planted with 3-6 year old Douglas Fir.	Irregular parcel on side of Rattlesnake ridge Steep to moderate slopes, and wetlands. Agent confirmed at least 11 homes. Cost to develop will be high. Estate sale, LA - \$750K
2014 10%						
2015 10%						
2016 15%						

Comparable 1: Comparable 1 is located approximately 6.5 miles east of Duvall. The property consists of four tax parcels totaling 152 acres. Residential development is prohibited by a DNR easement and power is 6,800ft away. Access is provided by a gravel road over DNR lands. The property sold for \$250,000 in December of 2015, however the buyer is responsible for replanting, and an open space continuance is required. The adjusted sales price is \$278,827, equating to \$1,834/acre. The subject is similar in size but far superior in terms of location, and should therefore achieve a higher total dollar and \$/acre value.

Comparable 2: Located on Renton-Maple Valley Road approximately 5 miles east of Renton, Comparable 2 consists of three tax parcels totaling 32.2 acres. The entire property is located on a steep hillside the majority of which is designated as a Landslide Hazard area, and according to the listing agent areas located by the road are not suitable for development. The only logical building site is therefore at the top of the hill which does not appear to have access. The property is heavily forested and the owner has already obtained a Class III DNR logging permit. Unless an access easement is procured through a neighboring parcel, this property is effectively restricted to recreational/forestry uses. Selling in May of 2015 for \$127,000, the adjusted sales price comes out to \$150,962, or \$4,688/acre. As a significantly smaller property the comparable indicates a much higher total dollar value for the subject but lower \$/acre value in recognition of economies of scale.

Comparable 3: Comparable 3 consists 80.2 acres of land located just north of Gold Bar in Southeast Snohomish County. Although the property is zoned for residential use it is effectively landlocked by Wallace River on which the property has over 4,000ft of waterfront. Access must then come from a bridge which is most likely cost prohibitive, or by easement through a neighboring property. The majority of the property is located in the flood zone, and as it currently stands, was marketed as a large recreational lot. Selling for \$178,000 in October of 2015, the adjusted sales price is \$202,557 or \$2,526/acre. At 80 acres the property is closer to the subject's size class but still with half the land area thereby indicating a higher total dollar value for the subject. On a per unit basis, although the comparable is smaller, it is also located in an inferior market area, and on balance the indication is for a similar \$/acre value for the subject.

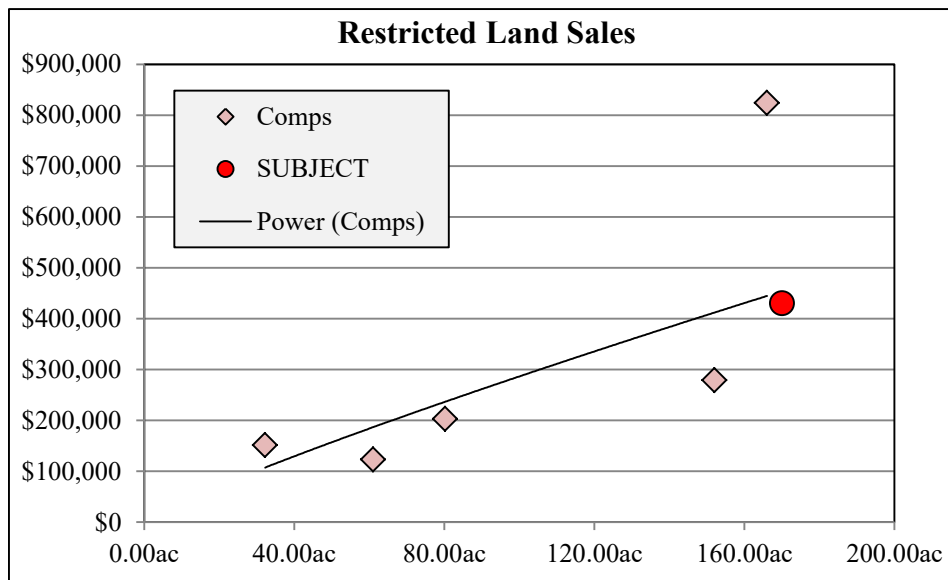
Comparable 4: Located directly south of the City of Tenino in Thurston County, Comparable 4 includes two tax parcels totaling 61.00 acres. The entire property was logged before sale and replanted with 3 to 6 year old Douglas Fir. There is no insurable access to the site, only a permit through a neighboring property which allows for harvest and maintenance. The property was purchased by a logging company in December of 2014 for \$100,000. The adjusted sales price comes out to \$123,165 equating to \$2,019/acre. Due to the inferior location in Thurston County and site condition as recently cut land the comparable indicates a higher total dollar value and \$/acre value for the subject.

Comparable 5: Comparison 5 is located directly south of North Bend. The 166 acre irregularly shaped tax parcel is zoned RA-10 allowing maximum achievable density of up to 16 dwelling units. The agent reported that it was confirmed the property could support perhaps 11 homes, but that getting utilities and access to the prospective lots would be very costly. The property sold in May of 2014 for \$635,000. This was an estate sale, and the listing agent, who was also a member of the estate, believed that the property may have been under sold. The adjusted price is \$906,195, or \$5,459/acre. Although development costs would be high, the property still has some development potential, thereby indicating a lower total dollar and \$/acre value for the similar sized subject.

After Valuation Analysis

The *Restricted Land Sales* provide an adjusted value range of approximately \$123,000 to \$906,000. The upper-end of this range is set by Comparable 5, a 166 acre lot which faces costly development constraints but is not prohibited from being developed. As a similar size property but without any development potential and heavy use restrictions the subject value should therefore fall towards the lower-end of this range. Comparable 1 sets a firm lower limit on value as a similar sized property which is also encumbered by an easement prohibiting development. Because the comparable was recently logged and is located on the very eastern fringe of East King County the indication is for a higher subject total dollar value.

In terms of \$/acre value, Comparable 5 once again sets an upper limit on value at approximately \$5,500/acre. The upper limit threshold is effectively lowered to approximately \$4,700/acre by Comparable 2 which is inaccessible but is significantly smaller and apparently has substantial timber value. Comparables 1 and 4 set a firm lower limit on value in the \$1,800 to \$2,000/acre range as relatively large properties in inferior locations which were recently logged and cannot support development. The subject After value conclusion of **\$430,000**, or \$2,528/acre has been placed on the graph below along with the sales comparisons.



The subject is placed slightly below a continuation of the trend line which is intended to balance a close-in location with the development and use restrictions imposed in the After condition.

After Property Value Conclusion

In our opinion, the After value conclusion of the subject property as reached through the Sales Comparison Approach to value is:

After Property Value Conclusion **\$430,000**
\$/acre **\$2,528/ac**

RECONCILED VALUES & FINAL CONCLUSION

RECONCILED VALUES & FINAL CONCLUSION

Approaches to Value

The approaches to value utilized in this report and Before and After property value conclusions are presented in the summary chart below.

Reconciliation and Final Value Conclusion			
Approaches to Value	\$/acre	\$/lot	Indicated Value
Before Property Valuation			
	170.12 acres	14 lots	\$
Sales Comparison Approach	\$26,452/acre	\$321,429/lot	\$4,500,000
Developer's Snap-shot Approach	\$26,158/acre	\$317,857/lot	\$4,450,000
Before Value Conclusion	\$26,305/acre	\$319,643/lot	\$4,475,000
After Property Valuation			
	170.12 acres	0 lots	\$
Sales Comparison Approach	\$2,528/acre	n/a	\$430,000
After Value Conclusion	\$2,528/acre	n/a	\$430,000
		Before Property Value	\$4,475,000
		<u>After Property Value</u>	<u>\$430,000</u>
		Conservation Easement	\$4,045,000

Final Value Conclusion

The difference between the Before and After property value conclusions are considered to represent an appropriate fair market value estimate for the proposed Conservation Easement. They are as follows:

Before Property Value	\$4,475,000
<u>After Property Value.....</u>	<u>\$430,000</u>
Conservation Easement	\$4,045,000

Date of Value

October 11th, 2016, the date of inspection.

Exposure and Marketing Time

Our market value estimate is not linked to a specific value or marketing time; this requiring a jurisdictional exception under USPAP.

ADDENDUM

Market Sales Comparison Data



MAP OF BEFORE SALES COMPARISONS

Residential Land Sales Comparison #1



Property Identification	
Address: 67xx 252nd Ave NE	
City/Zip: Redmond 98053	
County: King County	
APN: 112506-9088 & 9146	
Site Data	Development Potential
Land Area: 40.73 acres	Zoning: RA-5
Condition: Raw Land	Density: 0.20du/ac
Topography: Rolling	Units: 8 lots
Views: Territorial	Effect. Density: 5.1 acres/lot
Current Use: Vacant	
H&B Use: Subdivision and Development	

Comments: Pre-application submitted for 8-lot plat. Partially cleared rolling land, wetland at property corner.

Sales Data	
Date of Sale:	May 26, 2016
Price:	\$3,000,000
Conditions:	Arms Length
Financing:	Cash
Document:	Statutory Warranty Deed
Excise Tax#:	E2798374
Seller:	Enisle LLC
Buyer:	Union Hill Developers, LLC
Confirmed:	Agent did not respond, CoStar, NWMLS, KC Assessor
Telephone:	

Analysis & Value Allocation	
Total Adjusted Sales Price	\$3,162,788
\$/lot	\$395,348/lot
\$/acre	\$77,653/acre

Residential Land Sales Comparison #2



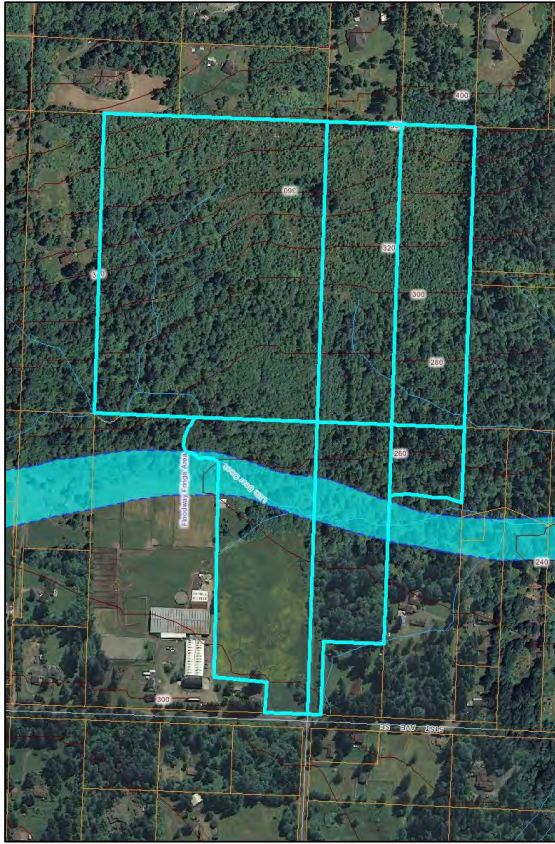
Property Identification	
Address: Enumclaw Franklin Rd	
City/Zip: Enumclaw 98022	
County: King	
APN: 362106-9013, 9014 & 9004	
Site Data	Development Potential
Land Area: 115.00 acres	Zoning: RA-5
Condition: Vacant (logged)	Density: 0.20du/ac
Topography: Level/Steep	Units: 23 lots
Views: Territorial	Effect. Density: 5.0 acres/lot
Current Use: Vacant	
H&B Use: Subdivision and Development	

Comments: Recently logged land north of Enumclaw. Powerlines over two property corners. Right-of-ways divide property into three parts. Raw land.

Sales Data
Date of Sale: June 27, 2016
Price: \$1,157,300
Conditions: Arms Length
Financing: Cash
Document: Statutory Warranty Deed
Excise Tax#: E2805073
Seller: Plum Creek Land Company
Buyer: Ronald Shear & Ronda Sterley
Confirmed: NWMLS, Assessor's records, Agent did not respond
Telephone:

Analysis & Value Allocation	
Total Adjusted Sales Price	\$1,205,239
	\$/lot \$52,402/lot
	\$/acre \$10,480/acre

Residential Land Sales Comparison #3



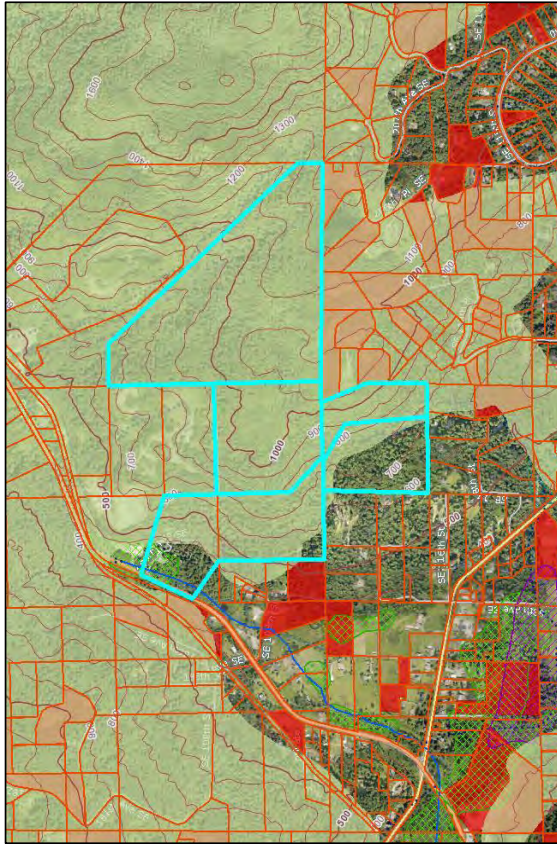
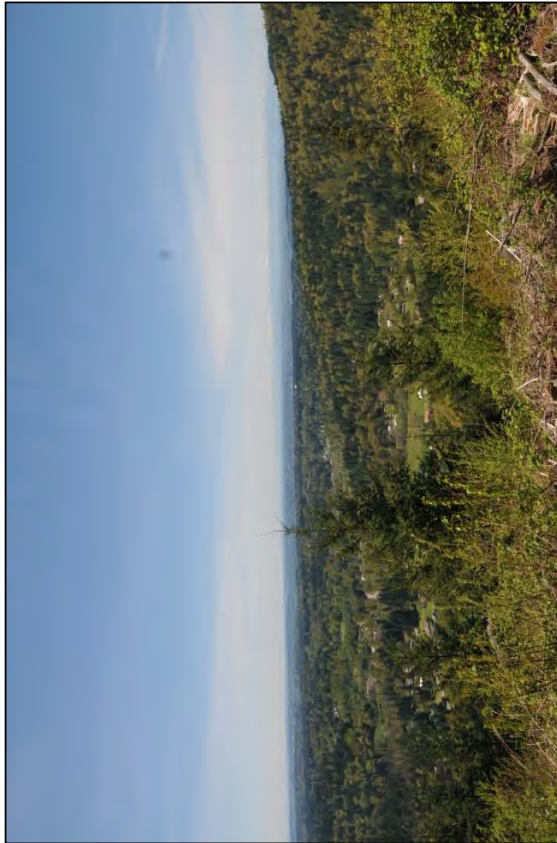
Property Identification	
Address: 51st Ave SE	
City/Zip: Bothell 98012	
County: Snohomish County	
APN: 270515-003-005(8)00, 270522-002-001(2,5,42)-00	
Site Data	Development Potential
Land Area: 73.69 acres	Zoning: R-5
Condition: Raw Land	Density: 0.20du/ac
Topography: Level/Sloped	Units: 32 lots
Views: Territorial	Effect. Density: 2.3 acres/lot
Current Use: Vacant	
H&B Use: Subdivision and Development	

Comments: Buyer reports 32 possible home sites. Sloped topo. Little Bear Creek runs between property and road. Permits submitted for 32 lot subdivision. Snohomish County.

Sales Data	
Date of Sale: March 11, 2014	
Price: \$3,100,000	
Conditions: Arms Length	
Financing: Cash	
Document: Statutory Warranty Deed	
Excise Tax#: E034799	
Seller: Yarrow Bay Holdings	
Buyer: Centex Homes	
Confirmed: CoStar, Assessor's records, Agent did not respond	
Telephone:	

Analysis & Value Allocation	
Total Adjusted Sales Price	\$4,107,740
\$/lot	\$128,367/lot
\$/acre	\$55,744/acre

Residential Land Sales Comparison #4



Property Identification	
Address: 10610 Rent-Issaq Rd SE	
City/Zip: Issaquah 98027	
County: King County	
APN: 062306-9014, 9031, 9052, 072306-9001 & 9020	
Site Data	Development Potential
Land Area: 225.55 acres	Zoning: RA-5
Condition: Raw Land	Density: 0.20du/ac
Topography: Sloped	Units: 42 lots
Views: Mountain/Sound	Effect. Density: 5.4 acres/lot
Current Use: Vacant	
H&B Use: Subdivision and Development	

Comments: Raw land with 42 lots potential w/ good views.
 \$2,015,000 class III cut. Cost of access is high.
 Purchased by Trust for Public Land based on appraisal by our firm.

Sales Data	
Date of Sale: January 28, 2014	
Price: \$5,000,000	
Conditions: Arms Length	
Financing: Cash	
Document: Statutory Warranty Deed	
Excise Tax#: 2651289	
Seller: Issaquah Squak Mountain RV Park, LLC	
Buyer: Trust for Public Land	
Confirmed: Ann Welz, <i>Trust for Public Land</i>	
Telephone:	

Analysis & Value Allocation	
Total Adjusted Sales Price	\$6,698,449
\$/lot	\$159,487/lot
\$/acre	\$29,698/acre

Residential Land Sales Comparison #5



Property Identification	
Address: 21207 SE May Valley Rd	
City/Zip: Issaquah 98027	
County: King County	
APN: 162306-9010, 9011, 9085 & 9086	
Site Data	Development Potential
Land Area: 80.08 acres	Zoning: RA-5
Condition: Farm	Density: 0.20du/ac
Topography: Level/Rolling	Units: 16 lots
Views: Territorial	Effect. Density: 5.0 acres/lot
Current Use: Vacant	
H&B Use: Subdivision and Development	

Comments: Under contract to Buchan Homes. Feasibility into Feb 2017. Farm located in May Creek Valley next to high-end subdivision. Creek divides property. Two access points.

Sales Data	
Date of Sale: Under Contract	
Price: \$4,160,000	
Conditions: Arms Length	
Financing: Cash	
Document: n/a	
Excise Tax#: n/a	
Seller: n/a	
Buyer: n/a	
Confirmed: Pete Hayes, <i>Listing Broker</i>	
Telephone: (206) 790-5263	

Analysis & Value Allocation	
Total Adjusted Sales Price	\$3,952,000
\$/lot	\$246,753/lot
\$/acre	\$49,351/acre

Residential Land Sales Comparison #6



Property Identification	
Address:	14430 176th Place SE
City/Zip:	Snohomish 98290
County:	Snohomish
APN:	270609-004-00300

Site Data	Development Potential
Land Area: 69.00 acres	Zoning: R-5/F
Condition: Raw Land (SFR)	Density: 5 to 20ac/home
Topography: Rolling/Steep	Units: 10 lots
Views: Territorial	Effect. Density: 6.9 acres/lot
Current Use: Vacant	
H&B Use:	Subdivision and Development

Comments: Contiguous holding of 7 tax parcels on hilltop. Mixed R-5/Forest zoning. MLS sheet says 8 to 10 lot potential. SFR estate, agent says developer interest at \$1.9 to \$2M.

Sales Data	
Date of Sale:	Active
Price:	\$2,750,000
Conditions:	Arms Length
Financing:	Cash
Document:	n/a
Excise Tax#:	n/a
Seller:	n/a
Buyer:	n/a
Confirmed:	Peter Phillips, Listing Agent
Telephone:	(206) 949-3555

Analysis & Value Allocation	
Total Adjusted Sales Price	\$2,062,500
\$/lot	\$206,250/lot
\$/acre	\$29,891/acre



MAP OF ESTATE LOT SALES

Estate Lot Sales Comparison #1



Property Identification	
Address: 31430 SE 62nd Way	98024
City/Zip: Fall City	
County: King County	
APN: 212407-9100	

Site Data		Utilities	
Land Area: 10.05 acres	Water: In street	Sewer: n/a	Power: In street
Topography: Moderate/Steep	Gas: n/a		
Views: Territorial/Mountains			
Sensitive Areas: Wetlands/Erosion			
Current Use: Vacant			
H&B Use: Single Family Residential Development			

Comments: Irregular shaped lot in sub-division of 10 acre lots with high-end homes. Driveway to building site is overgrown and must be re-established. Mountain view potential w/ clearing. CAD complete.

Sales Data	
Date of Sale: July 29, 2016	
Price: \$350,000	
Conditions: Arms Length	
Financing: Cash	
Document: Statutory Warranty Deed	
Excise Tax#: E2812762	
Seller: John & Martha Schaffer	
Buyer: Jason & Kahly Berg	
Confirmed: Lance Woodruff, <i>Listing Agent</i>	
Telephone: (206) 948-5947	

Analysis & Value Allocation	
Total Adjusted Sales Price	\$360,059
\$/acre	\$35,827/acre

Estate Lot Sales Comparison #2



Property Identification	
Address:	28800 SE Issaq-Fall City Rd
City/Zip:	Fall City 98024
County:	King County
APN:	072407-9025

Site Data		Utilities
Land Area:	23.81 acres	Water: n/a
Topography:	Moderate/Steep	Sewer: n/a
Views:	Territorial	Power: In street
Sensitive Areas:	Landslide/Steep Slopes	Gas: In street
Current Use:	Vacant	
H&B Use:	Single Family Residential Development	

Comments: Irregular lot w/ access issues: subdivision cannot use rural road. Listed as "estate site." Agent confirmed most likely one large site. Purchased by neighbor who owns 80 acres. Borders open space.

Sales Data	
Date of Sale:	March 26, 2015
Price:	\$575,000
Conditions:	Arms Length
Financing:	Cash
Document:	Statutory Warranty Deed
Excise Tax#:	E2720628
Seller:	The Estates of Aldarra, LLC
Buyer:	B2B Ranch LLC
Confirmed:	David Hopkins, <i>Listing Agent</i>
Telephone:	(425) 820-5151

Analysis & Value Allocation	
Total Adjusted Sales Price	\$689,946
\$/acre	\$28,977/acre

Estate Lot Sales Comparison #3



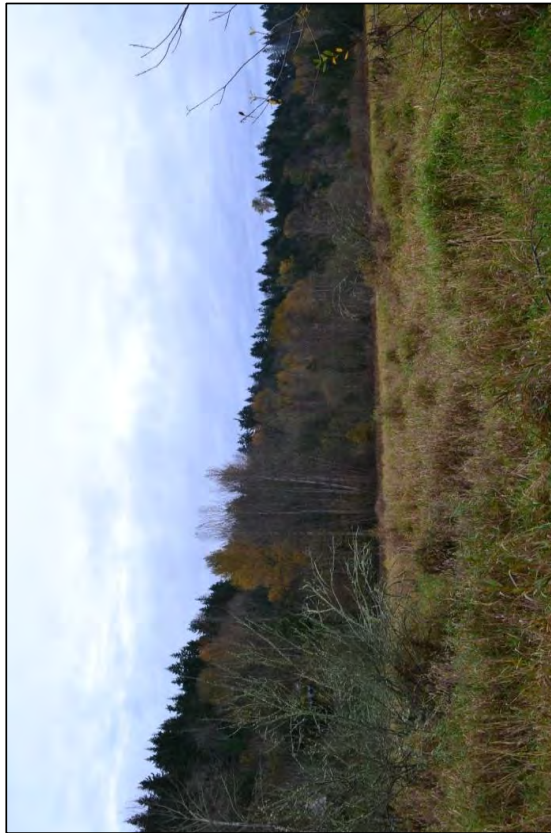
Property Identification	
Address: 25520 SE Old Blk Nug Rd	
City/Zip: Issaquah 98029	
County: King County	
APN: #VALUE!	
Site Data	Utilities
Land Area: 26.44 acres	Water: Private well
Topography: Moderately Sloped	Sewer: n/a
Views: Territorial	Power: In street
Sensitive Areas: Wetland/Creek/Slopes	Gas: n/a
Current Use: Vacant	
H&B Use: Single Family Residential Development	

Comments: Agent - 2nd home possible but mostly likely large estate. 75% unusable due to wetland buffers and slopes. Large level building site. Private well, electricity in road. Powerline Esmt.

Sales Data	
Date of Sale:	
Price:	
Conditions:	
Financing: Cash	
Document: Statutory Warranty Deed	
Excise Tax#: 2650961	
Seller: Cloudy Skies Properties LLC	
Buyer: Michael & Joanne Lauzon	
Confirmed: Steven Dobson, <i>Listing Agent</i>	
Telephone: (425) 254-1234	

Analysis & Value Allocation	
Total Adjusted Sales Price	\$696,026
\$/acre	\$26,325/acre

Estate Lot Sales Comparison #4

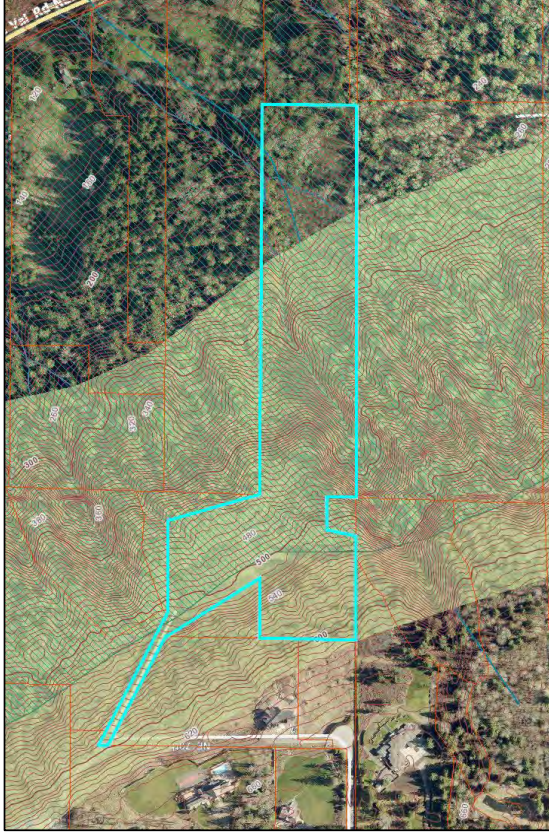


Property Identification		
Address: 21205 NE 58th St		
City/Zip: Redmond 98053		
County: King County		
APN: 162506-9121		
Site Data		Utilities
Land Area: 33.66 acres	Topography: Level/Steep Views: Territorial Sensitive Areas: Wetland/Landslide	Water: Private well
Current Use: Vacant		Sewer: On property
H&B Use: Single Family Residential Development		Power: n/a Gas: n/a

Comments: One tax lot, existing building site located between steep slope and wetland, limited building footprint for only one home. CAD study and wetland delineation.

Sales Data	
Date of Sale: May 8, 2015	
Price: \$600,000	
Conditions: Arms Length	
Financing: Cash	
Document: Statutory Warranty Deed	
Excise Tax#: E2729308	
Seller: Donna Winters	
Buyer: Christopher Donsante	
Confirmed: Eva Bryce, <i>Listing Agent</i>	
Telephone: (425) 308-2100	
Analysis & Value Allocation	
Total Adjusted Sales Price	\$711,906
\$/acre	\$21,150/acre

Estate Lot Sales Comparison #5

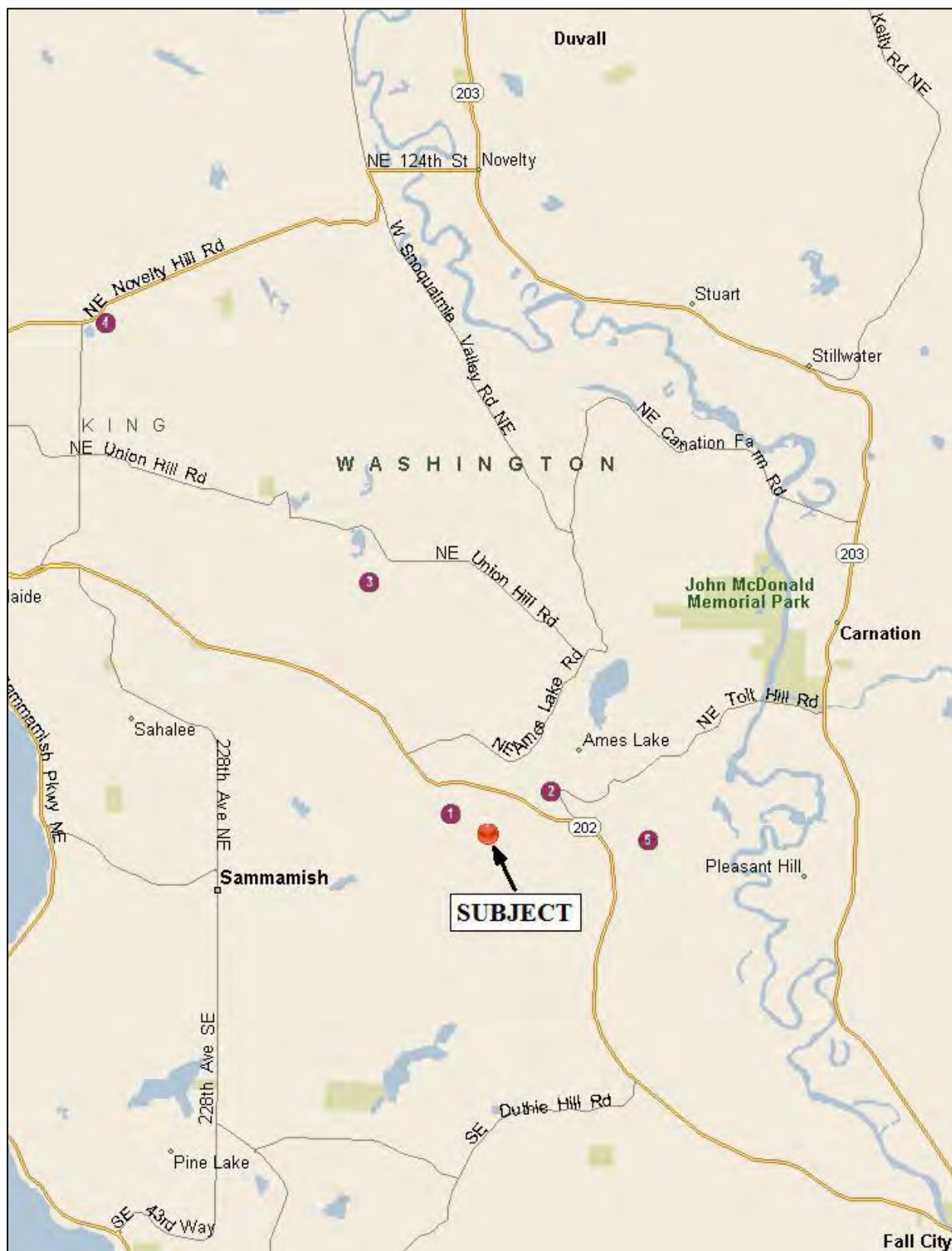


Property Identification		
Address: 26550 NE 70th St		
City/Zip: Redmond 98053		
County: King County		
APN: 122506-9035		
Site Data		Utilities
Land Area: 17.65 acres	Views: Valley/Mountains	Water: In street
Topography: Moderate/Steep		Sewer: n/a
Sensitive Areas: Landslide		Power: In street
Current Use: Vacant	H&B Use: Single Family Residential Development	Gas: In street

Comments: Large lot located on the valley hillside, graded for construction with permits available. Good views of the Snoqualmie River Valley and Cascade Mountains.

Sales Data	
Date of Sale: Pending	
Price: \$625,000	
Conditions: Arms Length	
Financing: Cash	
Document: n/a	
Excise Tax#: n/a	
Seller: n/a	
Buyer: n/a	
Confirmed:	
Telephone:	

Analysis & Value Allocation	
Total Adjusted Sales Price	\$562,500
\$/acre	\$31,878/acre



MAP OF FIVE ACRE LOT SALES

Five Acre Lot Sales Comparison #1



Property Identification	
Address: 261xx NE 17th St	98053
City/Zip: Redmond	
County: King County	
APN: 252506-9071	

Site Data		Utilities
Land Area: 6.03 acres		Water: Private well
Topography: Level/Moderate/Steep		Sewer: n/a
Views: None		Power: On property
Condition: Cleared building site		Gas: n/a
Current Use: Vacant		
H&B Use: Single Family Residential Development		

Comments: Forested lot with cleared building site located in same neighborhood as subject. Driveway and power to building site. Borders open space, lots of topography.

Sales Data	
Date of Sale: December 18, 2015	
Price: \$300,000	
Conditions: Arms Length	
Financing: Cash	
Document: Statutory Warranty Deed	
Excise Tax#: E2772360	
Seller: Joan & David Tanonis	
Buyer: Cori & Mike Miller	
Confirmed: Freddy Delgadillo, <i>Listing Agent</i>	
Telephone: (425) 941-8688	

Analysis & Value Allocation	
Total Adjusted Sales Price	\$335,730
\$/sf	\$1.28/sf

Five Acre Lot Sales Comparison #2



Property Identification			
Address: 277xx NE 20th Pl		98014	
City/Zip: Carnation			
County: King County			
APN: 302507-9063			
Site Data		Utilities	
Land Area: 4.25 acres		Water: In-street	
Topography: Level/Rolling		Sewer: n/a	
Views: None		Power: In-street	
Condition: Partially cleared		Gas: n/a	
Current Use: Vacant	Single Family Residential Development		
H&B Use:			

Comments: Non-contiguous lot, Tolt Hill Rd (busy) frontage. Partially cleared, rolling topography. Stream runs by road. Located on the north side of valley. Expired CAD from 2011.

Sales Data	
Date of Sale: August 19, 2016	
Price: \$345,000	
Conditions: Arms Length	
Financing: Cash	
Document: Statutory Warranty Deed	
Excise Tax#: E2816977	
Seller: Colin & Pamela Stanton-Wyman	
Buyer: Brent & Brenda Hodson	
Confirmed: Chris Linnerooth, <i>Listing Agent</i>	
Telephone: (206) 909-4543	

Analysis & Value Allocation		
Total Adjusted Sales Price	\$352,073	
	\$/sf	\$1.90/sf

Five Acre Lot Sales Comparison #3



Property Identification	
Address: 25008 NE 52nd Pl	98053
City/Zip: Redmond	
County: King County	
APN: 142506-9087	

Site Data	Utilities
Land Area: 4.70 acres	Water: In-street
Topography: Gentle Slopes	Sewer: Approved
Views: None	Power: In-street
Condition: Forested	Gas: In-street
Current Use: Vacant	
H&B Use: Single Family Residential Development	

Comments: Rectangular lot is entirely forested. Borders power line easement. Approved 4bd septic design. Single-story 2,960sf home built after sale.

Sales Data	
Date of Sale: May 15, 2015	
Price: \$310,000	
Conditions: Arms Length	
Financing: Cash	
Document: Statutory Warranty Deed	
Excise Tax#: E2730272	
Seller: Stephen & Jacqueline Thompson	
Buyer: Geoff & Heidi Saddler	
Confirmed: Mike Beck, <i>Listing Agent</i>	
Telephone: (425) 785-3519	

Analysis & Value Allocation	
Total Adjusted Sales Price	\$367,146
	\$/sf
	\$1.79/sf

Five Acre Lot Sales Comparison #4



Property Identification	
Address: 10 212th Ave NE	98053
City/Zip: Redmond	
County: King County	
APN: 052506-9023	
Site Data	Utilities
Land Area: 5.72 acres	Water: On property
Topography: Moderate	Sewer: Approved
Views: Lake	Power: In street
Condition: Partially cleared	Gas: In street
Current Use: Vacant	
H&B Use: Single Family Residential Development	

Comments: Lake Helen waterfront. Mostly cleared w/ gently slopping topography. 5bd approved septic design, wetland delineation and survey. LA says road noise had price impact.

Sales Data	
Date of Sale: July 31, 2015	
Price: \$370,000	
Conditions: Arms Length	
Financing: Cash	
Document: Statutory Warranty Deed	
Excise Tax#: E2747218	
Seller: F4 Limited Partnership	
Buyer: Linda Criddle	
Confirmed: Sarah McGrath, <i>Listing Agent</i>	
Telephone: (206) 484-1406	

Analysis & Value Allocation	
Total Adjusted Sales Price	\$429,484
\$/sf	\$1.72/sf

Five Acre Lot Sales Comparison #5



Property Identification		
Address:	1218 289th Ave NE	
City/Zip:	Carnation 98014	
County:	King County	
APN:	302507-9014	
Site Data		Utilities
Land Area:	4.25 acres	Water: In street
Topography:	Gentle Slopes	Sewer: Expired
Views:	None	Power: In street
Condition:	Cleared building site	Gas: In street
Current Use:	Vacant	
H&B Use:	Single Family Residential Development	

Comments: Last lot in the Blakely Woods gated community. Gently sloping lot with cleared building site. Needs septic but all other utilities in street. Area of high-end homes.

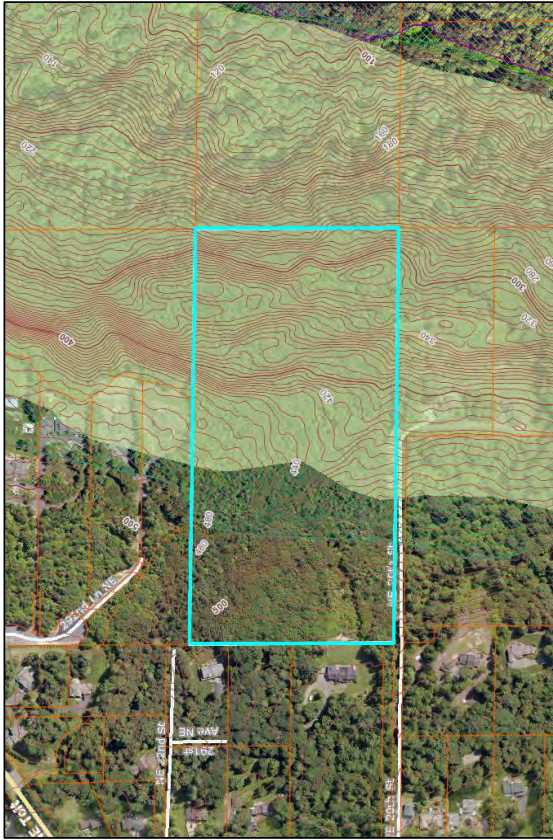
Sales Data	
Date of Sale:	July 15, 2016
Price:	\$495,000
Conditions:	Arms Length
Financing:	Cash
Document:	Statutory Warranty Deed
Excise Tax#:	E2809428
Seller:	Murray & Heidi Swart
Buyer:	Boltano Custom LLC
Confirmed:	Ev Winingham, <i>Listing Agent</i>
Telephone:	(425) 765-8889

Analysis & Value Allocation	
Total Adjusted Sales Price	\$511,964
	\$/sf
	\$2.77/sf



MAP OF DEVELOPMENT SALES

Development Land Sales Comparison #1



Property Identification	
Address:	2050 290th Ave NE
City/Zip:	Carnation 98014
County:	King County
APN:	292507-9007

Site Data	Development Potential
Land Area: 20.13 acres	Zoning: RA-5-SO
Condition: Raw Land	Density: 0.20du/ac
Topography: Rolling/Steep	Units: 4 lots
Views: Territorial/Valley	Effect. Density: 5.0 acres/lot
Current Use: Vacant	
H&B Use: Subdivision and Development	

Comments: Property includes one water certificate with Ames Lake Water Association. Two access easements. Agent says access is not currently sufficient for 4 lots. Good views Snoqualmie Valley.

Sales Data	
Date of Sale:	October 9, 2015
Price:	\$625,000
Conditions:	Arms Length
Financing:	Cash
Document:	Statutory Warranty Deed
Excise Tax#:	2760546
Seller:	Tim & Amanda Lebel
Buyer:	Less & Christine Wright
Confirmed:	Craig Paulson, <i>Listing Agent</i>
Telephone:	(206) 819-5836

Analysis & Value Allocation	
Total Adjusted Sales Price	\$712,339
\$/lot	\$178,085/lot
\$/acre	\$35,387/acre

Development Land Sales Comparison #2



Property Identification	
Address: 31405 SE Red-Fall Rd	
City/Zip: Fall City 98024	
County: King County	
APN: 092407-9019	
Site Data	Development Potential
Land Area: 36.46 acres	Zoning: RA-5
Condition: Raw Land	Density: 0.20du/ac
Topography: Level/Sloped	Units: 7 lots
Views: Territorial/Valley	Effect. Density: 5.2 acres/lot
Current Use: Vacant	
H&B Use: Subdivision and Development	

Comments: Level equestrian property in Snoqualmie River Valley. Agricultural buildings in good condition. Purchased for equestrian estate. Multiple offers, all cash.

Sales Data	
Date of Sale: September 16, 2014	
Price: \$1,225,000	
Conditions: Arms Length	
Financing: Cash	
Document: Statutory Warranty Deed	
Excise Tax#: E2690574	
Seller: Redmond-Fall City, LLC	
Buyer: John & Samantha Flynn	
Confirmed: Ruth Harle, <i>Listing Agent</i>	
Telephone: (425) 417-5522	

Analysis & Value Allocation	
Total Adjusted Sales Price	\$1,545,055
\$/lot	\$220,722/lot
\$/acre	\$42,373/acre

Development Land Sales Comparison #3



Property Identification	
Address:	8079 208th Ave NE
City/Zip:	Redmond 98053
County:	King County
APN:	052506-9016

Site Data	Development Potential
Land Area: 37.43 acres	Zoning: RA-5
Condition: Equestrian Estate	Density: 0.20du/ac
Topography: Rolling	Units: 7 lots
Views: None	Effect. Density: 5.3 acres/lot
Current Use: Vacant	
H&B Use: Subdivision and Development	

Comments: Equestrian estate used to board horses. Doublewide & 2,610 SFR built in 1948. Mostly cleared pasture, 3 tax parcels. Buyer will continue equestrian use. CU removal cost is \$188K.

Sales Data	
Date of Sale:	September 30, 2015
Price:	\$2,025,000
Conditions:	Arms Length
Financing:	Cash
Document:	Statutory Warranty Deed
Excise Tax#:	2759157
Seller:	Lawrence Engel
Buyer:	Brian Jacobs
Confirmed:	Lance Woodruff, <i>Listing Agent</i>
Telephone:	(206) 948-5947

Analysis & Value Allocation	
Total Adjusted Sales Price	\$2,313,409
\$/lot	\$330,487/lot
\$/acre	\$61,800/acre

Development Land Sales Comparison #4



Property Identification	
Address:	67xx 252nd Ave NE
City/Zip:	Redmond 98053
County:	King County
APN:	112506-9088 & 9146

Site Data	Development Potential
Land Area: 40.73 acres	Zoning: RA-5
Condition: Raw Land	Density: 0.20du/ac
Topography: Rolling	Units: 8 lots
Views: Territorial/Wetland	Effect. Density: 5.1 acres/lot
Current Use: Vacant	
H&B Use: Subdivision and Development	

Comments: Pre-application submitted for 8-lot plat. Partially cleared rolling land, wetland at property corner.

Sales Data	
Date of Sale:	May 26, 2016
Price:	\$3,000,000
Conditions:	Arms Length
Financing:	Cash
Document:	Statutory Warranty Deed
Excise Tax#:	E2798374
Seller:	Enisle LLC
Buyer:	Union Hill Developers, LLC
Confirmed:	Agent did not respond, CoStar, NWMLS, KC Assessor
Telephone:	

Analysis & Value Allocation	
Total Adjusted Sales Price	\$3,162,788
\$/lot	\$395,348/lot
\$/acre	\$77,653/acre

Development Land Sales Comparison #5



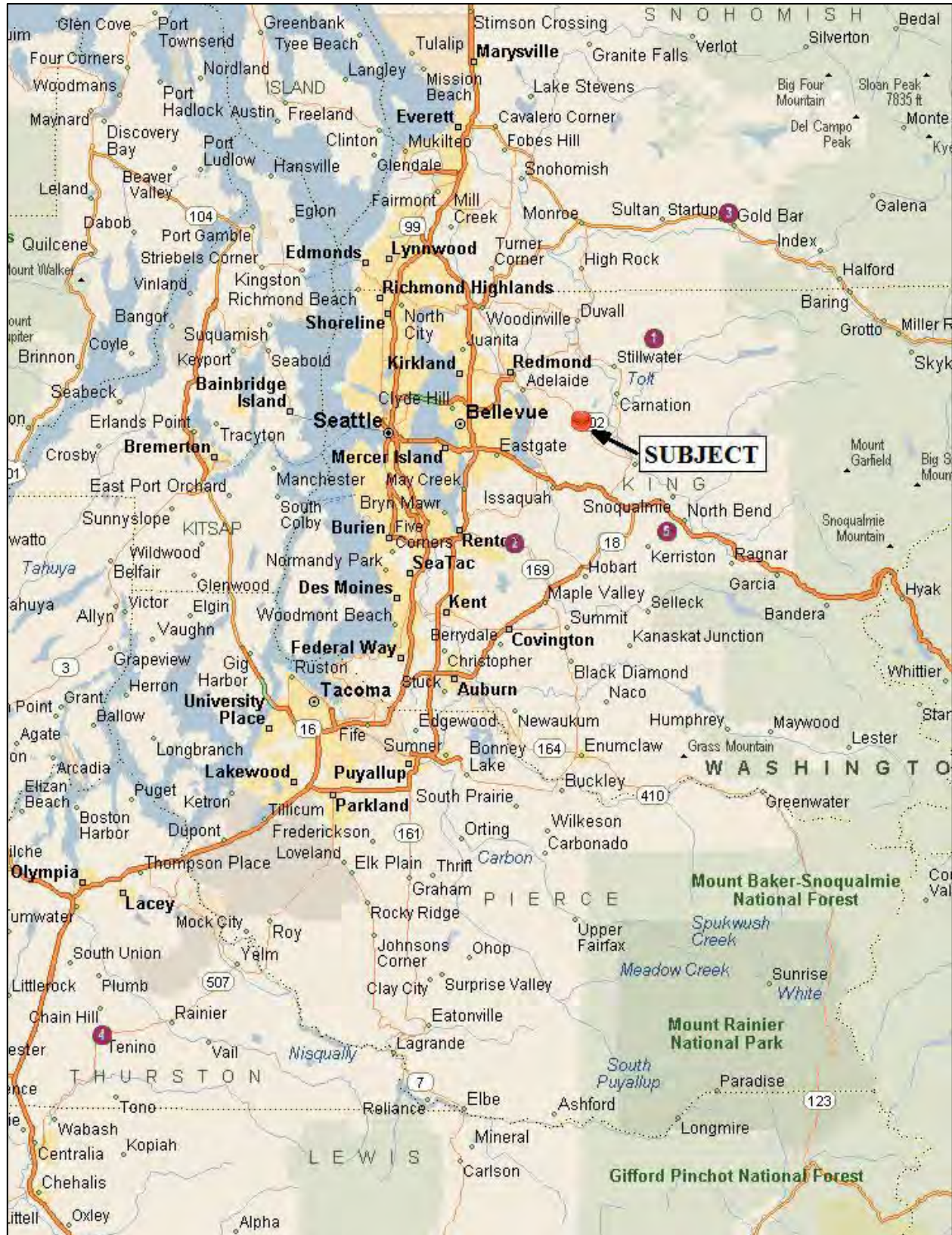
Property Identification	
Address:	24616 NE 8th St
City/Zip:	Sammamish 98074
County:	King County
APN:	262505-9012 & 9075

Site Data	Development Potential
Land Area: 14.02 acres	Zoning: R-1P/RA-5
Condition: Raw Land (SFR)	Density: 1 to 5ac/home
Topography: Level/Moderate	Units: 11 lots
Views: None	Effect. Density: 1.3 acres/lot
Current Use: Vacant	
H&B Use: Subdivision and Development	

Comments: Former SFR purchased by Quadrant Homes. Split KC zoning - 9 acres R-1, 4 acres RA-5. 3 acres added after sale with BLA. 11 lots developed after sale. Raw land, no entitlements.

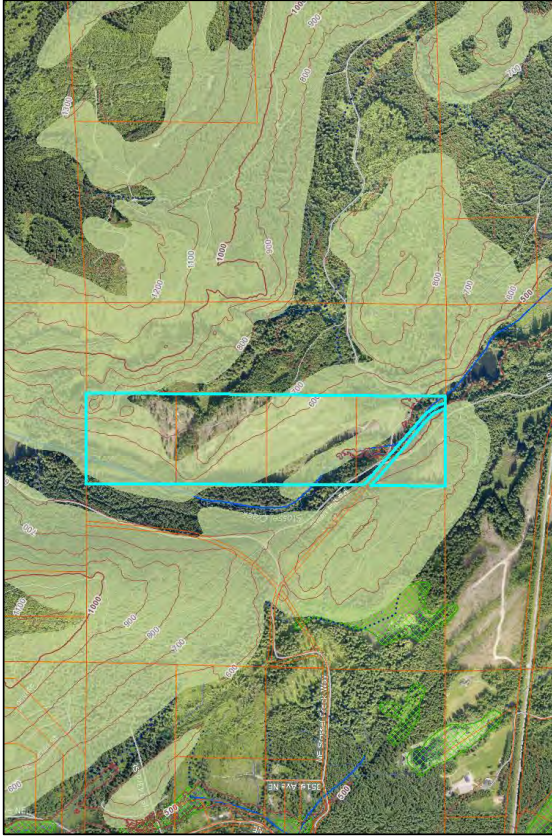
Sales Data	
Date of Sale:	July 10, 2015
Price:	\$2,618,000
Conditions:	Arms Length
Financing:	Cash
Document:	Statutory Warranty Deed
Excise Tax#:	E2742531/E2742544
Seller:	Allen More, Trustee of the Moore Family Living Trust
Buyer:	The Quadrant Corporation
Confirmed:	Sheri Goldman, <i>Listing Agent</i>
Telephone:	(206) 795-0332

Analysis & Value Allocation	
Total Adjusted Sales Price	\$3,055,598
\$/lot	\$277,782/lot
\$/acre	\$218,014/acre



MAP OF RESTRICTED LAND SALES

Restricted Land Sales Comparison #1



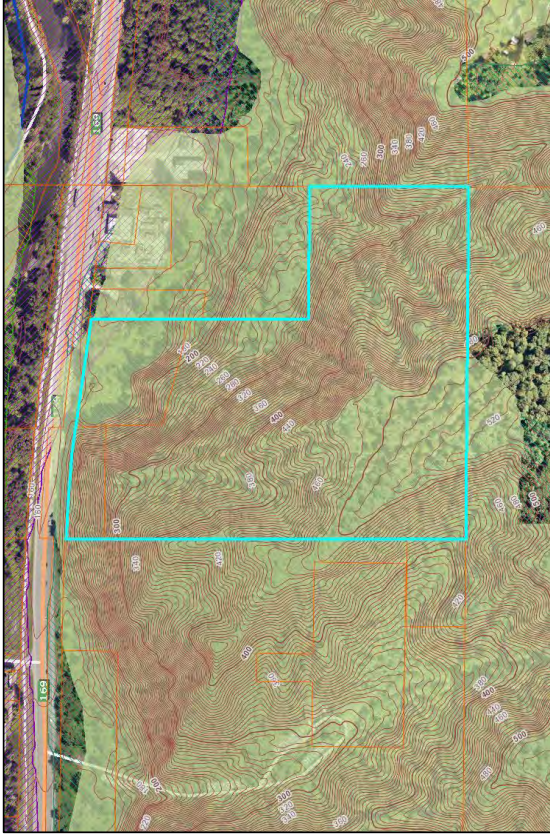
Property Identification			
Address: 36700 Swan Mill Road		98019	
City/Zip: Duvall			
County: King County			
APN: 242607-9003, 9002, 9014 & 9015			
Site Data		Utilities	
Land Area: 152.00 acres	Topography: Rolling Views: Territorial Sensitive Areas: Erosion/Stream	Water: n/a	
Current Use: Vacant		Sewer: n/a	
H&B Use: Timber Land		Power: n/a	
		Gas: n/a	

Comments: DNR easement prohibits residential development. 4 tax parcels, recently logged, buyer is responsible for replanting. Open space continuance is required. Power is 6,800ft away.

Sales Data	
Date of Sale: December 31, 2015	
Price: \$250,000	
Conditions: Arms Length	
Financing: Cash	
Document: Statutory Warranty Deed	
Excise Tax#: 2774336	
Seller: Robert Jay Swan	
Buyer: Seattle City Light	
Confirmed: Agent would not respond, NWMLS, Assessor's records	
Telephone:	

Analysis & Value Allocation		
Total Adjusted Sales Price	\$/acre	\$278,827
		\$1,834/acre

Restricted Land Sales Comparison #2



Property Identification	
Address:	178x SE Renton-Maple Rd
City/Zip:	Renton 98058
County:	King County
APN:	242305-9015, 9016 & 9020

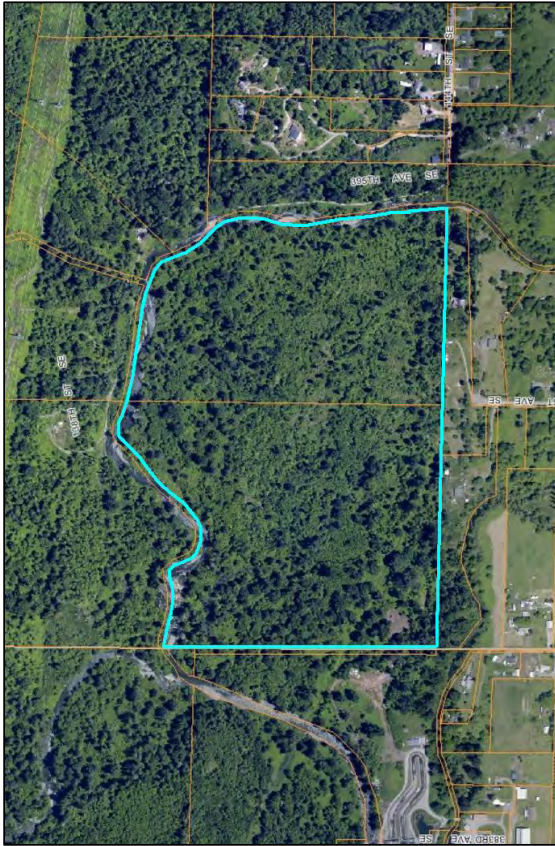
Site Data	Utilities
Land Area:	Water: n/a
Topography:	Sewer: n/a
Views:	Power: In street
Sensitive Areas:	Gas: n/a
Current Use:	Vacant
H&B Use:	Timber Land, Open Space, Recreation

Comments: No home sites along Hwy 169. Building site is at top of slope however no access. Seller has Class 11 DNR logging permit. Majority of property is designated as Landslide/Erosion hazard.

Sales Data	
Date of Sale: May 1, 2015	
Price: \$127,000	
Conditions: Arms Length	
Financing: Cash	
Document: Statutory Warranty Deed	
Excise Tax#: 2728036	
Seller: John & Terri Taylor	
Buyer: Stephen Boesch	
Confirmed: Public Records; listing agent could not be contacted	
Telephone:	

Analysis & Value Allocation	
Total Adjusted Sales Price	\$150,962
\$/acre	\$4,688/acre

Restricted Land Sales Comparison #3



Property Identification		MLS Photograph
Address: 387xx Hwy 2		
City/Zip: Gold Bar 98251		
County: Snohomish County		
APN: 280931-003-00200 & 00100		
Site Data		Utilities
Land Area: 80.20 acres	Views: Territorial Sensitive Areas: Floodway/River	Water: n/a
Topography: Generally Level		Sewer: n/a
		Power: n/a
Current Use: Vacant	H&B Use: Recreation and Open Space	Gas: n/a

Comments: Property is not currently accessible but needs either bridge or access esmt over neighboring property.
Majority of site is in flood zone. 4,000ft of Wallace River waterfront.

Sales Data	
Date of Sale: October 15, 2015	
Price: \$178,000	
Conditions: Arms Length	
Financing: Cash	
Document: Statutory Warranty Deed	
Excise Tax#: E1087930	
Seller: Angela & Scott Hagerman	
Buyer: Michael Walker	
Confirmed: Public Records, NWMLS, Agent could not be contacted	
Telephone:	

Analysis & Value Allocation	
Total Adjusted Sales Price	\$202,557
\$/acre	\$2,526/acre

Restricted Land Sales Comparison #4



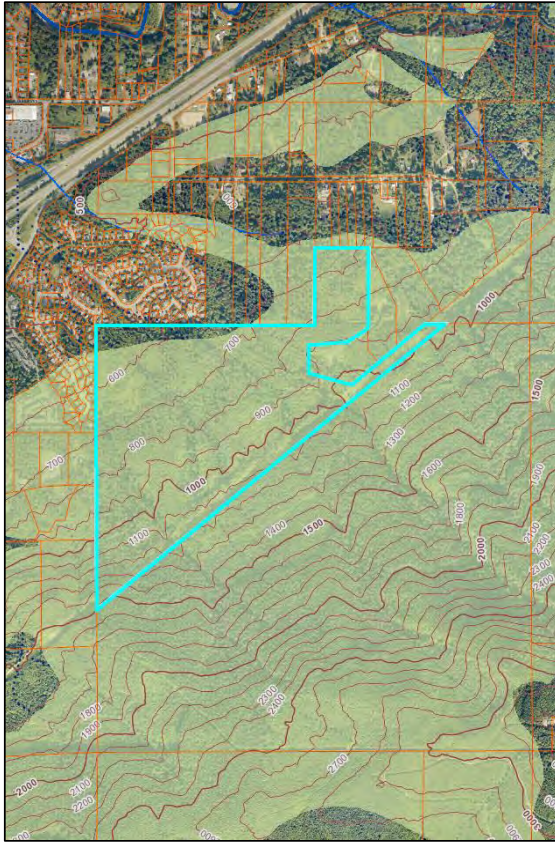
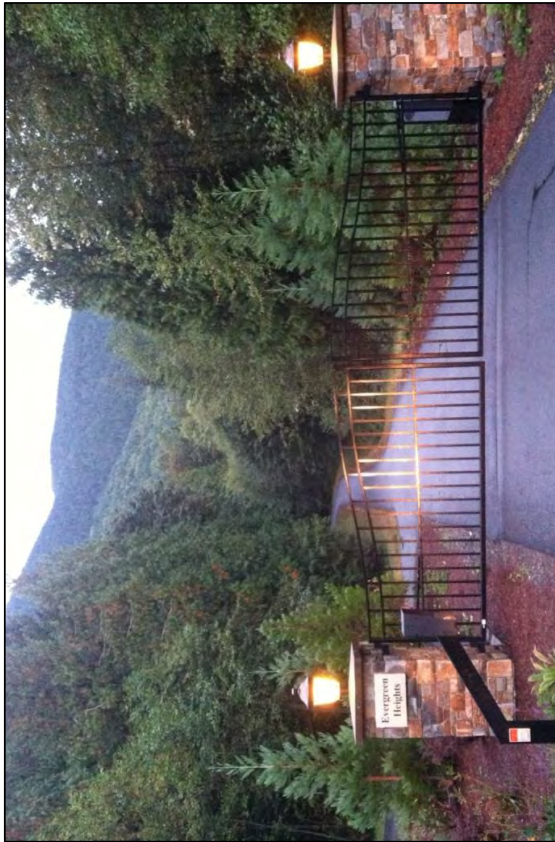
Property Identification		MLS Photograph
Address: xxxx Blumaure Park Ave		
City/Zip: Tenino	98589	
County: Thurston County		
APN: 11619440000 & 11619410201		
Site Data		Utilities
Land Area: 61.00 acres		Water: Unknown
Topography: Sloped		Sewer: n/a
Views: Territorial		Power: n/a
Sensitive Areas: n/a		Gas: n/a
Current Use: Vacant		
H&B Use: Timber Land		

Comments: No insurable access to property. Permitted access for harvest & maintenance. Purchased by timber company. Planted with 3-6 year old Douglas Fir.

Sales Data	
Date of Sale: December 16, 2014	
Price: \$100,000	
Conditions: Arms Length	
Financing: Cash	
Document: Statutory Warranty Deed	
Excise Tax#: 725769	
Seller: Weyerhaeuser NR Company	
Buyer: Noresman Timber Company LLC	
Confirmed: Ray Jones, <i>Listing Agent</i>	
Telephone: (253) 851-9988	

Analysis & Value Allocation	
Total Adjusted Sales Price	\$123,165
\$/acre	\$2,019/acre

Restricted Land Sales Comparison #5



Property Identification	
Address: 14xx 409th Ave SE	98045
City/Zip: North Bend	
County: King County	
APN: 172308-9006	

Site Data		Utilities
Land Area: 166.00 acres	Water: Unknown	
Topography: Moderate/Steep	Sewer: In street	
Views: Mountains/Territorial	Power: In street	
Sensitive Areas: Landslide/Erosion	Gas: In street	
Current Use: Vacant		
H&B Use: Timber Land		

Comments: Irregular parcel on side of Rattlesnake ridge. Steep to moderate slopes, and wetlands. Agent confirmed at least 11 homes. Cost to develop will be high. Estate sale, LA - \$750K possible.

Sales Data	
Date of Sale: May 31, 2014	
Price: \$635,000	
Conditions: Arms Length	
Financing: Cash	
Document: Statutory Warranty Deed	
Excise Tax#: 2670521	
Seller: Rosanne Zemp, Personal Estate Representative	
Buyer: Lucas Pierce	
Confirmed: Bryan Zemp, <i>Listing Agent, Seller</i>	
Telephone: (425) 652-2926	

Analysis & Value Allocation	
Total Adjusted Sales Price	\$823,814
\$/acre	\$4,963/acre

Notice of Property Owner Contact

Contact Date	Monday October 10, 2016
Person Contacted:	Jack McCullough, Attorney, designated point of contact and counsel for owners.
By Whom:	Anthony Gibbons
How:	By email
Response:	The property owners and their representatives declined to attend an inspection of the property on October 18 th , 2016. Representatives for King County were present for the inspection. In a phone call on April 13 th , 2015, as part of a prior appraisal for the property, Mr. McCullough provided helpful information on access.

Appraiser's Qualifications

RE•SOLVE

Real Estate Appraisal, Counseling & Mediation

ANTHONY GIBBONS, MAI, CRE

Mr. Gibbons graduated from King's College, University of London with a Bachelor Degree in Geography in July 1982. He graduated top of his Geography class, with a First Class Honors degree, and a diploma in Religion and Medical Ethics. At University, Mr. Gibbons was awarded the 1980 Barry Prize for top score in his class for Religion/Medical Ethics finals; the 1981 Leathes Prize for second highest score in Religion/Medical Ethics finals; the Stamford Geographical Prize in 1981 for the most promising geography student; and the Geoid Prize, also in 1981, by the *London School of Economics–King's College Joint School of Geography Association* for his work on behalf of the Association.

Mr. Gibbons entered private appraisal practice with the firm of Shorett & Riely in January of 1983 and formed the company of Wronsky Gibbons & Riely in December 1994. With his partners retiring in 1998 and 1999, in July of 1999 Mr. Gibbons formed **RE•SOLVE** – a company providing real estate appraisal, counseling, mediation and arbitration services.

Completed American Institute of Real Estate Appraisers Courses 1A-1, Real Estate Principles and 1A-2, Basic Valuation Procedures in May of 1983. Completed Courses 1B-A and 1B-B, Capitalization Theory & Techniques in June of 1984. Completed Course 2-1, Case Studies in Real Estate Valuation, and 2-2, Valuation Analysis and Report Writing in March of 1985. Completed Course 2-3, Standards of Professional Practice, in April of 1986. Received credit for Demonstration Appraisal Report in August of 1987, and a passing grade on the Comprehensive Examination in September of 1987. Awarded the MAI designation by the American Institute of Real Estate Appraisers (AIREA) on June 14, 1988, Member Number 7857.

Mr. Gibbons was elected President of the Seattle Chapter, in 1999, and served on the Chapter Board for eight years. He is past Chairman of the local chapter Education Committee, and currently a Regional Member for the Counseling and Ethics Administration Division of the Appraisal Institute. As of the date of this report, Mr. Gibbons has completed the requirements of the continuing education program of the Appraisal Institute, and is certified through 12/31/2012. He is licensed as a certified real estate appraiser, general classification, by the State of Washington, license no. 1100854.

Mr. Gibbons was invited to join The Counselors of Real Estate in December of 1997. Membership in the Counselors is by invitation based on an individual's reputation for knowledge, integrity, experience and judgment in rendering advice on real estate matters. The approximate 1,000 or so individuals holding the CRE designation have pledged to maintain the highest standards of professional conduct and service in the field of real estate counseling. Mr. Gibbons is past President of the Pacific Northwest Chapter of the Counselors of Real Estate.

Mr. Gibbons has participated as faculty in Washington State Bar Association and Law Seminars International seminar offerings. He is an instructor for the University of Washington's Certificate Program in Real Estate, and has taught in the lecture series for the years 2001 through 2009. Mr. Gibbons was also the lead instructor for the University of Washington's (Tacoma) Certificate Program in Real Estate for 2006 to 2009, and continues to instruct in that series.

A partial list of clients follows:

Prudential Insurance Company
Teachers Insurance & Annuity Association
Equitable Real Estate
Citicorp
American Marine Bank
Banker's Trust
Washington Mortgage Corporation
Frontier Bank
Key Bank
Washington Mutual Savings Bank
Wells Fargo Bank
First Bank of Alaska
Allied Shopping Centers, Northwest
Cadillac Fairview US Western Region
Sabey Corporation
Pope Resources
Urbis Partners
Seattle Marina, Inc.
Kennedy Associates
Bellevue Square Managers, Inc.
Ocean Crest Resort
The Boeing Company
Weyerhaeuser Company
Weyerhaeuser Venture Co.
Washington Transit Authority
Pfizer, Inc.
King County
Pierce County
Kitsap County
Snohomish County
Thurston County
Lawyers Title
First American Title
Commonwealth Title
Pacific Northwest Title
United States Postal Service
Federal Deposit Insurance Corporation
Pine Street Development
Vulcan

Wright Runstad & Company
NANA Development Corporation
Swedish Hospital Medical Center
Group Health
Fred Hutchinson Cancer Research Center
Tousley Brain Stephens
Foster, Pepper & Shefelman
Witherspoon, Kelley, Davenport & Toole
Hornsby & Whisenand
Culp Guterson & Grader
Williams, Kastner & Gibbs
Riddell Williams Bullitt & Walkinshaw
Davis Wright Tremaine
Lane Powell Spears Lubersky
Perkins Coie
Preston Gates & Ellis
Miller Nash
Heller Ehrman
Rodgers Deutsch & Turner
University of Washington
Seattle Pacific University
Bainbridge Island School District
Mercer Island School District
Bellevue School District
City of Seattle
City of Kirkland
City of Bainbridge Island
City of Woodinville
Washington State Liquor Board
Washington State Department of Transportation
Washington State Dept of Natural Resources
Port of Seattle
Port of Grays Harbor
Port of Everett
Port of Olympia
Port of Allyn
Port of Shelton
Port of Edmonds

Court Experience:

King Co., Washington Superior Court
Snohomish Co., Washington Superior Court
Pierce Co., Washington Superior Court
Kitsap County Superior Court
Federal Court
US Bankruptcy Court

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EXPERT TESTIMONY

ANTHONY GIBBONS, MAI, CRE

Mr. Gibbons has served as an expert witness in the following cases (5-year history).

Those cases in **bold** involved testimony. *Italicized* entries went to the deposition stage, while normal script entries did not reach the deposition stage prior to settlement, or are ongoing.

<u>Date</u>	<u>Proceeding</u>	<u>Client</u>
2010	<i>KCPHD#4 v. MHC LTRA</i>	Foster Pepper (for Hospital District)
2010	<i>Olson v. Hirji</i>	Marten Law (for Hirji)
2010	<i>Snohomish County v. Duane Smith</i>	Williams Kastner (for Smith)
2010	Hogan v. Borders	Hogan
2010	<i>Hogan v. Key Bank</i>	Hogan
2009	MDA v. George Scott	Jameson Babbitt (Scott)
2010	<i>Trinity vs Port of Tacoma</i>	Hall Baetz (for Trinity)
2009	<i>Seattle v. T&L Enterprises</i>	Williams Kastner (for T&L)
2009	<i>First American v. River Bend LLC</i>	Stoel Rives (for First American)
2009	<i>Snohomish County v. YG3</i>	Lane Powell (for YG3)
2009	Doherty v. Sissons	Martin Ziontz (for Sissons)
2009	<i>Brondstetter v. Seattle</i>	Seattle
2009	<i>WSDOT v. Suelo Marina</i>	State AG's office
2009	<i>WSDOT v. Clark</i>	State AG's office
2009	<i>Jefferson Square v. Seattle School District</i>	Kipling Law Group (for SSD)
2008	<i>Kitsap PUD v Orr</i>	Waldo (for Orr)
2008	<i>Struthers/Otrubova v. Seattle</i>	<i>Savitt & Bruce (Seattle)</i>
2008	<i>Frank v. Seattle</i>	<i>Seattle</i>
2008-10	Woodinville v. Hollywood Vineyards	Hollywood Vineyards
2008	<i>Pierce Transit v Schuh</i>	K&L Gates (Pierce Co. Transit)
2008	<i>Miller Shingle v. MAP</i>	Brewe Layman (for MAP)
2007	Swinomish Tribe Rental Arbitration	Graham & Dunn (for Tribe)
2007	Landmark v. Sakai	Jeff Laveson (for Landmark)
2009	Puyallup v. Hogan	Vanderberg Johnson (for Hogan)
2005	<i>Harbor Square vs. Port of Edmonds</i>	Perkins Coie (Port of Edmonds)
2005	Fiorito - Denny's JC Allocation	Graham & Dunn (Fiorito)
2006	<i>ST vs. Freighthouse Square</i>	Rodgers Deutsch & Turner (for FH Sq)
5/05	Qualis vs. Cochran (arbitration)	Linda Youngs (Qualis)
2005	<i>Cohanim vs. Aecon</i>	Dorsey Whitney LLP (for Cohanim)
2006	<i>Norbut v. Jeager</i>	Alexander & Bierman (for Norbut)
2006	<i>Port of Tacoma v. Weyerhaeuser</i>	Graham & Dunn (for Weyerhaeuser)
2005	<i>Monorail v. Allright</i>	Rodgers Deutsch & Turner (for Allright)
2005	Corliss Dissolution (arbitration)	Toulsey Brain (for Corliss)
2005	<i>Seattle Monorail vs. HTK et al</i>	HCMP (for HTK)

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Real Estate Appraisal, Counseling & Mediation

ARBITRATION AND MEDIATION SERVICES

ANTHONY GIBBONS, MAI, CRE

Mr. Gibbons has been involved in real estate appraisal and counseling in the Puget Sound area for 20 years. He became a member of the American Institute of Real Estate Appraisers (MAI) in 1988, and was invited to join the Counselors of Real Estate (CRE) in December of 1997. In the local chapter of the Appraisal Institute, serving most of western Washington, he served as education chairman for a number of years, and pioneered a series of special educational offerings and seminars for his chapter. As a result of this work, the Chapter awarded him a plaque for “*outstanding leadership and services given towards professional advancement*”. He has continued to work for the professional advancement of the Appraisal Institute in his capacities as a chapter board member, Secretary, Treasurer, and Vice-President. In 1999, he was elected to the office of President. In a regional capacity, he has served as an assistant regional chair, and regional member for the Review and Counseling Division of the Institute, and in 1997 was appointed to the post of Regional Member, Region 1, Ethics and Counseling Division.

With the recognition of his peers, Mr. Gibbons is often requested to perform real estate counseling services in connection with real property valuation disputes. This arbitration and mediation work has included the following work:

- Arbitrator for purchase option; north Seattle Industrial Land - *Jointly retained by both parties*
- Arbitrator for professional office space, Downtown Seattle - *Jointly retained by both parties*
- Arbitrator for anchor tenant in Downtown Highrise
- Arbitrator for Downtown Restaurant – market rental determination
- Arbitrator for Suburban Office Building, single tenant lease renewal.
- Arbitrator for Parking Rental Dispute for Downtown Garage - *Jointly retained by both parties*
- Arbitrator for hotel ground lease revaluation - *Jointly retained by both parties*
- Arbitrator for School District Lease – Shopping Center ground lease revaluation - *Jointly retained by both parties*
- 1,000 acre lease negotiation between the Boeing Company and the Tulalip Tribe
- Jointly retained third Mediator/Arbitrator for King County Airport/Boeing Rental dispute involving over 100 acres of airport property - *Jointly retained by both parties*
- Valuation testimony in front of an IRS Hearings Officer on behalf of a property owner
- Arbitrator for Seattle Packaging on purchase option
- Market and rental valuation arbitration on a specialized manufacturing building
- Value Resolution for the Navy and City of Seattle – *Jointly retained by both parties*
- Value resolution for DNR and the Shoreline Water District - *Jointly retained by both parties*
- Ground lease rental rate arbitration for a golf and country club - *Jointly retained by both parties*
- Value resolution for Department of Natural Resources (DNR) and City of Seattle - *Jointly retained by both parties*
- Arbitration between DNR and City of Seattle
- Value resolution for attorneys for First Interstate Bank and a trust - *Jointly retained by both parties*
- Value resolution for DNR and the Bainbridge Island Parks and Recreation District - *Jointly retained by both parties*
- Purchase option arbitration for a log yard depot in Port Townsend - *Jointly retained by both parties*
- Value resolution for US Fish and Wildlife and the Port of Grays Harbor - *Jointly retained by both parties*

- Rental rate resolution for King County and Manson Construction - *Jointly retained by both parties*
- Mediation assistance for Washington State versus a condemnee
- Mediation assistance for a professional mediator (former superior court judge) in a rental dispute - *Jointly retained by both parties*
- Mediation assistance for a condemnee with the Port of Seattle
- Mediation assistance for market rent dispute concerning over 300,000sf of office space
- Arbitrator for joint venture buyout on downtown office building
- Arbitration for market rental clause concerning 1.5 floors of downtown office space
- Expert for rental rate dispute for 5 floors of downtown office space
- Third Arbitrator for the Oxbow site in South Seattle - *Jointly retained by both parties*
- Arbitration expert for claim of damages in regard to a shopping center site.
- Mediation expert for 15-acre site proximate to Seattle CBD
- Market valuation of superfund site for property trustee and municipal buyer - *Jointly retained by both parties*
- Arbitrator for ground lease renewal rent for Seattle industrial site. *Jointly retained by both parties*
- Arbitrator for lease option buyout clause for auto sales service. *Jointly retained by both parties*
- Arbitrator for Jack-in-the-Box lease renewal.
- Mediator for rental rate adjustment for industrial waterfront property.
- Arbitrator for industrial site rental rate determination.
- Arbitrator for market rent adjustment on truck terminal with parking rights.
- Arbitrator for leasehold purchase option right in commercial shopping center. *Jointly retained by both parties*
- Arbitrator for market rent adjustment in professional suite, Seattle CBD. *Jointly retained by both parties.*
- Arbitrator for shopping center site, ground lease rental adjustment.
- Arbitrator for market rental adjustment for downtown office space. *Jointly retained by both parties.*
- Arbitrator for market rental adjustment for medical clinic space on First Hill. *Jointly retained by both parties.*
- Arbitrator for partnership dissolution on HUD apartment project, Seattle. *Third arbitrator, jointly retained.*
- Arbitrator for parking market rate determination, Seattle. *Sole arbitrator, jointly retained by both parties.*
- Appraiser for WSDOT and Property owner re condemnation valuation. *Jointly retained by both parties.*
- Arbitrator for downtown super-block rental dispute: ground rent determination.
- Arbitrator for downtown restaurant market rental adjustment. *Jointly retained by both parties.*
- Arbitrator for suburban restaurant market rental adjustment. *Jointly retained by both parties.*
- Arbitrator for partnership dissolution on HUD apartment project, Seattle. *Third arbitrator, jointly retained.*
- Arbitrator for branch bank ground lease, Redmond. *Third arbitrator, jointly retained.*
- Arbitrator for specialized industrial property, ground lease. *Third arbitrator, jointly retained.*
- Arbitrator for rent diminution clause for retail property.
- Arbitrator for ground rent determination, downtown tavern. *Appointed by court.*
- Arbitrator for three separate airport properties, ground leases. *Third arbitrator, jointly retained.*
- Arbitrator for branch bank ground lease, Kirkland. *Third arbitrator, jointly retained.*
- Expert for ground lease arbitration for downtown property.

In over half of the above cases cited, Mr. Gibbons was selected as the third or sole arbitrator, mediator or expert, hired jointly by both parties to help resolve the value or rental dispute.

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PUBLICATIONS, SEMINARS & EDUCATIONAL LECTURES

ANTHONY GIBBONS, MAI, CRE

Publications

Mr. Gibbons has authored the following publications:

- 2001 update to Chapter 50, "Real Estate Appraisal", of the Washington Real Property Desk book published by the Washington State Bar Association.
- Seattle Office Market Analysis, published by the Downtown Seattle Association, for the years:
 - 2004
 - 2005
 - 2006
 - 2007
 - 2008
 - 2009
 - 2010
- 2008 update to Chapter 50, "Real Estate Appraisal", of the Washington Real Property Desk book published by the Washington State Bar Association.

Seminars & Lectures

He is a frequent speaker for Law Seminars International, and has spoken in the following lecture series:

- Commercial Leases
- Real Estate Purchases and Sales
- Eminent Domain

Mr. Gibbons has participated as faculty in Washington State Bar Association Seminars:

- 2001 "Condemnations/Takings" Seminar
- 2006 Seminar on the "Arbitration of a Real Estate Case"

University Course Instructor

Mr. Gibbons is an instructor for the University of Washington's Certificate Program in Real Estate, and has taught in the lecture series for the years 2001 through 2009.

Mr. Gibbons was the lead instructor for the University of Washington's (Tacoma) Certificate Program in Real Estate 2006 to 2008, and continues to serve as an instructor in that program.

Boards

Mr. Gibbons is on the Advisory Board of the University of Washington's Runstad Center for Real Estate Studies.

Map of Forest Stands within Project Area




Property: Soaring Eagle Park Addition

King County Land Conservation Initiative 2018 Preservation Project

Aerial imagery: 2017



Legend

-  Forest Stands
-  Project Area
-  "The Property" (parcels addressed by the Preservation Commitment; labeled by PIN)

0 50 100 200 Feet





Soaring Eagle Park Parcels

Aerial Test Order

Sammamish, WA 98074

Inquiry Number: 5474149.1

November 05, 2018

The EDR Aerial Photo Decade Package



6 Armstrong Road, 4th floor
Shelton, CT 06484
Toll Free: 800.352.0050
www.edrnet.com

EDR Aerial Photo Decade Package

11/05/18

Site Name:

Soaring Eagle Park Parcels
Aerial Test Order
Sammamish, WA 98074
EDR Inquiry # 5474149.1

Client Name:

King County D.N.R.
201 South Jackson Street
Seattle, WA 98104
Contact: Robert Jackson



Environmental Data Resources, Inc. (EDR) Aerial Photo Decade Package is a screening tool designed to assist environmental professionals in evaluating potential liability on a target property resulting from past activities. EDR's professional researchers provide digitally reproduced historical aerial photographs, and when available, provide one photo per decade.

Search Results:

<u>Year</u>	<u>Scale</u>	<u>Details</u>	<u>Source</u>
2017	1"=500'	Flight Year: 2017	USDA/NAIP
2013	1"=500'	Flight Year: 2013	USDA/NAIP
2009	1"=500'	Flight Year: 2009	USDA/NAIP
2006	1"=500'	Flight Year: 2006	USDA/NAIP
1990	1"=500'	Acquisition Date: July 15, 1990	USGS/DOQQ
1980	1"=500'	Flight Date: July 27, 1980	USDA
1977	1"=500'	Flight Date: September 13, 1977	USGS
1972	1"=500'	Flight Date: September 04, 1972	USGS
1968	1"=500'	Flight Date: September 03, 1968	USGS
1957	1"=500'	Flight Date: September 13, 1957	USGS
1952	1"=500'	Flight Date: July 01, 1952	USGS
1944	1"=500'	Flight Date: April 27, 1944	DIA

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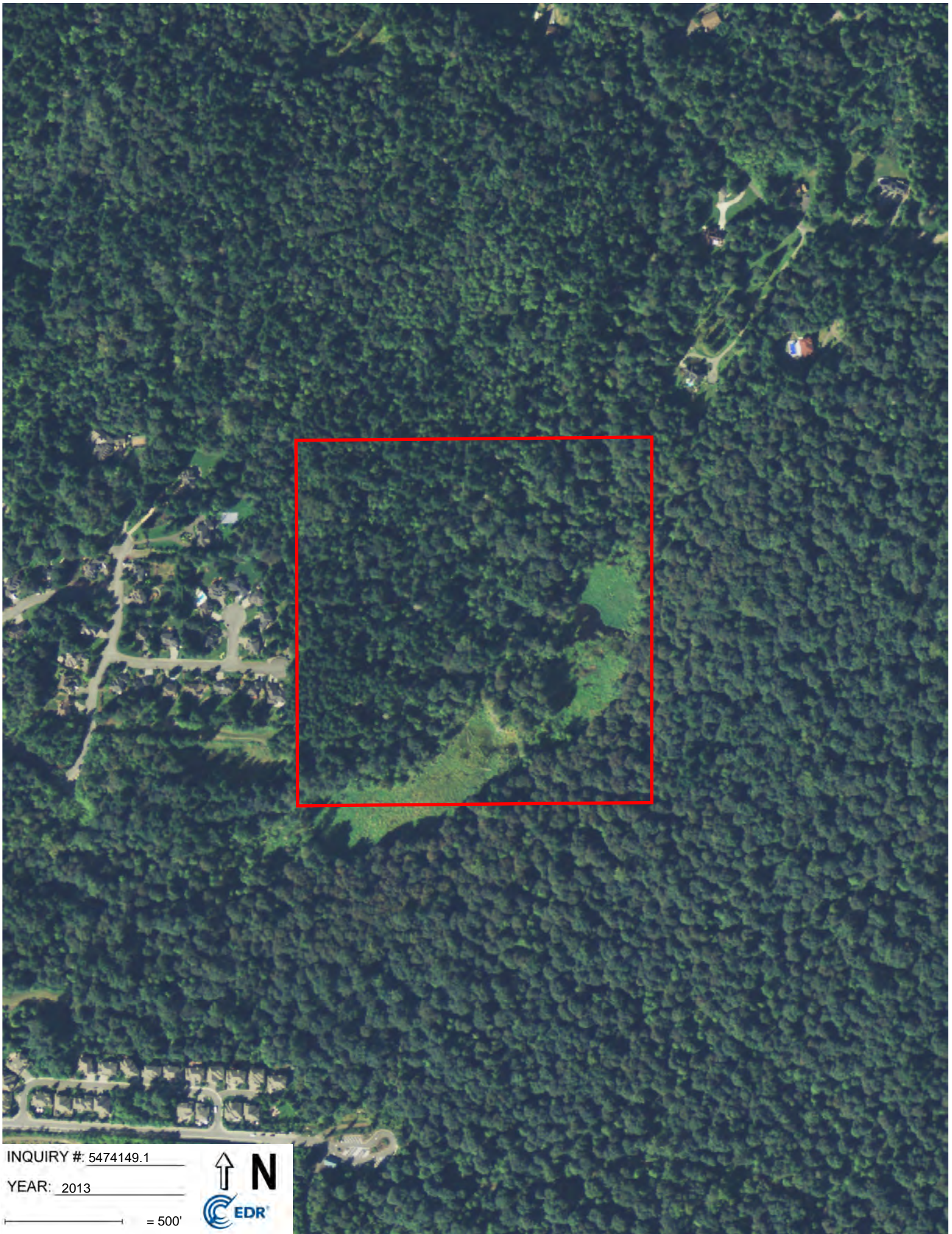


INQUIRY #: 5474149.1

YEAR: 2017

— = 500'





INQUIRY #: 5474149.1

YEAR: 2013

— = 500'





INQUIRY #: 5474149.1

YEAR: 2009

— = 500'





INQUIRY #: 5474149.1

YEAR: 2006

— = 500'





INQUIRY #: 5474149.1

YEAR: 1990

500'





INQUIRY #: 5474149.1

YEAR: 1980

500'





INQUIRY #: 5474149.1

YEAR: 1977

— = 500'



Subject boundary not shown because it exceeds image extent or image is not georeferenced.



INQUIRY #: 5474149.1

YEAR: 1972

— = 500'



Subject boundary not shown because it exceeds image extent or image is not georeferenced.



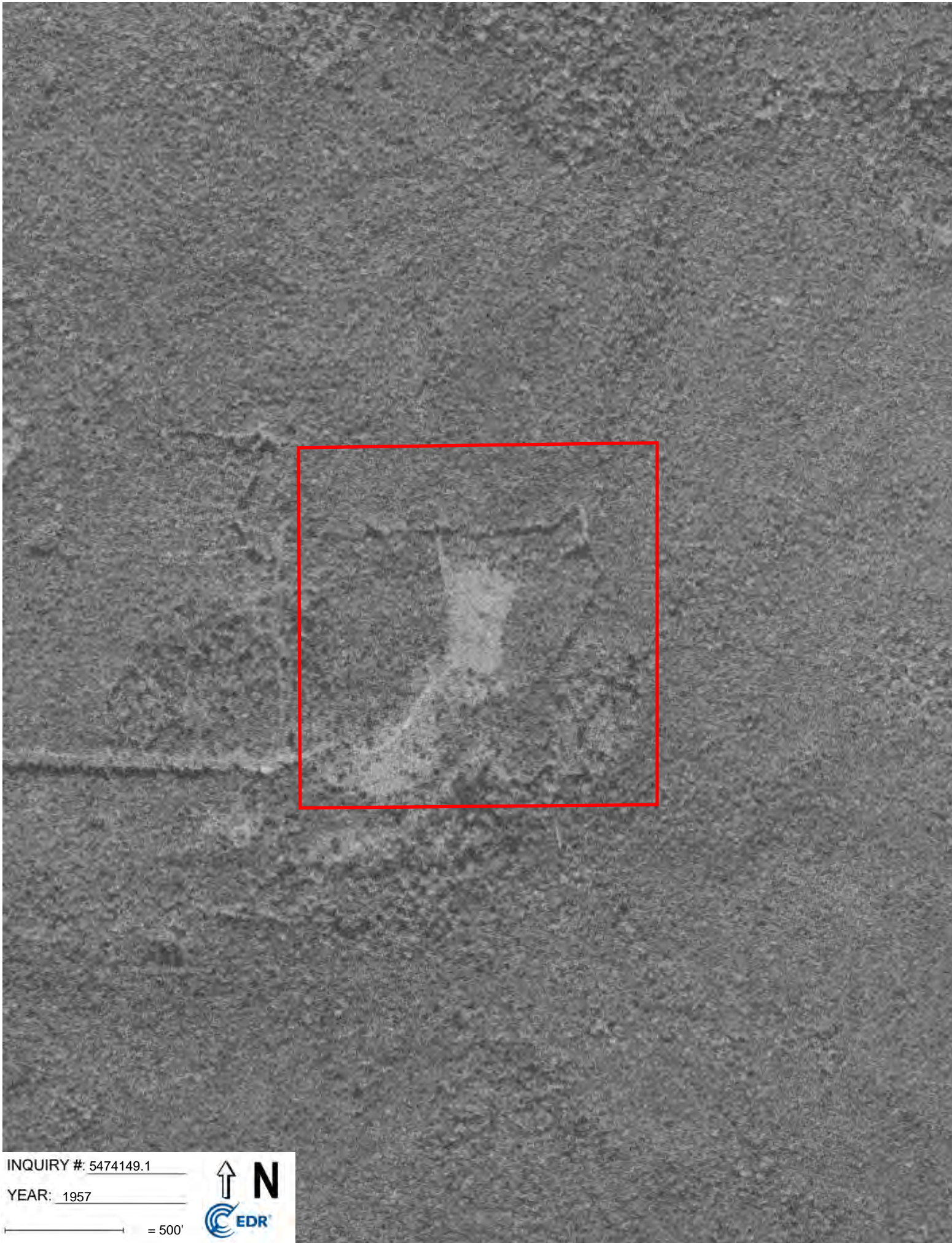
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YEAR: 1968

— = 500'



Subject boundary not shown because it exceeds image extent or image is not georeferenced.

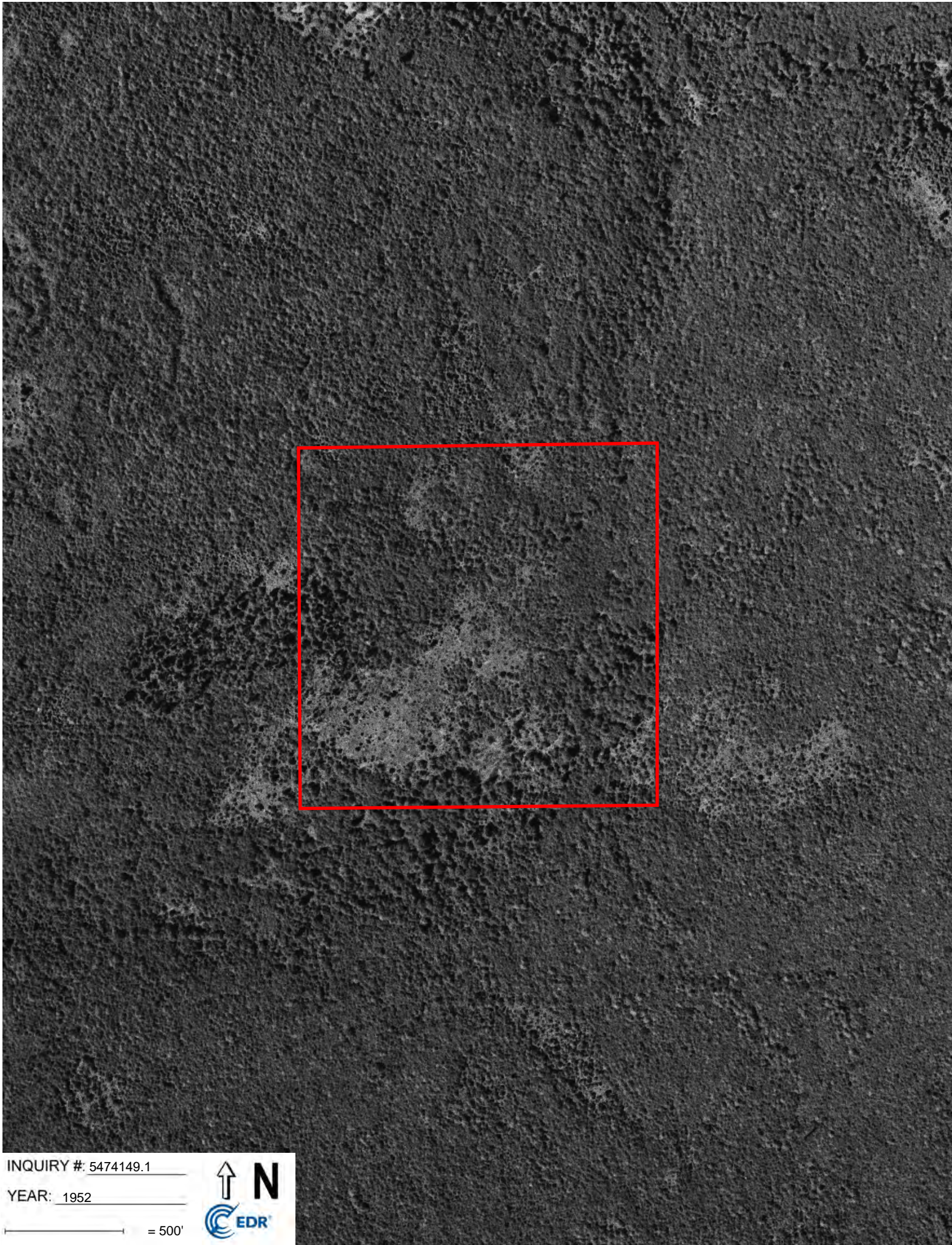


INQUIRY #: 5474149.1

YEAR: 1957

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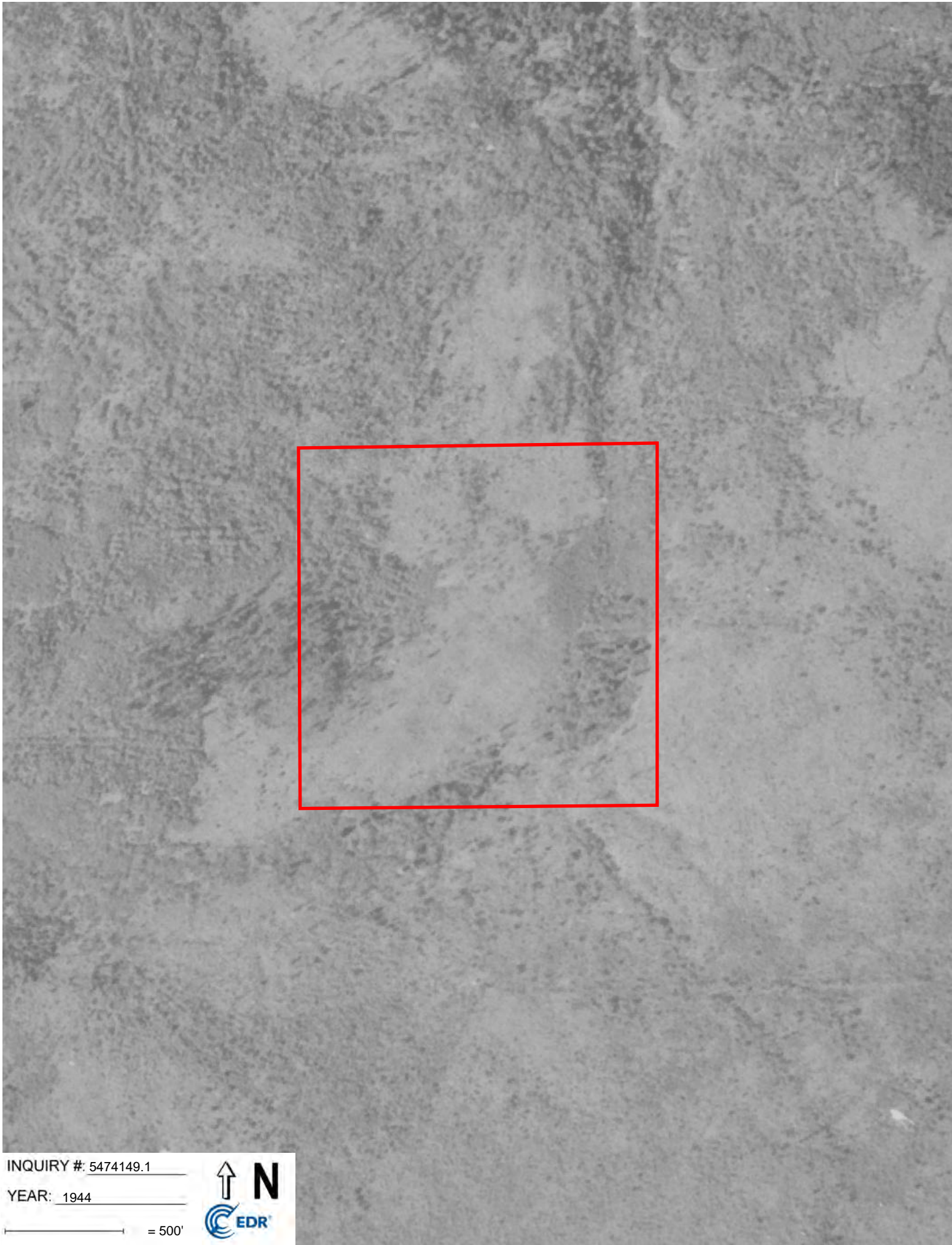


INQUIRY #: 5474149.1

YEAR: 1952

— = 500'





INQUIRY #: 5474149.1

YEAR: 1944

— = 500'

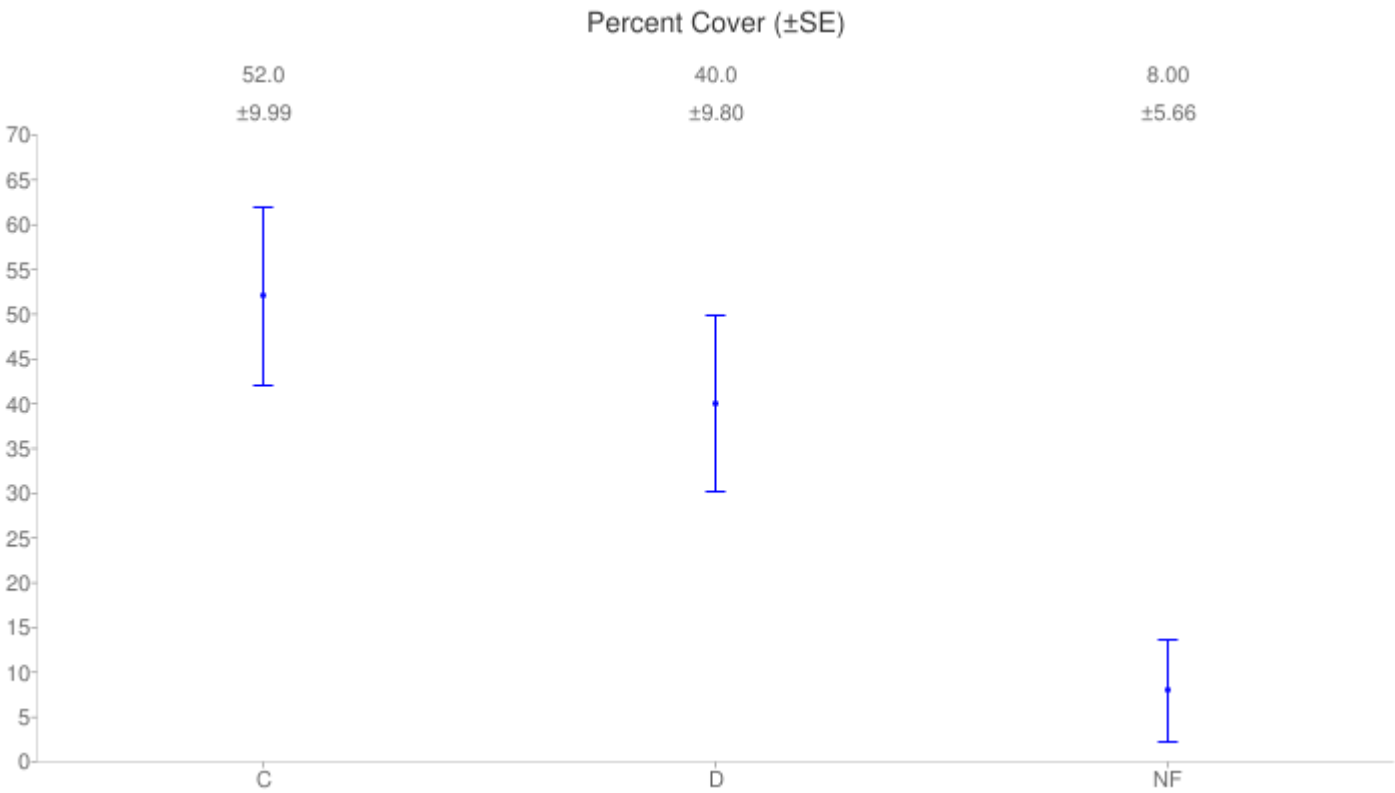


i-Tree Canopy

v6.1

Cover Assessment and Tree Benefits Report

Estimated using random sampling statistics on 12/08/18



Cover Class	Description	Abbr.	Points	% Cover
Conifer	Coniferous canopy (estimated based on satellite imagery)	C	13	52.0 ±9.99
Deciduous	Deciduous canopy (estimated based on satellite imagery)	D	10	40.0 ±9.80
Non-Forest	Not forest canopy (estimated based on satellite imagery)	NF	2	8.00 ±5.66

Tree Benefit Estimates

Abbr.	Benefit Description	Value (USD)	±SE	Amount	±SE
CO	Carbon Monoxide removed annually	1.33 USD	±0.08	10.96 lb	±0.65
NO2	Nitrogen Dioxide removed annually	3.33 USD	±0.20	97.68 lb	±5.76
O3	Ozone removed annually	215.27 USD	±12.70	759.47 lb	±44.79
PM2.5	Particulate Matter less than 2.5 microns removed annually	606.03 USD	±35.74	42.34 lb	±2.50
SO2	Sulfur Dioxide removed annually	0.49 USD	±0.03	35.73 lb	±2.11
PM10*	Particulate Matter greater than 2.5 microns and less than 10 microns removed annually	114.35 USD	±6.74	207.17 lb	±12.22
CO2seq	Carbon Dioxide sequestered annually in trees	3,228.95 USD	±190.43	69.67 T	±4.11
CO2stor	Carbon Dioxide stored in trees (Note: this benefit is not an annual rate)	81,091.11 USD	±4,782.49	1,749.64 T	±103.19

i-Tree Canopy Annual Tree Benefit Estimates based on these values in lbs/acre/yr and USD/T/yr: CO 0.787 @ 244.11 USD | NO2 7.017 @ 68.35 USD | O3 54.562 @ 568.91 USD | PM2.5 3.042 @ 28,727.77 USD | SO2 2.567 @ 27.76 USD | PM10 14.883 @ 1,107.85 USD | CO2seq 10,010.267 @ 46.51 USD | CO2stor is a total biomass amount of 251,395.359 @ 46.51 USD*

Note: Currency is in USD

Note: Standard errors of removal amounts and benefits were calculated based on standard errors of sampled and classified points.

About i-Tree Canopy

The concept and prototype of this program were developed by David J. Nowak, Jeffery T. Walton and Eric J. Greenfield (USDA Forest Service). The current version of this program was developed and adapted to i-Tree by David Ellingsworth, Mike Binkley, and Scott Maco (The Davey Tree Expert Company).

Limitations of i-Tree Canopy

The accuracy of the analysis depends upon the ability of the user to correctly classify each point into its correct class. As the number of points increase, the precision of the estimate will increase as the standard error of the estimate will decrease. If too few points are classified, the standard error will be too high to have any real certainty of the estimate.

A Cooperative Initiative Between:**DAVEY****Arbor Day Foundation™****Casey Trees®**
WASHINGTON DC

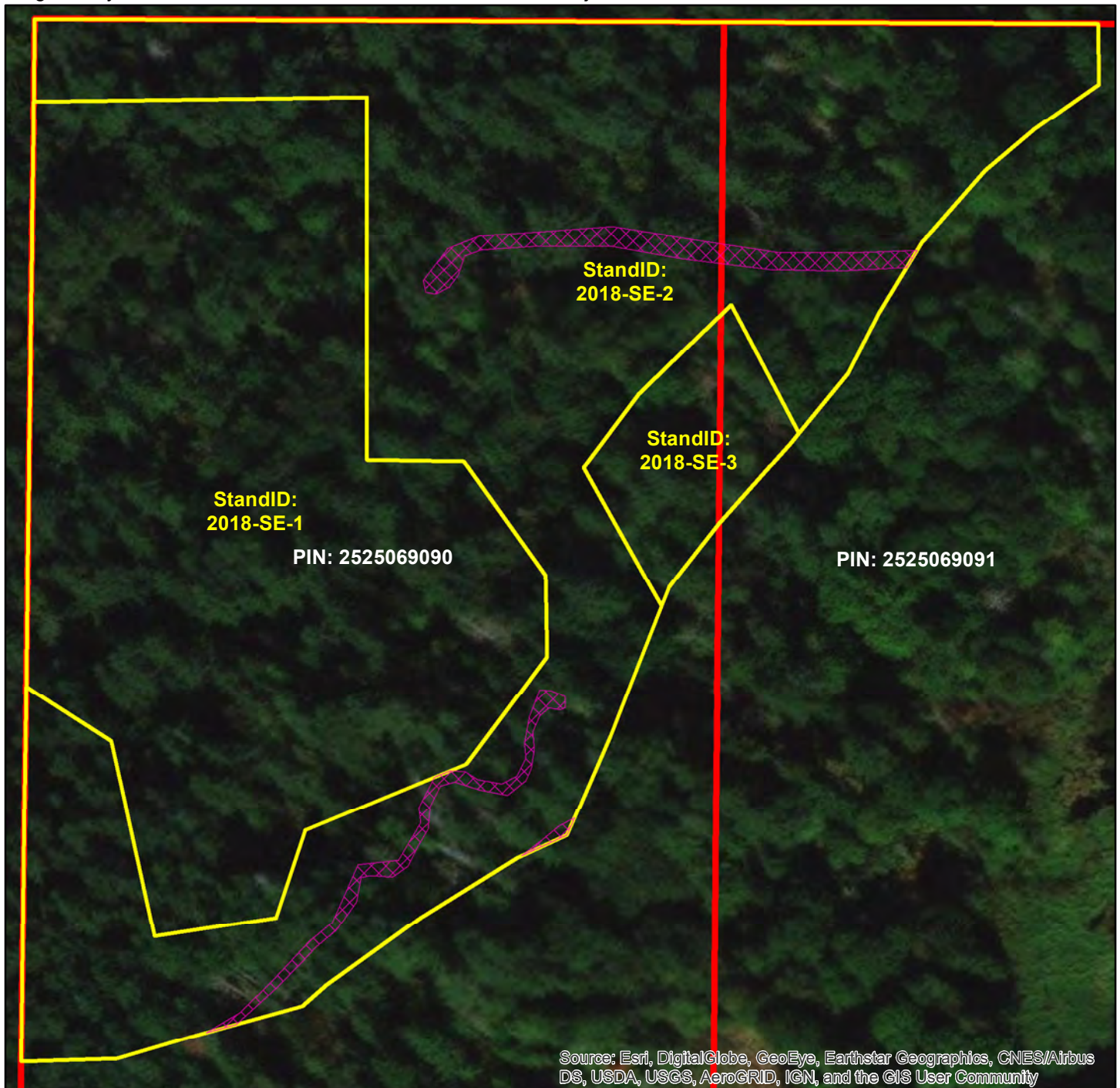
www.itreetools.org

Map of Existing Impervious Surface by Forest Stand




Property: Soaring Eagle Park Addition

King County Land Conservation Initiative 2018 Preservation Project

Aerial imagery



Legend

-  Existing Impervious Surface
-  Forest Stands comprising the Project Area
-  "The Property" (parcels addressed by the Preservation Commitment; labeled by PIN)

0 50 100 200 Feet

