

APPRAISAL OF TIMBER

On Selected Properties Owned by Kitsap County
in Kitsap County, Washington

for Newberry Hill Exchange;
DNR Assignment 2009-012

Report date: March 17, 2009

Date of Valuation: March 10, 2009

under *Uniform Standards of Professional
Appraisal Practice*
(when used with report of lead property appraiser)

Prepared exclusively for:

Re-Solve Real Estate Appraisal, Counseling & Mediation
and other permitted users cited herein

Prepared by:

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CONFIDENTIAL

March 17, 2009

Mr. Stephen Shapiro, MAI
Re-Solve Appraisals
261 Madison Avenue South, Suite 102
Bainbridge Island, WA 98110-2579

Re: Analysis of selected timber on real properties owned by Kitsap County
for assignment 2009-012

Dear Mr. Shapiro:

At your request, our firm has prepared an appraisal to estimate the contributory value of merchantable and premerchantable timber on selected properties owned by Kitsap County in Kitsap County, Washington. The underlying properties total approximately 541 acres. A 100% fee simple interest in this timber is valued, using generally accepted appraisal principles and theory. A companion report analyzes nearby property owned by State of Washington.

Permitted users; function. These cruises and timber appraisals have been prepared for the sole and exclusive use of Re-Solve as our firm's client and for its co-clients State of Washington Department of Natural Resources ["DNR"] and Kitsap County. DNR reportedly will serve as contract administrator, and payment for the services will be from Kitsap County. The sole function of the cruises and timber appraisals (including companion report) is to assist in establishing the market value of each property or parcel subunit as a whole as a basis for a proposed land exchange and reconveyance between the two public entities.

Conclusions of value. The timber is described in detail in this report. Based upon our timber cruises, investigation and analysis of available information, the estimated market value of the timber is as follows under two alternative classes of forest practice, as of March 10, 2009:

Appraisal Unit	<u>No Land Use Conversion/Class III</u>		<u>Land Use Conversion</u>
	<u>Merchantable Timber</u>	<u>Premerchantable Timber</u>	<u>Class IV-General: Merchantable Timber Only</u>
K North	\$298,000	\$16,000	\$180,000
K South	<u>71,000</u>	<u>59,000</u>	<u>16,000</u>
Total:	\$369,000	\$75,000	\$196,000

These value estimates are *net* figures, adjusted and reduced for costs of harvest, log haul, marketing and other costs.

As a general guideline lead appraisers do, once concluding a highest and best use, usually opt to include the value contribution of on-site timber based on either a Class III or Class IV-General forest practice. Market practices vary, however, in areas transitioning from resource oriented to other uses: hence, III and IVG often serve as parameters. If corresponding timber on land sales used as comparables is valued as a unit within the underlying land, however, a similar practice potentially applies to the subject timber to avoid "double counting" of this asset component. The lead appraiser ultimately estimates value contribution based on review of prevailing practices in locale and property sale comparables.

RCW 76.09.060(3)(d) as amended July 2007 prohibits conversion to a land use other than "commercial forest product operations within six years after approval of the forest practices application or notification without the consent of the county ... to which the forest practices operations would have been subject if the application had stated an intent to convert." Actual permitted harvest in land use conversions is subject to county review on a case-by-case basis. A harvest compliant with conversion guidelines—a Class IV-General forest practices—is generally more restrictive than permitted under other classes of forest practice. In particular, harvest is generally prohibited on those parts of a site regulated under the county critical areas ordinance. Value estimates have not been reduced or adjusted for special erosion control, land clearing or grading costs which might be incident to receiving a Class IV-General forest practice permit.

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Timber herein is valued to an unrestricted market for appraisal purposes as instructed, i.e. as export unrestricted. Some species or log sorts of export restricted timber might sell for up to 10% less. As noted herein, moreover, the market value of on-site timber under an "immediate harvest" scenario has fallen substantially since 2007. Also, costs for road maintenance and abandonment planning (RMAP) considerations are reflected in the logging cost used herein. These RMAP costs reflect standard forest practices under ordinary prudent management, with no special consideration for any habitat conservation plan (HCP) or other special management issues.

This valuation is subject to the conditions and comments presented in this report of 124 pages. Please feel free to phone us at 425/259-4411 (fax 425/258-4435) if you have any questions. Thank you.

Sincerely yours,

S. A. NEWMAN FIRM



Peter C. Blansett

Principal Appraiser/

Certified Arborist No.

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Timothy D. Newman, MAI, CF

WA State Certified - General Appraiser

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PCB:ks

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CERTIFICATE OF APPRAISERS

We certify that, to the best of our knowledge and belief:

The statements of fact contained in this report are true and correct and no important facts have been withheld.

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.

We 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.

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

Our firm's engagement in this assignment was not contingent upon developing or reporting predetermined results.

Our firm's 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. Moreover, this appraisal assignment is not based on a requested minimum or maximum valuation, a specific valuation, or the approval of a loan.

This appraisal was made and the appraisal report prepared (when used with report of lead property appraiser) in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by the Appraisal Foundation and Appraisal Institute; and also prepared in conformity with the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.

Peter C. Blansett, W. Chris Gulick, Adam L. Jewell and Richard B. Klein inspected the appraised property that is the subject of this report on behalf of the S. A. Newman Firm on various dates from March 4 – 12, 2009. Timothy D. Newman did not inspect this timber. Samuel A. Newman assisted in researching delivered log values and logging costs. No other persons assisted in preparing the analyses, conclusions and other opinions concerning real property which are set forth in this appraisal report.

Our firm has not revealed the findings and results of such report to anyone other than the client named herein, and our firm will not do so until authorized in writing by said party, or until required to do so by due process of law. The use of this report is, however, subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

In our opinion, the estimated market value contribution of the timber being appraised as of March 10, 2009 is as stated in the letter of transmittal attached hereto.

Competency provision. As of the date of this report, Timothy D. Newman has completed the requirements under the continuing education program of the Appraisal Institute; and is licensed as a Certified Real Estate Appraiser (General Classification) under RCW 18.140. Current certification expires February 27, 2011. Peter C. Blansett has completed the requirements set by the Board of the International Society of Arboriculture and is recognized as a Certified Arborist; Certificate No. PN-0659A. A statement of the appraisers' qualifications, including education, technical training and experience, has been provided to the addressee. The undersigned both certify to have the knowledge and experience to estimate the market value of the property type which is the subject of this appraisal, and complete the assignment competently.



Peter C. Blansett
Forester/Certified Arborist
Principal Appraiser



Timothy D. Newman, MAI, CF
WA State Certified - General
Appraiser 1100664

Definitions

As used herein:

(1) "Market value" means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

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

(2) "Cash equivalent" means a price expressed in terms of cash as distinguished from a price that is expressed all or partly in terms of the face amount of notes or other securities that cannot be sold at their face amount. The cash equivalent price of a sale property may differ from its contract price and should represent the present worth at time of sale of all cash and other considerations paid for the real property or timber as opposed to other portions of stated consideration that may be paid for services, fees, and/or other non-realty items.

(3) "Highest and best use" means the reasonably probable and legal use of vacant land or an improved property that is physically possible, legally permissible, appropriately supported, financially feasible, and that results in the highest value. [Source: the *Appraisal of Real Estate*, Twelfth Ed., Appraisal Institute 2001, p. 305.]

*12 C.F.R. Part 34.42(g); 55 *Federal Register* 34696, August 24, 1990, as amended at 57 *Federal Register* 12202, April 9, 1992; 59 *Federal Register* 29499, June 7, 1994.

- (4) "Site index" measures the potential productivity of the land for growing timber. A site index indicates the height an average dominant tree of a given species will attain on that site in a well stocked stand in a period of 50 years. Sources of site indices: USDA Natural Resources Conservation Service and S. A. Newman Firm.
- (5) "Stumpage value" means the estimated value of merchantable trees which have not been severed from the land.
- (6) "Log value" means the value of logs which have been severed from the land and delivered (a "delivered log"), either to a processing mill site or to a place of lading for export.
- (7) "Logging cost" means the estimated sum of those costs, including truck haul, severance tax, and a factor for risk and profit to the logger, which are required to convert stumpage into logs delivered at a processing mill site or at a place of lading for export.
- (8) "Conversion return approach" means the method of estimating stumpage value by deducting logging costs from log value. This method of valuing stumpage assumes that the value of a tree equals the price that it will command delivered at a processing mill site or at a place of lading for export, less the logging costs to be incurred in converting it from stumpage to delivered logs.
- (9) "Sales comparison approach" means a method of estimating either property value or stumpage value by comparing the property or timber being appraised to similar properties that have been sold near the date of value, applying appropriate units of comparison, and making adjustments to the sale prices of the comparables based on the elements of comparison.
- (10) Cruising standards: Variable radius plot cruise installed by representatives of the S. A. Newman Firm.
- (11) Size specifications: Cruised and graded in variable log lengths: 4 inches, inside bark. All live trees containing at least one sixteen foot log to a 4-inch top diameter are included in the sample.

General Limiting Conditions

This appraisal is subject to the following general limiting conditions:

The legal description for the subject property is derived from records furnished by the client and is assumed to be correct. A title report on the subject property has not been made available to the appraiser. No opinion as to title is rendered, which is assumed to be marketable.

Any sketches or maps in this report are included solely to assist the reader in visualizing the property, and are not surveys. We have not surveyed the property or established corners, and assume no responsibility in connection with such matters.

It is assumed, for the purpose of this appraisal, that the respective county (if applicable) and Washington State Department of Natural Resources will grant a permit for the cutting and removal of this timber. Trees required to be left uncut as a condition of receiving a development permit are excluded herein.

The appraisal estimates the market value of the indicated timber but does not analyze the relationship between the value of these assets and that of stock or other securities or partnership interests through which the assets may be held.

The statements of value and all conclusions shall apply as of the date shown herein. The value of standing timber is volatile and can change quickly.

Log market contacts, profit expectations, and perceptions of the offered timber typically vary widely among different prospective purchasers. Hence, amounts bid or offered in sales of standing timber also vary widely among these parties at any given date.

This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the opinion of value. The S. A. Newman Firm does not authorize the partial re-printing of or out-of-context quoting from this report.

While reasonable care has been exercised in performing on-site timber cruises, and estimating timber volume and grade and other information contained herein, the S. A. Newman Firm (a) makes no warranties and/or representations as to the type, quality, quantity and/or suitability of timber located on the Property; (b) makes no express or implied warranties of merchantability or fitness for a particular purpose; and (c) makes no warranties and/or representations about whether, when or to what extent forest practices permit(s) will be issued to permit the harvest of this timber. In addition, S. A. Newman, Forest Engineers, Inc. has

not performed a soil survey. Statements concerning site drainage and operability of the terrain by yarding equipment are opinions only.

Species grades are allocated between timber deemed to be exportable as unprocessed logs ("exp") and timber deemed to be converted domestically ("dom"). This allocation is based on the actual distribution in the regional marketplace for a given grade and species as of the date of appraisal. A given allocation adjusts for differences in log length, surface clearness, and other quality size characteristics among various stands. The distribution of subject timber by a particular purchaser may differ from the assumed allocation.

These cruises and timber appraisals have been prepared for the sole and exclusive use of Re-Solve as our firm's client and for its co-clients State of Washington Department of Natural Resources ["DNR"] and Kitsap County. DNR reportedly will serve as contract administrator, and payment for the services will be from Kitsap County. The sole function of the cruises and timber appraisals (including companion report) is to assist in establishing the market value of each property or parcel subunit as a whole as a basis for a proposed land exchange and reconveyance between the two public entities. This analysis shall not be relied upon by any party except Re-Solve and its staff, DNR or Kitsap County or used for any other function without the express written consent of the S. A. Newman Firm. Neither all nor any part of the contents of this report shall be conveyed to any person or entity, other than the above named parties, through advertising solicitation materials, public relations, news, sales, or other media without the written consent and approval of the author(s), particularly as to valuation conclusions, the identity of the appraiser or firm with which the appraiser is connected, or any reference to the Appraisal Institute. Further, the appraiser or firm assumes no obligation, liability, or accountability to any party except our client. If this report is placed in the hands of anyone but the client, client shall make such party aware of all the assumptions and limiting conditions of the assignment.

While reasonable care has been exercised in preparing the information and opinions herein, prospective purchasers and third parties are urged to retain their own experts and conduct and rely solely upon their own inspection and analysis of the property and its future prospects. The appraiser is in no way responsible for any costs incurred to discover or correct any deficiency in the property. The appraiser assumes that there are no hidden or unapparent conditions of the property or subsoil which would render it more or less valuable. Description of environmentally critical areas illustrate certain reported on-site conditions but is not intended to describe all environmentally critical areas which might exist.

Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyls, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, or other environmental conditions, were not called to the attention of nor did the appraiser become aware of such during the appraiser's inspection. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test such substances or conditions. If the presence of such substances, such as asbestos, urea formaldehyde foam insulation, or other hazardous substances or environmental conditions, may affect the value of the property, the value estimate assumes that there is no such condition on or in the property or in such proximity thereto that it would cause a loss in value. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to discover them. An expert would need to be engaged to field inspect the property to identify environmental hazards. Therefore, this appraisal should not be relied upon as to whether or not environmental hazards actually exist on the property.

PART II – FACTUAL DATA

Description of On-Site Timber Stands

The legally harvestable timber occurs on level to moderately sloping terrain with a mosaic of soil types—mostly gravelly sandy loam. Wildcat and Lost Creek, both type “F” waters, cut fairly deep draws through Kitsap North & South subunits respectively. The inner gorge areas flanking Wildcat Creek and outside the maximum applicable RMZ width include some sidehills with moderate to high slope instability. The inner gorge areas flanking Lost Creek and outside the maximum applicable RMZ width include a significant number of sidehill areas with high hazard of slope instability and geomorphology indicating a potential history of deep seated landslides. Numerous type N tributary streams also drain across portions of both subunits.

Kitsap North & South subunits include moderate to well stocked natural origin stands with predominately Douglas fir ranging from 45 to 80 years old. Douglas fir plantations on these subunits are all well stocked and range from 12 to 26 years old.

Timber on Kitsap North and north half of Kitsap South is physically accessed via good gravel roads which connect to paved NW Wildcat Lake County Road. A major road washout at the former gravel road crossing at Lost Creek isolates the south half of Kitsap South from the remainder. Another washout on some road system occurs in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Sec. 11-T24N-R1W. Some portions of roadway each side of washouts exhibit gullying with potential for sediment delivery to Lost Creek.

Harvest Regulatory Constraints

Land use conversions. RCW 76.09.060(3)(d) as amended July 2007 prohibits conversion to a land use other than "commercial forest product operations within six years after approval of the forest practices application or notification without the consent of the county ... to which the forest practices operations would have been subject if the application had stated an intent to convert." Actual permitted harvest in land use conversions is subject to county review on a case-by-case basis. A harvest compliant with conversion guidelines—a Class IV-General forest practices—is generally more restrictive than permitted under other classes of forest practice. In particular, harvest is generally prohibited on those parts of a site regulated under the county critical areas ordinance such as steep slopes, other geologically hazardous areas, wetland and frequently flooded areas.

Forest practices. RCW 76.09 and WAC 222 regulate forest land use and forestry operations on private lands and public lands under State jurisdiction, including road construction and maintenance, timber harvesting, reforestation and use of forest chemicals. A permit to perform major forest practices is subject to review by the Washington State Departments of Natural Resources, Ecology, Fish and Wildlife, and potentially by Kitsap County. Recent and significant changes in forest practices rules:

Riparian Restrictions: Forest and Fish Emergency Rules (FFER) effective March 20, 2000 implemented the Forests and Fish report. Permanent rules were adopted May 17, 2001 effective June 30, 2001. Features changes in permitting of streamside timber harvesting designed to increase protection of aquatic and riparian habitats under WAC 222-30-021. Riparian management zone (RMZ) dimensions vary depending on site class, i.e., growing conditions or productivity of the site. The rules establish three riparian zones--core, inner and outer zones.

Timber within the core zone, or 50 feet upland from bankfull width or channel migration zone of a fish bearing water (type "S" or "F", fka types 1, 2 or 3), is generally legally non-harvestable. Any tree within 75 feet of stream which provides shade to fish bearing water is, in most instances, non-harvestable.

Inner zone ranges from 10 to 100 feet wide upland from core zone, depending on site class. Harvest options are limited, but conditionally permitted in inner zone. If stocking suffices, permitted harvest therein might consist of thinning from below or option to harvest all but designated leave trees closest to water within zone depending on specified size and basal area of conifers and, to a limited extent, all species existent prior to harvest.

Outer zone extends from outer limits of inner zone to maximum RMZ width under WAC 222-12-090, which roughly equals potential site height at 100 years for commercial conifer species. Tree retention within outer zone generally requires leaving twenty or more well distributed 12" dbh* conifers per acre or other retention strategy which protects sensitive areas in that zone.

In addition to the above described riparian protective measures, a 50-foot "no-harvest" buffer is generally prescribed each side of non-fish ("N") stream for a distance greater than or equal to fifty percent of a type N water length upstream from confluence with fish-bearing water, where type N water is 1000 feet in length or less. Additional 50-foot "no-harvest" buffer on each side of type N stream is required greater than 1000 feet upstream from confluence with fish bearing water ranging from 19 to 45% of stream length above 1000-foot mark.

Application to the subject. Timber in this instance is first valued under a Class III forest practice with no land use conversion proposed. Washington State Department of Natural Resources is lead agency for this class of forest practice. Significant land area is excluded from cruise in buffer to each side of type F streams, type A wetlands, and limited segments of type N streams. Wildlife reserve leave tree requirements are largely satisfied with leave trees in buffer to shorelines, and minor additional tree retention only therefore applies for forest practices regulations.

Timber is also alternatively valued under a Class IV-General forest practice proposing conversion of the property to residential or other non-forestry use on all units except no. 2. Clearing regulations in each county restrict or prohibit disturbance or removal of vegetation from those parts of the site identified as environmentally critical such as steeper slopes or wetlands under the conversion analysis. Trees left uncut also serve as an amenity to and are implicit in the value of the underlying land. Thus, the contributory value of *all* on-site timber is fully considered in estimating market value.

For purposes of this appraisal the Class IV-General harvest analysis shown herein for applicable units assumes that 30% of trees in upland areas of each respective appraisal unit is left uncut to serve as an amenity to the underlying land in addition to trees excluded from inventory adjoining type F streams and other waters.

RMAP/Ongoing Forest Practices Obligation status. State DNR regulates road construction, maintenance and abandonment under WAC 222-24. Like other major industrial landowners, Pope Resources L.P. is believed to have filed with DNR Forest Practices Section an approved road maintenance and abandonment plan (RMAP) on its ownership. A successor landowner is generally liable for performing uncompleted maintenance or abandonment work prescribed under the plan for the property at issue. On some sites, the cost of such work is substantial and therefore can materially affect contributory timber or property value. The estimated cost of road-related work in this instance is implicit in estimated costs to construct or re-construct roads, or specifically itemized as maintenance and abandonment element itemized in each estimate of logging cost per MBF for each unit.

Similar obligations relate to reforestation requirements under WAC 222-34: a forest land owner is generally required to notify a buyer of such obligation on a "Notice of Continuing Forest Land Obligation" form upon sale of such real property.

In this instance minor routine road maintenance only applies to Kitsap North. For the south portion of Kitsap South, major potential remediation and road abandonment work potentially applies in the vicinity of the two major washouts on Lost Creek and a tributary stream. For purposes of this appraisal, log haul for timber south of Lost Creek is assumed via DNR Gold Mountain (GM) No. 6 road which connects to paved Gold Creek (County) Road West. Haul via this route will require the construction of up to three connector roads to tie the GM-6 route to the now fragmented County road system. Under this scenario the washout areas would not be rebuilt, but would instead be permanently abandoned and remediated. Despite the longer log haul via GM-6 road, this option is the preferred economic and environmental alternative. Reconstruction of the washouts, if performed, would require costly bridge or large bottomless arch pipe crossings.

Wildlife and other Issues. In addition to riparian restrictions intended to protect fish habitat and water quality, certain restrictions potentially apply to forest practices to protect terrestrial and avian wildlife.

The undersigned consulted applicable current forest practices "Resource" maps to identify wildlife issues referenced above. The Resource maps did not identify any wildlife species, or archeological issues of concern.

PART III – DATA ANALYSIS AND CONCLUSION OF VALUE

Methodology

The valuation process is based on analysis of pertinent general and specific data. A conversion return method—a variant of an income approach—is relied upon in this instance with respect to on-site timber, reflecting the type of property, the intended use of the appraisal, the identified scope of work, and the quality and quantity of data available for analysis. The State has not offered or sold export-unrestricted sales usable as potential comparables due to the Act noted below; and such sale data are generally unavailable from alternative sources. A discounted cash flow analysis is not applied because the individual appraisal units being valued are insufficiently sized to derive a stabilized cash flow.

The Forest Resources Conservation and Shortage Relief Act of 1990 (Public Law 101-382) (the "Act") restricts the export of unprocessed timber originating from State and other public land. Chapter 240-15 of the Washington Administrative Code implements these restrictions, beginning January 1, 1991. Generally, the Act requires each agency managing public lands to designate timber sales to be sold as export-restricted and as exportable. The Act prohibits the export of unprocessed timber from export-restricted sales, but permits the export of unprocessed timber from export-unrestricted sales. Moreover, the Act does not apply to privately owned forest land. The Ninth Circuit Court of Appeals in May 1993 ruled that this Act violated 10th Amendment guarantees of state sovereignty. *Board of Natural Resources v. Brown*, 92-35004. The Act was, however, reinstated in slightly amended form; and as amended upheld state regulations adopted pursuant to the 1990 law. The extent that timber from public and private land is actually exported remains subject to normal qualitative and market constraints.

We first analyzed the subject stumpage for the purpose of evaluating those factors which would add to or detract from its value, such as log quality, location, accessibility, logging conditions, road construction requirements, and proximity to market. We also analyzed site factors to identify whether a land use more intensive than timber growing and harvesting might be permitted in the near to mid-term. The existence of environmentally sensitive conditions such as steep slopes, wetlands, intervening streams, critical aquifers, and flood, erosion, landslide and seismic hazards often preclude more intensive uses under the critical areas ordinance adopted by each county.

All timber is valued under the premise of a Class III (i.e., no land use conversion within six years) forest practice as described in the prior "Harvest Regulatory Constraints". Minor tree retention for wildlife reserve, green recruitment and wetland management zones is required in a Class III forest practice under WAC 222-30-020. WAC 222-30-021 and prior emergency rules in effect since March 20, 2000 include changes in permitting of stream-side timber harvesting designed to increase protection of aquatic and riparian habitats under WAC 222-30-021. Riparian management zone (RMZ) dimensions vary with site class, i.e., with growing conditions or site productivity.

Timber on both subunits is alternatively valued under a Class IV-General forest practice. Under a Class IV-General forest practice proposing conversion of the property to residential or other non-forestry use, clearing regulations of Kitsap County restricts or prohibits disturbance or removal of vegetation from environmentally critical sites. Trees left uncut also serve as an amenity to and are implicit in the value of the underlying land. Thus, the contributory value of *all* on-site timber is fully considered in estimating market value.

Adjustment of hidden defect and breakage. Inventory volumes provided to S. A. Newman for each of the indicated ownership reportedly are unadjusted for hidden defect and prospective breakage. Applicable adjustment factors vary with tree size and age, stand density, topography and yarding method; and thus potentially vary slightly by unit. Adjustment factors by species average as follows (in percent):

	Kitsap North & South %
Douglas fir OG	n/a
Douglas fir SG	2.0
Hemlock	2.5
Other conifers	2.5
Red cedar	3.0
Alder	3.0
Maple	3.5
Other hardwoods	3.0

Estimation of Average Log Values

The compilation of log prices from private sources involved our contact with mills and other log buyers in the market area to survey prices being paid for delivered logs of various grades and species at the valuation date, and of analyzing these data to estimate average log values.

On-site timber is valued to an export-unrestricted market. Given the function of this report, the applicable date of value is a current date—March 10, 2009. Reconciled value for each log sort is appraiser's reconciled estimate derived from personal interview with various log buyer sources or published sources as of that date. Export-type logs were priced as non-FAS and assumed an average log length of 36 feet or greater. Export logs range from 26 to 40 feet; domestic logs range from 12 feet to 40 feet.

Sources coded in tables 1, 2 and 3 consist of the following log destinations and log buyers, listed in altered sequence in some instances to protect confidentiality where applicable. Sources surveyed and shown in parenthesis were not found to result in maximal net value:

- Douglas fir: Poles to McFarland at Shelton, export to Formark in Everett; domestic sawlogs to Simpson in Tacoma: 4S/CnS to Dayton; pulp to Shearer Bros. in Shelton. (Green Crow, M&R in Port Angeles, Holbrook in Tacoma, Olympia and Aberdeen; Weyerhaeuser in Tacoma and Aberdeen)
- Hemlock: All export type and 2 and 3 saw to Western Wood Products at Buckley; 4S/CnS and pulp to Shearer Bros. at Shelton. (Green Crow and M&R in Port Angeles; Weyerhaeuser at Tacoma and Aberdeen, Holbrook at Tacoma, Olympia and Aberdeen; Simpson at Shelton and Port Angeles. (Portac at Beaver, Allen at Hoh River)
- Pines: All as pulp to Shearer Bros. at Shelton. (No current market for sawlogs.)
- Red cedar: Marys River Lumber at Port Angeles (Holbrook at Tacoma, Olympia and Aberdeen; Green Crow in Port Angeles)
- Alder: Sawlogs to Washington Alder in Port Angeles; (Seaport Lumber at South Bend; NW Hardwoods at Centralia; Cascade Hardwoods at Chehalis); pulp at Shearer Bros. at Shelton.

- Maple: Sawlogs to Cascade Hardwoods at Chehalis (Washington Alder at Port Angeles); pulp to Shearer Bros. at Shelton (Edmon at Tacoma; NW Hardwoods at Centralia)
- Cottonwood: Herman Bros. at Port Angeles (Shearer Bros. at Shelton). Note: No acceptable sawlog market currently exists for cottonwood which is therefore all processed as pulp.

The reconciled log value rates that appear in each of the following stumpage analyses are appraiser's estimate of log values, weighted to reflect reliability of sources and relative quantity purchased. It is assumed that the property owner would, subject to normal market and quantitative constraints, sell harvestable timber or logs at the highest available price. Specific sources do not, however, consistently quote high relative prices for all grades or sorts of a given species. Therefore, although reconciled values generally appear near the upper end of the range of price quotes, it is impracticable to procure the highest price quotes for all grades and sorts. Reconciled log value for some sorts only falls outside or exceeds range of quotes in order to reconcile with quotes for other sorts which are qualitatively superior or inferior. Reconciled value also reflects that some destinations are preferred to minimize hauling cost if net stumpage value is thereby maximized. These data are then applied to the subject timber based on the indicated log grade composition.

Table 1. Log prices quoted from various sources to processing mill site as basis for reconciled value in north Puget Sound area and vicinity as of March 10, 2009.

			Source					
			A	B	C	D	E	F
Douglas fir:	Exp:	SMJ	650	700				
		2J	570	500				
		2C	520	450				
		2K	480	350				
		3J	450	450				
		3K	400	350				
	Dom:	2S	370	300	330	350	360	
		3S	290	200	230	300	330	
		CnS/4S	100	150	200	250	280	
			Pulp					250
							\$30/T	
Hemlock:	Exp:	SMJ		450				
		2J	440	400				
		2C	400	375				
		2K		350				
		3J	400	375				
		3K	370	350				
	Dom:	2S	320	250	210	250	290	
		3S	220	250	150	220	245	
		CnS/4S	100		120	175	200	
			pulp					265
							\$30/T	
Pines/Spruce	Dom:	2S	220	170			175	
		3S	220	125			175	
		CnS/4S		75			175	
			pulp					265
							\$30/T	
Red cedar:	Dom:	30"+	550					
		3S	700	650	600			
		4S	400	400	400			

Table 1 (continued)

21

North Puget Sound area
as of March 10, 2009

		Source				
		<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
Alder:	15"+	400	450	450	525	
	12-14"	400	450	450	525	
	10-11"	400	400	350	475	
	8-9"	350	325	300	450	
	6-7"		200		400	
	Util.				210	255
				\$25/T	\$30/T	
Maple/birch:	20"+	720				
	14"+		700			
	12"+	300	(450)	250	300	
	10-11"	300	(450)	200	300	
	8-9"	220	200	200	300	
	6-7"				180	
	Util.				180	220
				\$22/T	\$27/T	
Cottonwood:	24"P	75		90		185
	14-23"	75		90		
	12-13"	75		70		
	Pulp					165
					\$22/T	

Table 2. Log prices quoted from various sources to processing mill site as basis for reconciled value in south Puget Sound area and vicinity as of March 10, 2009.

			Source							
			A	B	C	D	E	F	G	H
Douglas fir:	Exp:	SMJ	400	400						
		2J	350	350						
		2C	350	350						
		2K	300	300						
		3J	350	350						
		3K	300	300						
	Dom:	2S	225	225	375	375	300			
		3S	200	175	240	240	300			
		CnS/4S	200	175	240	240	275*			
			Pulp						190	190
								\$23/T	\$23/T	
Hemlock:	Exp:	SMJ	300	300				450		
		2J	300	300			N.B.	450		
		2C	300	300				450		
		2K	300	300				450		
		3J	300	300				450		
		3C						450		
		3K						450		
	Dom:	2S	175	175	200	200		380		
		3S	175	175	185	185		380		
		CnS/4S	170	175	185	185				
		pulp						205	210	
								\$23/T	\$24/T	
Spruce:	Dom:	2S	250	250	170	170				
		3S	250	250	170	170				
		pulp	75	75						
Red cedar:	Dom:	3S	600	600			800			
		4S	450	450			450			

*To Dayton.

Table 2 (continued)

23

South Puget Sound area
as of March 10, 2009

		<u>Source</u>		
		<u>A</u>	<u>C</u>	<u>F</u>
Alder:	15"+	500	500	
	12-14"	500	450	
	10-11"	450	400	
	8-9"	400	400	
	6-7"	300	275	
	Util.			220 \$26/T
Maple:	12"+	350		
	10-11"	350		
	8-9"	300		
	7"	200		
	Util.			210 \$26/T
Cottonwood:	pulp			150 \$20/T

Table 3. Log prices quoted from various sources to processing mill site as basis for reconciled value in Grays Harbor and Port Angeles area and vicinity as of March 10, 2009.

			<u>Source</u>	
			A	G
Douglas fir:	Exp:	SMJ	400	
		2J	400	
		2C	350	
		2K	350	
		3J	350	
		3C	350	
		3K	350	
	Dom:	2S	225	
		3S	225	
		CnS/4S	175	
		Pulp		190
				\$23/T
Hemlock:	Exp:	SMJ	200	
		2J	200	
		2C	200	
		2K	200	
		3J	200	
		3C	200	
		3K	200	
	Dom:	2S	125	
		3S	125	
		CnS/4S	125	
		Pulp		210
				\$24/T
Spruce:	Dom:	2S	150	
		3S	150	
		pulp		210
Red cedar:	Dom:		/	
		3S	700	
		4S	450	

		<u>Source</u>		
		<u>A</u>	<u>D</u>	<u>E</u>
Alder:	15"+	500		
	12-14"	450		
	10-11"	400		
	8-9"	300		
	6-7"	250		
	Util.		185	210
	C.R.	400		
			\$22/T	\$23/T
Maple:	Util.		180	180
				\$22/T
Cottonwood:	pulp		165	135
			\$22/T	\$18/T

Source and Specification Data for Douglas Fir Poles

Source of pole pricing: McFarland/Cascade, at Shelton WA. Prices quoted as of March 10, 2009.

Douglas fir: Average length: 65 to 70 feet
 Average price per pole: \$327
 Average volume per pole: 450 board feet
 Equivalent price/MBF: \$725

Adjustment to hauling cost for poles: Add surcharge equal to 5% of base trucking rate per MBF for each ten (10) feet in length over 55 feet, illustrated as follows [source: Mark Wentzel, Cascade Pole 11/7/08]:

Base Trucking Rate	Average pole length			
	60-65'	70-75'	80-85'	90-95'
\$50/M	\$2.50	\$5.00	\$7.50	\$10.00
55	2.75	5.50	8.25	11.00
60	3.00	6.00	9.00	12.00
65	3.25	6.50	9.75	13.00
70	3.50	7.00	10.50	14.00
75	3.75	7.50	11.25	15.00

Log haul to Everett for export Douglas fir (not poles) is derived as follows (from Kingston to Edmonds):

Loaded	\$ 69.30
Empty	34.65
Standby	<u>40.00</u>
	\$143.95/4.2M = \$34.27/M

Sources of Logging Cost Estimates Surveyed by S. A. Newman Firm

"Stump to Truck" Elements:

Sources of "stump to truck" costs in western Washington surveyed by the S. A. Newman Firm include Miller Shingle Company, Forest Marketing Enterprises Inc., Champion International, Buse Timber & Sales Inc., DHB Enterprises, WB Foresters Inc., Bloedel Timberlands Development Inc., Merrill & Ring, Erickson Logging and Western Pacific Log Supply. Each of these parties has provided to the reviewer its actual contracted "stump to truck" cost on specified timber sales for confidential use in estimating market value under IRC sec. 631(a) and for other functions. Table 4 attached hereto is based on these sources and S. A. Newman's long time practice in appraising timber and forest land.

Road Use Permit Fees:

A road use permit fee is typically payable for log haul across non-owned property intervening between a parcel being appraised and the nearest county or other public road, unless linked with a forestry easement or other road use easement. DNR and Kitsap County property are each deemed to be a separate ownership entity for this purpose, per instructions provided to the appraiser and appraisal practice typically followed under both USPAP and UASFLA.

DNR typically applies the following formula in calculating the fee it collects from third parties for the right to cross DNR-administered land, exclusive of cost-share for road maintenance (per MBF):

$$\$0.0075 \text{ per MBF} \times \text{cost of road replacement per mile} \times \text{number of miles}$$

This fee also reasonably reflects that charged by and among private owners of large sized properties in Washington state used to commercially grow and harvest timber. USDA Forest Service charges a similar fee rate in this region.

A base level of administrative cost and market inconvenience associate with procuring a temporary road use permit regardless of the extent of intervening non-owned property or cost of road replacement. When such a permit is required for log haul, therefore, appraiser applies a minimum fee rate of \$2.00 per MBF, or higher when indicated by the DNR formula. Appraiser further notes that in locales with smaller sized or private non-industrial ownerships or conflicting land uses such as residential, applicable fee rates are substantially higher and more variable than indicated by the DNR formula. In such instances, moreover, comity (i.e., courtesy or mutual respect for the intended land use) may be absent and thus create market stigma if uncertainty exists about the prospect

of procuring a temporary road use permit. Fee rates per MBF also are often higher to a widely varying extent if prospective harvest volume is low. These scenarios also need to be distinguished, of course, from road use for residential or other non-resource purposes, which typically requires a permanent easement of sufficient width and enabling land use terms.

Road Maintenance Cost

The S. A. Newman Firm periodically surveys the USDA Forest Service, Washington State Department of Natural Resources and managers of private commercial forest land regarding typical road maintenance cost (as well as other logging cost elements) in western Washington. Both public and private ownerships usually feature maintained road systems constructed as a single lane with turnouts.

Selected sources surveyed relevant to this assignment:

Art Gibson, road maintenance engineer with Quilcene Ranger District (located close to the tracts being appraised), Olympic National Forest, USDA Forest Service [May 14, 2008 comm.]: reports road maintenance cost averaging as follows based on 2007 records:

Road maintenance, without rock replacement:	\$1.39 per MBF per mile
Rock and surface replacement:	<u>1.49</u>
Total per MBF per mile:	\$2.88

Appraiser's note: Terrain on the tracts being appraised in general is more level to gently sloping than within the ranger district. Road maintenance cost is therefore expected to be lower.

Dan Septic, engineer with Naches Ranger District, Wenatchee National Forest [April 26, 2006 comm.]: reports cost averaging as follows in that locale:

Road maintenance (mostly blading & dust abatement):	\$ 0.85 per mile/MBF
Rock and surface replacement:	<u>1.20</u>
Total per MBF per mile:	\$2.05

Lee Spencer, area manager for Plum Creek Timber Company, corroborates Mr. Septic's estimate [May 19, 2006 comm.] Plum Creek had a cooperative road maintenance agreement with the Forest Service, paying a prorata (60%) share of total maintenance cost averaging \$2.00 per MBF per mile in operations in the Cascade Range.

Forest engineer (name not obtained) with Gifford Pinchot National Forest [June 5, 2008 comm.] reports cost averaging as follows in that locale (per MBF per mile):

	<u>Single lane</u>	<u>Double lane</u>
Traffic generated	\$0.65	\$0.70
Rock and surface replacement	0.60	0.86
Dust abatement	<u>0.38</u>	<u>0.60</u>
Totals per MBF per mile:	\$1.63	\$2.16

Other (older) sources:

State DNR, Olympic Region [July 1, 2005 comm. with district engineer]:

Mainline road maintenance: \$1.00 per MBF per mile

Spur (side) roads: 0.59

Bill Strong, engineer with Mount Baker-Snoqualmie National Forest (June 14, 2005 comm.): reports road maintenance cost averaging \$2.00 per MBF per mile.

Ron Baker, chief forester with Miller Shingle Company [April 2006 comm.]: estimates road maintenance cost averaging only about \$0.50 per MBF per mile

Cost of off-site maintenance is customarily shared among users proportionately to respective use.

Considering all of these sources, changes in cost over time, differences in terrain and contractual costs between public and private entities, and cost sharing where applicable, our firm's estimate of cost of road maintenance as of October 2008 averages \$1.00 per MBF per mile.

Logging Cost Elements: West Side Guide Cost/MBF (Benchmark Estimates Only)
Based on Average Scaling Length of 32 feet as of March 10, 2009

<u>Vol./Acre</u>	<u>Fall & buck</u>		<u>Yard & load</u>		<u>Overhead</u>	<u>Profit & risk to operator</u>
	<u>Ground</u>	<u>Hi-lead</u>	<u>Ground</u>	<u>Hi-lead</u>		
31M+	16	19	54	85	10	9-11
11-30	18	21	59	91	11	11-13
1-10	21	24	65	97	12	13-15

Stump to Truck

<u>Vol./Acre</u>	<u>Ground</u>		<u>Highlead/tower</u>	
	<u>Clear Cut</u>	<u>Selection Cut</u>	<u>Clear Cut</u>	<u>Selection Cut</u>
31M+	90	115	124	146
11-30	101	124	135	160
1-10	112	134	147	174

Road Construction (dollars/station)

<u>Slope %</u>	<u>Dry/Well</u>	<u>Wet and/or</u>
	<u>Drained</u>	<u>rocky</u>
0-20	825-1175	1175-1625
21-35	1175-1675	1600-2100
36+	1675+	2100+

Road Maintenance (Mainline roads) (will vary based on distance to rock source and other cooperative users if any)

<u>Terrain</u>	<u>Cost/Mile/MBF</u>		
	<u>USFS</u>	<u>State</u>	<u>Private</u>
Level-gentle	\$1.65	1.35	0.85
Average	2.20	1.65	1.10
Steep	2.75	1.90	1.40

Road Reconstruction (dollars/station)

<u>Slope %</u>	<u>Dry/Well</u>	<u>Wet and/or</u>
	<u>Drained</u>	<u>rocky</u>
0-20	100-300	300-600
21-35	300-600	600-900
36+	600-900	900-1300

Road abandonment

<u>Condition</u>	<u>Cost/Sta.</u>
Light	\$15-20
Average	35-55
Heavy	80-100

<u>Truck Haul:</u>	<u>Road Type</u>	<u>Tariff rate</u>
	A-miles	\$0.063
B-miles	0.087	
C-miles	0.113	

Basic charge \$1.48

Avg. volume/load: All alder/maple: 3300 board feet

All conifers: Puget Sound 3500 – 4300 Bd.Ft.

Avg. haul weight: 52,000#

W. Olympic Penin. – 3600-4400 Bd. Ft.

Washington State Utilities and Transportation Commission (WUTC) deregulated intrastate log haul rates in 1994: previously issued tariff rates are adjusted to reflect market rates in March 2009. The cost specific to each parcel reflects the tariff rate that pertains to the type of road over which the timber will be hauled, and number of miles to the appropriate market destination, weighted by log volume. The "basic charge" is the transportation charge per 1000 lbs.

ANALYSIS OF MERCHANTABLE TIMBER BEING APPRAISED

Parcel: Kitsap North
 Location: Secs. 1, 11 & 12-T24N-R1W
 Total acres: 221.0
 Merch. acres: 138.1

Cruise Summary: Estimated net volume in thousands of board feet and projected harvest volume under (alternatively) Class III and Class IV-General forest practices:

<u>Species</u>	<u>Cruised Volume¹</u>	<u>Adjusted Cruise Volume²</u>	<u>Class III³</u>	<u>Class IV- General⁴</u>
Douglas fir	1436	1400	1379	980
Hemlock	193	187	184	131
White pine	135	131	129	92
Lodgepole pine	8	8	8	6
Red cedar	101	97	96	68
Alder	13	12	12	8
Cottonwood	<u>3</u>	<u>3</u>	<u>3</u>	<u>2</u>
Totals:	1889	1838	1811	1287

Log grade composition is itemized in a following log value analysis.

¹Cruise by representatives of S. A. Newman Firm in March 2009. Excludes timber within no-cut riparian and wetland buffers under WAC 222-30. Addendum C includes cruise detail by type and sampling statistics.

²Adjusted cruise volume adjusts for hidden defect and minor prospective breakage.

³A Class III forest practice excludes minor reserve and green recruitment trees where applicable under WAC 222-30-020. Timber left within RMZ's & WMZs largely meets this requirement.

⁴A Class IV-General forest practice excludes timber on those portions of the tract projected as environmentally critical under the county's critical areas ordinance and additional timber (if any) projected as more valuable as an amenity than as stumpage. Such timber is valued as a unit with the underlying land.

Log Grade and Weighted Average Log Value by Species, as of March 10, 2009:

<u>Species</u>	<u>Grade</u>	<u>%</u>	<u>Log Value</u>	<u>Weighted Log Value</u>	
Douglas fir :	Exp:	2J	.01	\$570	
		2C	.05	520	
		2K	.11	480	
		3J	.02	450	
		3C/3K	.23	400	
	Dom:	Poles	.03	725	
		2S	.06	300	
		3S	.13	300	
		4S/CnS	.31	275	
		Pulp	.05	190	\$359
Hemlock:	Exp:	2K	.04	450	
		3C/3K	.20	450	
	Dom:	2S	.05	380	
		3S	.08	380	
		4S/CnS	.47	205	
		pulp	.16	205	287
White pine:	Dom:	C.R.	1.00	185	185
Lodgepole pine:	Dom:	C.R.	1.00	185	185
Red cedar:	Dom:	3S	.62	800	
		4S	.38	450	667
Alder:	Saw:	8-9"	.28	300	
		Pulp	.72	220	242
Cottonwood:		pulp	1.00	165	165

Estimate of Logging Cost per MBF under both Class III and Class IV-General Forest Practices (substantiating data follows):*

	Class III	Class IV-G
Road use permit fee	-	-
Road construction: 16 sta. @ \$1000/1811M =	8.83	-
Class IV-G: 11 sta. @ \$1100/1287M		9.40
Road reconstruction: 32 sta. @ \$375/1811M	6.63	-
Class IV-G: 7 sta. @ \$200/1287M	-	1.09
Road maintenance & abandonment (\$2000 allowance):	1.11	1.56
Stump to truck**	101.00	113.00
Truck haul	67.19	67.19
Fire protection & slash disposal	3.00	4.00
Boundary delineation and permit fees	3.00	4.50
Washington State timber excise tax	<u>13.52</u>	<u>13.52</u>
Total:	\$204/M	\$214/M

Yarding & loading: Ground methods: 90%
Highlead/tower: 10%

Note: Net value is unadjusted for cost of reforestation, which is generally required by law under WAC 222-34 unless the harvest application states that the land will be converted to another use. WAC 222-34-010 details other exceptions. Reforestation is an improvement to the underlying land both for appraisal and most tax purposes. Cost of reforestation typically ranges from \$160 to \$270 per acre for acres actually reforested, varying with location, site conditions, stocking density, size and species of seedlings or transplants, and project size. Whether the purchaser or seller of the timber pays this cost should be stipulated contractually.

*Fire protection and slash disposal cost shown assumes ordinary forest practices abatement and excludes costs of off-site debris hauling, slash chipping, stump pulling or grinding and disposal, land grading, buffer barricading, and also excludes costs of tree marking, reforestation, real estate excise tax or business and occupation tax, and sales fees (if any) that may be incurred in procuring or harvesting the timber.

**As used herein, "stump to truck" elements consist of falling & bucking, yarding & loading, operator's overhead and profit & risk to operator only.

Washington State timber excise tax (WAC 458-40): Stumpage Value Area 4, Haul Zone 2; numbers following volume are timber quality codes (QC); volume per acre adjustment: \$15; logging conditions adjustment: \$0. Note: State of Washington Department of Revenue established the stumpage rates per MBF stated below during the months prior to the six-month period to which they apply for the purpose of calculating timber excise tax: same rate applies to both Class III and IV-G forest practices:

<u>Species</u>	<u>QC</u>	<u>MBF</u>	<u>Rate</u>
DF poles	1	41	@ \$670
Douglas fir	2	1268	343
Hemlock	3	155	254
Red cedar	1	96	629
Alder	1	3	451
Chipwood	1	<u>248</u>	<u>81</u>
		1811	322 x 4.2% = \$13.52/M

Truck haul - Volume in MBF:

<u>Species</u>	<u>MBF</u>	<u>Everett</u>	<u>Shelton</u>	<u>Dayton</u>	<u>Tacoma</u>	<u>Port Angeles</u>	<u>Buckley</u>
D.F. S.G.	1379	579	111	427	262	-	-
Hemlock	184	-	116	-	-	-	68
Red cedar	96	-	-	-	-	96	-
Alder	12	-	9	-	-	3	-
Pine	137						
Cottonwood	<u>3</u>	<u>-</u>	<u>137</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>-</u>
Totals:	1811	579	373	427	262	102	68
Pct. of total:		32%	20%	24%	14%	6%	4%

	A	B		C		D		
Everett:	44-A	@	.	.063	x	.32	0.89	
Shelton:	46-A		.	.063		.20	0.58	
Dayton:	54-A		.	.063		.24	0.82	
Tacoma:	45-A		.	.063		.14	0.40	
Port Angeles:	74-A		.	.063		.06	0.28	
Buckley:	65-A		.	.063		.04	0.16	
	0.6-C		.	.113			0.07	
	Basic charge						<u>1.48</u>	
	52,000#/4.2M x						4.68	\$57.94/M
	Surcharge pole flagging: 41/1811 x 5.00 =						0.11	
	Ferry & standby: 579/1811M x 28.60 =						<u>9.14</u>	
								\$67.19/M

Washington State Utilities and Transportation Commission (WUTC) deregulated intrastate log haul rates in 1994: previously issued tariff rates are adjusted to reflect market rates in March 2009. The cost specific to each parcel reflects the tariff rate (column C) that pertains to the type of road (col. B) over which the timber will be hauled, and number of miles (col. A) to the appropriate market destination, weighted by log volume (col. D). The column C rate is the transportation charge per mile per 1000 lbs. to be added to the basic charge per 1000 lbs.

Road Maintenance and Abandonment: Minor allowance only used for appraisal purposes to allow for minimal maintenance with one potential culvert upgrade only.

Indications of Contributory Stumpage Value as of March 10, 2009:**Class III Forest Practice**

Douglas fir S.G.	1379	M	@	(\$359 - \$204)	=	\$213,745
Hemlock	184			(287 - 204)		15,272
White pine	129			(185 - 204)		(2,451)*
Lodgepole pine	8			(185 - 204)		(152)*
Red cedar	96			(667 - 204)		44,448
Alder	12			(242 - 204)		456
Cottonwood	3			(165 - 204)		(117)*
Gross total (unrounded):						\$271,201
Value contribution @ 110%:						\$298,000

Class IV-General Forest Practice

Douglas fir S.G.	980	M	@	(\$359 - \$214)	=	\$142,100
Hemlock	131			(287 - 214)		9,563
White pine	92			(185 - 214)		(2,668)*
Lodgepole pine	6			(185 - 214)		(174)*
Red cedar	68			(667 - 214)		30,804
Alder	8			(242 - 214)		224
Cottonwood	2			(165 - 214)		(98)*
Gross total (unrounded):						\$179,751
Value contribution @ 100%:						\$180,000

Each indicated estimate of value contribution typically adjusts for nominal uncertainty in marketplace about extent of permitted volume at prospective harvest dates, marketing and management costs; normal time delay to receipt of timber or log sale proceeds; and risk and profit to landowner in resale of timber commodity. An adjustment for *each* of these foregoing items in line item form is not inferable from available market data relevant to this particular property; property and survey data usually support, however, a *collective* adjustment for these elements in deriving indications of contributory stumpage value.

*Fixed elements of harvest costs are prorated among all species expected to be legally harvestable and in which marginal revenue per MBF exceeds average variable costs. Effect in this instance is a negative overall stumpage rate on white pine, lodgepole pine and cottonwood only: stumpage value is nonetheless maximized.

The market value of on-site timber under an "immediate harvest" scenario has, however, fallen substantially since 2007. Limited available market data suggests that the market value of industrial-sized forest land sold as a unit with merchantable timber thereon has changed more moderately, due to continued interest among pension and endowment funds and other institutional investors in including timberland as part of an investment portfolio. Base adjustment is therefore moderated upward by 10% for a Class III forest practice and equals the unadjusted ("gross") total for a Class IV-General forest practice. These adjustments reflect that value contribution exceeds that of immediate harvest value, while also reflecting those factors cited on page 36 which in most market periods through year 2008 caused the value contribution to be lower than the derived gross total.

Parcel: Kitsap South
 Location: Secs. 11 & 12-T24N-R1W
 Total acres: 320.0
 Merch. acres: 141.0

Cruise Summary: Estimated net volume in thousands of board feet and projected harvest volume under (alternatively) Class III and Class IV-General forest practices:

<u>Species</u>	<u>Cruised Volume¹</u>	<u>Adjusted Cruise Volume²</u>	<u>Class III³</u>	<u>Class IV-General⁴</u>
Douglas fir OG	42	41	41	29
Douglas fir SG	1175	1151	1139	806
Hemlock	169	164	162	115
White pine	46	45	45	32
Lodgepole pine	7	7	7	5
Red cedar	89	86	85	60
Alder	163	158	156	111
Maple	<u>37</u>	<u>35</u>	<u>35</u>	<u>25</u>
Totals:	1728	1687	1670	1183

Log grade composition is itemized in a following log value analysis.

¹Cruise by representatives of S. A. Newman Firm in March 2009. Excludes timber within no-cut riparian and wetland buffers under WAC 222-30. Addendum C includes cruise detail by type and sampling statistics.

²Adjusted cruise volume adjusts for hidden defect and minor prospective breakage.

³A Class III forest practice excludes minor reserve and green recruitment trees where applicable under WAC 222-30-020. Timber left within RMZ's & WMZs largely meets this requirement.

⁴A Class IV-General forest practice excludes timber on those portions of the tract projected as environmentally critical under the county's critical areas ordinance and additional timber (if any) projected as more valuable as an amenity than as stumpage. Such timber is valued as a unit with the underlying land.

Log Grade and Weighted Average Log Value by Species, as of March 10, 2009:

<u>Species</u>		<u>Grade</u>	<u>%</u>	<u>Log Value</u>	<u>Weighted Log Value</u>
Douglas fir OG:	Exp:	2A	.26	\$650	
		2C	.15	520	
	Dom:	2S	.33	300	
		3S	.09	300	
		4S	.01	275	
		Pulp	.16	190	\$406
Douglas fir SG:	Exp:	2J	.01	570	
		2C	.04	520	
		3J	.03	450	
		3C/3K	.04	400	
	Dom:	Poles	.01	725	
		3S	.09	300	
		4S/CnS	.62	275	
		Pulp	.16	190	291
Hemlock:	Dom:	2S	.22	380	
		3S	.15	380	
		4S/CnS	.43	205	
		pulp	.20	205	270
White pine:	Dom:	C.R.	.94	185	
		pulp	.06	185	185
Lodgepole pine:	Dom:	C.R.	1.00	185	185
Red cedar:	Dom:	3S	.76	800	
		4S	.24	450	716
Alder:	Saw:	12"+	.03	500	
		10-11"	.18	450	
		8-9"	.06	300	
		6-7"	.08	220	
		Pulp	.65	220	275
Maple:	Saw:	12"+	.51	350	
		pulp	.49	210	281

Estimate of Logging Cost per MBF under both Class III and Class IV-General Forest Practices (substantiating data follows):*

	Class III	Class IV-G
Road use permit fee	\$ 2.00	\$ 2.00
Road construction: 72 sta. @ \$1100/1670M =	47.43	-
Class IV-G: 44 sta. @ \$1200/1183M		44.63
Road reconstruction: 34 sta. @ \$400/1670M	8.14	-
Class IV-G: 20 sta. @ \$475/1183M	-	8.03
Road maintenance & abandonment: (\$45,000 allowance):	26.95	38.04
Stump to truck**	103.00	115.00
Truck haul	63.94	65.94
Fire protection & slash disposal	3.00	4.00
Boundary delineation and permit fees	5.00	7.00
Washington State timber excise tax	<u>10.46</u>	<u>10.46</u>
Total:	\$270/M	\$295/M

Yarding & loading: Ground methods: 70%
Highlead/tower: 30%

Note: Net value is unadjusted for cost of reforestation, which is generally required by law under WAC 222-34 unless the harvest application states that the land will be converted to another use. WAC 222-34-010 details other exceptions. Reforestation is an improvement to the underlying land both for appraisal and most tax purposes. Cost of reforestation typically ranges from \$160 to \$270 per acre for acres actually reforested, varying with location, site conditions, stocking density, size and species of seedlings or transplants, and project size. Whether the purchaser or seller of the timber pays this cost should be stipulated contractually.

*Fire protection and slash disposal cost shown assumes ordinary forest practices abatement and excludes costs of off-site debris hauling, slash chipping, stump pulling or grinding and disposal, land grading, buffer barricading, and also excludes costs of tree marking, reforestation, real estate excise tax or business and occupation tax, and sales fees (if any) that may be incurred in procuring or harvesting the timber.

**As used herein, "stump to truck" elements consist of falling & bucking, yarding & loading, operator's overhead and profit & risk to operator only.

Washington State timber excise tax (WAC 458-40): Stumpage Value Area 4, Haul Zone 2; numbers following volume are timber quality codes (QC); volume per acre adjustment: \$15; logging conditions adjustment: \$0. Note: State of Washington Department of Revenue established the stumpage rates per MBF stated below during the months prior to the six-month period to which they apply for the purpose of calculating timber excise tax: same rate applies to both Class III and IV-G forest practices:

<u>Species</u>	<u>QC</u>	<u>MBF</u>	<u>Rate</u>
Douglas fir OG	2	34	@ \$343
Douglas fir SG	4	957	272
Hemlock	4	130	254
Red cedar	1	85	629
Alder	1	42	511
Maple	1	18	138
Chipwood	1	<u>404</u>	<u>81</u>
		1670	249 x 4.2% = \$10.46/M

Truck haul - Volume in MBF:

<u>Species</u>	<u>MBF</u>	<u>Everett</u>	<u>Shelton</u>	<u>Dayton</u>	<u>Tacoma</u>	<u>Port Angeles</u>	<u>Chehalis</u>	<u>Buckley</u>
D.F. O.G.	41	17	7	-	17	-		
D.F. S.G.	1139	136	194	706	103			
Hemlock	162	-	102	-	-	-		60
Red cedar	85	-	-	-	-	85		-
Alder	156	-	114	-	-	42		-
Pine	52		52					
Maple	<u>35</u>	<u>-</u>	<u>17</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18</u>	<u>-</u>
Totals:	1670	153	486	706	120	127	18	60
Pct. of total:		9%	29%	43%	7%	7%	1%	4%

	A	B	C	D	
Everett:	46-A	@	.063	x .09	0.26
Shelton:	41-A		.063	.29	0.75
Dayton:	47-A		.063	.43	1.27
Tacoma:	51-A		.063	.07	0.22
Chehalis:	90-A		.063	.01	0.06
Port Angeles:	76-A		.063	.07	0.34
Buckley:	67-A		.063	.04	0.17
	2.3-C		.113		0.26
	Basic charge				<u>1.48</u>
	52,000#/4.1M x				4.81 \$61.00/M
	Ferry & standby: 136/1670M x 34.27 =				<u>2.79</u>
					\$63.79/M

Washington State Utilities and Transportation Commission (WUTC) deregulated intrastate log haul rates in 1994: previously issued tariff rates are adjusted to reflect market rates in March 2009. The cost specific to each parcel reflects the tariff rate (column C) that pertains to the type of road (col. B) over which the timber will be hauled, and number of miles (col. A) to the appropriate market destination, weighted by log volume (col. D). The column C rate is the transportation charge per mile per 1000 lbs. to be added to the basic charge per 1000 lbs.

Road Maintenance and Abandonment. Significant culvert removal, site remediation and abandonment costs apply to two road washout areas and adjacent roads. Some sections of roads each side of washouts are gullied with current delivery of sediments to typed water. Both washouts have potential for additional failures and significant additional sediment delivery. Up to 5 stations of gullied road segment are situated in stream adjacent parallel location requiring full abandonment. Varying degrees of road decommissioning or abandonment apply elsewhere. In general up to 60 stations at an average \$200/station applies. Also, an additional estimated \$15,000 each for road fill removal, slope re-contouring, special soil stabilization and erosion control measures, revegetation and ongoing monitoring for up to five years.

Indications of Contributory Stumpage Value as of March 10, 2009:**Class III Forest Practice**

Douglas fir O.G.	41	M	@	(\$406 - \$270)	=	\$ 5,576
Douglas fir S.G.	1139			(291 - 270)		23,919
Hemlock	162			(270 - 270)		-
White pine	45			(185 - 270)		(3,825)*
Lodgepole pine	7			(185 - 270)		(595)*
Red cedar	85			(716 - 270)		37,910
Alder	156			(275 - 270)		780
Maple	35			(281 - 270)		<u>385</u>
Gross total (unrounded):						\$64,150
Value contribution @ 110%:						\$71,000

Class IV-General Forest Practice

Douglas fir O.G.	29	M	@	(\$406 - \$295)	=	\$ 3,219
Douglas fir S.G.	806			(291 - 295)		(3,224)*
Hemlock	115			(270 - 295)		(2,875)*
White pine	32			(185 - 295)		(3,520)*
Lodgepole pine	5			(185 - 295)		(550)*
Red cedar	60			(716 - 295)		25,260
Alder	111			(275 - 295)		(2,220)*
Maple	25			(281 - 295)		<u>(350)*</u>
Gross total (unrounded):						\$15,740
Value contribution @ 100%:						\$16,000

Each indicated estimate of value contribution typically adjusts for nominal uncertainty in marketplace about extent of permitted volume at prospective harvest dates, marketing and management costs; normal time delay to receipt of timber or log sale proceeds; and risk and profit to landowner in resale of timber commodity. An adjustment for *each* of these foregoing items in line item form is not inferable from available market data relevant to this particular property; property and survey data usually support, however, a *collective* adjustment for these elements in deriving indications of contributory stumpage value.

*Fixed elements of harvest costs are prorated among all species expected to be legally harvestable and in which marginal revenue per MBF exceeds average variable costs. Effect in this instance is a negative overall stumpage rate on indicated species only: stumpage value is nonetheless maximized.

The market value of on-site timber under an "immediate harvest" scenario has, however, fallen substantially since 2007. Limited available market data suggests that the market value of industrial-sized forest land sold as a unit with merchantable timber thereon has changed more moderately, due to continued interest among pension and endowment funds and other institutional investors in including timberland as part of an investment portfolio. Base adjustment is therefore moderated upward by 10% for a Class III forest practice and equals the unadjusted ("gross") total for a Class IV-General forest practice. These adjustments reflect that value contribution exceeds that of immediate harvest value, while also reflecting those factors cited on page 43 which in most market periods through year 2008 caused the value contribution to be lower than the derived gross total.

Present Net Worth Projection of On-Site Premerchantable Timber/ Reproduction

Methodology. This projection is applied to reproduction, premerchantable timber on the subject property, based on average age and applicable coverage area described earlier. Projected harvest date is long term and such projections are often unreliable, and highly sensitive to discount rate changes and assumptions on future value. Therefore, this projection is intended largely to corroborate value indicated by a sales comparison approach, whereby such stands are valued as a unit with the underlying land.

A cost approach is a potential indicator of reproduction value on newly planted and younger aged stands only. Its principal advantage with respect to such stands is a shorter term over which the invested cost outlays are deemed to appreciate in value, minimizing skewed results arising from discount rate assumptions. A principal disadvantage is that the value added by reforestation often deviates substantially from cost: value added is progressively high and significantly exceeds cost on highly productive sites; but cost-value relationship differs on marginally productive sites.

Principal assumptions in the present net worth analysis are as follows:

Future estimated gross volume to projected harvest data assumes normal growth and mortality and no interim cutting. Source of growth rate assumptions: Chambers, Charles J., *Empirical Growth and Yield Tables for the Douglas Fir Zone*, DNR Report No. 41 (October 1980), table 9 adjusted for utilization standards at the date of value, including 4-inch top diameter i.b. Harvest rotation at age 45 is assumed site index based on a 50-year site curve for Douglas fir ranges from 104 to 106. Source of site data: USDA Soil Conservation Service information. Yield indicated by percent of normal basal area ["PNBA"] is based on field examination by representatives of the S. A. Newman Firm in March 2009. PNBA from 120 to 140 is used for appraisal purposes.

Delivered log values per MBF as of March 10, 2009 (trended slightly to reflect status of log market cited earlier): Douglas fir \$465; hemlock \$340, red cedar \$780, and red alder \$330, pines \$195 and other conifers \$340.

Estimate of logging cost per MBF, including truck haul, excise tax and a factor for risk and profit to operator ranges from \$190 to \$210 per MBF. Logging cost rate reflects prospective change in volume per acre at economic rotation. The land expectation value based on land use for commercial timber production only is \$400 per acre for all PNW appraisal units.

Real (inflation-adjusted) capitalization rates are projected at 6.0%, based on analysis on following pages. Offset for interim value appreciation reflects a slower rate of value appreciation projected beyond year 2010 than between 1995 and 2010, and is partly offset by minor interim holding costs including ad valorem taxes and management.

The value indication as of March 10, 2009 is represented by the equation

$$PNW_t = \frac{NR_w + LEV}{(1 + i)^{w-t}} - LEV$$

where PNW_t = present value of an immature stand currently at age t

NR_w = net return of the immature stand at rotation age w

LEV = Land expectation value based on a highest and best use to commercially grow and harvest timber *only*

$w - t$ = number of years before the immature stand reaches rotation harvest age

i = annual real discount rate

In formula below, NR_w is presented as $V \times (LV - LC)$;

where V = net harvest volume per acre at rotation age

LV = log value per MBF as of date of value

LC = logging cost per MBF as of date of value.

Silvicultural Treatment Adjustments: Through mechanical and chemical treatments young Douglas fir plantations in western Washington are routinely treated to enhance volume and quality at rotation and abate undesirable tree species and other competing vegetation. The most effective and commonly applied method of broadleaf vegetation control is via aerial application of chemicals, although ground based spraying also sometimes applies. Site preparation spraying, before planting or release spraying before age four are most common, but depending upon site quality and other conditions aerial spray up to age eight is sometimes effectively applied. Under intensive management, stands typically receive two aerial applications. Cost for helicopter time for industrial sized projects generally range from \$25 to \$35 per acre and costs for chemicals, planning and field work, contracting, supervision and overhead can increase basic helicopter air time cost by up to 80%.

Beyond age eight aerial chemical spray of plantations becomes less feasible, and mechanical vegetation control or ground based spray is more applicable. A combination of the two ("hack and squirt") is sometimes used. A simple "slashing" project to eradicate all hardwoods in young plantations and requiring minimal decision making or supervision might be contracted at a rate as low as \$70/acre. A pre-commercial thinning ["PCT"] in 10 to 20 year old stands with a specified hierarchy of species retention, specific crop tree selection criteria, and variable spacing requirements depending upon stem sizes encountered requires a more experienced crew and potentially more supervision. In the latter instance, quality PCT work might cost up to \$200/acre. Costs for planning and field work, contracting, supervision and overhead applied to any mechanical treatments can be up to 50% of basic per acre contract price.

Based on the foregoing, this analysis is adjusted to reflect silvicultural treatments needed to attain yields indicated at rotation age for the various site conditions present. Not all acres are legally treatable with aerial spray under WAC 222-38 or court-ordered buffers. Further, some areas might not require treatment or plantations might already have been treated. Adjustments shown herein for appraisal purposes for silvicultural treatment costs are thus not intended to represent all potential plantation management expenses.

Source of Plantation Management Costs and Prescription Regimes:

Alan Staringer, Pilchuck Tree Farm Manager, Pacific Denkmann Company, 360-629-6800, x-1

Randy Bartelt, Forester, Trillium Corporation, 360-676-9400

Joseph Murray, Pysht Tree Farm Manager, M&R, 360-963-2378

Patrick Raymond, Hood Canal Tree Farm Manager, ORM, 360-297-0570, x-22

Dan Foster, Farm & Forest Helicopters, 360-507-5340

Kevin Alexander, Silviculturist, DNR-Olympic Region, 360-374-6131

Chris Hanke, Silviculturist, DNR-NW Region, 360-856-3500

PNW Type Group Descriptors:

<u>PNW Type No.</u>	<u>Species Composition*</u>	<u>Stand Age**</u>	<u>Site Index***</u>	<u>Rotation Age</u>	<u>PNBA</u>
KITSAP NORTH					
11	DF .80, oc .10, ra .05 wp .05	20	105	45	130
12	DF .85, oc .10, wp .05	12	104	45	120
KITSAP SOUTH					
11	DF .80, wp .10, oc .10	20	106	45	140
13	DF .85, wp .10, oc .05,	18	106	45	125
14	DF .75, oc .10, ra .10, wp .05	12	104	45	120

*Species composition (major species in upper case; minor species in lower case; percentage as a decimal): DF = Douglas fir, wh = western hemlock, rc = red cedar, wp = white pine, lp = lodgepole pine, oc = other conifer (mixed), ra = red alder.

**Stand age assumes 2009 growing season not yet commenced.

***Based on 50-year site curve for Douglas fir.

PNW Calculations @ 6.0% Capitalized Rate:

PNW
Type No.

KITSAP NORTH

$$11 \left(\left[\frac{20.0 \text{ MBF} \times (\$432 - \$190) + \$400}{(1 + 0.060)^{25}} \right] - \$400 \text{ LEV} \right) \times$$

7.0 acres = \$5,746 - silvicultural treatments @ \$75/acre = \$ 5,221

$$12 \left(\left[\frac{18.1 \text{ MBF} \times (\$439 - \$190) + \$400}{(1 + 0.060)^{33}} \right] - \$400 \text{ LEV} \right) \times$$

38.3 acres = \$12,153 - silvicultural treatments @ \$75/acre = \$ 9,281

Unadjusted total (unrounded): \$14,502

Total Kitsap North @ 110% (rounded): \$16,000

PNW Calculations @ 6.0% Capitalized Rate:

PNW
Type No.

KITSAP SOUTH

$$11 \left(\left[\frac{21.9 \text{ MBF} \times (\$426 - \$190) + \$400}{(1 + 0.060)^{25}} \right] - \$400 \text{ LEV} \right) \times$$

43.3 acres = \$38,859 - silvicultural treatments @ \$100/acre = \$34,529

$$13 \left(\left[\frac{19.7 \text{ MBF} \times (\$432 - \$210) + \$400}{(1 + 0.060)^{27}} \right] - \$400 \text{ LEV} \right) \times$$

17.0 acres = \$10,027 - silvicultural treatments @ \$75/acre = \$ 8,752

$$14 \left(\left[\frac{18.1 \text{ MBF} \times (\$426 - \$210) + \$400}{(1 + 0.060)^{33}} \right] - \$400 \text{ LEV} \right) \times$$

66.8 acres = \$15,364 - silvicultural treatments @ \$75/acre = \$10,354

Unadjusted total (unrounded): \$53,635

Total Kitsap South @ 110% (rounded): \$59,000

Summary of PNW Calculations as of March 10, 2009):

<u>PNW Type</u>	<u>Unadjusted Value Indication</u>	<u>Reprod./ Premerch. Area map acres</u>	<u>Value Contribution Averaged over Submerch/Premerch. per acre</u>	<u>Entire Appraisal Unit Land Area legal acres</u>	<u>Value Contribution Averaged over Land Area per acre</u>
Kitsap North	\$16,000	45.3	\$353	221.0	\$72
Kitsap South	59,000	127.1	464	320.0	184

Derivation of Capitalization Rate

The rate of return used to convert income into property value should represent the annual rate of return necessary to attract investment capital. This rate is influenced by many factors, including the degree of apparent risk, market attitudes toward future inflation, the prospective rates of return for alternative investments, and the rates of return earned by comparable properties in the past. Because the rates of return used in capitalizing income represent prospective rates, not historical rates, the market's perception of risk and changes in purchasing power are particularly important.

Risk factors. Risk is the chance of financial loss and the uncertainty of realizing projected future benefits. Risk factors inherent in owning and operating forest land include the following:

1. The possibility of a net decline, in inflation-adjusted terms, in stumpage values per MBF during the term of ownership. Stumpage values per MBF have, however, historically remained stable or increased slightly in inflation-adjusted terms over a long period. But prices will continue to be subject to sharp, cyclical fluctuations around any trend line as footnoted on a following page;
2. Any given stand of timber is subject to damage by fire, insects, and disease. Damage from any such causes is, however, localized and generally affects a minute percentage of the timber in any one year because of some geographic dispersion and low actuarial risk;
3. The possibility of a net decline in the general demand for timber products. Present domestic U.S. demand for timber products produced within the Pacific Northwest is moderate; increasing transportation costs have regionalized markets for these products. In addition, the quantity of sawtimber used in residential construction has slightly declined. Export markets available to Washington suppliers also are subject to fluctuation;
4. Most significantly, the prospect of increased regulation and control of natural resources by federal, state and local governments. Such restrictions and controls increase over time as affecting both harvestable volume and the exportability of unprocessed logs. "No Surprise" policy for Habitat Conservation Plan (HCP) participants does moderate regulatory risk on applicable properties but is inapplicable to the timber being appraised.

In light of the range of risk factors, however, the degree of risk is significant--likely comparable to that of other commercial property types. It is partly offset by various timber supply constraints and corresponding market prospect of increased scarcity.

Sources of real (inflation-adjusted) yield rates:

Inference from pricing of large acreage timberland sales in files of appraiser

Surveys of U.S. timberland managers and independent reports (*Wall Street Journal* and RISI) of such surveys

Inference from nominal rates prevailing among alternative competing investments including income securities and commercial markets (CBD office, regional mall, warehouse and apartment as surveyed by *Korpacz Real Estate Investor Survey*) adjusted for prospective inflation, comparative risk and prospective changes in real stumpage values.

Principal sources of prospective changes in real stumpage values: draft (1/19/2006) 2005 RPA Timber Assessment Update (Haynes *et al.*) and RISI. NCREIF timberland index of total returns serves as an indicator of historic nominal return only as described below.

Nominal rates of return. National Council of Real Estate Investment Fiduciaries (NCREIF) is a not-for-profit entity formed in 1982 to foster research on various classes of real estate. NCREIF also produces various fund and asset indices, including a "Timberland Index" since 1987. NCREIF Data Contributing Members submit data quarterly under real estate information standards (REIS) prescribed by NCREIF: for timberland assets these members include managers/ advisors that acquire and manage such property for tax-exempt institutional real estate investors. Its Timberland Index identifies quarterly total return, computed by adding the income return and capital value return. The S. A. Newman Firm chain-linked quarterly rates of return to calculate time-weighted rates of return for the annual or annualized periods under study, compounded quarterly.*

Period:	<u>10 years</u>	<u>5 years</u>	<u>12 months</u>
	1996-2005	2001-2005	06:3-07:2
Total return:	8.68%	7.32%	11.89%

*S. A. Newman calculates corresponding annual rates of return as follows, compounded quarterly (2008 data applies to first, second and third quarters, non-annualized):

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2008:4	2.74				
2008:3	0.99				
2008:2	1.01				
2008:1	4.50				
2007:	18.43	2005	19.35%	2000	4.41%
2006	13.68	2004	11.20	1999	10.92
		2003	7.66	1998	5.88
		2002	1.88	1997	18.91
		2001	9.78	1996	10.73

As characteristic of assets composed mostly of commodities such as timber, annual rates of return as footnoted fluctuate sharply. Similarly, quarterly rates of return have ranged from -6.54% in the 4th quarter of 2001 (the lowest recorded since the index was formed in 1987) to 11.98% in the 4th quarter of 2005--the highest rate in 51 consecutive quarters (since the price spike in 2nd quarter of 1993). Models forecasting long term pricing are trended because data do not reliably predict the timing of interim fluctuation. Moreover, with ongoing structural supply and demand changes even recent historic price patterns alone do not predict future pricing.

Inflation. The rate of return on capital includes any expected inflation rate --the rate at which the purchasing power of currency is expected to erode. This effect can be accounted for by expressing future benefits in terms of constant dollars that are adjusted to reflect constant purchasing power and by expressing the discount rate as a real, uninflated rate of return on capital. Unadjusted discount rates rather than real rates of return are more commonly used, however, so that these rates can be compared with other rates quoted in the open market. Source of inflation rates: consumer price index (CPI) and gross domestic product implicit price deflector (U.S. Dept. of Commerce), both averaging a 2.6% per year in recent years and assumed in projections. For 12 months through January 2009, unadjusted CPI *declined* by 0.5%, but core CPI (after extracting volatile energy and food prices) was up by 1.7%. Fuel prices fell sharply after September 2008.

Yield rates on various income securities during June of years 2005, 2006, 2007 and 2008 averaged as follows, in percent:

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Korpacz Yield Average*		8.1	8.3	8.7
Prime Rate**	3.25	5.00	8.25	8.02
U.S. 10-Year				
Treasury Notes	2.52	4.78	5.10	5.11
U.S. 30-year Treasury bonds***	3.13	5.12	5.20	
Corporate Aaa Bonds				
(Moody's)	5.05	5.68	5.79	5.89
Corporate Baa Bonds	8.14	7.07	6.70	6.78

*Korpacz Yield Average, a composite IRR average of commercial markets surveyed, as of first quarter of respective years.

**Prime rate is the base rate on corporate loans posted by at least 75% of the nation's 30 largest banks. Prime rate fell steadily and sharply from September 2007 through December 2008. Rate peaked at 8.25% as of February 29, 2006, following a succession of increases from 4.00% on June 27, 2003. More recently, prime rate fell to 7.75% on Sept. 18, 2007; 7.50% on Oct. 31, 7.25% on Dec. 11, 2007, 6.50% on Jan. 22, 2008, 6.00% on Jan. 30, 5.25% on March 18, 5.00% on April 30, 2008, 4.5% on October 8, 2008, 4.00% on October 29, 2008 and 3.25% on Dec. 16, 2008.

***30-year Treasury constant maturity series was discontinued on February 18, 2002 and reintroduced on February 9, 2006. From February 18, 2002 to February 8, 2006, U.S. Treasury published alternatives to a 30-year rate.

Adjustment for change in stumpage prices. The foregoing rates include any expected inflation rate in the marketplace. Stumpage values per MBF, holding log quality and logging cost constant, have historically increased in inflation-adjusted (i.e., real) terms over a long period despite interim fluctuation. One approach, therefore, is to reduce the derived basic rate by the expected inflation rate referenced above to arrive at an overall discount rate. Reviewer principally considers two sources of data for this component of overall rate:

Draft (1/19/2006) 2005 RPA Timber Assessment Update (Richard W. Haynes *et al.*) - Using a supply-demand model updated from prior RPA analyses, authors project that "solid wood products prices will rise at [real] rates [averaging] less than one-half percent per year, well below historical experience" [p. 7 of Summary]. Table 11 (attached) of chapter 3 of the draft Assessment quantifies projected real stumpage prices by region to year 2050, including the "Pacific Northwest West".

In terms of underlying changes in softwood stumpage markets, demands for both sawtimber and pulpwood expand markedly in the projection but supplies, albeit from different sources, keep pace and limit any price growth. In addition, increased dependence on global product markets help limit U.S. stumpage price growth. Slow price growth represents a sharp break from the experience prior to 1994. But the unusual conditions of demand and supply that lead to rapid price growth until then have changed, and price growth is expected to continue to moderate as a result. At the same time, prices will not fall back to levels observed in earlier decades. Softwood stumpage prices have taken another, essentially permanent, step upward just as they have in similar periods in the past. And while the Timber Assessment's projection of modest long-term price growth is noteworthy in contrast to recent history, it is not a new result. Timber Assessment reports since 1989 have projected slower growth in softwood timber prices beginning in the 2000-10 period based on essentially the same fundamental vision of future markets.

RISI - RISI, independent economic analysts for the global forest products industry founded in 1985, forecasted (June 2006) Douglas fir sawlog prices to decline 10% or more in 2006-2008 and more recently (June 2007) forecasted more stable prices to 2009 [*Timberland Markets*]. More recent surveys suggest that current lower log and timber prices will continue until early 2010 or longer. Short term forecasts often are less reliable than those longer term because the short timeline precludes trending or moderating of interim flux.

Ownership trends. Timberland investment management organizations (TIMOs) oversee 2.6 million acres of timber investments worldwide. TIMOs and related financial investors reportedly own about \$30 billion of U.S. forest land, a six fold increase since 1994 [source: Hancock Timber Resource Group *et al.*]. TIMO growth in the last decade has led to more efficient markets, increased liquidity, reduced investment returns and likely reduced risk. Citing the *Wall Street Journal*, this fund transfer "reflects a global hunt for higher returns as investment cash floods the world from many sources: pension funds, central banks, hedge funds, oil-rich nations and corporations with surplus cash on their balance sheets. This has created a surge in demand for "hard assets" like real estate, timber and commodities--in part because cash flooding into bonds has driven down returns on them." [Nov. 4, 2005, p. 1.]

As indicated by other source data, however, prices paid for certain industrial sized properties in the fourth quarter of 2005 were anomalously somewhat high compared to market expectations before and since. (The quarterly rate of return in NCREIF's Timberland Index in the 4th quarter of 2005 was the highest in *51 consecutive quarters*, coinciding with and reflecting an atypically low yield rate.)

Random Lengths Framing Lumber Composite Price as leading indicator fell to \$272 in September 2008 and \$190 on Jan. 30, 2009, the lowest rate since 1986 and sharply lower than the peak of \$473 in August 2004. Rate was \$198 on March 6, 2009. This change reflects a sharp decline in U.S. housing starts, a worse-than-anticipated housing downturn since 2006, combined with a weaker labor market and rising energy and food prices during mid-2008. The National Association of Home Builders/Wells Fargo monthly housing market index gauges builders' attitudes about the prospect of new home sales: in January 2009 the index fell to its lowest level since prior to 1991, to a pessimistic 8 compared to 19 in January 2008 and 70 four years earlier. Principal causes: a surplus of unsold houses on the market combined with growing delinquencies in subprime mortgage loans and affordability issues linked with tightened lending standards and broader declines in the economy. Index stabilized at 9 during February 2009.

The market for this asset class remains highly competitive because of high current and prospective liquidity and a range of available investors. Citing the *WSJ (ibid.)*: "instead of projecting 8% to 10% annual returns, [GMO investment manager Bob] Saul now tends to talk to investors about 6% to 9% returns, since the prices he has to pay for the land are higher." Hancock Timber, affiliate of Manulife Financial Corp., reportedly "expects to generate an inflation-adjusted annual return of 6% to 10%" on \$2+ billion of forest land purchased since mid-2005 from Harvard University's endowment fund.

Reconciliation of data sources. Post-2005 timberland sales suggest an inflation-adjusted yield rate at 6% or lower. Total nominal rate of return in NCREIF's timberland index for 10-year period through 2005 averaged 8.7%. Similarly, yield rates on alternative commercial investments of comparable risk continue to exceed 8.5% in nominal terms, inflation-adjusted to approximately 6%.

Chap 3 Table 11—Deflated (1982) stumpage prices^a in the contiguous United States, by region, 1952-2002, with projections to 2050

Region	Historical							Projections				
	1952	1962	1970	1976	1986	1997	2002	2010	2020	2030	2040	2050
<i>Price (dollars) per thousand board feet, Scribner log rule</i>												
Sawtimber:												
Softwoods--												
North	89	62	53	51	37	108	106	99	108	117	128	140
South	130	82	120	142	119	228	209	261	252	239	241	244
Interior West ^b	47	31	55	95	64	108	137	142	153	140	132	130
Pacific Northwest West	55	63	104	155	99	299	208	209	244	222	225	238
<i>Price (dollars) per thousand board feet, International 1/4-inch scale</i>												
Hardwoods--												
North	NA	62	70	75	110	214	186	172	170	180	190	203
South	NA	32	45	49	43	86	99	83	92	102	113	124
<i>Price (dollars) per cord</i>												
Pulpwood ^c :												
Softwoods--												
South	NA	18	17	15	13	21	12	19	17	15	18	21
Hardwoods--												
South	NA	5	5	4	3	13	11	8	11	22	24	12

NA = Not available.

^a All prices deflated by all-commodity producer price index.

^b Interior West includes the Rocky Mountains, Pacific Southwest (California), and Pacific Northwest East (eastern Oregon and Washington).

^c North projection prices not available.

Sources: Historical data from U.S. Department of Agriculture, Forest Service Timber Cut and Sold reports on National Forests (On file at individual Forest Service regional offices); (not included on da table) Regional price reporting services; Sendak 1994. Timber Mart South xxx; Log Lines xxx; Northeastern Forest Research Station (on datus table);

PART IV - SUPPLEMENTARY EXHIBITS AND ADDENDA

ADDENDUM A:

Statement of Work (Engagement Instructions & Relevant Communications)



February 9, 2009

RE: Cost and Schedule Estimate for the appraisal of the Newberry Hill Exchange*
Assignment # 2009-012

Dear Appraisers:

Land Exchange Overview

The Washington Department of Natural Resources ("DNR") and Kitsap County are contemplating a land exchange in Kitsap County, entailing approximately 1,050 acres. The two parties have agreed to engage a single appraiser to jointly value the land, using identical methodologies to value all the lands in the assignment. Appraisal assumptions and guidelines will be jointly discussed and agreed to in writing by the DNR, Kitsap County, and the appraiser prior to the start of the project. This RFP is consistent with the proposed guidelines.

DNR and Kitsap County together will be the clients of the joint appraisal assignment, although the appraisal contract will be held and administered by the DNR. Payment for the appraisal services will come directly from Kitsap County. The awarded appraiser will need to prepare a separate contract with Kitsap County for payment and will invoice directly to Kitsap County Parks and Recreation.

The Kitsap County candidate exchange land totals approximately 520 contiguous acres; the DNR candidate exchange land totals approximately 522 contiguous acres. Each property has been identified with a unique tract number and name as identified on the attached Exhibit A. These assigned tract numbers and names are for project planning and organization purposes only. The appraiser will be required to define the economic units, or larger parcels, in the course of performing the appraisal.

There is a Gun Club Lease on 72 acres of School Trust land. A copy of this lease will be provided to the awarded bidder. Additionally, the appraiser may wish to be escorted on the property during a site inspection in order to avoid associated hazards.

The Appraisal Assignment

The completed appraisals will be USPAP compliant, self-contained appraisals of all land, pre-merchantable, and merchantable timber. Each ownership is to be reported under its own cover. Six hardcopies, as well as two electronic copies (CDs) of each report will be required. Three hardcopies and one CD will be sent directly to Kitsap County, while the remaining three hardcopies and CD will be sent to the DNR.

February 9, 2009
Page 2 of 3

The appraiser will delineate/define economic units, or "Larger Parcels", for each property, considering and analyzing highest and best use, unity of use, and contiguity of ownership of the individual parts of the larger exchange. The appraiser will reconcile the concluded stumpage and reproduction values with the land value to determine the market value for each Larger Parcel of the clients' Property.

Additionally, the appraiser will allocate the appraised values for each Larger Parcel back to the individual parcels that comprise the Larger Parcel. The establishment of individual parcel values will facilitate equalization of values in the exchange by 1) the ability to drop parcels from the exchange or 2) a short term reservation of timber rights on selected parcels in the exchange.

The appraiser will also be asked to provide a boundary option(s) for the subject parcels that balances the exchange using legally conveyable tax parcels. Preferred methods and options regarding priority properties for balancing will be discussed at the pre-appraisal conference. Specific legal descriptions and determined acreage will be provided to the awarded bidder prior to completion of the appraisal.

The timber should be appraised as if privately owned, under current Forest Practices regulations, to an unrestricted market. Within your appraisal you are requested to provide the information identified in the "Timber Cruise and Forest Land Reporting" portion of Attachment C of the master appraisal contract.

In addition to the above, DNR requires the following in all appraisal reports:

- FEMA flood map panel number and map date for all subject parcels and, if relevant, for comparables.
- A table of contents.
- A minimum of five sales required in the market approach. Include photos (aerial photos of large tracts, regular at grade photographs of smaller parcels).
- Data on similar property listings/offerings of properties in the immediate neighborhood, when relevant, and in addition to comparable sales.
- Recent color aerial photos of subject (provided by DNR). Topographical map, sensitive areas map, etc., are required as relevant to the valuation assignment.
- Confirmation data to identify the source, telephone number, and appraiser who conducted the confirmation interview.
- DNR's policy on using sales comparables involving conservation groups and governmental agencies mirrors that of the Federal Rules (Yellow Book). These sales are discouraged but not prohibited, they must not represent a majority of the number of sales comparables used in the appraisal, and they must not be given primary weight in the final analysis.

When completing the Cost and Schedule Worksheet, please identify any subcontractors you intend to use to complete the assignment. Bid proposals will be evaluated and award of the assignment will be based on price and service as it affects quality and on-time delivery. **This**

February 9, 2009
Page 3 of 3

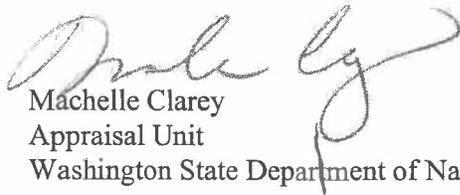
assignment must be completed no later than March 24, 2009. If you cannot meet this date, please bid on this project with your best estimate of a completion date.

Once awarded, a pre-appraisal conference with all parties involved will be required.

Attached are a Cost and Schedule Worksheet, approximate legal descriptions, maps, and aerial ortho images. Please review the attachments, complete the Cost and Schedule Worksheet and submit your bid by faxing it to the DNR Appraisal Unit at (360) 902-1789. You may also e-mail your bid to appraisals@dnr.wa.gov. Bids must be received on or before February 16, 2009 no later than 3:00 pm.

If you have any questions please feel free to call me at (360) 902-1256. **Time is of the essence.** If you do not plan on bidding, a timely phone call is appreciated.

Yours Cordially,



Machel Clarey
Appraisal Unit
Washington State Department of Natural Resources

Enclosures

cc: Appraisal File
Project File

"The Department of Natural Resources real estate appraisal unit encourages the use of biodegradable flagging tape".

** The information contained in this communication is confidential and intended only for the purposes outlined above; it is not to be disclosed to others without prior written approval from the Washington State Department of Natural Resources. Appraisal related information, as it pertains to this potential transaction is protected by RCW 42.56.260.*

DRAFT

DRAFT

EXHIBIT A
to
WASHINGTON STATE DEPARTMENT OF NATURAL RESOURCES
and
KITSAP COUNTY PARKS AND RECREATION
LETTER OF INTENT

STATE LANDS – Newberry Hill Exchange

January 23, 2009

Parcel No.	Approximate GIS Acreage	Map	Approximate Subdivision	Section	Township	Range	Common Name
S-1	5	Parcel bordered in red within identified S-T-R	E1/2SE1/4SW1/4SE1/4	25	25	01W	Newberry Hill
S-2	517	Parcel bordered in red within identified S-T-R	NE1/4NE1/4 and W1/2E1/2 and W1/2	36	25	01W	Newberry Hill
	522 total acres for DNR						

EXCHANGER LANDS – Newberry Hill Exchange

KITSAP COUNTY PARKS AND RECREATION

January 23, 2009

Parcel No.	Approximate GIS acreage	Map	Approximate Subdivision	Section	Township	Range	Common Name
K-1	300	Parcel bordered in orange	SE1/4 and SE1/4NE1/4 and S1/2NE1/4NE1/4 and E1/2SW1/4	11	24N	1W	Lost Creek
K-1	20	Parcel bordered in orange	S1/2NW1/4NW1/4	12	24N	1W	Lost Creek
	320 Total acres in K-1						
K-2	160	Parcel identified by orange diagonal checks	SW1/4	01	24N	1W	Wildcat Creek
K-2	20	Parcel identified by orange diagonal checks	N1/2NW1/4NW1/4	12	24N	1W	Wildcat Creek
K-2	20	Parcel identified by orange diagonal checks	N1/2NE1/4NE1/4	11	24N	1W	Wildcat Creek
	200 total acres in K-2						
K-1 and K-2	520 total acres for Kitsap County						

DRAFT

DRAFT

66

Tim Newman

From: Steve Shapiro [sshapiro@realestatesolve.com]**Sent:** Friday, February 20, 2009 11:10 AM**To:** 'Tim Newman'**Subject:** Newberry Hill Appraisal

Hi Tim;

We got the Newberry Hill appraisal job from DNR. Please consider this your authorization to begin the work outlined in your bid proposal to me that is due on March 17 (so I can get my appraisal to DNR on time).

There is a pre appraisal phone conference planned next week that was set up by DNR. I have attached the information below and invite you to participate if you think it is useful to you. If you choose to do so you may want e-mail Machel Clarey and let her know so that they have enough phone lines set up.

Steve

Stephen Shapiro, MAI

RE-SOLVE

261 Madison Avenue S, Suite 102

Bainbridge, WA 98110

(206) 855-1090- Direct

(206) 842-5082 - Fax

(206) 819-2053- Cell

A pre appraisal meeting has been scheduled for the Newberry Hill Exchange Assignment for Wednesday, February 25, 2009 at 11:00 AM. All participants will call (360) 407-3780. Participants meeting in the Natural Resources Building will use pin number 829946#. All other participants will use pin number 297789#.

Please forward this message on to any other participants that may not have been included in this appointment. If additional ports for the conference call are needed, please let me know as soon as possible.

If anyone has any questions or conflicts with this meeting date/time, please contact me. Thank you

Machelle Clarey

Appraisal Unit

Phone (360) 902-1256

Fax (360) 902-1789

appraisals@dnr.wa.govwww.dnr.wa.gov

3/10/2009

Valuation, Timber Cruising, and Marketing Services
Established 1946

S.A. NEWMAN, FOREST ENGINEERS, INC.

3216 Wetmore Avenue Phone: 425-259-4411
P.O. Box 156 Fax: 425-258-4435
Everett, WA 98206-0156 E-mail: sanewman@sanforest.com

CONFIDENTIAL

February 13, 2009

Via email: sshapiro@realestatesolve.com

Mr. Stephen Shapiro, MAI
dba Re-Solve
261 Madison Avenue South, Suite 102
Bainbridge Island, WA 98110-2580

Re: Fee quote to cruise and appraise timber on Newberry Hill Exchange
properties owned by State of Washington and Kitsap County
DNR assignment 2009-012

Dear Mr. Shapiro:

Thank you for the materials provided via email. You request a scope of work and fee quote to cruise and appraise merchantable timber on properties which are part of a proposed land exchange and reconveyance. The properties occur in Wildcat Lake area of unincorporated Kitsap County. By land area half these parcels are owned by Washington State and managed by DNR, and half are owned by Kitsap County. The properties are legally described on DNR's "Exhibit A" to letter of intent for the *Newberry Hill Exchange* dated February 9, 2009 incorporated by reference hereto. These properties occur within two non-contiguous blocks owned by each respective public entity in Townships 24 & 25 North, Range 1 West, W.M. The total proposed exchange area is: 522 acres for State DNR and 520 acres for Kitsap County. The Kitsap County properties are further segregated into two parcel groupings while 99% of State DNR occurs in a single group. The "larger parcels", or logical economic units for appraisal purposes will be determined by the lead property appraiser.

Based on available resource maps and recent & archival aerial photographs both properties support significant wetland and riparian features, and thus include legally non-harvestable timber in applicable "no-cut" buffers. Outside these buffers, both merchantable and premerchantable occurs on uplands, and in addition some areas appear to include marginally merchantable, i.e. "submerchantable" timber.

DNR assignment 2009-012
February 13, 2009

2

Scope of work. State DNR reportedly seeks two (2) USPAP compliant, self-contained appraisal reports – one for each ownership. The process for the timber valuation includes the performance of both a cruise and appraisal of legally harvestable timber on each ownership, including at a minimum a separate analysis of the two Kitsap County parcels identified in Exhibit A and as detailed below. We will also work with the lead appraiser to identify other logical economic units where determined to occur and where prorated values might be extracted. Land encumbered by as existing rifle club lease, for instance, might be separately analyzed for prorated value extraction.

The cruise is an estimate of volume (in thousands of board feet) and grade for each species of merchantable timber; grading standards of Puget Sound Log Scaling & Grading Bureau and export sorts where applicable. Cruise procedure and software used will be auditable and acceptable to State DNR standards. Proposed minimum cruise intensity and number of variable radius plots, applied to estimated merchantable or submerchantable acres located outside no-cut riparian/wetland buffers:

<u>Parcel</u>	<u>Total Acres</u>	<u>PreMerch Acres</u>	<u>SubMerch Acres</u>	<u>Min. No. Plots</u>	<u>Merch. Acres</u>	<u>Min. No. Plots</u>
<u>State DNR</u>						
S-1 & S-2: "Newberry Hill"						
	522	165			205	68
<u>Kitsap County</u>						
K-1: "Lost Creek"						
	320	150	70	20	50	33
K-2: "Wildcat Creek"						
	200	50			110	55
Total Project	1042	365	70	20	365	156

Upland timber acres only are shown above and the remainder of land area not itemized by category is composed of non-forested wetlands, streams and buffers thereto; and roads or other non-forest land. The foregoing projects an overall cruise intensity of at least one plot per 2.5 acres, and includes a more intensive cruise in the smaller sub-groupings. Timber on all plots in merchantable acres will be graded; 50% of plots graded in submerch. Intensity can be modified accordingly pending determination of the logical economic units by the lead appraiser, while maintaining the overall projected plot total.

Separately by parcel or economic unit, the appraisals will estimate itemized logging costs per MBF (including hauling cost/log destination analysis for competing buyers), log values for each grade, and contributory timber value

DNR assignment 2009-012
February 13, 2009

3

by a conversion return method (variant of income approach). Values will be estimated under the alternative premises of a Class III (i.e., no near term land use conversion) and Class IV-General forest practice. Merchantable timber will be valued to an export-unrestricted market and, for a Class IV-General forest practice, under land use regulations of Kitsap County. Given probable stand characteristics, the upland portions of the sites are believed to be largely unaffected by regulatory constraints under the Endangered Species Act, but that issue will be investigated. Scope of work also includes a reconnoitering and present net worth (PNW) analysis of stands which are presently premerchantable or substantially younger than an economically optimal harvest age. We will analyze the cruised submerchantable stands sufficiently to determine whether appropriate to appraise for immediate harvest value under conversion return method or via a PNW analysis.

Permitted users; function. The cruises and timber appraisals shall be prepared for the sole and exclusive use of Re-Solve as our firm's client and for its co-clients State of Washington Department of Natural Resources ["DNR"] and Kitsap County. DNR reportedly will serve as contract administrator, and payment for the services will be from Kitsap County. The sole function of the cruises and timber appraisals are to assist in establishing the market value of each property or parcel subunit as a whole as a basis for a proposed land exchange and reconveyance between the two public entities.

Fee; performance period. Our firm's fee to Re-Solve to field examine this timber and perform cruise and timber appraisal services as described on each parcel is as follows:

Cruise on-site timber (merch & premerch):
Reconnoiter pre-merchantable stands and reproduction:
Estimate present net worth of pre-merch./reproduction
(on up to three sub-units):
Appraise merchantable timber (Class III and IV-General
on up to three subunits):

Total:

The assignment reportedly must be completed by March 24, 2009. We therefore propose to complete and deliver our findings to you as lead property appraiser by March 17, 2009. This proposal includes attending a pre-appraisal conference including all applicable project parties.

DNR assignment 2009-012
February 13, 2009

4

To authorize, please acknowledge by returning a copy of this letter with authorizing signature on the line below. Any additional file or other data that might be relevant in estimating market value is appreciated. A permit to inspect the sites is assumed to have been procured if and upon engagement. Information or contact persons for access, gates and keys for entry will likely be addressed at the pre-work conference.

Please feel free to call colleague Tim Newman or me if you have any questions. Thank you.

Very truly yours,

S. A. NEWMAN FIRM



Peter C. Blansett

Principal Appraiser/

Certified Arborist No.

PN0659A

Emails: pblansett@sanforest.com

tnewman@sanforest.com

Engagement terms accepted:

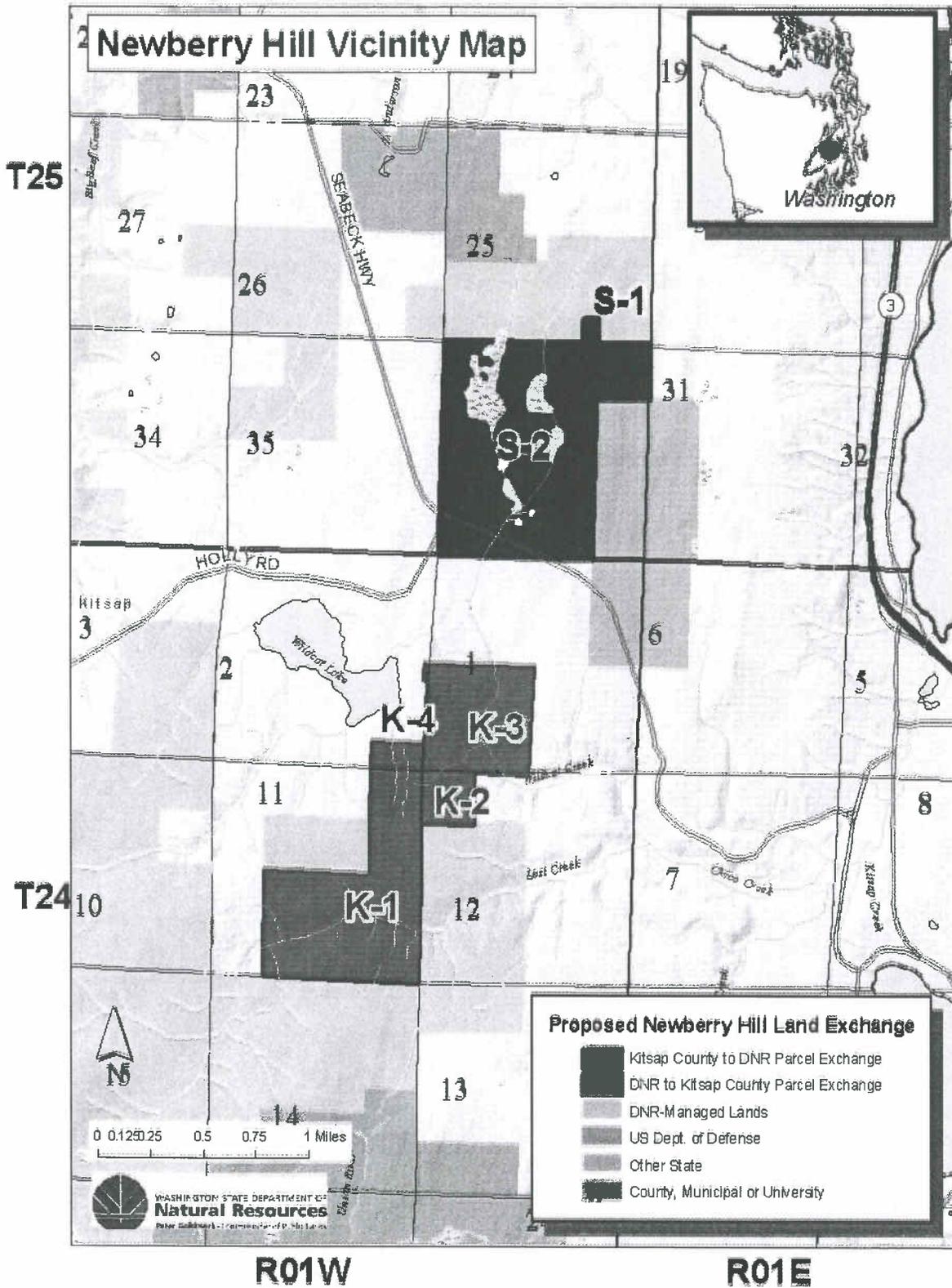
By Authorized to proceed (SS) Dated: 2/20/09
Stephen Shapiro, MAI
dba Re-Solve

EXHIBIT A
EXCHANGER LANDS – Newberry Hill Exchange #86-81861
KITSAP COUNTY PARKS AND RECREATION PARCELS
 March 11, 2009

Parcel No.	Approximate GIS acreage	Approximate Subdivision	Section	Township	Range	Common Name
K-1	320	SE1/4; E1/2NE1/4; and E1/2SW1/4	11	24N	1W	Lost Creek and Wildcat Creek
K-2	40	NW1/4NW1/4	12	24N	1W	Lost Creek and Wildcat Creek
K-3	160	SW1/4	01	24N	1W	Wildcat Creek
K-4	21	S1/2SE1/4SE1/4; and Wildcat Lake Tracts the portion of Government Lot 8 conveyed by auditors no. 1061156 – County Tax Account No. 022401-4-002-1007	02	24N	1W	Wildcat Creek
	541 Total acres Kitsap Lands					

EXHIBIT B
STATE LANDS
 WASHINGTON STATE DEPARTMENT OF NATURAL RESOURCES PARCELS
 February 9, 2009

Parcel No.	Approximate GIS Acreage	Approximate Subdivision	Section	Township	Range	Common Name
S-1	5	E1/2SE1/4SW1/4SE1/4	25	25	01W	Newberry Hill
S-2	517	NE1/4NE1/4; W1/2E1/2; and W1/2	36	25	01W	Newberry Hill
	522 Total acres DNR Lands					



Pete Blansett

From: Steve Shapiro [sshapiro@realestatesolve.com]
Sent: Friday, March 13, 2009 2:46 PM
To: 'Pete Blansett'
Subject: RE: Still another Kitsap parcel (on Newberry Hill)

Works for me. Thanks, Pete.

Stephen Shapiro, MAI
RE-SOLVE
 261 Madison Avenue S, Suite 102
 Bainbridge, WA 98110
 (206) 855-1090- Direct
 (206) 842-5082 - Fax
 (206) 819-2053- Cell

From: Pete Blansett [mailto:pblansett@sanforest.com]
Sent: Friday, March 13, 2009 2:45 PM
To: 'Steve Shapiro'
Cc: PRUITT, BRAD (DNR); Matt Keough; Gregory Richards; 'NEFF, CINDY (DNR)'
Subject: RE: Still another Kitsap parcel (on Newberry Hill)

Steve: Thank you for informing me of the added Kitsap parcel. Our bid for the timber appraisal was based on the original "K-1" & "K-2" configuration totaling 521 acres for the county ownership. We do, of course, want to accommodate the needs of all project parties and will now structure our analysis to incorporate the revised 541-acre county ownership now being identified under "K-1", "K-2", "K-3" & "K-4". We have, however, already completed the field work and I note that the newly added parcel ("K-4") includes over 9 acres of merchantable timber.

Given the short time-frame for delivery, we do not plan to re-inspect the site or install additional cruise plots in the new K-4 area. We will instead project data from similar timber types cruised or reconnoitered on other portions of the county ownership. Also, you stated that at this point you are comfortable with any subunit configuration or logical economic units we decide upon for the timber reporting. As a compromise between the K-1/K-2 versus K 1 through 4 configurations, we will instead now report data separately for *Kitsap North* and *Kitsap South*. Kitsap North will be composed of the original K-2 plus the new K-4. We recognize this breakdown might not be sufficiently discrete to allow for exchange balance, but is at least a start to facilitate equalization. We will, of course, be available to assist to the extent we reasonably can as a follow-up step in the exchange balancing process.

We are still on target for delivery of our findings to you by middle of next week. We do not need to revise our fee quote to include the K-4 parcel under the scenario detailed above. Thank you, Pete.

Peter C. Blansett
 Principal Forester/Certified Arborist
 S. A. NEWMAN FIRM
 P. O. Box 156
 Everett, WA 98206-0156
 Phone: 425-259-4411
 Fax: 425-258-4435
 Emails: pblansett@sanforest.com

From: Steve Shapiro [mailto:sshapiro@realestatesolve.com]
Sent: Friday, March 13, 2009 11:58 AM
To: 'Pete Blansett'
Subject: FW: Still another Kitsap parcel

Stephen Shapiro, MAI
RE-SOLVE
261 Madison Avenue S, Suite 102
Bainbridge, WA 98110
(206) 855-1090- Direct
(206) 842-5082 - Fax
(206) 819-2053- Cell

From: PRUITT, BRAD (DNR) [mailto:BRADFORD.PRUITT@dnr.wa.gov]
Sent: Wednesday, March 11, 2009 4:58 PM
To: Steve Shapiro; Richards, Gregory (DNR); Matt Keough
Cc: NEFF, CINDY (DNR)
Subject: Still another Kitsap parcel

Steve, Matt just called me and let me know you found another parcel that is part of the Kitsap ownership block that needs to be appraised. Please add the Wildcat Lake Tract parcel identified in the attached parcel list as Tax Lot 022401400 to the appraisal job. This parcel is crucial for access to the Kitsap block. Thanks, Brad

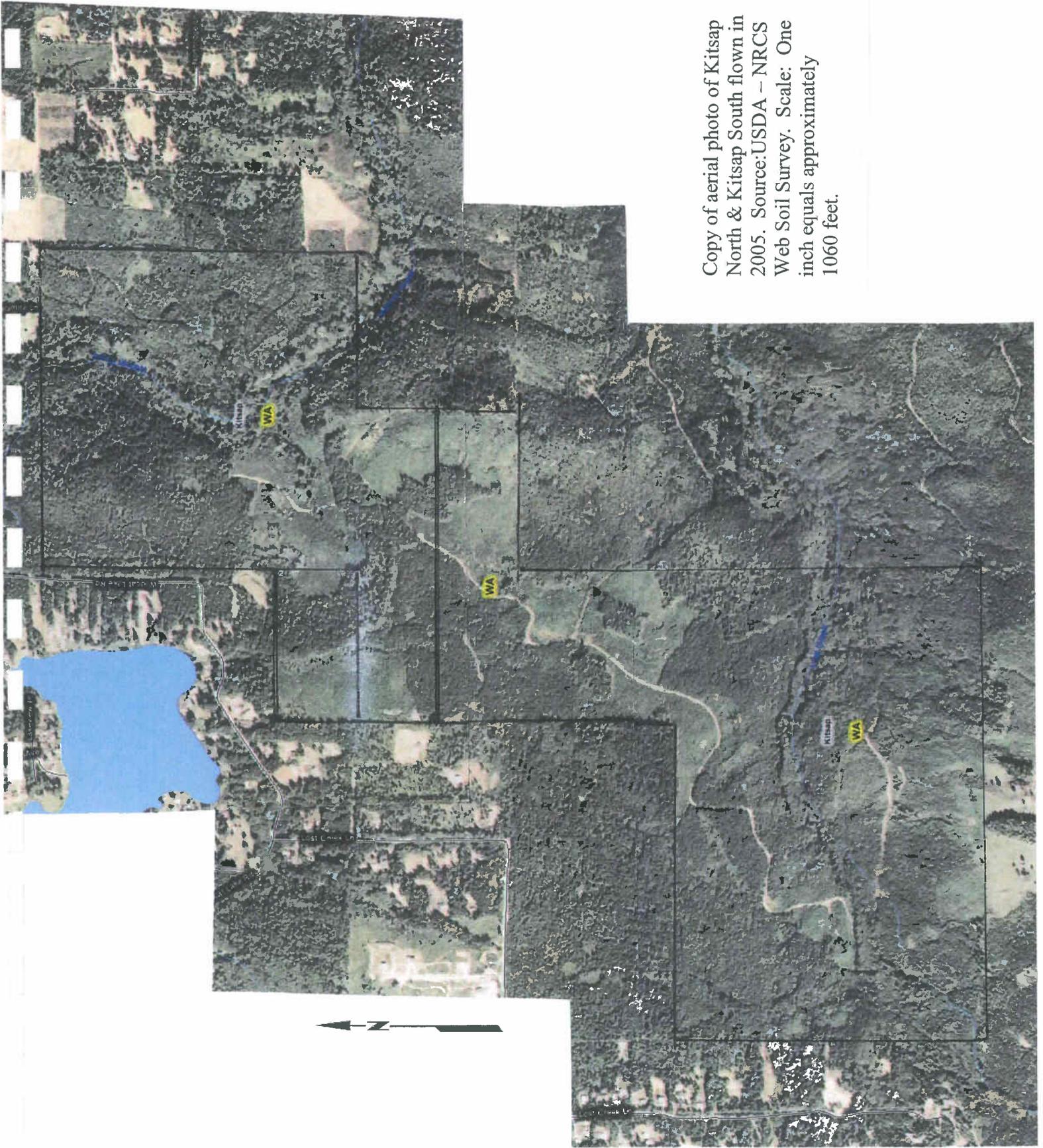
<<Newberry Hill parcel list 031109.doc>>

No virus found in this incoming message.
Checked by AVG - www.avg.com
Version: 8.0.237 / Virus Database: 270.11.10/1995 - Release Date: 03/11/09 08:28:00

No virus found in this incoming message.
Checked by AVG - www.avg.com
Version: 8.0.237 / Virus Database: 270.11.13/1999 - Release Date: 03/13/09 05:59:00

ADDENDUM B:

Overhead Aerial, Forest Practices & Cruise Field Maps and
other Map Data including RMAPs Information



Copy of aerial photo of Kitsap North & Kitsap South flow in 2005. Source:USDA – NRCS Web Soil Survey. Scale: One inch equals approximately 1060 feet.

K-NORTH

DNR-KITSAP CO.

SECS. 1, T24N, R1W

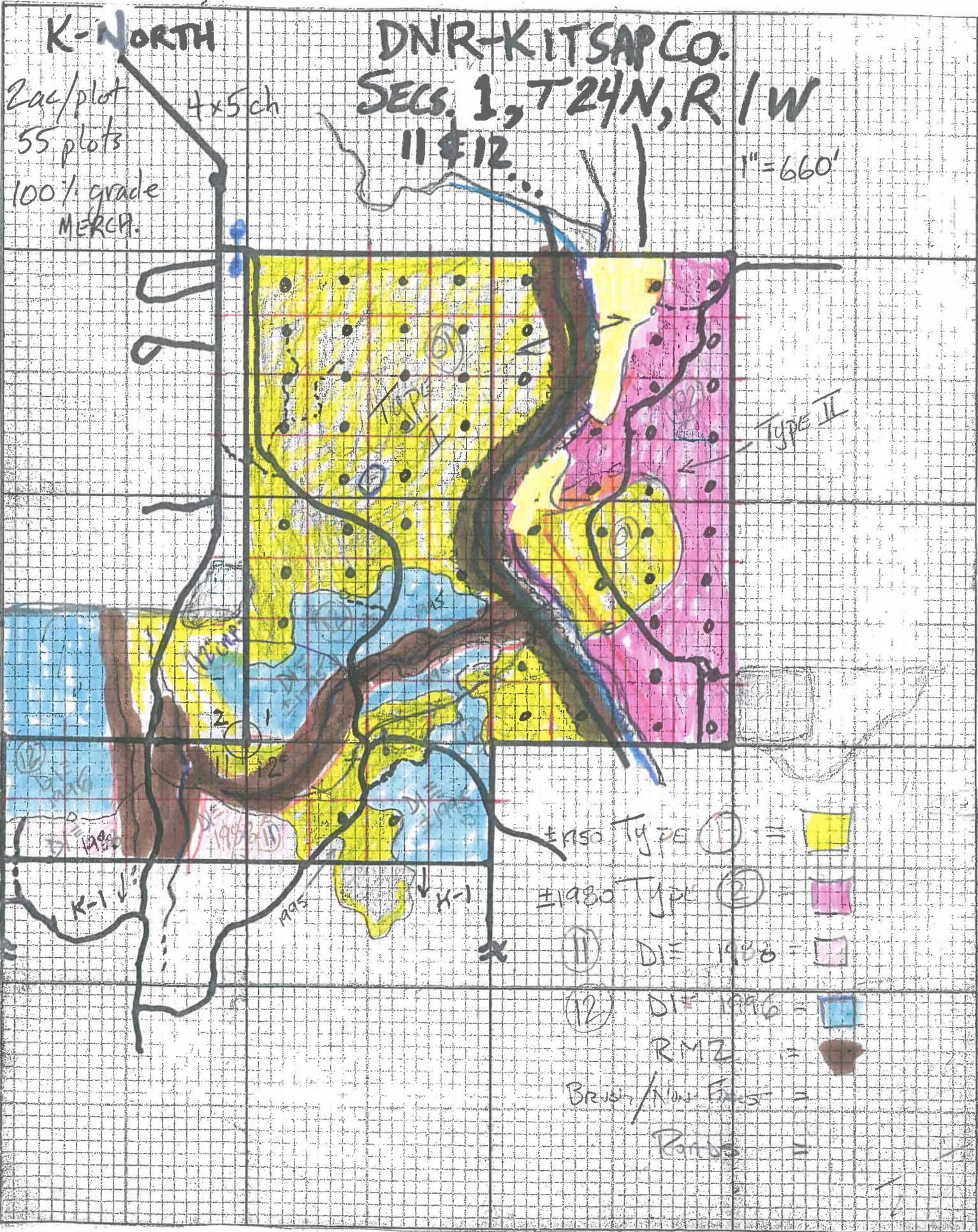
11 & 12

1" = 660'

2 ac/plot
55 plots +
100% grade
MERCH.

4 x 5 ch



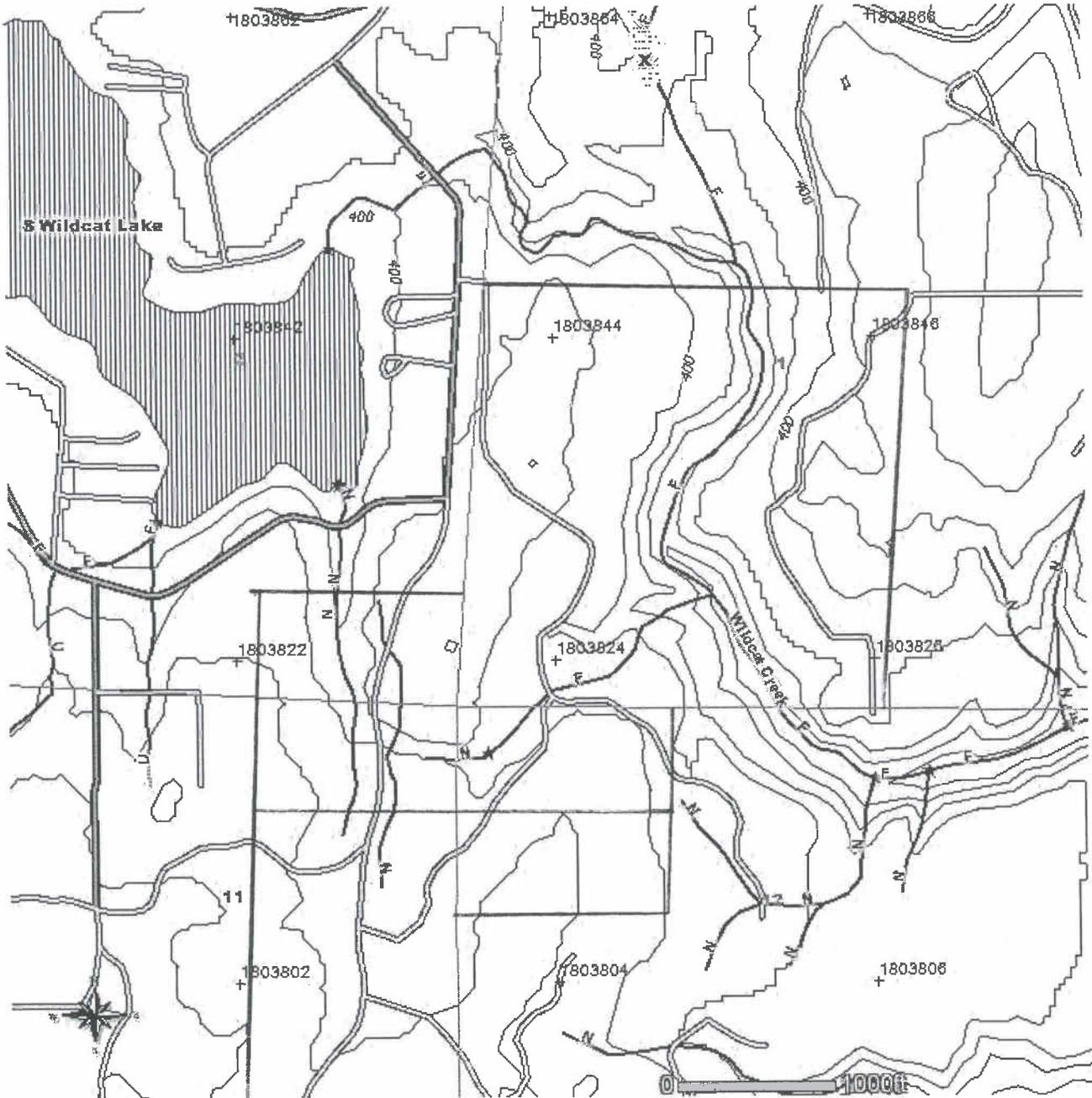


FOREST PRACTICE ACTIVITY MAP

TOWNSHIP 24 NORTH HALF 0, RANGE 1 WEST (W.M.) HALF 0, SECTION 1

Application #: _____

K-NORTH



Please use the legend from the FPA Instruction or provide a list of symbols used.

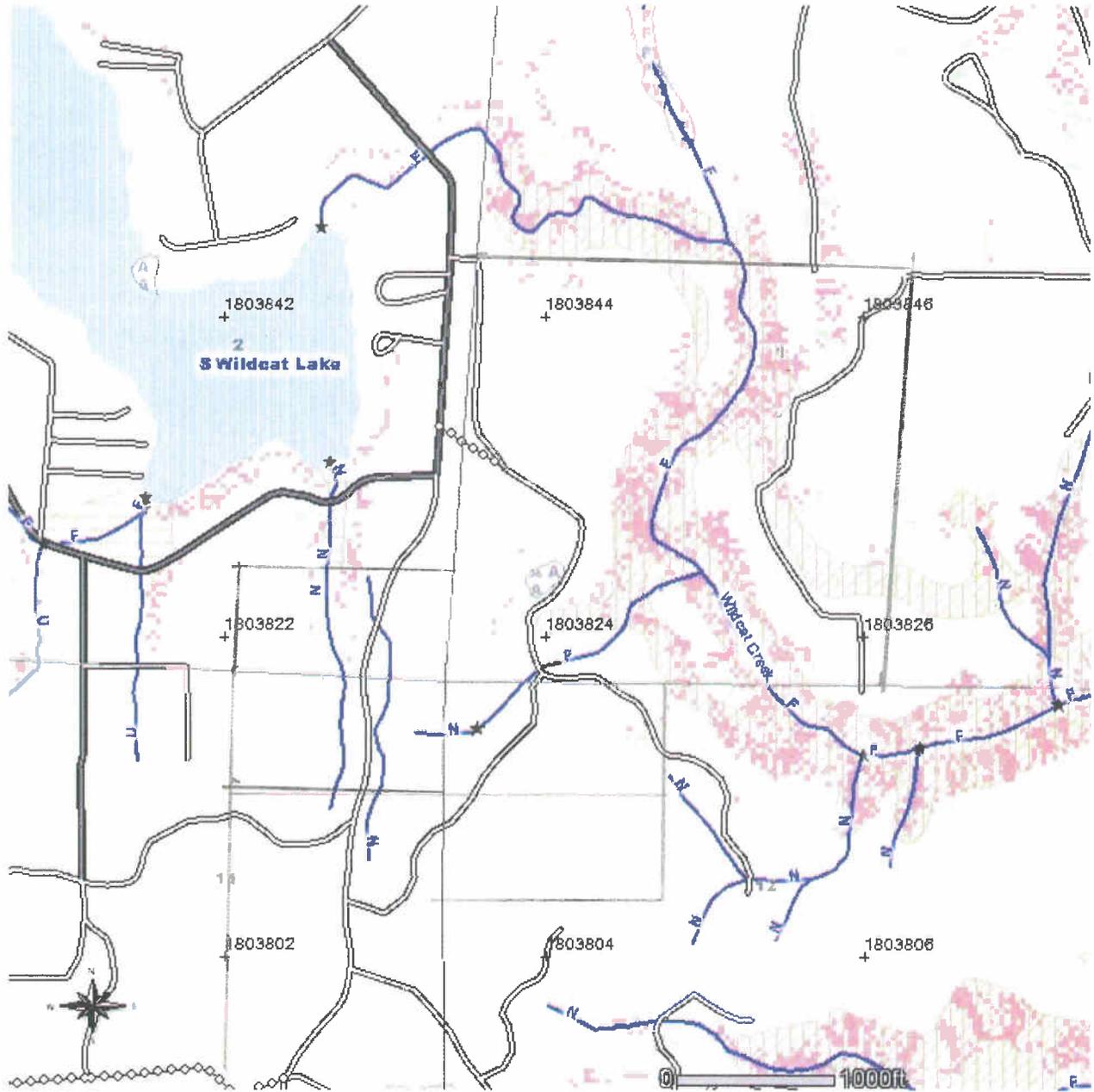
Tuesday, March 10, 2009 12:35:36 PM
NAD 83
Contour Interval: 40 Feet

FOREST PRACTICE RESOURCE MAP

TOWNSHIP 24 NORTH HALF 0, RANGE 1 WEST (W.M.) HALF 0, SECTION 1

Application #: _____

K-NORTH



This box displays resource information not shown on the map, but is found within this section. For information on the identified resource, contact the agency listed.

Monday, March 02, 2009 12:22:08 PM
NAD 83

Agency	Issue of Concern	Phone Number
DNR Natural Heritage	Plant or Area	(360) 902-1667
Dept. of Ecology - NW	Ground Water	(425) 649-7000

FOREST PRACTICE SITE CLASS MAP

TOWNSHIP 24 NORTH HALF 0, RANGE 1 WEST (W.M.) HALF 0, SECTION 1

Application #: _____

K-NORTH



Site Indices are based on the WA-DNR State Soil Survey. If the site index does not exist or indicates red alder, noncommercial, or marginally commercial species, the following apply:

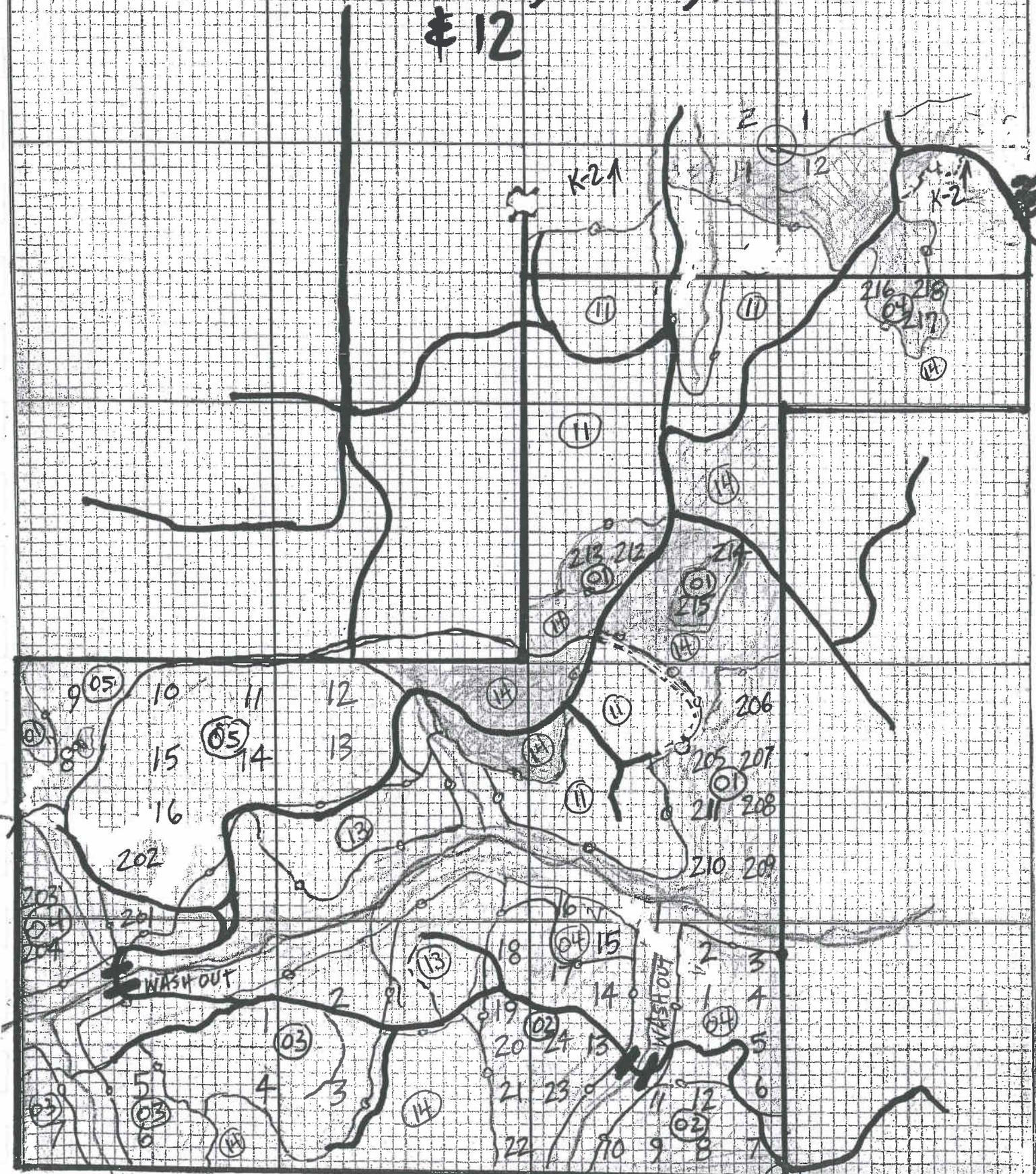
a) If red alder is indicated and the whole RMZ width is within that site index, then use site class V. If red alder is indicated for only a portion of the RMZ width, or there is on-site evidence that the site has historically supported conifer, then use the site class for conifer in the most physiographically similar adjacent soil polygon. b) In Western Washington, if there is no site index information, use the site class for conifer in the most physiographically similar adjacent soil polygon. c) In Eastern Washington, if there is no site index information, assume site class III, unless site specific information indicates otherwise. d) If the soil polygon indicates noncommercial or marginally commercial, then use site class V.

See WA Forest Practice Rules (WAC 222), Chapter 222-16 for a more complete definition of site class.

Monday, March 02, 2009 12:21:04 PM NAD 83

K-SOUTH

DNR-KITSAP CO.
SEC 11, T24N, R 1W
12



K-SOUTH

DNR-KITSAP CO. SEC 11, T24N, R 1W #12

MERCH

1.5 ac/plot
33 plots
3.9 x 3.9 ch
100% grade

SUBMERCH

3.5 ac/plot
20 plots
5.9 x 5.9 ch
50% grade



- (11) 11 1998
- (14) 14 1996
- (13) 13 1990
- (RMZ) RMZ
- (02) 02 1975
- (01) 01 1946
- (04) 04 1920
- (03) 03 1980
- (05) 05 1980

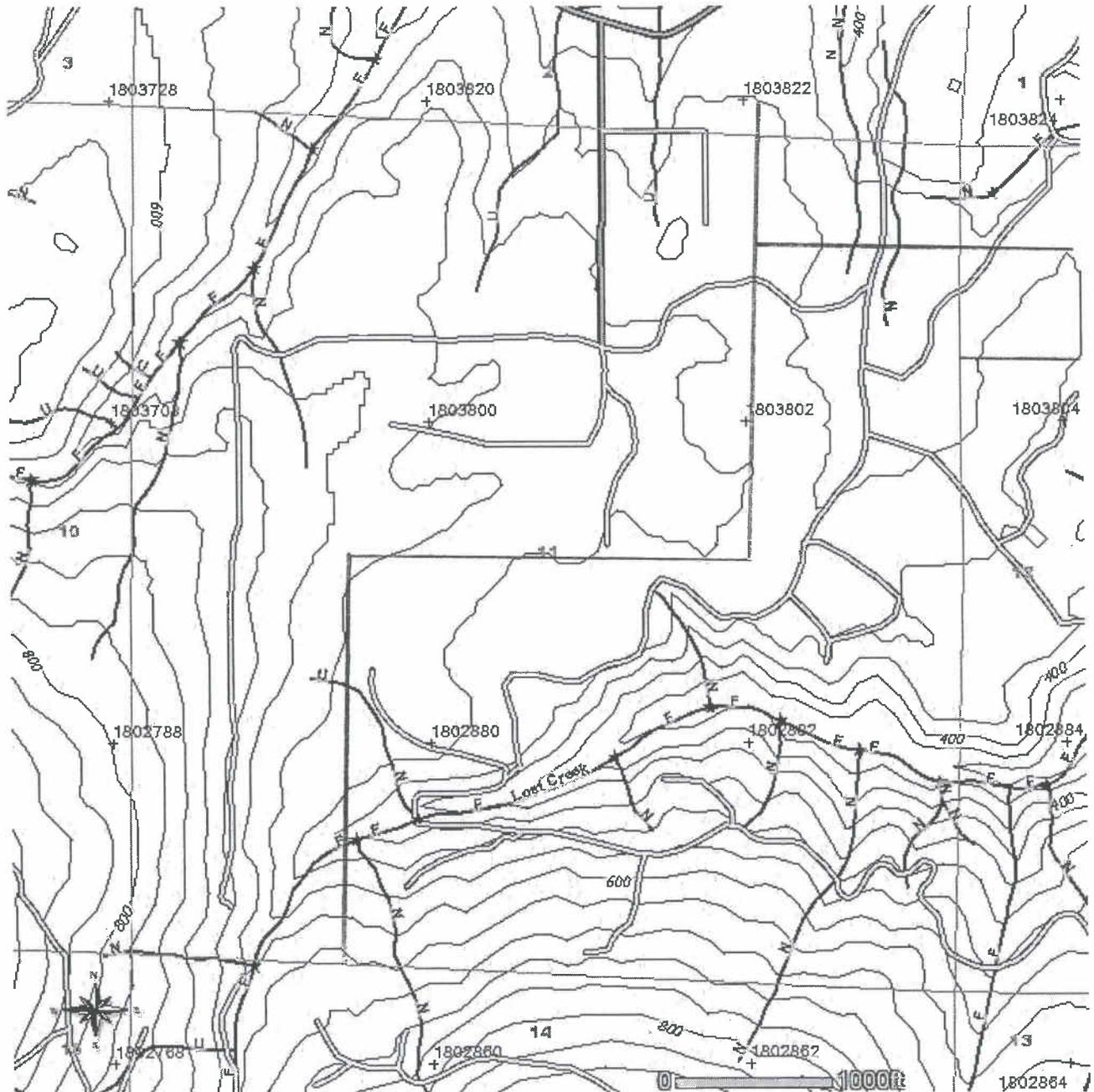
09 10 11 12
15 14 13
16
17 16 2 3
18 14 1 4
20 24 15 5
21 25 11 12 6
22 10 9 8 7

FOREST PRACTICE ACTIVITY MAP

TOWNSHIP 24 NORTH HALF 0, RANGE 1 WEST (W.M.) HALF 0, SECTION 11

Application #: _____

K-SOUTH



Please use the legend from the FPA Instruction or provide a list of symbols used.

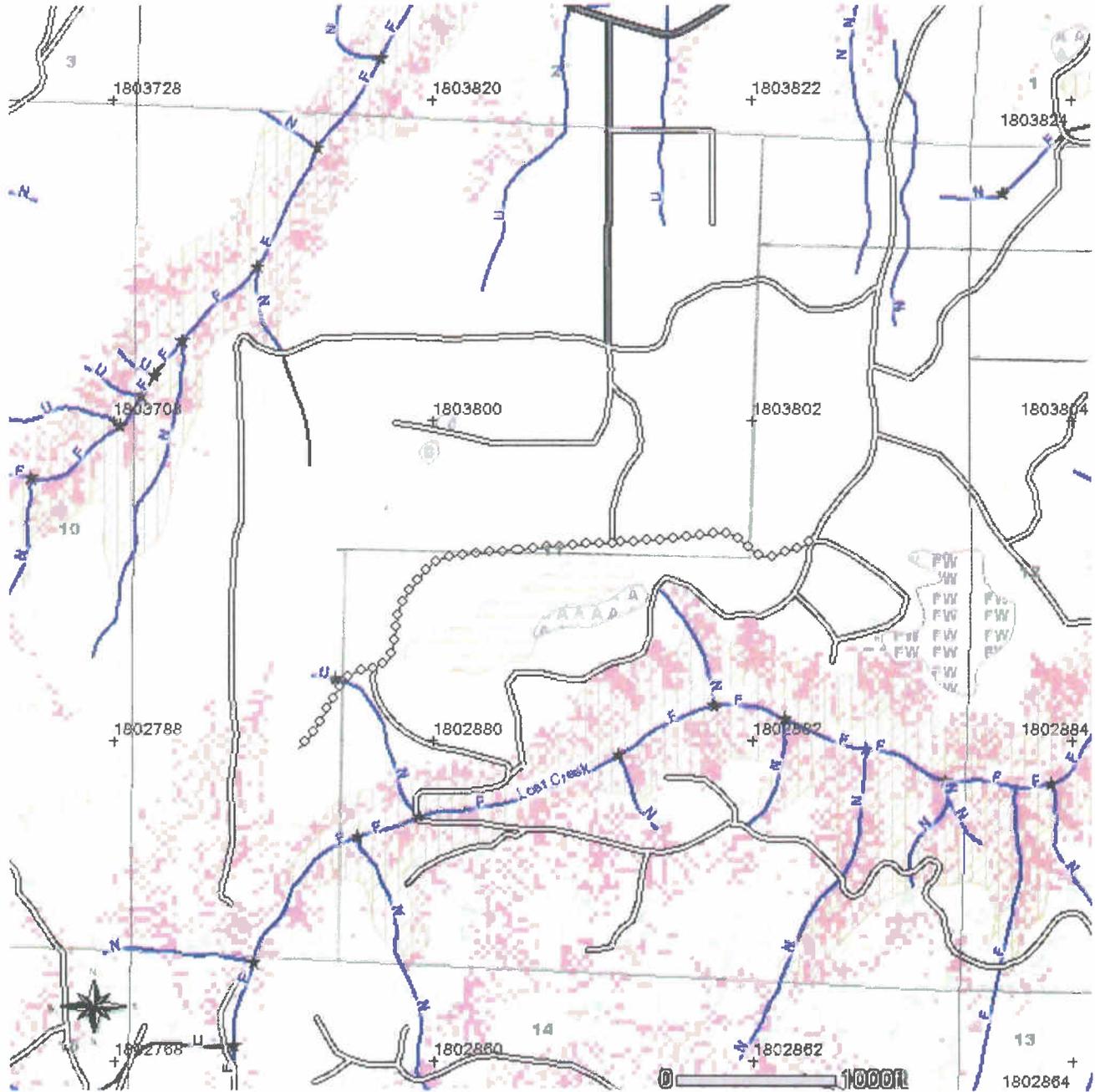
Tuesday, March 10, 2009 12:36:27 PM
NAD 83
Contour Interval: 40 Feet

FOREST PRACTICE RESOURCE MAP

TOWNSHIP 24 NORTH HALF 0, RANGE 1 WEST (W.M.) HALF 0, SECTION 11

Application #: _____

K-SOUTH



No Issues of Concern

Monday, March 02, 2009 12:22:40 PM
NAD 83

FOREST PRACTICE SITE CLASS MAP

TOWNSHIP 24 NORTH HALF 0, RANGE 1 WEST (W.M.) HALF 0, SECTION 11

Application #: _____

K-SOUTH

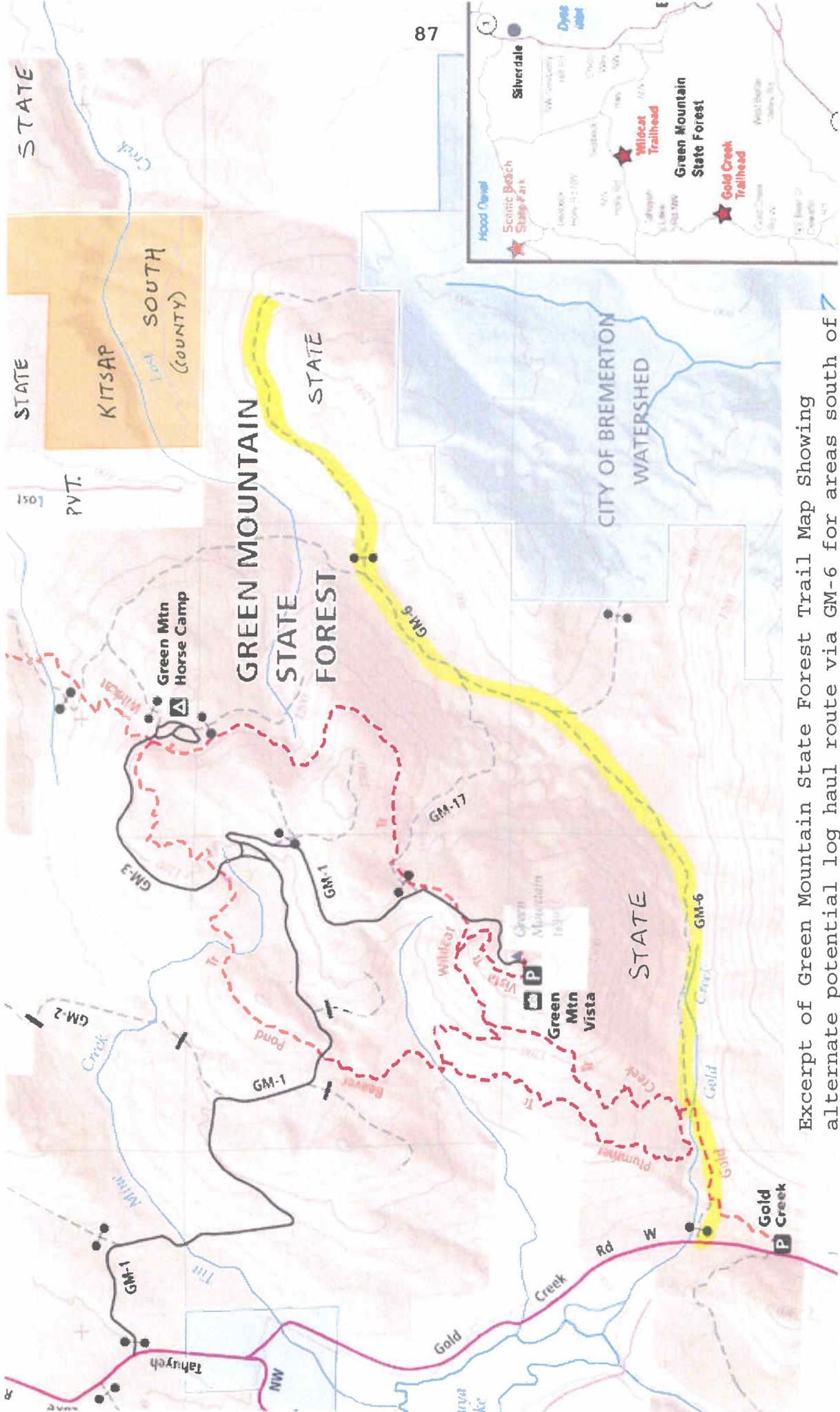


Site Indices are based on the WA-DNR State Soil Survey. If the site index does not exist or indicates red alder, noncommercial, or marginally commercial species, the following apply:

a) If red alder is indicated and the whole RMZ width is within that site index, then use site class V. If red alder is indicated for only a portion of the RMZ width, or there is on-site evidence that the site has historically supported conifer, then use the site class for conifer in the most physiographically similar adjacent soil polygon. b) In Western Washington, if there is no site index information, use the site class for conifer in the most physiographically similar adjacent soil polygon. c) In Eastern Washington, if there is no site index information, assume site class III, unless site specific information indicates otherwise. d) If the soil polygon indicates noncommercial or marginally commercial, then use site class V.

See WA Forest Practice Rules (WAC 222), Chapter 222-16 for a more complete definition of site class.

Monday, March 02, 2009 12:24:56 PM NAD 83

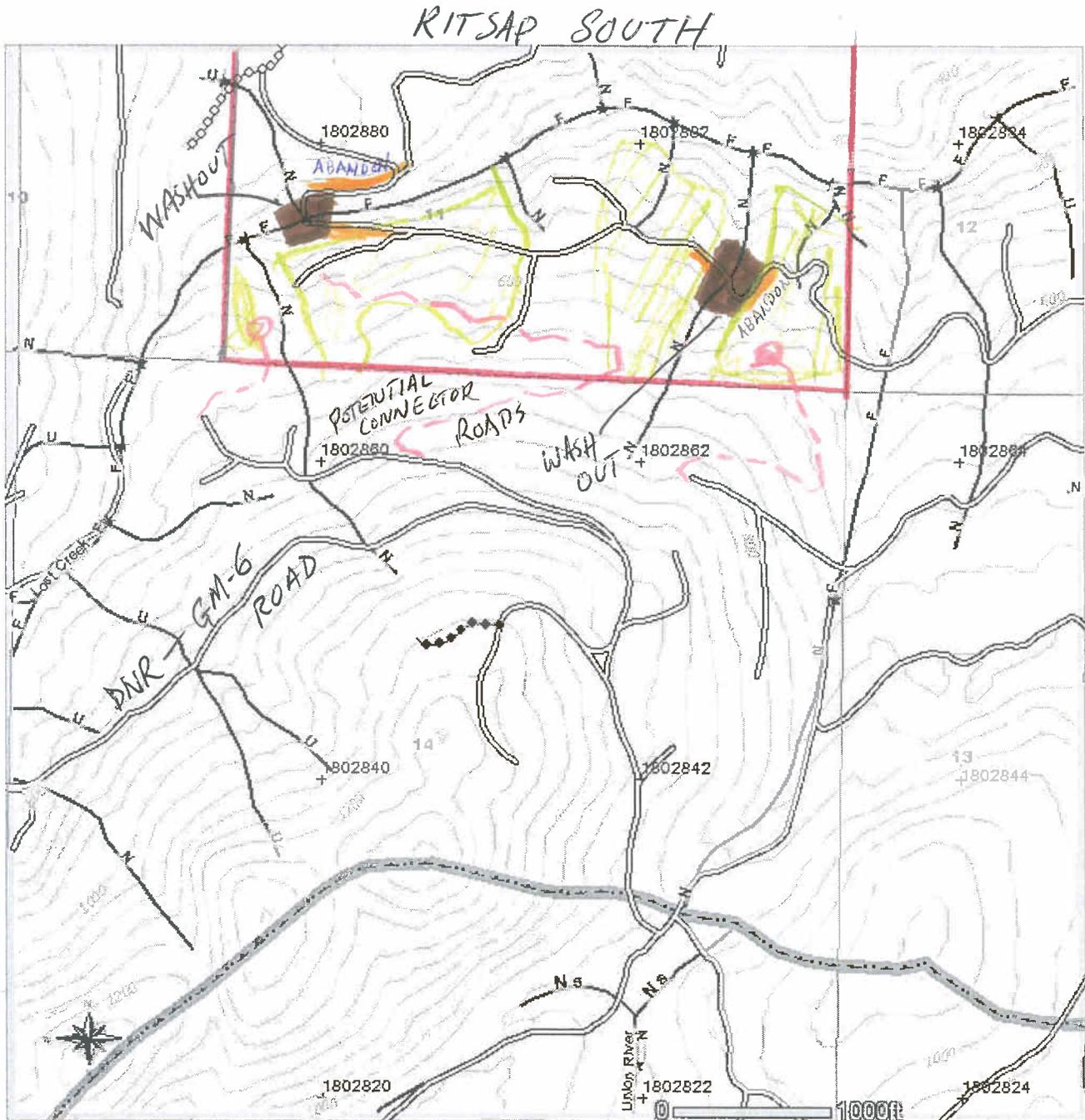


Excerpt of Green Mountain State Forest Trail Map Showing alternate potential log haul route via GM-6 for areas south of Lost Creek. A following map shows potential spur connector road locations.

FOREST PRACTICE BASE MAP

TOWNSHIP 24 NORTH HALF 0, RANGE 1 WEST (W.M.) HALF 0, SECTION 11

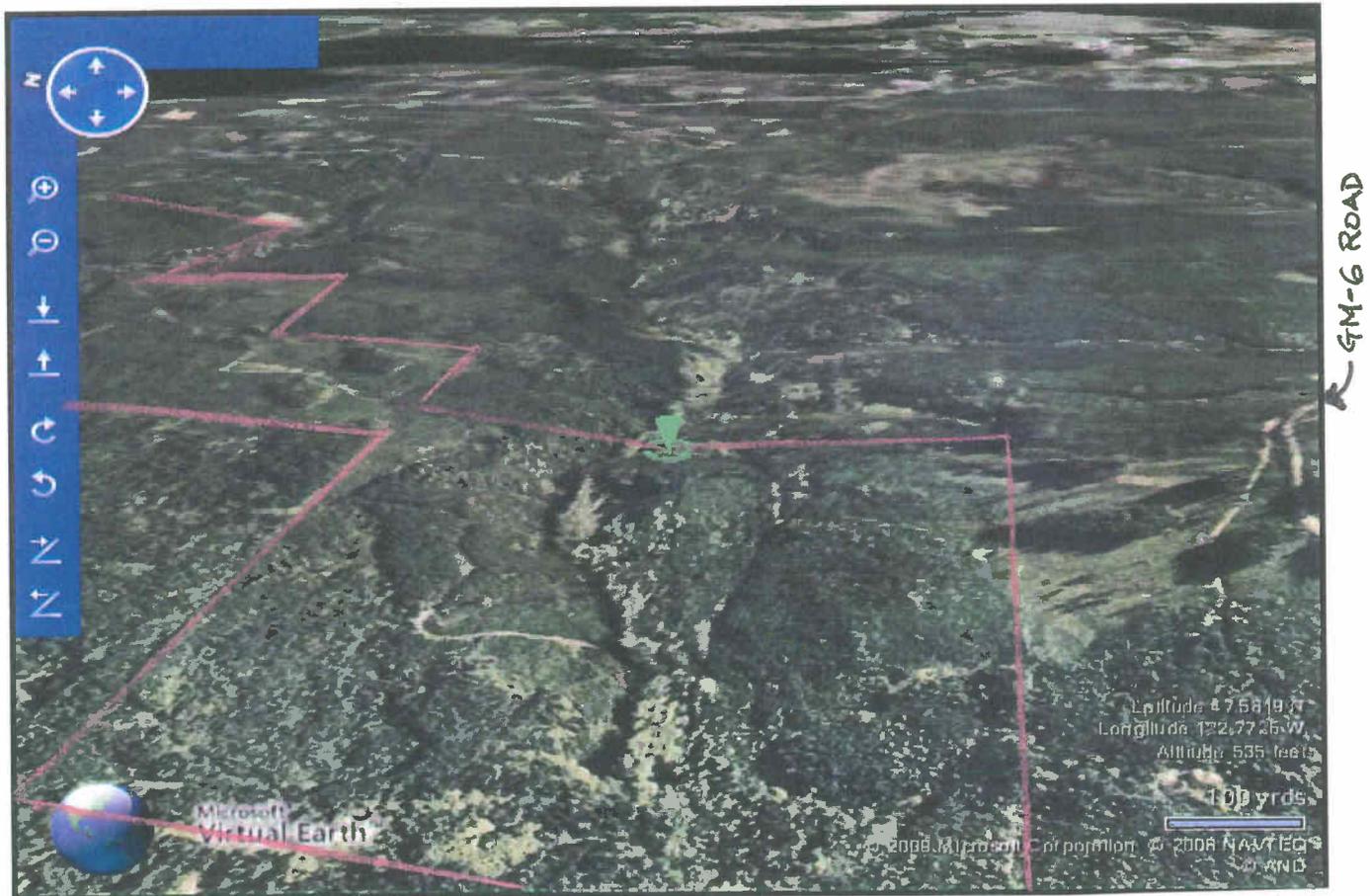
Application #: _____



PB 3/16/09

Monday, March 16, 2009 9:08:22 AM
NAD 83
Contour Interval: 40 Feet

Copy of 3-D aerial photo imagery of Kitsap South showing Lost Creek drainage. North is at left of page in this view, and State GM-6 is visible at right edge of photo. Scale varies for this oblique imagery. Source: www.maps.live.com.



Pete Blansett

From: PRUITT, BRAD (DNR) [BRADFORD.PRUITT@dnr.wa.gov]
Sent: Friday, March 13, 2009 10:10 AM
To: pblansett@sanforest.com
Cc: Matt Keough
Subject: RMAP
Attachments: kitsap_exchange R-map and Geology.pdf; RMAP obligations for Newberry Hill.htm; State RMAP newberryhill_exchange.pdf

<<kitsap_exchange R-map and Geology.pdf>> <<RMAP obligations for Newberry Hill.htm>> <<State RMAP newberryhill_exchange.pdf>>

Peter, per your request. Some of this information is quite dated, and may not address current status, as we have been considering this exchange for a number of years.

Matt, Peter Blansett, SA Newman timber appraiser has requested RMAP evaluations done by DNR in the past. I have informed him that comments in these evaluations reflect how DNR would manage under our HCP and other guidelines. How a private landowner might deal with these forest practice issues could be different in the market approach. Brad

Potential Trade of Kitsap County Land for State Land (Newberry Hill)

County Land Location:

Kitsap County, Section 11, Township 24 North Range 1 West.

I will assuming all roads to be maintained and upgraded for Forest Practice requirements. Not all roads were assessed due to limited time, however based on LiDAR recon, other short spurs cross some of the smaller streams and large cost upgrades are not expected. On the main road, estimations for upgrade costs are as follows:

4 Stream crossings to upgrade for 100 year flow conditions = ~ \$15,000
 1 large Fish Passage upgrade (Lost Creek) = ~ \$80,000
 < 10 additional or replacement cross drains = ~\$10,000

Some areas will need frequent routine maintenance on the road approaching Lost creek from both sides (areas of constant sloughing on cutslopes and fillslopes) to prevent forest practice violations and the potential to lose sections of roadway. There are also neighbor issues with quads utilizing the property (pretty evident).

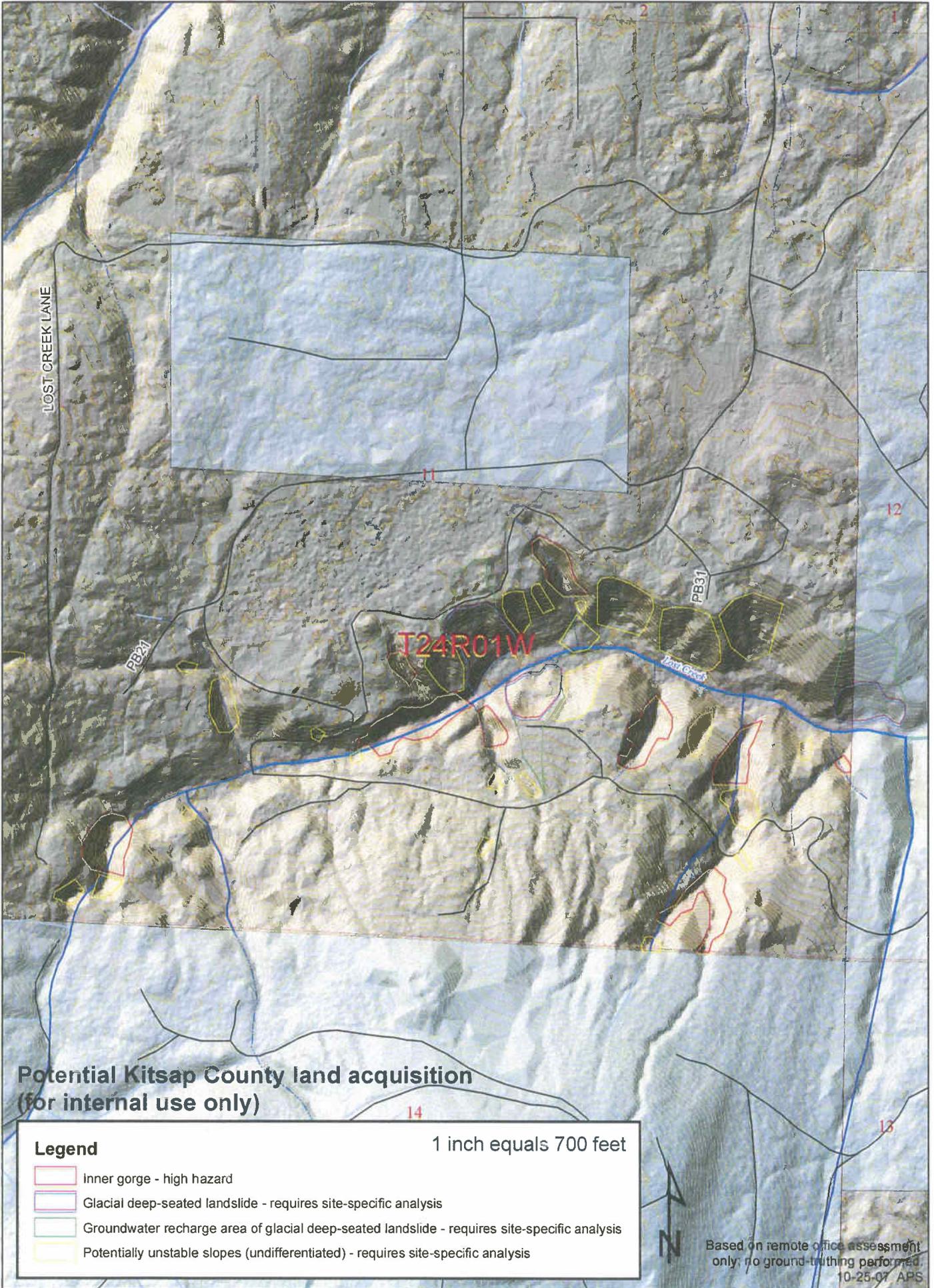
Additionally I had Ana Shafer do a quick office review of the area too. Her comments (map attached):

If everything I've delineated were a high hazard landform with high potential for delivery (ie. worst case scenario), they would probably exclude all these areas and go with a buffer of +/- 2 crown widths, with the exception of the groundwater recharge areas. Worst case scenario for these would be to delineate the actual recharge area on the ground, and no harvest would occur within the recharge area, but no buffer would be required around it.

More than likely, the inner gorges would be excluded, and some percentage, but not all, of the potentially unstable slopes (undifferentiated) would be excluded. It's hard to say on the deep-seated landslides and their groundwater recharge areas without looking at historic air photos, seeing them on the ground, etc. Looking just at the '97 photos, both the landslides and their recharge areas (two out of the three) were clearcut sometime before these photos were taken, and there's no indication of movement, but . . . ?

-Ana

(preliminary analysis; for internal use only)



**Potential Kitsap County land acquisition
(for internal use only)**

Legend

- Inner gorge - high hazard
- Glacial deep-seated landslide - requires site-specific analysis
- Groundwater recharge area of glacial deep-seated landslide - requires site-specific analysis
- Potentially unstable slopes (undifferentiated) - requires site-specific analysis

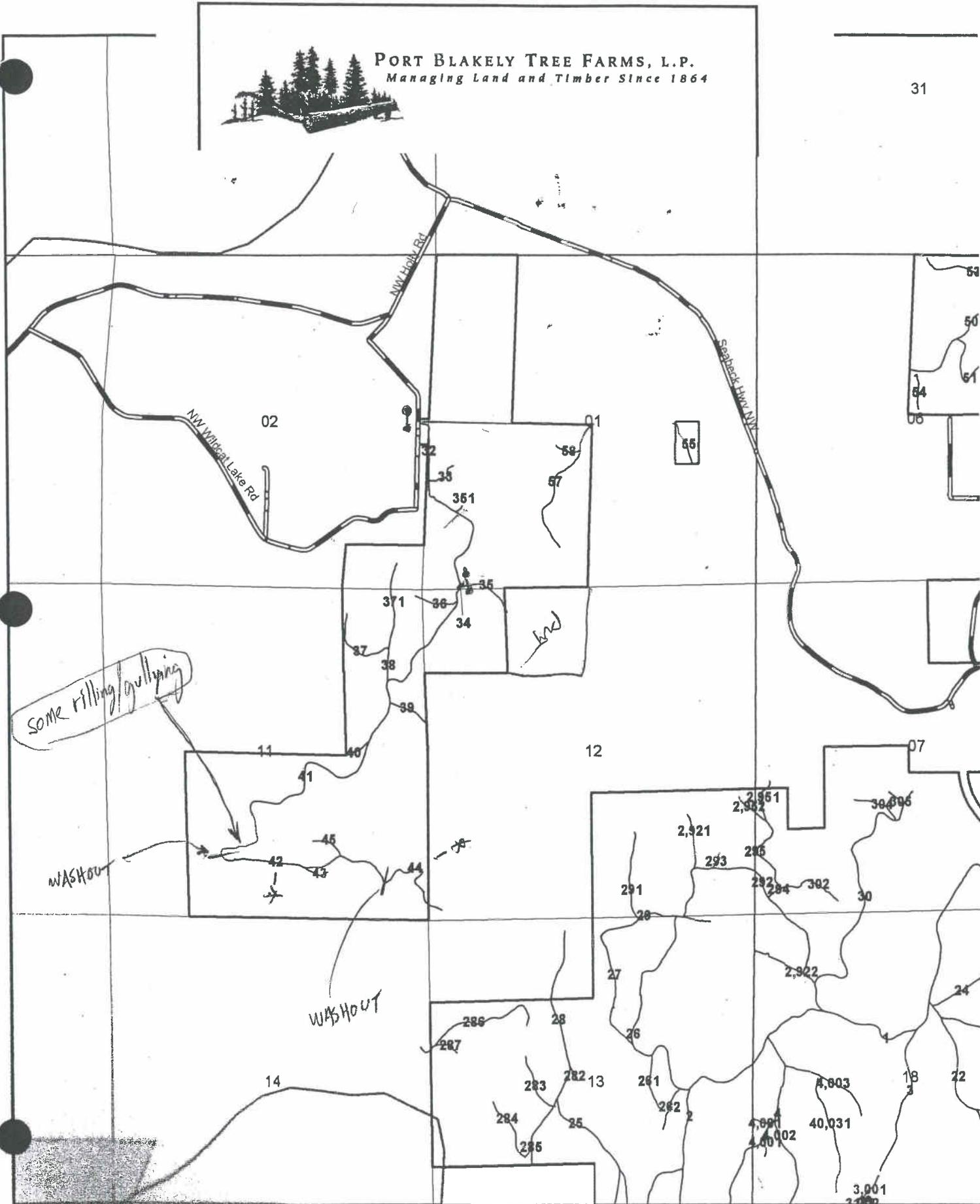
1 inch equals 700 feet



Based on remote office assessment only; no ground-truthing performed.
10-25-07 APS



PORT BLAKELY TREE FARMS, L.P.
Managing Land and Timber Since 1864



RCVD. SA Newman 3/6/09

NEWBERRY HILL
KITSAP
RMAP

SOLD
2009

Project SCHEDULING Table C

Long-term Road Maintenance and Abandonment Plan (RMAP) Worksheet

Actual Submittal Date of Acceptable RMAP:

For Department Use Only

DNR Region: SO_PUGET Owner ID: _____ Region ID: _____ Org. Unit ID Code: _____ RMAP ID Code: _____

Landowner: Port Blakely Road Management Unit: KII
 Name: Port Blakely Tree Farms
 Organization Unit (if applicable): _____

Mailing Address: Z515A Terminal St SW Tumwater, WA 98501-724Z
 Name: Dave Roberts Employee of: Port Blakely Tree Farms
 Mailing Address: Z515A Terminal St SW Tumwater, WA 98501-724Z
 E-Mail: droberts@portblakely.com Phone #: (360) 570-7122

Cellular #: (360) 280-4386 Fax #: (360) 570-0311

- A** Road Elements Structure ID: Identification Numbers specific to each feature.
- B** Road Elements Categories: Stream Adjacent, Ridgtop, Midslope, Valley Floor.
- C** Year When Work Ends: Please, enter 1999 for accomplishments completed before March 20, 2000.
- D** Work Code: Maintenance: 1; Improvement: 2; Abandonment: 3.
- E** Project Code: Scheduled in this RMAP: 1; Completed since 3/20/00: 2; Completed before 3/20/00: 3.
- F** Road Class: Defines the operational status of the road segment: Mainline, Secondary, Spur, Orphan.
- G** Feature Definitions: Ditchout - a ditchline relief existing or to be installed; New Install - 18" cross drain for ditchline relief; Delivery Start Point - a grade break or crossdrain updrichline from a live stream; Fishbearing Crossing - a live channel that has been typed to have fish; Defined Channel - a live stream w/o fish; Structure Replace - called when an undersize crossdrain is present, if 50% + sideslopes adjacent to road prism; Gate - self explanatory.

Road Segment	ROAD				Feature			DNR Issued RMB ID Code	WAW ID	Existing Condition	Proposed Work			Work Code D	Work Start C	Work End	Project Code E
	Structure ID A	Road Class F	Road Location B	Length (Feet)	Position		Latitude				Feature G	Prescription	Function Problem				
					Longitude	Latitude											
50 8188	Spur	Ridge Top	3003					B004	150103	OK		BSN2		1	4/1/00	12/1/04	1
50 8334	Spur	Ridge Top	3003	-122.716621	47.604998			B004	150103	P43	New Install	S431		1	4/1/00	12/1/04	1
50 8187	Spur	Ridge Top	3003	-122.721451	47.603651			B004	150103	P38	Structure Replace	S381		1	4/1/00	12/1/04	1
50 8185	Spur	Ridge Top	3003	-122.717763	47.604809			B004	150103	P43	New Install	S431		1	4/1/00	12/1/04	1
50 8184	Spur	Ridge Top	3003	-122.721585	47.603403			B004	150103	P43	New Install	S431		1	4/1/00	12/1/04	1
50 8183	Spur	Ridge Top	3003	-122.722994	47.602488			B004	150103	P43	New Install	S431		1	4/1/00	12/1/04	1
50 8177	Spur	Ridge Top	3003	-122.723352	47.601898			B004	150103	P43	New Install	S431		1	4/1/00	12/1/04	1
50 7962	Spur	Ridge Top	3003	-122.716029	47.604454			B004	150103	BPN	Gate	BSN2		1	4/1/00	12/1/04	1
50 8186	Spur	Ridge Top	3003	-122.721448	47.603653			B004	150103	BPN	Defined Crossing	BSN2		1	4/1/00	12/1/04	1
	Spur	Ridge Top	1880	-122.719800	47.604265			B004	150103	P43	New Install	S431		1	4/1/00	12/1/04	1
	Spur	Ridge Top	1016					B004		BPN		BSN1		3			
	Spur	Ridge Top	1711					B004		BPN		BSN1		3			
	Spur	Ridge Top	804					B004		BPN		BSN1		3			

Project SCHEDULING Table C (Continued)

For Department Use Only DNR Issued: RMAP ID: [Redacted]

Road Segment	ROAD Element (Segments and Features)				Feature Position		DNR Issued RMB ID Code	WAU ID	Existing Condition	Proposed Work			Work Code D	Work Start C	Work End	Project Code E
	Structure ID A	Road Class F	Road Location B	Length (Feet)	Longitude	Latitude				Feature G	Prescription	Function Problem				
37		Spur	Ridge Top	1287			B004	150103	OK				1	4/1/00	12/1/04	1
	37 8003	Spur	Ridge Top	1287	-122.762435	47.589643	B004	150103	P43	Ditch-out	BSN2		1	4/1/00	12/1/04	1
	37 8001	Spur	Ridge Top	1287	-122.760658	47.589282	B004	150103	P43	Ditch-out	S431		1	4/1/00	12/1/04	1
	37 8002	Spur	Ridge Top	1287	-122.761767	47.589293	B004	150103	P43	Ditch-out	S431		1	4/1/00	12/1/04	1
38		Spur	Ridge Top	539			B004	150103	OK				1	4/1/00	12/1/04	1
	38 8004	Spur	Ridge Top	539	-122.759915	47.588586	B004	150103	P43	Ditch-out	S431		1	4/1/00	12/1/04	1
	38 8200	Spur	Ridge Top	539	-122.759827	47.589345	B004	150103	P43	New Install	S431		1	4/1/00	12/1/04	1
41		Spur	Ridge Top	4732			B004	150103	OK				1	4/1/00	12/1/04	1
	41 8201	Spur	Ridge Top	4732	-122.761388	47.584982	B004	150103	P43	New Install	S431		1	4/1/00	12/1/04	1
	41 8009	Spur	Ridge Top	4732	-122.768941	47.582332	B004	150103	P43	Ditch-out	S431		1	4/1/00	12/1/04	1
	41 8338	Spur	Ridge Top	4732	-122.764360	47.584379	B004	150103	P38	Structure Replace	S381		1	4/1/00	12/1/04	1
	41 8340	Spur	Ridge Top	4732	-122.768172	47.582796	B004	150103	P38	Structure Replace	S381		1	4/1/00	12/1/04	1
	41 8010	Spur	Ridge Top	4732	-122.768634	47.581416	B004	150103	P43	Ditch-out	S431		1	4/1/00	12/1/04	1
	41 8332	Spur	Ridge Top	4732	-122.768757	47.582814	B004	150103	BPN	Rock Pit	BSN2		1	4/1/00	12/1/04	1
	41 8008	Spur	Ridge Top	4732	-122.767204	47.582704	B004	150103	P43	Ditch-out	S431		1	4/1/00	12/1/04	1
	41 8007	Spur	Ridge Top	4732	-122.760520	47.586097	B004	150103	P43	Ditch-out	S431		1	4/1/00	12/1/04	1
	41 8006	Spur	Ridge Top	4732	-122.759859	47.586793	B004	150103	P43	Ditch-out	S431		1	4/1/00	12/1/04	1
	41 7965	Spur	Ridge Top	4732	-122.765350	47.584332	B004	150103	P41	Defined Crossing	S411	Perched	1	4/1/00	12/1/04	1
	41 8101	Spur	Ridge Top	4732	-122.765473	47.583315	B004	150103	BPN	Existing Crossdral	BSN2	None	1	4/1/00	12/1/04	1
	41 8202	Spur	Ridge Top	4732	-122.761974	47.584109	B004	150103	P43	New Install	S431		1	4/1/00	12/1/04	1
	41 8100	Spur	Ridge Top	4732	-122.763108	47.583861	B004	150103	BPN	Existing Crossdral	BSN2	None	1	4/1/00	12/1/04	1
	41 7966	Spur	Ridge Top	4732	-122.768172	47.582796	B004	150103	P41	Defined Crossing	S411	Undersize	1	4/1/00	12/1/04	1
	41 8339	Spur	Ridge Top	4732	-122.765349	47.584332	B004	150103	P38	Structure Replace	S381		1	4/1/00	12/1/04	1
	41 8203	Spur	Ridge Top	4732	-122.769164	47.580918	B004	150103	P43	New Install	S431		1	4/1/00	12/1/04	1
	41 8005	Spur	Ridge Top	4732	-122.759935	47.587705	B004	150103	P43	Ditch-out	S431		1	4/1/00	12/1/04	1
	41 8102	Spur	Ridge Top	4732	-122.766186	47.583081	B004	150103	BPN	Existing Crossdral	BSN2	None	1	4/1/00	12/1/04	1

Project SCHEDULING Table C (Continued)

For Department Use Only DNR Issued RMAP ID:

Road Segment	ROAD				DNR Issued RMB ID Code	WAU ID	Existing Condition	Proposed Work			Work Code D	Work Start C	Work End	Project Code E		
	Element Structure ID A	Element (Segments and Features)		Road Class F				Feature Position	Feature G	Prescription					Function	Problem
		Stream Adj	Stream Adj													
42	Spur	Stream Adj	3790		B004	150103	OK		BSN2		1	4/1/00	12/1/04	1		
42	8344	Stream Adj	3790	47.579946	B004	150103	P38	Structure Replace	S381		1	4/1/00	12/1/04	1		
42	8204	Stream Adj	3790	47.580770	B004	150103	P43	New Install	S431		1	4/1/00	12/1/04	1		
42	8205	Stream Adj	3790	47.580260	B004	150103	P43	New Install	S431		1	4/1/00	12/1/04	1		
42	8345	Stream Adj	3790	47.579942	B004	150103	P38	Structure Replace	S381		1	4/1/00	12/1/04	1		
42	8346	Stream Adj	3790	47.580411	B004	150103	P38	Structure Replace	S381		1	4/1/00	12/1/04	1		
42	8011	Spur	3790	47.580641	B004	150103	P43	Ditch-out	S431		1	4/1/00	12/1/04	1		
42	8342	Spur	3790	47.580311	B004	150103	P38	Structure Replace	S381		1	4/1/00	12/1/04	1		
42	8206	Spur	3790	47.580174	B004	150103	P43	New Install	S431		1	4/1/00	12/1/04	1		
42	8207	Spur	3790	47.579930	B004	150103	P43	New Install	S431		1	4/1/00	12/1/04	1		
42	8208	Spur	3790	47.580208	B004	150103	P43	New Install	S431		1	4/1/00	12/1/04	1		
42	8209	Spur	3790	47.579681	B004	150103	P43	New Install	S431		1	4/1/00	12/1/04	1		
42	8168	Spur	3790	47.580433	B004	150103	BP1	Fish bearing cross	BS1	Perched	1	4/1/00	12/1/04	1		
42	8012	Spur	3790	47.580297	B004	150103	P43	Ditch-out	S431		1	4/1/00	12/1/04	1		
42	8343	Spur	3790	47.580294	B004	150103	P38	Structure Replace	S381		1	4/1/00	12/1/04	1		
42	8341	Spur	3790	47.580423	B004	150103	P38	Structure Replace	S381		1	4/1/00	12/1/04	1		
44	Spur	Midslope	2400		B004	150103	OK		BSN2		1	4/1/00	12/1/04	1		
44	8213	Spur	2400	47.578908	B004	150103	P43	New Install	S431		1	4/1/00	12/1/04	1		
44	8014	Spur	2400	47.579208	B004	150103	P43	Ditch-out	S431		1	4/1/00	12/1/04	1		
44	8210	Spur	2400	47.579348	B004	150103	P43	New Install	S431		1	4/1/00	12/1/04	1		
44	7967	Spur	2400	47.579244	B004	150103	P43	Defined Crossing	S411	Perched	1	4/1/00	12/1/04	1		
44	8211	Spur	2400	47.579776	B004	150103	P43	New Install	S431		1	4/1/00	12/1/04	1		
44	8013	Spur	2400	47.579637	B004	150103	P43	Ditch-out	S431		1	4/1/00	12/1/04	1		
44	8347	Spur	2400	47.579757	B004	150103	P38	Structure Replace	S381		1	4/1/00	12/1/04	1		
44	8103	Spur	2400	47.578305	B004	150103	BP1	Existing Crossdral	BSN2	None	1	4/1/00	12/1/04	1		
44	8212	Spur	2400	47.579375	B004	150103	P43	New Install	S431		1	4/1/00	12/1/04	1		
44	8369	Spur	2400	47.578058	B004	150103	BP1	Fish bearing cross	BS1	Router	1	4/1/00	12/1/04	1		
45	Spur	Ridge Top	566		B004	150103	BP1		BSN2		3	4/1/00	12/1/04	1		
45	8214	Spur	566	47.581049	B004	150103	P43	New Install	S431		3	4/1/00	12/1/04	1		
43	Spur	Ridge Top	412		B004	150103	BP1		BSN1		3	4/1/00	12/1/04	1		
43	8215	Spur	412	47.579600	B004	150103	P43	New Install	S431		3	4/1/00	12/1/04	1		
40	Spur	Ridge Top	327		B004		BP1		BSN1		3					
39	Spur	Ridge Top	728		B004	150103	BP1		BSN1		3	4/1/00	12/1/04	1		
39	8216	Spur	728	47.586516	B004	150103	P43	New Install	S431		3	4/1/00	12/1/04	1		
39	8015	Spur	728	47.587044	B004	150103	P43	Ditch-out	S431		3	4/1/00	12/1/04	1		
36	Spur	Ridge Top	772		B004	150103	BP1		BSN2		1	4/1/00	12/1/04	1		
36	8217	Spur	772	47.591436	B004	150103	P43	New Install	S431		1	4/1/00	12/1/04	1		

ADDENDUM C:

Timber Type & Land Use Summaries and Unadjusted
Merchantable Timber Cruise Type Detail

101
PROJECT REPORT(FA)
SPP, SORT, GRADE, LEN % - BDFT

PLATEAU TIMBERLAND SERVICES

PROJECT NEWBERRY

Acres: 279.10

KITSAP N&S Combined

Plots 118 BFT:W

Trees 583 CUB:1

TRACT:

PAGE 1

DATE: *March 2009*

TIME: 02:07pm

T24N R01W S01 T0001 T24N R01W S01 T0002 T24N R01W S11 T0001 T24N R01W S11 T0002
T24N R01W S11 T0003 T24N R01W S11 T0004 T24N R01W S11 T0005

/ SP	SORT	GRADE	PCT BDFT / ACRE			TOT %BDFT/AC BY GROSS LEN.				AV BDFT/ LOGS			
			BDFT	GROSS	NET	MBF	12-19	20-25	26-34	35-40	LN	LOG	ACRE
BC	UTILPULP	PULP	100	10	10	3		25	75	25	40		
BC	CULL	CULL		3									
BC	TOTAL			13	10	3		25	75	25	40	0	
BM	DOMESTIC	1 SAW	51	77	67	19		22	78	29	367		
BM	UTILPULP	PULP	49	79	64	18	24	13	63	25	48	1	
BM	TOTAL		1	156	132	37	12	17	71	26	86	2	
LP	DOMESTIC	4 SAW	100	55	55	15	11	89		19	18	3	
LP	TOTAL			55	55	15	11	89		19	18	3	
OGF	12+8RING	2 SAW	26	40	40	11			50	50	34	479	
OGF	C 8"+	2 SAW	15	22	22	6			100		32	810	
OGF	DOMESTIC	2 SAW	32	53	49	14			63	37	33	315	
OGF	DOMESTIC	3 SAW	9	15	14	4			18	82	34	95	
OGF	DOMESTIC	4 SAW	1	2	2	1				100	36	40	
OGF	UTILPULP	PULP	16	29	25	7	24		76	24	395		
OGF	CULL	CULL		5									
OGF	TOTAL		1	166	152	42	4		62	34	32	291	1
RA	DOMESTIC	2 SAW	3	18	18	5			100	30	180		
RA	DOMESTIC	3 SAW	16	114	103	29		27	73	28	86	1	
RA	DOMESTIC	4 SAW	8	54	50	14		26	74	26	53	1	
RA	DOMESTIC	6-7"	7	45	45	13		100		23	32	1	
RA	UTILPULP	PULP	66	420	413	115	4	20	56	20	27	22	19
RA	CULL	CULL		6									
RA	TOTAL		5	657	630	176	2	27	58	13	27	28	22
RC	DOMESTIC	3 SAW	68	516	463	129		2	68	30	32	104	4
RC	DOMESTIC	4 SAW	32	218	217	60	24	30	46	21	18	12	
RC	CULL	CULL		122									
RC	TOTAL		5	857	679	190	8	11	61	21	24	41	16
SGF	8"+JAPAN	2 SAW	2	169	169	47			40	60	36	231	1
SGF	8"+JAPAN	3 SAW	3	325	325	91			52	48	35	109	3
SGF	C 8"+	2 SAW	5	459	450	126			41	59	36	257	2
SGF	C 8"+	3 SAW	3	238	238	66			50	50	35	124	2
SGF	K8+/LOWC	2 SAW	6	589	567	158			31	69	36	263	2

PROJECT REPORT(FA)
 SPP, SORT, GRADE, LEN % - BDFT

PLATEAU TIMBERLAND SERVICES
 PROJECT NEWBERRY
 Acres: 279.10

102
 Plots 118 BFT:W
 Trees 583 CUB:1
 TRACT:

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 DATE: March 2009
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		PCT BDFT / ACRE		TOT %BDFT/AC BY GROSS LEN.				AV BDFT/ LOGS					
SP	SORT	GRADE	BDFT	GROSS	NET	MBF	12-19	20-25	26-34	35-40	LN	LOG	ACRE
SGF	K8+/LOWC	3 SAW	12	1147	1113	311			60	40	33	96	12
SGF	DOMESTIC	2 SAW	4	362	348	97			58	42	34	223	2
SGF	DOMESTIC	3 SAW	12	1104	1082	302			47	53	34	69	16
SGF	DOMESTIC	4 SAW	5	450	449	125	2	14	59	24	29	33	13
SGF	CHIP/SAW	3 SAW	3	294	293	82			5	95	39	63	5
SGF	CHIP/SAW	4 SAW	37	3426	3422	955	4	11	46	39	29	31	110
SGF	UTILPULP	PULP	10	899	899	251	18	31	42	9	23	15	61
SGF	CULL	CULL		1									
SGF TOTAL			72	9465	9355	2611	3	8	46	43	28	41	228
WH	C 8"+	3 SAW	2	25	25	7			100		32	140	
WH	K8+/LOWC	2 SAW	2	27	24	7				100	36	230	
WH	K8+/LOWC	3 SAW	8	117	108	30			77	23	33	92	1
WH	DOMESTIC	2 SAW	13	192	169	47			53	47	34	224	1
WH	DOMESTIC	3 SAW	12	168	151	42		2	39	59	35	73	2
WH	DOMESTIC	4 SAW	6	81	79	22			94	6	30	42	2
WH	CHIP/SAW	3 SAW	1	11	9	3				100	40	60	
WH	CHIP/SAW	4 SAW	38	506	496	138	4	12	16	67	31	38	13
WH	UTILPULP	PULP	18	240	234	65	25	32	37	6	25	24	10
WH	CULL	CULL		8									
WH TOTAL			10	1375	1295	361	6	11	38	45	29	44	29
WP	DOMESTIC	2 SAW	4	28	25	7				100	36	320	
WP	DOMESTIC	3 SAW	45	294	290	81			47	53	35	96	3
WP	DOMESTIC	4 SAW	42	276	275	77	25	14	38	23	23	24	11
WP	CHIP/SAW	4 SAW	7	49	49	14	4	44	29	22	24	25	2
WP	UTILPULP	PULP	2	10	10	3			100		31	20	1
WP TOTAL			5	657	649	181	11	9	41	39	25	38	17
PROJECT TOTAL			100	13400	12956	3616	4	10	47	39	28	41	318

PROJECT REPORT(KA)
STATISTICS - UNSTRATIFIED

PLATEAU TIMBERLAND SERVICES 103
PROJECT NEWBERRY TRACT:
TWP 24N RGE 01W SEC 01 TY 0001 AC 279.10
TWP 24N RGE 01W SEC 11 TY 0005
PROJECT ACRES: 279.10 TOTAL TYPES: 7

Plots 118 BFT:W
Trees 583 CUB:1
RK

PAGE 1
DATE: March 2009
TIME: 02:07pm

	PLOTS	TREES	TREES PER PLOT	ESTIMATED TOTAL TREES	PERCENT SAMPLE TREES
TOTAL	118	634	5.4		
CRUISE	107	583	5.4	64379	0.9
COUNT	11	51	4.6		
BLANKS					
100%					

STAND SUMMARY									
	SAMPLE TREES	TREES /ACRE	AVE D4H	BOLE LEN	BASAL AREA	GROSS BF/AC	NET BF/AC	GROSS CF/AC	NET CF/AC
DOUG FIR	384	154.1	10.8	51	98.8	9399	9273	2879	2844
W. HEM.	69	26.2	10.9	51	16.9	1603	1508	497	469
RED CEDR	45	15.2	13.6	41	15.3	1004	793	374	314
W. PINE	34	15.2	9.7	46	7.8	742	732	218	215
REDALDER	34	15.8	10.1	48	8.8	753	713	255	237
LP. PINE	3	2.8	7.7	33	0.9	47	47	15	13
COTTONWD	1	0.1	13.0	64	0.1	14	11	4	3
OLD DOUG	6	0.3	30.9	82	1.6	221	202	57	52
BL MAPLE	7	1.0	19.4	58	2.0	200	168	62	51
TOTAL	583	230.7	11.0	50	152.3	13984	13449	4360	4197

SD:1	COEFF.		BASAL AREA/ACRE			# OF PLOTS REQ. - INF. POP.		
	VAR. %	S.E. %	LOW	AVE	HIGH	5%	10%	15%
DOUG FIR	71.2	6.6	92.3	98.8	105.3			
W. HEM.	220.5	20.3	13.5	16.9	20.4			
RED CEDR	238.3	21.9	11.9	15.3	18.6			
W. PINE	257.1	23.7	6.0	7.8	9.7			
REDALDER	289.8	26.7	6.5	8.8	11.2			
LP. PINE	563.1	51.8	0.4	0.9	1.4			
COTTONWD	1086.3	100.0		0.1	0.3			
OLD DOUG	515.0	47.4	0.8	1.6	2.3			
3L MAPLE	612.3	56.4	0.9	2.0	3.1			
TOTAL	41.2	3.8	146.5	152.3	158.1	67	17	8

PROJECT REPORT(KA)
 STATISTICS - UNSTRATIFIED

104

PLATEAU TIMBERLAND SERVICES
 PROJECT NEWBERRY TRACT:
 TWP 24N RGE 01W SEC 01 TY 0001 AC 279.10
 TWP 24N RGE 01W SEC 11 TY 0005
 PROJECT ACRES: 279.10 TOTAL TYPES: 7

Plots 118 BFT:W
 Trees 583 CUB:1
 RK

PAGE 2
 DATE: March 2009
 TIME: 02:07pm

SD:1	COEFF.		NET BF/ACRE			# OF PLOTS REQ. - INF. POP.		
	VAR.%	S.E.%	LOW	AVE	HIGH	5%	10%	15%
DOUG FIR	87.4	8.0	8527	9273	10019			
W. HEM.	250.5	23.1	1161	1508	1856			
RED CEDR	250.0	23.0	610	793	975			
W. PINE	288.9	26.6	538	732	927			
REDALDER	313.4	28.8	508	713	919			
LP. PINE	577.1	53.1	22	47	72			
COTTONWD	1086.3	100.0	0	11	23			
OLD DOUG	530.3	48.8	103	202	300			
BL MAPLE	555.1	51.1	82	168	255			
TOTAL	58.2	5.4	12729	13449	14169	133	34	15

SD:1	COEFF.		NET CUBIC FT/ACRE			# OF PLOTS REQ. - INF. POP.		
	VAR.%	S.E.%	LOW	AVE	HIGH	5%	10%	15%
DOUG FIR	80.3	7.4	2633	2844	3054			
W. HEM.	239.4	22.0	366	469	573			
RED CEDR	236.8	21.8	246	314	383			
W. PINE	283.5	26.1	159	215	271			
REDALDER	303.2	27.9	170	237	303			
LP. PINE	562.0	51.7	6	13	20			
COTTONWD	1086.3	100.0		3	7			
OLD DOUG	514.8	47.4	27	52	76			
BL MAPLE	588.2	54.1	23	51	78			
TOTAL	50.8	4.7	4001	4197	4394	102	26	11

PROJECT REPORT(FA)
SPP, SORT, GRADE, LEN % - BDFT

PLATEAU TIMBERLAND SERVICES
PROJECT NEWBERRY
Acres: 138.10

105
Plots 60 BFT:W
Trees 299 CUB:1
TRACT: KITSAP NORTH

PAGE 1
DATE: 01 APR 2009
TIME: 01:43pm

T24N R01W S01 T0001 T24N R01W S01 T0002

		PCT BDFT / ACRE		TOT %BDFT/AC BY GROSS LEN.				AV BDFT/		LOGS			
SP	SORT	GRADE	BDFT	GROSS	NET	MBF	12-19	20-25	26-34	35-40	LN	LOG	ACRE
3C	UTILPULP	PULP	100	21	21	3		25	75		25	40	1
3C	CULL	CULL		5									
3C	TOTAL			26	21	3		25	75		25	40	1
LP	DOMESTIC	4 SAW	100	60	60	8	20	80			18	17	4
LP	TOTAL			60	60	8	20	80			18	17	4
RA	DOMESTIC	4 SAW	28	26	26	4		100			20	40	1
RA	UTILPULP	PULP	72	68	68	9		43	57		26	19	4
RA	TOTAL		1	94	94	13		59	41		25	22	4
RC	DOMESTIC	3 SAW	62	516	450	62			73	27	32	94	5
RC	DOMESTIC	4 SAW	38	280	280	39	33	27	40		20	16	17
RC	CULL	CULL		77									
RC	TOTAL		5	873	730	101	13	10	60		17	22	33
SGF	8"+JAPAN	2 SAW	2	202	202	28			51	49	35	252	1
SGF	8"+JAPAN	3 SAW	4	441	441	61			67	33	33	107	4
SGF	C 8"+	2 SAW	5	573	558	77			61	39	35	258	2
SGF	C 8"+	3 SAW	4	390	390	54			48	52	34	126	3
SGF	K8+/LOWC	2 SAW	11	1190	1146	158			31	69	36	263	4
SGF	K8+/LOWC	3 SAW	19	2016	1952	270			66	34	33	93	21
SGF	DOMESTIC	2 SAW	6	699	672	93			61	39	34	222	3
SGF	DOMESTIC	3 SAW	13	1409	1394	192			48	52	35	75	19
SGF	DOMESTIC	4 SAW	9	905	901	124	2	15	59	24	29	33	27
SGF	CHIP/SAW	4 SAW	22	2258	2258	312	4	19	28	49	29	30	74
SGF	UTILPULP	PULP	5	485	485	67	37	53	7	3	20	12	40
SGF	TOTAL		76	10569	10399	1436	3	8	47	43	29	52	198
WH	C 8"+	3 SAW	4	51	51	7			100		32	140	
WH	K8+/LOWC	2 SAW	3	54	48	7				100	36	230	
WH	K8+/LOWC	3 SAW	16	237	219	30			77	23	33	92	2
WH	DOMESTIC	2 SAW	5	95	74	10			100		32	164	
WH	DOMESTIC	3 SAW	8	129	117	16			37	63	36	81	1
WH	DOMESTIC	4 SAW	11	163	160	22			94	6	30	42	4
WH	CHIP/SAW	4 SAW	36	518	506	70	1	11	8	80	34	39	13
WH	UTILPULP	PULP	16	223	223	31	42	34	24		23	21	11
WH	TOTAL		10	1470	1397	193	7	9	42	42	30	43	32

PROJECT REPORT(FA)
SPP, SORT, GRADE, LEN % - BDFT

PLATEAU TIMBERLAND SERVICES
PROJECT NEWBERRY
Acres: 138.10

106
Plots 60 BFT:W
Trees 299 CUB:1
TRACT: KITSAP NORTH

PAGE 2
DATE: *MARCH 2009*
TIME: 01:43pm
AV BDFT/ LOGS

		PCT BDFT / ACRE		TOT %BDFT/AC BY GROSS LEN.					AV BDFT/ LOGS					
SP	SORT	GRADE	BDFT	GROSS	NET	MBF	12-19	20-25	26-34	35-40	LN	LOG	ACRE	
WP	DOMESTIC 2	SAW	5	57	50	7					100	36	320	
WP	DOMESTIC 3	SAW	38	377	372	51			67		33	33	88	
WP	DOMESTIC 4	SAW	57	558	555	77	25	14	38		23	23	24	
WP	TOTAL		7	992	978	135	14	8	47		31	24	36	
PROJECT TOTAL			100	14085	13679	1889	5	9	47		40	28	47	288

TYPE REPORT(FJ)
SPP, SORT, GRADE, LEN % - BDFT

PLATEAU TIMBERLAND SERVICES 107 Plots 43 BFT:W PAGE 1
 PROJECT NEWBERRY TRACT: KITSAP NORTH Trees 235 CUB:1 DATE: (MARCH 2000)
 TWP 24N RGE 01W SEC 01 TY 0001 AC 102.10 RK TIME: 01:43pm

/ SP	SORT	GRADE	PCT BDFT / ACRE			TOT %BDFT/AC BY GROSS LEN.				AV BDFT/ LOGS		ACRE	
			BDFT	GROSS	NET	MBF	12-19	20-25	26-34	35-40	LN		LOG
LP	DOMESTIC	4 SAW	100	16	16	2	100				14	10	2
LP	TOTAL			16	16	2	100				14	10	2
RA	DOMESTIC	4 SAW	57	35	35	4		100			20	40	1
RA	UTILPULP	PULP	43	26	26	3		100			24	30	1
RA	TOTAL			62	62	6		100			22	35	2
RC	DOMESTIC	3 SAW	63	698	609	62			73	27	32	94	6
RC	DOMESTIC	4 SAW	37	362	362	37	30	28	42		20	17	22
RC	CULL	CULL		105									
RC	TOTAL		6	1164	970	99	11	11	61	17	23	34	28
SGF	8"+JAPAN	2 SAW	2	273	273	28			51	49	35	252	1
SGF	8"+JAPAN	3 SAW	5	597	597	61			67	33	33	107	6
SGF	C 8"+	2 SAW	6	776	754	77			61	39	35	258	3
SGF	C 8"+	3 SAW	4	528	528	54			48	52	34	126	4
SGF	K8+/LOWC	2 SAW	12	1610	1551	158			31	69	36	263	6
SGF	K8+/LOWC	3 SAW	20	2595	2514	257			64	36	33	92	27
SGF	DOMESTIC	2 SAW	7	946	908	93			61	39	34	222	4
SGF	DOMESTIC	3 SAW	15	1882	1862	190			48	52	35	75	25
SGF	DOMESTIC	4 SAW	9	1208	1203	123	2	15	59	25	29	33	36
SGF	CHIP/SAW	4 SAW	17	2136	2136	218	4	14	29	53	30	32	67
SGF	UTILPULP	PULP	3	366	366	37	23	71	5		21	14	27
SGF	TOTAL		76	12916	12691	1296	2	6	48	44	30	62	206
WH	C 8"+	3 SAW	4	69	69	7			100		32	140	
WH	K8+/LOWC	2 SAW	4	73	65	7				100	36	230	
WH	K8+/LOWC	3 SAW	16	321	296	30			77	23	33	92	3
WH	DOMESTIC	2 SAW	6	128	101	10			100		32	164	1
WH	DOMESTIC	3 SAW	9	175	158	16			37	63	36	81	2
WH	DOMESTIC	4 SAW	12	221	216	22			94	6	30	42	5
WH	CHIP/SAW	4 SAW	36	660	644	66	1	12	8	79	34	40	16
WH	UTILPULP	PULP	14	249	249	25	51	30	19		22	21	12
WH	TOTAL		11	1895	1797	183	7	8	42	42	30	45	40
WP	DOMESTIC	2 SAW	6	77	68	7				100	36	320	
WP	DOMESTIC	3 SAW	42	479	477	49			65	35	33	91	5
WP	DOMESTIC	4 SAW	52	602	598	61	30	12	42	17	22	24	25
WP	TOTAL		7	1158	1144	117	16	6	49	30	24	37	31
TYPE	TOTAL		100	17211	16679	1703	4	7	48	41	29	54	308

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TYPE REPORT(FJ)
SPP, SORT, GRADE, LEN % - BDFT

PLATEAU TIMBERLAND SERVICES 108 Plots 17 BFT:W PAGE 1
 PROJECT NEWBERRY TRACT: KITSAP NORTH Trees 64 CUB:1 DATE: MARCH 2009
 TWP 24N RGE 01W SEC 01 TY 0002 AC 36.00 RK TIME: 01:43pm

/ SP	SORT	GRADE	PCT BDFT / ACRE			TOT %BDFT/AC BY GROSS LEN.				AV BDFT/ LOGS		LOGS	ACRE
			BDFT	GROSS	NET	MBF	12-19	20-25	26-34	35-40	LN		
BC	UTILPULP	PULP	100	80	80	3		25	75		25	40	2
BC	CULL	CULL		20									
BC	TOTAL		2	100	80	3		25	75		25	40	2
LP	DOMESTIC 4	SAW	100	185	185	7		100			20	20	9
LP	TOTAL		4	185	185	7		100			20	20	9
RA	UTILPULP	PULP	100	187	187	7		20	80		27	17	11
RA	TOTAL		4	187	187	7		20	80		27	17	11
RC	DOMESTIC 4	SAW	100	49	49	2	100				16	10	5
RC	TOTAL		1	49	49	2	100				16	10	5
SGF	K8+/LOWC 3	SAW	9	375	359	13			100		32	124	3
SGF	DOMESTIC 3	SAW	2	67	67	2			100		32	50	1
SGF	DOMESTIC 4	SAW	1	47	47	2			100		28	30	2
SGF	CHIP/SAW 4	SAW	67	2603	2603	94	3	31	26	40	27	27	95
SGF	UTILPULP	PULP	21	821	821	30	54	31	9	6	20	11	75
SGF	TOTAL		75	3913	3898	140	13	27	31	28	24	22	176
WH	CHIP/SAW 4	SAW	43	114	114	4				100	36	28	4
WH	UTILPULP	PULP	57	149	149	5		51	49		27	20	7
WH	TOTAL		5	262	262	9		29	28	43	30	23	11
WP	DOMESTIC 3	SAW	15	89	76	3			100		32	60	1
WP	DOMESTIC 4	SAW	85	433	433	16	6	23	26	45	25	26	17
WP	TOTAL		10	521	509	18	5	20	37	39	25	29	18
TYPE TOTAL			100	5217	5169	186	12	29	33	27	24	22	232

109
PROJECT REPORT(FA)
SPP, SORT, GRADE, LEN % - BDFE

PLATEAU TIMBERLAND SERVICES
PROJECT NEWBERRY
Acres: 141.00
T24N R01W S11 T0001 T24N R01W S11 T0002 T24N R01W S11 T0003 T24N R01W S11 T0004
T24N R01W S11 T0005

Plots 58 BFT:W
Trees 284 CUB:1
TRACT: KITSAP SOUTH

PAGE 1
DATE: MARCH 2009
TIME: 01:39pm

SP	SORT	GRADE	PCT BDFE / ACRE			TOT %BDFE/AC BY GROSS LEN.				AV BDFE/ LOGS			
			BDFE	GROSS	NET	MBF	12-19	20-25	26-34	35-40	LN	LOG	ACRE
BM	DOMESTIC	1 SAW	51	152	133	19		22	78		29	367	
BM	UTILPULP	PULP	49	156	127	18	24	13	63		25	48	3
BM	TOTAL		2	309	260	37	12	17	71		26	86	3
LP	DOMESTIC	4 SAW	100	49	49	7		100			20	20	2
LP	TOTAL			49	49	7		100			20	20	2
OGF	12+8RING	2 SAW	26	78	78	11			50	50	34	479	
OGF	C 8"+	2 SAW	15	44	44	6			100		32	810	
OGF	DOMESTIC	2 SAW	32	106	98	14			63	37	33	315	
OGF	DOMESTIC	3 SAW	9	30	28	4			18	82	34	95	
OGF	DOMESTIC	4 SAW	1	4	4	1				100	36	40	
OGF	UTILPULP	PULP	16	57	49	7	24		76		24	395	
OGF	CULL	CULL		9									
OGF	TOTAL		2	329	301	42	4		62	34	32	291	1
RA	DOMESTIC	2 SAW	3	36	36	5			100		30	180	
RA	DOMESTIC	3 SAW	18	225	204	29		27	73		28	86	2
RA	DOMESTIC	4 SAW	6	81	73	10			100		28	60	1
RA	DOMESTIC	6-7"	8	90	90	13		100			23	32	3
RA	UTILPULP	PULP	65	765	751	106	4	18	56		21	27	22
RA	CULL	CULL		12									
RA	TOTAL		9	1208	1154	163	3	25	59		14	27	29
RC	DOMESTIC	3 SAW	76	517	476	67		4	63		33	32	114
RC	DOMESTIC	4 SAW	24	158	154	22	8	35	57		23	23	7
RC	CULL	CULL		167									
RC	TOTAL		5	841	630	89	2	12	61		25	26	59
SGF	8"+JAPAN	2 SAW	2	136	136	19			24		76	38	205
SGF	8"+JAPAN	3 SAW	3	212	212	30			23		77	37	112
SGF	C 8"+	2 SAW	4	347	345	49			10		90	38	256
SGF	C 8"+	3 SAW	1	89	89	13			61		39	36	114
SGF	K8+/LOWC	3 SAW	4	296	292	41			21		79	37	115
SGF	DOMESTIC	2 SAW		32	32	4					100	40	240
SGF	DOMESTIC	3 SAW	9	806	776	109			44		56	33	60
SGF	DOMESTIC	4 SAW		5	5	1			100		30	40	
SGF	CHIP/SAW	3 SAW	7	582	580	82			5		95	39	63
SGF	CHIP/SAW	4 SAW	55	4570	4561	643	5	7	54		33	29	31

PROJECT REPORT(FA)
 SPP, SORT, GRADE, LEN % - BDFT

LATEAU TIMBERLAND SERVICES
 PROJECT NEWBERRY
 Acres: 141.00

110
 Plots 58 BFT:W
 Trees 284 CUB:1
 TRACT: KITSAP SOUTH
 PAGE 2
 DATE: MARCH 2009
 TIME: 01:39pm
 AV BDFT/ LOGS

		PCT BDFT / ACRE		TOT %BDFT/AC BY GROSS LEN.					AV BDFT/ LOGS				
SP	SORT	GRADE	BDFT	GROSS	NET	MBF	12-19	20-25	26-34	35-40	LN	LOG	ACRE
SGF	UTILPULP	PULP	16	1306	1306	184	12	22	55	12	24	16	82
SGF	CULL	CULL		3									
SGF	TOTAL		68	8383	8333	1175	4	8	46	42	28	32	257
WH	DOMESTIC	2 SAW	22	288	261	37			39	61	34	250	1
WH	DOMESTIC	3 SAW	16	206	185	26		3	40	57	35	69	3
WH	CHIP/SAW	3 SAW	2	21	18	3				100	40	60	
WH	CHIP/SAW	4 SAW	41	494	486	69	7	13	25	55	29	36	13
WH	UTILPULP	PULP	20	256	245	34	10	30	50	11	27	27	9
WH	CULL	CULL		16									
WH	TOTAL		10	1282	1195	169	5	12	35	48	29	45	26
WP	DOMESTIC	3 SAW	64	213	209	30			13	87	38	112	2
WP	CHIP/SAW	4 SAW	30	96	96	14	4	44	29	22	24	25	4
WP	UTILPULP	PULP	6	20	20	3			100		31	20	1
WP	TOTAL		3	329	326	46	1	13	23	63	29	48	7
PROJECT TOTAL			100	12730	12248	1727	4	10	47	39	28	35	347

TYPE REPORT(FJ)
SPP, SORT, GRADE, LEN % - BDFT

PLATEAU TIMBERLAND SERVICES	111	Plots 11	BFT:W	PAGE 1
PROJECT NEWBERRY TRACT: KITSAP SOUTH		Trees 60	CUB:1	DATE: MARCH 2009
TWP 24N RGE 01W SEC 11 TY 0001 AC 17.70		RK & CG		TIME: 01:06pm

/ SP	SORT	GRADE	PCT BDFT / ACRE			TOT %BDFT/AC BY GROSS LEN.				AV BDFT/ LOGS			
			BDFT	GROSS	NET	MBF	12-19	20-25	26-34	35-40	LN	LOG	ACRE
OGF	DOMESTIC	2 SAW	82	543	478	8			40	60	33	366	1
OGF	DOMESTIC	3 SAW	18	123	105	2				100	36	81	1
OGF	TOTAL		4	666	583	10			32	68	35	224	3
RC	DOMESTIC	3 SAW	44	709	663	12		25	51	24	32	78	8
RC	DOMESTIC	4 SAW	56	883	856	15	2	43	55		23	24	36
RC	CULL	CULL		59									
RC	TOTAL		11	1651	1519	27	1	35	53	11	25	34	44
SGF	8"+JAPAN	2 SAW	6	544	544	10				100	40	240	2
SGF	8"+JAPAN	3 SAW	20	1687	1687	30			23	77	37	112	15
SGF	C 8"+	2 SAW	6	534	534	9				100	38	227	2
SGF	C 8"+	3 SAW	8	712	712	13			61	39	36	114	6
SGF	K8+/LOWC	3 SAW	20	1692	1692	30			13	87	38	107	16
SGF	DOMESTIC	2 SAW	3	251	251	4				100	40	240	1
SGF	DOMESTIC	3 SAW	1	82	82	1				100	40	60	1
SGF	DOMESTIC	4 SAW		42	42	1			100		30	40	1
SGF	CHIP/SAW	3 SAW	12	1017	1001	18			22	78	38	64	16
SGF	CHIP/SAW	4 SAW	23	2045	1977	35	11	29	34	25	26	29	69
SGF	CULL	CULL		22									
SGF	TOTAL		61	8627	8522	151	3	7	23	68	31	66	129
WH	CHIP/SAW	3 SAW	14	169	145	3				100	40	60	2
WH	CHIP/SAW	4 SAW	72	774	736	13		31	33	36	32	32	23
WH	UTILPULP	PULP	14	138	138	2		100			24	30	5
WH	TOTAL		7	1081	1019	18		36	24	40	31	34	30
WP	DOMESTIC	3 SAW	74	1696	1667	30			13	87	38	112	15
WP	CHIP/SAW	4 SAW	26	595	595	11	5	57	38		22	22	26
WP	TOTAL		16	2291	2262	40	1	15	19	64	27	55	41
TYPE TOTAL			100	14316	13906	246	2	13	26	59	30	56	248

TYPE REPORT(FJ)
SPP, SORT, GRADE, LEN % - BDFT

PLATEAU TIMBERLAND SERVICES 112 Plots 16 BFT:W PAGE 1
 PROJECT NEWBERRY TRACT: KITSAP SOUTH Trees 87 CUB:1 DATE: MARCH 2000
 TWP 24N RGE 01W SEC 11 TY 0002 AC 24.30 RK TIME: 01:06pm

/ SP	SORT	GRADE	PCT BDFT / ACRE			TOT MBF	%BDFT/AC BY GROSS LEN.				AV LN	BDFT/ LOG	LOGS ACRE
			BDFT	GROSS	NET		12-19	20-25	26-34	35-40			
RA	DOMESTIC	3 SAW	11	216	180	4		100			24	50	4
RA	DOMESTIC	4 SAW	6	124	99	2			100		30	40	2
RA	DOMESTIC	6-7"	6	102	102	2		100			20	30	3
RA	UTILPULP	PULP	77	1293	1271	31		33	23	43	30	29	44
RA	CULL	CULL		67									
RA	TOTAL		13	1803	1652	40		43	24	33	29	31	54
RC	DOMESTIC	3 SAW	83	238	210	5			100		32	98	2
RC	DOMESTIC	4 SAW	17	43	43	1		100			23	20	2
RC	CULL	CULL		85									
RC	TOTAL		2	366	252	6		17	83		27	59	4
SGF	DOMESTIC	3 SAW	27	2267	2183	53			48	52	34	63	35
SGF	CHIP/SAW	4 SAW	68	5415	5415	132	7	8	22	64	31	31	175
SGF	UTILPULP	PULP	5	403	403	10	34	38	28		23	15	27
SGF	TOTAL		65	8085	8001	194	7	7	29	57	30	34	237
WH	DOMESTIC	3 SAW	23	622	565	14			51	49	35	72	8
WH	CHIP/SAW	4 SAW	66	1645	1645	40	10		8	82	31	46	36
WH	UTILPULP	PULP	11	271	271	7	11		89		28	18	15
WH	TOTAL		20	2538	2481	60	8		27	66	31	42	59
TYPE TOTAL			100	12792	12387	301	6	11	29	55	30	35	354

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TYPE REPORT(FJ)
SPP, SORT, GRADE, LEN % - BDFT

PLATEAU TIMBERLAND SERVICES 114 Plots 13 BFT:W PAGE 1
 PROJECT NEWBERRY TRACT: KITSAP SOUTH Trees 72 CUB:1 DATE: *MARCH 2009*
 TWP 24N RGE 01W SEC 11 TY 0004 AC 24.00 RK TIME: 01:06pm

/ SP	SORT	GRADE	PCT BDFT / ACRE			TOT %BDFT/AC BY GROSS LEN.					AV BDFT/ LOGS		
			BDFT	GROSS	NET	MBF	12-19	20-25	26-34	35-40	LN	LOG	ACRE
BM	DOMESTIC	1 SAW	51	896	781	19		22	78		29	367	2
BM	UTILPULP	PULP	49	917	748	18	24	13	63		25	48	16
BM	TOTAL		9	1813	1529	37	12	17	71		26	86	18
OGF	12+8RING	2 SAW	34	461	461	11			50	50	34	479	1
OGF	C 8"+	2 SAW	19	261	261	6			100		32	810	
OGF	DOMESTIC	2 SAW	17	221	221	5			100		32	257	1
OGF	DOMESTIC	3 SAW	6	89	84	2			34	66	32	113	1
OGF	DOMESTIC	4 SAW	2	21	21	1				100	36	40	1
OGF	UTILPULP	PULP	22	333	289	7	24		76		24	395	1
OGF	CULL	CULL		55									
OGF	TOTAL		8	1442	1338	32	5		72	23	31	322	4
RA	DOMESTIC	2 SAW	8	212	212	5			100		30	180	1
RA	DOMESTIC	3 SAW	36	1104	1018	24		14	86		29	98	10
RA	DOMESTIC	4 SAW	12	348	329	8			100		28	70	5
RA	DOMESTIC	6-7"	5	139	139	3		100			24	40	3
RA	UTILPULP	PULP	40	1181	1120	27	7	6	75	11	28	35	32
RA	TOTAL		17	2984	2817	68	3	13	80	4	28	55	52
RC	DOMESTIC	3 SAW	90	2274	2093	50			62	38	32	130	16
RC	DOMESTIC	4 SAW	10	232	232	6	28		72		21	22	10
RC	CULL	CULL		849									
RC	TOTAL		14	3355	2324	56	3		63	35	28	88	26
SGF	8"+JAPAN	2 SAW	9	400	400	10			47	53	36	179	2
SGF	C 8"+	2 SAW	35	1646	1630	39			12	88	38	264	6
SGF	K8+/LOWC	3 SAW	10	491	467	11			43	57	35	143	3
SGF	DOMESTIC	3 SAW	17	825	802	19			46	54	36	70	12
SGF	CHIP/SAW	4 SAW	18	854	854	20			20	80	36	40	21
SGF	UTILPULP	PULP	11	526	526	13	20	21	59		23	15	34
SGF	TOTAL		29	4741	4679	112	2	2	31	65	30	60	79
WH	DOMESTIC	2 SAW	48	1692	1532	37			39	61	34	250	6
WH	DOMESTIC	3 SAW	16	580	517	12		7	27	66	34	67	8
WH	CHIP/SAW	4 SAW	14	459	442	11	12		88		25	30	15
WH	UTILPULP	PULP	22	770	702	17	16	46	16	22	26	43	16
WH	CULL	CULL		96									
WH	TOTAL		20	3598	3193	77	5	11	39	45	28	71	45

TYPE REPORT(FJ)
SPP, SORT, GRADE, LEN % - BDFT

PLATEAU TIMBERLAND SERVICES 115 Plots 13 BFT:W PAGE 2
 PROJECT NEWBERRY TRACT: KITSAP SOUTH Trees 72 CUB:1 DATE: MARCH 2007
 TWP 24N RGE 01W SEC 11 TY 0004 AC 24.00 RK TIME: 01:06pm

		PCT BDFT / ACRE		TOT %BDFT/AC BY GROSS LEN.					AV BDFT/ LOGS				
SP	SORT	GRADE	BDFT	GROSS	NET	MBF	12-19	20-25	26-34	35-40	LN	LOG	ACRE
WP	CHIP/SAW	4 SAW	51	126	126	3				100	40	40	3
WP	UTILPULP	PULP	49	119	119	3			100		31	20	6
WP	TOTAL		2	245	245	6			49	51	34	27	9
TYPE TOTAL			100	18177	16126	387	4	7	53	36	29	69	232
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TYPE REPORT(FJ)
SPP, SORT, GRADE, LEN % - BDFT

PLATEAU TIMBERLAND SERVICES	116	Plots	11	BFT:W	PAGE	1
PROJECT NEWBERRY TRACT: KITSAP SOUTH		Trees	39	CUB:1	DATE:	MARCH 2009
TWP 24N RGE 01W SEC 11 TY 0005 AC	38.50	RK			TIME:	01:06pm

			PCT BDFT / ACRE		TOT	%BDFT/AC BY GROSS LEN.				AV BDFT/ LOGS			
SP	SORT	GRADE	BDFT	GROSS	NET	MBF	12-19	20-25	26-34	35-40	LN	LOG	ACRE
LP	DOMESTIC	4 SAW	100	180	180	7		100			20	20	9
LP	TOTAL		2	180	180	7		100			20	20	9
RA	DOMESTIC	6-7"	14	178	178	7		100			24	30	6
RA	UTILPULP	PULP	86	1086	1086	42	5	18	77		25	16	67
RA	TOTAL		12	1264	1264	49	5	29	66		25	17	73
SGF	DOMESTIC	3 SAW	6	605	563	22				100	36	65	9
SGF	CHIP/SAW	3 SAW	19	1663	1663	64				100	40	63	26
SGF	CHIP/SAW	4 SAW	54	4666	4666	180	1		58		41	33	126
SGF	UTILPULP	PULP	21	1829	1829	70	22	5	62		12	25	108
SGF	TOTAL		83	8763	8721	336	5	1	44		50	30	268
WH	CHIP/SAW	4 SAW	37	129	129	5		100			20	20	6
WH	UTILPULP	PULP	63	224	224	9			100		28	20	11
WH	TOTAL		3	352	352	14		37	63		25	20	18
TYPE TOTAL			100	10560	10518	405	5	7	47		41	29	368

PROJECT REPORT(FA)
SPP, SORT, GRADE, LEN % - BDFT

PLATEAU TIMBERLAND SERVICES

PROJECT NEWBERRY

Acres: 80.20

NORTH OF LOST CREEK

T24N R01W S11 T0001 T24N R01W S11 T0004 T24N R01W S11 T0005

117

Plots 35 BFT:W

Trees 171 CUB:1

TRACT: KITSAP SOUTH

PAGE 1

DATE: MARCH 26 01

TIME: 01:20pm

/ SP	SORT	GRADE	PCT BDFT / ACRE			TOT %BDFT/AC BY GROSS LEN.				AV BDFT/ LOGS				
			BDFT	GROSS	NET	MBF	12-19	20-25	26-34	35-40	LN	LOG	ACRE	
BM	DOMESTIC	1 SAW	51	268	234	19								
BM	UTILPULP	PULP	49	274	224	18	24	22	78		29	367	1	
BM	TOTAL		4	542	458	37	12	17	63		25	48	5	
LP	DOMESTIC	4 SAW	100	87	87	7		100			20	20	4	
LP	TOTAL		1	87	87	7		100			20	20	4	
OGF	12+8RING	2 SAW	26	138	138	11			50	50	34	479		
OGF	C 8"+	2 SAW	15	78	78	6			100		32	810		
OGF	DOMESTIC	2 SAW	32	186	172	14			63	37	33	315	1	
OGF	DOMESTIC	3 SAW	9	54	48	4			18	82	34	95	1	
OGF	DOMESTIC	4 SAW	1	6	6	1				100	36	40		
OGF	UTILPULP	PULP	16	100	87	7	24		76		24	395		
OGF	CULL	CULL		16										
OGF	TOTAL		4	578	529	42	4		62	34	32	291	2	
RA	DOMESTIC	2 SAW	4	63	63	5			100		30	180		
RA	DOMESTIC	3 SAW	21	330	305	24		14	86		29	98	3	
RA	DOMESTIC	4 SAW	7	104	98	8			100		28	70	1	
RA	DOMESTIC	6-7"	9	127	127	10		100			24	33	4	
RA	UTILPULP	PULP	59	875	856	69	6	13	76	4	25	21	42	
RA	TOTAL		11	1500	1450	116	4	20	74	3	26	29	50	
RC	DOMESTIC	3 SAW	75	837	773	62		5	60	36	32	116	7	
RC	DOMESTIC	4 SAW	25	264	258	21	9	32	60		23	24	11	
RC	CULL	CULL		267										
RC	TOTAL		8	1368	1031	83	2	11	60	27	26	58	18	
SGF	8"+JAPAN	2 SAW	3	240	240	19			24	76	38	205	1	
SGF	8"+JAPAN	3 SAW	5	372	372	30			23	77	37	112	3	
SGF	C 8"+	2 SAW	8	610	606	49			10	90	38	256	2	
SGF	C 8"+	3 SAW	2	157	157	13			61	39	36	114	1	
SGF	K8+/LOWC	3 SAW	7	520	513	41			21	79	37	115	4	
SGF	DOMESTIC	2 SAW	1	55	55	4				100	40	240		
SGF	DOMESTIC	3 SAW	7	555	528	42			21	79	36	67	8	
SGF	DOMESTIC	4 SAW		9	9	1			100		30	40		
SGF	CHIP/SAW	3 SAW	14	1023	1019	82			5	95	39	63	16	
SGF	CHIP/SAW	4 SAW	39	2947	2932	235	2	4	51	42	32	36	82	
SGF	UTILPULP	PULP	14	1036	1036	83	22	7	62	10	25	17	62	
SGF	CULL	CULL		5										
SGF	TOTAL		58	7530	7467	599	4	3	36	57	31	41	181	

PROJECT REPORT(FA)
SPP, SORT, GRADE, LEN % - BDFT

PLATEAU TIMBERLAND SERVICES
PROJECT NEWBERRY
Acres: 80.20

118
Plots 35 BFT:W
Trees 171 CUB:1
TRACT: KITSAP SOUTH

PAGE 2
DATE: MARCH 22, 1999
TIME: 01:20pm
AV BDFT/ LOGS

PCT BDFT / ACRE TOT %BDFT/AC BY GROSS LEN.

SP	SORT	GRADE	BDFT	GROSS	NET	MBF	12-19	20-25	26-34	35-40	LN	LOG	ACRE
IH	DOMESTIC	2 SAW	34	506	458	37			39	61	34	250	2
WH	DOMESTIC	3 SAW	11	174	155	12		7	27	66	34	67	2
WH	CHIP/SAW	3 SAW	2	37	32	3				100	40	60	1
IH	CHIP/SAW	4 SAW	26	370	357	29	4	31	48	17	27	28	13
IH	UTILPULP	PULP	26	368	348	28	10	37	40	13	27	31	11
WH	CULL	CULL		29									
IH TOTAL			10	1484	1350	108	4	19	40	38	28	47	29
WP	DOMESTIC	3 SAW	64	374	368	30			13	87	38	112	3
JP	CHIP/SAW	4 SAW	30	169	169	14	4	44	29	22	24	25	7
JP	UTILPULP	PULP	6	36	36	3			100		31	20	2
JP TOTAL			4	579	573	46	1	13	23	63	29	48	12
PROJECT TOTAL			100	13668	12944	1038	4	8	44	43	29	43	301

PROJECT REPORT(FA)
 SPP, SORT, GRADE, LEN % - BDFT

PLATEAU TIMBERLAND SERVICES
 PROJECT NEWBERRY
 Acres: 60.80

119 Plots 23 BFT:W
 Trees 113 CUB:1
 TRACT: KITSAP SOUTH
 T24N R01W S11 T0002 T24N R01W S11 T0003

PAGE 1
 DATE: MARCH 2009
 TIME: 01:17pm

/ SP	SORT	GRADE	PCT BDFT / ACRE			TOT %BDFT/AC BY GROSS LEN.					AV BDFT/ LOGS			
			BDFT	GROSS	NET	MBF	12-19	20-25	26-34	35-40	LN	LOG	ACRE	
RA	DOMESTIC	3 SAW	9	86	72	4		100				24	50	1
RA	DOMESTIC	4 SAW	5	50	40	2			100			30	40	1
RA	DOMESTIC	6-7"	5	41	41	2		100				20	30	1
RA	UTILPULP	PULP	80	620	611	37		28	19		53	31	27	23
RA	CULL	CULL		27										
RA	TOTAL		7	824	764	46		37	21		42	30	29	27
RC	DOMESTIC	3 SAW	83	95	84	5			100			32	98	1
RC	DOMESTIC	4 SAW	17	17	17	1		100				23	20	1
RC	CULL	CULL		34										
RC	TOTAL		1	146	101	6		17	83		27	59		2
SGF	DOMESTIC	3 SAW	12	1136	1102	67			59		41	32	56	20
SGF	CHIP/SAW	4 SAW	71	6711	6711	408	6	9	56		29	27	29	229
SGF	UTILPULP	PULP	18	1662	1662	101	3	35	49		13	24	15	108
SGF	TOTAL		84	9508	9475	576	5	13	55		27	27	27	357
WH	DOMESTIC	3 SAW	23	249	226	14			51		49	35	72	3
WH	CHIP/SAW	4 SAW	66	658	658	40	10		8		82	31	46	14
WH	UTILPULP	PULP	11	108	108	7	11		89		28	18	18	6
WH	TOTAL		9	1014	992	60	8		27		66	31	42	24
PROJECT TOTAL			100	11493	11331	689	5	13	51		31	27	28	409

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ADDENDUM D:
Qualifications of Appraisers

Timothy D. Newman
curriculum vitae

Business address: S. A. Newman Firm, 3216 Wetmore Avenue, P. O. Box 156, Everett WA 98206-0156; phone 425-259-4411; fax 425-258-4435. Email: tnewman@sanforest.com Established 1946.

Practice Areas: Timber and forest land appraisal, real estate appraisal, appraisal review, conservation easements, property condemnation and "diminution in value" issues. Extensive experience also in appraisal of transitional use property and ESA-impacted property. Staff resources for large scale timber cruising.

Education:

Master of Science, Forestry, University of Washington, 1978
Bachelor of Arts, Economics, University of Washington, 1975

Professional Certifications/Designations:

- Designated as an MAI (Member of the Appraisal Institute), conferred by the Appraisal Institute (no. 7858)
- Certified Real Estate Appraiser (General Classification) under RCW 18.140, license no. 1100664
- Approved appraiser/review appraiser list, Washington State Department of Transportation
- Appraiser/review appraiser-approved under *Uniform Appraisal Standards for Federal Land Acquisitions*
- Certified Forester (no. 2955), conferred by the Society of American Foresters
- Designated real estate broker, State of Washington

Tim joined the S. A. Newman Firm in 1978 and serves as Partner. Tim has over 40,000 hours of experience in the indicated practice areas and completed over 500 hours of continuing education in appraisal, relating principally to forest land and timber. He provides independent appraisal and counseling services to major forest products companies, governmental agencies at federal, state and local levels, conservancy groups, law and accounting firms and other clients. Tim has appeared as a guest speaker before various organizations on the subjects of timber and forest land appraisal, timber marketing, and assessment of forest land under RCW 84.33. He also served as a 6-year member of the Regional Ethics and Counseling Panel of the Appraisal Institute.

Representative Experience:

- *Appraisal reviews* - Appraisal reviews during August- September 2007 of 304 parcels in 16 counties in Washington state including Snohomish, Whatcom and Pierce, totaling 111,933 acres and ranging in size from less than 2 acres to several thousand acres. Highest and best uses identified in the 11-volume appraisal include moderate density single family residential, highway commercial, master planned resort and commercial forest. Client: Washington State Department of Natural Resources.
- *Appraisals under Uniform Appraisal Standards for Federal Land Acquisitions*: Includes appraisal of 176 parcels during 2007 in Chelan, Kittitas and Yakima Counties, WA totaling 95,176 acres including merchantable timber thereon, for proposed land exchange between Washington state agencies.
- *Proposed Exchange of Perpetual Timber Rights (PTRs) and merchantable timber (2006)* - Lead appraiser for private owner of 23,900 acres of PTRs in central Washington and State agency administering 7500 acres of timber proposed for exchange;
- *Analyses of Impact of ESA-Listed Species on Market Value* - Integral to appraisal of numerous privately and publicly owned properties in Washington state occupied by Northern spotted owl, a federally threatened and state endangered species; or marbled murrelet, which is federally and state threatened;
- *Williams Gas Pipeline Expansion (2004-2006)* - Appraisal of contribution of resource (stumpage) and ornamental vegetation on each of 500+ ownerships in five counties in western Washington with various highest and best use scenarios, in partial acquisitions for utility use; included cruise of on-site timber expected to be legally harvestable under applicable highest and best uses;
- *Green River Watershed (2006)* - Appraisal review and independent appraisal of a private 47,000 acre forest land ownership within a public watershed in King County, WA, managed under federally approved Habitat Conservation Plan; included field audit of inventory data supplied by prospective seller;
- *Appraisal of 65 parcels--over 54,000 acres--for Proposed Partitionment* - On behalf of a forest products company established in 1884 and long time client, on property in 9 counties in western Washington; included cruise of on-site timber expected to be legally harvestable under applicable land use scenarios.

Peter C. Blansett

Business address: S. A. Newman Firm, 3216 Wetmore Avenue, P. O. Box 156, Everett WA 98206-0156; phone 425-259-4411; fax 425-258-4435. Email: pblansett@sanforest.com Established 1946.

Practice Areas: Timber appraisal in both non-conversion and land use conversion, forest practices consulting including permit procurement and pre-sale layout; variable and fixed radius plot cruising, continuous forest inventory and auditing in direct and supervisory roles; arboricultural services, and "diminution in value" issues, including expert witness experience in various Superior Courts.

Education: A.A.S., Forest Technology, Ranger School, State University of New York (SUNY), College of Environmental Science and Forestry, Wanakena, New York.

Professional Certification:

- Designated as a Certified Arborist by International Society of Arboriculture (certificate no. PN-0659A)

Peter joined the S. A. Newman Firm in 1983 and serves as Principal Forester. Peter has over 40,000 hours of experience in the indicated practice areas and completed over 300 hours of continuing education in forestry, arboriculture and appraisal. He provides consulting forestry, appraisal and other professional services to major forest products companies, governmental agencies at federal, state and local levels, conservancy groups, law and accounting firms and other clients. Peter has appeared as an expert witness before various Superior Courts and administrative and mediation hearings in Washington state in resolution of timber trespass, land use and appraisal issues on approximately 50 occasions.

Representative Experience:

- *Proposed Exchange of Perpetual Timber Rights (PTRs) and merchantable timber* - Lead forester for private owner of 23,900 acres of PTRs in central Washington and State agency administering 7500 acres of timber proposed for exchange;
- *Analyses of Impact of ESA-Listed Species on Market Value* - Integral to appraisal of numerous privately and publicly owned properties in Washington state occupied by Northern spotted owl, a federally threatened and state endangered species; or marbled murrelet, which is federally and state threatened;

- *Williams Gas Pipeline Expansion* - Appraisal of contribution of resource (stumpage) and ornamental vegetation on each of 500+ ownerships in five counties in western Washington with various highest and best use scenarios, in partial acquisitions for utility use; included cruise of on-site timber expected to be legally harvestable under applicable highest and best uses;
- *Green River Watershed* - Lead forester in appraisal review and independent appraisal of a private 47,000 acre forest land ownership within a public watershed in King County, WA, managed under federally approved Habitat Conservation Plan; included field audit of inventory data supplied by prospective seller;
- *Appraisal of 65 parcels--over 54,000 acres--for Proposed Partitionment* - Lead forester on behalf of a forest products company established in 1884 and long time client, on property in 9 counties in western Washington; included cruise of on-site timber expected to be legally harvestable under applicable land use scenarios;
- *Appraisal and Timber Cruise of Property Exchange between Trillium Corporation and Washington State Dept. of Natural Resources* - Encompassed property now within Lake Whatcom Landscape Plan; and other property in Whatcom, Skagit and Snohomish Counties, WA.