

FERRO APPRAISAL SERVICES, INC.

P.O. Box 2032, Great Falls, MT 59403-2032
(406) 761-4204

WILLIAM FERRO, MAI



March 14, 2008

GREAT FALLS DEVELOPMENT AUTHORITY, INC.

ATTN: Lillian Sunwall, Operations Manager

P.O. Box 949

Great Falls, MT 59403-0949

RE: Supplement to Land Evaluation Study of Properties projected to be affected by the Malmstrom Air Force Base Clear and Accident Potential Zones, Great Falls, MT

Dear Ms. Sunwall:

Per your request I am providing you with a rough range of the cost to purchase the development rights associated with easements described in the Land Use Compatibility Study provided by HB & A. The range of costs will be based on development rights necessary for a USAF (Class B) runway certification. The acreages utilized in my calculations are taken from data contained in the Land Use Compatibility Study. The prices per acre for the properties in the different classifications are taken from my Land Evaluation Study dated 2/13/08, and by reference the entirety of this report is made a part hereof. The analysis contained in this supplement cannot be utilized separate from my original Land Evaluation Study (dated 2/13/08).

I have made two calculations for your use. The first set of calculations is based on the low end of the range of property values arrived at in my study. The second set of calculations is based on the high end of property values arrived at in my study. The prices per acre are very general in nature, and do not reflect individual parcel values. Further, the calculations do not take into consideration damages to the remainders, if any. Individual values, including damages to the remainder(s), would require detailed appraisal reports for each of the ownerships being affected by the proposed easements. This type of analysis is beyond the scope of work requested.

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Following are my calculations for the cost of acquiring development rights, as previously described:

LOW RANGE:

Before Easements - Class B

	<u>North of Runway</u>				<u>South of Runway</u>		
	Area (Ac)	\$/Acre	Est. Value		Area (Ac)	\$/Acre	Est. Value
Clear Zone	113.06	x \$2,250 =	\$ 254,385		89.67	x \$5,000 =	\$ 448,350
APZ I	435.33	x \$2,250 =	979,493		344.1	x \$5,000 =	1,720,500
APZ II	482.45	x \$2,250 =	<u>1,085,513</u>		482.08	x \$2,250 =	<u>1,084,680</u>
Total			\$2,319,391				\$3,253,530

Easements in Place - Class B

	<u>North of Runway</u>				<u>South of Runway</u>		
	Area (Ac)	\$/Acre	Est. Value		Area (Ac)	\$/Acre	Est. Value
Clear Zone	113.06	x \$ 800 =	\$ 90,448		89.67	x \$ 800 =	\$ 71,736
APZ I	435.33	x \$ 800 =	348,264		344.1	x \$ 800 =	275,280
APZ II	482.45	x \$2,000 =	<u>964,900</u>		482.08	x \$2,000 =	<u>964,160</u>
Total			\$1,403,612				\$1,311,176

Summary - Low Range:

Before Easements		
North of Runway:	\$2,319,391	
South of Runway	<u>3,253,530</u>	
Total		\$5,572,921
After Easements		
North of Runway:	\$1,403,612	
South of Runway	<u>1,311,176</u>	
Total		(2,714,788)
Estimated Cost of Development Rights		\$2,858,133, rd to \$2,860,000

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HIGH RANGE:

Before Easements - Class B

	<u>North of Runway</u>				<u>South of Runway</u>		
	Area (Ac)	\$/Acre	Est. Value		Area (Ac)	\$/Acre	Est. Value
Clear Zone	113.06	x \$2,500 =	\$ 282,650		89.67	x \$7,000 =	\$ 627,690
APZ I	435.33	x \$2,500 =	1,088,325		344.1	x \$7,000 =	2,408,700
APZ II	482.45	x \$2,500 =	<u>1,206,125</u>		482.08	x \$2,500 =	<u>1,205,200</u>
Total			\$2,577,100				\$4,241,590

Easements in Place - Class B

	<u>North of Runway</u>				<u>South of Runway</u>		
	Area (Ac)	\$/Acre	Est. Value		Area (Ac)	\$/Acre	Est. Value
Clear Zone	113.06	x \$ 800 =	\$ 90,448		89.67	x \$ 800 =	\$ 71,736
APZ I	435.33	x \$ 800 =	348,264		344.1	x \$ 800 =	275,280
APZ II	482.45	x \$2,000 =	<u>964,900</u>		482.08	x \$2,000 =	<u>964,160</u>
Total			\$1,403,612				\$1,311,176

Summary - High Range:

Before Easements				
North of Runway:	\$2,577,100			
South of Runway	<u>4,241,590</u>			
Total				\$6,818,690
After Easements				
North of Runway:	\$1,403,612			
South of Runway	<u>1,311,176</u>			
Total				(2,714,788)
Estimated Cost of Development Rights				\$4,103,902, rd to \$4,105,000

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Based on the foregoing analyses, the total cost of acquiring the previously described development rights ranges between \$2,860,000 to \$4,105,000. If you need any additional information, please do not hesitate to contact me.

Sincerely,

FERRO APPRAISAL SERVICES, INC.

A handwritten signature in blue ink, appearing to read "W. Ferro", is written over the printed name.

By: William Ferro, MAI
President

WAF:cf