

0025

TO: JIM COOPER

DATE: JULY 27, 1989

FROM: ROBERTA RINGSTROM

SUBJECT: REAL PROPERTY SUMMARY
SUNNYSIDE, UTAH

Pursuant to Dave Corman's request, I reviewed the SRS acquisition deed and the February 1989 MAI Appraisal Report to break down the real property acquired by SRS, exclusive of the mine property. I found one error in the deed description at Section 15, T17S, R16E. The deed cites the SW1/4NE1/4, and the correct description should cite the SE1/4NW1/4. Denise Dragoo telephoned me yesterday to tell me of a local rancher's interest in purchasing some grazing land from SRS. I told her about the error in the legal description, and she said she will try to incorporate the correction in the correction deed that she has already prepared relative to SRS if said correction deed has not been signed yet by Kaiser.

It was my understanding that the purpose of this project was to provide a detailed list of the real property assets and values for consideration relative to the highest and best present use of the property for SRS as well as for future use in the event of your desire to maximize income benefits to the mine via sale or gift of the property.

On July 26, 1989, I received a call from Waldo Wilcox, the local rancher who owns land adjacent on two sides to the SRS property in Sec 15, T17S, R16E. He thought said area consisted of 320 acres and that 'we' acquired it for \$10,000. The area in fact consists of 280 acres, and I have no idea where he came up with the \$10,000 figure. The February 1989 MAI Appraisal quoted \$65 per acre or \$18,200 for said 280 acres.

The following is a breakdown of the real property acquired by SRS at Sunnyside, exclusive of the mine property, together with the 2/89 MAI appraised values:

A. TOTAL LAND: 25,600 Acres
 - 2,160 Acres Disturbed
 23,440+/- Acres Undisturbed

B. UNDISTURBED LANDS:

	Acres	Rate	2/89 MAI Appraised Value
1. Sunnyside City:			
a. Sec 1,2,3,10&11	1,120	\$150	\$ 168,000
b. Sec 6 (Abandoned Coke Ovens)	200		
c. Sec 7 (Landfill-E Carbon City)	240	\$500	120,000
d. Shopping Center	1.82		
e. Cedar Street Field	15	\$500	7,500
f. Sec 6 Area-			
Ridgeway Subdivision	20	\$250	5,000
g. Shopping Center	15,000s.f.		65,000
h. Homes	10	@ \$13,000	130,000
i. Mobile Home Lots	42	@ \$ 1,000	42,000
j. Vacant Lots	22	@ \$ 500	11,000
k. 5-Hole Golf Course			25,000
			<u>\$ 573,500</u>
2. Other Lands (Outside Sunnyside City)			
(See Exhibit A)	21,880 Acres		\$ 1,323,600
TOTAL:	<u>23,440 Acres</u>		<u>\$ 1,897,100 (Undisturbed)</u>

3. Location:	Inside Permit Area	10,655 Acres	\$ 630,400
	Outside Permit Area	<u>12,785 Acres</u>	<u>1,266,700</u>
		23,440 Acres	

C. SUMMARY:

Assuming that the only properties for sale would be the undisturbed land located outside the permit area, the total real property available for sale or gift would be 12,785 acres valued in February 1989 at \$1,266,700.

1. Outright Sale

The actual market value one can expect from the outright sale of the said real property is anticipated to be less than the February 1989 appraised value. For example, Gregg Wakefield, a realtor with Century 21 in Price, Utah, estimated recently that if all of the homes were priced at \$9500, in lieu of the \$13,000 appraised value, those living in the houses may buy them; and if the lots were offered for \$500, in lieu of the \$1000 appraised value, many may be able to be sold.

Please also note that some abandoned coke ovens are located in Section 6, and the East Carbon City landfill uses a portion of Section 7.

2. Donation Tax Benefit

With respect to a tax benefit alternative, a donation to The Nature Conservancy, for example, would provide a tax benefit of 34% (the corporation's tax bracket) of the appraised value of the property.

The IRS will allow a donor corporation to take a tax benefit for any one year equal to 10% of the corporation's gross annual income for that year, with a carry forward of 5 additional years allowed to use the entire tax benefit.

For example, \$1,266,700 (Land Outside Permit Area)

$$\begin{array}{r} \\ \times .34 \\ \hline \$ 430,678 \end{array} \quad \text{(Does not include water rights)}$$

If the corporation's gross income is \$4 million, the corporation could take a \$400,000 tax benefit for the first year, etc.

3. Water Rights

The water rights acquired by SRS were not included in this summary, but should be considered relative to outright sale or donation for tax benefit value.

RLR

pc: Dave Corman
Jeff Vigil

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EXHIBIT A
 SUNNYSIDE REAL PROPERTY--UNDISTURBED

			<u>1989 APPRAISED VALUE</u>	
<u>1. T13S R13E</u>				
Section 31	40 Acres	@	\$ 60	\$ 2,400
Section 36	640		60	38,400
<u>2. T14S R13E</u>				
Section 1 & 2	680 Acres		60	40,800
Section 12	245		60	14,700
	395*		60	23,700
<u>3. T14S R14E</u>				
Sec 6, 7 & 8	40		60	2,400
	920*		75	69,000
Section 9	600		60	36,000
Sec 17,18,19 & 20	20		60	1,200
	1,940*		70	135,800
Sec 21 & 22	800		50	40,000
	400*		50	20,000
Sec 23,24,25,26, 35 & 36	3,720		60	223,200
Sec 27, 28, 33 & 34	440		50	22,000
	2,040*		50	102,000
Sec 29,30,31 & 32	240		60	14,400
	1,200*		65	78,000
<u>4. T14S R15E</u>				
Sec 19,30 & 31	640		60	38,400
<u>5. T15S R13E (Sunnyside City)</u>				
Sec 1,2,3,10 & 11	1,120 Acres		150	168,000
Other (Exc Sec 6&7)	(See Page 42 Appraisal 2/89)			285,500
<u>6. T15S R14E (Note: Lots and Blks & Shopping Center Are Located In T15S R14E)</u>				
Sec 1 & 2	1,000 Acres		60	60,000
Sec 3,4,9,10,15&16	80		60	4,800
	3,320*		60	199,200
Sec 5 & 8	120		60	7,200
	360*		60	21,600
Sec 6 & 7 (Sunnyside)	440			120,000
Sec 17 & 32	240		60	14,400
	80*		60	4,800

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EXHIBIT A (CONTINUED)

7. T15S R15E

Section 6	360 Acres	@	65	\$	
7	320				
8	40				
17	280				
18	40				
20	240				
29	120				
	<u>1,400 Acres</u>	@	65	\$	91,000

8. T17S R16E

Section 4	120		65		7,800
Section 15	160				10,400

TOTAL: 23,440 Acres (undisturbed) \$ 1,897,100

*Lands Inside Permit Area