

February 13, 1997

FEB 13 1997

Mr. Don Moore  
Manager, Mat-Su Borough  
350 E. Dahlia Ave.  
Palmer, Ak. 99645

Subject: MSB #002467: Application to Purchase 320 acres by Homestead  
Resort Properties LLC I.

Dear Mr. Moore:

Since our first meeting in mid-September, 1996, you and your administration have consistently said that the public application process for the cash purchase of 320 acres from the Mat-Su Borough proceeded from public notice, through the public review and recommendation process, to the Borough Assembly for a final hearing and the assembly's decision on the application.

Following the Planning Commission's meeting on February 3, 1997, I made several inquiries at the Planning Department concerning deadlines previously given to me regarding the presentation of Homestead Resort Properties' land purchase application to the Borough Assembly. After several inquiries, to which I received conflicting and inconsistent answers, I was told the status of the purchase application was unknown until Mr. Duffy returned to work on February 10, 1997 from personal, extended leave.

On February 7, 1997 I delivered a written request to the Planning Department asking to know the status of Homestead Resort Properties' land purchase application by 1 PM February 10, 1997. At 8:30 AM February 10, 1997, I contacted the Planning Department and, as a courtesy to Mr. Duffy, extended my request to 1 PM Wednesday February 12, 1997.

A telephone call placed to the Planning Director on the morning of February 12, 1997 was not returned, and as of February 12, 1997 and 4 PM February 13, 1997 I have had no response from the Borough to my informal and written requests regarding the status of Homestead Resort Properties' application to purchase land from the Mat-Su Borough.

As you know from our meeting in September, Homestead Resort Properties has applied to buy this 320 acre parcel to combine with 500 acres of privately owned adjoining land for the development of a world class destination resort and golf course.

After resort development, the 320 acre parcel purchased from the Borough is projected to generate alone over \$300,000 of annual tax revenues to the Borough compared to zero today. As you acknowledged last September, a destination resort as proposed by Homestead Resort Properties will bring tens of thousands of new tourists to the Valley to visit our attractions, enjoy our activities and spend their money with Valley people and businesses, rather than passing through our communities en route to somewhere else.

Homestead Resort Properties wants to move forward in the purchase application process, which is consistent with Borough ordinances and the position of the Borough Administration since September 1996.

The hearing before the Borough Assembly is the culmination of the public notice and public hearing process. The "highest and best use" classification of this 320 acre parcel has been evaluated by the Borough Planning Department, and the Borough Administration has determined and recommended the classification of "general purpose". The issues have been debated in the public process and recommendations have been made by the various boards and commissions. A public hearing before Borough Assembly is the deciding forum to determine the "highest and best use" classification of this land, and the approval (or disapproval) of Homestead Resort Properties' MSB #002467 Application to Purchase Land submitted on September 18, 1996.

Simply stated, Homestead Resort Properties LLC I would like to know what is going on with respect to the Borough Administration's action concerning this Application to Purchase Land for the development of The Homestead Resort.

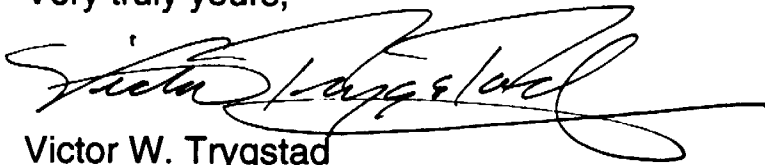
By Friday February 14, 1997, Homestead Resort Properties again requests a response from the Borough Administration via FAX (278-8536) to the following questions:

- 1) Is the Borough Administration submitting Homestead Resort Properties' Land Purchase Application MSB #002467 to the Borough Assembly, and , if so, when?

- 2) Is the Administration's "highest and best use" land classification recommendation for this 320 acre parcel "general purpose" as has been determined by the Borough Planning Department?
- 3) Is it the Borough Administration's position "to proceed with a noncompetitive application to purchase" as represented and agreed to by the Borough Manager at a meeting with the President of Homestead Resort Properties in September 1996, and as stated in writing to Homestead Resort Properties on November 20, 1996?

Homestead Resort Properties assumes and continues to expect that agreements made by the Borough Manager in September 1996, and subsequently represented to Homestead Resort Properties in writing on November 20, 1996, which Homestead Resort Properties has relied upon, are the intent of the Borough Administration with respect to Homestead Resort Properties' Application to Purchase 320 acres of Borough owned land.

Very truly yours,



Victor W. Trygstad  
President  
Homestead Resort Properties LLC I

FAX #: 278-8536