

experience in appraising real estate. Mr. Lodge represents that both he and Shorett & Riely are independent of, and unrelated to, Manke, MFR, Tacoma Timber and the Directors.

Because the timber located on the Property has a substantial value apart from the underlying land, Mr. Lodge valued the two components of the Property, the timber and the land, separately and then as one. Based upon a report prepared by Washington Timberland Management, Inc., which estimates harvestable area, timber volume and timber value, Mr. Lodge placed the fair market value of the timber at \$1,519,283 as of April 30, 1994. In addition, based upon comparable sales of properties located in the Tacoma area, Mr. Lodge placed the fair market value of the land within a range of \$220,456 and \$385,798 as of April 30, 1994. Finally, as of result of these two valuations, Mr. Lodge placed the fair market value of the Property at \$1,700,000 as of April 30, 1994.

5. The Trustee attempted to sell the Property on October 7, 1994 in a written/oral bid auction sale. Beginning on September 2, 1994, the Trustee circulated a written bid proposal, to approximately 100 prospective bidders. The written bid proposal set the minimum bid at \$2,000,000 in cash. None of the prospective bidders submitted an oral or written bid in response to the written bid proposal, and, as a result, the Property was not sold. Despite this, the Trustee believes that a new proposal will result in a sale of the Property and, therefore, proposes to attempt to sell the Property again through a written/oral bid auction sale.

Because of its need for timberland, MFR desires to purchase the Property from the Plan provided that it is the highest bidder. MFR represents that the Sale price will be at least the greater of: (a) The fair market value of the Property on the date of the Sale; or (b) the Plan's aggregate costs of acquiring and holding the Property. Accordingly, the Advisory Committee of the Plan requests an administrative exemption from the Department to permit the Sale of the Property under the terms and conditions described herein. The Sale will be a one-time cash transaction, and the Plan will not be required to pay any fees, commissions or expenses in connection with the Sale.

6. The Trustee has indicated that the bid auction sale for the Property will be conducted sometime in 1995. In preparation of such auction, the Advisory Committee represents that the Trustee will circulate a written bid proposal to approximately 100 prospective bidders which will allow

them to bid either in writing prior to the auction or orally at the action. The minimum bid set forth in the bid proposal will be at least the Property's fair market value as of the date of such proposal. The Property will be sold to the highest bidder, which may or may not be MFR, only if the highest bid exceeds the minimum bid set by the Trustee. Acceptance of the highest bidder's offer is subject to final acceptance and approval by the Trustee's Trust Committee. For purposes of condition #4 of this proposed exemption, the fair market value of the Property on the date of the Sale will be determined in the following manner. If the Trustee receives two or more bids from unrelated individuals or entities, the highest bid will be deemed to be the Property's fair market value on the date of the Sale. If the Trustee receives less than two bids from unrelated individuals or entities, the fair market value on the date of the Sale will be determined by an independent, qualified appraiser. In this event, MFR's bid cannot be less than the fair market value of the Property as determined by the independent, qualified appraiser on the date of the Sale.

7. In summary, it is represented that the transaction will satisfy the statutory criteria of section 408(a) of the Act because: (a) All terms and conditions of the Sale will be at least as favorable to the Plan as those obtainable in an arm's length transaction; (b) the Sale will be a one-time cash transaction; (c) the Plan will not be required to pay any commissions, costs or other expenses in connection with the Sale; and (d) the Plan will receive a sales price equal to the greater of: (1) The fair market value of the Property on the date of the Sale; or (2) the Plan's aggregate costs of acquiring and holding the Property.

**FOR FURTHER INFORMATION CONTACT:** Kathryn Parr of the Department, telephone (202) 219-8971. (This is not a toll-free number.)

**Virginia Fibre Corporation Employees Retirement Savings Plan (the Plan) Located in Amherst, Virginia**

[Application No. D-09901]

*Proposed Exemption*

The Department is considering granting an exemption under the authority of section 408(a) of the Act and section 4975(c)(2) of the Code and in accordance with the procedures set forth in 29 CFR Part 2570, Subpart B (55 FR 32836, 32847, August 10, 1990). If the exemption is granted the restrictions of sections 406(a), 406 (b)(1) and (b)(2) of the Act and the sanctions resulting from the application of section 4975 of

the Code, by reason of section 4975(c)(1) (A) through (E) of the Code, shall not apply, effective February 1, 1995, to (1) The proposed purchase from the Plan (the Purchase) by the Virginia Fibre Corporation (the Employer), the sponsor of the Plan, of a guaranteed investment contract (the GIC) issued by the Confederation Life Insurance Company (Confederation Life); or, in the alternative, (2) the proposed interest-free loan to the Plan by the Employer (the Loan) with respect to the GIC, including repayment of the Loan; provided that the following conditions are satisfied:

(A) All terms and conditions of the transactions are at least as favorable to the Plan as those which the Plan could obtain in an arm's-length transaction with an unrelated party;

(B) In the event of the Purchase, the Plan receives a cash purchase price which is no less than the greater of (1) The fair market value of the GIC as of the sale date, or (2) the GIC's Maturity Payment, as described below;

(C) In the event of the Loan: (1) The Loan is in the amount of the GIC's Maturity Payment, as described below; (2) the Loan is repaid only from GIC Proceeds, defined as the amounts paid by or on behalf of Confederation Life or any other entity making payment with respect to Confederation Life's obligations under the GIC; (3) the Plan incurs no expenses or interest with respect to the Loan; and (4) repayment of the Loan is waived to the extent the Loan exceeds the GIC Proceeds.

**EFFECTIVE DATE:** This exemption, if granted, will be effective as of February 1, 1995.

*Summary of Facts and Representations*

1. The Employer is a Virginia corporation engaged in the manufacture of corrugating medium and liner board, with its principal place of business in Amherst, Virginia, and is wholly owned by the Grief Bros. Corporation, located in Delaware, Ohio. The Plan is a defined contribution 401(k) plan with 240 participants and total assets of approximately \$5,510,972 as of September 30, 1994. The Plan's assets are held, managed and invested by its trustee, Society National Bank in Cleveland, Ohio.

2. The Plan provides for individual participant accounts (the Accounts) and participant-directed investment of the Accounts. The Plan participants may direct the investment of their Accounts among various investment options offered by the Trustee, including the Virginia Fibre MAGIC Fund (the M Fund), which invests in, among other things, guaranteed investment contracts issued by insurance companies. Of the Plan's 280 participants, 168 Accounts are invested in the M Fund. Among the