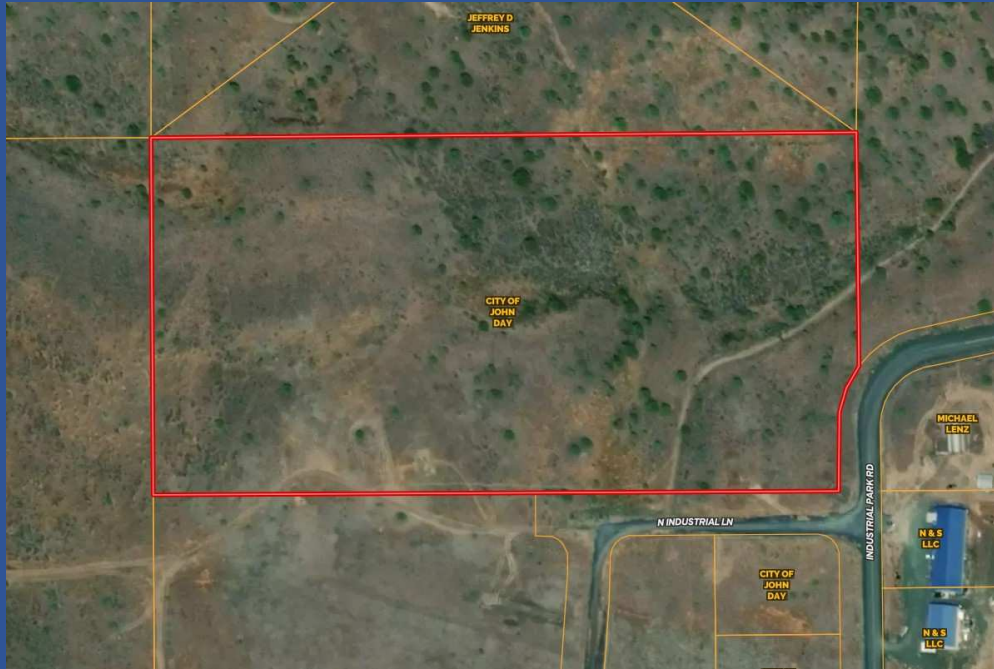


Real Estate Appraisal



**TBD Industrial Park Road, John Day
Grant County, Oregon 97845**

As of:

February 17, 2022

Prepared For:

City of John Day
Attn: Nicholas Green, City Manager
450 East Main Street, John Day, OR 97845

Prepared by:

Aaron Still Appraisal
Aaron D. Still, MAI - OR-C000990
File Name: AS2022-2547

March 11, 2022

FILE: AS2022-2547

City of John Day
Attn: Nicholas Green, City Manager
450 East Main Street
John Day, OR 97845

RE: For an appraisal report employing all applicable valuation approaches for the property described as tax lot 1203 of township 13S range 31, and section 27. The property can also be identified as Assessors Reference number 6952, or as lot 30 of the Grant County Airport Industrial Park Subdivision in John Day OR, County of Grant, State of Oregon. The purpose of the appraisal report is to estimate the fee simple market value of the subject property in "as is" condition as of a current effective date. The intended use of this appraisal report is to aid the client in establishing the most reasonable purchase price of the subject property given the estimate of market value. The client and intended user of the appraisal report is identified as the City of John Day. No other intended users have been identified by the client. Any use of the appraisal by an unidentified third party is an unauthorized and unintended use.

Dear Mr. Green,

Per your request and authorization, Aaron D. Still, MAI has inspected the above referenced property as of February 17, 2022 (the effective date of this report), to prepare an appraisal report utilizing all applicable approaches to value with the conclusions and supporting data reported in herein.

Please reference the scope of work section of this report for information regarding the scope of research and analysis employed for this appraisal, including property identification, inspection, highest and best use analysis, and valuation methodology. I certify that I have no present or contemplated future interest in the property beyond this estimate of value.

Your attention is directed to the scope of work and limiting conditions and general assumptions section of this report regarding assumptions employed in this analysis. The acceptance of this report constitutes an agreement with these conditions and assumptions.

To report the assignment results, I use the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal. This Appraisal Report summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analysis, opinions, and conclusions.

The client has determined this scope of work is sufficient to meet their needs. The report will conform to USPAP 2022-2023 standards as well as 2 CFR part 200 (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards). No other supplemental standards have been identified.

Aaron D. Still, MAI
1834 Main Street, Baker City, OR 97814
Aaron.D.Still@Gmail.com 541-523-2940

The purpose of the appraisal is to provide a supported opinion for the “as is” market value of the subject property in its “as is” condition. The intended use of the appraisal report is to aid the client in establishing the most reasonable price to sell the property for based on the estimate of market value. The client and intended user of the appraisal report is identified as the City of John Day. No additional intended users have been identified by the client.

I have not been provided with an environmental assessment or study pertaining to the appraised subject parcel. I have not found any evidence that environmental contaminants exist, therefore, the subject has been appraised as though none exist. For the purposes of this report, I have employed several assumptions including the presumption that environmental and/or any other unknown conditions do not exist or adversely affect the subject property. Given the lack of evidence of soil contamination, the subject has been appraised as though no environmental issues exist. I have not been advised of any adverse environmental soil, mineral, or any other conditions. Please refer to the Limiting Conditions and General Assumptions sections for more details.

Based on the data and analyses developed in this appraisal, I have reconciled to the following fee simple value conclusion for the “as is” condition of the subject property, as of February 17, 2022, subject to the Limiting Conditions and Assumptions of this appraisal, as follows:

FOURTY SEVEN THOUSAND DOLLARS

(\$47,000)

*Rounded to the Nearest \$1,000

The above referenced value conclusion is for a fee simple ownership interest in the subject property. The market value assumes a typical exposure period. In this instance, I have estimated an exposure period of 12 months for the subject property.

Thank you for giving me the opportunity of appraising this property for you. If there are any questions concerning this appraisal report, please do not hesitate to contact me.

Respectfully submitted,



Aaron D. Still, MAI
Aaron Still Appraisal
Oregon General Certification #C000990
Expires 05/31/2023

Aaron D. Still, MAI
1834 Main Street, Baker City, OR 97814
Aaron.D.Still@Gmail.com 541-523-2940

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Summary of Important Facts and Conclusions

GENERAL

Subject:	TBD Industrial Park Road, John Day, OR 97845 Grant County
Owner of Record:	CITY OF JOHN DAY
Tax Identification:	6952 (Grant County)
Date of Report:	March 11, 2022
Intended Use:	The intended use of this appraisal report is to aid the client in establishing the most reasonable purchase price of the subject property given the estimate of market value.
Intended User(s):	The client and intended user of the appraisal report is identified as the City of John Day. No other intended users have been identified by the client. Any use of the appraisal by an unidentified third party is an unauthorized and unintended use.
Taxes:	Publicly owned and tax-exempt property.

Sale & Listing History:

The City of John Day has owned the subject property over 10 years. The subject is part of a larger development known as the Grant County Airport Industrial Subdivision with marketing efforts being made via the City of John Day web site as well as word of mouth. Large price reductions as well as the elimination of development and employment requirements have recently been made spurring several sales within the development and market area in general.

The client reports that there is a currently a buyer interested in the subject property, however, the appraiser has not been provided with the identity of this individual or any terms, conditions, or prices that have been discussed. Given the size of the market area, word of mouth marketing for multiple properties in the development is considered adequate market exposure.

Exposure Time:

I have estimated an exposure period of 6 to 12 months. This estimate is based on my interviews of market participants and general sales and listing data from the local market as well as the listing history of the subject. Given the very limited amount of data, the reliability of the estimate has been diminished slightly. The property would likely sell quicker if vacant and ready for development, and an estimated exposure period of 12 months is made for the site if vacant.

PROPERTY

Land Area:

Total: 872,507 square feet or 20.03 acres.

The subject site is of a rectangular shape but has steep topography a range of elevations from 3,490 to 3,670 feet above sea level or 180 feet of elevation change. There are a few areas of mild sloping topography on the site that are suitable for development including the southeast corner of the property at the intersection of Industrial Park Road and N Industrial Lane.

Site Improvements:

The subject property is improved with paved access on the southeast corner of the property as well as underground utilities to (water, sewer, electric, and data). There is gravel access to the southwestern portion of the property, however utilities have not been extended past the southeast corner.

Zoning:

Airport Industrial Park (AIP)

Highest and Best Use of the Site:

Light Industrial Development

VALUE CONCLUSIONS

Based on the data and analyses developed in this appraisal, I have reconciled to the following fee simple value conclusion for the “as is” condition of the subject property, as of February 17, 2022, subject to the Limiting Conditions and Assumptions of this appraisal, as follows:

Description	Size (AC)	\$/AC	Contribution
Industrial land with Utilities	1.00	\$ 15,500.00	\$ 15,500
Industrial Level area with no utilities	1.25	\$ 12,500.00	\$ 15,625
Sloped Land Area with Limited Use Potential	17.78	\$ 900.00	\$ 16,002
Total Estimate of Value for the Subject Property			\$ 47,127

FOURTY SEVEN THOUSAND DOLLARS

(\$47,000)

*Rounded to the Nearest \$1,000

The above referenced value conclusion is for a fee simple ownership interest in the subject property. The market value assumes a typical exposure period. In this instance, I have estimated an exposure period of 12 months for the subject property.

Scope of Work

According to the Uniform Standards of Professional Appraisal Practice, it is the appraiser's responsibility to develop and report a scope of work that results in credible results that are appropriate for the appraisal problem and intended user(s). Therefore, the appraiser must identify and consider:

- the client and intended users;
- the intended use of the report;
- the type and definition of value;
- the effective date of value;
- assignment conditions;
- typical client expectations; and
- typical appraisal work by peers for similar assignments.

This appraisal is prepared for the client, the City of John Day. No other intended users have been identified by the client. Any use of the appraisal by a third party, or for a use other than the use stated above, is an unintended and unauthorized use. The problem to be solved is to estimate the 'as is' market value of the subject property. The intended use of this appraisal report is to aid the client in establishing the most reasonable purchase price of the subject property given the estimate of market value.

SCOPE OF WORK

Report Type:	This is an Appraisal Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(a).
Property Identification:	The subject property has been identified by the physical address, map and tax lot, legal description, and Assessor's reference number.
Inspection:	A complete interior and exterior inspection of the subject property and photographs taken by Aaron D. Still, MAI on February 17, 2022. The appraiser has interviewed City Manager, Nick Green regarding the subject property as well as the John Day market area and availability of properties in the area in general.
Market Area and Analysis of Market Conditions:	A brief analysis of market conditions has been made. The appraiser has reviewed the market for sales and listings relevant to this analysis. Several market participants have been interviewed in regard to current market conditions, the available supply of properties and overall demand for commercial and industrial properties.

Highest and Best Use Analysis:

A complete highest and best use analysis for the subject has been made. Physically possible, legally permissible, and financially feasible uses were considered, and the maximally productive uses were concluded.

Valuation Analyses**Cost Approach:**

A cost approach is considered but not applied inasmuch as land cannot be created and the subject is a vacant site.

Sales Comparison Approach:

A sales approach is applied, as it is representative of the actions of buyers and sellers in the local market. The sales comparison approach best represents the actions of buyers and sellers in the marketplace in this instance.

Income Approach:

An income approach has not been considered as it has been found to not be a reliable indication of value for the subject property and it does not accurately represent the actions of buyers and sellers in the local market area in this instance.

Hypothetical Conditions:

- None, the subject property has been appraised in “as is” condition.

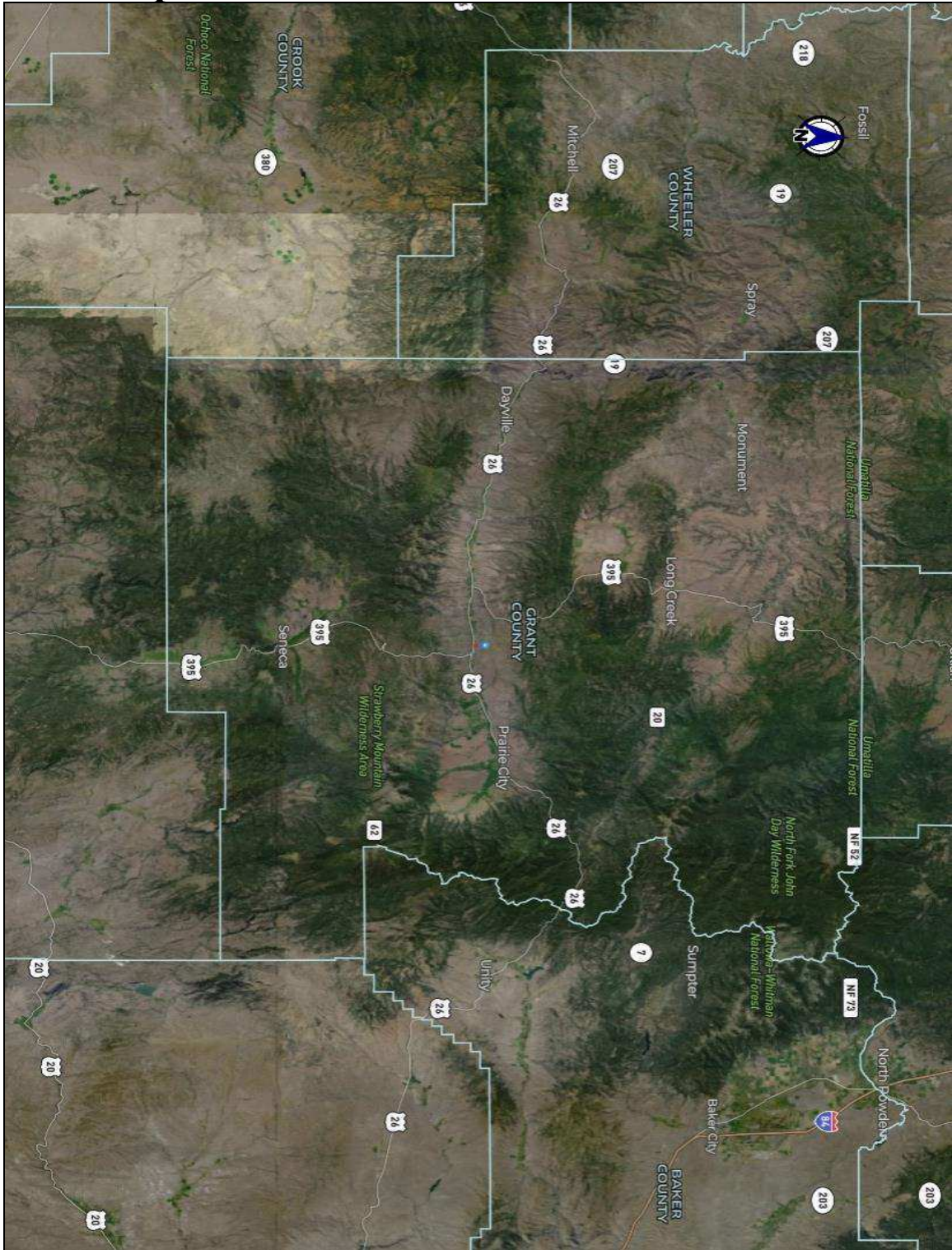
Extraordinary Assumptions:

The appraisal has been made based on the following extraordinary assumptions:

- None.

Area and Neighborhood Analysis

Area Map



Area Analysis

Grant County consists of 4,528 square miles and is drained primarily by the four forks of the John Day River which eventually flow into the Columbia River. The County is characterized by sparse population, abundant public lands that include a mix of mountains, hilly areas, prairies, canyons, and fertile bottom lands. Due to relative isolation, limited transportation corridors, the decline of the timber industry and few other resources, the economic and population growth of the area is limited to a wallowing wood products industry, ranching, recreation, and local residence services.

The population of Grant County has been characterized by decline and flat numbers for many years. The population in 1985 was 8,230 people, decreasing to 7,950 as of 2000, 7,445 in 2010, 7,415 in 2017, and 7,400 in 2018. According to the Portland State University's Population Research Center, the population of Grant County in 2019 was 7,360 which fell to 7,315 in 2020 for a loss of 45 individuals or -.6%. Grant County has fewer than two persons per square mile.

The prominent towns in Grant County include John Day (1,750), Prairie City (915), Canyon City (705), Mt. Vernon (525), Long Creek (195), and Dayville (155). It is of note that while the county's population has reported and is forecasted to continue to decrease, the City of John Day grew from 1,735 people to 1,750 people from 2020 to 2021.

Grant County is an arid to temperate region, with average annual precipitation ranging from 9 inches near Picture Gorge, to over 40 inches in the Strawberry Mountains. Annual precipitation in the valley averages between 12 and 14 inches, while the uplands or highlands of the county average between 16 and 24 inches. Grant County averages between 40 and 60 days each year that see more than 0.10 inches of precipitation. A great deal of the county's precipitation comes in the form of winter snow in the mountains. This snowpack is vital to recharge aquifers, resulting in spring run-off, and in-stream flows of water throughout the year.

Average temperatures in the county range from the warmest community, Monument, with average daily highs/lows of 90°/50 F in July and 42°/22 F in January; to the coolest community, Seneca, with average daily highs/lows of 80°/38 °F in July and 33°/8 °F in January. Extreme temperatures in the county show 30-year highs/lows of: 103°/-37 °F at Austin; 112°/-23 F at John Day; 108°/-25 F at Long Creek; 112°/-26 F at Monument; and 100°/-48 F at Seneca.

Grant County has an estimated 200 days of clear sunny or mostly sunny days, or an estimated 300 days of clear sunny, mostly sunny, or partly sunny days each year. The county experiences an estimated 65 days of overcast skies, with about 165 days of partly to mostly cloudy days annually.

Approximately 63% of the land area of the county is controlled by the Federal Government, most of which is controlled by the U.S. Forest Service, and the Bureau of

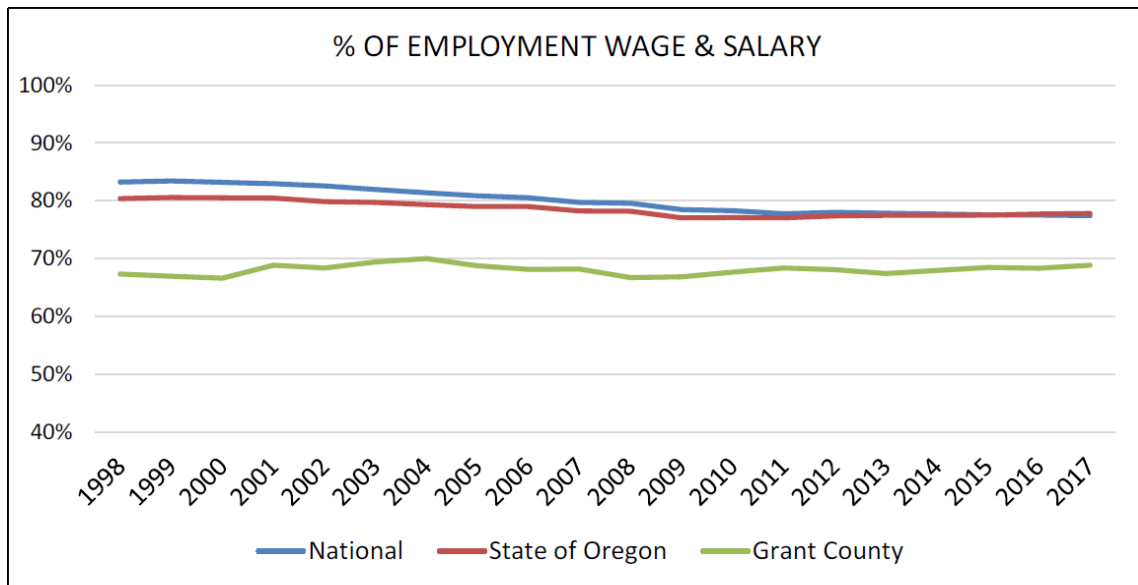
Land Management. Grant County contains most of the Malheur National Forest and sections of the Wallowa–Whitman, Umatilla and Ochoco National Forests, and has more than 150,000 acres of federally designated Wilderness Areas.

Economy

Due mainly to federal land management policies and global market pressures affecting timber and agricultural production and extraction, Grant County has experienced the second highest unemployment rate in Oregon for more than 30 years. The county has experienced some growth in recreational activities including hunting and tourism, as well as cottage industry, but residents have struggled to develop new productive industries and to diversify their economy. Slightly more than a quarter of the county's workforce is employed by some level of government or public services.

Grant County has unfortunately been losing employment in recent decades, while the US and Oregon have generally experienced positive job growth outside of recessionary periods. Grant County saw additional job loss after the most recent recession, but levels have stabilized since roughly 2011. Annual growth rates have typically lagged behind the state and have often been negative during this period.

The employment base in Grant County has a higher share of self-employment, including farms and other self-proprietorships. “Wage and salary” employment (i.e., non-self-employment) accounts for less than 70% of overall estimated employment in the county. This compares to rates approaching 80% statewide as well as nationally.



SOURCE: U.S. Bureau of Economic Analysis, JOHNSON ECONOMICS

Grant County’s employment peaked in the mid-1990’s at over 4,550 jobs, or an estimated 1.35 jobs per household. Since that time, employment fell consistently, until stabilizing after the most recent recession. As of 2017, there are an estimated 3,780 jobs in the County, or 1.2 jobs per household.

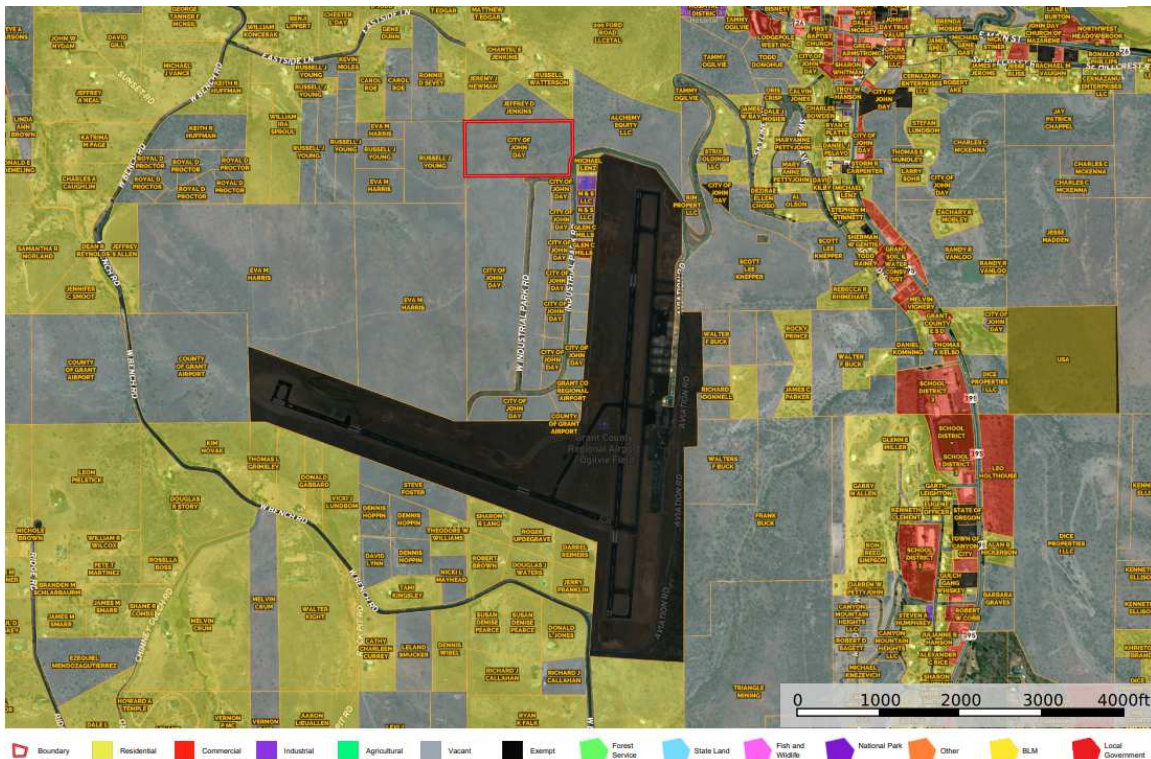
Local employment profile is highly seasonal however, reflecting the area’s relatively high proportion of agricultural employment. Employment tends to peak in August and September during peak harvest periods and falling to lowest levels by mid-winter.

Surrounding Land Uses

Land uses immediately surrounding the subject property include primarily vacant residential land to the north and west, the Grant County Airport Industrial Park to the south as well as the airport to the southeast, and vacant sloped residential land to the east. The subject is a small pocket of light industrial uses that was created due to its proximity to the airport.

It is of note that the property to the residential properties to the north and west are outside of the city limits and have larger site size requirements and limited access and remain primarily unimproved.

Land Use Map



Market Conditions

Grant County has remained relatively stable over the past 10 years. While having undergone a significant decrease in property values during the great recession, recovery has been much slower and characterized by relatively flat, low values relative to other areas of the state of Oregon. I have interviewed and received building permit data from Shana Joslin of the Grant County Planning Department. There has been limited new construction activity within John Day / Canyon City over the past two years with eight

new home permits (4 stick built and 4 manufactured homes) in 2020 and five new home permits in 2021, a new commercial permit for an office building for a local non-profit organization, and a new Dollar General retail store. It is of note that a local developer is to begin construction of 3D printed homes next month (April 2022) with the first ten of these homes anticipated to be completed by the end of 2022. The development is permitted for up to 115 new homes with the majority of these homes anticipated to be constructed with the 3D printing technology. These efforts are among many made by the city of John Day within the last few years to turn from the gradual decline and get back into a stable, sustainable growth rate.

Many of the market participants I have interviewed site antidotal narratives regarding the “Great Reshuffle” caused by the global pandemic in which individuals are fleeing the cities for rural areas. The only transactional data to support outside interest in the area is an increase price points. This increase appears to be caused primarily by historically low interest rates and a lack of supply of available properties. Statistical data provided by RMLS does indicate a significant surge in residential price points, however commercial and industrial prices have not seen the same increase.

There has been a significant increase in the number of commercial and industrial land sales due in large part to a reduction in price points of city owned properties including within the subject’s subdivision. In general market conditions for commercial and industrial properties has remained relatively stable with price increases remaining near or below inflationary rates.

Property Description

The following descriptions are based on my property inspection, information provided by the City of John Day, Grant County Assessor records, and my interview of the representatives of the City of John Day.

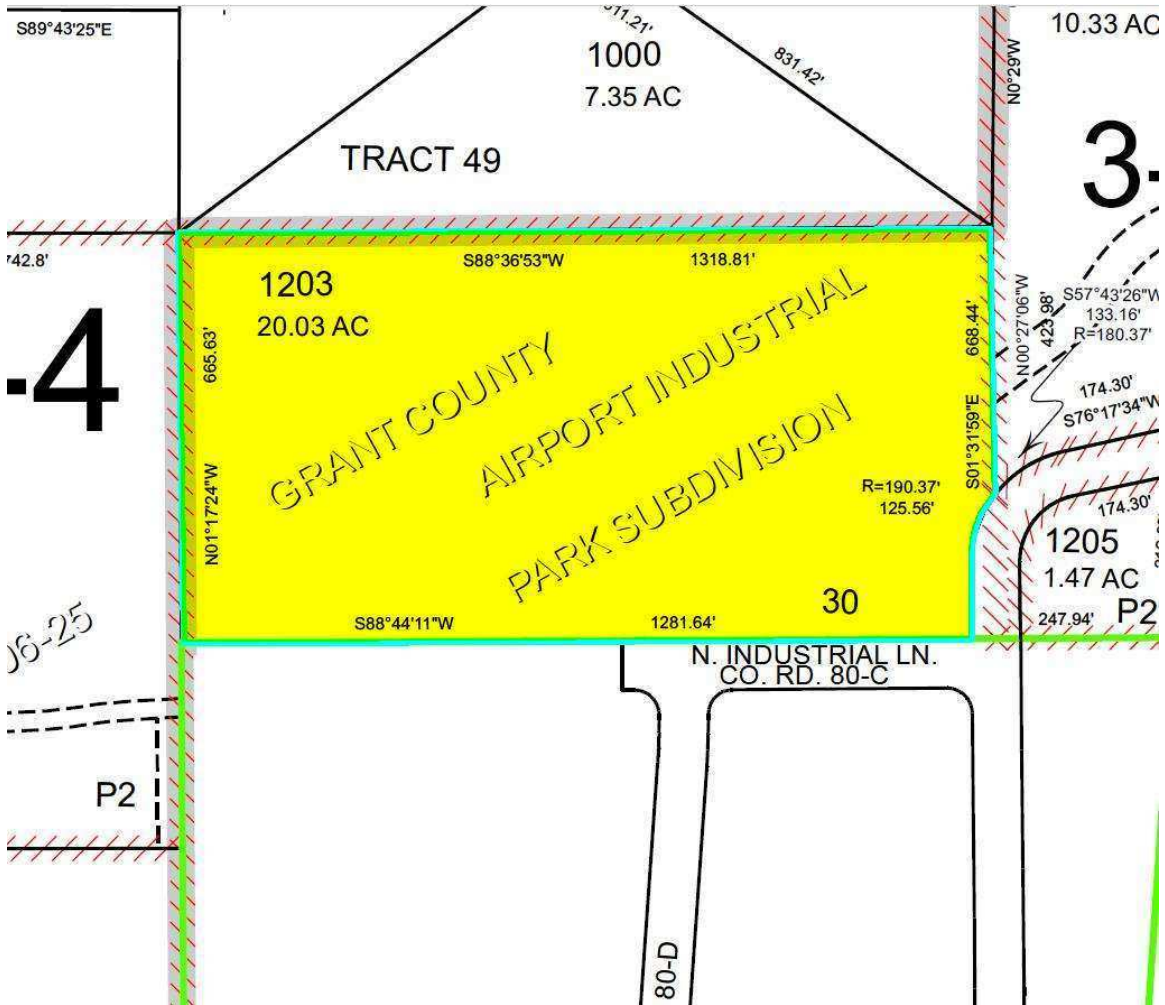
SITE	
Location:	The subject property is located atop a hillside adjacent to the Grant County Regional Airport in a secondary location surrounded primarily by residential properties with no immediate access to a primary arterial.
Current Use of the Property:	The subject property is currently a vacant site.
Site Size:	Total: 20.03 acres. Usable: Roughly 2 to 2.25 acres. Excess: The subject can legally be partitioned into multiple sites; however, the sloped topography and lack of utility extensions limits the subject's potential to sell off excess sites.
Shape:	The site is primarily rectangular in shape with a small irregular area at the southeast corner near the intersection of Industrial Park Road and N. Industrial Lane. The shape of the property does not diminish the use potential of the property.
Access / Visibility:	The subject is located in a secondary area with roughly 190 linear feet of frontage on asphalt paved Industrial Park Road and 450 feet of frontage on gravel Industrial Lane. These are both secondary collector streets with little traffic and the subject has minimal visibility. Access is average but does not extend to the western portion of the property. There is a dirt road extending from SW 4 th Avenue through the middle of the subject to Industrial Lane. This road is not platted and does not appear to have remaining uses.
Topography:	The majority of the subject property has steep sloped topography from south to north with a small gully bisecting the southeast corner of the property from the remainder of the property. The lowest elevation found on the site is 3,489.7 feet above sea level with the highest elevation being 3,669.6 feet above sea level for a total drop of roughly 180 feet. The majority of level to mild sloping areas are found on the southern portion of the property.

- Soil Conditions:** The subject appears to have native soils and soil conditions observed at the subject appear to be typical of the region and adequate to support development.
- Utilities:** Electricity: Oregon Trail Electric Cooperative
Sewer: City of John Day
Water: City of John Day
Natural Gas: None
Underground Utilities: Water and Sewer.
- Flood Zone:** The subject is located in an area mapped by the Federal Emergency Management Agency (FEMA). The subject is located in FEMA flood zone D, which is not classified as a flood hazard area.
- FEMA Map Number: 4100740675B
FEMA Map Date: May 18, 1982
FIPS: 41023
- Environmental Issues:** I have not been provided with an environmental assessment or study pertaining to the appraised subject parcel. I have not found any evidence that environmental contaminants exist, therefore, the subject has been appraised as though none exist. I have not been advised of any adverse environmental soil, mineral, or any other conditions.
- Encumbrance / Easements:** No adverse easements or encumbrances were noted during my review of the subject plat map, viewing of the subject site, and interview of the current City Manager, Nick Green. It is noted that there is a partially developed 30' wide access easement near the subject's southern property line extending from Industrial Lane to the properties to the west. This easement would benefit the subject if the access were ever improved, and utilities extended to the west.

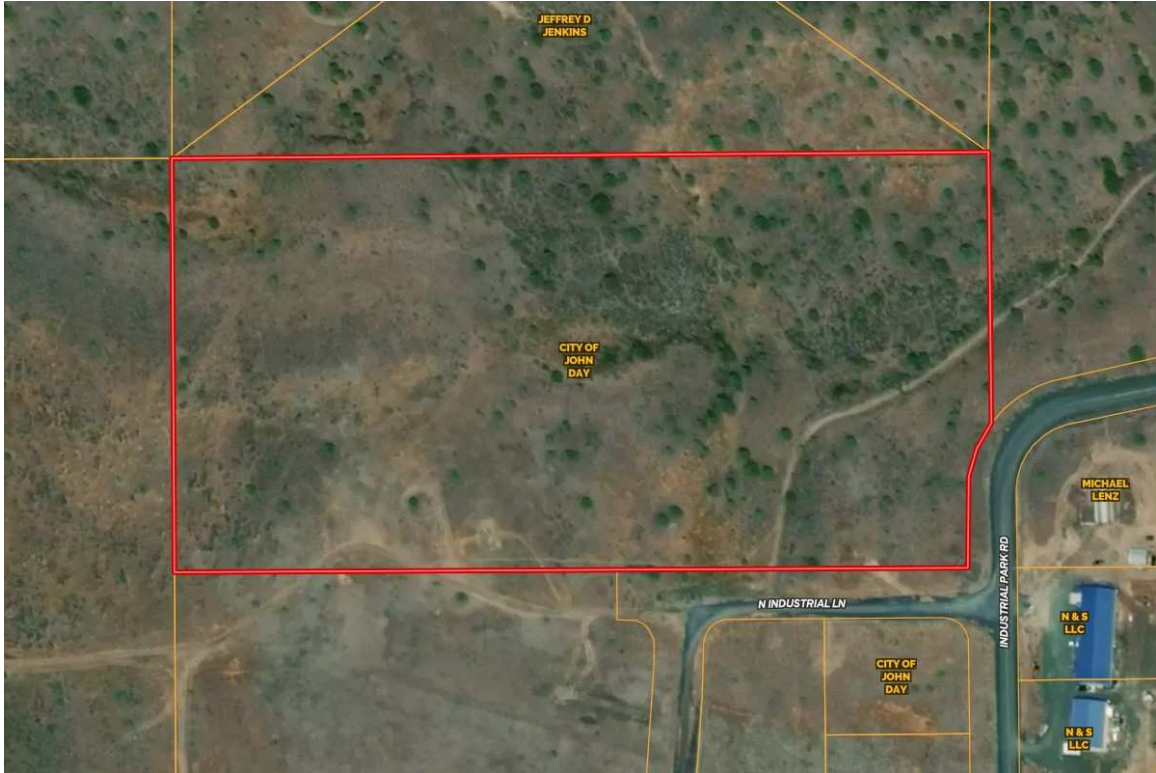
Plat Map



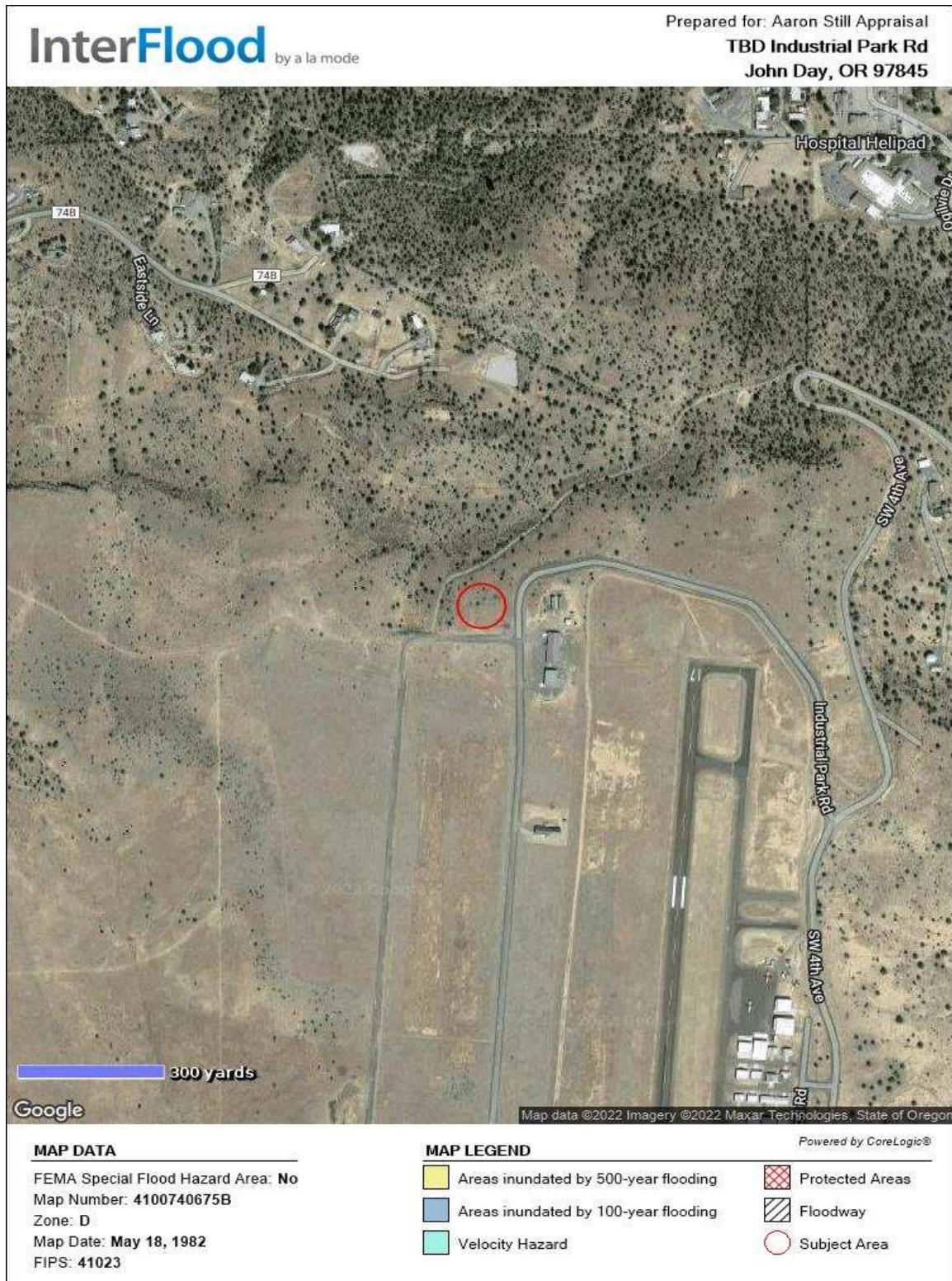
Plat Map (zoomed)



Aerial Photo

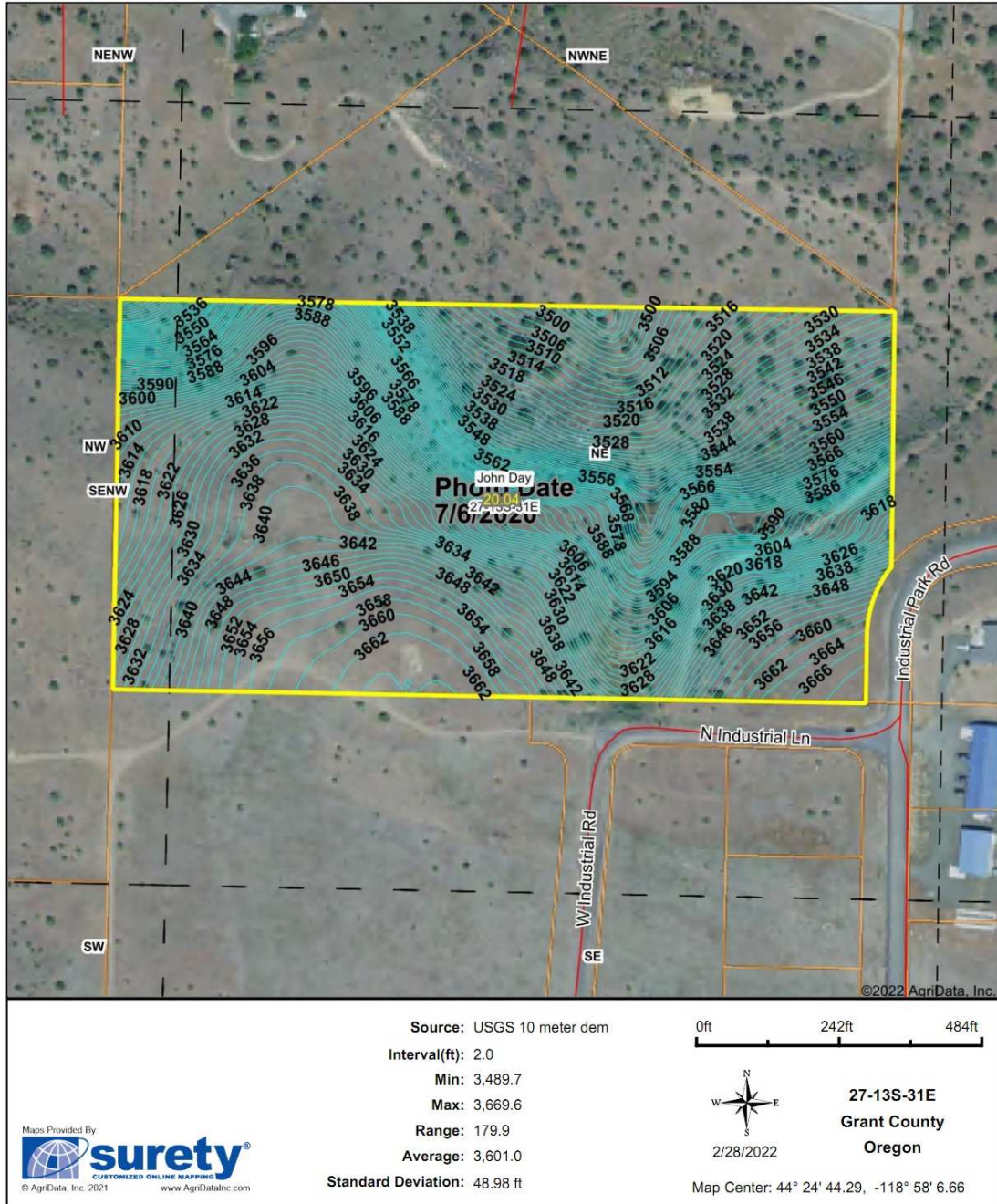


Flood Map



Topography Contours Map

Topography Contours



Subject Photographs



Industrial Park monument sign located at the southeast corner of the subject property.



Industrial Park Road at the southeast corner of the subject property facing north.



Industrial Lane at the southeast corner of the subject property facing west.



View of level area on southeast corner of subject property facing northwest along Industrial Lane.



View of level area on southeast corner of subject property facing north.



View from central portion along southern property line facing east along Industrial Lane towards Industrial Park Road.



Gully on subject property running south to north (see topo map).



View along Industrial Lane facing west from central portion of southern property line.



Area of level topography near the southwest corner.



The majority of the site has sloped topography.



The majority of the site has sloped topography. The majority of the site has sloped topography.

Assessment and Taxes

The Oregon Constitution limits the rate of growth of property value subject to taxation. The limit is based on a property's maximum assessed value (MAV). MAV can't increase by more than 3% each year, unless there are changes to the property, such as the addition of a new structure, improvement of an existing structure, or subdivision or partition of the property. In 1997, all assessed values were set to the estimated 1995 market value, less 10%. Assessed values cannot exceed market values, thus, market values are determined for the purpose of setting the maximum assessed value.

REAL ESTATE ASSESSMENT AND TAXES	
Taxing Authority	Grant County Assessor
Assessment Year	2021
ASSESSED VALUES	
Tax Identification Number	6952
Land Real Market Value	\$83,530
Building Real Market Value	\$0.00
Other Property Assessed Value	<u>None</u>
Total Real Market Value	\$83,530
Total Assessed (taxable) Value	\$0.00 (Tax Exempt Under Current Ownership)
Tax Amount	\$0.00 (Tax Exempt Under Current Ownership)

Zoning

LAND USE CONTROLS	
Zoning Code:	AIP
Zoning Description:	Airport Industrial Park
Zoning Change Likely:	No

Zoning Comments:

The City of John Day zoning department has confirmed the subject's zoning. The AIP district is also intended to provide for compatible land use adjacent to Ogilvie Field and provide for economic development consistent with Oregon's Certified Industrial Lands program.

Uses that are legally permitted outright include offices, Industrial Service, manufacturing and production, warehouse and freight movement, accessory structures with a permitted industrial use, and transportation facilities.

Minimum lot requirements are summarized in the table below:

Front and Street Setback: 10 feet off of right of way.

Rear Yard Setback: 10 feet

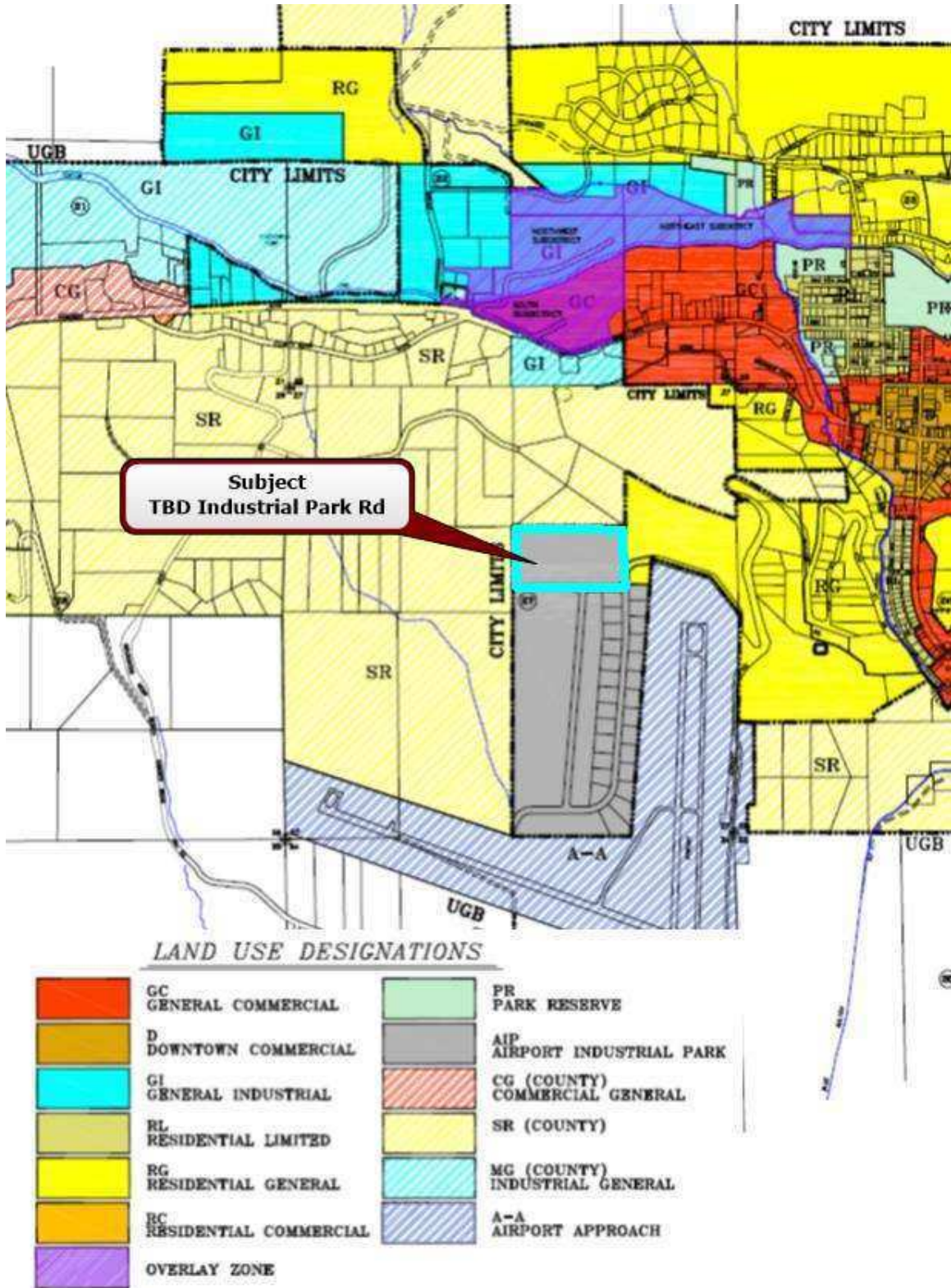
Side Yard Setback: There are no required side-yard setbacks, except compliance with building and fire codes is required

Lot Coverage: Maximum lot coverage, including all impervious surfaces, 80 percent.

Maximum Building Height: The maximum allowable height of buildings and structures in the AIP district is 35 feet, except that taller buildings and structures are allowed when approved as part of a Conditional Use Permit.

In addition to the land use controls of the AIP zone, the subject is subject to regulations of the Airport Safety and Compatibility Overlay Zone (AASC) as it is within 5,000 feet of the airport runway. These regulations do not have a substantial impact on the development potential other than potential onsite water impoundments may have to be under ground in order to prevent attracting waterfowl. Also, non-reflective materials must be used on exterior surfaces.

Zoning Map



Highest and Best Use

Highest and best use

The definition of Highest and Best Use of land or a site as though vacant is defined in the Dictionary of Real Estate Appraisal, Sixth Edition, 2015 as follows:

“Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements.”

The following analysis presents my estimation of the legally permissible, physically possible, financially feasible, and maximally productive use of the subject site.

1. **Legally Permissible Use:** The zoning of the subject property does not significantly diminish the development potential of the subject property other than it will likely be used for office or light industrial use. There are no development restrictions that are outside of what is typically built in a light industrial zone with secondary location characteristics.
2. **Possible Use.** The physical characteristics of the subject site do significantly diminish the use potential of the subject site. As shown on the topography map, the majority of the site has steep topography with an overall change in elevation of nearly 180 feet from north to south on the subject property. There are areas of level to mild sloping topography on the southeast corner as well as near the southwest corner of the property. Using GIS mapping, I have estimated a total level and useable area of 1 acre at the southeast corner of the property and 1.25 acres near the southwest corner of the property.

Although there are level areas at the southwest corner of the property, utilities are located at the southeast corner of the property and a long extension of utilities and roadway would be required in order to develop this area of the property. It is possible to increase the amount of useable area on the southeast corner by importing fill dirt, however the increase would be limited to less than $\frac{1}{2}$ acre given that this area is surrounded by steep topography. This excavation cost would exceed the contributory value of surplus level land area that would be created.

Improvements on surrounding sites suggest that a pole barn or steel flex building is the ideal improvement on the site. The existing improvements within the development suggest a gross building area between 4,000 and 8,000 square feet with surplus land areas uses for graveled open storage. Occupancy within the development suggests that an owner user is the most likely buyer of the property.

3. **Feasible Use.** Development of the site with a light industrial use is financially feasible given the lack of properties available for purchase in the market area. Although there have been few new permits issued, there are several new flex buildings being planned

within the next year. Sales prices of existing buildings do suggest financial feasibility when physical depreciation is accounted for.

4. **Maximally Productive.**

The maximally productive use of the subject site is to improve the southeast portion of the subject property with an industrial flex building and use the surplus level areas near the southwest corner for open storage. There is a significant amount of sloped area on the property that has very little utility given the limitations of the AIP zone and this area has no maximally productive use. I have confirmed the zoning with the city planning department in order to confirm the potential uses (or lack thereof) for the subject's sloped surplus land areas.

Valuation Methodology

Three basic approaches may be used to arrive at an estimate of market value. They are:

1. The Cost Approach
2. The Income Approach
3. The Sales Comparison Approach

Cost Approach

The Cost Approach is summarized as follows:

$$\text{Cost New} - \text{Depreciation} + \text{Land Value} = \text{Value}$$

Income Approach

The Income Approach converts the anticipated flow of future benefits (income) to a present value estimate through a capitalization and or a discounting process.

Sales Comparison Approach

The Sales Comparison Approach compares sales of similar properties with the subject property. Each comparable sale is adjusted for its inferior or superior characteristics. The values derived from the adjusted comparable sales form a range of value for the subject. By process of correlation and analysis, a final indicated value is derived.

Final Reconciliation

The appraisal process concludes with the Final Reconciliation of the values derived from the approaches applied for a single estimate of market value. Different properties require different means of analysis and lend themselves to one approach over the others.

Analyses Applied

A **cost analysis** is not considered inasmuch as land cannot be created.

A **sales analysis** is applied, as it is representative of the actions of buyers and sellers in the local market. The sales comparison approach best represents the actions of buyers and sellers in the marketplace in this instance.

An **income analysis** has not been considered as it has been found to not be a reliable indication of value as vacant land in the market area is not typically purchased with the anticipation of a residual cash flow.

Sales Comparison Approach

The Sales Comparison Approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. It is based on the principles of supply and demand, balance, substitution, and externalities. The following steps describe the applied process of the Sales Comparison Approach.

- The market in which the subject property competes is investigated; comparable sales, contracts for sale and current offerings are reviewed.
- The most pertinent data is further analyzed, and the quality of the transaction is determined.
- The most meaningful unit of value for the subject property is determined.
- Each comparable sale is analyzed and where appropriate, adjusted to equate with the subject property.
- The value indication of each comparable sale is analyzed, and the data reconciled for a final indication of value via the Sales Comparison Approach.

Industrial Comparable Land Sales

I have completed an exhaustive search of the regional MLS and County records for Grant County in order to find the most similar and most recent comparable land sales available for this analysis; these are documented in the table below followed by a summary of each sale. In addition to the most similar land sales, I have completed a search of the MLS for industrial properties available for purchase. A search for vacant industrial sites within the city limits revealed only the remaining sites within the industrial park. These properties are offered at the same pricing as the previous sales with the exception of the subject which I have not been provided the pricing of.

Sales in the industrial park began in 2003 with the first 1-acre site selling for \$10,000. There was a significant lull during the great recession and recent repricing, reconfiguring, and reduction in regulation has spurred sales activity. I have included the four most recent sales (one of which closed the day after the effective date), two pending sales within the park, and one sale of an industrial site located in the northwest portion of John Day on the River. These sales are summarized in the table below followed by a summary of each sale.

Additional sales of larger parcels are then discussed as an indication of the contributory value of the subject's roughly 17.78 acres of sloped surplus land area.

John Day Industrial Land Sales

Sale #	Location	Tax ID	Map & Tax Lot	Sale Date	Sales Price	Size (ac)	Size (sf)	Unit Price (\$/ac)	Unit Price (\$/sf)
1	Airport Ind Park # 17	39480	13S3127D TL 400	4/6/2021	\$ 15,500.00	1.00	43,560	\$15,500	\$ 0.36
2	Airport Ind Park # 19 & 20	39482, 39843	13S3127D TL 600 & 700	7/28/2021	\$ 31,000.00	2.00	87,120	\$15,500	\$ 0.36
3	Airport Ind Park # 1,2,3, & 31	39502, 39503, 39504, 40167	13S3127D TL 2600, 2700, 2800, 2901	11/4/2021	\$ 80,000.00	5.67	246,985	\$14,109	\$ 0.32
4	Airport Ind Park # 8 & 36	39497, Part of 40168	13S3127D TL 2100 & Part of 2902	Pending Closed 3/8/2022	\$ 28,000.00	2.00	87,120	\$14,000	\$ 0.32
5	Airport Ind Park # 5, 7, 34, 35	39499, 39500, Part of 40168	13S3127D Lots 5, 7, 34, 35 of recent replat	Pending	\$ 112,000.00	8.00	348,480	\$14,000	\$ 0.32
6	Airport Ind Park # 24 & 25	39486, 39487	13S3127D TL 1100 & 1200	Pending	\$ 31,000.00	2.00	87,120	\$15,500	\$ 0.36
7	27879 Apple Drive, John Day	1781	13S3121D TL 200	5/17/2021	\$ 60,000.00	1.56	67,954	\$38,462	\$ 0.88

John Day, OR Industrial Land Sale 1



Transaction

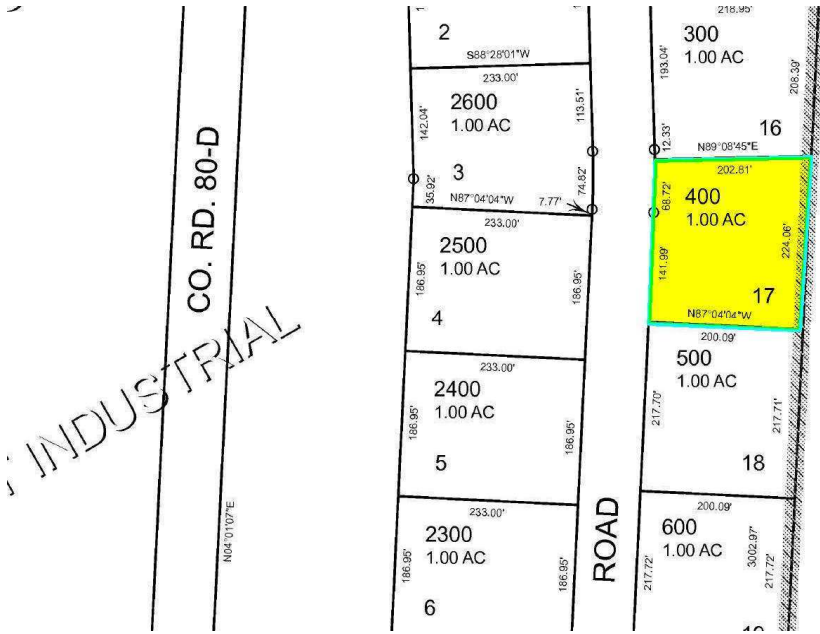
Address	Industrial Park Road #17	Closing Date	4/6/21	
City	John Day	Price	\$	15,500.00
State	Oregon	Cash Equivalent Price	\$	15,500.00
Tax ID	39480	Price Per Acre	\$	15,500.00
Grantor	City of John Day	Financing	Cash Sale	
Grantee	Mills, Glen C & Joanne R	Property Rights	Fee Simple	
Deed Number	20210742	Days on Market	Private Sale, No Broker	
Map and Tax Lot	13S3127D TL 400	Confirmation Source	City Manager, Nick Green	
Assessed Value (2021)	\$	14,753.00	Real Market Value (2021)	\$ 15,320.00

Site

Acres	1.00	Topography	Level	
Land SF	43,560	Zoning	Airport Industrial Park	
Orientation	Interior Site	Flood Zone	No	
Shape	Nearly Rectangular	Encumbrance or Easement	None Noted	
Utilities	All Available	Environmental Issues	None Noted	
Access	Average 2 lane paved	Visibility	Minimal	
Highest & Best Use	Light Industrial (Flex)	Use At time of Sale	Vacant Site	
Prior Sale Date	None Noted	Prior Sale Price	N/A	

Notes

Single 1 acre lot in the Airport Industrial Park. Site has paved frontage and all utilities immediately available. No atypical terms or conditions of sale reported.



John Day, OR Industrial Land Sale 2



Transaction

Address	Industrial Park Road #19 & 20	Closing Date	7/28/21
City	John Day	Price	\$ 31,000.00
State	Oregon	Cash Equivalent Price	\$ 31,000.00
Tax ID	39482 & 39483	Price Per Acre	\$ 15,500.00
Grantor	City of John Day	Financing	Cash Sale
Grantee	K2 Ventures, LLC	Property Rights	Fee Simple
Deed Number	20211610	Days on Market	Private Sale, No Broker
Map and Tax Lot	13S3127D TL 600 & 700	Confirmation Source	City Manager, Nick Green
Assessed Value (2021)	Not yet assessed	Real Market Value (2021)	Not yet assessed

Site

Acres	2.00	Topography	Level
Land SF	87,120	Zoning	Airport Industrial Park
Orientation	Interior Site	Flood Zone	No
Shape	Rectangular	Encumbrance or Easement	None Noted
Utilities	All Available	Environmental Issues	None Noted
Access	Average 2 lane paved	Visibility	Minimal
Highest & Best Use	Light Industrial (Flex)	Use At time of Sale	Vacant Site
Prior Sale Date	None Noted	Prior Sale Price	N/A

Notes

Two 1 acres sites sold together. Both sites have paved frontage and utilities immediately available. No atypical terms or conditions reported.



SEE MAP 13S 31E

John Day, OR Industrial Land Sale 3



Transaction

Address	Industrial Park Road #1, 2, 3, & 31	Closing Date	11/4/21
City	John Day	Price	\$ 80,000.00
State	Oregon	Cash Equivalent Price	\$ 80,000.00
Tax ID	39502, 39503, 39504, & 40167	Price Per Acre	\$ 14,109.35
Grantor	City of John Day	Financing	Cash Sale
Grantee	Benge, Clint & Etoile	Property Rights	Fee Simple
Deed Number	20212275	Days on Market	Private Sale, No Broker
Map and Tax Lot	13S3127D TL 2600, 2700, 2800, & 2901	Confirmation Source	City Manager, Nick Green
Assessed Value (2021)	Not yet assessed	Real Market Value (2021)	Not yet assessed

Site

Acres	5.67	Topography	Level
Land SF	246,985	Zoning	Airport Industrial Park
Orientation	Interior Site	Flood Zone	No
Shape	Nearly Rectangular	Encumbrance or Easement	None Noted
Utilities	All Available	Environmental Issues	None Noted
Access	Average 2 lane paved	Visibility	Minimal
Highest & Best Use	Light Industrial (Flex)	Use At time of Sale	Vacant Site
Prior Sale Date	None Noted	Prior Sale Price	N/A

Notes

Four sites sold together with three of the sites having paved frontage and utilities available and in use. Tax lot 2901 is 2.68 acres and does not have paved access and will require an extension for utilities. The three sites with frontage sold for \$15,500/ acre and the rear 2.68 acre site sold for \$12,500 per acre for a total price per acre of \$14,109.35. No atypical terms or conditions were reported.

John Day, OR Industrial Land Sale 4



Transaction

Address	Industrial Park Road #8 & 36	Closing Date	3/8/22
City	John Day	Price	\$ 28,000.00
State	Oregon	Cash Equivalent Price	\$ 28,000.00
Tax ID	39497 & Part of 40168	Price Per Acre	\$ 14,000.00
Grantor	City of John Day	Financing	Cash Sale
Grantee	Allen, Gary	Property Rights	Fee Simple
Deed Number	Pending on Effective Date	Days on Market	Private Sale, No Broker
Map and Tax Lot	13S3127D TL 2100 & Part of 2902	Confirmation Source	City Manager, Nick Green
Assessed Value (2021)	Not yet Assessed	Real Market Value (2021)	Not yet Assessed

Site

Acres	2.00	Topography	Level
Land SF	87,120	Zoning	Airport Industrial Park
Orientation	Interior Site	Flood Zone	No
Shape	Nearly Rectangular	Encumbrance or Easement	None Noted
Utilities	All Available	Environmental Issues	None Noted
Access	Average 2 lane paved	Visibility	Minimal
Highest & Best Use	Light Industrial (Flex)	Use At time of Sale	Vacant Site
Prior Sale Date	None Noted	Prior Sale Price	N/A

Notes

This sale includes one site with frontage and utilities as well as an additional 1 acre site that does not have paved access and utilities. The sites sold for \$15,500 and \$12,500 for a combined price per acre of \$12,500. The second tax lot has recently been broken off of another larger parcel and the replat recorded shortly before the closing of the sale which occurred the day after the effective date. I have been provided with a copy of the closing statement from the title company for this sale, but have not reviewed the deed.

John Day, OR Industrial Pending Land Sale 5



Transaction

Address	Industrial Park Road #5, 7, 34, & 35	Closing Date	Pending Sale
City	John Day	Price	\$ 112,000.00
State	Oregon	Cash Equivalent Price	\$ 112,000.00
Tax ID	39499, 39500, & Part of 40168	Price Per Acre	\$ 14,000.00
Grantor	City of John Day	Financing	Cash Sale
Grantee	Burnt River Farms LLC	Property Rights	Fee Simple
Deed Number	Pending Sale	Days on Market	Private Sale, No Broker
Map and Tax Lot	13S3127D TL 2300, 2400, & Part of 2902	Confirmation Source	City Manager, Nick Green
Assessed Value (2021)	Not yet assessed	Real Market Value (2021)	Not yet assessed

Site

Acres	8.00	Topography	Level
Land SF	348,480	Zoning	Airport Industrial Park
Orientation	Interior Site	Flood Zone	No
Shape	Rectangular	Encumbrance or Easement	None Noted
Utilities	All Available	Environmental Issues	None Noted
Access	Average 2 lane paved	Visibility	Minimal
Highest & Best Use	Light Industrial (Flex)	Use At time of Sale	Vacant Site
Prior Sale Date	None Noted	Prior Sale Price	N/A

Notes

Eight sites sold together of which six have been combined. There is a total of four acres with road frontage and utilities immediately available, and four acres on the secondary gravel road with no utilities. The four road front sites sold for \$15,500 per acre and the 4 secondary sites sold for \$12,500 per acre. No atypical terms or conditions of sale were reported. This is a pending sale scheduled to close as soon as the title policy is complete.

John Day, OR Industrial Pending Land Sale 6



Transaction

Address	Industrial Park Road #24 & 25	Closing Date		
City	John Day	Price	\$	31,000.00
State	Oregon	Cash Equivalent Price	\$	31,000.00
Tax ID	39486 & 39487	Price Per Acre	\$	15,500.00
Grantor	City of John Day	Financing	Cash Sale	
Grantee	Foster, Steve	Property Rights	Fee Simple	
Deed Number	Pending Sale	Days on Market	Private Sale, No Broker	
Map and Tax Lot	13S3127D TL 1000 & 1100	Confirmation Source	City Manager, Nick Green	
Assessed Value (2021)	Exempt under current ownership	Real Market Value (2021)	\$	17,920.00

Site

Acres	2.00	Topography	Level	
Land SF	87,120	Zoning	Airport Industrial Park	
Orientation	Interior Site	Flood Zone	No	
Shape	Nearly Rectangular	Encumbrance or Easement	None Noted	
Utilities	All Available	Environmental Issues	None Noted	
Access	Average 2 lane paved	Visibility	Minimal	
Highest & Best Use	Light Industrial (Flex)	Use At time of Sale	Vacant Site	
Prior Sale Date	None Noted	Prior Sale Price	N/A	

Notes

Two 1 acres sites sold together. Both sites have paved frontage and utilities immediately available. No atypical terms or conditions reported.

John Day, OR Industrial Land Sale 7



Transaction

Address	27879 Apple Drive	Closing Date	5/17/21
City	John Day	Price	\$ 60,000.00
State	Oregon	Cash Equivalent Price	\$ 60,000.00
Tax ID	1781	Price Per Acre	\$ 38,461.54
Grantor	Winfrey, Nick	Financing	Seller Carry
Grantee	Nodine, Tyler D & Danielle M	Property Rights	Fee Simple
Deed Number	20210979	Days on Market	175
Map and Tax Lot	13S3121D TL 200	Confirmation Source	List Agent, Wendy Cates
Assessed Value (2021)	\$ 21,099.00	Real Market Value (2021)	\$ 27,640.00

Site

Acres	1.56	Topography	Undulating to sloped
Land SF	67,954	Zoning	Industrial
Orientation	Interior Site	Flood Zone	No
Shape	Irregular	Encumbrance or Easement	None Noted
Utilities	All Available	Environmental Issues	None Noted
Access	Good, Paved	Visibility	Minimal
Highest & Best Use	Industrial	Use At time of Sale	Vacant Site
Prior Sale Date	None Noted	Prior Sale Price	N/A

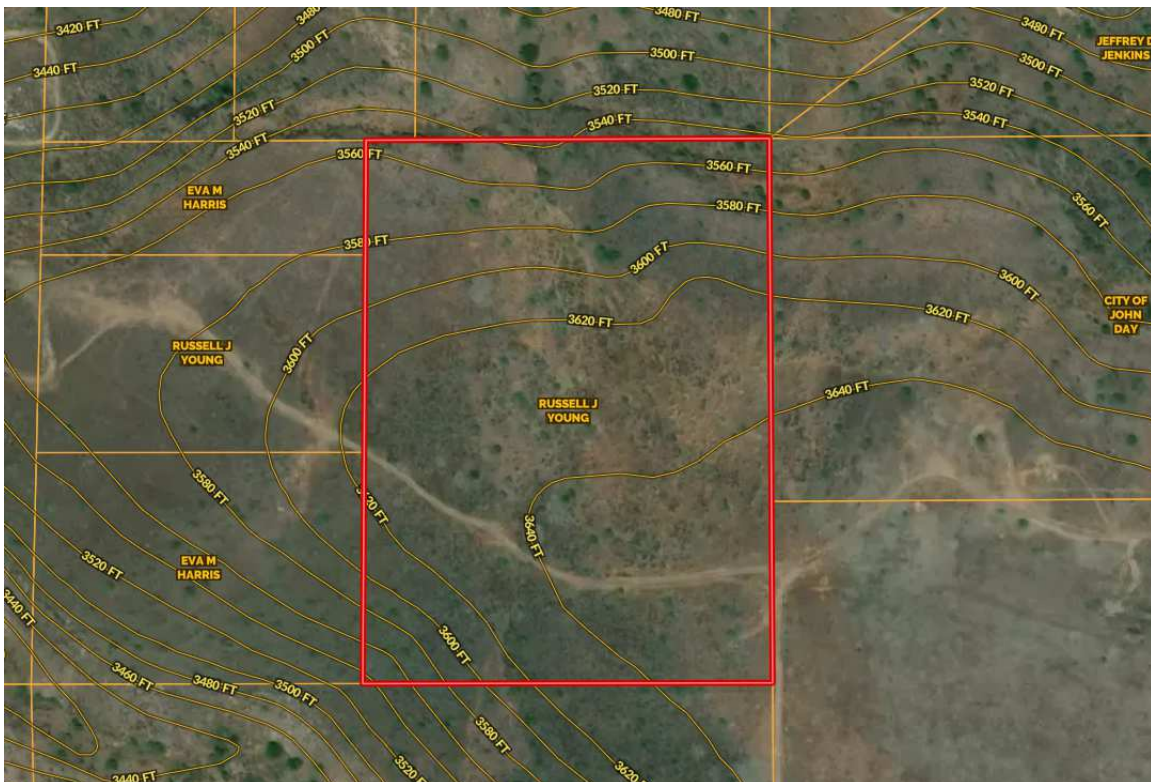
Notes

This site is located just off of the highway with good access but minimal visibility. The site has river frontage and an irregular shape that does not diminish the use potential of the property. All utilities are immediately available. According to the selling broker, the seller financed the sale however this did not influence the sales price. The property was listed on the local MLS (RMLS) for 175 days with an asking price of \$65,000 prior to the sale. No atypical terms or conditions reported. The listing agent did not know what the buyer's plans for the property are.

Sales of Land with Limited Use Potential

In terms of limited use potential, I have considered several sales of large range land parcels. These properties are typically only valued for their use in seasonal (spring) grazing and have sold for between \$250 and \$750 over the past few years depending on how severe the topography is and if there is stock water available on the property. These are much large parcels, and it is reasonable to conclude a higher price for a smaller parcel. Recreational properties have been selling for between \$1,000 per acre and \$1,800 per acre but are typically wooded with good views and large enough to accommodate privacy as well as recreational uses including hunting and ATV use both of which are not permissible on the subject property.

The seventeen-acre property located directly west of the subject sold January 25, 2021, for \$50,000 or \$,2941.18 per acre. The property will require significant utility extensions as well as a roadway but is superior due to its use potential as it is within the SR zoning. The same buyer then purchased the adjacent 5-acre parcel to the west for \$28,500. This buyer is a prominent landowner in the area (Grant County) and I am unable to confirm the motivation for this purchase. This is a superior property as the 17 acres has future residential use potential and has several areas of level useable topography.



Land Listing

The most similar listing for the subject sloped surplus land area is located to the southwest of the subject and is 74.89 acres abutting the industrial park but outside of the

city limits, but within the urban growth boundary and subject to Grant County zoning ordinances, particularly the suburban residential zone. The listing notes an industrial zoning, but also a five-acre minimum. The listing agent was unsure and eager to end the phone call when questioned on this issue. Regardless of the zoning, the property does not have an immediate use potential, due to a lack of access, sloped topography, and will require significant utility extensions. The 75-acre property has been listed for \$170,000 (\$2,267 per acre) for the past 87 days. The adjacent 103-acre parcel is offered for \$230,000 (\$2,233 per acre) or all 178 acres can be purchased at a discounted rate of \$1,966 per acre or \$350,000). At these rates, this listing presents an indication of ceiling value for the subject's sloped 17.78 acres of surplus land area, although a smaller site would likely achieve a higher price per acre due to size regression or marginal utility.



Summary of Value Indications

Sales one, two, and three have been confirmed with City Manager, Nick Green as well as verified with public record. In the case of sale four, I have been provided with a closing statement as the sale closed the day after the effective date of appraisal, March 8, 2022. All sales reflect a price of \$15,500 per acre for sites with paved frontage and utilities available. The additional surplus land that has been added to the sites and or sold in conjunction with the primary site were priced and sold for \$12,500 per acre. This consistency is a clear indication of \$15,500 for the subject 1 acre building site at the southeast corner of the property, and \$12,500 for the roughly 1.25 acres near the southwest corner of the subject. The total value estimate for level useable areas is therefore \$31,125 or \$13,833 per are for these 2.25 acres.

The roughly 17.78 remaining acres of sloped topography has very little use other than a potential future use should growth and increasing price points warrant capital expenditures to improve the site extensively. The zoning of the property does not allow for residential use, recreational use, or cattle grazing. Until market conditions warrant the cost of excavation, there is no immediate use potential for this area of the property. It is reasonable to conclude that the subject would be less desirable to a market participant than otherwise similar sites with an immediate use potential such as cattle grazing, recreation, or future residential use. The range of these uses is from \$250 per acre for very large tracks of range land in remote locations up to \$2,941 for the property next to the subject that can be used for residential and has superior topography to the subject. The listing of the large parcel to the southeast indicates a ceiling value of \$2,000 per acre. Given the limited use potential of the subject, it is reasonable to conclude that the property would achieve a price per acre above that of range land (\$750 per acre) but below that of a recreational property \$1,000 per acre. Given the lack of sales with a similar lack of use potential, my estimate of the contribution of the surplus land area is less reliable than I would like. I have considered the most relevant information available and believe that a contributory value of \$900 per acre for the 17.78 acres of sloped land is the most reasonable conclusion. This equates to a contributory value of \$16,002.

Description	Size (AC)	\$/AC	Contribution
Industrial land with Utilities	1.00	\$ 15,500.00	\$ 15,500
Industrial Level area with no utilities	1.25	\$ 12,500.00	\$ 15,625
Sloped Land Area with Limited Use Potential	17.78	\$ 900.00	\$ 16,002
Total Estimate of Value for the Subject Property			\$ 47,127

Final Value Conclusion

Based on the data and analyses developed in this appraisal, I have reconciled to the following fee simple value conclusion for the “as is” condition of the subject property, as of February 17, 2022, subject to the Limiting Conditions and Assumptions of this appraisal, as follows:

FOURTY SEVEN THOUSAND DOLLARS
(\$47,000)

*Rounded to the Nearest \$1,000

The above referenced value conclusion is for a fee simple ownership interest in the subject property. The market value assumes a typical exposure period. In this instance, I have estimated an exposure period of 12 months for the subject property.

Certification Statement

I hereby certify that I am a competent appraiser of real estate and am competent and qualified to appraise the subject property. My expertise and experience encompass over nineteen years in real estate consulting, appraising, and management. Consulting and appraisal assignments have included various commercial real estate projects, industrial properties, vacant commercial land, shopping centers, subdivisions, and offices. I also have experience doing feasibility studies and appraising for special-use properties. I have a broad experience conducting real estate market studies and market analyses.

The undersigned do hereby certify that, except as otherwise noted in this appraisal report, the following is true and correct to the best of my knowledge and belief.

USPAP 2022-2023 CERTIFICATION

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and is my personal, unbiased professional analyses, opinions, and conclusions. All contingent and limiting conditions and/or assumptions are contained herein.
3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My 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 or the property owner, 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.
7. I have made a personal inspection of the property that is the subject of this report.
8. No professional assistance was provided.
9. I have not been engaged to perform services regarding the subject property within the prior three years immediately preceding the effective date of appraisal, as an appraiser or in any other capacity.
10. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of *Uniform Standards of Professional Appraisal Practice (USPAP)* as well as the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice. (AI C.S.R. 1-1).
11. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. (AI C.S.R. 1-2).
12. The "Estimate of Market Value" in the appraisal report is not based in whole or in part upon the race, color, or national origin of the prospective owners or

occupants of the property appraised, or upon the race, color, or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

13. To the best of the appraisers' knowledge and belief, all statements and information in this report are true and correct, and the appraiser(s) have not knowingly withheld any significant information.
14. As of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.

Value Conclusion

Based on the data and analyses developed in this appraisal, I have reconciled to the following fee simple value conclusion for the "as is" condition of the subject property, as of February 17, 2022, subject to the Limiting Conditions and Assumptions of this appraisal, as follows:

FOURTY SEVEN THOUSAND DOLLARS
(\$47,000)

*Rounded to the Nearest \$1,000

The above referenced value conclusion is for a fee simple ownership interest in the subject property. The market value assumes a typical exposure period. In this instance, I have estimated an exposure period of 12 months for the subject property.

Thank you for giving me the opportunity of appraising this property for you. If there are any questions concerning this appraisal report, please do not hesitate to contact me.

Respectfully submitted,



Aaron D. Still, MAI
Aaron Still Appraisal
President
Oregon General Certification #C000990
Expires 05/31/2023

Limiting Conditions and Assumptions

Acceptance of and/or use of this report constitutes acceptance of the following limiting conditions and assumptions; these can only be modified by written documents executed by both parties.

This appraisal is to be used only for the purpose stated herein. While distribution of this appraisal in its entirety is at the discretion of the client, individual sections shall not be distributed; this report is intended to be used in whole and not in part.

No part of this appraisal, its value estimates, or the identity of the firm or the appraiser(s) may be communicated to the public through advertising, public relations, media sales, or other media.

All files, work papers and documents developed in connection with this assignment are the property of Aaron Still Appraisal. Information, estimates and opinions are verified where possible, but cannot be guaranteed. Exhibits and diagrams provided are intended to assist the client in visualizing the property; no other use of these exhibits or diagrams are intended or permitted.

I have not been provided with an environmental assessment or study pertaining to the appraised subject parcel. I have been provided with a building inspection completed specifically for the identification of hazardous materials. The building inspection states that there is asbestos (chrysotile) in some of the wall texture and popcorn ceiling of the second level of the building. In addition, insulation around the boiler contains asbestos, and the exterior of the building contains lead based paint. These materials are very common in buildings of this age. It is noted that abatement is not required for the conveyance of title, nor is abatement required for commercial use.

For the purposes of this report, I have employed several assumptions including the presumption that environmental and/or any other unknown conditions do not exist or adversely affect the subject property other than those stated in building inspection provided to the appraiser by the client. It is noted that there are brownfields in proximity to the subject, however I have not been provided with an environmental assessment nor is there evidence to suggest the subject has been impacted by any plumes from nearby properties. Given the lack of evidence of soil contamination, the subject has been appraised as though no environmental issues exist. I have not been advised of any adverse environmental soil, mineral, or any other conditions. Please refer to the Limiting Conditions and General Assumptions sections for more details.

Unless stated herein, the property is assumed to be outside of areas where flood hazard insurance is mandatory. Maps used by public and private agencies to determine these areas are limited with respect to accuracy. Due diligence has been exercised in interpreting these maps, but no responsibility is assumed for misinterpretation.

Good title, free of liens, encumbrances, and special assessments is assumed. No responsibility is assumed for matters of a legal nature.

Necessary licenses, permits, consents, legislative or administrative authority from any local, state or Federal government or private entity are assumed to be in place or reasonably obtainable.

It is assumed there are no zoning violations, encroachments, easements or other restrictions which would affect the subject property, unless otherwise stated.

The appraiser(s) are not required to give testimony in court in connection with this appraisal. If the appraisers are subpoenaed pursuant to a court order, the client agrees to pay the appraiser(s), Aaron Still Appraisal, the regular per-diem rate plus expenses.

Appraisals are based on the data available at the time the assignment is completed. Amendments/modifications to appraisals based on new information made available after the appraisal was completed will be made as soon as reasonably possible for an additional fee.

Americans with Disabilities Act (ADA) of 1990

A civil rights act passed by Congress guaranteeing individuals with disabilities equal opportunity in public accommodations, employment, transportation, government services, and telecommunications. Statutory deadlines become effective on various dates between 1990 and 1997. Aaron Still Appraisal has not made a determination regarding the subject's ADA compliance or non-compliance. **Non-compliance could have a negative impact on value; however, this has not been considered or analyzed in this appraisal.**

Definitions

Market Value: As defined by the Office of the Comptroller of Currency (OCC) under 12 CFR, Part 34, Subpart C-Appraisals, 34.42 Definitions, the Board of Governors of the Federal Reserve System (FRS) and the Federal Deposit Insurance Corporation in compliance with Title XI of FIRREA, as well as by the Uniform Standards of Appraisal Practice as promulgated by the Appraisal Foundation, is as follows.

Market value means the most probable price which a property should bring in a competitive and open market under all condition's 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 are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated
2. Both parties are well informed or well advised and acting in what they consider their own best interest.
3. A reasonable time is allowed for exposure in the open market.
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto
5. 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

A **Fee Simple** interest is defined¹ as:

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

A **Leased Fee** interest is defined¹ as:

An ownership interest held by a landlord with the rights of use and occupancy conveyed by a lease to others. The rights of the lessor (the leased fee owner) and the leased fee are specified by contract terms contained within the lease.

Marketing Time is defined¹ as:

1. The time it takes an interest in real property to sell on the market sub-sequent to the date of an appraisal.
2. Reasonable marketing time is an estimate of the amount of time it might take to sell an interest in real property at its estimated market value during the

¹ Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015).

period immediately after the effective date of the appraisal; the anticipated time required to expose the property to a pool of prospective purchasers and to allow appropriate time for negotiation, the exercise of due diligence, and the consummation of a sale at a price supportable by concurrent market conditions. Marketing time differs from exposure time, which is always presumed to precede the effective date of the appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time.)

Exposure Time is defined¹ as:

1. The time a property remains on the market.
2. The estimated length of time the property interest is being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market. Exposure time is always presumed to occur prior to the effective date of the appraisal. The overall concept of reasonable exposure encompasses not only adequate, sufficient, and reasonable time but also adequate, sufficient, and reasonable effort. Exposure time is different for various types of real estate and value ranges and under various market conditions. (Appraisal Standards Board of The Appraisal Foundation, Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions")

Market value estimates imply that an adequate marketing effort and reasonable time for exposure occurred prior to the effective date of the appraisal. In the case of disposition value, the time frame allowed for marketing the property rights is somewhat limited, but the marketing effort is orderly and adequate. With liquidation value, the time frame for marketing the property rights is so severely limited that an adequate marketing program cannot be implemented. (The Report of the Appraisal Institute Special Task Force on Value Definitions qualifies exposure time in terms of the three above-mentioned values.) See also marketing time.

Gross Building Area (GBA) is the total floor area of a building, including below-grade space but excluding unenclosed areas, measured from the exterior of the walls. Gross building area for office buildings is computed by measuring to the outside finished surface of permanent outer building walls without any deductions. All enclosed floors of the building including basements, mechanical equipment floors, penthouses, and the like are included in the measurement. Parking spaces and parking garages are excluded.¹

Rentable Area (RA) is the amount of space on which the rent is based; calculated according to local practice.¹

Gross Leasable Area (GLA) the total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines, and measured from the center of interior partitioning to outside wall surfaces; the standard measure for determining the size of shopping centers where rent is calculated based on the GLA occupied. The area for which tenants pay rent. ¹

As Is Value

The value of specific ownership rights to an identified parcel of real estate as of the effective date of the appraisal; relates to what physically exists and is legally permissible and excludes all assumptions concerning hypothetical market conditions or possible rezoning. ¹

Stabilized Value

1. A value opinion that excludes from consideration any abnormal relationship between supply and demand such as is experienced in boom periods, when cost and sale price may exceed the long-term value, or during periods of depression, when cost and sale price may fall short of long-term value.
2. A value opinion that excludes from consideration any transitory condition that may cause excessive construction costs, e.g., a bonus or premium for material, the abnormal inefficiency of labor, the cost of delay or an excessive sale price, e.g., a premium paid due to a temporary shortage of supply. ¹

In layman's terms, stabilized value is the prospective value of a property after construction has been completed and market occupancy and cash flow have been achieved. ²

As Complete Value

The prospective value of a property after all construction has been completed. This value reflects all expenditures for lease-up and occupancy that may be expected to have occurred at that point in time, which may or may not put the property at stabilized value. ¹

² Narrative1.com. Thomas W. Armstrong, MAI





ADDENDUM



ENGAGEMENT LETTER

AARON STILL APPRAISAL

Aaron D. Still, MAI	January 6, 2022
<i>Real Estate Appraisal & Real Estate Consulting</i>	City of John Day Nicholas Green, City Manager 430 East Main Street John Day, OR 97845 PH: 541-575-0028
<i>Including:</i>	RE: For an appraisal report using all applicable valuation approaches for the property described as tax lot 1203 of township 13S, range and section 3127, John Day, Grant County Oregon, 97845. The purpose of the appraisal report is to estimate the Fair Simple Market of the subject property as of a current effective date. The client is identified as the City of John Day. Any use by an unnamed third party is an unauthorized and unintended use. The intended use of the appraisal report is to aid the client in establishing the most reasonable sale price for the subject property.
<i>Financing</i>	
<i>FHA, VA, SFR</i>	To: Nicholas Green,
<i>Litigation Support</i>	I am pleased to be given the opportunity to provide you with a proposal to appraise the property described above. The client has determined this scope of work is sufficient to meet their needs. The report will be written in summary format and will conform to USPAP 2022-2023 standards and include all applicable approaches to value. No other supplemental standards have been identified. The appraisal will be performed based upon the General Assumptions and Limiting Conditions attached to this letter.
<i>Estate</i>	
<i>Tax Appeal</i>	I will deliver an appraisal report on or before March 4, 2022, for a fee not to exceed \$2,500.00, with payment due within 30 days of report delivery. I hope that the proposed appraisal services fit your needs and expectations. By signing the appraisal engagement letter, you are guaranteeing payment within the 30 days of delivery of the report.
<i>Condemnation</i>	Please refer to the general assumptions and limiting conditions that will be part of the report. If satisfied with the terms and conditions of this engagement letter, please sign and return at your earliest convenience and we will begin work on the appraisal report. Respectfully submitted,
<i>Lease-by-Lease</i>	
<i>Feasibility Analysis</i>	Aaron D. Still, MAI Oregon General Certified Appraiser #C000990 Aaron Still Appraisal 1834 Main Street, Baker City, OR 97814 541-523-2940
<i>Market Analysis</i>	Authorization To Proceed
<i>Easements</i>	
<i>Leasehold interests</i>	Signature  Date: 01/13/2022

Aaron Still Appraisal
1834 Main Street, Baker City, OR 97814
541-523-2940, Aaron.D.Still@Gmail.com

APPRAISER'S QUALIFICATIONS

Aaron D. Still, MAI

1834 Main Street, Baker City, OR 97814
Aaron.D.Still@gmail.com • 541-523-2940

QUALIFICATIONS PROFILE

Performance-driven, insightful commercial real estate appraiser with excellent research, analysis, and communication skills.

- Skilled at consulting with clients to delineate and analyze their income, expense, and value scenarios regarding multiple property types, including retail, industrial, office, agricultural, timber/grazing, rangeland, and vacant development sites.
- Comprehensive knowledge of and experience in direct income capitalization, band of investment, yield capitalization, land residual analysis, cost approach, and sales comparison approach to value.
- Proven leadership coupled with the ability to manage client relationships.

PROFESSIONAL EXPERIENCE

AARON STILL APPRAISAL, BAKER CITY, OREGON 2010
to Present
Owner / Operator

Real estate valuation and consulting including high quality and in-depth appraisal analysis in rural areas of Eastern Oregon. Complex assignments have included special purpose properties, mixed use properties, multi-family developments, condemnation, retrospective values, and general consulting.

LS APPRAISAL SERVICES – Lake Havasu City, Arizona -
2002 to 2009
Staff Appraiser

Complete high quality and in-depth appraisal analysis for a multitude of property types, for a multitude of intended uses and intended users. Complex assignments have included lease hold interest, subdivision analysis, retrospective values, feasibility analysis, partial interest, condemnation, and general consulting.

RELATED EXPERIENCE

- BAKER CITY PLANNING COMMISSION, BAKER CITY, OREGON
November 2015 to Present
- REAL ESTATE DEVELOPER AND INVESTOR
2002 to Present

EDUCATION AND CREDENTIALS

Oregon State University – Corvallis, Oregon
Bachelor of Science in Business Administration, Management of Information
Systems (2002)

Professional Licenses: OREGON GENERAL CERTIFIED APPRAISER # C000990
Professional designations: DESIGNATED MEMBER OF THE APPRAISAL INSTITUTE
JANUARY 2019

Professional Training:

Course / Seminar Name	Provider	Hours	Completion Date
Principles of Real Estate Appraisal	Lincoln Graduate Center	15	8/15/2000
USPAP 15 hour Course	Lincoln Graduate Center	15	8/17/2000
Practice of Real Estate Appraisal	Lincoln Graduate Center	15	8/19/2000
Residential Case Studies 1	American College of Appraisal	15	6/7/2003
Residential Case Studies 2	American College of Appraisal	15	6/21/2003
USPAP 15 hour Course	AZ School of Real Estate and Business	15	1/22/2005
FHA, and The New Residential Appraisal Forms	Appraisal Institute	7	2/6/2006
Basic Income Capitalization	Appraisal Institute	39	1/27/2007
USPAP Update	Appraisal Institute	7	3/8/2007
Condominiums, Co-ops, and PUDs'	Appraisal Institute	7	3/9/2007
General Applications	Appraisal Institute	40	5/9/2007
Report Writing and Valuation Analysis	Appraisal Institute	40	7/28/2007
USPAP 15 hour Course	AZ School of Real Estate and Business	15	8/18/2007
Advanced Applications	Appraisal Institute	40	9/19/2007
General Appraiser Market Analysis and Highest and Best Use	Appraisal Institute	30	9/10/2008
Basic Appraisal Principles	Appraisal Institute	30	2/20/2009
Online Real Estate Finance Statistics and Valuation Modeling	Appraisal Institute	15	3/17/2009
General Appraiser Site Valuation and Cost Approach	Appraisal Institute	30	4/11/2009
General Appraiser Income Capitalization 2	Appraisal Institute	30	4/21/2009
General Appraiser Sales Comparison Approach	Appraisal Institute	30	4/30/2009
Arizona Appraisers Conference	AZ Appraiser Coalition	14	10/10/2009
Business Practices and Ethics	Appraisal Institute	7	12/14/2011
USPAP Update	Appraisal Institute	7	1/28/2011
Appraising Manufactured Homes	McKissock	7	5/1/2011
Appraising FHA Today	McKissock	7	5/1/2011
Ad Valorem Tax Consultation	McKissock	3	5/1/2011
Advanced Income Capitalization	Appraisal Institute	33	3/15/2013
Uniform Appraisal Standards for Federal Land Acquisitions	Appraisal Institute	14	5/12/2015
Advanced Concepts and Case Studies	Appraisal Institute	38	4/23/2016
Uniform Appraisal Standards for Federal Land Acquisitions	Appraisal Institute	15	8/15/2017
Fundamentals of Separating Real Property, Personal Property, and Intangible Business Assets	Appraisal Institute	15	2/15/2019
Rural Appraisal Basics	Appraisal Institute	7	4/19/2019
Eminent Domain	American Society of Farm Managers & Rural Appraisers	14	3/9/2021

* USPAP &-Hr Update taken every other year.

COPY OF OREGON REAL ESTATE APPRAISER CERTIFICATE

