

APPRAISAL REPORT

*Iron Triangle Property
14.16 Acres of Industrial Land with Three Industrial/Office Buildings
Located at 433 Patterson Bridge Road
John Day, Oregon*

As Of

May 7, 2019

Prepared For

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

Prepared By

Gregory W. Moore, MAI
President, AGCO – Moore Valuation, Inc.
60602 Woodside Road
Bend, Oregon 97702
Revised June 28, 2019

File No. M201930



Appraisal Group of Central Oregon, LLC

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

Revised June 28, 2019
Job No. M201930

Dear Mr. Green,

This appraisal report presents the appraisal you requested for the Iron Triangle Property, located at 433 Patterson Bridge Road, in John Day, Oregon. The subject property involves 14.16 acres of industrial land with three industrial/office buildings. The property is currently utilized by the owner for a logging support business.

This appraisal was prepared at the request of, and for the exclusive use of the intended users, which includes the client, Nicholas Green, City Manager with City of John Day, and representatives of the City of John Day, JDCC Parks & Recreation District, and the Oregon Parks and Recreation Department (OPRD). The purpose of this appraisal is to estimate the subject's as-is, fee simple market value as of May 7, 2019. The appraisal project involves a single market value conclusion of an existing whole property, not a before-and-after appraisal related to a partial taking. The intended use of the appraisal is to assist the client with securing Federal funding related to the use of the subject properties. No third party shall have any rights to use or rely upon this appraisal for any purpose.

The scope of the appraisal involves the application of the sales comparison approaches, focused on land value, to estimating market value, which is consistent with the perception of market value among most typical market participants, and is most appropriate for estimating market value. Cost approach methodology is the primary manner of supporting the contributory value of the existing improvements, secondary to the land, with supplemental support from improved sales. The report presents the physical description of the subject property, market data, and valuation analysis in an appraisal report, reported in a narrative format. The report is summarized, with more detailed information remaining in my work file.

The appraisal and this report have been prepared in conformance with the Uniform Appraisal Standards for Federal Land Acquisitions (“Yellow Book”). The appraisal and appraisal report also comply with the Uniform Standards of Professional Appraisal Practice (USPAP) as formulated by The Appraisal Foundation (except where superseded through the Jurisdictional Exception rule, for compliance with the “Yellow Book”). The appraisal was originally reported June 27, 2019, then revised on June 28, 2019 for corrections related to clerical errors (incorrect property references, definitions, etc.). The market value conclusion was not changed. A copy of your written authorization and instructions is included in the Addenda of this report.

For a full understanding of the analysis and conclusions, it is essential that the user(s) of this report read it in its entirety, including, but not restricted to the Statement of Limiting Conditions, Highest and Best Use analysis, and final reconciliation. Such an understanding is necessary prior to making any decisions based on the information and analysis within this appraisal. Client’s, intended user’s, or any reader’s use of the appraisal or reliance on its conclusions will constitute acceptance of the appraisal conditions (including the Scope of Work) and the Statement of Limiting Conditions, as presented in this appraisal report.

A personal inspection of the property and market was made on May 7, 2019. The following fee simple market value conclusion is the result of my investigation of the subject property and market, as of May 7, 2019:

FOUR HUNDRED NINETY FIVE THOUSAND DOLLARS . . . \$495,000

There is no evidence of any sales or marketing involving the subject property within the ten years prior to the date of value. The most recent sale involving the subject property occurred in 1984, according to assessment data. There is no evidence of any other sales or marketing involving the subject property within the three years prior to the date of this report, or the date of value.

Respectfully submitted,



Gregory W. Moore, MAI
President, AGCO – Moore Valuation, Inc.
Oregon State Certification No. C000607
Washington State Certification No. 1102251
Revised June 28, 2019

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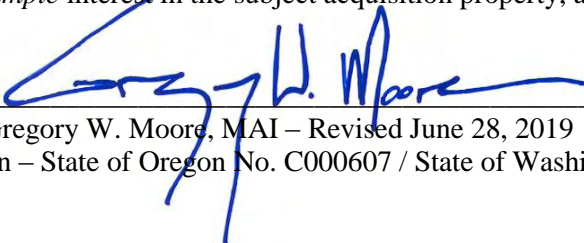
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- Legal Description
- Appraisal Engagement
- Pertinent Appraisal Definitions
- Statement of Limiting Conditions
- Appraiser Qualifications

Certification of Gregory W. Moore, MAI

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have provided no services as an appraiser or in any other capacity regarding the properties that are the subject of this report within the three-year (36 month) period immediately preceding acceptance of the assignment that resulted in this report.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- 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, 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.
- The appraisal was developed and the appraisal report was prepared in conformity with the *Uniform Appraisal Standards for Federal Land Acquisitions*.
- The appraisal was developed and the appraisal report prepared in conformance with the Appraisal Standards Board's *Uniform Standards of Professional Appraisal Practice* and complies with USPAP's Jurisdictional Exception Rule when invoked by Section 1.2.7.2 of the *Uniform Appraisal Standards for Federal Land Acquisitions*.
- The appraiser has made a physical inspection of the property appraised (interior and exterior) and that the property owner, or his designated representative, was given the opportunity to accompany the appraiser on the property inspection.
- I have made a personal inspection (interior and exterior) of the properties that are the subject of this report. I have made a personal inspection of the exterior of most, but not all of the comparable sales utilized in this report.
- No one provided significant real property appraisal assistance to the person signing this certification.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional *Appraisal Practice* of the Appraisal Institute.
- The use of this report is subject to the requirements of the *Appraisal Institute* relating to review by its duly authorized representatives.
- As of the date of this report, I have completed the continuing education program for Designated Members of the *Appraisal Institute*.
- As of the date of this report, I have completed the requirements under the continuing education program mandated by the State of Oregon.

The estimated *market value* of the *fee simple* interest in the subject acquisition property, as of *May 7, 2019*, was **\$495,000**.


Gregory W. Moore, MAI – Revised June 28, 2019

Appraiser Certification – State of Oregon No. C000607 / State of Washington No. 1102251

Introduction Photo



View north over the yard area toward the main shop building.

General Location



Summary of Facts and Conclusions

Property Name:	Iron Triangle Property
Location:	433 Patterson Bridge Road John Day, Oregon Tax Lot 2700 in Assessor's Plat Map T.13S-R.31E-22D.
Owner of Record:	Iron Triangle Logging, Inc.
Unusual Limiting Conditions:	None
Property Rights Appraised:	Fee simple
Zoning:	GI, General Industrial
Land Area:	14.16 acres
Hazardous Materials:	None noted
Improvements:	5,400-sq. ft. main shop building (wood-frame, metal siding/roof) 1,356-sq. ft. low-cost office (wood-frame, wood-siding) 1,800-sq. ft. shop building (wood frame, metal siding) with 360-sq. ft. lean-to. 8,916 square feet total building area Site Improvements – crushed rock yard area, fence/gate, fueling area (above ground catch basin, tanks/pumps considered personal property and excluded).
Highest and Best Use	
As Vacant:	Industrial development (single large user or minor partition, or subdivision)
As Improved:	Industrial development (consistent with HIBU as vacant, retaining existing improvements)
Estimated Market Value:	
Site Value:	\$285,000
Improvement Contribution:	\$210,000
<i>Total Market Value:</i>	<i>\$495,000</i>
Date of Value:	May 7, 2019
Appraiser:	Gregory W. Moore, MAI

Photo 1

GPS Coordinates:
44°25'26.52"N
118°58'17.58"W

Photo by Gregory Moore
on March 22, 2019



View east at the entrance to the subject property.

Photo 2

GPS Coordinates:
44°25'25.07"N
118°58'15.53"W

Photo by Gregory Moore
on May 7, 2019



View northeast of the main shop building.

Photo 3

GPS Coordinates:
44°25'25.99"N
118°58'13.57"W

Photo by Gregory Moore
on May 7, 2019



View southwest of the main shop building.

Photo 4

GPS Coordinates:
44°25'25.99"N
118°58'15.39"W

Photo by Gregory Moore
on May 7, 2019



View east of the main shop building.

Photo 5

GPS Coordinates:
44°25'25.52"N
118°58'14.46"W

Photo by Gregory Moore
on May 7, 2019



Interior of the main shop building.

Photo 6

GPS Coordinates:
44°25'25.52"N
118°58'14.46"W

Photo by Gregory Moore
on May 7, 2019



Interior of the main shop building.

Photo 7

GPS Coordinates:
44°25'25.52"N
118°58'14.46"W

Photo by Gregory Moore
on May 7, 2019



Interior of the main shop building.

Photo 8

GPS Coordinates:
44°25'25.52"N
118°58'14.46"W

Photo by Gregory
Moore on May 7, 2019



Interior of the main shop building.

Photo 9

GPS Coordinates:
44°25'25.52"N
118°58'14.46"W

Photo by Gregory Moore
on May 7, 2019



Interior of the main shop building.

Photo 10

GPS Coordinates:
44°25'25.52"N
118°58'14.46"W

Photo by Gregory Moore
on May 7, 2019



Interior of the main shop building.

Photo 11

GPS Coordinates:
44°25'26.44"N
118°58'15.85"W

Photo by Gregory Moore
on May 7, 2019



View east of the office building.

Photo 12

GPS Coordinates:
44°25'26.08"N
118°58'13.86"W

Photo by Gregory Moore
on May 7, 2019



View west of the office building.

Photo 13

GPS Coordinates:
44°25'26.34"N
118°58'14.52"W

Photo by Gregory Moore
on May 7, 2019



Interior of the office building.

Photo 14

GPS Coordinates:
44°25'26.34"N
118°58'14.52"W

Photo by Gregory Moore
on May 7, 2019



Interior of the office building.

Photo 15

GPS Coordinates:
44°25'25.64"N
118°58'11.80"W

Photo by Gregory Moore
on May 7, 2019



View northwest of the secondary shop building.

Photo 16

GPS Coordinates:
44°25'26.30"N
118°58'12.71"W

Photo by Gregory Moore
on May 7, 2019



Interior of small rented space in secondary shop building.

Photo 17

GPS Coordinates:
44°25'26.30"N
118°58'12.71"W

Photo by Gregory Moore
on May 7, 2019



Interior of storage area in secondary shop building.

Photo 18

GPS Coordinates:
44°25'23.68"N
118°58'12.70"W

Photo by Gregory Moore
on May 7, 2019



Above ground fueling station.

Photo 19

GPS Coordinates:
44°25'24.10"N
118°58'15.36"W

Photo by Gregory Moore
on March 22, 2019



View southeast over the southern part of the improved area, toward the larger open land.

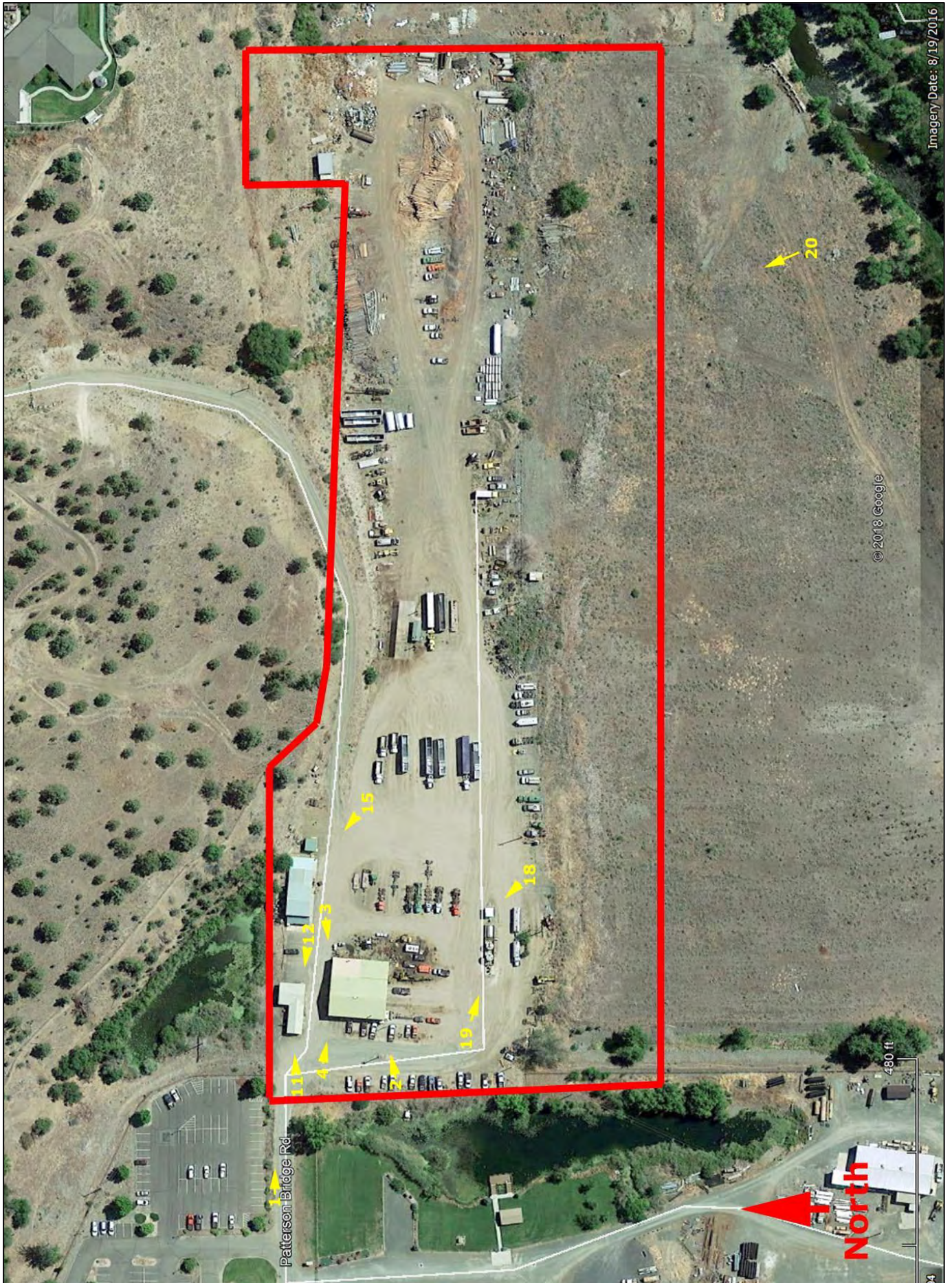
Photo 20

GPS Coordinates:
44°25'19.89"N
118°58'1.93"W

Photo by Gregory Moore
on March 22, 2019



View north from off the site, looking back toward the subjects eastern side of the site.



Statement of Limiting Conditions

This appraisal is subject to the following limiting conditions:

This appraisal is for no purpose other than property valuation, and the appraiser is neither qualified nor attempting to go beyond that narrow scope. The reader should be aware that there are also inherent limitations to the accuracy of the information and analysis contained in this appraisal. Before making any decision based on the information and analysis contained in this report, it is critically important to read this entire section to understand these limitations.

The appraiser assumes no responsibility for legal matters affecting the property appraised or the title, thereto. Title is assumed to be good and transferable. Any mortgages, liens, reservations, restrictions or encumbrances have been disregarded except where otherwise noted. There was no consideration given to personal property (if any), licenses or contracts in the valuation estimate.

No title report or survey was furnished to the appraiser. Information concerning the legal description and size of the subject property are deemed to be from reliable sources. Any drawings or sketches are for illustrative purposes only.

Title to the property is assumed to be fee simple unless otherwise noted. The property is appraised as though under competent management and ownership.

It is assumed that there is full compliance with all-applicable federal, state and local environmental regulations and laws unless non-compliance is stated, defined, and considered in the appraisal report. A comprehensive examination of laws and regulations affecting the subject was not performed for this appraisal.

It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in the appraisal report. Information and analysis shown in this report concerning these items is based only on a rudimentary investigation. Any significant question should be addressed to local zoning or land use officials and/or an attorney.

It is assumed that all required licenses, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based. Appropriate government officials and/or an attorney should be consulted if an interested party has any questions or concerns on these items since I have not made a comprehensive examination of laws and regulations affecting the subject.

This appraisal should not be considered a report on the physical items that are a part of this property. Although the appraisal may contain information about the physical items being appraised (including their adequacy and/or condition), it should be clearly understood that this information is only to be used as a general guide for property valuation, and not as a complete or detailed physical report. The appraiser is not a construction, engineering, environmental, or

legal expert. Any statement given on these matters in this report should be considered preliminary in nature.

The observed condition of the foundation, roof, exterior walls, interior walls, floors, heating system, plumbing, electrical service, insulation, and all mechanicals and construction is based on a casual inspection only, and no detailed inspection was made. For instance, I am not an expert on heating systems, and no attempt was made to inspect the interior of the furnace. The structures were not checked for building code violations, and it is assumed that all buildings meet applicable building codes unless so stated in the report.

Some items such as conditions behind walls, above ceilings, behind locked doors, or under the ground are not exposed to casual view, and therefore were not inspected. The existence of insulation, if any is mentioned, was found by conversation with others and/or circumstantial evidence. Since it is not exposed to view, the accuracy of any statements about insulation cannot be guaranteed.

No soils report was furnished to the appraiser. Conditions are assumed to be adequate for those uses consistent with highest and best use and current zoning ordinances. There is no warranty, implied or otherwise, as to the structural soundness or freedom from defects, hidden or unapparent in the subject improvements, or on the property. Nor is any responsibility assumed for any such conditions, or for engineering that may be required to discover such factors. Subsurface rights (mineral, oil, gas, geothermal, etc.) were not considered in making this appraisal. The appraiser is not qualified in these areas and suggests that the client retain experts in the appropriate field if desired.

I am not an environmental expert, and I do not have the expertise necessary to determine the existence of environmental hazards such as the presence of urea-formaldehyde foam insulation, toxic waste, asbestos or hazardous building materials, or any other environmental hazards on the subject or surrounding properties. If I know, or suspect any problems of this nature that I believe would create a significant problem, they are disclosed in this report. Nondisclosure should not be taken as an indication that such a problem does not exist. Again, I am not qualified to detect such conditions or substances. If desired, the client should retain an expert in this field.

Wells and septic systems, if any, are assumed to be in good working condition and of sufficient size and capacity for the stated highest and best use. It is assumed that wells and sewage disposal systems meet all federal, state and local laws and requirements.

The appraiser performed no chemical or scientific tests on the subject property. It is assumed that the air, water, ground, and general environment associated with the property present no physical or health hazard of any kind, unless otherwise noted in the report. It is further assumed that the land does not contain any type of dumpsite, and that there are no underground tanks (or any underground source) leaking toxic or hazardous chemicals into the groundwater or the environment unless otherwise noted in the report.

The age of any improvements to the subject property should be considered a rough estimate. I am not sufficiently skilled in the construction trades to be able to reliably estimate the age of

improvements by observation. I therefore rely on circumstantial evidence that may come into my possession (assessor's data, architectural plans), or conversations with those who might be somewhat familiar with the history of the property such as the property owners, onsite personnel, or others. Parties interested in knowing the exact age of improvements on the land should contact me to ascertain the source of my data and then make a decision as to whether they wish to pursue additional investigation.

The subject property was inspected to the degree necessary for estimating market value. The appraiser is not a qualified surveyor, engineer, or environmental consultant. Because a more detailed inspection or survey goes beyond the appraiser's expertise and the scope of this appraisal, any observed condition or other comments given in this appraisal report should not be taken as a guarantee that a problem does not exist. Specifically, no guarantee is made as to the adequacy or condition of the foundation, roof exterior walls, interior walls, floors, heating system, air conditioning system, plumbing, electrical service, insulation, or any other detailed construction matters. If any interested party is concerned about the existence, condition, or adequacy of any particular item, I would strongly suggest that a construction expert be hired for a detailed investigation.

Information furnished to the appraiser and contained in the report was obtained from sources considered reliable. However, the appraiser assumes no responsibility for the accuracy of such items. Data limitations result from a lack of certain areas of expertise by the appraiser (that go beyond the scope of the ordinary knowledge of an appraiser), the inability of the appraiser to view certain portions of the property, the inherent limitations of relying upon information provided by others, etc. Responsibility is not assumed for errors or omissions, nor is responsibility assumed for information not disclosed that might otherwise affect the valuation estimate.

Comparable data relied upon in this report is believed to be from reliable sources. Though all the comparable sales were examined, (unless otherwise stated), it was not possible to inspect them all in detail. The value conclusions are subject to the accuracy of said data.

The values shown in this appraisal report are estimates based on my analysis as of the date of the appraisal. These values may not be valid in other time periods, or as conditions change. I take no responsibility for events, conditions, or circumstances affecting the property's market value that take place subsequent to either the date of value contained in this report, or the date of inspection, whichever occurs first.

Before relying on any statement made in this appraisal report, interested parties should contact me for the exact extent of my data collection on any point that they believe to be important to their decision making. This will enable such interested parties to determine whether they would like to pursue additional data gathering for a higher level of certainty.

The appraiser is not required to give testimony, nor is he required to appear in court or any other hearing with reference to the subject property unless arrangements have been previously made.

Any distribution of the valuation in the report between land and improvements applies only under the existing program of utilization.

Gregory W. Moore is a MAI Designated Member of the Appraisal Institute. The Bylaws and Regulations of the Appraisal Institute require each member to control the use and distribution of each appraisal report signed by such member. Portions of this appraisal report shall not be given to third parties without prior written consent of the appraiser. Further, neither all nor any part of this appraisal report shall be disseminated to the general public by the use of advertising media, public relations media, news media, sales media or other media for public communication without prior written consent of the signatories of this appraisal report.

The property has been appraised in its "as is" physical condition.

This report conforms to the Appraisal Standards as found in the 2018-2019 Edition of the *Uniform Standards of Professional Appraisal Practice* (USPAP), except to the extent that the *Uniform Appraisal Standards for Federal Land Acquisitions* required invocation of USPAP's Jurisdictional Exception Rule, as described in Section 1.2.7.2 of the Uniform Appraisal Standards for Federal Land Acquisitions;

Appraisal reports are technical documents addressed to the specific technical needs of the client. Casual readers should understand that this report does not contain all of the information I have concerning the subject property or the real estate market. I have not knowingly withheld any factors unknown to the client that I believe to be significant. However, it is always possible that I have information of significance that may be important to others, but which does not appear essential due to my limited scope of analysis and limited expertise. Casual readers are cautioned about the limitations and possible misinterpretation of the appraisal report and its' contents.

The appraiser should be contacted with any questions before this report is relied upon for decision making.

Basis of Appraisal

This appraisal and this appraisal report correspond to the appraisal and appraisal reporting requirements set forth in the *Appraisal Standards for Federal Land Acquisitions* (“Yellow Book”). The appraisal and appraisal report also comply with the *Uniform Standards of Professional Appraisal Practice* (USPAP) as formulated by *The Appraisal Foundation* (except where superseded through the Jurisdictional Exception rule, for compliance with the “Yellow Book”). A copy of your written authorization and instructions is included in the Addenda of this report.

Limiting Conditions

The reader must read the limiting conditions for a complete understanding of the basis on which this appraisal has been completed.

Scope of Work

The scope of work involves sufficient research related to the regional/local market, as well as the physical and legal characteristics of the subject property and comparable market data, application of all applicable methods of valuation. This appraisal is reported in an Appraisal Report format, summarizing all information and analysis necessary for the intended users to a complete understanding of the appraisal conclusions, with some detailed information retained in the workfile. The Uniform Standards for Federal Land Acquisitions stipulates the following specific requirements to be covered within the Scope of Work (UASFLA, Section 2.3.1.8.).

Purpose of the Appraisal

The purpose of this *appraisal* is to estimate the as-is, fee simple *market value* as of each of the subject properties, as of May 7, 2019. The appraisal involves the market value of each whole property (i.e., a “whole taking”), not a portion of a larger parcel, and therefore no before-and-after analysis is performed.

The purpose of this *appraisal report* is to communicate the data, reasoning and opinions used in developing the estimate(s) of market value in a manner that is meaningful and not misleading in the marketplace.

Property Rights Appraised

The rights being appraised are fee simple ownership.

Client

Nicholas Green, City Manager
City of John Day
450 East Main Street
John Day, OR 97845
(541) 575-0028

Intended Users

This appraisal was prepared at the request of, and for the exclusive use of the intended users, which includes the client, Nicholas Green, City Manager with City of John Day, and representatives of the City of John Day, JDCC Parks & Recreation District, and the Oregon Parks and Recreation Department (OPRD). This report is written specifically to meet the needs of the clients/intended users. No third party can use or rely upon this appraisal report.

Intended Use

The intended use of this appraisal is to assist the client with securing Federal funding related to the use of the subject properties.

Definition of Market Value

For purposes of this appraisal, market value is defined, as directed in the *Appraisal Standards for Federal Land Acquisitions*, as follows:

Market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal.

Effective Date

The report has been prepared starting on May 6, 2019. Gregory W. Moore personally inspected the subject property on March 22, 2019 and May 7, 2019, which is identified as the effective date of the appraisal. The appraisal was originally reported June 27, 2019, then revised on June 28, 2019 for corrections related to clerical errors (incorrect property references, definitions, etc.).

Property Characteristics

The characteristics of the subject property will be discussed in detail, starting on Page 36. In summary, the property involves a large tract of predominantly bare land suitable to development of light or heavy industrial uses, including one large use or partitioning/subdividing for multiple smaller industrial uses.

Assignment Conditions

The assignment considers the subject property as being its own “larger parcel”. There are no extraordinary assumptions or hypothetical conditions.

Summary of Appraisal Problems/Complications

The major complication in completing the appraisal of the subject is analyzing the demand for commercial real estate and development land in the local market, and how that relates to the highest and best use of the property. This analysis is fundamental to determining if the property should be redeveloped and/or partitioned for multiple parcels of commercial land. It is critical for the reader, to have a complete understanding of the analysis and conclusions, so closely read the *Statement of Limiting Conditions* (see Page 15), Basis of Appraisal (see Page 19), and Highest and Best Use Analysis (see Page 41) for a complete understanding of the valuation.

Regional / Neighborhood Market Area Research

The regional and local neighborhood market area has been researched in an effort to discover recent events and trends that affect the highest and best use and property values related to the subject property. On a broad basis, population and employment/economic statistics were researched, along with published news articles, professional journals, and market reports. Further, the appraiser’s Work File (which includes electronic and hard copies of other appraisals and supporting documents) provides additional understanding of trends and values.

Research of the Subject Property

Investigation into the legal, physical, financial parameters affecting the subject property included a thorough research of:

- Assessment records for site and improvement details, assessed values and taxes, and ownership history,
- Clerk/Recorders documents (deeds),
- CoStar, rMLS & MLS (Multiple Listing Services) records for sales and listing activity,
- Title information, as provided by the client,
- Other sources of market information

The investigation of the subject property included a property inspection of the subject property, performed personally by Gregory Moore. The inspection involved driving and walking around the properties, with an attempt to identify the boundaries of each property, and through the middle of the sites, when possible. The appraiser also took measurements of the existing improvements on the subject for use with the computer sketching program *TotalSketch* in order to the improvement area estimates. The inspection also involved taking photos and writing notes. The subject owner (Zach Williams) joined the appraiser on the inspection and was also interviewed to provide additional understanding of the property.

The inspection was sufficient for estimating the market value of the property, attempting to inspect the property consistent to the degree that a prospective buyer would look into the property. However, the appraiser is not an engineer, building inspector, pest controller, or other inspection expert. While the appraiser did not note any evidence of problems related to such issues, the appraisal inspection was not so detailed as to discover any engineering deficiencies, structural damage, hazardous materials or infestation. The appraiser recommends full inspections by experts in these areas if a more complete understanding of any of these hazards is desired.

The appraiser, Gregory W. Moore, has performed many appraisals of similar properties over the past few years. The file data for the appraisals of similar properties, held by Appraisal Group of Central Oregon, LLC, was reviewed for additional market data and trends.

Research of Comparable Properties

The search for comparable sales and/or leases, and the physical, financial and legal factors affecting the properties, involved a research of the following:

- CoStar, rMLS, & MLS (Multiple Listing Services, Willamette Valley and Central Oregon) records,
- Realtor interviews,
- Consultation with appraiser colleagues,
- Assessment records,
- Clerk/Recorders documents (deeds),
- Other sources of market information.

The local market was researched for sales and listings, marketing times, absorption rates, permits/applications for new competitive developments. This research not only provided information relative to market values, but also for supply/demand dynamics.

A search was made within the Grant County area for sales data of comparable properties. The research focused on sales that occurred over the past five years (market activity in Grant County is particularly light, requiring both an extended period of time researched, as well as consideration of sales from other similar areas). Unless otherwise specifically indicated, all primary sales used in this report have been verified by at least one knowledgeable party (buyer, seller, owner, tenant, realtor, or leasing agent) involved with the sale/lease unless otherwise stated.

Gregory Moore performed an exterior inspection from the street for all primary local sales analyzed in the appraisal. Some, but not all, of the supplemental sales were also inspected, while others were not due to remote location, access limitations, or if the appraiser was not aware of the sales in time for the properties to be inspected for the appraisal.

Scope of Analysis

This appraisal conforms to the Appraisal Standards as found in the current (2018-2019) Uniform Standards of Professional Appraisal Practice (USPAP) and the Uniform Standards for Federal Land Acquisitions. There are three fundamental approaches to value that may be considered.

1. Cost approach
2. Sales comparison approach
3. Income approach

The **cost approach** is arrived at by estimating the value of the site and adding to this the reproduction cost of the improvements less accrued depreciation. The reliability of this approach is based upon an accurate estimate of land value determined by sales of comparable sites plus an accurate estimate of reproduction cost new less accrued depreciation as determined from a market analysis. Since the subject improvements are considered secondary to the land relative to the market incentive to purchase the property, the value should be considered focused on the land, with the improvements considered of secondary importance, and therefore, it is more appropriate to consider the contributory value of the improvements as an adjustment to the land value as estimated through sales comparison approach, rather than applying an independent approach focusing on the improvements.

The **sales comparison approach** attempts to measure value from the market by direct comparison of the subject property with sold properties. For this approach to have validity, the sold properties must have a reasonable degree of comparability with the subject. Several different units of comparison may be used. The sales comparison approach is the primary method for estimating the market value of residential or commercial lots and development land, typically applied through either direct comparison on an overall basis, or on a unit value basis (\$/acre or \$/square foot). Therefore, the sales comparison approach the primary method to estimate the market value of the subject, with adjustments applied where supported (specifically, in this case, for the contributory value of the improvements, utilizing cost approach methodology to estimate their depreciated replacement cost).

The **income approach** utilizes the capitalization of net income into value. Value is considered to be the present worth of anticipated future benefits. Reliability of this approach is dependent upon accurate projections of economic rent, expenses and capitalization rate. Consideration must also be given as to whether the subject property is typically an investment type property or an owner-user type of property. In the case of the subject's property type, the market for the subject would be developers and owner-users. Further, there is very limited market data, and the date is inconsistent, relative to rental rates for similar properties, and market-supported capitalization rates are even less common or supported. Therefore, there is limited market support for applying the income approach in valuing the subject property, and application of the approach would not add to the credibility of the appraisal.

The market value conclusion reconciles the value conclusions of the various valuation approaches, considering the various strengths and weaknesses of each method. The reconciliation of market value does not “average” the results of the approaches, but considers which approach(es) most closely resemble(s) the thought processes of typical buyers and sellers, which approaches have the strongest support from the market data available in this case, and how the other approaches (if applicable) support of conflict with the conclusion of the approach considered best supported. In this case, with only one approach applied, reconciliation of multiple value conclusions is not necessary.

This level of analysis is satisfactory for the intended use and users of the appraisal. The analysis and valuation of the subject considers the findings of the research and concludes the estimates of the fair market value.

Scope of Reporting

The appraisal is reported in an appraisal report format. The appraisal has also been reported in conformance with the Uniform Appraisal Standards for Federal Land Acquisitions. The report format presents a summary of the data and analysis that contributed to my value conclusions. I have expanded portions of my analysis that are most pertinent to give the intended users a better and more thorough understanding of the valuation complexities. The detailed data and analysis not presented here, but necessary for a complete understanding of my conclusions, remains in my work file.

Delivery of the appraisal report to the client constitutes the completion of this assignment.

Work File

Appraisal Group of Central Oregon, LLC maintains a large database of real estate information from the entire state of Oregon, particularly comprehensive and current in Central Oregon. This data includes information on land sales, improved sales, leases, development and construction costs, absorption studies (subdivision lots and houses, office & retail buildings), operating expenses, capitalization rates, and other market trends and factors. Only the information pertinent to, and necessary for a complete understanding of this appraisal, has been included within this report. The information retained within the offices (stored in computer files, cabinets, and folders) of Appraisal Group of Central Oregon, LLC (specifically AGCO – Moore Valuation, Inc.), contributes to the appraiser’s understanding of the market and an extension of the work file for this particular appraisal. As such, all data is available for review by the client or duly authorized parties upon request.

Competency of the Appraiser

The appraiser has the appropriate knowledge and experience to complete the appraisal assignment competently. See the appraiser qualifications at the end of this report.

Prior Ten Years Sales History

The Iron Triangle Logging, Inc. acquired the subject property in 1984, according to the Grant County Assessor (price not disclosed). There is no evidence of other sales or marketing within the past ten years.

Property History, Identification & Assessment Data

Subject History and Present Use

Please refer to prior page for sales history.

The subject has been utilized as a base of operations for a logging company for many years, with equipment storage and service, office use, and open space. There is a small rental business operating on a short-term rental basis in a small portion of the secondary shop building, but it is not considered to impact the perception of use or value with typical buyer and sellers, and is not considered a value-added or detrimental situation relative to the whole property.

Property Identification

A legal description for the subject can be found on Page 56 in the Addenda.

Assessment Data

The following table summarizes the assessor's identification (Grant County), acreage, assessed values, and taxes for the subject property. Following the table is the corresponding plat map displaying the subject property.

Subject Identification and 2018-19 Tax Assessment Summary

Plat Map	Tax Lot	Situs Address	Site Acres	Improv. Sq. Ft.	Assessor's Market Values			Taxable Value	Property Tax
					Land	Improv.'t	Total		
13S-31E-22D	2700	Patterson Bridge Rd.	8.16	---	\$125,210	\$137,330	\$262,540	\$262,540	\$4,100.90
								(-3% discount for on-time payment)	<u>\$123.03</u>
Overall Millage Rate =		\$15.6201	per \$1,000					Tax Due	\$3,977.87

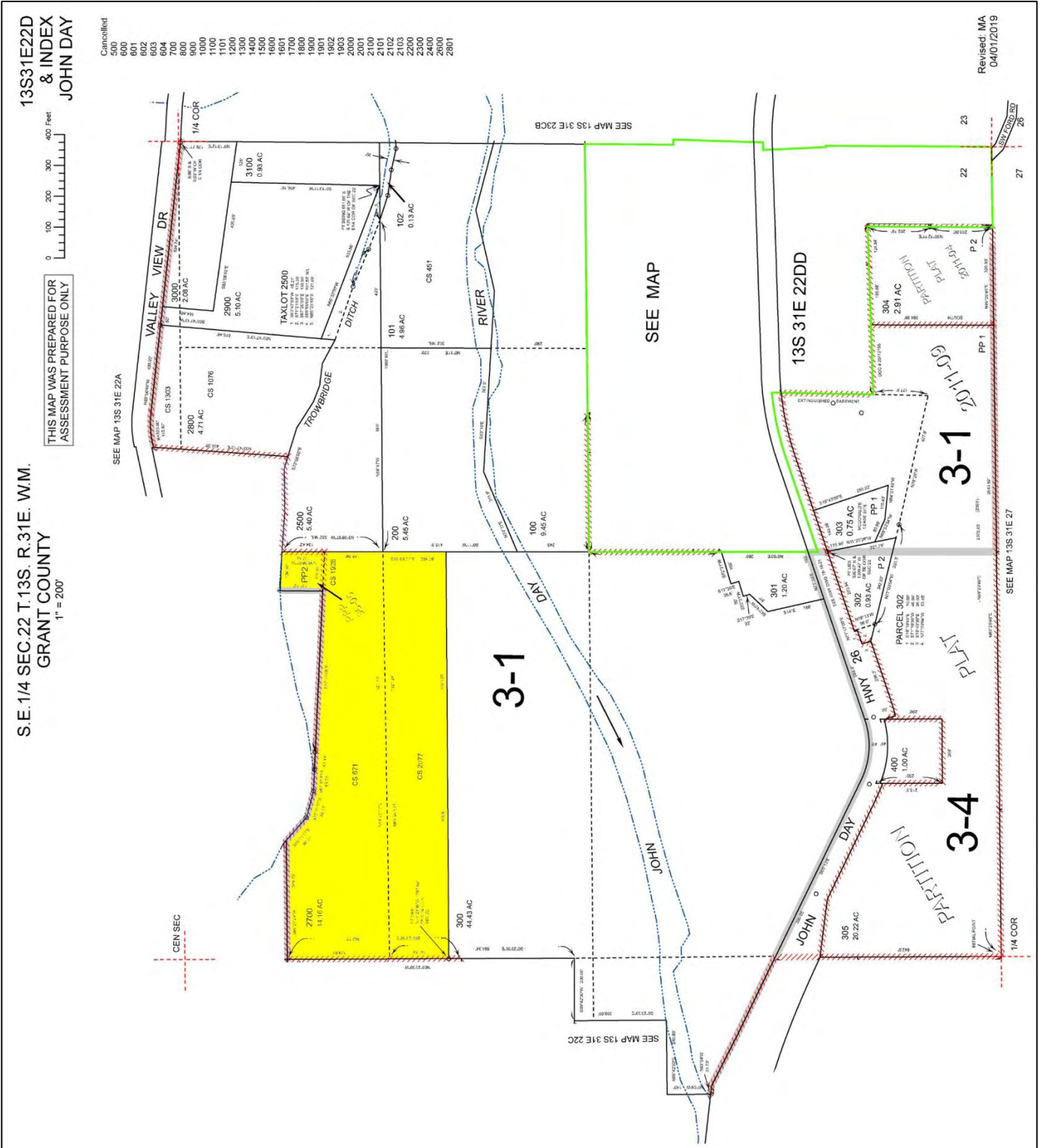
13S31E22D
 & INDEX
 JOHN DAY

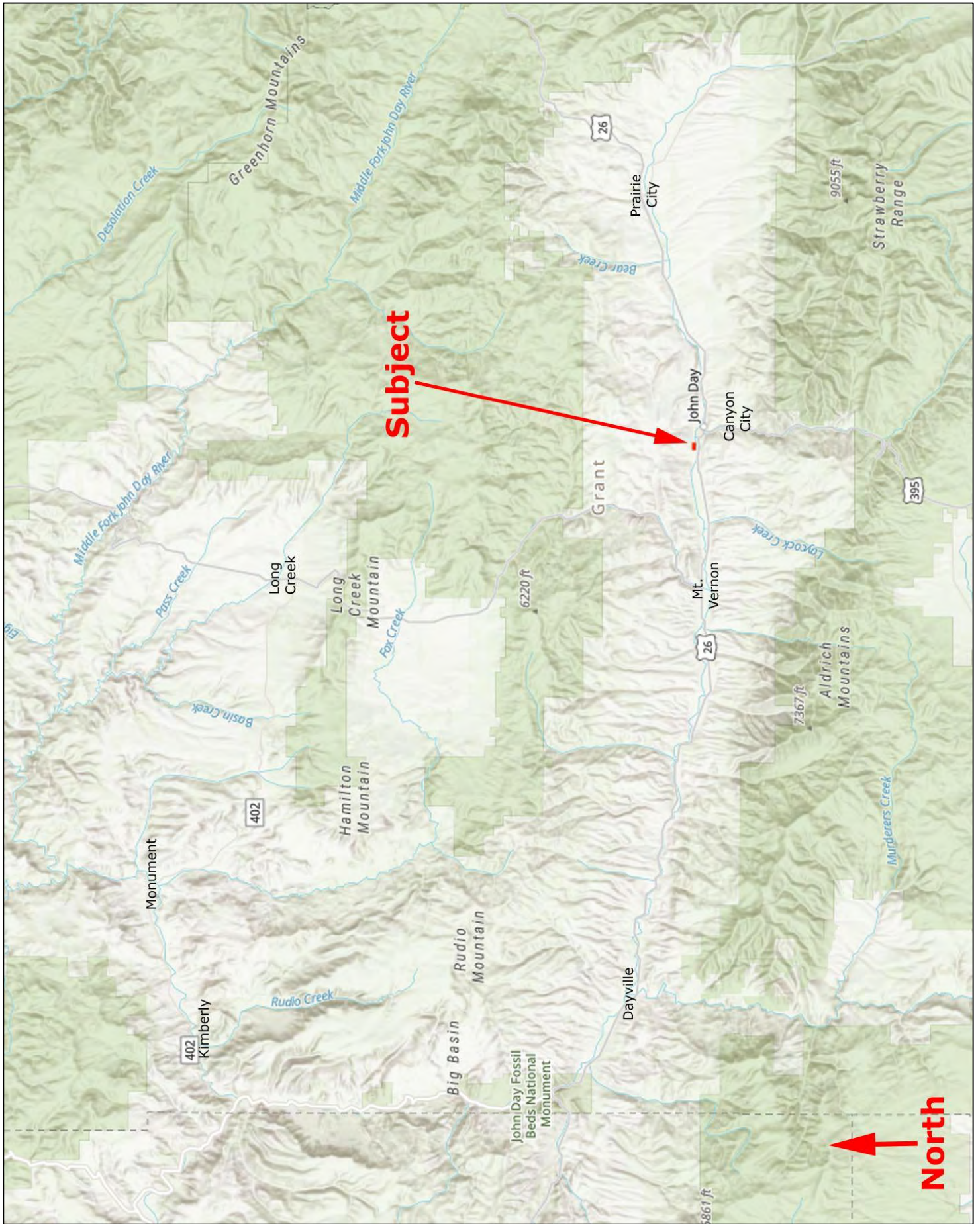
S.E. 1/4 SEC. 22 T.13S. R.31E. W.M.
 GRANT COUNTY
 1" = 200'

THIS MAP WAS PREPARED FOR
 ASSESSMENT PURPOSE ONLY

- Cancelled
- 500
 - 600
 - 601
 - 602
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Revised: MA
 04/01/2019





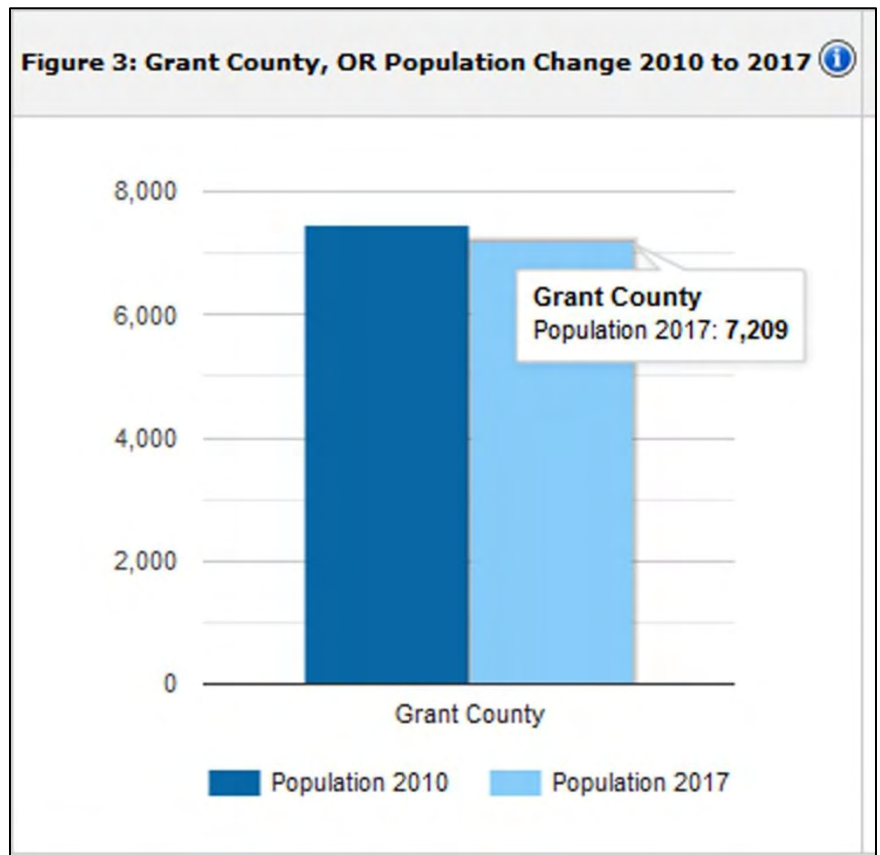
Area Analysis – Grant County Oregon

The 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 land areas. 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.

Population

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. Grant County has fewer than two persons per square mile.

The prominent towns in Grant County include John Day (1,735), Prairie City (915), Canyon City (705), Mt. Vernon (525), Long Creek (195), and Dayville (155).



Climate

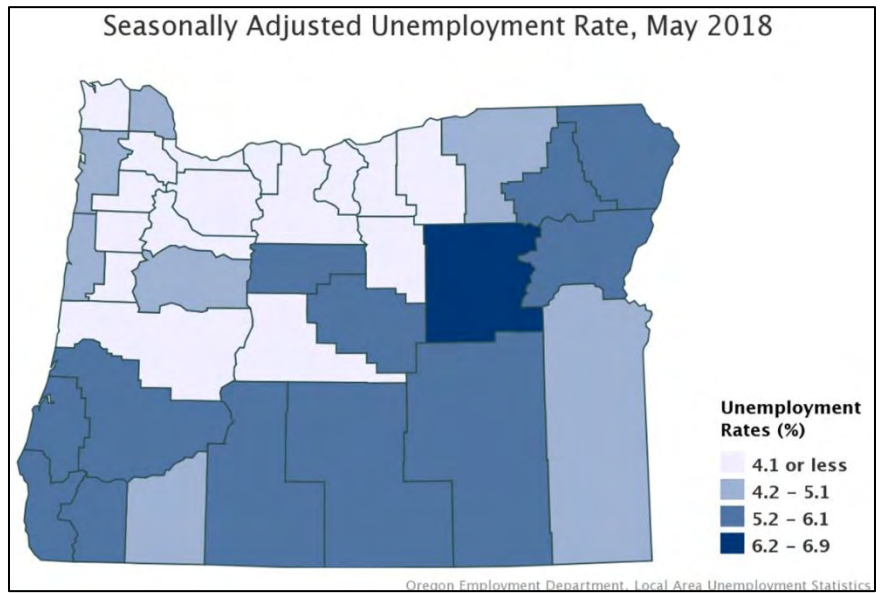
Average elevation is 3,194 feet above sea level. The highest point in Grant County is Strawberry Mountain at 9,038 feet above sea level, while the lowest point is the John Day River near Kimberly at 1,820 feet. The number of growing days in the growing season is 179. The annual average precipitation is 15.43 inches, average temperature is 49.9 degrees Fahrenheit and average snowfall is 18.6 inches. The average temperature in January is 25.8 degrees and in July is 66.5 degrees Fahrenheit.

Land Use

Grant County is made up primarily of public lands, dominated by the US National Forests (Malheur National Forest, Ochoco National Forest, Umatilla National Forest and Wallowa-Whitman National Forest) and Bureau of Land Management.

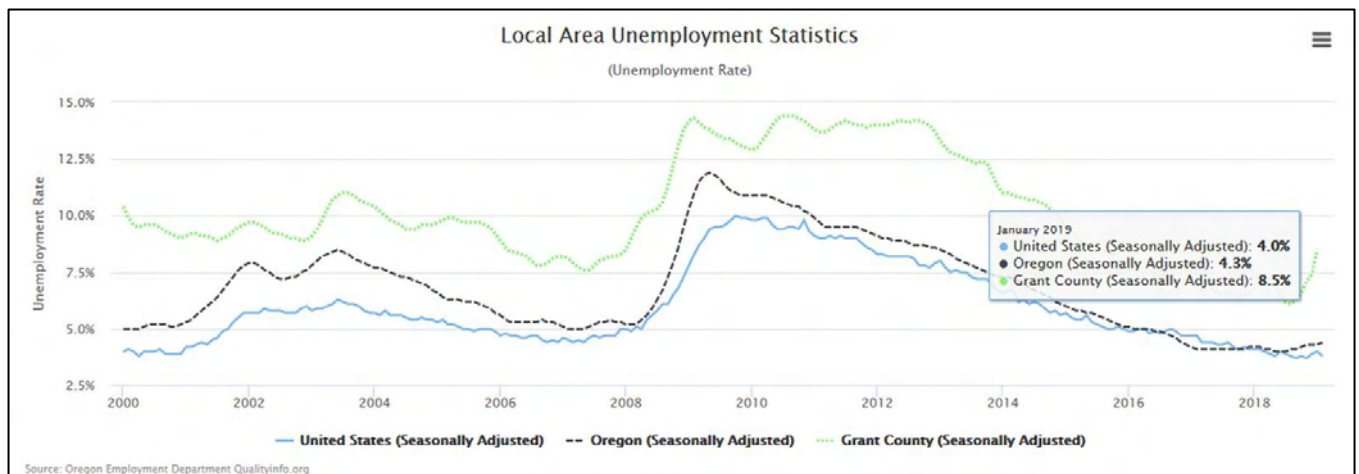
Economics

Grant County (highlighted in the chart to the right in darkest blue) is considered an isolated area of Eastern Central Oregon. The area has been impacted by the decline of the wood products industry, with the closure of local mills and the drop in the number of people employed as loggers, millworkers, and trucking. The rural quality of life remains good for recreation



and other factors, but offers limited medical care facilities and education. With few exceptions (such as some recreation manufacturing, namely hunting bows), Grant County has not had the ability to attract and retain new industries outside the agricultural realm that are growing in other eastern Oregon areas.

Unemployment in Grant County has averaged as much as 4% higher than the average for the State of Oregon. While unemployment rates in Grant County were only 2.6-2.9% higher than state averages in 2016-2017, more recently Grant County registered the highest unemployment rate in the state for the month of December 2018, at 7.4 percent. In the latest unemployment report recorded, January 2019, Grant County registered the highest unemployment rate in the state again going up to 8.5 percent, while the Oregon unemployment rate came in at 4.3% in the same month.



Comparing on a larger scale, the US unemployment rate rose to 4 percent in January 2019, up from 3.9 percent in the previous month, and slightly above market expectations of 3.9 percent. The U.S. unemployment rate was 3.7 percent in October of 2018, which marked a 49-year low and in line with market expectations.

In addition to higher than average unemployment rates, Grant County also suffers from lower than average per capita personal income (PCPI) expectations when compared to the state and country. In recent history, Grant County has been as low as 75% of the PCPI of the state, but since 2013, Grant County has remained between 85%-88% of the PCPI of Oregon.

Still, it should be noted that Grant County has does attract new residents who are attracted by the small town, rural living and excellent recreation opportunities that are prominent throughout the County.

Residential Real Estate Market

The residential real estate market in Grant County is characterized by limited new development and relatively flat, low values. The past five years are marked by an overall modest increase in value and limited change in sales activity, and very little new construction. The following table summarizes some of the most relevant market statistics for Grant County:

Residential Listings and Sales in Grant County - March 2019

	Sales				2019	Pending	Projected	Active	% Active to
	2015	2016	2017	2018	Thru 2/28	Sales	2019	Listings	2019 Proj.
Residential Lots									
<i># Sales Residential Lots (<5.0 acres)</i>	86	8	6	11	0	0	0	22	N/A
Lowest Sale (<5.0 ac)	\$5,100	\$14,500	\$10,000	\$2,000	N/A	N/A	N/A	\$6,800	---
Median Lot Price	\$16,500	\$29,500	\$23,750	\$32,500	N/A	N/A	N/A	\$37,472	---
Change in Value from Prior Year	---	78.8%	-19.5%	36.8%	N/A	N/A	N/A	15.3%	---
Highest Sale (<5.0 ac)	\$44,000	\$55,000	\$32,500	\$70,000	N/A	N/A	N/A	\$90,000	---
Marketing Time (Days on Market)	663	148	513	912	N/A	N/A	---	N/A	---
Improved Residential									
<i># Sales - All Houses (<5.0 acres)</i>	73	84	69	75	4	0	25	0	0%
Lowest Sale (<5.0 ac)	\$19,500	\$32,000	\$22,000	\$32,000	\$40,000	N/A	N/A	N/A	---
Median House Price (all houses, <5 ac)	\$99,950	\$115,000	\$125,000	\$127,000	\$76,750	N/A	N/A	N/A	---
Change in Value from Prior Year	---	15.1%	8.7%	1.6%	-39.6%	N/A	N/A	N/A	---
Highest Sale (<5.0 ac)	\$312,500	\$315,000	\$265,000	\$365,000	\$115,500	N/A	N/A	N/A	---
Average Days on Market	255	252	309	179	80	N/A	N/A	N/A	---
<i># Sales - New Houses (<5.0 acres)</i>	1	0	0	0	0	1	1	0	0%
Median House Price (all houses, <5 ac)	\$312,500	N/A	N/A	N/A	N/A	\$163,000	N/A	N/A	---
Change in Value from Prior Year	---	N/A	N/A	N/A	N/A	N/A	N/A	N/A	---

Properties listed with rMLS, does not include FSBO, exclusive listings, and/or sales/listings not listed with rMLS.

Houses include all residential (SFRs, condos, townhouses, manufactured homes w/land)

Sold includes only sold (no pending) listings. Active includes only active. Pending includes pending and contingent.

Projected sold involves average sales per day, pro-rata, multiplied by 365, plus the pending sales.

As seen in the above table, the median price for houses and lots reached its high point over the past four years in 2018, at \$32,500/lot and \$127,000 per house, with 2018 also witnessing the highest sales of each at \$70,000 for a 5-acre or less parcel of land, and \$365,000 for a house on five acres or less.

According to Nick Green, with the City of John Day, there are typically 5-10 building permits issued in John Day each year, with 2018 being one of the most active years in a

while at closer to ten permits, and there have only been six new homes built in the past ten years. One of the most notable recent developments is on the south side of the John Day River, east of 5th Street, where four new duplexes are being built, as of 2019, for a total of eight new residential units, with each of the new duplexes likely to be marketed at \$350,000, each.

Recreation & Cultural Resources

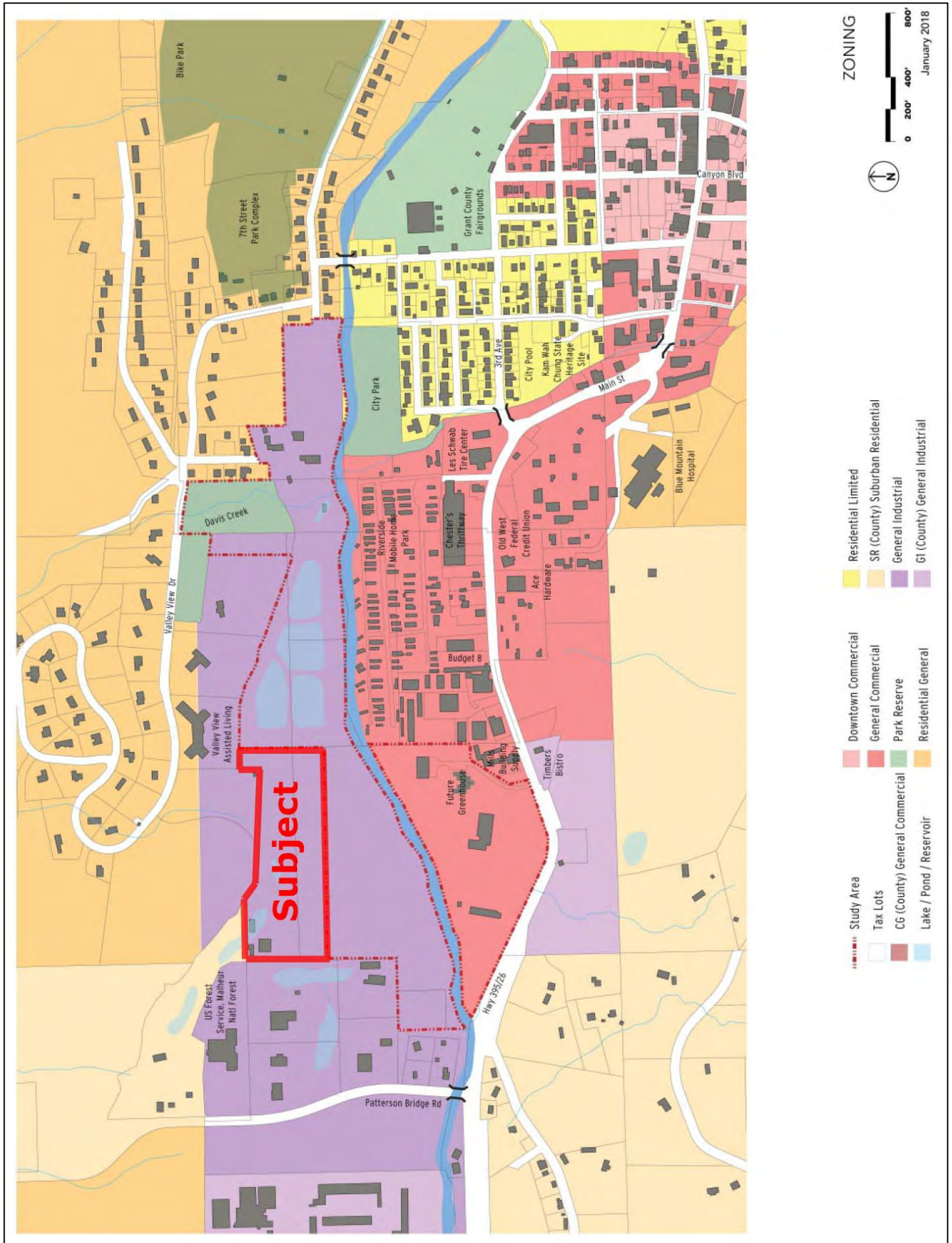
Grant County is best known for its recreation and cultural features, highlighted by hunting and the John Day Fossil Beds.

The county's wildlife lures a wide array of hunters in both the summer and fall. They are attracted by the many species of big game, including Rocky Mountain elk, mule deer and bighorn sheep. There is also cougar as well as black bear. As hunting is limited in Grant County hunters must apply through the Department of Fish and Wildlife for permits to hunt in certain areas. Grant County contains all or part of nine hunting units, including Ochoco, Silvies, Malheur River, Murderers Creek, Northside, Beulah, Heppner, Sumpter and Desolation. The Malheur National Forest features over 500 miles of snowmobiling routes. Grant County also offers a variety of opportunities for anglers to fish for steelhead, trout and small mouth bass. Bird hunting includes turkey, quail, chukar, grouse, mourning dove and waterfowl.

Since the late 1800s, scientists have been sifting through the unique record of ancient life preserved in the volcanic ash of the John Day Fossil Beds. Over 14,000 acres of the fossil beds are now a part of our National Park system, having been designated a National Monument in 1974. The beds contain bones, leaves, wood, nuts and seeds which paint a fascinating picture of the Age of Mammals- the time between the extinction of the dinosaurs and the beginning of the Ice Age.

Conclusions

Grant County is set in the central eastern portion of Oregon with unique geography, rich wildlife and one of the smallest populations in Oregon. The economic base of the area has historically been linked to agriculture and timber. However, with both industries going through tough times in the past few decades, and increased interest in the area from a recreational standpoint, the demographic and economic basis of the area is relatively static compared to other areas of the state, although that is also how many of the area's residents like things, and it is, in its own right what makes the area desirable to many, while pushing others away. The net result is a relatively flat population and limited development or new economic activity. The outlook for the future of Grant County is stable population, limited economic growth, and continued wood products and agricultural production with increased recreation-based industry.







Subject Property Description

Location & Access

The subject is located at 433 Patterson Bridge Road in John Day. The subject is located on the northwest outskirts of the City of John Day, on the north side of town. The property is located to the east of Patterson Bridge Road, just under ½ mile from Highway 26, to the north of the highway. The property is on the outside fringe of the City Limits. The property offers nice views to the south of the Strawberry Mountains.

Larger Parcel Determination

Under “Yellow Book” appraisal requirements, it is necessary to determine the larger parcel of which the subject property is part of, if in fact there is a larger parcel with additional lands that are not the specific subject of the appraisal. The concept of ‘larger parcel’ considers continuity of ownership and use, and while typically involving adjoining lands under the same ownership, can involve non-contiguous lands, as well. In the case of this appraisal, while there are adjacent (or nearby) lands under the same ownership, and the larger parcel is determined to be the subject property.

Site Area and Layout

The Grant County Assessor estimates the subject size as 14.16 acres. For purposes of this report, I assume the Grant County Assessor’s records are correct. Although there may be minor variances, I believe the market would assume these records are accurate. The site has a somewhat irregular shape, but there are no areas of limited utility due to awkward lot lines. The site is predominantly flat, with small areas of rising lands on the north side of the site. In summary, all of the subject acreage has utility, and typical buyers would consider the site 100% usable.

Soil, Subsoil and Drainage

A soils report was not furnished. The subject property appears to have sandy loam/volcanic ash soils, which is typical to the area. These soils are generally well drained and stable for development. I did not notice any significant rock outcroppings. This appraisal assumes that the soil will adequately support any likely industrial development suitable to the property.

Flood/Other Hazards

According to Flood Insurance Rate Map 410077-0001C (dated 2/23/1982), no part of the subject lies within a flood hazard area. The entire site lies within Zone C, and not subject to significant flood hazard. I noted no underground fuel tanks during my inspection. The above-ground fuel storage tanks are set above a non-permeable concrete catch basin. This appraisal assumes there are no hazardous materials present on the subject. Before further development is considered, the potential for hazardous materials should be fully explored by a qualified engineering firm.

Utilities & Services

The subject is served with all typical utilities available in the local market. Currently, the property is not tapped into City water or sewer, but those services will be available to the property line, should a developer want to tap into those services. The existing services include well water, private septic system, electric power, and telephones. Cellular reception is good in the area.

Zoning

The subject is zoned GI, General Industrial by the Grant County Planning Department. The G-I Zone is intended to provide for the establishment of industrial facilities to serve urban areas.

The following uses and their accessory uses shall be permitted as a Type I Review:

- A. Retail, wholesale or service business establishments.
- B. One residence, including mobile home, for caretaker or security on property with an approved commercial or industrial use, or for the owner of said commercial or industrial use.
- C. Freight Depot.
- D. Contractor's or building material business, and other construction related businesses including plumbing, electrical, roofing, siding etc., provided material is wholly enclosed within a building. No outside storage is permitted when adjacent to a lot in a residential zone or visible within 100 feet of an arterial or collector street unless enclosed by a sight-obscuring fence, wall, or landscaping.
- E. Ice or cold storage plant.
- F. Wholesale distribution outlet, including warehousing, but excluding outdoor storage.
- G. Welding, sheet metal or machine shop provided material is wholly enclosed within a building. No outside storage is permitted when adjacent to a lot in a residential zone or visible within 100 feet of an arterial or collector street unless enclosed by a sight-obscuring fence, wall, or landscaping.
- H. Veterinary clinic or kennel.
- I. Laboratory for experimentation, research or testing.
- J. Compounding, packaging and storage of cosmetics, drugs, perfumes, pharmaceuticals, soap or toiletries, excluding all processes involving the refining or rendering of fats and oils.
- K. Government buildings, including offices, armories, maintenance, repair or storage facilities provided material is wholly enclosed within a building. No outside storage is permitted when adjacent to a lot in a residential zone or visible within 100' of an arterial or collector street unless enclosed by a sight-obscuring fence, wall, or landscaping.
- L. Manufacture, repair or storage of ceramic products, musical instruments, novelties, rubber or metal stamps, toys, optical goods, scientific or electrical supplies and equipment, business machines, pleasure boats, furniture, signs and similar operations provided no outdoor storage is involved.
- M. Lumber and other wood products facilities except as limited by Article 62.130 below.
- N. Processing, packaging & storage of foods & beverages excluding those involving distillation, fermentation, the rendering of fats & oils, & slaughtering of animals.
- O. Repair, rental, sales, servicing and storage of machinery, implements, equipment, trailers or mobile homes, and the manufacture thereof.
- P. Public or semi-public uses.
- Q. Concrete or ready-mix plants.

- R. Automobile and other automotive wrecking yard in compliance with screening and statutory requirements set forth in Article 78.
- S. Agriculture & related product storage & processing plants, including a gasohol plant.

The following uses and their accessory uses are permitted as a Conditional Use subject to the issuance of a Conditional Use Permit as per Article 46, processed as a Type II Review Procedure under Section 22.040 or under Article 24 as specified, and shall be subject to the standards set out in Section 62.150 when applicable:

- A. Any use permitted when authorized by Article 62.120 above when located adjacent to or across the street from a lot within a duly platted residential subdivision or residential zone.
- B. Resumption of a residential use including a mobile home as the use had previously been conducted, where such residential use has been discontinued for no more than six months.
- C. Commercial feed lot, stock yard, sales yard, slaughter house and fat rendering plant.
- D. Petroleum, synthetic or other fuel producing facilities, including by-products thereof.
- E. Any use permitted by Article 62.120 above where any of the following is proposed or can reasonably be expected to occur:
 - 1. Occupancy of more than 70% of the land area designed or designated for said use.
 - 2. Generation of any odor, fumes, glare, flashing lights or noise which is perceptible without instruments from an existing residence or lot within a residential zone located within 200 feet of the subject use.
- F. Any other industrial use not declared a nuisance by statute or by action of the County, affected City or a Court of competent jurisdiction provided such use is not expected to create a nuisance because of odor, noise, dust, smoke, gas, traffic or other factors and is found to be in compliance with applicable nuisance and pollution regulations.
- G. Manufacture, repair or storage of articles, provided such uses do not create a nuisance because of odor, noise, dust, smoke, gas, traffic or other factors.

The following uses and their accessory uses are permitted as a Temporary Use under Article 44, processed using the review procedures specified for the type of Temporary Use in that Article and shall meet the standards set out in Section 62.150 when applicable:

- A. Mass gathering;
- B. Temporary roadside stand.

The following are stipulated use limitations:

- A. All parking demand created by any use permitted under the G-I Zone shall be accommodated on the subject premises entirely off-street, except as otherwise approved by the Planning Commission.
- B. No use permitted under the G-I Zone shall require the backing of traffic onto a public street, road or alley right-of-way to accommodate ingress and egress, except as otherwise approved by the Planning Commission.
- C. No use shall be permitted which has been declared a nuisance by statute or by action of the County, the affected City or a Court of competent jurisdiction. No use requiring contaminant discharge permits shall be approved by the Planning Commission prior to review by the applicable permit reviewing authority nor shall such uses be permitted adjacent to or across the street from a residential use or lot.

The following standards will apply, as appropriate, to all development and land divisions within this Zone:

- A. Minimum lot area requirements shall be determined in accordance with the provisions of this Code, including setbacks, off-street parking and loading areas and lot coverage limits. Lot area requirements may also be determined by the Planning Commission in order to maintain air, water and land resource quality, and to prevent uses exceeding resource carrying capacities.
- B. Lot Size and Shape - See Article 71
- C. Building & Accessory Heights, Setbacks, Yards - See also Article 72.
 1. Front Yard. Minimum 50 feet.
 2. Side Yard. Minimum 3 feet.
 3. Rear Yard. Minimum 3 feet.
 4. Yard Increases. The minimum setback between a structure and a property line abutting a residential zone or use in a duly platted residential subdivision shall be 50 feet.

The current use is an approved/allowed use under the current zoning.

Easements, Encroachments, Liens & Special Assessments

No title report was provided or reviewed. The appraiser also reviewed public recordings and assessment data; and while no unusual easements, encroachment or other unusual legal issues were discovered, it should be stressed that the appraisers are not experts in land use law and recommend consulting such an expert if a more complete understanding of such legal issues is desired. It is assumed that existing easements, encroachments or other unusual legal issues, if any, have no effect on market value.

Improvements

The following table summarizes the improvements on the subject property:

Summary of Subject Improvements

Improvement / Structure	Age		Anticip.	Physic.	Improvement Size	
	Year Blt.	Eff. Age	Econ. Life	Deprec.	Dimensions	(Sq. Ft.)
Main Shop Building	Unknown	25	45	55.6%	72x75	5,400
Office	Unknown	25	45	55.6%	16x62, 14x26	1,356
Secondary Shop	Unknown	25	45	55.6%	30x60	1,800
Shop Lean-To	Unknown	25	45	55.6%	12x30	360
Misc. Site Improvements	N/A	N/A	N/A	N/A	N/A	N/A

The improvements are all grouped together in the northwest corner of the site, where the access road taps into the property. The improvements are of relatively modest nature, with good quality construction and good maintenance and condition.

Main Shop Building

This structure involves a relatively large equipment service shop building, with continuous concrete slab foundation, pole frame, metal siding, with exposed insulation. The building has three 16' overhead roll-up doors on one side, and one 8' door on the

back side, along with several man doors. The building has an oil heat system. There are two restrooms, one office, and a mezzanine parts area. The building reflects and effective age of roughly 25 years.

Office

The office building is a single-level structure with modest quality construction, but intended to be durable and fit in with an industrial site. The building has a stemwall foundation, wood frame, cedar B&B siding, and metal roof. Inside, the building has a mixture of vinyl/laminate floor, standard-grade cabinetry & laminate counters, and electric cadets for heat. The plumbing and electrical fixtures are characteristic of a low-quality office, typical of industrial properties.

Secondary Shop

This structure has a finished office area currently used for equipment rental/sales, as well as rough shop / machine shed area. Construction involves concrete stemwall and slab, with wood frame, and metal siding/roofing.

Other Improvements

The subject has a variety of other smaller miscellaneous sheds, as well as a fueling island, scale, yard lighting, fencing, etc. The fueling island is designed for above-ground storage tanks, with a concrete catch basin, although the appraisal does not include any tanks or fueling equipment. None of these improvements constitute line-item additions to value relative to the whole property.

Highest and Best Use Analysis

According to the *Uniform Appraisal Standards for Federal Land Acquisitions*, highest and best use is:

“The highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future.”

A thorough highest and best use analysis must consider the highest and best use of the property as it is improved as of the date of value, and as though it were vacant. As stated above, the highest and best use must be legally permissible, physically possible, financially feasible, and result in the highest value (maximally productive). The use that produces the highest residual land value is the highest and best use. Such an analysis may show that the current improvements do not support the highest and best use of the property. That use may be an interim one that should continue until conditions warrant developing the site to its highest and best use as though it were vacant. The highest and best use is thoroughly discussed and developed within this report.

Estimating the highest and best use involves market analysis, considering the subject’s physical characteristics, market growth patterns, and supply and demand factors. The subject property is improved; therefore the highest and best use as vacant analyzes the site under the hypothetical that it is vacant and available to be put to its highest and best use. The following factors must be considered in making an analysis:

1. Legal uses permitted
2. Physically possible uses
3. Financially feasible uses
4. Maximally productive

As Vacant

Legally Permissible & Physically Possible

The subject includes 14.16 acres of industrial-zoned land just outside the City Limits of John Day, but in the growth boundary and incorporated into the general plan for the City. The site is largely flat and blocked, but lacks exposure to passing traffic. Access is currently from one point on the west side of the site. The zoning allows a wide range of industrial and heavy commercial uses, and the minimum lot size is only that to satisfy the front and side yard setbacks of 50’ and 3’, respectively. Utility service is not currently established to municipal water or sewer, although service is available nearby. Physically, the property could support a wide range of potential uses that would not require high exposure. Please refer to the zoning description on Page 37 for more information. Further, given the relative abundance of lands, as well as the limited pace of development in John Day, it is likely a prospective user with a different use may have good potential of securing a zone change, if necessary. Extension of utilities would be financially feasible for a site this large considering how much could be developed on the property, reducing the unit cost of such extension of services.

Financially Feasible & Maximally Productive

There is no single use that is recognized as ideally suited to the subject site, but rather there is a range of potential uses, from a single, large manufacturing or other industrial use, to partitioning for multiple industrial uses, to business park development, or some form of other larger employer, or even another use, such as seeking a zone change for residential or other development (should the value be low enough to make the time and effort to secure a zone change make sense). Given the economics of John Day, as well as the subject's location, development in the vicinity, and the subject's character, development of a large single industrial use, or partitioning to support a multi-user industrial project (whether a subdivision or minor partitioning for three 3-5 acre properties) would likely be the most marketable options, and bring the greatest return to the land. However, there is insufficient market data to indicate a single-, best option for development.

Conclusion

Development of a single large industrial use, or multiple smaller industrial uses through minor partition or subdivision, would be considered the highest and best use of the property as if unimproved.

As Improved

The subject is improved with three primary buildings, including a total of 8,916 square feet of building area (5,400-square foot service/shop building, a 1,356-square foot office building, and a 1,800-square foot secondary shop building). This represents a relatively low degree of improvement, with a reflected land-to-building ratio of nearly 70-to-1, which is far higher than typical for an improved industrial building. Further, with the only current access point being at the improved area of the site.

The highest and best use of the subject, with its proposed improvements considers the options for the property with the improvements. There are three primary options for the property as improved:

1. Retain the property as proposed.
2. Remodel and/or expand the property.
3. Raze the improvements and redevelop site.

The following analysis will consider these options in light of the legally permissible, physically possible, financially feasible, and maximally productive criterion.

Legally Permissible & Physically Possible

It is legally permissible to retain the improvements, as they are legally permitted for the property. Remodeling the improvements would also be permitted, as would expanding the improvements, although there is no notable demand for doing so if the property was available on the open market. It is also legally and physically possible to raze the improvements and redevelop the site according to the highest and best use as though unimproved.

Financially Feasible & Maximally Productive

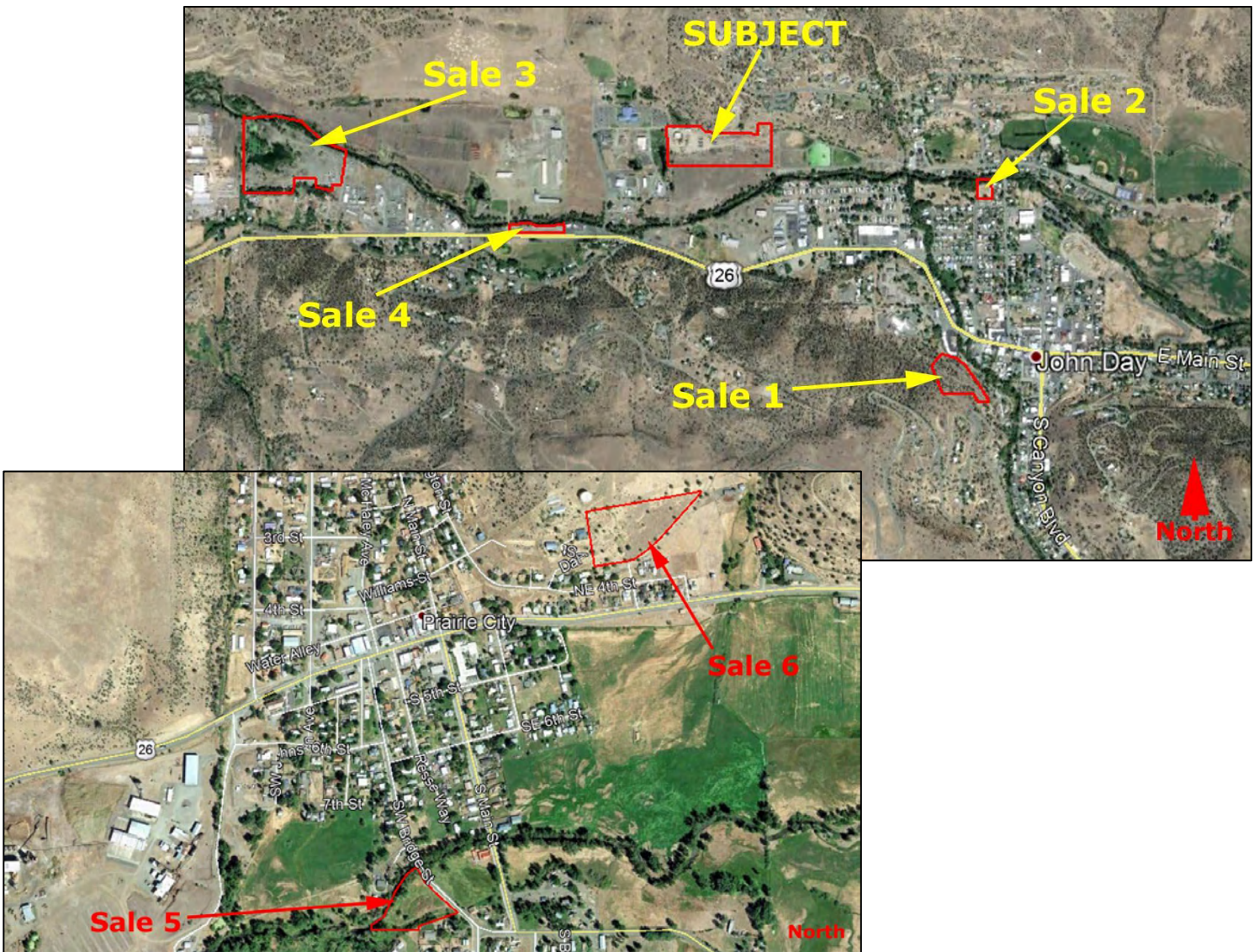
With the property so heavily weighted in the land as far as overall size and value, it is considered that the market would look at the property as industrial development land, with the improvements of secondary concern. However, the subject improvements are relatively simple, flexible in nature, and in good, serviceable condition. As a result, it is concluded that most buyers would consider the improvements to contribute utility, and that they could be incorporated into development of the site.

Conclusion

The highest and best use as improved is to retain the existing improvements, as-is, and to develop the site according to the highest and best use of the property as if unimproved.

Sales Comparison Approach

The market value of the subject is estimated in an attempt to consider the property as a prospective buyer would in considering acquiring the property. Such a value would focus on the land value according to its highest and best use, and adjusting the value according to the contributory value of existing improvements. The most important factors to be considered when analyzing sales of comparable property include properties suitable to similar development and potentially competitive with the subject properties if on the market at the same time. Unfortunately, there was very little in the way of comparable tracts of land to have sold in recent years in the John Day area. However, given the nature of the local market and government, it is likely that prospective users bringing alternative uses for the site would have a reasonable opportunity to secure changes to zoning, or secure conditional use permitting, if necessary. As a result, the market considers a relatively wide range of development land types that could possibly be considered competitive with the subject on the open market, and that market may simply be developers, in general. This analysis involves a summary table of the sales, a narrative description of the sales, a relational discussion of the sales in respect to the subject, and a value estimate based on the data and analysis. Detailed sales sheets are included in the Addenda, starting on Page 50.



Summary of Comparable Land Sales

#	Price Date	Situs Neighborhood	Acres Amenities	Zoning Entitlements	\$ / Acre
1	\$25,001 June 15, 2018	NW of Lamford & 4th John Day	5.41 Valley views, steep	RG (Resid. General, City) & SR (Suburb. Resid, County) None	\$4,621
2	\$25,000 September 22, 2017	217 NW 5th Street John Day	1.19 River Frontage	RL, Residential Limited None	\$21,008
3	\$25,000 October 10, 2016	Highway 26 Riverfront John Day	1.23 River Frontage	GI, General Industrial None	\$20,325
4	\$100,000 April 4, 2013	27904 Wilderness Rd. W John Day (in UGB)	22.91 River Frontage	GI (General Industrial, in UGB / outside city limits) None	\$4,365 * \$14,286
5	\$55,100 April 21, 2017	410 Bridge Street Prairie City	2.61 River Frontage, divisible	R2, Limited Residential Suitable for 3-lot partition	\$21,111
6	\$30,100 July 21, 2016	End of Daley Street Prairie City	5.70 Hillside	R2, Limited Residential None	\$5,281

There is simply not enough market data in the Grant County area to substantiate quantified adjustments that can be applied to the comparable sales to bring them closer to the current market conditions or comparability to the subject property. Differences, being primarily size and amenities such as river frontage, or proximity/availability of utilities, or zoning, are considered in the reconciliation process.

The sales present a range of overall value from \$25,000 to \$100,000, focusing between \$25,000 and \$30,000 (four of the six sales). On a unit value basis, the sales indicate a range of value from \$4,365 to \$21,111/acre, but with two groupings of three, with one between \$4,365 to \$5,281 per acre, and the other with indications from \$20,325 to \$21,111 per acre. The low group involved two hillside properties, and one very large property (larger properties typically have lower unit values, all other things being equal). The high group involves three riverfront properties. Unfortunately, most of the sales data is characteristic of residential development land, rather than industrial, like the subject.

** Sale 4 is probably the most similar property, with industrial nature, relatively large size, and location on the west side of John Day. The overall unit value is estimated at \$4,365/acre. However, it should be noted that, given the presence of a large pond and river frontage, only about 5- 1/4 acres of the site is usable as industrial land. Re-considering the land residual from the sale according to the usable land area of 5.25 acres relates to an effective land unit value of \$14,286/acre. This is considered inferior to the subject given the April of 2013 sale, as well as a location further removed from the City Limits and utilities.*

Sale 3 is the only other transaction involving non-residential land, with this tract involving commercial land along the highway. However, while highway exposure typically presents a premium in value, this property has challenging utility due to its narrow layout and potential limits on access points off the highway. At the least, the land can be used for yard storage, signage, etc.

Sales 1, 2, 5, and 6 involve development land more residential in nature, and are considered less comparable to the subject, but are included due to necessity in order to have considered all

recent sales of development land. These sales present indications of \$4,621 to \$21,111 per acre. The most similar of these, considering their character as multi-unit development land, are Sales 2 and 5, which have the highest indications, of roughly \$21,000/acre.

Although the sales have not yet been adjusted for market conditions, and market support for a quantitative adjustment for date of sale/market conditions is limited, it is still helpful to see what a typical adjustment for market conditions may do to the sale indications. In other areas of Oregon, market conditions for land have seen increases in values at between 5% and 15% per year, generally focusing around 10%. Although the local market data is inconclusive, it would be reasonable to believe that values in the local market could have also been going up by a similar rate. To help with the reconciliation of market value for the subject, the \$/acre indications will be adjusted by 10% per year, as summarized in the following table.

Adjustments for Market Conditions				
Sale	\$/Acre at Sale	Years	% per Year	Current \$/Acre
2	\$21,008	1.5	10%	\$24,159
5	\$21,111	2	10%	\$25,333
6	\$5,281	2.75	10%	\$6,733

In addition to the primary sales data, a number of other sale were also considered, but deemed less relevant or dependable as indications of value for this appraisal due to a variety of other reasons. However, the following are considered to be noteworthy, and did contribute to the reconciliation of the subject's market value:

- 340 School Lane, Mt. Vernon (Grant County) – 9.46 acres \$225,000, June 2014
Property improved with more than 35,000 square feet of building area associated with a vacated school. \$23,784/acre (assigning no value to the improvements)
- 1751 SW Baldwin Rd, Prineville (Crook County) – 2.55 acres \$175,000, March 2018
Industrial land in business park. \$68,627/acre
- 1302 N Main St., Prineville (Crook County) – 5.33 acres \$140,000, June 2017
Industrial redevelopment land on north side of town. \$26,285/acre
- 384 SE Combs Flat Rd, Prineville (Crook County) – 20.55 acres \$312,500, March 2016
Former lumber company land acquired for development of a hospital, required re-zoning. \$15,207/acre

Subject Site Value Conclusion

Based on the market data and analyses presented, I conclude the market supports a value of \$20,000/acre for subject's developable acreage. This unit value is applied to the subject acreage in the following table:

Summary of Land Valuation as if Ready for Development

Component	\$/Acre	Acreage	Value
Land Area (Rounded)	\$20,000	14.16	\$283,200 \$285,000

Adjustment for Existing Improvements

The as-is market value is concluded by adjusting the value of the land according to what a prospective buyer would as contributory value for the existing improvements. The improvement value adjustment for the subject improvements will be applied to the market value conclusions of the site. The adjustment involves estimating the replacement cost new for all improvements that contribute to the overall value, and subtracting the estimated depreciation of each improvement. Since the improvements do not represent assets that a buyer of the property would be looking at as motivation for the purchase, with that motivation being the underlying land value, the value of those improvements would be less than their depreciated replacement cost. As a result, not only is it not appropriate to add value in the form of entrepreneurial profit, but some modest degree of economic obsolescence should also be deducted from the physically depreciated cost. The depreciation is the measure of the difference between the cost new and present value of the improvements. A final value estimate results when the land value is added to the depreciated replacement cost.

Replacement Cost New

The subject includes fair/average quality industrial/office improvements. The replacement cost new of the improvements was estimated by use of the *Marshall & Swift* cost factors book. The following table summarizes the improvements on the subject that contribute value, and the construction cost new estimates for the subject's improvements.

Marshall & Swift Costs – April 2019 Update

Improvement	Improvement Class	Sq. Ft.	Unit Cost	Refinements			Adj. Cost
				Size	Current	Local	
Main Shop Building	Avg. Cls D Pole Service (Repair) Garage	5,400	\$43.75	1.083	1.06	1.30	\$65.27
Office	Low-Cost Cls D Office	1,356	\$71.50	1.191	1.04	1.30	\$115.09
Secondary Shop	Avg. Cls DPole Light Comm. Equip (Shop)	1,800	\$20.45	1.044	1.10	1.30	\$30.52
Shop Lean-To	Avg. Cls Dpole Farm Lean-To	360	\$7.46	1.311	1.10	1.30	\$13.98
Other (sheds, drives, fencing, well, septic, etc.)	---	N/A	---	---	---	---	N/A

Entrepreneurial Profit

Entrepreneurial profit is profit that is required by a builder or developer for incurring the risk of building a project. Risk comes from the uncertainty of being able to sell or fully lease a project upon completion. A developer requires a return above the actual development costs. This extra return compensates the entrepreneur for risk and project management. A "spec" house or multi-tenant flexible industrial property are typical examples where a developer would require entrepreneurial profit. However, when the improvements are not what would represent the motivation for purchase in a buyer of the whole property, such a buyer would not pay more for the property than the cost of the improvements, as such a buyer would not likely be developing the same improvements. Therefore, entrepreneurial profit is allocated in the estimate of replacement cost new for the subject improvements.

Depreciation

Depreciation is a market recognized loss in value due to "wear and tear, disintegration, use in service, and the action of the elements." Depreciation is recognized only insofar as the market identifies this loss in value, and is typically estimated by one of several methods. One preferred method involves extracting depreciation rates from the comparable sales, although this method involves quantity and consistency in market data to derive credible factors. Another method is to estimate the overall depreciation by determining the percent-good from the effective age and remaining economic life. This is the most common method when structures are simple in nature or when functional or external obsolescence is minor or non-existent. It is also the most common method used when market data for a given property type is too limited in quantity and comparability to derive good market-based factors, and therefore will be used in this analysis. Further, when there are many improvements, the age-life method is most functional. The following table summarizes the replacement cost new, percent good, and depreciated replacement cost for the subject improvements.

The cost estimates apply a modest factor for economic obsolescence as is necessary, as most buyers will not pay full replacement cost for the improvements as they would not be improvements the buyer would likely develop, even if they retain utility and would likely be used by the buyer (either personally, or rented out to a tenant, or incorporated into a partition and sold off apart from the rest of the property). A great deal of properties have been analyzed by the appraiser relative to overall impact from economic obsolescence when many improvements are present in rural farm/ranch/equestrian properties, and the range of impact from economic obsolescence typically ranges from 0% to more than 60%, but typically ranging from 10-20%. Since the subject improvements are relatively simple and flexible in their utility, it is highly likely that they could be rented out to tenants without much difficulty. Therefore, 10% is estimated to be market supported for the subject. The following table summarizes the adjustment to the replacement cost new for depreciation, and concludes the contributory depreciated replacement cost.

DRC - Depreciated Replacement Cost

Structure	RCN	Physical Deprec.	Economic Obsol.	% Good	DRC
Main Shop Building	\$352,438	55.6%	10%	34.4%	\$121,395
Office	\$156,058	55.6%	10%	34.4%	\$53,753
Secondary Shop	\$54,933	55.6%	10%	34.4%	\$18,921
Shop Lean-To	\$5,033	55.6%	10%	34.4%	\$1,734
Other (sheds, drives, fencing, well, septic, etc.)	N/A	N/A	N/A		N/A
<i>Total</i>					\$210,804
<i>(Rounded)</i>					\$210,000

Therefore, the subject improvements contribute \$210,000 to the total market value of the subject.

As-Is Market Value Conclusion

The following table summarizes the valuation of the whole subject property:

Summary of Market Value Conclusion				
Component		\$/Acre	Acreage	Value
Land		\$20,000	14.16	\$283,200
	<i>(Rounded)</i>			\$285,000
Contributory Value of Improvements				\$210,000
<i>Total Market Value</i>				\$495,000

I therefore conclude the subject has a fee simple market value as of May 7, 2019, rounded, of **\$495,000**.

Sale 1

NW of Lamford Road & 4th Street

John Day, Oregon

Plat Map:	13S-31E-26BB
Tax Lot:	1505
Lat. / Long.:	44°24'54.73"N / 118°57'26.08"W
Sale	
Date:	June 15, 2018
Price:	\$25,001
Terms:	Cash
Conditions of Sale:	Market (County Sherriff sale)
Grantor:	Grant County
Grantee:	Donohue, Todd
Recording:	2018-1300B&S
Marketing Period:	Not actively listed, auction
Property Description	
Neighborhood	John Day
Site Area (acres)	5.41
Land Character	Hillside Residential Lot
Layout/Topography	Moderate/Steep Slopes, irreg.
Zoning	RG (Resid. General, City) & SR (Suburb. Resid. County)
Road / Access	Not Developed, but available
Amenities / Detract's	Valley views, steep
Utility Availability	All available in street
Entitlements	None
Site. Improv.'s	None
Structural Improv.'s	None
Sale Allocation	
\$/acre (overall)	\$4,621
Improv./Other Value	\$0
Land Residual	\$25,001
Unit Land (\$/acre)	\$4,621



Property Description:

This property involves a hillside home site property on the bluff on the south side of the John Day city center. The property adjoins a motel on the north side of the property, and small-acreage residential development to the south. The topography involves moderate to steep slopes.

Sale Comments:

The buyers own the adjoining property and acquired the property without any immediate plans. Gregory Moore personally inspected this property from the street on March 22, 2019. There was no evidence of other sales or marketing involving this property within the prior year.

Verified: Buyer (Jackie Osborne, 541-620-0552), by Gregory W. Moore, MAI, on March 22, 2019. Assessment data, clerk's records.

Sale 2

217 NW 5th Street

John Day, Oregon

Plat Map:	13S-31E-23CA
Tax Lot:	2600
Lat. / Long.:	44°25'18.52"N / 118°57'20.19"W
Sale	
Date:	September 22, 2017
Price:	\$25,000
Terms:	Cash
Conditions of Sale:	Market
Grantor:	Stinnett, Frank E & Kathleen M.
Grantee:	Knowles, Sally & Jeffrey
Recording:	2017-1963
Marketing Period:	0 DOM
Property Description	
Neighborhood	John Day
Site Area (acres)	1.19
Land Character	Riverfront divisible residential
Layout/Topography	Mostly flat, rectangular, river frontage
Zoning	RL, Residential Limited
Road / Access	Paved, direct
Amenities / Deduct's	River Frontage
Utility Availability	All available in street
Entitlements	None
Site Improv.'s	None
Structural Improv.'s	None
Sale Allocation	
\$/acre (overall)	\$21,008
Improv./Other Value	\$0
Land Residual	\$25,000
Unit Land (\$/acre)	\$21,008



Property Description:

This property involves a river front tract of land that was divisible. Although covered by flood plain, the property could be developed with added fill.

Sale Comments:

The property was marketed as developable and divisible. As of March 2019, the property was divided and was being developed with multiple houses. Gregory Moore personally inspected this property from the street on March 22, 2019. The asking price at the time of sale was \$30,000, which was the original asking price. There was no evidence of other sales or marketing involving this property within the prior year.

Verified: Listing agent (Lori Hickerson, 541-932-4493), by Gregory W. Moore, MAI, on March 22, 2019. MLS, assessment data, clerks records.

Sale 3

Highway 26 Riverfront

John Day, Oregon

Plat Map:	13S-31E-22C
Tax Lot:	1400
Lat. / Long.:	44°25'13.65"N / 118°58'39.27"W
Sale	
Date:	October 10, 2016
Price:	\$25,000
Terms:	Assumed Cash
Conditions of Sale:	Assumed Market
Grantor:	Hill, Charles L & Ernestine
Grantee:	Haberly, Byron
Recording:	2016-2180
Marketing Period:	Not marketed
Property Description	
Neighborhood	John Day
Site Area (acres)	1.23
Land Character	Riverfront commercial land
Layout/Topography	Flat, wide, shallow, river frontage
Zoning	GI, General Industrial
Road / Access	Paved, direct
Amenities / Detract's	River Frontage
Utility Availability	All available in street
Entitlements	None
Site. Improv.'s	None
Structural Improv.'s	None
Sale Allocation	
\$/acre (overall)	\$20,325
Improv./Other Value	\$0
Land Residual	\$25,000
Unit Land (\$/acre)	\$20,325



Property Description:

This property is an odd-shaped commercial site, fronting Highway 26 at the front, and the John Day River at the back. Patterson Bridge roads forms the west end of the property, and a convenience store and gas station is at the east end of the property. The property is very wide, and shallow, squeezed between the highway and the river, between 84 and 125' deep at any given point. The site is flat, at street grade.

Sale Comments:

It was not possible to contact the buyers or sellers involved in this sale, and there was no indication that a realtor was involved. However, the Grant County Assessor indicated this to be a sale in their research. Gregory Moore personally inspected this property from the street on March 22, 2019. There was no evidence of other sales or marketing involving this property within the prior year.

Verified: Grant County assessment data, clerks records.

Sale 4

27904 Wilderness Rd.

John Day, Oregon

Plat Map:	13S-31E-21D
Tax Lot:	202 & 402
Lat. / Long.:	44°25'19.96"N / 118°59'15.33"W

Sale

Date:	April 4, 2013
Price:	\$100,000
Terms:	Cash & Contract (Cash Equiv.)
Conditions of Sale:	Market
Grantor:	John Day Canyon City Parks Dist.
Grantee:	Blue Moon Custom Homes / Madden, Jesse & Joseph
Recording:	130576 & 130577
Marketing Period:	Not marketed

Property Description

Neighborhood	W John Day (in UGB)
Site Area (acres)	22.91
Land Character	Riverfront Industrial land
Layout/Topography	Irreg. shape, river frontage, pond, wildlife
Zoning	GI (Gen. Ind., in UGB / outside city limits)
Road / Access	Gravel
Amenities / Detract's	River Frontage
Utility Availability	All available in street
Entitlements	None
Site. Improv.'s	Estab'd power
Structural Improv.'s	30x56 shop building

Sale Allocation

\$/acre (overall)	\$4,365
Improv./Other Value	\$25,000
Land Residual	\$75,000
Unit Land (\$/acre)	\$3,274

Property Description:

This property involves a large industrially-zoned parcel just outside the City limits, but within the Urban Growth Boundary (UGB) of John Day. The property involves a good deal of frontage on the John Day River, as well as a large pond (Carpenter Pond), which offers good fishing. The property also has nice wildlife habitat. The shop building on the property measured roughly 30x56. City water service was nearby.

Sale Comments:

The buyers acquired the property to use it for a combination of housing their office for their construction company, storage/maintenance, and yard storage, as well as for personal recreation use (fishing and waterfowl and upland bird hunting). Gregory Moore personally inspected this property from the street on March 22, 2019. There was no evidence of other sales or marketing involving this property within the prior year.

Verified: Buyer (Michal Madden, 541-575-2121), by Gregory W. Moore, MAI, on March 22, 2019. rMLS, assessment data, clerks records.



Sale 5

410 Bridge Street
Prairie City, Oregon

Plat Map:	13S-33E-11BA
Tax Lot:	2206
Lat. / Long.:	44°27'28.94"N / 118°42'35.94"W

Sale

Date:	April 21, 2017
Price:	\$55,100
Terms:	Conventional
Conditions of Sale:	Market
Grantor:	LBLM Investments, LLC
Grantee:	Pennington, Barry & Tammy
Recording:	2017-781
Marketing Period:	Not actively listed

Property Description

Neighborhood	Prairie City
Site Area (acres)	2.61
Land Character	Riverfront Residential Land
Layout/Topography	Blocked, river frontage, mostly flat
Zoning	R2, Limited Residential
Road / Access	Paved
Amenities / Detract's	River Frontage, divisible
Utility Availability	All available in street
Entitlements	Suitable for 3-lot partition
Site. Improv.'s	None
Structural Improv.'s	None

Sale Allocation

\$/acre (overall)	\$21,111
Improv./Other Value	\$0
Land Residual	\$55,100
Unit Land (\$/acre)	\$21,111

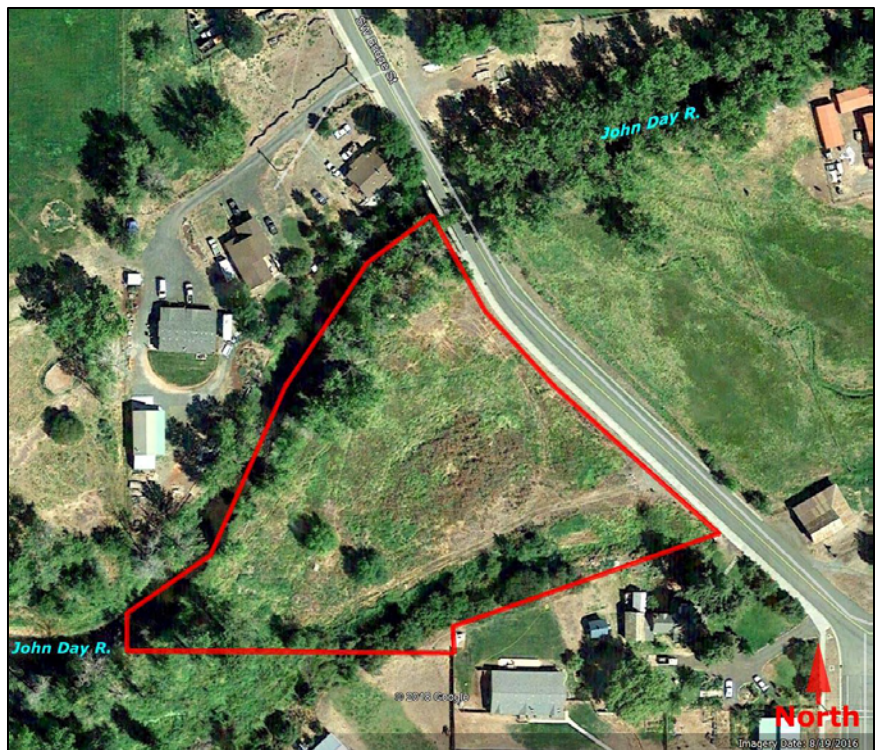
Property Description:

This property involves an a tract of residential land in Prairie City, on the south side of the John Day River. The site is zoned for residential development, and could be partitioned. The street frontage includes Prairie City utility services, and sidewalks. At the time of sale, the land was characteristic of pasture. The property also offers views of the Strawberry Mountains. The river offers good fishing at the property.

Sale Comments:

The buyer was a friend of the seller and acquired the property as an investment, and has since partitioned the property to result in two 0.4-acre lots and a 1.81-acre lot, and has marketed the small lots for sale (currently, one lot is offered at \$49,500), with the marketing discussing potential uses to include SFRs, duplex, or Air B&B. Gregory Moore personally inspected this property from the street on March 22, 2019. There was no evidence of other sales or marketing involving this property within the prior year.

Verified: Barry Pennington (buyer, 541-419-8408), by Gregory W. Moore, MAI, on March 22, 2019. rMLS, assessment data, clerks records.



Sale 6

End of Daley Street

Prairie City, Oregon

Plat Map:	13S-33E-02DC
Tax Lot:	204
Lat. / Long.:	44°27'51.90"N / 118°42'16.95"W

Sale

Date:	July 21, 2016
Price:	\$30,100
Terms:	Assumed Cash
Conditions of Sale:	Assumed Market
Grantor:	Ohara, Patrick & Ardell
Grantee:	Winegar, Ariel
Recording:	2017-1507
Marketing Period:	Not actively listed

Property Description

Neighborhood	Prairie City
Site Area (acres)	5.70
Land Character	Hillside Residential Land
Layout/Topography	Somewhat Irreg., moderate/steep slopes
Zoning	R2, Limited Residential
Road / Access	Paved
Amenities / Detract's	Hillside
Utility Availability	All available in street
Entitlements	None
Site. Improv.'s	None
Structural Improv.'s	None

Sale Allocation

\$/acre (overall)	\$5,281
Improv./Other Value	\$0
Land Residual	\$30,100
Unit Land (\$/acre)	\$5,281



Property Description:

This property involves a hillside tract of land on the northeast side of Prairie City, with access to utilities at the bottom of the site. The property overlooks the John Day Valley, the prairie, and Strawberry Mountains.

Sale Comments:

It was not possible to contact the buyers or sellers involved in this sale, and there was no indication that a realtor was involved. However, the Grant County Assessor indicated this to be a sale in their research. Gregory Moore personally inspected this property from the street on March 22, 2019. There was no evidence of other sales or marketing involving this property within the prior year.

Verified: Grant County assessment data, clerks records.

LEGAL DESCRIPTION

Land in the City of John Day, Grant County, Oregon, as follows:

Township 13 South, Range 31 East of the Willamette Meridian:

Section 22: A tract of land situated in the S1/2N1/2NW1/4SE1/4, described as follows:

Beginning at the Northwest corner of the S1/2N1/2NW1/4SE1/4 of said Section 22;

thence S023°30'E, along the West line of said S1/2N1/2NW1/4SE1/4, 329.93 feet to the Southwest corner of said S1/2N1/2NW1/4SE1/4;

thence N8927°17'E, along the South line of said S1/2N1/2NW1/4SE1/4, 1321.40 feet to the Southeast corner of said S1/2N1/2NW1/4SE1/4;

thence N008°07'W, along the East line of said S1/2N1/2NW1/4SE1/4, 195.58 feet;

thence N8731°05'W, 709.57 feet to a point on the approximate centerline of the Trowbridge Ditch;

thence, along the following courses, being the approximate center of said Trowbridge Ditch;

N8745°49'W, 69.75 feet;

N7511°31'W, 88.13 feet;

N4501°17'W, 98.31 feet to the South line of the N1/2N1/2NW1/4SE1/4 of said Section 22;

thence S8927°25'W, along the South line of said N1/2N1/2NW1/4SE1/4, 389.79 feet to the point of beginning.

TOGETHER WITH a tract of land situated in the NW1/4SE1/4 of Section 22, Twp. 13 S., R. 31 E., W.M., City of John Day, Grant County, Oregon, as follows:

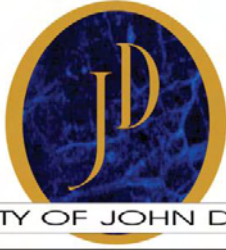
That portion of PARCEL 2 of Land Partition No. 96-05, as shown on the plat thereof on file and of record in the office of the County Clerk of Grant County, Oregon, lying southerly of the following described line:

Beginning at a point on the west line of said Parcel 2, said point being N0008°07'W, 137.92 feet from the southwest corner of said Parcel 2;

thence S8731°05'E, 126.92 feet to a point on the easterly line of said Parcel 2 and the terminus of said line.

According to Record Map of Survey No. 1928, on file and of record in the office of the Grant County Surveyor.

(Tax Acct. 3-1 13-31-22D TL2700; Ref. 7651)



CITY OF JOHN DAY

Phone (541) 575-0028
Fax (541) 575-3668

450 East Main Street
John Day, Oregon 97845

29 May 2019

Gregory W. Moore, MAI
Appraisal Group of Central Oregon, LLC
AGCO – Moore Valuation, Inc.

RE: Engagement letter for USFLA Appraisal Services

Dear Greg,

Per our prior conversations, this City of John Day would like to engage your firm to conduct an appraisal of certain real property owned by Iron Triangle:

- Property 1 – Tax Lot 2700 in 13S31E22D, Zoned General Industrial, 14 +/- acres

Intended users of the appraisal are the City of John Day and U.S. Department of Transportation/Other Federal Agencies.

City agrees to your proposed fee of \$4,500 for a Uniform Appraisal Standards for Federal Land Acquisitions (USFLA) appraisal of these properties as noted in the proposal enclosed.

Please provide the final copy of the appraisal via email to green@grantcounty-or.gov no later than June 26, 2019.

Sincerely,

Nicholas Green, City Manager

Pertinent Appraisal Definitions

The following definitions, except where indicated otherwise, come from the Fifth Edition of the Dictionary of Real Estate Appraisal (Appraisal Institute, 2010), unless otherwise noted:

Market Value

For purposes of this appraisal, market value is defined, as directed in the *Appraisal Standards for Federal Land Acquisitions*, as follows:

Market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal.

Source: Uniform Standards for Federal Land Acquisitions, 2016.

Larger Parcel

For purposes of this appraisal, *Larger Parcel* is defined, as directed in the *Appraisal Standards for Federal Land Acquisitions*, as follows:

The larger parcel is that tract of land which possesses a unity of ownership and has the same, or an integrated, highest and best use.

Source: Uniform Standards for Federal Land Acquisitions, 2016.

“As Is Market Value”

This is the estimate of Market Value of a property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, extraordinary assumptions, or qualifications as of the date of inspection.

“Prospective Market Value Upon Completion”

This is a forecast of value expected to occur at the estimated completion of construction date.

“Prospective Bulk Wholesale Value”

This is also referred to as the “Bulk Value” or the “Discounted Value to a Single Purchaser”. It is the Market Value estimate based on market conditions forecast to exist as of the date of completion of the units or infrastructure. The value conclusion assumes the sale of all lots, units, or houses to a single purchaser in a single transaction as of the date of completion.

"Absorption Period" ("Sell-Off Period")

This is the market supported estimate at the time necessary to sell the entire inventory of lots or units. This estimate is to take into consideration current supply and demand characteristics, as well as anticipated changes (perceivable as of the date of the appraisal report) during the construction period and thereafter during the anticipated absorption period itself.

Fee Simple Estate

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.

Leased Fee Interest

An ownership interest held by a landlord with the rights of use and occupancy conveyed by the 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.

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the specified lease agreement including term, rental adjustment and revaluation, permitted uses, use restrictions, and expense obligations; the lessee and lessor each acting prudently and knowledgeably, and assuming consummation of a lease contract as of a specified date and the passing of leasehold from lessor to lessee under conditions whereby:

1. Lessee and lessor are typically motivated.
2. Both parties are well informed or well advised, and acting in what they consider their best interests.
3. A reasonable time is allowed for exposure in the open market.
4. The rent payment is made in terms of cash in United States dollars, and is expressed as an amount per time period consistent with the payment schedule of the lease contract.
5. The rental amount represents the normal consideration for the property leased unaffected by special fees or concessions granted by anyone associated with the transaction.
6. Market rent contrasts from contract rent, which is the actual rental income specified in a lease.

Contract Rent

The actual rental income specified in a lease.

Highest and Best Use

The *Uniform Appraisal Standards for Federal Land Acquisition* (2001) defines highest and best use as:

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.

The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability. If improved, the highest and best use should consider the property as vacant and as improved. The highest and best use may involve an interim use that continues until anticipated changes in conditions (market and/or subject) occur that warrant developing the site to its true highest and best use.

Specifically related to this appraisal for compliance with the Appraisal Standards for Federal Land Acquisitions (“Yellow Book”), the subject property must be considered to determine if the property is part of a larger parcel that includes other lands, or whether the subject, in itself, constitutes the larger parcel. In this case, the appraisal project is not related to a condemnation action, and does not involve a partial taking. Instead, the appraisal project considers the market value of each individual parcel under full fee simple ownership, and not related to surrounding lands (although the properties are under public ownership with the adjacent lands already under public ownership. Another consideration related to “Yellow Book” is that the highest and best use must be an economic use, restricting uses such as conservation, natural lands, preservation, or any use that requires the property to be withheld from economic production in perpetuity for the basis of estimating the market value of the property.

Exposure Time

Exposure Time is defined as the time a property remains on the market. Exposure is further defined as:

The estimated length of time the property interest 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 upon 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.

The exposure time is commonly estimated in appraisals complying with USPAP. However, when an appraisal is performed in order to comply with the Uniform Standards for Federal Land Acquisitions, the definition of market value does not involve a specific exposure time, and the estimate of exposure time within the appraisal is discouraged.

Marketing Time

This is an opinion of the time it might take to sell a property at the concluded value during the period immediately *after* the effective date of an appraisal.

Entrepreneurial Incentive & Entrepreneurial Profit

The following defines entrepreneurial incentive and profit:

Entrepreneurial Profit: A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; The difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development.

Entrepreneurial Incentive: A market-derived figure that represents the amount an entrepreneur expects to receive for his or her contribution to a project and risk.

Entrepreneurial incentive is forward-looking and relates to the reward that the entrepreneur anticipates receiving. Entrepreneurial profit looks backward to what the entrepreneur actually received by the end of the development and marketing period. This can take the form of profit on a sale, additional return on a real estate investment, or use value to the entrepreneur. Although expenditures do not guarantee value, an entrepreneur will not proceed with a development unless he anticipates making a profit. Therefore, entrepreneurial profit represents a legitimate cost of development and should be included when developing replacement costs in the Cost Approach.

The 12th Edition of *The Appraisal of Real Estate* further explains the contributions of the entrepreneur, developer, and contractor on Page 362, as follows:

Project Profit is the total amount of reward for entrepreneurial coordination and risk.

Entrepreneurial Profit refers to the portion of the project profit attributable to the efforts of the entrepreneur, distinct from the efforts of the developer, if one is present. In projects in which the entrepreneur and the developer are one and the same, the entrepreneurial profit is equivalent to total project profit.

Developer's Profit represents compensation for the time, energy, and expertise of an individual other than the original entrepreneur—usually, in large projects, the person responsible for managing the overall development process.

Contractor's Profit (including subcontractors' fees) is essentially a portion of the project's overhead and is not usually reflected in the entrepreneurial reward.

Discount Rate

An interest rate used to convert future payments or receipts into present value. The discount rate may or may not be the same as the internal rate of return (IRR) or yield rate depending on how it is extracted from the market and/or used in the analysis.

Appraiser Certification and Licensure Board

State Certified General Appraiser

28 hours of continuing education required for renewal



Gregory W Moore
Appraisal Group of Central Oregon LLC
60602 Woodside RD
Bend, OR 97702

License No.: C000607

Issue Date: August 1, 2017

Expiration Date: July 31, 2019


Gae Lynne Cooper, Administrator



STATE OF WASHINGTON

DEPARTMENT OF LICENSING - BUSINESS AND PROFESSIONS DIVISION

THIS CERTIFIES THAT THE PERSON OR BUSINESS NAMED BELOW IS AUTHORIZED AS A

CERTIFIED GENERAL REAL ESTATE APPRAISER

GREGORY WINSTON MOORE
60602 WOODSIDE RD
BEND OR 97702

1102251
License Number

01/17/2014
Issued Date

07/07/2019
Expiration Date


Pat Kohler, Director

Qualifications of Gregory W. Moore, MAI

Professional Affiliations

MAI Designated Member, Appraisal Institute
Oregon State Certified General Appraiser #C000607 (valid through July 31, 2019)
Washington State Certified General Appraiser # 1102251 (valid through July 7, 2019)

Education

University of California, Santa Barbara,
Bachelor of Arts - Environmental Studies, 1993

Appraisal Institute Courses & Seminars:

Course 120, Appraisal Procedures, 1994
Course 410, Standards of Professional Practice - Part A (USPAP), 1994, 2000
Course 310, Basic Income Capitalization, 1995
Course 420, Standards of Professional Practice - Part B (Ethics), 1995, 2000
Course 510, Advanced Income Capitalization, 1996
Course 530, Advanced Sales Comparison and Cost Approaches, 1997
Course 540, Report Writing and Valuation Analysis, 1999
Course 520, Highest & Best Use and Market Analysis, 2000
Course 550, Advanced Applications, 2001
Course 710, Condemnation Appraising: Basic Principles & Applications, 2002
Course 720, Condemnation Appraising: Advanced Topics & Applications, 2002
7-Hour National USPAP Equivalent Course, 2005, 2007, 2009, 2011, 2013, 2015, April 2017
Federal Land Exchange & Acquisitions, Appraisal Institute & ASFMRA ("Yellow Book"), 2000, '15, '17
Mark-to-Market: the Next FIRREA?, Appraisal Institute, 2002
Business Practices and Ethics, 2005, July 2009
Real Estate Finance Statistics & Valuation Modeling, July 2009
General Demonstration Report Writing Seminar, Appraisal Institute, June 2004
Subdivision Analysis, Appraisal Institute, June 2005
Valuation of Detrimental Conditions in Real Estate, Appraisal Institute, June 2007
Analyzing Operating Statements, Appraisal Institute, June 2007
Residential Design & Functional Utility, Appraisal Institute, June 2007
Data Verification Methods, Appraisal Institute, July 2009
Appraisal Curriculum Overview – Residential & General, Appraisal Institute, June 2011
Uniform Appraisal Dataset from Fannie Mae and Freddie Mac, Appraisal Institute, July 2011
Rates and Ratios: Making sense of GIMs, OARs, and DCF, Appraisal Institute, July 2011
Forecasting Revenue, Appraisal Institute, July 2013
General Demonstration Report – Capstone Program, July 2014
Appraiser Certification & Licensure Board Update, September 2014
Introduction to Green Buildings: Principles & Concepts, May 2017
Case Studies in Green Residential Buildings, May 2017
Small Hotel/Motel Valuation, May 2017

Other Courses & Seminars:

Appraisal Principles, Chemeketa Community College, 1993
Willamette Valley Grass Seed Industry, ASFMRA, 1998
A-10, Advanced Rural Appraisal - Cost Approach, ASFMRA, 1999
Public & Non-profit Land Acquisitions & Their Impact on Real Estate Markets, ASFMRA, 2000
Course BV201, Introduction to Business Valuation, American Society of Appraisers, June 2003
Non-USPAP Appraiser Regulatory Compliance, Bob Keith, May 2004
Water Rights, Title Concerns & Recent Legislation, ASFMRA, May 2012
Marshall & Swift Program for Valuing Buildings, ASFMRA, May 2013
Mold, Pollution & the Appraiser, McKissock, July 2013
Appraiser Liability Prevention, LIA Administrators & Insurance Services, September 2014

Employment History

Appraisal Group of Central Oregon, LLC – Partner, January 2004 to Present
 Bancroft Appraisal Company, Bend, Oregon. Associate Appraiser, July 1998 – December 2003
 Capital Valuation Group, Ltd., Salem, Oregon. Associate Appraiser, November 1994 July 1998
 Powell, Goss & Associates, Salem, Oregon. Appraiser Assistant, October 1993 - November 1994

Appraisal Experience

- *Commercial/Income Valuation* including; strip & stand-alone retail, ‘big box’ retail, medical & general office space, care facilities, mini-storage, light & heavy industrial, gas station/convenience store, automotive service, car wash, and commercial/industrial/residential development land.
- *Rural/Agricultural/Resource Property Valuation* including; farms, nurseries, orchards, dairies, vineyards, wineries, ranches, timber production, lumber mills, food processors, cold storage facilities, river and rail grain elevator terminals, seed cleaners, fertilizer plants, and quarries.
- *Complex/Uncommon Property Valuation* including; recreation & other high-appeal realty, natural resource valuations (mineral, timber and water interests), private & fee hunting lands, private & fee fishing retreats, lake/river frontage, marinas, campgrounds, resorts, sport camps, wetlands, islands, solar farms, and historic properties.
- *Residential Property Valuation* including; all value ranges (\$30,000 to \$3,000,000+); all ages and proposed construction; complex acreage, waterfront, and recreation oriented residential; form and narrative reporting.
- *Condemnation Support*; whole and partial takings.
- *Litigation Support / Expert Witness Testimony*; partnership dissolution, divorce, & bankruptcy.

Partial List of Clients**Financial**

AmericanWest Bank
 Bank of America
 Bank of the Cascades
 Bank of the West
 CenterPointe Community Bank
 Columbia Bank
 Columbia Community Bank
 Community Bank
 First Community Credit Union
 Harvest Capital Company
 Key Bank of Oregon
 Mid Oregon Credit Union
 OnPoint Community Credit Union
 SELCO Credit Union
 U.S. Bank
 Washington Federal Bank
 Wells Fargo Bank

Government

Oregon Department of Transportation
 Bonneville Power Administration
 State of Oregon, Division of State Lands
 Oregon Parks & Recreation Department
 US Forest Service
 US Bureau of Land Management
 City of Bend
 City of Albany
 City of Salem
 City of Woodburn
 City of Madras
 Marion County

Other

Burns Paiute Tribe
 Central Oregon Irrigation District
 Confederated Tribes of Warm Springs Reservation
 Deschutes Basin Land Trust
 Nature Conservancy
 River Network
 Trust for Public Lands