AGENDA
Public Lands Advisory Committee

Meeting Date: January 25, 2018
Time: 1:30 p.m. to 3:30 p.m.
Location: Department of Administrative Services
Mt. Mazama Conference Room
1225 Ferry Street SE
Salem, OR 97301

Call in Number: 1-866-251-2909 Participant Code: 348463

<table>
<thead>
<tr>
<th>ITEM</th>
<th>PRESENTER</th>
<th>TIME</th>
<th>ACTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Committee Administration</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Opening Remarks</td>
<td>Chair</td>
<td>1:30-1:33</td>
<td>Information</td>
</tr>
<tr>
<td>2. Approval of Minutes from the April 2017 meeting</td>
<td>Chair</td>
<td>1:33-1:35</td>
<td>Review / Approval</td>
</tr>
<tr>
<td>3. 2018 Meeting Schedule</td>
<td></td>
<td>1:35-1:40</td>
<td>Review / Approval</td>
</tr>
<tr>
<td>B. Property Acquisitions &amp; Dispositions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Oregon Military Department / LaGrande sale 40 acres</td>
<td>OMD Staff</td>
<td>1:45 – 2:15</td>
<td>Review / Acceptance</td>
</tr>
<tr>
<td>2. Oregon Military Department / Burns Armory</td>
<td>OMD Staff</td>
<td>2:25 – 2:55</td>
<td>Review / Acceptance</td>
</tr>
<tr>
<td>a. Public Comment / Burns Armory</td>
<td>Public</td>
<td>2:55 – 3:00</td>
<td>Public Testimony</td>
</tr>
<tr>
<td>C. General Discussion</td>
<td></td>
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<tr>
<td>1. Adjournment</td>
<td>Chair</td>
<td>3:00</td>
<td>Information</td>
</tr>
</tbody>
</table>

Next meeting:
Thursday, May 24, 2018
1:30 p.m. to 3:30 p.m.
Department of Administrative Services
Mt. Mazama Conference Room
1225 Ferry Street SE, Salem, OR 97301

For more information, contact: Darrin Brightman, Darrin.w.brightman@oregon.gov, 503-689-2732
A. Committee Administration

1. John Brown called the meeting to order.
2. There were no minutes from the previous meeting for approval.

B. Property Acquisitions & Dispositions

1. Oregon Military Department / Burns Armory Property presented by Art Arroyo
   Two aerial maps were displayed showing the location of the property at 618 S. Fairview Avenue, Burns, Oregon. The property is bounded by Taylor Street, Fairview Avenue, Filmore Street and Grand Avenue. A county tax lot map and several photos of the armory and the tank shed were also presented. The 12,294 sf Oregon National Guard Armory and 3,460 sf tank shed were constructed in 1953 – 1955 and sit on 1.69 acres surrounded by residential properties, zoned PF (Public Facility) by the City of Burns. The appraised value is $345,000.

   Three parties have indicated interest in purchasing this property: Piute Tribe, Burns Police Department and Burns Parks and Recreation Department.

   Chair, John Brown checked the Burns zoning code and discovered that a public zoning will revert back to single family. If the community cannot purchase this building, there may not be any contributory value because it has to be re-zoned to change the use.

   Sara King indicated that churches or schools or colleges might be allowed to use this property with a conditional use permit. A single family residential zoning is not helpful for Oregon Military Department.

   PLAC recommendation: Report accepted with a recommendation to move forward with negotiations to sell the property for as much money as possible.

2. Oregon Military Department / LaGrande sale of 40 acres presented by Art Arroyo
   A photo was displayed showing the relationship of the property with the City of LaGrande. This rectangular shaped, 40 acres of undeveloped land is located 3.5 miles SE of the City of LaGrande next to the airport runway in the NE corner of the airport. There are no public utilities on the parcel and it is zoned Public Use. The appraised value is $250,000. Currently a farmer is leasing a portion of the land. Union county has offered to buy it back.
Chair, John Brown spoke with Union County and was informed that the county will not rezone this parcel due to its relationship to the airport. The LaGrande Public Airport zone is found in Article 14.00 and the airport master plan from 1998 shows that property in close proximity to the runway is very restrictive. It is possible that the zoning might allow a building that was in direct support of the airport. The appraisal did not contain possible uses nor did appraiser perform a site inspection.

Oregon Military Department did not require a site inspection because it would not change the character of the appraisal. Union County currently owns this airport and its potential uses are limited. Oregon Military Department has a field maintenance facility in the southwest corner of the airport. The agency will try to get top dollar for this 40 acres.

Chair Brown recommended that agencies inspect the title, do an environment survey, then get an appraisal, in this order. Art explained that the National Guard Bureau requires a baseline study and should the site be found dirty, funding would need to be requested for the cleanup. Environmental conditions have to be approved before the property can be sold. Oregon Military Department has a checklist for the process they must follow.

**PLAC recommendation:** Report accepted with a recommendation to move forward with negotiations to sell the property for as much money as possible.

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**C. Old Business**

1. There was no old business presented.

**D. General Discussion**

1. Meeting adjourned at 2:05 p.m.

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**Next meeting:**
April 26, 2018
1:30 pm to 3:30 pm
Department of Administrative Services
Mt. Mazama Conference Room
1225 Ferry Street SE
Salem, OR 97301
## PLAC MEETING SCHEDULE 2018

1:30 p.m. to 3:30 p.m.

Department of Administrative Services  
General Services Building, Mt. Mazama Conference Room  
1225 Ferry Street SE  
Salem, OR 97301

<table>
<thead>
<tr>
<th>Date</th>
<th>Location</th>
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<tbody>
<tr>
<td>Thursday January 25, 2018</td>
<td>Mt. Mazama Conference Room</td>
</tr>
<tr>
<td>Thursday April 26, 2018</td>
<td>Meeting Cancelled</td>
</tr>
<tr>
<td>Thursday May 24, 2018</td>
<td>Meeting Cancelled</td>
</tr>
<tr>
<td>Thursday July 26, 2018</td>
<td>Meeting Cancelled</td>
</tr>
<tr>
<td>Thursday October 25, 2018</td>
<td>Mt. Mazama Conference Room</td>
</tr>
</tbody>
</table>
I. Proposed Real Property Transaction (Building and Land Disposition)

This block should include:

- Property size is 40 acres / 1,742,400 SF, the Property lies within an airport area and public facility area.
- Location – Northeast portion of the La Grande Airport, about ¾ of mile east of Pierce Road and Bond Lane intersection on Bond Lane, in Union County (County Assessors Map 03S3824 Tax Lot 101).
- This property is unimproved and was deeded to the Military Department around 1999. The original purpose of the property was to be used as a training area for the Oregon Army National Guard.

II. Reason for PLAC Review

Agency is not exempt from ORS 270 on land disposals, and the property has not been appraised at the present time, but value of the property is believe to be above the $100,000 threshold. In compliance with ORS 270.120 (6), the PLAC shall advise Agency and DAS on the disposal of this property.

III. Background Information

The 40 acre property was acquired in 1999 from the City of La Grande.

Current and previous agency uses has been used by the ORARNG for various Unit’s uses and training through the years.

Presently the zoning Public Airport and permitted uses are in compliance with the county, and the OMD does not at this time intends to ask for zone change in order to sell the property.

Access to the property would be through the major cross street Pierce Street and Bond Lane.

Surrounding uses is a mixture of public airport and agricultural. There appears be a remote chance of the possibility conflicts.

(Photo/map attached).

The property has is unimproved. The property is now vacant, with the exception of a lease for the northern part which is lease for three months out of the year.

Appraisal report has been completed for the property and has the following value:

   Value: $250,000.

Agency believes that, if the property were cleaned up, to give it better “curb appeal”, it would generate a higher rate of return on investment. No/ property maintenance or landscaping has been performed.
Agency will insure clean environmental report is free from hazardous waste or contamination. Agency will have the Level 1 environmental assessment performed.

IV. Topics for PLAC Consideration.

Agency would like to update and consult with the Committee on:
1) The approach Agency has taken/will take in marketing this small property.
2) Recommendations for marketing strategies and bettering return on investment on this and in future property sales.

V. Staff Comments.

VI. PLAC Findings.

Attachments: Property Photos, Tax lot map, Aerial Photo with property outlined, etc
Staff Comments
APPRAISAL REPORT

Industrial Land
Bond Lane Property
La Grande, OR  97850

PREPARED FOR:
Arthur Arroyo, Oregon Military Dept.
1776 Militia Way
P.O. Box 14350
Salem, OR  97309-05047

PREPARED BY:
Joseph B. Skilton
W. Paul Jackson, MAI

JACKSON GROUP NW, INC.
4850 SW Scholls Ferry Rd., Ste 305
Portland, OR 97225
503.358-7340
www.jacksongroupnw.com
January 18, 2018

Arthur Arroyo, Oregon Military Dept.
1776 Militia Way
P.O. Box 14350
Salem, OR 97309-05047

RE: Industrial Land
Bond Lane
LaGrande, OR 97850

Dear Mr. Arroyo,

At your request, we have completed an appraisal of the property specified above, which is presented in the following appraisal report. The subject property is 40 acres of industrial-zoned land. We have appraised the property using generally accepted appraisal principles and practices. The following appraisal complies with:

♦ The Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation, and
♦ The Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, and
♦ Title XI of the Federal Financial Institutional Reform Act (FIRREA) of 1989, and
♦ Regulation 12 CFR Part 34 of the Office of the Comptroller of the Currency titled Real Estate Appraisals, as revised in Federal Register Vol. 59, No. 58, dated June 15, 1994, and

This appraisal uses standard recognized appraisal methodology to develop our opinion(s) of market value of the subject property. Report presentation is governed by USPAP Standard 2. This report summarizes the data, reasoning, and analyses used to develop our opinion(s) of value. Supporting documentation concerning the data, reasoning, and analysis is retained in our files. The depth of discussion contained in this report is specific to the needs of the client.

The client and intended user(s), intended use, type and definition of value, effective date, subject property, and assignment conditions of this appraisal are stated &/or described in the report. These factors limit the context of the appraisal, and the legitimate uses of the report. We are not responsible for any other use of the report, or any use by parties not named. Please refer to the Scope of Work, and Assumptions and Limiting Conditions sections for important information.

Client specifications for appraisal services may require presentation of information in worksheet or other specified format(s). Any such required pages are presented in the addenda to the report.
The appraisal assignment is to develop and report our opinion of the As Is Fee Simple Value of the subject property. Based on our investigation and analysis of available information, our final opinion of market value of the subject property is:

<table>
<thead>
<tr>
<th>TYPE OF VALUE</th>
<th>DATE OF VALUE</th>
<th>OPINION OF VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>As Is Fee Simple Value:</td>
<td>January 11, 2018</td>
<td>$ 250,000</td>
</tr>
</tbody>
</table>

The value opinion(s) concluded in this appraisal do not include furnishings, fixtures, equipment, personal property, or intangible items. The valuation is subject to the Assumptions and Limiting Conditions section of the following report, as well as the explanatory comments within the report, which should be referenced for a complete understanding of the value conclusion(s).

Furthermore, opinion(s) of value reported herein are contingent upon extraordinary assumptions and/or hypothetical conditions (‘EA/HC’). EA/HC not met could have a negative impact on the value conclusions and could invalidate the entire appraisal. The appraisal report is subject to the following EA/HC:

- A Title Report or Preliminary was not provided to the appraisers. This analysis assumes that the subject property is correctly identified, and that title to the subject property is clear and marketable.
- A Level 1 Environmental Report was not provided to the appraisers during the course of this analysis. It is assumed that the site is free and clear of any adverse conditions.
- A Geotechnical Report was not provided to the appraiser. This appraisal assumes that the subject soils are stable and will support development commensurate with the highest & best use.

Sincerely,

JACKSON GROUP NW, Inc

Joseph B. Skilton
Oregon Certified General Appraiser  C000755
Washington Certified General Appraiser  1101924

W. Paul Jackson, MAI
Oregon Certified General Appraiser  C000548
Washington Certified General Appraiser  1100337
APPRAISAL INFORMATION

TRANSFERABILITY OF APPRAISAL

If this report is transferred/assigned to another party (user), and/or is reviewed and there are questions or additional work necessary to meet any subsequent guidelines/requirements, the appraiser may charge appropriate fees for any additional work performed, beyond the original scope of work.

LEGAL/TAX DESCRIPTION

No investigation of title was provided. Union County assessment and tax records are summarized below. The corresponding county plat map appears to match property boundaries as discernible on the ground at the time of inspection.

<table>
<thead>
<tr>
<th>Account #</th>
<th>Market Value</th>
<th>Taxable Value</th>
<th>2017 Taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Land</td>
<td>Impro.</td>
<td>Total</td>
</tr>
<tr>
<td>03S3824 101</td>
<td>$75,360</td>
<td>$0</td>
<td>$75,360</td>
</tr>
</tbody>
</table>

*The subject ownership is tax exempt

CLIENT / INTENDED USER(S)

Jackson Group NW has been retained by the Oregon Military Dept., which is the client and intended user for this appraisal.

INTENDED USE

The intended use of this appraisal is to assist the named client and intended user(s) with decision making regarding acquisition, classification &/or management of a real estate-based asset.

TYPE AND DEFINITION OF VALUE

This appraisal will develop and report our opinions of the As Is Fee Simple Value of the subject property. Definitions of Market Value, As Is Value, and Fee Simple Estate, are presented subsequently.

EFFECTIVE DATE/S OF VALUE

As Is Value: January 11, 2018

SUBJECT PROPERTY INSPECTION

Date: January 11, 2018

Appraiser: Anthony Leavens, inspection service

Property Representative: None
MARKET VALUE

Market value is the major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined. A current economic definition agreed upon by federal financial institutions of the United States of America is:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a Sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1) Buyer and seller are typically motivated;
2) Both parties are well informed or well advised, and acting in what they consider their best interests;
3) A reasonable time is allowed for exposure in the open market;
4) Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5) The price represents the normal consideration for the property sold unaffected by special or creative financing or Sale concessions granted by anyone associated with the sale.

Substitution of another currency for United States dollars in the fourth condition is appropriate in countries or in reports addressed to clients from other countries.

DEFINITIONS

As Is Value

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

Prospective Value

A forecast of the value expected at a specified future date. A prospective value estimate is most frequently sought in connection with real estate projects that are proposed, under construction, or under conversion to a new use, or those that have not achieved sellout or a stabilized level of long-term occupancy at the time the appraisal report is written.

Stabilized Value

A value estimate that excludes from consideration any transitory condition, e.g., a bonus or premium for material, the abnormal inefficiency of labor, the cost of delay, or unfinished repairs.

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.

1 Uniform Standards of Professional Appraisal Practice, 2018–19, The Appraisal Foundation
**Leased Fee Estate**

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

**Leasehold Estate**

An ownership interest held by the lessee (tenant or renter) through a lease conveying the rights of use and occupancy for a stated term under certain conditions.

**SUBJECT HISTORY OF OWNERSHIP INFORMATION**

No investigation of title was provided. Public records show title to the subject property vested in Oregon Military Department. We found no conveyances of fee title in the three years prior to the date of value.

**SCOPE OF THE APPRAISAL**

The appraisal assignment is to develop and report our opinion of the As Is Fee Simple Value of the subject property. Market value(s) were developed using all applicable steps of the appraisal process, including:

- Definition of pertinent issues related to the appraisal assignment
- Inspection of the subject property
- Site and improvement analyses
- Highest and best use analysis (as vacant, and as improved)
- Market data selection, verification, and analysis
- Use of the approaches to value and valuation
- The reconciliation of value indications and final value estimate

W. Paul Jackson did not inspect the subject property. Mr. Jackson participated in all steps of the appraisal and authored the report. W. Paul Jackson MAI is familiar with the market area and employed an inspection service for the on-site inspection. Given that the subject is land only, this service combined with the available satellite imagery was adequate to provide ample data for analysis.

Property representatives were interviewed about the physical features of the property, including the condition, function, efficiency, and operation of the property, and also the history of ownership and marketing activity.
Land areas are based on county records and plat map. Government officials, contractors, developers, architects, engineers, attorneys, and other professionals and/or consultants were interviewed and/or referenced when applicable in the appraisal. Government zoning and planning documents, legally binding documents (purchase, option, or development agreements, leases, easements, or encumbrances), and professional and/or consultant reports are included and/or referenced where appropriate in the appraisal.

The collection, verification and analysis of comparable market information are essential to the valuation analysis. This information was collected from sources deemed reliable and confirmed by interviewing knowledgeable market participants (buyers, sellers, property managers, tenants, brokers, consultants, developers, building owners, and/or investors) and exterior viewing of the properties. One or more knowledgeable parties to the transactions were interviewed in the verification and confirmation of the comparable data. The most current data (typically up to one year prior to the valuation date) was relied upon with primary emphasis on comparables located in the immediate market area when possible. When there was a lack of comparable information in the immediate market area, parameters were broadened to include similar competing markets and more dated transactions.

The following primary sources contributed significant assistance in the appraisal process.

<table>
<thead>
<tr>
<th>Primary Sources</th>
<th>Summary of Significant Assistance Provided</th>
</tr>
</thead>
<tbody>
<tr>
<td>Art Arroyo, Oregon Military Dept.</td>
<td>Subject information</td>
</tr>
<tr>
<td>Knowledgeable Market Participants</td>
<td>Comparable market data</td>
</tr>
<tr>
<td>Jackson Group NW Database</td>
<td>Comparable market data</td>
</tr>
<tr>
<td>Union County, City of La Grande</td>
<td>Plat Map, Assessment, Zoning, Land Use Patterns, Proposed Projects</td>
</tr>
</tbody>
</table>

The following secondary data sources were relied upon in the appraisal process.

<table>
<thead>
<tr>
<th>Secondary Data Sources</th>
<th>Summary of Significant Information Provided</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loop Net / CoStar Comps / RMLS</td>
<td>Comparable sales and listings</td>
</tr>
<tr>
<td>Local Government and Market Participants</td>
<td>Comparable Leads, Market Trends</td>
</tr>
</tbody>
</table>

All information necessary to competently complete this appraisal assignment was made available to the appraisers, except:

- Title Report or Preliminary
- Environmental Investigation / Assessment Report.
- Geotechnical Report

**Valuation Methodology:**

The Sales Comparison Approach is the sole approach used to develop our opinion of As Is Fee Simple value. This is typical in valuation of vacant land. Methodology used in this appraisal meets the client’s expectations, is sufficient for the intended use of the appraisal, and returns a credible opinion of value.
**MARKETING AND EXPOSURE TIME**

Market exposure periods for land sales discovered in the course of this assignment ranged from 6 months to 3+ years. Note however that extended exposure periods are more the result of past market conditions and price expectations. Demand in the local market area appears to be increasing. Assuming it were competently promoted and appropriately priced, a Marketing / Exposure Period of one year would be reasonably anticipated for the subject property.
ASSUMPTIONS AND LIMITING CONDITIONS

EXTRAORDINARY ASSUMPTIONS AND/OR HYPOTHETICAL CONDITIONS

The opinions of value reported herein are contingent upon extraordinary assumptions and/or hypothetical conditions (‘EA/HC’). EA/HC not met could have a negative impact on the value conclusions and could invalidate the entire appraisal. The appraisal report is subject to the following EA/HC:

- A Title Report or Preliminary was not provided to the appraisers. This analysis assumes that the subject property is correctly identified, and that title to the subject property is clear and marketable.
- A Level 1 Environmental Report was not provided to the appraisers during the course of this analysis. It is assumed that the site is free and clear of any adverse conditions.
- A Geotechnical Report was not provided to the appraiser. This appraisal assumes that the subject soils are stable and will support development commensurate with the highest & best use.

GENERAL ASSUMPTIONS

The statements of value and all conclusions shall apply as of the dates shown herein.

The valuation assumes the previously discussed legal description accurately identifies the subject property.

We assume no responsibility for matters legal in character, nor do we render any opinion as to title, which is assumed to be marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, under responsible ownership, and competent management.

We have no present or contemplated future interest in the subject property that is not specifically disclosed in this report.

Unless otherwise noted herein, it is assumed that there are no adverse encroachments, zoning, or restrictive violations existing in the subject property.

We assume no responsibility for determining if the property requires environmental approval by the appropriate governing agencies, nor if it is in violation thereof, unless otherwise noted herein.

Information presented in this report has been obtained from reliable sources, and it is assumed that the information is accurate.

This report shall be used for its intended purpose only, and by the parties named as intended users. Possession of this report does not imply entitlement to use by other parties, or suitability for intended use(s) not stated herein. Possession of this report does not include the right of re-distribution in whole or part.

This report must be used in its entirety. Reliance on any portion of the report independent of other portions may lead the reader to erroneous conclusions regarding the property value. No portion of the report stands alone without approval from the authors.
Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent or approval of the authors. This applies particularly to opinions of value.

The valuation stated herein assumes professional management and operation of the property throughout the lifetime of the improvements, with an adequate maintenance and repair program.

We assume no responsibility for determining if the subject property complies with the Americans with Disabilities act (ADA). Jackson Group NW shall not be liable for any costs, expenses, assessments, penalties or diminution in value resulting from non-compliance. This appraisal assumes that the subject meets an acceptable level of compliance with ADA standards; if the subject is not in compliance, the eventual renovation costs and/or penalties would negatively impact the present value of the subject. If the magnitude and time of the cost were known today, they would be deducted from the reported value conclusion.

We are not qualified to detect the presence of toxic or hazardous substances or materials that may influence or be associated with the property or any adjacent properties. Jackson Group NW shall not be liable for any costs, expenses, assessments, or penalties, or diminution in value, property damage, or personal injury (including death) resulting from or otherwise attributable to toxic or hazardous substances or materials, including, without limitation, hazardous waste, asbestos material, formaldehyde, or any smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, solids or gasses, waste materials or other irritants, contaminants or pollutants.
Regional Market

Population growth is attributable to natural increase and substantial in-migration. Oregon has had historically high in-migration. However, deep recession, very slow job recovery, and national prevalence of unfavorable home mortgage positions substantially reduced migration by 2011. Net migration picked up in 2012-2013, and is approaching the pre-recession levels. Anticipations for continued migration for the foreseeable future.

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</thead>
<tbody>
<tr>
<td>Union County</td>
<td>26,745</td>
<td>26,625</td>
<td>26,485</td>
<td>26,325</td>
<td>26,175</td>
<td>25,748</td>
<td>24,530</td>
</tr>
<tr>
<td>Wallowa County</td>
<td>7,140</td>
<td>7,100</td>
<td>7,070</td>
<td>7,015</td>
<td>6,995</td>
<td>7,008</td>
<td>7,226</td>
</tr>
<tr>
<td>City of La Grande</td>
<td>13,200</td>
<td>13,165</td>
<td>13,150</td>
<td>13,125</td>
<td>13,110</td>
<td>13,082</td>
<td>12,327</td>
</tr>
</tbody>
</table>

Employment: Union County unemployment peaked at 12.5% in 2009, and has been slowly trending downwards as the market recovers.

The subject property is located in Union County in the city of La Grande, which is the County seat. La Grande is the largest city in Union County. There was a steep decline in population in the County in the mid-1980’s, and a slow recovery in ensuing years. Over the last decade, the population has been relatively steady.

The economy of Union County has historically been heavily dependent on agriculture, livestock, and timber. However, in recent years, industrial, manufacturing and service activities have taken an increasing role in the economy. Government employment represents the largest sector of the Union County employment, for which La Grande serves as the regional center for state and local offices in eastern Oregon. The area also benefits from Eastern Oregon University (EOU), which is located in the heart of La Grande, was founded in 1929 as a teachers college and today serves as a regional University and center for education, culture and scholarship. The school has 3,176 enrolled students, with a large draw not only from local prospective students, but from around the area for their affordable tuition, sports and academics.
There has been some new growth in the old town portion of La Grande, with shops and local restaurants. Closer to I-84, regional development is very evident with a Wal-Mart, Safeway and other commercial services.

The immediate subject vicinity is the area surrounding the airport at the southern end of the LaGrande city limits, with sparse industrial uses surrounded by agricultural land. No incompatible uses are noted.

Summary

The immediate subject neighborhood is the LaGrande airport. Demand for industrial real estate in the neighborhood is average due to its linkage to employment centers and demand for employment and services. Real estate values in the neighborhood are anticipated to remain stable in accordance with the general trends of greater eastern Oregon area.
**PROPERTY DESCRIPTION**

<table>
<thead>
<tr>
<th>Property Address:</th>
<th>South of Bond Lane, NE of the Airport</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Site Description:</strong></td>
<td>Rectangular, interior site with access from Bond Lane. The area is not served by public utilities. The subject is a second-tier industrial site that has most recently been used for beet storage between harvest and shipping.</td>
</tr>
<tr>
<td><strong>Land Area:</strong></td>
<td>40.00 acres (1,742,400 SF), by County plat map.</td>
</tr>
<tr>
<td><strong>Land Title:</strong></td>
<td>No investigation of title was provided.</td>
</tr>
<tr>
<td><strong>Flood Plain:</strong></td>
<td>FEMA FIRM panel 41016 0295B (5/15/80) locates the subject property in zone C, defined as: an area outside the flood plain.</td>
</tr>
<tr>
<td><strong>Environmental:</strong></td>
<td>No environmental report was provided. No adverse factors are noted, and this appraisal assumes that none exist. Note that we are not qualified to recognize all existing &amp;/or potential hazards. Please refer also to the Assumptions and Limiting Conditions.</td>
</tr>
<tr>
<td><strong>Geology:</strong></td>
<td>A geotechnical report was not provided. Based on subject and surrounding development, subject soils are assumed stable and capable of supporting development commensurate with the concluded highest and best use.</td>
</tr>
<tr>
<td><strong>Zoning:</strong></td>
<td>PA, La Grande Public Airport Zone, by the City of La Grande. The La Grande Public Airport Zone is intended to recognize those areas devoted to or most suitable for the immediate operational facilities necessary for commercial and non-commercial aviation. It is intended to provide areas for those activities directly supporting or dependent upon aircraft or air transportation when such activities, in order to function, require a location within or immediately adjacent to primary flight operations and passenger or cargo service facilities.</td>
</tr>
</tbody>
</table>
### MAP DATA
- **FEMA Special Flood Hazard Area:** No
- **Map Number:** 4102166295B
- **Zone:** C
- **Map Date:** May 15, 1980
- **FIPS:** 41081

### MAP LEGEND
- **Yellow:** Areas inundated by 500-year flooding
- **Blue:** Areas inundated by 100-year flooding
- **Light Blue:** Velocity Hazard
- **Red Diamond:** Protected Areas
- **Dark Blue:** Floodway
- **Orange Circle:** Subject Area
- **Orange Line:** 300 yards

*Powered by Constellation*
SUBJECT PROPERTY PHOTOGRAPHS

View South from Bond Lane

View west on Bond Lane
View South from Bond Lane

View South from Bond Lane
Entry from Bond Lane

View East on Bond Lane
HIGHEST AND BEST USE ANALYSIS

The Appraisal Institute defines the concept of highest and best use as follows:

"The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and 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." ³

AS VACANT

Legal / Physical: The subject is 40 acres, zoned PA, Public Airport Zone, which is most similar to light industrial. The site is level at street grade with no utilities in Bond Lane at this time. The subject site is northeast portion of the Airport Master Plan. The subject site is not imminently developable due to the availability of other more favorable sites in the area, ie utilities available, superior street improvements, location, etc. However, it does have the benefit of being inside the Airport Master Plan are that does lend itself to a smoother and more accommodating development path. As it sits, this site would appeal to an owner user development most likely tied to the agri-business economy, or less likely, but potentially some type of aeronautic user.

NE OREGON REGIONAL MARKET AREA SUMMARY AND MAP

Feasibility: Among 3 million SF of industrial space surveyed by CoStar.com in NE Oregon (see adjacent graph), vacancy in the market area has remained relatively stable between 1% and 5% since 2009, with similarly stable rents. Little to no speculative investment has occurred; the local market is driven by owner-users. Speculative development is not supported at this time.

Demand for industrial land is soft with very few transactions over the past decade (less than 12 land sales in Union county during that time). All of the properties were smaller than the subject and were purchased by small businesses for development and owner occupancy.

Conclusion: Based on subject characteristics and market conditions, the highest and best use of the subject site, as vacant, is to hold for future development as supported by changing market conditions. As an interim use, the continued use for agricultural support is most feasible.
SALES COMPARISON APPROACH

The Sales Comparison Approach develops an indication of value by comparing the subject property to similar recently-sold properties. The most relevant unit of comparison for commercial land is the sales price per usable square foot.

The subject property is a 40 acre light industrial property on the periphery of development in a rural location. The site has good utility for a light industrial user as per its favorable zoning, however, the time of such development is likely years down the road. Its location lends itself well to an interim use as “yard storage” serving the overflow needs of the surrounding agricultural business.

COMPARABLE SALES ANALYSIS

A qualitative adjustment grid is presented following. The comparables are adjusted to the subject property consistent with standard appraisal methodology. A positive (+) adjustment indicates that a comparable is inferior to the subject regarding a specific (or set of related) characteristic(s) and must be adjusted upward to simulate rough parity with the subject property. Likewise, a negative (–) adjustment indicates that a comparable is superior to the subject in some regard and must be adjusted downward to compare with the subject property. The resulting net adjusted market value is a weighted average of all the identified characteristics. The analysis is further refined in the narrative, following.

<table>
<thead>
<tr>
<th>Comparable</th>
<th>$/SF</th>
<th>Econ. Loc’n</th>
<th>Usable Area</th>
<th>Access</th>
<th>Expos / Traffic</th>
<th>Funct. Utility</th>
<th>Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 – Highway 97, Bend</td>
<td>$1.52</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>+</td>
<td>–</td>
</tr>
<tr>
<td>2 – Landmark Lane, La Grande</td>
<td>$1.03</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>3 – Lamonta Rd., Prineville</td>
<td>$0.39</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>4 – Highway 395, Stanfield</td>
<td>$0.34</td>
<td>=</td>
<td>=</td>
<td>–</td>
<td>=</td>
<td>=</td>
<td>–</td>
</tr>
<tr>
<td>5 – H Avenue, La Grande</td>
<td>$0.18</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

Comparables range from $0.18 to $1.52/SF, and reflect the most recent and similar sales from an extended market area. The comparables were chosen based on their rural locations in eastern Oregon in areas predominantly surrounded by agriculture. Comparables 1 ($1.52/SF) and 2 ($1.03/SF) represent the upper end of the range. Comparable 1 is the sale of 18 acres of raw, unimproved land that was used as a salvage yard. The smaller size of this property and the proximity of this site to Bend and Redmond make it a high indicator of value for the subject.

Comparable 2 ($1.03/SF)/SF) is the sale of a smaller parcel in the Baum Industrial district in La Grande. This parcel has a superior location with superior utility, marketability and appeal due to its improved streets, access to utilities and size. This is a high indicator for the subject.

Comparables 3 ($0.39/SF) and 4 ($0.34/SF) represent the middle of the range. Comparable 3 ($0.34/SF) is the sale of an irregular shaped site in Prineville on the edge of a small industrial node. The smaller size, superior market area and access to utilities in an established industrial enclave make it a high indication of value for the subject.
<table>
<thead>
<tr>
<th>Name/Location</th>
<th>Date of Sale</th>
<th>Usable Site SF</th>
<th>Usable Site Acres</th>
<th>Zoning</th>
<th>Utilities Available</th>
<th>Shape Topography</th>
<th>Proposed Use</th>
<th>Existing Improvements</th>
<th>Price / SF</th>
</tr>
</thead>
<tbody>
<tr>
<td>64154 N Highway 97 Bend, OR 97701</td>
<td>7/18/2017</td>
<td>788,436 SF</td>
<td>18.10 Acres</td>
<td>Rural Industrial</td>
<td>None</td>
<td>Irregular Level, at street grade</td>
<td>Junk yard</td>
<td>N/A</td>
<td>$1.52</td>
</tr>
<tr>
<td>62235 Landmark Ln La Grande, OR 97850</td>
<td>10/31/2016</td>
<td>174,240 SF</td>
<td>4.00 Acres</td>
<td>I-2, Heavy Ind</td>
<td>All available</td>
<td>Rectangular Level, at street grade</td>
<td>Construction shop and yard</td>
<td>N/A</td>
<td>$1.03</td>
</tr>
<tr>
<td>2575 NW Lamonta Rd Prineville, OR 97754</td>
<td>10/10/2015</td>
<td>585,446 SF</td>
<td>13.44 Acres</td>
<td>M2</td>
<td>All Available</td>
<td>Irregular Level, at street grade</td>
<td>N/A</td>
<td>N/A</td>
<td>$0.39</td>
</tr>
<tr>
<td>Highway 395 &amp; Interstate 84 Stanfield, OR 97875</td>
<td>12/9/2013</td>
<td>1,542,460 SF</td>
<td>35.41 Acres</td>
<td>Industrial</td>
<td>Available to the site.</td>
<td>Irregular Level, at street grade</td>
<td>Industrial Development</td>
<td>Bare Land</td>
<td>$0.34</td>
</tr>
<tr>
<td>2516 H Ave La Grande, OR 97850</td>
<td>3/13/2013</td>
<td>179,903 SF</td>
<td>4.13 Acres</td>
<td>I-1, Light Ind</td>
<td>All Available</td>
<td>Irregular Level, at street grade</td>
<td>Mini Storage</td>
<td>N/A</td>
<td>$0.18</td>
</tr>
</tbody>
</table>
COMPARABLE PHOTOS

Comp # 1.

Comp # 2.
Comp # 3.

2575 NW Lamonta Rd

Comp # 4.

Highway 395 & Interstate 84
Comparable 4 ($0.34/SF) is the sale of a similar sized industrial parcel to the subject, however, it has a far superior location at the Highway 395/I-84 interchange in Stanfield. The superior location is the primary reason for this being a high indicator of value for the subject.

Comparable 5 ($0.18/SF) is the sale of a smaller parcel in La Grande. This parcel was purchased in 2013 for the development of self-storage facility. The secondary location and irregular site are offset by its size and location within the City of La Grande.

**Final Opinion of Value**

Comparables support a market value for the subject property somewhat below $0.18/SF. Based upon subject specifics, market trends and comparables, a market value range of $0.12/SF to $0.15/SF is supported. As check to this value, agricultural uses for similar land (dry ag sites not zoned industrial) are typically $2,500 per acre. This equates to $100,000, or $0.06 per SF. Given the current market conditions, the subject value reasonably sits in the upper portion of the spread between the ag land, $0.06 and the comparables presented, $0.18/SF. The unit value concluded, based on this analysis, is $0.14/SF.

Our final opinion of as is fee simple value of the subject property as of January 11, 2018, is (40.0 acres x 43,560 SF/Ac. x $0.14/SF) rounded to:

$250,000

**Extraordinary Assumptions / Hypothetical Conditions**

The opinions of value reported herein are contingent upon extraordinary assumptions and/or hypothetical conditions (‘EA/HC’). EA/HC not met could have a negative impact on the value conclusions and could invalidate the entire appraisal. The appraisal report is subject to the following EA/HC:

- A Title Report or Preliminary was not provided to the appraisers. This analysis assumes that the subject property is correctly identified, and that title to the subject property is clear and marketable.
- A Level 1 Environmental Report was not provided to the appraisers during the course of this analysis. It is assumed that the site is free and clear of any adverse conditions.
- A Geotechnical Report was not provided to the appraiser. This appraisal assumes that the subject soils are stable and will support development commensurate with the highest & best use.
CERTIFICATION OF APPRAISAL

It is hereby certified that, to the best of the appraisers’ 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 set forth, and are the personal, impartial, and unbiased professional analyses, opinions, and conclusions of the appraisers.
• The appraisers have no present or prospective interest in the property that is the subject of this report, and have no personal interest with respect to the parties involved.
• The appraisers have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
• The appraiser’s engagement in this assignment was not contingent upon developing or reporting predetermined results.
• This appraisal was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
• The appraiser’s compensation for completing this assignment is not contingent upon developing or reporting predetermined results value or direction of 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 appraisers’ analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, and with the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.
• Joseph Skilton did not inspect the subject property, or the comparables used herein.
• An onsite inspection was provided by a third party and is relied on in this analysis, supplemented by satellite imagery and numerous discussions with local brokers and government officials.
• No person not named herein provided significant professional assistance in performing this assignment.
• Use of this report is subject to the professional requirements of the Appraisal Institute regarding review by its duly authorized representatives.
• As of the date of this report, W. Paul Jackson MAI has completed the requirements of the continuing education program of the Appraisal Institute.
• We have not provided valuation services involving the subject property in the past three years.

Joseph B. Skilton  January 17, 2018
Oregon Certified General Appraiser  C000755
Washington Certified General Appraiser  1101924

W. Paul Jackson, MAI  January 17, 2018
Oregon Certified General Appraiser  C000548
Washington Certified General Appraiser 1100337
ADDENDA CONTENTS

EXHIBIT A
Appraiser’s Qualifications / Company Profile / Client Contracts

EXHIBIT B
Subject Property Information
COMPANY PROFILE

Jackson Group NW, Inc. is a commercial real estate appraisal and consulting firm located in Portland, Oregon. The goal of the company is to provide appraisal and consultation services in a professional and timely manner. We provide appraisal services for properties located in Oregon and Washington. We are dedicated to the company's goal of providing quality appraisal and consultation services on a personal basis.

We have extensive experience in appraising and providing consultation services. Our scope of experience includes multiple property types and various ownership interests from small owner occupied properties to large institutional grade investments.

W. Paul Jackson, MAI has worked as a commercial appraiser and consultant since 1992. Mr. Jackson has experience in appraising multiple property types. He also has experience in appraising property for estate planning and court testimony. Over the years, in addition to the standard property types, he has developed valuable experience and expertise in the valuation of Hotels/Motels, gas stations/c-stores, mobile home parks, golf courses, institutional grade government buildings and a handful of other unique property types. Mr. Jackson prides himself on his ability to provide quality professional appraisal services that are both reliable and on time. Whatever your appraisals need, be it a simple owner occupied office or a complex re-development, you can rely on Mr. Jackson to provide you with the service you need.

Joseph B. Skilton has worked in real estate since 1978 as a land survey fieldman and drafter, cartographer (Ticor), real estate research analyst, corporate librarian, computer analyst, and real estate publisher (Real Estate Transaction Journal). Mr. Skilton joined us in 1999 and specializes in retail, general commercial, and special-use property appraisals.

Joseph A. Swaney had a prior career working in the information technology field as a computer programmer and database analyst. His first introduction to real estate was as a surveyor's chainman in his teenage years. He joined Jackson Group NW, Inc. in February 2005 as an assistant to W. Paul Jackson, and became a Certified General Appraiser in 2012.

William E. “Bill” Leavens has worked in the real estate community since high school where he did general construction, property management and accounts receivable for Leavens Investments, a family-owned rental property business. He began appraising in January 2003, specializing in apartment appraisals. Over the past decade Bill has gained extensive experience in appraising and providing consultation services for multifamily developments as a high value employee and also as the owner of his own appraisal firm. Bill brings a high level of customer service and expertise to our firm that is of great value to our clients and us.

To better serve our clients, Jackson Group NW, Inc. maintains state of the art computer equipment, real estate analytical software programs, libraries of comparable and resource data, property sales, lease transactions, property data computer retrieval systems, and other necessary tools and information relevant to the real estate appraisal and consultation field.
COMPANY PROFILE (CONTINUED)

Jackson Group NW, Inc. considers its clients to be its most valuable assets. We have served various small and large financial institutions, corporations, developers, private individuals, attorneys, accountants, and government agencies. Our appraisal experience extends to all types of commercial, industrial, residential, apartment, resort, agricultural, and special use properties.

Past appraisal assignments have been conducted to serve various functions, including mortgage financing, property purchase and disposition, lease/rent arbitration, litigation support, condemnation, property tax analysis and appeal services, and corporate planning purposes.

PROFESSIONAL SERVICES

• **Valuation Reports:** The market valuation of real property interests (fee simple, leasehold, leased fee, etc.) in various types of properties is the primary focus of most real property appraisal assignments performed by Jackson Group NW, Inc.

• **Real Estate Consulting:** Jackson Group NW, Inc. also conducts consulting assignments relating to all property types. Providing competent, unbiased, professional guidance on diversified problems in real estate has taken on ever increasing importance as a method of reducing the risks associated with the real estate field. The firm has undertaken such tasks as discounted cash flow analysis, highest and best use analysis, market studies, subdivision analysis, and market / feasibility analysis.

• **Arbitration, Litigation Support, and Expert Witness Services:** Jackson Group NW, Inc. also offers services for real estate matters involving arbitration (ground rent renegotiations, tenant space lease renegotiations, etc.). We also offer litigation support services to attorneys with various real estate problems. It is our goal to provide not only offensive, but defensive strategies, in a fair and unbiased manner, in order to expose the strengths and weaknesses of a particular case. Finally, we are experienced in working with attorneys in preparation for expert witness testimony.

• **Appraisal Review Services:** An appraisal review serves the purpose of analyzing the content and conclusions of an appraisal report. Clients consider an appraisal review to be a valuable tool in determining the credibility of an appraisal report, in order to reduce the risks associated with important lending, legal, and investment decisions.

• **Property Tax Analysis and Appeal Services:** The real property tax liability for property has a direct impact on its operating/holding expenses, net income, and associated market value. Therefore, competent representation before government agencies regarding ad valorem taxes can be critical in keeping this expense item in check.
PROFESSIONAL QUALIFICATIONS - W. PAUL JACKSON, MAI

Paul Jackson was born in Albany, Oregon and attended Oregon State University.

**EDUCATION**

- Oregon State University, Bachelor Degree Economics 1991

**APPRaisal INSTITUTE COURSES**

- Data Verification Methods 2016
- Rates, Ratios: Making sense of GIMs, OARs, and DCF 2016
- Forecasting Revenue 2016
- Business Practices & Ethics 2016
- 7-hour USPAP 2016
- Business Practices & Ethics 2014
- Small Hotel/Motel Valuation 2014
- Subdivision Valuation 2014
- USPAP 7 hour Update 2011
- Feasibility, Market Value, Investment Timing: Option Value 2011
- Scope of Work: Expanding Your Range of Services 2011
- Appraising Convenience Stores 2011
- Site Valuation and Cost Approach 2009
- Analyzing Operating Expenses 2008
- Analyzing Distressed Real Estate 2008
- USPAP National Course Update 2008
- Using Your HP12C Financial Calculator 2006
- Feasibility, Market Value, Investment Timing: Option Value 2006
- Appraisal Report Writing Seminar 2004
- Small Hotel / Motel Valuation 2004
- GIS Applications for Real Estate Appraisal 2004
- Course 400, USPAP National Course Update 2003
- Search Strategies for Real Estate Appraisers 2001
- Valuation of Detrimental Conditions in Real Estate 2001
- Appraisal of Nursing Facilities 2001
- Appraising From Blueprints and Specifications 2001
- Course 550, Advanced Applications 1998
- Course 540, Report Writing and Valuation Analysis 1997
- Course 530, Advanced Sales Comparison and Cost Approaches 1996
- Course 510, Advanced Income Capitalization 1995
- Course 520, Highest and Best Use and Market Analysis 1994
- Course 410, Uniform Standards of Professional Appraisal Practice 1998
- Course 420, USPAP, Ethics 1998

**PROFESSIONAL LICENSES**

- Certified General Appraiser:
  1) State of Oregon  Certificate No. C000548
  2) State of Washington  Certificate No. 1100337
PROFESSIONAL QUALIFICATIONS - W. PAUL JACKSON, MAI

PROFESSIONAL AFFILIATIONS

- Designated Member of the Appraisal Institute (MAI)

PROFESSIONAL EXPERIENCE

- Owner, Jackson Group NW, Inc., Portland, Oregon 2013 to Present
- Owner, Cassinelli Jackson LLC, Portland, Oregon 1997 to 2013
PROFESSIONAL QUALIFICATIONS – JOSEPH SKILTON

EDUCATION

- Oregon State University, Major: Forest Engineering 1972 - 75
- Portland State University, Major: Economics 1975 - 77

APPRAISAL COURSES

- Appraisal Institute courses successfully completed:
  - Course 550, Advanced Applications October, 2003
  - Course 520, Highest & Best Use and Market Analysis March, 2003
  - Course 510, Advanced Income & Capitalization Theory February, 2001
  - Course 410, Standards of Professional Practice (USPAP) April, 2002
  - Course 330, Apartment Appraisal May, 2000
  - Course 310, Basic Income & Capitalization Theory June, 1999
  - Course 120, Appraisal Procedures May, 1999

- Portland Community College: Winter, 1999
  - Foundations of Appraisal
  - Residential Case Studies
  - USPAP

CONTINUING EDUCATION

- McKissock Schools
  - National USPAP Update (7-hour) June 2016
  - Appraisal Owner Occupied Properties July 2016
  - Appraisal Industrial Incubators July 2016
  - Appraisal Ground Leased Properties July 2016
  - Appraisal of Self-Storage Facilities July 2014
  - Land Valuation July 2012
  - Mortgage Fraud July 2012
  - Valuation of Shopping Centers for Mortgage Financing July 2012

- Appraisal Institute
  - The Discounted Cash Flow Model July 2014
  - Rates and Ratios July 2014
  - What Commercial Clients Want Appraisers To Know August 2010
  - Subdivision Valuation July 2010
  - Intro to Valuing Green Buildings August 2010
  - Analyzing Operating Expenses July 2008
  - Appraisal of Convenience Stores June, 2008
PROFESSIONAL QUALIFICATIONS – JOSEPH SKILTON (CONTINUED)

Appraising From Blueprints and Specifications February, 2006
Small Hotel / Motel Valuation February 2006
Valuation of Detrimental Conditions January, 2006

PROFESSIONAL CERTIFICATIONS

• Certified General Appraiser, State of Oregon Cert. # C000755
• Certified General Appraiser, State of Washington Cert. # 1101924

PROFESSIONAL EXPERIENCE

• Jackson Group NW Inc.
  Staff Appraiser 2013 – Present
• Cassinelli Jackson LLC, Portland, Oregon
  Staff Appraiser 2003 – 2013
  Appraisal Assistant 1999 – 2003
• Palmer Groth.& Pietka, Inc., Portland, Oregon
  Corporate Librarian / Editor, Real Estate Transaction Journal 1982 - 1999
• Ticor (Pioneer National) Title, Oregon Division
  Title Engineer / Cartographer 1978 - 1982
• Robert M. Swaney RPLS, Columbia County, Oregon
  Land Survey Fieldman and Drafter 1976 - 1978
Appraiser Certification and Licensure Board
State Certified General Appraiser
28 hours of continuing education required for renewal

License No.: C000755
Issue Date: September 1, 2016
Expiration Date: August 31, 2018

Joseph B Skilton
Jackson Group NW
4850 SW Scholls Ferry RD STE 305
Portland, OR 97226

Gae Lynne Cooper, Administrator

STATE OF WASHINGTON
DEPARTMENT OF LICENSING – BUSINESS AND PROFESSIONS DIVISION

CERTIFIED GENERAL REAL ESTATE APPRAISER

JOSEPH B SKILTON
8410 SW BROOKRIDGE ST
PORTLAND OR 97225

1101924
03/18/2008
08/11/2019
License Number
Issued Date
Expiration Date

Pat Kobler, Director
## STATE OF OREGON PURCHASE ORDER
OREGON MILITARY DEPARTMENT

**BILL TO:**
OREGON MILITARY DEPARTMENT, ATTN: AGI
PO BOX 14350, SALEM, OR 97309-5047

**DATE:** 15-Dec-17

**VENDOR:** JACKSON GROUP NW INC.
4850 SW SCHOLLS FERRY RD., SUITE 305
PORTLAND, OR 97225

<table>
<thead>
<tr>
<th>ITEM NO</th>
<th>DESCRIPTION</th>
<th>QUANTITY</th>
<th>UNIT</th>
<th>UNIT PRICE</th>
<th>TOTAL PRICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Contractor shall provide an appraisal report to estimate the as is market value for the LaGrande Property, 40 acres south side of Bond Avenue, tax lot #03S3824101. The appraisal services will conform to the Uniform Standards of Professional Appraisal Practice (USPAP). Contractor shall coordinate the work with Agency's Project Manager, Art Arroyo, Real Estate Manager, (503) 584-3494. Contractor shall provide a verbal report of value to the Agency's Project Manager by January 4, 2018. Contractor shall deliver the written appraisal to the Agency's Project Manager by or on January 19, 2018.</td>
<td>1</td>
<td>NTE</td>
<td>$3,000.00</td>
<td>$3,000.00</td>
</tr>
</tbody>
</table>

**NOTHING FOLLOWS**

Contractor's Proposal dated 12/14/17 is referenced.

**THIS PURCHASE ORDER SHALL NOT EXCEED $3,000.00 WITHOUT PRIOR WRITTEN AUTHORIZATION FROM AGENCY.**

This Purchase Order and the terms and conditions on page 2 constitute the entire agreement between the parties. There are no other understandings, agreements or representations, oral or written.

**NOTICE:** PLEASE REFERENCE THE PURCHASE ORDER NUMBER ON ALL INVOICES, PACKING SLIPS, SHIPPING LABELS, AND OTHER CORRESPONDENCE. FAILURE TO DO SO MAY RESULT IN DELAY OF PAYMENT.

**TOTAL:** $3,000.00

**ORDERED BY:** Moya McKeehan, Procurement & Contract Specialist
(503) 584-3178

**APPROVED:** Timothy Gilbert, Chief, Operations and Maintenance

**DATE:** 15-Dec-17

**AUTHORIZED AGENT:**

(503) 584-3491
1. DELIVERY: Deliveries will be F.O.B. destination. Contractor shall pay all transportation and handling charges. Contractor is responsible and liable for loss or damage until final inspection and acceptance of the Goods. Contractor remains liable for latent defects, fraud, and warranties.

2. INSPECTIONS: Agency may inspect and test the Goods and related Services (collectively, Goods). Agency may reject non-conforming Goods and require Contractor to correct them without charge or deliver them at a reduced price, as negotiated. If Contractor does not cure any defects within a reasonable time, Agency may reject the Goods and cancel the PO in whole or in part. This paragraph does not affect or limit Agency's rights, including its rights under the Uniform Commercial Code, ORS chapter 72 (UCC).

3. PAYMENT: Agency shall pay Contractor within 30 days from (i) the date the Goods are delivered and accepted or (ii) the date the invoice is received, whichever is later. If Agency fails to pay within 45 days of such date, Contractor may assess overdue account charges up to a rate of 2.33% per month (8% APR) or the maximum rate allowed by law on the outstanding balance.

4. STATE PAYMENT OF CONTRACTOR CLAIMS: If Contractor does not pay promptly any claim that is due for Goods or Services furnished to the Contractor by any subcontractor in connection with this PO, the State may pay such claim and charge that payment against any payment due to the Contractor under this PO. The State's payment of a claim does not relieve the Contractor of its surety, if any, from their obligations for any unpaid claims.

5. WARRANTIES: Contractor represents and warrants that the Goods are new, current, and fully warranted by the manufacturer. Delivered Goods will comply with specifications and be free from defects in labor, material, and manufacture. All UCC implied and expressed warranties are incorporated in this PO. Contractor shall transfer all warranties to the State.

6. TERMINATION: (i) The parties may terminate this PO by mutual agreement. (ii) Agency may terminate this PO at any time with written notice to Contractor. Upon receipt of the written notice, Contractor shall stop performance, and Agency shall pay Contractor for Goods delivered and accepted. (iii) Agency may terminate this PO at any time if Agency fails to receive funding, appropriations, or other expenditure authority. (iv) If Contractor breaches any PO provision or is declared insolvent, Agency may terminate this PO for cause with written notice to Contractor, and Contractor shall be liable for all incidental and consequential damages resulting from its breach, including all damages as provided in the UCC.

7. HOLD HARMLESS: Contractor shall indemnify, defend and hold harmless the State and its agencies, their divisions, officers, employees, and agents, from all claims, suits or actions of any nature arising out of or related to the activities of Contractor, its officers, subcontractors, agents or employees under this PO.

8. GOVERNING LAW, JURISDICTION, VENUE: This PO is governed by Oregon law, without resort to any other jurisdiction's laws. Any claim, action, suit, or proceeding between the State and the Contractor that relates to this PO shall be heard exclusively in the Circuit Court of Marion County for the State of Oregon. If the Claim must be brought in a federal forum, then it must be heard exclusively in the US District Court for the District of Oregon. Contractor consents to the in personam jurisdiction of these courts. Neither this Section nor any other provision of this PO is a waiver by the State of any of its rights under the Eleventh Amendment to the US Constitution, or any claim or from the jurisdiction of any court.

9. FORCE MAJEURE: Neither party is responsible for delay or default caused by an event beyond its reasonable control. Agency may terminate this PO without liability to Contractor upon written notice after determining the delay or default reasonably prevents performance of this PO.

10. ASSIGNMENT/SUBCONTRACT/SUCCESSORS: Contractor shall not assign, transfer, or subcontract rights (Subcontract) or delegate responsibilities under this PO in whole or in part, without the prior written approval of Agency. This PO's provisions are binding upon and inure to the benefit of the parties to the PO and their respective successors and assigns.

11. ACCESS TO RECORDS: Contractor shall maintain all accounting records relating to this PO according to GAAP and any other records relating to Contractor's performance ("Records") for six (6) years from termination or as otherwise required. Contractor shall grant the State and its agencies, the Secretary of State Audits Division, the federal government, and their duly authorized representatives access to the Records, including reviewing, auditing, copying, and making transcripts.

12. COMPLIANCE WITH APPLICABLE LAWS: Contractor shall comply with all applicable federal, state and local laws, regulations, executive orders, and ordinances, as amended (Rules), including: (i) Titles VI and VII of Civil Rights Act of 1964; (ii) Sections 503 and 504 of the Rehabilitation Act of 1973; (iii) the Americans with Disabilities Act of 1990; (iv) Executive Order 11246; (v) The Age Discrimination in Employment Act of 1967, and the Age Discrimination Act of 1975; (vi) The Vietnam Era Veterans' Readjustment Assistance Act of 1974; (vii) ORS Chapter 639; (viii) ORS 279B.020, and 279B.270; (ix) all other applicable requirements of federal and state civil rights and rehabilitation statutes, rules and regulations; (x) all federal and state laws governing the handling, processing, packaging, storage, labeling, and delivery of food products; and (xi) all regulations and administrative rules established pursuant to the foregoing laws. Agency's performance is conditioned upon Contractor's compliance with, 279B.220, 279B.225, 279B.230, and 279B.235, as applicable. All applicable Rules are incorporated by reference in this PO.

13. WORKERS' COMPENSATION: Contractor shall comply with ORS 656.017 and provide the required workers' compensation coverage, unless exempt under ORS 656.126(2). Contractor shall ensure that its Subcontractors, if any, comply with these requirements.

14. SAFETY AND HEALTH REQUIREMENTS: Contractor represents and warrants that the Goods comply with all federal and Oregon safety and health requirements.

15. MATERIAL SAFETY DATA SHEET: Contractor shall provide Agency with a Material Safety Data Sheet for any Goods which may release, or otherwise result in exposure to, a hazardous chemical under normal conditions of use (OAR 437-020-0360 and 29 CFR 1910.1200). Contractor shall label, tag or mark such Goods.

16. RECYCLABLE PRODUCTS: Unless otherwise required, Contractor shall use recycled and recyclable products to the maximum extent economically feasible in the performance of the PO. These products shall include recycled paper, recycled PETE products, other recycled products (ORS 279A.010(1)(gg),(hh),(ii)), and other recycled plastic resin products.

17. AMENDMENTS: All amendments to this PO must be in writing, signed by Agency.

18. SEVERABILITY: If a court of competent jurisdiction declares any provision of this PO to be invalid, the other provisions and the rights and obligations of the parties remain in effect.

19. WAIVER: Agency's failure to enforce any provision of this PO is not a waiver or relinquishment by Agency of its rights to such performance in the future or to enforce any other provisions.

20. AWARD TO FOREIGN CONTRACTOR: If Contractor is registered to do business or has no office in the State of Oregon, Contractor shall promptly provide to the Oregon Department of Revenue and the Secretary of State Corporation Division all information required by those agencies relative to this PO. Agency may withhold final payment under this PO until Contractor has met this requirement.

21. TAX CERTIFICATION: Contractor hereby certifies under penalty of perjury: (a) the number shown on this form is the correct Federal Employer Identification Number; (b) it is not subject to backup withholding because (i) it is exempt from backup withholding, (ii) it has not been notified by the IRS that it is subject to backup withholding as a result of failure to report all interest or dividends, or (iii) the IRS has notified Contractor that it is no longer subject to backup withholding; and (c) it is not in violation of any Oregon tax laws.
Dear Mr. Arroyo,

At your request, we will provide certain appraisal services relative to the above noted property. **As we understand it, we are to provide an Appraisal Report to estimate the As Is Market Value for the property located at the above address.** The appraisal services will conform to the Uniform Standards of Professional Appraisal Practice (USPAP). I am pleased to submit our contract for appraisal services to you, the details of which follow.

We will provide you with an **Appraisal** for the aforementioned subject property. The **written Appraisal will be delivered January 19, 2018, with a verbal report of value by January 4, 2018. Report delivery dates assumes prompt receipt of a signed contract and all necessary information.** The appraiser shall not be held liable for any time delay caused by unforeseen circumstances beyond his control.

**The total professional fee for the assignment is $3,000. A returned signed copy of this contract is required before we can proceed with the appraisal assignment.** The fee will be due upon receipt of the appraisal report.

If additional consultation is necessary after the appraisal is completed, the client will be billed at an hourly rate of $300 per hour for all time expended. Any changes in the Agreement for Appraisal Services will be mutually agreed upon, in writing, and the fee will be adjusted accordingly, if necessary.

In the event that the appraiser is required to give testimony for any reason, or at any time in connection with this assignment, then the client agrees to assume any reasonable professional fees and related costs, including preparation time, not underwritten by the entity requiring such testimony. If the assignment is canceled for any reason prior to completion, the client will be billed at an hourly rate of $300 per hour for all time expended prior to cancellation.
Acceptance of this agreement by yourself, or a duly authorized agent, should be indicated by signing and mailing/delivering an authorized copy of this agreement to my attention. I look forward to working with you on this assignment, and should you have any questions on any aspect of this letter, please do not hesitate to call.

Sincerely,

JACKSON GROUP NW, INC.

W. Paul Jackson, MAI
Oregon Certified General Appraiser C000548
Washington Certified General Appraiser 1100337

ACCEPTANCE:

Arthur Arroyo MSG (Ret)  Date
Oregon Military Department
La Grande (40 acres)
La Grande (40 acres)
I. Proposed Real Property Transaction

- Subject property is an existing armory, 12,294 sf Oregon National Guard Armory and a 3,460 sf tank, on 74,500 sf of land at 618 S. Fairview Avenue, Burns, Oregon. Constructed 1953 to 1955 on 1.69 acres surrounded by residential properties, zoned PF (Public Facility) the City of Burns.
- Appraised “opinion of value” is $345,000 (As Is Fee Simple) per the appraisal report prepared by Joseph Skilton of Jackson Group NW.

II. Reason for PLAC Review

- In compliance with ORS 270.120 (6), the PLAC shall advise Agency and DAS on the disposition of this property.
- Three parties have indicated interest in purchasing this property: Piute Tribe, Burns Police Department and Burns Parks and Recreation Department.

III. Background Information

- Bounded by Taylor Street, Fairview Avenue, Filmore Street and Grand Avenue.
- County tax lot map and several photos of the armory and the tank shed presented.

IV. Topics for PLAC Consideration.

- Zoning

V. Staff Comments

- None

VI. PLAC Findings

- Chair, John Brown checked the Burns zoning code and discovered that a public zoning will revert back to single family. If the community cannot purchase this building, there may not be any contributory value because it has to be re-zoned to change the use.
- Sara King indicated that churches or schools or colleges might be allowed to use this property with a conditional use permit. A single family residential zoning is not helpful for Oregon Military Department.

PLAC recommendation: Report accepted with a recommendation to move forward with negotiations to sell the property for as much money as possible.
PREPARED FOR:
Oregon Military Dept.
Art Arroyo, Real Estate Manager
1776 Militia Way SE,
Salem, OR 97301

PREPARED BY:
Joseph Skilton
W. Paul Jackson, MAI

JACKSON GROUP NW INC
4850 SW Scholls Ferry Rd., Suite 305
Portland, OR 97225
503.358.7340
www.jacksongroupnw.com
January 18, 2018

Oregon Military Dept.
Art Arroyo, Real Estate Manager
1776 Militia Way SE,
Salem, OR 97301

RE: Burns Armory
Oregon Military Dept.
618 S Fairview Ave.
Burns, OR 97720

Dear Mr. Arroyo,

At your request, we have completed an appraisal of the property specified above, which is presented in the following appraisal report. The subject property is an existing armory, 12,294 SF GLA with one outbuilding, on 74,500 SF of land in Burns, OR. We have appraised the property using typical appraisal principles and practices. The following appraisal complies with:

♦ The Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation, and
♦ The Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, and
♦ Title XI of the Federal Financial Institutional Reform Act (FIRREA) of 1989, and
♦ Regulation 12 CFR Part 34 of the Office of the Comptroller of the Currency titled Real Estate Appraisals, as revised in Federal Register Vol. 59, No. 58, dated June 15, 1994, and
♦ Requirements of the client and intended user(s) for real estate appraisals.

This appraisal uses standard recognized appraisal methodology to develop our opinion(s) of market value of the subject property. Report presentation is governed by USPAP Standard 2. The report summarizes the data, reasoning, and analyses used to develop our opinion(s) of value. Supporting documentation concerning the data, reasoning, and analysis is retained in our files. The depth of discussion contained in this report is specific to the needs of the client.

The client and intended user(s), intended use, type and definition of value, effective date, subject property, and assignment conditions of this appraisal are stated &/or described in the report. These factors limit the context of the appraisal, and the legitimate uses of the report. We are not responsible for any other use of the report, or any use by parties not named. Please refer to the Scope of Work, and Assumptions and Limiting Conditions sections for important information.

The appraisal assignment is to develop and report our opinion of the As Is Fee Simple Value of the subject property.
Based on our investigation and analysis of available information, our final opinion of market value of the subject property is:

<table>
<thead>
<tr>
<th>TYPE OF VALUE</th>
<th>DATE OF VALUE</th>
<th>OPINION OF VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>As Is Fee Simple Value:</td>
<td>January 12, 2018</td>
<td>$ 345,000</td>
</tr>
</tbody>
</table>

The value opinion(s) concluded in this appraisal do not include furnishings, fixtures, equipment, personal property, or intangible items. The valuation is subject to the Assumptions and Limiting Conditions section of the following report, as well as the explanatory comments within the report, which should be referenced for a complete understanding of the value conclusion(s).

Furthermore, opinion(s) of value reported herein are contingent upon extraordinary assumptions and/or hypothetical conditions (‘EA/HC’). EA/HC not met could have a negative impact on the value conclusions and could invalidate the entire appraisal. The appraisal report is subject to the following EA/HC:

- A Title Report or Preliminary was not provided to the appraisers. It is an extraordinary assumption in the appraisal that the subject property is correctly identified, and that title to the subject property is clear and marketable.
- An Environmental Investigation / Assessment Report was not provided to the appraisers. It is an extraordinary assumption in the appraisal that the property is free and clear of any adverse conditions.
- A Geotechnical Report was not provided to the appraisers. It is an extraordinary assumption in the appraisal that the subject soils are stable and support development commensurate with the concluded highest and best use.
- A Professional Inspection Report was not available. The appraisal assumes that the improvements are in good condition, and absent any defect, visible or otherwise, that would negatively affect property value.

JACKSON GROUP NW, Inc.

Joseph B. Skilton
Oregon Certified General Appraiser C000755
Washington Certified General Appraiser 1101924

W. Paul Jackson, MAI
Oregon Certified General Appraiser C000548
Washington Certified General Appraiser 1100337
APPRAISAL INFORMATION

TRANSFERABILITY OF APPRAISAL
If this report is transferred/assigned to another party (user), and/or is reviewed, and there are questions or additional work necessary to meet any subsequent guidelines/requirements, the appraiser may charge appropriate fees for any additional work performed, beyond the original scope of work.

LEGAL/TAX DESCRIPTION
No investigation of title was provided. County Assessor data follows.

<table>
<thead>
<tr>
<th>Account / Map &amp; TL</th>
<th>RMV</th>
<th>Taxable</th>
<th>2017-18</th>
<th>Land</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Value</td>
<td>Taxes</td>
<td>SF</td>
</tr>
<tr>
<td>1547 / 23S 30E 13AD 6200</td>
<td>79,700</td>
<td>817,790</td>
<td>897,490</td>
<td>0 Exempt 74,500</td>
</tr>
</tbody>
</table>

CLIENT / INTENDED USER(S)
Jackson Group NW has been retained by Oregon Military Dept., which is the client and intended user for this appraisal.

INTENDED USE
The intended use of this appraisal is to assist the named client and intended user with decision-making regarding management, classification, or disposition of a real-estate-based asset.

TYPE AND DEFINITION OF VALUE
The appraisal assignment is to develop and report our opinion of the As Is Market Value of the Fee Simple Interest in the subject property. The subject is 100% owner-occupied; the final opinion of value is a stabilized value. Definitions of Market Value, As Is Value, and Fee Simple Estate, are presented subsequently.

EFFECTIVE DATE/S OF VALUE
As Is Value: January 12, 2018

SUBJECT PROPERTY INSPECTION
Date: January 12, 2018
Property Owner / Representative: Terry Wyatt, Owner Rep.
Appraiser(s): Joseph Skilton OR Certified General Appraiser
MARKET VALUE

Market value is the major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined. A current economic definition agreed upon by federal financial institutions of the United States of America is:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a Sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1) Buyer and seller are typically motivated;
2) Both parties are well informed or well advised, and acting in what they consider their best interests;
3) A reasonable time is allowed for exposure in the open market;
4) Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5) The price represents the normal consideration for the property sold unaffected by special or creative financing or Sale concessions granted by anyone associated with the sale.

Substitution of another currency for United States dollars in the fourth condition is appropriate in countries or in reports addressed to clients from other countries.

DEFINITIONS

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

Prospective Value
A forecast of the value expected at a specified future date. A prospective value estimate is most frequently sought in connection with real estate projects that are proposed, under construction, or under conversion to a new use, or those that have not achieved sellout or a stabilized level of long-term occupancy at the time the appraisal report is written.

Stabilized Value
A value estimate that excludes from consideration any transitory condition, e.g., a bonus or premium for material, the abnormal inefficiency of labor, the cost of delay, or unfinished repairs.

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

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1 Uniform Standards of Professional Appraisal Practice, 2018-19, The Appraisal Foundation
**Leasehold Estate**

An ownership interest held by the lessee (tenant) through a lease conveying the rights of use and occupancy for a stated term under certain conditions.

**Subject History of Ownership Information**

No investigation of title was provided. Public records show title to the subject property vested in State of Oregon, which has owned the property for many years. Other than as described here, we found no conveyances of fee title in the three years prior to the date of value. The property is not currently being marketed for sale or lease.

**Scope of the Appraisal**

The purpose of this appraisal is to develop and report our opinion of the As Is Fee Simple Value of the subject property. Market value(s) were developed using all applicable steps of the appraisal process, including:

- Definition of pertinent issues related to the appraisal assignment
- Inspection of the subject property
- Site and improvement analyses
- Highest and best use analysis (as vacant, and as improved)
- Market data selection, verification, and analysis
- Use of the approaches to value and valuation
- The reconciliation of value indications and final value estimate

Joseph Skilton made an on-site inspection of the subject property, which included walking and photographing the subject property, and viewing the neighborhood. Mr. Skilton participated in all steps of the appraisal and authored the report. W. Paul Jackson MAI is familiar with the market area, participated in the appraisal process, reviewed the appraisal report, and concurs with the data selection, analysis and conclusions presented herein. Subject land areas are based on legal description and plat map. Building areas are based on owner-supplied information, including plan drawings, supported by appraisers on-site measurements.

Property representatives were interviewed about the physical features of the property, including the condition, function, efficiency, and operation of the property, and also the history of ownership and marketing activity. Government officials, contractors, developers, architects, engineers, attorneys, and other professionals and/or consultants were interviewed and/or referenced as applicable in the appraisal. Government zoning and planning documents, legally binding documents (purchase, option, or development agreements, leases, easements, or encumbrances), and professional and/or consultant reports are included and/or referenced where applicable in the appraisal.

The collection, verification and analysis of comparable market information is essential to the valuation analysis. This information was collected from sources deemed reliable and confirmed by interviewing knowledgeable market participants (buyers, sellers, property managers, tenants, brokers, consultants, developers, building owners, and/or investors) and exterior viewing of the properties.
One or more knowledgeable parties to the transaction(s) were interviewed in the verification and confirmation of comparable data. The most current data (typically up to one year prior to the valuation date) was relied upon with primary emphasis on comparables located in the immediate market area when possible. When there was a lack of activity &/or comparable properties in the immediate market area, search criteria were broadened to include similar competing markets and more dated transactions.

The following primary sources contributed significant assistance in the appraisal process.

<table>
<thead>
<tr>
<th>Primary Sources</th>
<th>Summary of Significant Assistance Provided</th>
</tr>
</thead>
<tbody>
<tr>
<td>Art Arroyo, Oregon Military Dept.</td>
<td>Appraisal Engagement, subject information</td>
</tr>
<tr>
<td>Terry Wyatt, Owner Rep.</td>
<td>Subject information and Inspection</td>
</tr>
<tr>
<td>Knowledgeable Market Participants</td>
<td>Comparable market data</td>
</tr>
<tr>
<td>Jackson Group NW Database</td>
<td>Comparable market data</td>
</tr>
<tr>
<td>Harney County, City of Burns / Hines</td>
<td>Plat Map, Assessment, Zoning, Land Use Patterns, Proposed Projects</td>
</tr>
</tbody>
</table>

The following secondary data sources were relied upon in the appraisal process.

<table>
<thead>
<tr>
<th>Secondary Data Sources</th>
<th>Summary of Significant Information Provided</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loop Net / CoStar Comps / RMLS</td>
<td>Comparable sales and listings</td>
</tr>
<tr>
<td>Local Government and Market Participants</td>
<td>Comparable Leads, Market Trends</td>
</tr>
</tbody>
</table>

All information necessary to competently complete this appraisal assignment was made available to the appraisers, except:

- Title Report or Preliminary
- Environmental Investigation / Assessment Report.
- Geotechnical Investigation / Report
- Professional Inspection / Report

**Valuation Methodology:**

The Income Capitalization Approach was not performed pursuant to this assignment, because a lack of leasing activity among comparable properties, and a lack of trading of leased properties from which could be extracted a reliable overall capitalization rate, would render such analysis untrustworthy, and possibly misleading. Exclusion of the Income Capitalization Approach does not reduce the credibility of the final opinion of value.

The Cost Approach and Sales Comparison Approach are performed and reconciled to develop our opinion of As Is Market Value. Appraisal methodology performed and summarized in this report conforms with typical appraisal practice and expectations of the typical client in similar assignments, is sufficient for the intended use of the appraisal, and returns a credible opinion of value.
MARKETING AND EXPOSURE TIME

Marketing period is defined as the amount of time a property would be on the market in order to sell at a future date, at the concluded value. Exposure period is the time a property would have previously been on the market, culminating in a hypothetical sale as of the date of value. Marketing time differs from Exposure time, which is always presumed to precede the effective date of an appraisal. USPAP requires an opinion of reasonable exposure time be reported when it is a constituent of the value opinion being developed.

Trends are stable to mildly positive in the subject market area, and trend vectors are not currently signaling any significant change in direction. Therefore, marketing and exposure periods will be roughly equivalent. Exposure periods for all improved sales discovered in the course of this assignment ranged from zero to many years, with the vast majority of sales clustering the sub-one-year range. Demand for properties like the subject built for owner-occupancy is primary in the market area. Assuming it were competently promoted and appropriately priced, a Marketing / Exposure Period up to one year would be reasonably anticipated for the subject property.
ASSUMPTIONS AND LIMITING CONDITIONS

EXTRAORDINARY ASSUMPTIONS AND/OR HYPOTHETICAL CONDITIONS

The opinions of value reported herein are contingent upon extraordinary assumptions and/or hypothetical conditions (‘EA/HC’). EA/HC not met could have a negative impact on the value conclusions and could invalidate the entire appraisal. The appraisal report is subject to the following EA/HC:

- A Title Report or Preliminary was not provided to the appraisers. It is an extraordinary assumption in the appraisal that the subject property is correctly identified, and that title to the subject property is clear and marketable.
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- A Professional Inspection Report was not available. The appraisal assumes that the improvements are in good condition, and absent any defect, visible or otherwise, that would negatively affect property value.

GENERAL ASSUMPTIONS

The statements of value and all conclusions shall apply as of the dates shown herein.

We have no present or contemplated future interest in the property that is not specifically disclosed in this report.

The valuation assumes the previously discussed legal description accurately identifies the subject property.

We assume no responsibility for matters legal in character, nor do we render any opinion as to title, which is assumed to be marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, under responsible ownership, and competent management.

Unless otherwise noted herein, it is assumed that there are no adverse encroachments, zoning, or restrictive violations existing in the subject property.

We assume no responsibility for determining if the property requires environmental approval by the appropriate governing agencies, nor if it is in violation thereof, unless otherwise noted herein.

Information presented in this report has been obtained from reliable sources, and it is assumed that the information is accurate.

This report shall be used for its intended purpose only, and by the parties named as intended users. Possession of this report does not imply entitlement to use by other parties, or suitability for intended use(s) not stated herein. Possession of this report does not include the right of re-distribution in whole or part.
This report must be used in its entirety. Reliance on any portion of the report independent of other portions may lead the reader to erroneous conclusions regarding the property value. No portion of the report stands alone without approval from the authors.

Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent or approval of the authors. This applies particularly to opinions of value.

The valuation stated herein assumes professional management and operation of the property throughout the lifetime of the improvements, with an adequate maintenance and repair program.

We assume no responsibility for determining if the subject property complies with the Americans with Disabilities act (ADA). Jackson Group NW shall not be liable for any costs, expenses, assessments, penalties or diminution in value resulting from non-compliance. This appraisal assumes that the subject meets an acceptable level of compliance with ADA standards; if the subject is not in compliance, the eventual renovation costs and/or penalties would negatively impact the present value of the subject. If the magnitude and time of the cost were known today, they would be deducted from the reported value conclusion.

We are not qualified to detect the presence of toxic or hazardous substances or materials that may influence or be associated with the property or any adjacent properties. Jackson Group NW shall not be liable for any costs, expenses, assessments, or penalties, or diminution in value, property damage, or personal injury (including death) resulting from or otherwise attributable to toxic or hazardous substances or materials, including, without limitation, hazardous waste, asbestos material, formaldehyde, or any smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, solids or gasses, waste materials or other irritants, contaminants or pollutants.
The subject property is located in a residential district within the City of Burns, the county seat of Harney County, Oregon. Harney County is located in southeastern Oregon and is the largest county in Oregon. The county has a diverse landscape, with forests, prairie, lakes, streams, desert and mountains. Harney County offers abundant outdoor recreation opportunities, including alpine and Nordic skiing, fishing, hunting, hiking, the scenic beauty of the Malheur and Ochoco National Forests, and Steens Mountain.

Harney County has traditionally depended on three industries, cattle, sheep, and timber. The railroad, extended into the area in 1883, and served as a catalyst to the cattle industry, but later contributed to its decline by bringing farmers and sheep ranchers to the area, creating increased competition for productive land. Harvesting and breeding of wild horses was lucrative for a period. Harney County shares the largest Ponderosa Pine forest in the nation with Grant County. Its abundance of game, numerous campsites and excellent fishing have stimulated fast-growing recreational activities. Although county lands were open to homesteading from 1862 to 1934, the U.S. Bureau of Land Management still owns more than three million acres, or 62% of the county.

Population growth is attributable to natural increase and substantial in-migration. Oregon has had historically high in-migration. Recession, slow job recovery, and national prevalence of unfavorable home mortgage positions substantially reduced all migration in the late 2000s into the early 2010s. Oregon population growth has recovered, but has not attained the growth rates seen in the 1990s. Harney County population fell during the financial crises of the 2000s, and has remained stable since 2010. The Median Household Income in Burns is $39,308, which is 68% the Statewide figure.

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</thead>
<tbody>
<tr>
<td>Oregon</td>
<td>4,076,350</td>
<td>4,013,845</td>
<td>3,962,710</td>
<td>3,837,300</td>
<td>3,421,436</td>
</tr>
<tr>
<td>Harney County</td>
<td>7,320</td>
<td>7,295</td>
<td>7,265</td>
<td>7,445</td>
<td>7,609</td>
</tr>
<tr>
<td>Burns / Hines</td>
<td>4,390</td>
<td>4,390</td>
<td>4,395</td>
<td>4,370</td>
<td>4,687</td>
</tr>
</tbody>
</table>

Employment: Oregon’s seasonally adjusted unemployment rate was 4.1% in December 2017, compared with 4.5% the year before. The Harney County rate was 6.4% in December, compared with 5.7% 12 months prior. The Harney County rate typically runs well above the Statewide rate, as well as that of neighboring Malheur County, which benefits from the Ontario OR / Fruitland ID economic hub.

The local manufacturing sector was seriously impacted by the financial crisis of the late 2000s. Louisiana-Pacific closed their laminated veneer mill in Hines in late 2007 (although most workers had already been furloughed).
The bankruptcy of Monaco Motor Coach closed their fiberglass fabrication plant (motor home parts) in 2008, laying off 100 workers. As of 2009, almost half of Harney County nonfarm employment depended directly on federal, state, and local (including tribal) government. Employment has recovered as would be expected, following but lagging Statewide trends.

Subject Neighborhood

The City of Burns is on US Highways 20 and 395, 150 (highway) miles north of the Nevada border. Regionally, Burns is about 195 miles south of Pendleton, via US-395 south from I-84, and 250 miles east of Albany, via US-20 from I-5 in the Willamette Valley. Bend, on Hwy 97 in Deschutes County, is the nearest city with population over 50,000. The greater Burns – Hines trade area is estimated to serve over 5,500 people, or approximately 75% of county residents. Crane is the only other significant population center in the County, home to roughly 2% of county population.

Burns – Hines is laid out in traditional urban block patterns, filled with residential development of various types, quality, and effective age. Commercial uses almost exclusively follow the highway corridors, with some professional office and smaller commercial shop applications in secondary locations. Outside the city limits, land turns almost immediately to prairie and agriculture / ranching.

In addition to local industries, Burns is historically popular with RV-ers and hunters, which bring summer and fall seasonal business. Burns – Hines supports three decent budget / economy class motels, and many retail and service businesses typical of a rural economic hub. Commercial vacancy is relatively low, with some trading occurring. A church in Hines recently sold for conversion to a restaurant, and Dollar Tree is reported to be looking for a location in Burns. When a business goes dark, another prospective owner has usually been found to step in. Additionally, a charter school and an early childhood development center have opened in the past decade.

The immediate subject vicinity is an established built-up single family residential district in southern Burns. Home prices in the district trend very close to median, with some trading and occasional new construction occurring. Employment and population are stable. Local governments are actively seeking new industries that will bring jobs. The market area is seen as effectively stable, with no negative factors noted that would in the near term adversely affect the neighborhood, or the subject property specifically.
### PROPERTY DESCRIPTION

<table>
<thead>
<tr>
<th>Property Address:</th>
<th>618 S Fairview Ave., Burns, OR 97720</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Site Description:</strong></td>
<td>Rectilinear almost full-block site in an established single-family residential district. The site is level at street grade, with public utilities available.</td>
</tr>
<tr>
<td><strong>Land Area:</strong></td>
<td>74,500 SF, by legal description and plat map.</td>
</tr>
<tr>
<td><strong>Title:</strong></td>
<td>No investigation of title was provided. Upon site inspection and interview with representatives, no adverse factors are noted, and this appraisal assumes that none exist. Note that we are not lawyers; seek competent assistance with legal matters. Please see also the assumptions and limiting conditions.</td>
</tr>
<tr>
<td><strong>Flood Plain:</strong></td>
<td>FEMA FIRM panel 410084 0001D (12/22/98) locates the subject in zone X, outside mapped flood areas.</td>
</tr>
<tr>
<td><strong>Environmental:</strong></td>
<td>No environmental investigation report was provided. Upon property inspection and interview with representatives, no adverse factors are noted, and this appraisal assumes that none exist. Please refer also to the Assumptions and Limiting Conditions.</td>
</tr>
<tr>
<td><strong>Geology:</strong></td>
<td>A geotechnical report was not provided. Based on subject and surrounding development, subject soils are assumed stable, capable of supporting development commensurate with the concluded highest and best use.</td>
</tr>
<tr>
<td><strong>Zoning:</strong></td>
<td>PF, Public Facility, by the City of Burns. The subject as improved is a legal conforming use. Had the subject improvements not been built, the land would be RS, Single-Family Residential, which is the basis for our Land Valuation.</td>
</tr>
<tr>
<td><strong>Improvement Description:</strong></td>
<td>The site is developed with an Oregon National Guard Armory, 12,294 SF. The building is poured-in-place concrete over heavy slab-on-grade foundation, and wood frame roof structure with membrane cover, in good condition. The building has a large central hall (5,750 SF) with high ceiling, which is encircled on three sides by lower-height office and accessory uses. Interior divisions include offices, classrooms, kitchen, locker room, restrooms with showers, storage, and a boiler room. The boiler provides steam heat to the accessory wings. The central hall is heated by suspended space heaters.</td>
</tr>
</tbody>
</table>
The interior has minimal finish. The central hall has painted walls, sealed concrete floor, and exposed-structure ceiling with suspended high-intensity lighting. The accessory areas have painted composition panels or acoustical tile ceilings with surface-mount fluorescent lighting, and linoleum tile floor cover.

Overall, the improvements are of average-plus original quality and in good condition.

The property also includes a utility/storage shed, wood frame with galvanized metal cover, over concrete slab. The shed has electrical service and is lighted by suspended fixtures. The shed is in fair to poor overall condition, with gaps in the door frames and wall cover noted. The slab appears to be in good condition.

<table>
<thead>
<tr>
<th>SF GLA</th>
<th>Building</th>
<th>12,294</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shed</td>
<td>3,460</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>15,754</td>
<td></td>
</tr>
</tbody>
</table>

Site Coverage: 15,754 SF footprint / 74,500 SF usable land area = 21%. This is within market standards and does not suggest the presence of excess or surplus land.

Parking: Small paved parking area by the front entrance. Larger graveled interior site. With 21% site coverage, parking is assumed to be functional and adequate.

Environmental: No adverse environmental issues are noted, and this appraisal assumes that none exist. Please see also the Site Description, and Assumptions and Limiting Conditions.

<table>
<thead>
<tr>
<th>Depreciation</th>
<th>Main Bldg</th>
<th>Shed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual Age - Years (Est.)</td>
<td>65</td>
<td></td>
</tr>
<tr>
<td>Effective Age - Years</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td>Economic Life - Years</td>
<td>50</td>
<td>30</td>
</tr>
<tr>
<td>Remaining Economic Life - Years</td>
<td>40</td>
<td>15</td>
</tr>
<tr>
<td>Depreciation</td>
<td>20.0%</td>
<td>50.0%</td>
</tr>
<tr>
<td>Component Cost / Entire</td>
<td>91.1%</td>
<td>8.9%</td>
</tr>
<tr>
<td>Weighted Avg by Cost</td>
<td>22.7%</td>
<td></td>
</tr>
</tbody>
</table>
**Functional Utility:**
The improvements are built to suit, with an open, functional layout. However, without the specific user, a building of the subject quality and original cost would not be built today. Some functional obsolescence is indicated.

**Externals:**
The subject is a legal use. However, the residential neighborhood would not welcome an alternative use that generated additional traffic, and/or remained open later in the evening. The existing improvements do not match the highest and best use as vacant. Substantial external obsolescence is indicated.
Subject from NW

Subject from SW
Main Hall

Main Hall
Lav / Shower

Kitchen
Storage

Boiler Room
SUBJECT PROPERTY PHOTOGRAPHS (Continued)

Office

Classroom(s)
SUBJECT PROPERTY PHOTOGRAPHS (Continued)

Metal Shed

Metal Shed
NE on US 20 from Fairview Ave

South on Fairview, toward subject
North on Fairview Ave

West on Taylor from Fairview
East on Fillmore from Grand ( @ SW Cor Subject Property)

North on Grand from Fillmore
HIGHEST AND BEST USE ANALYSIS

The Appraisal Institute defines the concept of highest and best use as follows:

“The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and 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.”

AS VACANT

Legal / Physical: The subject is zoned PF, Public Facility, which was done to accommodate the existing use. If not for the pre-existing Armory use, the subject land would be zoned RS, Single-Family Residential. The site is located in a built-up residential district with some trading occurring at close-to-median ($60,000 – $70,000) prices.

Marketability: Population trends are stable, with increasing employment, sustaining local demand for housing and services. Commercial vacancy is very low. Among residential properties, some trading is occurring, with a few lot sales found, and some new construction. The subject area is built-up, with median-quality housing, good location close to the city center, and almost no land available. The subject is effectively 13 platted lots; however, blocks in the subject neighborhood, although platted as 16, 5,000 SF lots, have typically been developed with 8 to 11 homesites. The subject site already shares the block with one, 13,500 SF homesite.

Highest and Best Use As Vacant: With employment growth and an affordable median price, the highest and best use as vacant is concluded to be nine to 13, 5,000 SF-plus, single-family homesites.

AS IMPROVED

Legal / Physical: The subject has good close-in location in a stable market area. The subject is legal and functional for the intended use. However, the improvements were built for a specific user, and would not be built today for the general market. Many alternative uses that do not ‘go dark’ at night (restaurant, brewpub) would be unwelcome in the neighborhood, even if legal approval could be obtained. Significant functional and external obsolescence are indicated, as analyzed in the Cost Approach.

Marketability: The subject has a large high-ceiling central area, and includes locker room and showers. With 92-feet length and 62.5 feet width, full-court basketball could be played in the main hall. The building has been used in the past by various school and civic organizations for winter sports practice. With a new charter school and another showing interest, conversations with professionals active in the local market all touched on the increasing demand for auxiliary practice space in the Burns / Hines area.

Highest and Best Use As Improved: The improvements are of average-plus original quality and in good condition. The improvements return substantial positive value to the land and are financially feasible by that measure. Addition, expansion, conversion, demolition, are not indicated. The highest and best use of the property as improved, is a civic use, offering auxiliary space to schools and organizations.

SITE VALUATION

In this section, the market value of the subject site is developed by comparing it with recent commercial land sales. The subject of this analysis is 74,500 SF of residential land, assumed to be best marketable as 10 homesites (all 5000+ SF, averaging 7450 SF per lot).

SITE COMPARABLE SALES ANALYSIS

When applicable, comparables are first adjusted for property rights conveyed, non-market financing, and market conditions. Land sales are then adjusted to the subject according to comparable elements of zoning, location, physical characteristics, and potential economic use.

Comparable land sales are summarized on the following pages. Unadjusted lot sales range from $10,000 to $50,000 per lot, or $0.59 to $4.00/SF, and represent the most recent land sales throughout the local market area.

Comparable 1 ($10,000 / $1.08/SF) is the sale of a 9,300 SF lot in a transitional area adjacent an industrial area east of the subject. The property included an obsolescent, non-habitable house that was considered a detriment. With inferior location, demolition costs, and larger lot area, this comparable supports a higher per-lot and higher per-SF value for the subject.

Comparable 2 ($12,000 / $0.58/SF) is the sale of two platted lots (20,000 SF) for construction of a 1,570 SF home, SW of the subject, in Hines. With inferior location and larger lot area, this comparable supports a higher per-lot and higher per-SF value for the subject.

Comparable 3 ($50,000 / $1.29/SF) is the sale of a much larger lot with a highway-front commercial component, and zoned residential in the rear. The larger land area and commercial potential supports a lower per-lot value for the subject.

Comparable 4 ($25,000 / $1.80/SF) is the sale of a larger parcel on Steens Highway (OR-78) east of the subject, on the fringe of developed areas. This was marketed as having commercial potential, but received no interest until the price was reduced over 50%, and remains undeveloped. With larger land area and commercial potential, the comparable supports a lower per-lot value and a higher per-SF value for the subject.

Comparable 5 ($20,000/lot / $4.00/SF) is the 2012 sale of one of the few remaining lots in the immediate subject neighborhood. The smaller-than-average area bears upward on the per-SF price (superior), while the per-lot value is considered comparable. This comparable supports a lower per-SF value, but a similar per-lot value for the subject.
SITE VALUATION (continued)

**Concluded Site Value**

Comparables support per-SF and per-lot values within the top of the range. The following values are indicated for the subject:

<table>
<thead>
<tr>
<th>Indicated Land Values</th>
<th>Units</th>
<th>@@</th>
<th>$$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per-Lot</td>
<td>10</td>
<td>20,000</td>
<td>200,000</td>
</tr>
<tr>
<td>Per-SF</td>
<td>74,500</td>
<td>$2.00 - $3.00</td>
<td>$149,000 - $223,500</td>
</tr>
</tbody>
</table>

Our final opinion of land value is rounded to:

$200,000

The concluded land value will be used in the following Cost Approach.
## Comparable Sale Table

<table>
<thead>
<tr>
<th>Name/Location</th>
<th>Date of Sale</th>
<th>Usable Site SF</th>
<th>Usable Site Ac.</th>
<th>Units</th>
<th>Adj. Sale Price</th>
<th>Utilities Available</th>
<th>Shape</th>
<th>Topography</th>
<th>Proposed Use</th>
<th>Existing Improvements</th>
<th>Price per SF / Unit / AC</th>
</tr>
</thead>
<tbody>
<tr>
<td>178 S Fir Ave Burns, OR 97720</td>
<td>1/24/2017</td>
<td>9,300 SF</td>
<td>0.21 Acres</td>
<td>N/A</td>
<td>$10,000</td>
<td>All</td>
<td>Rectangular</td>
<td>Level, at street grade</td>
<td>SFR</td>
<td>House - Tear-Down</td>
<td>$1.08 N/A $46,838.71</td>
</tr>
<tr>
<td>543 N Saginaw Ave Hines, OR 97738</td>
<td>3/2/2015</td>
<td>20,400 SF</td>
<td>0.47 Acres</td>
<td>N/A</td>
<td>$12,000</td>
<td>All</td>
<td>Rectangular</td>
<td>Level, at street grade</td>
<td>Platted Lot</td>
<td>New Home - 1570 SF, 2016</td>
<td>$0.59 N/A $25,623.53</td>
</tr>
<tr>
<td>1401 Hines Blvd Burns, OR 97720</td>
<td>2/5/2015</td>
<td>38,768 SF</td>
<td>0.89 Acres</td>
<td>N/A</td>
<td>$50,000</td>
<td>All</td>
<td>Irregular</td>
<td>Level, at street grade</td>
<td>Outdoor Sales Lot</td>
<td>Small low-cost bldg, Rentable Billboard</td>
<td>$1.29 N/A $56,179.78</td>
</tr>
<tr>
<td>OR-78 &amp; N Ivy Ave Burns, OR 97720</td>
<td>1/15/2015</td>
<td>13,900 SF</td>
<td>0.32 Acres</td>
<td>N/A</td>
<td>$25,000</td>
<td>All</td>
<td>Rectangular</td>
<td>Level, at street grade</td>
<td>SFR</td>
<td>None</td>
<td>$1.80 N/A $78,345.32</td>
</tr>
<tr>
<td>417 S Fairview Ave Burns, OR 97720</td>
<td>6/8/2012</td>
<td>5,000 SF</td>
<td>0.11 Acres</td>
<td>N/A</td>
<td>$20,000</td>
<td>All</td>
<td>Rectangular</td>
<td>Level, at street grade</td>
<td>SFR</td>
<td>None</td>
<td>$4.00 N/A $174,240.00</td>
</tr>
</tbody>
</table>
COMPARABLE PHOTOS

Comp # 1.

178 S Fir Ave

Comp # 2.

543 N Saginaw Ave
COMPARABLE PHOTOS (continued)

Comp # 3.

1401 Hines Blvd

Comp # 4.

OR-78 & N Ivy Ave
Typically under the Cost Approach: 1) the replacement cost new of the improvements is estimated; 2) accrued depreciation, if any, is deducted from this amount; and 3) the resultant amount is added to concluded land value to return the indicated market value via the Cost Approach.

Replacement cost is defined as follows:

"The estimated cost to construct, at current prices as of the effective appraisal date, a building with utility equivalent to the building being appraised, using modern materials and current standards, design, layout." 4

Marshall Valuation Analysis

The subject of this analysis is a former armory, with highest and best use as a civic use, and including one metal outbuilding.

<table>
<thead>
<tr>
<th>MARSHALL VALUATION</th>
<th>Central Building</th>
<th>Wings</th>
<th>Shed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marshall Section / Page</td>
<td>14 / 22</td>
<td>14 / 22</td>
<td></td>
</tr>
<tr>
<td>Construction Class</td>
<td>B - Concrete</td>
<td>B - Concrete</td>
<td>S - WF + Metal</td>
</tr>
<tr>
<td>Original Quality (1 - 4)</td>
<td>2.0 - Avg</td>
<td>2.0 - Avg</td>
<td>1.5 - Low Cost</td>
</tr>
<tr>
<td>Building Area (SF GLA)</td>
<td>5,750</td>
<td>6,544</td>
<td>3,460</td>
</tr>
<tr>
<td>Base Cost</td>
<td>$83.04</td>
<td>$83.04</td>
<td>$32.00</td>
</tr>
<tr>
<td>HVAC Adjustment</td>
<td></td>
<td>5.65</td>
<td></td>
</tr>
<tr>
<td>Heavy Floor (Additional)</td>
<td></td>
<td>1.56</td>
<td></td>
</tr>
<tr>
<td>Adjusted Base Cost</td>
<td>$84.60</td>
<td>$88.69</td>
<td>$32.00</td>
</tr>
<tr>
<td>Floor area / Perimeter</td>
<td>0.984</td>
<td>0.984</td>
<td>1.000</td>
</tr>
<tr>
<td>Story Height</td>
<td>1.231</td>
<td>0.960</td>
<td>1.000</td>
</tr>
<tr>
<td>Current Cost</td>
<td>1.040</td>
<td>1.040</td>
<td>1.040</td>
</tr>
<tr>
<td>Local Cost</td>
<td>1.080</td>
<td>1.080</td>
<td>1.080</td>
</tr>
<tr>
<td>Adjusted Unit Cost</td>
<td>$115.10</td>
<td>$94.10</td>
<td>$35.94</td>
</tr>
<tr>
<td>Subtotals</td>
<td>$661,825</td>
<td>$615,790</td>
<td>$124,352</td>
</tr>
<tr>
<td>Estimated Improvement Costs</td>
<td></td>
<td></td>
<td>$1,401,967</td>
</tr>
<tr>
<td>Site Improvements (Grade / Gravel / Parking)</td>
<td>65,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Landscaping</td>
<td></td>
<td>10,000</td>
<td></td>
</tr>
<tr>
<td>HARD &amp; SOFT COSTS</td>
<td>$1,476,967</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Per SF</td>
<td></td>
<td></td>
<td>$93.75</td>
</tr>
</tbody>
</table>

Allocating total costs by each building’s contribution to the whole, returns the following allocated costs:

<table>
<thead>
<tr>
<th>Armory</th>
<th>Shed</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of whole</td>
<td>91.1%</td>
</tr>
<tr>
<td>$/SF</td>
<td>$109.45</td>
</tr>
</tbody>
</table>

---

Improvement Cost Conclusion

Actual costs were not provided and would not be useful. Based on Marshall analysis, Direct, indirect and Site Improvement costs are concluded at $1,476,967.

Absorption Costs

Absorption costs typically include rent loss and leasing commissions during an initial lease-up period. Since the improvements would be 100% owner-occupied upon completion, absorption costs are not applicable.

Developer’s Profit & Overhead

This cost item typically ranges from 7.5% to 15% of costs-plus-land value, and includes developer’s overhead, staff, and profit. The subject being built for owner occupancy reduces the profit motive, and eliminates lease-up risk. Also the subject is architecturally plain, and developed according to a known and repeatable design. Based on market norms and the magnitude of the cost numbers, a 7.5% allocation to developer overhead & profit is concluded in this analysis, which is applied to the improvement-plus-land cost.

Total Replacement Cost New

Direct and indirect costs, absorption costs, and developer’s overhead for the subject improvements result in a total replacement cost new of **$1,602,365** ($130.34/SF).

Accrued Depreciation

From the improvement replacement cost new, a dollar amount of depreciation is deducted. There are three types of depreciation: physical, functional, and external.

Physical: The subject is of average-plus quality and in good condition. Physical deterioration was calculated in the Property Description section, as follows.

<table>
<thead>
<tr>
<th>Depreciation</th>
<th>Main Bldg</th>
<th>Shed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual Age - Years (Est.)</td>
<td>65</td>
<td></td>
</tr>
<tr>
<td>Effective Age - Years</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td>Economic Life - Years</td>
<td>50</td>
<td>30</td>
</tr>
<tr>
<td>Remaining Economic Life - Years</td>
<td>40</td>
<td>15</td>
</tr>
<tr>
<td>Depreciation</td>
<td>20.0%</td>
<td>50.0%</td>
</tr>
<tr>
<td>Component Cost / Entire</td>
<td>91.1%</td>
<td>8.9%</td>
</tr>
<tr>
<td>Weighted Avg by Cost</td>
<td>22.7%</td>
<td></td>
</tr>
</tbody>
</table>

Aggregate physical depreciation of **22.7%** is applied to the entire Replacement Cost New.
**Functional:** The improvements are designed for a specific user. The highest and best use, as a civic use, could be accomplished with a simple metal building. Pre-fab metal buildings run in the $70/SF range, and are available used for less. Considering the high ceiling, a working value of $80/SF is used in the following calculation.

The subject’s concrete construction and heavy floor are an overimprovement for the highest and best use as a meeting/practice facility. The allocated armory cost of $109.45/SF, minus $80/SF ($29.45/SF on the armory only), is allocated to functional obsolescence. Total functional obsolescence is (12,294 SF x $29.45) **$362,058.**

**External:** The subject’s marketability and potential uses are limited by its location and zoning. In addition, the economics and demographics of the local market area limit obtainable prices, as seen in the Sales Comparison Approach. This constitutes external obsolescence. The concluded value by the sales comparison approach is $345,000. The cost approach indication including physical deterioration, functional obsolescence, and land value, is $1,076,860. The difference, **$731,860,** is allocated as external obsolescence.

**Concluded Value Cost Approach**

This analysis is summarized on the chart on the following page. The estimated value of the subject land ($200,000), and the depreciated subject improvement cost ($145,000) are added together. Based on this analysis, the market value of the subject property indicated by the Cost Approach, is rounded to:

**$345,000**
### COST APPROACH SUMMARY TABLE

<table>
<thead>
<tr>
<th>Cost Components</th>
<th>Total Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
</tr>
<tr>
<td><strong>Replacement Costs</strong></td>
<td>$</td>
</tr>
<tr>
<td>Hard &amp; Soft Costs</td>
<td>$</td>
</tr>
<tr>
<td>Main Bldg 12,294 SF GLA x $109.45 /SF</td>
<td>$1,345,517</td>
</tr>
<tr>
<td>Shed 3,460 SF GLA x $37.99</td>
<td>$131,450</td>
</tr>
<tr>
<td>Total 15,754 $93.75</td>
<td>$1,476,967</td>
</tr>
<tr>
<td>Absorption Costs (Commissions)</td>
<td>$0</td>
</tr>
<tr>
<td>Developer Profit &amp; Overhead 7.5%</td>
<td>$125,773</td>
</tr>
<tr>
<td><strong>Total Replacement Cost New</strong></td>
<td>$1,602,740</td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
<td>$</td>
</tr>
<tr>
<td>Physical Deterioration 22.7%</td>
<td>($363,822)</td>
</tr>
<tr>
<td>Functional Obsolescence</td>
<td>($362,058)</td>
</tr>
<tr>
<td>External Obsolescence</td>
<td>($731,860)</td>
</tr>
<tr>
<td><strong>Total Depreciation</strong></td>
<td>($1,457,740)</td>
</tr>
<tr>
<td><strong>Depreciated Replacement Cost</strong></td>
<td>$145,000</td>
</tr>
<tr>
<td><strong>Land Value</strong> 10 lots x $20,000</td>
<td>$200,000</td>
</tr>
<tr>
<td><strong>Concluded Value</strong></td>
<td>$345,000</td>
</tr>
<tr>
<td><strong>CONCLUDED STABILIZED VALUE (Rounded)</strong></td>
<td>$345,000</td>
</tr>
</tbody>
</table>
The Sales Comparison Approach develops an indication of value by comparing the subject property to similar recently-sold properties. The most relevant unit of comparison for larger special-use properties is the sales price per square foot heated / usable area. The subject of this analysis is a former armory, with highest and best use as a civic use, and including one metal outbuilding (22% total GLA).

**Comparable Sales Analysis**

Selected comparables range from $21.43 to $67.94/SF GLA. The comparables represent recent sales from throughout a regional market area, which were available for analysis. Institutional-quality properties as well as big-box commercial properties were researched.

Comparable 1 ($45.14/SF) is the sale of a auto body shop in an industrial area east of the subject. The smaller floor area bears upward on the per-SF price (superior). The seller also included the paint booth and substantial equipment. This comparable supports a lower market value for the subject.

Comparable 2 ($41.98/SF) is the sale of a former institutional quality building (church) on a large lot, for conversion to a restaurant. The property was reported to be in very good condition. The buyer previously lived in Burns, and returned for this project. With similar site coverage, superior condition, commercial zoning, and smaller (superior) floor area, this comparable supports a lower per-SF market value for the subject.

Comparable 3 ($22.57/SF) is the sale of a church complex in Redmond, a superior market area. The property includes church, meeting hall, two older un-renovated houses, and a freestanding garage. Superior location is offset by much inferior land complement and parking. This comparable supports a similar market value for the subject.

Comparable 4 ($21.43/SF – $375,000) is the long-term listing of the Wagner Furniture store in Burns. This has been on and off the market over the years and is currently listed with an out-of-area agent, who is not aggressively promoting it. Local professionals who know the owners report it’s still for sale, but receives little or no interest at this price. Superior highway location is offset by inferior land complement and functionally inferior site shape. This comparable supports a similar per-SF market value, and a lower overall sales price for the subject.

Comparable 5 ($22.88/SF) is the sale of a church in Dillard, OR, a small community outside Roseburg. This property included sanctuary, meeting hall, full kitchen, and 6 classrooms. A central HVAC unit was less than a year old at time of sale. With similar land complement, inferior age, condition, and wood frame construction (inferior remaining economic life), offset by status as a listing, this comparable supports a similar market value for the subject.

Comparable 6 ($67.94/SF) is the sale of a box retail store in Burns. The buyer is a group of investors that are bringing their own tenant, also represented by a group. With so many moving parts, a long escrow period is anticipated, with parties hoping to close ‘sometime in 2018.’ A newer building (2002), with highway frontage, commercial zoning, and buyer motivations, this comparable supports a lower market value for the subject.
## Comparable Sale Table

<table>
<thead>
<tr>
<th>Name/Location</th>
<th>Property Type</th>
<th>Property Use</th>
<th>Date of Sale</th>
<th>Building Area</th>
<th>Tenancy Year Built</th>
<th>Site Coverage Bldg : Land</th>
<th>Vacancy</th>
<th>Adj. Sale Price</th>
<th>Price / SF</th>
<th>Capitalization Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 67 E Railroad Ave Burns, OR 97720</td>
<td>Retail</td>
<td>Auto Repair</td>
<td>12/26/2017</td>
<td>2,880 SF GLA</td>
<td>Single Tenant 1959</td>
<td>19.20% 0.19:1</td>
<td>100.0%</td>
<td>$130,000</td>
<td>$67.94</td>
<td>N/A</td>
</tr>
<tr>
<td>2 211 W Barnes Ave Hines, OR 97738</td>
<td>Special Religious Facility</td>
<td>Special Religious Facility</td>
<td>1/22/2017</td>
<td>3,335 SF NRA</td>
<td>Single Tenant 1976</td>
<td>21.17% 0.21:1</td>
<td>100.0%</td>
<td>$140,000</td>
<td>$41.98</td>
<td>N/A</td>
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<tr>
<td>3 536 SW 12th St Redmond, OR 97756</td>
<td>Special Religious Facility</td>
<td>Special Religious Facility</td>
<td>5/11/2016</td>
<td>18,834 SF NRA</td>
<td>Single Tenant 1961</td>
<td>53.81% 0.54:1</td>
<td>100.0%</td>
<td>$425,000</td>
<td>$22.57</td>
<td>N/A</td>
</tr>
<tr>
<td>4 Wagner's Furniture (Listing) 180 Hines Blvd Burns, OR 97720</td>
<td>Retail</td>
<td>General Freestanding</td>
<td>Listing</td>
<td>17,500 SF GLA</td>
<td>Single Tenant 1977</td>
<td>32.93% 0.33:1</td>
<td>0.0%</td>
<td>$375,000</td>
<td>$21.43</td>
<td>N/A</td>
</tr>
<tr>
<td>5 Dillard, OR 97432</td>
<td>Special Religious Facility</td>
<td>Listing</td>
<td>8,087 SF NRA</td>
<td>Single Tenant 1957</td>
<td>20.63% 0.21:1</td>
<td>100.0%</td>
<td>$185,000</td>
<td>$22.88</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>6 1015 Oregon Ave Burns, OR 97720</td>
<td>Retail</td>
<td>General Freestanding</td>
<td>Pending Sale</td>
<td>15,087 SF GLA</td>
<td>Single Tenant 2002</td>
<td>22.35% 0.22:1</td>
<td>100.0%</td>
<td>$1,025,000</td>
<td>$67.94</td>
<td>N/A</td>
</tr>
</tbody>
</table>
COMPARABLE PHOTOS

Comp # 1.

67 E Railroad Ave

Comp # 2.

211 W Barnes Ave

117JG-374
Comparing Photos (continued)

Comp # 3.

536 SW 12th St

Comp # 4.

180 Hines Blvd
Comp # 5.

Comp # 6.

1015 Oregon Ave
IMPROVED SALE MAP
INDICATED VALUE, SALES COMPARISON APPROACH

Comparables support a market value in the $21.43 – $22.88/SF range for the subject property. Considering subject specifics and comparables, a market value of $22.00/SF is concluded. The as is market value indicated by the sales comparison approach is (15,754 SF x $22) rounded to:

$ 345,000
RECONCILIATION AND FINAL VALUE CONCLUSIONS

The reconciliation of value is the final step in the appraisal process and involves the reviewing and weighing of the individual valuation techniques in relationship to their quality, and the reliability and applicability of each valuation technique to the subject property. The reconciliation criteria are appropriateness, accuracy, and quantity of evidence. The following values were concluded in this report:

<table>
<thead>
<tr>
<th>VALUATION APPROACH</th>
<th>VALUE CONCLUSION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost Approach</td>
<td>$ 345,000</td>
</tr>
<tr>
<td>Income Capitalization Approach – Direct Capitalization</td>
<td>N / A</td>
</tr>
<tr>
<td>Sales Comparison Approach:</td>
<td>$ 345,000</td>
</tr>
</tbody>
</table>

The Cost Approach is relied upon by market participants regarding special-use properties incorporating unique features, and/or containing a substantial land value constituent. An actual subject cost summary was not provided, and Marshall Valuation Calculator Cost Analysis was used to develop a cost estimate for the subject. Physical, Functional and External obsolescence were was concluded and appear reasonable. The Cost Approach returns a credible indication of real property value for the subject, but the external obsolescence conclusion depends on the sales comparison approach. The Cost Approach is given minor emphasis in development of the final opinion of as is market value.

The Sales Comparison Approach is the approach most strongly favored by prospective owner-users, and sale comparison analysis often reflects some amount of owner-user premium. Sales of directly comparable / competitive properties were not available for analysis, and transactions involving similar properties from throughout a greater market area were considered. Market activity displays typical trends, and this analysis is considered reliable. The Sales Comparison approach is credible, and is given primary emphasis in developing our final opinion of value.

As Is Fee Simple Value

Based upon the data, reasoning and conclusions summarized in this appraisal report, our final opinion of As Is Fee Simple value, as of January 12, 2018, is rounded to:

$ 345,000

Opinion(s) of value reported herein are contingent upon extraordinary assumptions and/or hypothetical conditions. See the end of this section for important information.
EXTRAORDINARY ASSUMPTIONS AND/OR HYPOTHETICAL CONDITIONS

Opinion(s) of value reported herein are contingent upon extraordinary assumptions and/or hypothetical conditions ("EA/HC"). EA/HC not met could have a negative impact on the value conclusions and could invalidate the entire appraisal. The appraisal report is subject to the following EA/HC:

• A Title Report or Preliminary was not provided to the appraisers. It is an extraordinary assumption in the appraisal that the subject property is correctly identified, and that title to the subject property is clear and marketable.
• An Environmental Investigation / Assessment Report was not provided to the appraisers. It is an extraordinary assumption in the appraisal that the property is free and clear of any adverse conditions.
• A Geotechnical Report was not provided to the appraisers. It is an extraordinary assumption in the appraisal that the subject soils are stable and support development commensurate with the concluded highest and best use.
• A Professional Inspection Report was not available. The appraisal assumes that the improvements are in good condition, and absent any defect, visible or otherwise, that would negatively affect property value.
CERTIFICATION OF APPRAISAL

It is hereby certified that, to the best of the appraisers’ 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 set forth, and are the personal, impartial, and unbiased professional analyses, opinions, and conclusions of the appraisers.

• The appraisers have no present or prospective interest in the property that is the subject of this report, and have no personal interest with respect to the parties involved.

• The appraisers have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

• The appraiser’s engagement in this assignment was not contingent upon developing or reporting predetermined or desired results, including but not limited to minimum valuation, specific valuation, or approval of a loan.

• This appraisal was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

• The appraiser’s compensation for completing this assignment is not contingent upon developing or reporting predetermined results value or direction of 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 appraisers’ analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, and with the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.

• Joseph Skilton made an inspection of the subject property, and viewed the neighborhood and the exterior of comparables used herein.

• No person not named herein provided significant professional assistance in performing this assignment.

• Use of this report is subject to the professional requirements of the Appraisal Institute regarding review by its duly authorized representatives.

• As of the date of this report, W. Paul Jackson MAI has completed the requirements of the continuing education program of the Appraisal Institute.

• We have Not provided valuation services involving the subject property in the past three years.

JACKSON GROUP NW, Inc.

Joseph B. Skilton Jan 18, 2018
Oregon Certified General Appraiser C000755
Washington Certified General Appraiser 1101924

W. Paul Jackson, MAI Jan 18, 2018
Oregon Certified General Appraiser C000548
Washington Certified General Appraiser 1100337
ADDENDA CONTENTS

Exhibit A: Qualifications, Client Contract and Communications
Exhibit B: Subject Property Information
Exhibit A
COMPANY PROFILE

Jackson Group NW, Inc. is a commercial real estate appraisal and consulting firm located in Portland, Oregon. The goal of the company is to provide appraisal and consultation services in a professional and timely manner. We provide appraisal services for properties located in Oregon and Washington. We are dedicated to the company's goal of providing quality appraisal and consultation services on a personal basis.

We have extensive experience in appraising and providing consultation services. Our scope of experience includes multiple property types and various ownership interests from small owner occupied properties to large institutional grade investments.

W. Paul Jackson, MAI has worked as a commercial appraiser and consultant since 1992. Mr. Jackson has experience in appraising multiple property types. He also has experience in appraising property for estate planning and court testimony. Over the years, in addition to the standard property types, he has developed valuable experience and expertise in the valuation of Hotels/Motels, gas stations/c-stores, mobile home parks, golf courses, institutional grade government buildings and a handful of other unique property types. Mr. Jackson prides himself on his ability to provide quality professional appraisal services that are both reliable and on time. Whatever your appraisals need, be it a simple owner occupied office or a complex re-development, you can rely on Mr. Jackson to provide you with the service you need.

Joseph B. Skilton has worked in real estate since 1978 as a land survey fieldman and drafter, cartographer (Ticor), real estate research analyst, corporate librarian, computer analyst, and real estate publisher (Real Estate Transaction Journal). Mr. Skilton joined us in 1999 and specializes in retail, general commercial, and special-use property appraisals.

Joseph A. Swaney had a prior career working in the information technology field as a computer programmer and database analyst. His first introduction to real estate was as a surveyor's chainman in his teenage years. He joined Jackson Group NW, Inc. in February 2005 as an assistant to W. Paul Jackson, and became a Certified General Appraiser in 2012.

William E. “Bill” Leavens has worked in the real estate community since high school where he did general construction, property management and accounts receivable for Leavens Investments, a family-owned rental property business. He began appraising in January 2003, specializing in apartment appraisals. Over the past decade Bill has gained extensive experience in appraising and providing consultation services for multifamily developments as a high value employee and also as the owner of his own appraisal firm. Bill brings a high level of customer service and expertise to our firm that is of great value to our clients and us.

To better serve our clients, Jackson Group NW, Inc. maintains state of the art computer equipment, real estate analytical software programs, libraries of comparable and resource data, property sales, lease transactions, property data computer retrieval systems, and other necessary tools and information relevant to the real estate appraisal and consultation field.
COMPANY PROFILE (CONTINUED)

Jackson Group NW, Inc. considers its clients to be its most valuable assets. We have served various small and large financial institutions, corporations, developers, private individuals, attorneys, accountants, and government agencies. Our appraisal experience extends to all types of commercial, industrial, residential, apartment, resort, agricultural, and special use properties.

Past appraisal assignments have been conducted to serve various functions, including mortgage financing, property purchase and disposition, lease/rent arbitration, litigation support, condemnation, property tax analysis and appeal services, and corporate planning purposes.

PROFESSIONAL SERVICES

• **Valuation Reports:** The market valuation of real property interests (*fee simple, leasehold, leased fee, etc.*) in various types of properties is the primary focus of most real property appraisal assignments performed by Jackson Group NW, Inc.

• **Real Estate Consulting:** Jackson Group NW, Inc. also conducts consulting assignments relating to all property types. Providing competent, unbiased, professional guidance on diversified problems in real estate has taken on ever increasing importance as a method of reducing the risks associated with the real estate field. The firm has undertaken such tasks as discounted cash flow analysis, highest and best use analysis, market studies, subdivision analysis, and market/feasibility analysis.

• **Arbitration, Litigation Support, and Expert Witness Services:** Jackson Group NW, Inc. also offers services for real estate matters involving arbitration (*ground rent renegotiations, tenant space lease renegotiations, etc.*). We also offer litigation support services to attorneys with various real estate problems. It is our goal to provide not only offensive, but defensive strategies, in a fair and unbiased manner, in order to expose the strengths and weaknesses of a particular case. Finally, we are experienced in working with attorneys in preparation for expert witness testimony.

• **Appraisal Review Services:** An appraisal review serves the purpose of analyzing the content and conclusions of an appraisal report. Clients consider an appraisal review to be a valuable tool in determining the credibility of an appraisal report, in order to reduce the risks associated with important lending, legal, and investment decisions.

• **Property Tax Analysis and Appeal Services:** The real property tax liability for property has a direct impact on its operating/holding expenses, net income, and associated market value. Therefore, competent representation before government agencies regarding ad valorem taxes can be critical in keeping this expense item in check.
PROFESSIONAL QUALIFICATIONS - W. PAUL JACKSON, MAI

Paul Jackson was born in Albany, Oregon and attended Oregon State University.

EDUCATION

- Oregon State University, Bachelor Degree Economics 1991

APPRAISAL INSTITUTE COURSES

<table>
<thead>
<tr>
<th>Course</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data Verification Methods</td>
<td>2016</td>
</tr>
<tr>
<td>Rates, Ratios: Making sense of GIMs, OARs, and DCF</td>
<td>2016</td>
</tr>
<tr>
<td>Forecasting Revenue</td>
<td>2016</td>
</tr>
<tr>
<td>Business Practices &amp; Ethics</td>
<td>2016</td>
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<tr>
<td>7-hour USPAP</td>
<td>2016</td>
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<tr>
<td>Business Practices &amp; Ethics</td>
<td>2014</td>
</tr>
<tr>
<td>Small Hotel/Motel Valuation</td>
<td>2014</td>
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<tr>
<td>Subdivision Valuation</td>
<td>2014</td>
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<tr>
<td>USPAP 7 hour Update</td>
<td>2011</td>
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<tr>
<td>Feasibility, Market Value, Investment Timing: Option Value</td>
<td>2011</td>
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<tr>
<td>Scope of Work: Expanding Your Range of Services</td>
<td>2011</td>
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<tr>
<td>Appraising Convenience Stores</td>
<td>2009</td>
</tr>
<tr>
<td>Site Valuation and Cost Approach</td>
<td>2008</td>
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<tr>
<td>Analyzing Operating Expenses</td>
<td>2008</td>
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<tr>
<td>Analyzing Distressed Real Estate</td>
<td>2008</td>
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<tr>
<td>USPAP National Course Update</td>
<td>2008</td>
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<tr>
<td>Using Your HP12C Financial Calculator</td>
<td>2006</td>
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<tr>
<td>Feasibility, Market Value, Investment Timing: Option Value</td>
<td>2006</td>
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<tr>
<td>Appraisal Report Writing Seminar</td>
<td>2004</td>
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<tr>
<td>Small Hotel / Motel Valuation</td>
<td>2004</td>
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<tr>
<td>GIS Applications for Real Estate Appraisal</td>
<td>2004</td>
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<tr>
<td>Course 400, USPAP National Course Update</td>
<td>2003</td>
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<tr>
<td>Search Strategies for Real Estate Appraisers</td>
<td>2001</td>
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<tr>
<td>Valuation of Detrimental Conditions in Real Estate</td>
<td>2001</td>
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<tr>
<td>Appraisal of Nursing Facilities</td>
<td>2001</td>
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<tr>
<td>Appraising From Blueprints and Specifications</td>
<td>2001</td>
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<tr>
<td>Course 550, Advanced Applications</td>
<td>1998</td>
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<tr>
<td>Course 540, Report Writing and Valuation Analysis</td>
<td>1997</td>
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<tr>
<td>Course 530, Advanced Sales Comparison and Cost Approaches</td>
<td>1996</td>
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<tr>
<td>Course 510, Advanced Income Capitalization</td>
<td>1995</td>
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<tr>
<td>Course 520, Highest and Best Use and Market Analysis</td>
<td>1994</td>
</tr>
<tr>
<td>Course 410, Uniform Standards of Professional Appraisal Practice</td>
<td>1998</td>
</tr>
<tr>
<td>Course 420, USPAP, Ethics</td>
<td>1998</td>
</tr>
</tbody>
</table>

PROFESSIONAL LICENSES

- Certified General Appraiser:
  1) State of Oregon Certificate No. C000548
  2) State of Washington Certificate No. 1100337
PROFESSIONAL QUALIFICATIONS

- Designated Member of the Appraisal Institute (MAI)

PROFESSIONAL EXPERIENCE

- Owner, Jackson Group NW, Inc., Portland, Oregon 2013 to Present
- Owner, Cassinelli Jackson LLC, Portland, Oregon 1997 to 2013
Appraiser Certification and Licensure Board
State Certified General Appraiser
28 hours of continuing education required for renewal

W. Paul Jackson
Jackson Group NW INC
4850 SW Scholls Ferry RD # 102
Portland, OR 97225

License No.: C000548
Issue Date: July 1, 2016
Expiration Date: June 30, 2018

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

WILLIAM PAUL JACKSON
JACKSON GROUP NW INC
4850 SW SCHOLLS FERRY ROAD
SUITE 305
PORTLAND OR 97225

1100337 License Number 12/27/2004 Issued Date 07/12/2018 Expiration Date

Pat Kohler, Director
PROFESSIONAL QUALIFICATIONS – JOSEPH SKILTON

EDUCATION

• Oregon State University, Major: Forest Engineering 1972 - 75
• Portland State University, Major: Economics 1975 - 77

APPRAISAL COURSES

• Appraisal Institute courses successfully completed:
  Course 550, Advanced Applications  October, 2003
  Course 520, Highest & Best Use and Market Analysis  March, 2003
  Course 510, Advanced Income & Capitalization Theory  February, 2001
  Course 410, Standards of Professional Practice (USPAP)  April, 2002
  Course 330, Apartment Appraisal  May, 2000
  Course 310, Basic Income & Capitalization Theory  June, 1999
  Course 120, Appraisal Procedures  May, 1999
• Portland Community College:  Winter, 1999
  Foundations of Appraisal
  Residential Case Studies
  USPAP

CONTINUING EDUCATION

• McKissock Schools
  National USPAP Update (7-hour)  June 2016
  Appraisal Owner Occupied Properties  July 2016
  Appraisal Industrial Incubators  July 2016
  Appraisal Ground Leased Properties  July 2016
  Appraisal of Self-Storage Facilities  July 2014
  Land Valuation  July 2012
  Mortgage Fraud  July 2012
  Valuation of Shopping Centers for Mortgage Financing  July 2012
• Appraisal Institute
  The Discounted Cash Flow Model  July 2014
  Rates and Ratios  July 2014
  What Commercial Clients Want Appraisers To Know  August 2010
  Subdivision Valuation  July 2010
  Intro to Valuing Green Buildings  August 2010
  Analyzing Operating Expenses  July 2008
  Appraisal of Convenience Stores  June, 2008
PROFESSIONAL QUALIFICATIONS – JOSEPH SKILTON (CONTINUED)

Appraising From Blueprints and Specifications  February, 2006
Small Hotel / Motel Valuation  February 2006
Valuation of Detrimental Conditions  January, 2006

PROFESSIONAL CERTIFICATIONS

- Certified General Appraiser, State of Oregon  Cert. # C000755
- Certified General Appraiser, State of Washington  Cert. # 1101924

PROFESSIONAL EXPERIENCE

- Jackson Group NW Inc.
  Staff Appraiser  2013 – Present
- Cassinelli Jackson LLC, Portland, Oregon
  Staff Appraiser  2003 – 2013
  Appraisal Assistant  1999 – 2003
- Palmer Groth.& Pietka, Inc., Portland, Oregon
  Corporate Librarian / Editor, Real Estate Transaction Journal  1982 - 1999
- Ticor (Pioneer National) Title, Oregon Division
  Title Engineer / Cartographer  1978 - 1982
- Robert M. Swaney RPLS, Columbia County, Oregon
  Land Survey Fieldman and Drafter  1976 - 1978
STATE OF OREGON PURCHASE ORDER
OREGON MILITARY DEPARTMENT

Oregon Military Department, Attn: Art Arroyo
1776 Militia Way SE, Salem, Oregon 97301-6888

Bill to: Oregon Military Department, Attn: AGI
PO Box 14350, Salem, OR 97309-5047

Oregon Military Department, Attn: AGI
PO Box 14350, Salem, OR 97309-5047

Date 15-Dec-17

No. Invoices 1

Agency Object Code

Class

Program Cost Account Code

Fiscal Year 17-19

Price Agreement No.

Req. No.

Agency No. 24500

Vendor

Jackson Group NW Inc.
4850 SW Scholls Ferry Rd., Suite 305
Portland, OR 97225

Phone No.

Fax No.

Terms

Net 45 Days

Total

$4,250.00

Contractor shall provide an appraisal report to estimate the as is market value for the
Burns Armory, tax lot # 23S30E13AD06200. The appraisal services will conform to
the Uniform Standards of Professional Appraisal Practice (USPAP).

1. $4,250.00 NTE $4,250.00

Contractor shall coordinate the work with Agency's Project Manager, Art Arroyo,
Real Estate Manager, (503) 584-3494.

Contractor shall provide a verbal report of value to the Agency's Project Manager by
January 4, 2018. Contractor shall deliver the written appraisal to the Agency's
Project Manager by or on January 19, 2018.

NOTHING FOLLOWS

Contractor's Proposal dated 12/14/17 is referenced.

THIS PURCHASE ORDER SHALL NOT EXCEED $4,250.00 WITHOUT PRIOR WRITTEN
AUTHORIZATION FROM AGENCY.

This Purchase Order and the terms and conditions on page 2 constitute the entire agreement between the parties. There are no other
understandings, agreements or representations, oral or written.

Phone No.

I certify the above items are within current budget allowance

Authorizing Agent

Ordering By

Moya McKechnie, Procurement & Contract Specialist
(503) 584-3178

Approved

Timothy Giebler, Chief, Operations and Maintenance

DATE: 15-Dec-17

(503) 584-3491

Notice: Please reference the purchase order number on all
invoices, packing slips, shipping labels, and other
Correspondence. Failure to do so may result in delay of
payment.

TOTAL $4,250.00
1. DELIVERY: Deliveries will be F.O.B destination. Contractor shall pay all transportation and handling charges. Contractor is responsible and liable for loss or damage until final inspection and acceptance of the Goods. Contractor remains liable for latent defects, fraud, and warranties.

2. INSPECTIONS: Agency may inspect and test the Goods and related Services (collectively, Goods). Agency may reject non-conforming Goods and require Contractor to correct them without charge or deliver them at a reduced price, as negotiated. If Contractor does not cure any defects within a reasonable time, Agency may reject the Goods and cancel the PO in whole or in part. This paragraph does not affect or limit Agency's rights, including its rights under the Uniform Commercial Code, ORS chapter 72 (UCC).

3. PAYMENT: Agency shall pay Contractor within 30 days from (i) the date the Goods are delivered and accepted or (ii) the date the invoice is received, whichever is later. If Agency fails to pay within 45 days of such date, Contractor may assess overdue account charges up to a rate of 2.3% per month (8% APR) or the maximum rate allowed by law on the outstanding balance.

4. STATE PAYMENT OF CONTRACTOR CLAIMS: If Contractor does not pay promptly any claim that is due for Goods or Services furnished to the Contractor by any subcontractor in connection with this PO, the State may pay such claim and charge that payment against any payment due to the Contractor under this PO. The State's payment of a claim does not relieve the Contractor or its surety, if any, from their obligations for any unpaid claims.

5. WARRANTIES: Contractor represents and warrants that the Goods are new, current, and fully warranted by the manufacturer. Delivered Goods will comply with specifications and be free from defects in labor, material, and manufacture. All UCC implied and expressed warranties are incorporated in this PO. Contractor shall transfer all warranties to the State.

6. TERMINATION: (i) The parties may terminate this PO by mutual agreement. (ii) Agency may terminate this PO at any time with written notice to Contractor. Upon receipt of the written notice, Contractor shall stop performance, and Agency shall pay Contractor for Goods delivered and accepted. (iii) Agency may terminate this PO at any time if Agency fails to receive funding, appropriations, or other expenditure authority. (iv) If Contractor breaches any PO provision or is declared insolvent, Agency may terminate this PO for cause with written notice to Contractor, and Contractor shall be liable for all incidental and consequential damages resulting from its breach, including all damages as provided in the UCC.

7. HOLD HARMLESS: Contractor shall indemnify, defend and hold harmless the State and its agencies, their divisions, offices, officers, employees, and agents, from all claims, suits or actions of any nature arising out of or related to the activities of Contractor, its officers, subcontractors, agents or employees under this PO.

8. GOVERNING LAW, JURISDICTION, VENUE: This PO is governed by Oregon law, without resort to any other jurisdiction's laws. Any claim, action, suit, or proceeding between the State and the Contractor that relates to this PO (Claim) must be heard exclusively in the Circuit Court of Marion County for the State of Oregon. If the Claim must be brought in a federal court, then it must be heard exclusively in the US District Court for the District of Oregon. Contractor consents to the in personam jurisdiction of these courts. Neither this Section nor any other provision of this PO is a waiver of the State of any form of defense, sovereign immunity, governmental immunity, immunity based on the Eleventh Amendment to the US Constitution, or other immunity, from any Claim or from the jurisdiction of any court.

9. FORCE MAJEURE: Neither party is responsible for delay or default caused by an event beyond its reasonable control. Agency may terminate this PO without liability to Contractor upon written notice after determining the delay or default reasonably prevents performance of this PO.

10. ASSIGNMENT/SUBCONTRACT/SUCCESSIONS: Contractor shall not assign, transfer, or subcontract rights (Subcontract) or delegate responsibilities under this PO in whole or in part, without the prior written approval of Agency. This PO's provisions are binding upon and inure to the benefit of the parties to the PO and their respective successors and assigns.

11. ACCESS TO RECORDS: Contractor shall maintain all accounting records relating to this PO according to GAAP and any other records relating to Contractor's performance ('Records') for six (6) years from termination or as otherwise required. Contractor shall grant the State and its agencies, the Secretary of State, the Attorney General, the courts, and the IRS access to all Records. Records must be backed up and accessible to the IRS.

12. COMPLIANCE WITH APPLICABLE LAWS: Contractor shall comply with all applicable federal, state and local laws, regulations, executive orders, and ordinances, as amended (Rules), including: (i) Titles VI and VII of Civil Rights Acts of 1964; (ii) Sections 503 and 504 of the Rehabilitation Act of 1973; (iii) the Americans with Disabilities Act of 1990; (iv) Executive Order 11246; (v) The Age Discrimination in Employment Act of 1967, and the Age Discrimination Act of 1975; (vi) The Vietnam Era Veterans' Readjustment Assistance Act of 1974; (vii) ORS Chapter 659; (viii) ORS 279B.020, ., and 279B.270; (ix) all other applicable requirements of federal and state civil rights and rehabilitation statues, rules and regulations; (x) all federal and state laws governing the handling, processing, packaging, storage, labeling, and delivery of food products; and (xi) all regulations and administrative rules established pursuant to the following laws. Agency's performance is conditioned upon Contractor's compliance with, 279B.220, 279B.225, 279B.230, and 279B.235, as applicable. All applicable Rules are incorporated by reference in this PO.

13. WORKERS' COMPENSATION: Contractor shall comply with ORS 656.017 and provide the required workers' compensation coverage, unless exempt under ORS 656.126(2). Contractor shall ensure that its Subcontractors, if any, comply with these requirements.

14. SAFETY AND HEALTH REQUIREMENTS: Contractor represents and warrants that the Goods comply with all federal and Oregon safety and health requirements.

15. MATERIAL SAFETY DATA SHEET: Contractor shall provide Agency with a Material Safety Data Sheet for any Goods which may release, or otherwise result in exposure to, a hazardous chemical under normal conditions of use (OAR 437-002-0360 and 29 CFR 1910.120). Contractor shall label, tag or mark such Goods.

16. RECYCLABLE PRODUCTS: Unless otherwise required, Contractor shall use recycled and recyclable products to the maximum extent economically feasible in the performance of the PO. These products shall include recycled paper, recycled PETE products, other recycled products (ORS 279A.010(l)(gg),(hh),(ii)), and other recycled plastic resin products.

17. AMENDMENTS: All amendments to this PO must be in writing, signed by Agency.

18. SEVERABILITY: If a court of competent jurisdiction declares any provision of this PO to be invalid, the other provisions and the rights and obligations of the parties remain in effect.

19. WAIVER: Agency's failure to enforce any provision of this PO is not a waiver or relinquishment by Agency of its rights to such performance in the future or to enforce any other provisions.

20. AWARD TO FOREIGN CONTRACTOR: If Contractor is not registered to do business or has no office in the State of Oregon, Contractor shall promptly provide to the Oregon Department of Revenue and the Secretary of State Corporation Division all information required by those agencies relative to this PO. Agency may withhold final payment under this PO until Contractor has met this requirement.

21. TAX CERTIFICATION: Contractor hereby certifies under penalty of perjury: (a) the number shown on this form is the correct Federal Employer Identification Number; (b) it is not subject to backup withholding because (i) it is exempt from backup withholding, (ii) it has not been notified by the IRS that it is subject to backup withholding as a result of a failure to report all interest or dividends, or (iii) the IRS has notified Contractor that it is no longer subject to backup withholding; and (c) it is not in violation of any Oregon tax laws.
At your request, we will provide certain appraisal services relative to the above noted property. **As we understand it, we are to provide an Appraisal Report to estimate the As Is Market Value for the property located at the above address.** The appraisal services will conform to the Uniform Standards of Professional Appraisal Practice (USPAP). I am pleased to submit our contract for appraisal services to you, the details of which follow.

We will provide you with an Appraisal for the aforementioned subject property. **The written Appraisal will be delivered January 19, 2018, with a verbal report of value by January 4, 2018.** Report delivery dates assume prompt receipt of a signed contract and all necessary information. The appraiser shall not be held liable for any time delay caused by unforeseen circumstances beyond his control.

**The total professional fee for the assignment is $4,250. A returned signed copy of this contract is required before we can proceed with the appraisal assignment.** The fee will be due upon receipt of the appraisal report.

If additional consultation is necessary after the appraisal is completed, the client will be billed at an hourly rate of $300 per hour for all time expended. Any changes in the Agreement for Appraisal Services will be mutually agreed upon, in writing, and the fee will be adjusted accordingly, if necessary.

In the event that the appraiser is required to give testimony for any reason, or at any time in connection with this assignment, then the client agrees to assume any reasonable professional fees and related costs, including preparation time, not underwritten by the entity requiring such testimony. If the assignment is canceled for any reason prior to completion, the client will be billed at an hourly rate of $300 per hour for all time expended prior to cancellation.
Acceptance of this agreement by yourself, or a duly authorized agent, should be indicated by signing and mailing/delivering an authorized copy of this agreement to my attention. I look forward to working with you on this assignment, and should you have any questions on any aspect of this letter, please do not hesitate to call.

Sincerely,

JACKSON GROUP NW, INC.

W. Paul Jackson, MAI
Oregon Certified General Appraiser C000548
Washington Certified General Appraiser 1100337

ACCEPTANCE:

Arthur Arroyo MSG (Ret) Date
Oregon Military Department
Site # 41A30
Burns Armory

Address:
619 Fairview St
Burns, OR
97720-2322

Legend

- Gate
- Fence
- Parcels
  - 1950 Deed, Lots 9, 10, 11
  - 1953 Deed, Lots 1, 2, 3, 4, 5 and w 10 ft of 6, 7, 8
  - 1953 Deed, Lots 12, 13, 14, 15, 16
  - 1953 Vacated Alleyway
- Buildings
- Site Boundary

No warranty is made by the Oregon Military Department as to the accuracy, reliability, or completeness of this data for individual or aggregate use with other data. This map is a "living document" in that it is intended to change as new data becomes available and are incorporated into the OMD Enterprise GIS database.
December 14, 2017

Arthur Arroyo MSG (Ret)
Real Property Manager
Installations Office
OREGON MILITARY DEPARTMENT
Salem, OR

RE: BURNS ARMORY
ACCT. # 1547 / MAP / TAX LOT 23S30E13AD06200
618 Fairview Avenue
Burns, OR, 97720

Dear Mr. Arroyo,

At your request, we will provide certain appraisal services relative to the above noted property. As we understand it, we are to provide an Appraisal Report to estimate the As Is Market Value for the property located at the above address. The appraisal services will conform to the Uniform Standards of Professional Appraisal Practice (USPAP). I am pleased to submit our contract for appraisal services to you, the details of which follow.

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Sincerely,

JACKSON GROUP NW, INC.

W. Paul Jackson, MAI
Oregon Certified General Appraiser C000548
Washington Certified General Appraiser 1100337

ACCEPTANCE:

-----------------------------------------------------
Arthur Arroyo MSG (Ret) Date
Oregon Military Department
**HARNEY County Assessor's Summary Report**

**Real Property Assessment Report**

**FOR ASSESSMENT YEAR 2018**

**NOT OFFICIAL VALUE**

January 4, 2018 9:59:34 am

**Account #** 1547  
**Map #** 23S30E13-AD-06200  
**Code - Tax #** 0110-1547  
**Tax Status** NONASSESSABLE  
**Acct Status** ACTIVE  
**Subtype** NORMAL  
**Legal Descr** Metes & Bounds - See legal report for full description.  
**Mailing Name** STATE OF OREGON  
**Agent**  
**In Care Of**  
**Mailing Address**

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**Situs Address(s)**

**ID#** 618 S FAIRVIEW AVE

**Situs City** BURNS

**Value Summary**

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**Tax Summary**

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**STATE OF OREGON**

**HARNEY COUNTY TAX COLLECTOR**

**HARNEY COUNTY COURTHOUSE**

**BURNS, OREGON 97720**

**(541) 573-8365**

1/4/2018 9:59:58 AM
Harney County
Real Legal Descriptions

Account # 1547
Map 23S30E13AD-06200
Effective Date 01-Aug-2010 12:00 AM

Disclaimer This information is maintained for assessment and taxation purposes only. The county is not responsible for possible errors, omissions, misuse, or misinterpretation. The legal description shown will not show any changes and/or modifications thereto subsequent to the EFFECTIVE DATE.

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T23 S., R30 E.W.M. SEC 13AD TL6200
LAND IN FAIRVIEW ADDITION, CITY OF BURNS, HARNEY COUNTY, OREGON AS FOLLOWS: BLOCK 24: LOTS 1 TO 5 AND 9-16 AND THE WEST 10 FEET OF LOTS 6 TO 8
ALSO: THAT PORTION OF THE VACATED ALLEY WAY OF SAID BLOCK 24, ORDINANCE NO. 370, HARNEY COUNTY, DEED RECORDS.