

AGENDA

Public Lands Advisory Committee



Members

John Brown
Chair
Real Estate
Licensee

Bill Hansel
State Senator

Phil Barnhart
State Representative

Sara King
Land Use Planner

Vacant
Exec Branch #1

Vacant
Exec Branch #2

Vacant
Real Estate
Management

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

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

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

RECAP

Public Lands Advisory Committee



Meeting Date: January 25, 2018
Time: 1:30 pm to 3:30 pm
Location: General Services Building
Mt. Mazama Conference Room
1225 Ferry Street SE
Salem, OR 97301
Attendees: John Brown, Chair
Sara King, by phone
Representative Phil Barnhart, by phone
Absent: Senator Bill Hansel
Staff: Darrin Brightman, DAS, Sara Sanders, DAS
Guests: Art Arroyo, Oregon Military Department

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.

C. Old Business

1. There was no old business presented.

D. General Discussion

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

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**

Thursday January 25, 2018	Mt. Mazama Conference Room
Thursday April 26, 2018	Meeting Cancelled
Thursday May 24, 2018	Meeting Cancelled
Thursday July 26, 2018	Meeting Cancelled
Thursday October 25, 2018	Mt. Mazama Conference Room

PUBLIC LANDS ADVISORY COMMITTEE (PLAC)

January – 25- 2018 Meeting

Oregon Military Department (OMD)

Sale of La Grande 40 acres Property Site

Tax lot #3S 38E 24 101, Agency Parcel # 41875

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.

**PUBLIC LANDS ADVISORY COMMITTEE (PLAC)
January – 25- 2018 Meeting**

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:

TYPE OF VALUE	DATE OF VALUE	OPINION OF VALUE
As Is Fee Simple Value:	January 11, 2018	\$ 250,000

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:

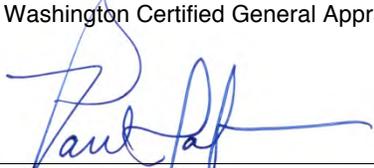
- A Title Report or Preliminary was not provided to the appraisers. This analysis assumes that the subject property is correctly identified, and that title to the subject property is clear and marketable.
- A Level 1 Environmental Report was not provided to the appraisers during the course of this analysis. 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.

Account #	Market Value			Taxable Value	2017 Taxes
	Land	Impr.	Total		
03S3824 101	\$75,360	\$ 0	\$75,360	\$ 0*	\$ 0

*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

APPRAISAL INFORMATION (Continued)

MARKET VALUE¹

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.

DEFINITIONS²

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

² The Dictionary of Real Estate Appraisal, 2010, Fifth Edition, Appraisal Institute

APPRAISAL INFORMATION (Continued)

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.

APPRAISAL INFORMATION (Continued)

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.

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

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

Secondary Data Sources	Summary of Significant Information Provided
Loop Net / CoStar Comps / RMLS	Comparable sales and listings
Local Government and Market Participants	Comparable Leads, Market Trends

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.

APPRAISAL INFORMATION (Continued)

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 of past, rather than present 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.

ASSUMPTIONS AND LIMITING CONDITIONS (Continued)

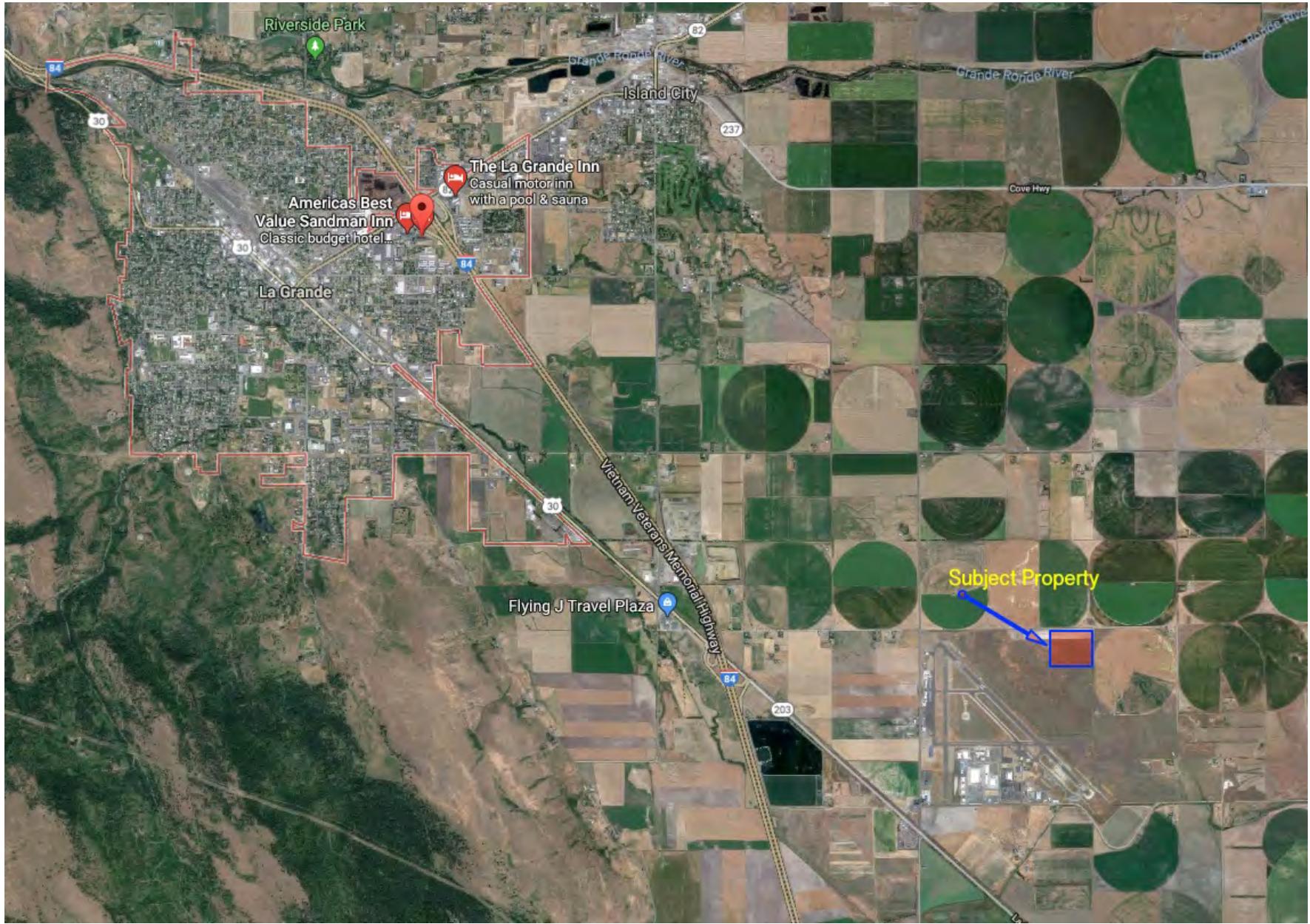
Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent or approval of the authors. This applies particularly to opinions of value.

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.

NEIGHBORHOOD MAP



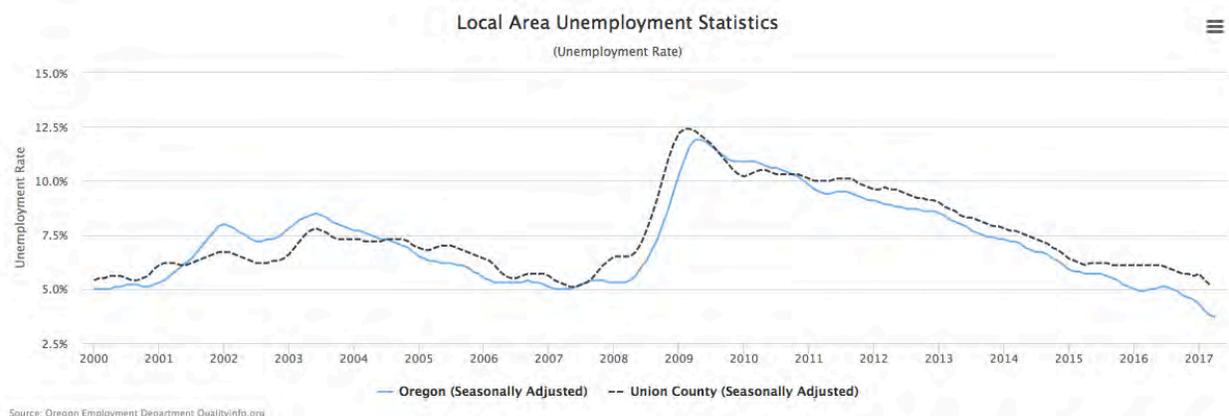
NEIGHBORHOOD DESCRIPTION

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.

POPULATION	July 2016	July 2015	July 2014	July 2013	July 2012	2010 Census	2000 Census
Oregon	4,076,350	4,013,845	3,962,710	3,919,020	3,883,735	3,831,074	3,421,436
Union County	26,745	26,625	26,485	26,325	26,175	25,748	24,530
Wallowa County	7,140	7,100	7,070	7,015	6,995	7,008	7,226
City of La Grande	13,200	13,165	13,150	13,125	13,110	13,082	12,327

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.

NEIGHBORHOOD DESCRIPTION (Continued)

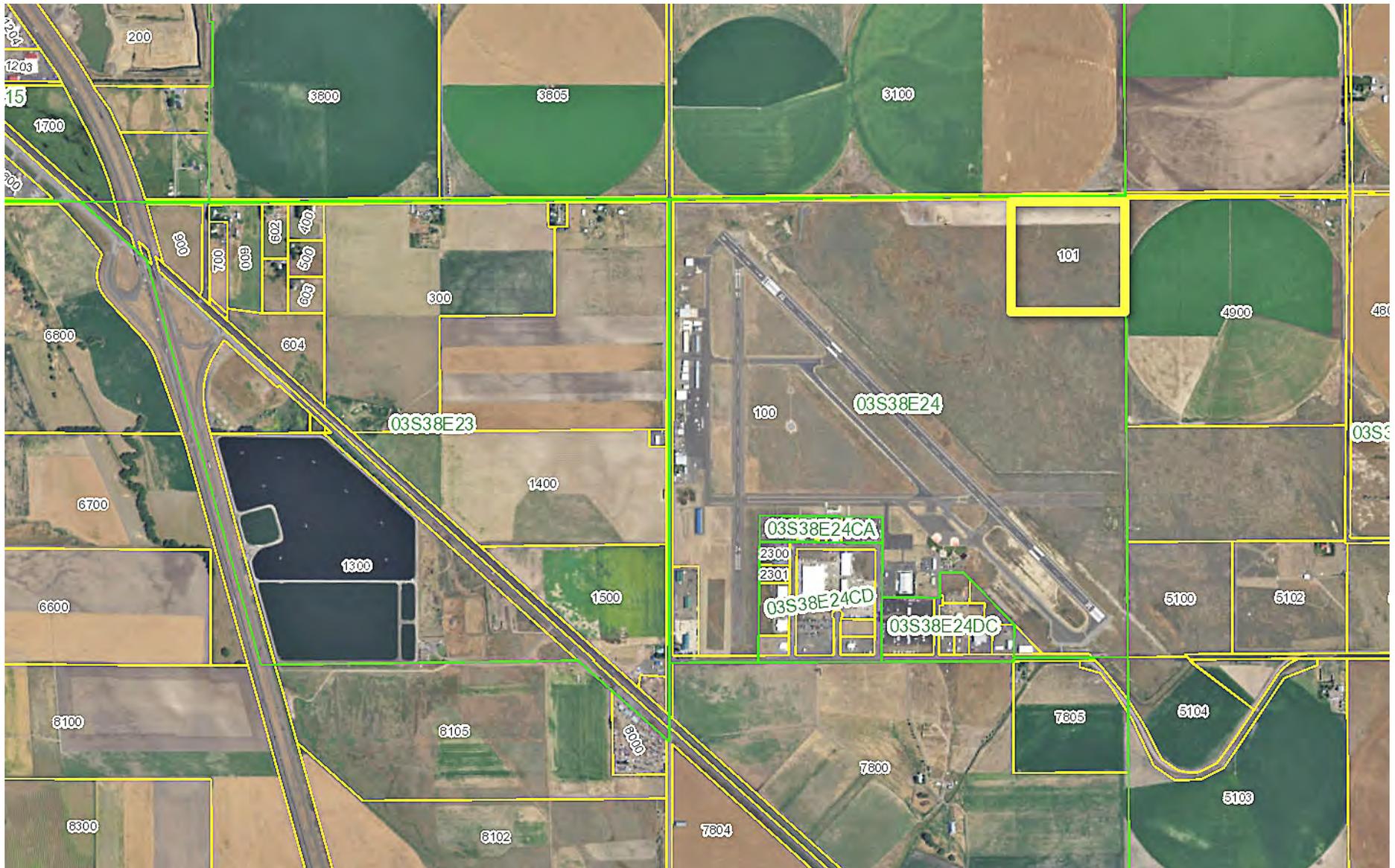
There has been some new growth in the old town portion of La Grande, with shops and local restaurants. Closer to I-84, regional development is very evident with a Wal-Mart, Safeway and other commercial services.

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.

AERIAL OVERLAY



PROPERTY DESCRIPTION

Property Address: South of Bond Lane, NE of the Airport

Site Description: 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.

Land Area: 40.00 acres (1,742,400 SF), by County plat map.

Land Title: No investigation of title was provided.

Flood Plain: FEMA FIRM panel 41016 0295B (5/15/80) locates the subject property in zone C, defined as: an area outside the flood plain.

Environmental: 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 &/or potential hazards. Please refer also to the Assumptions and Limiting Conditions.

Geology: 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.

Zoning: 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.



FLOOD MAP

InterFlood by a la mode

Prepared for: Jackson Group NW, Inc
 63401 Bond Ln
 La Grande, OR 97850-5302



MAP DATA

FEMA Special Flood Hazard Area: **No**
 Map Number: **4102160295B**
 Zone: **C**
 Map Date: **May 15, 1980**
 FIPS: **41061**

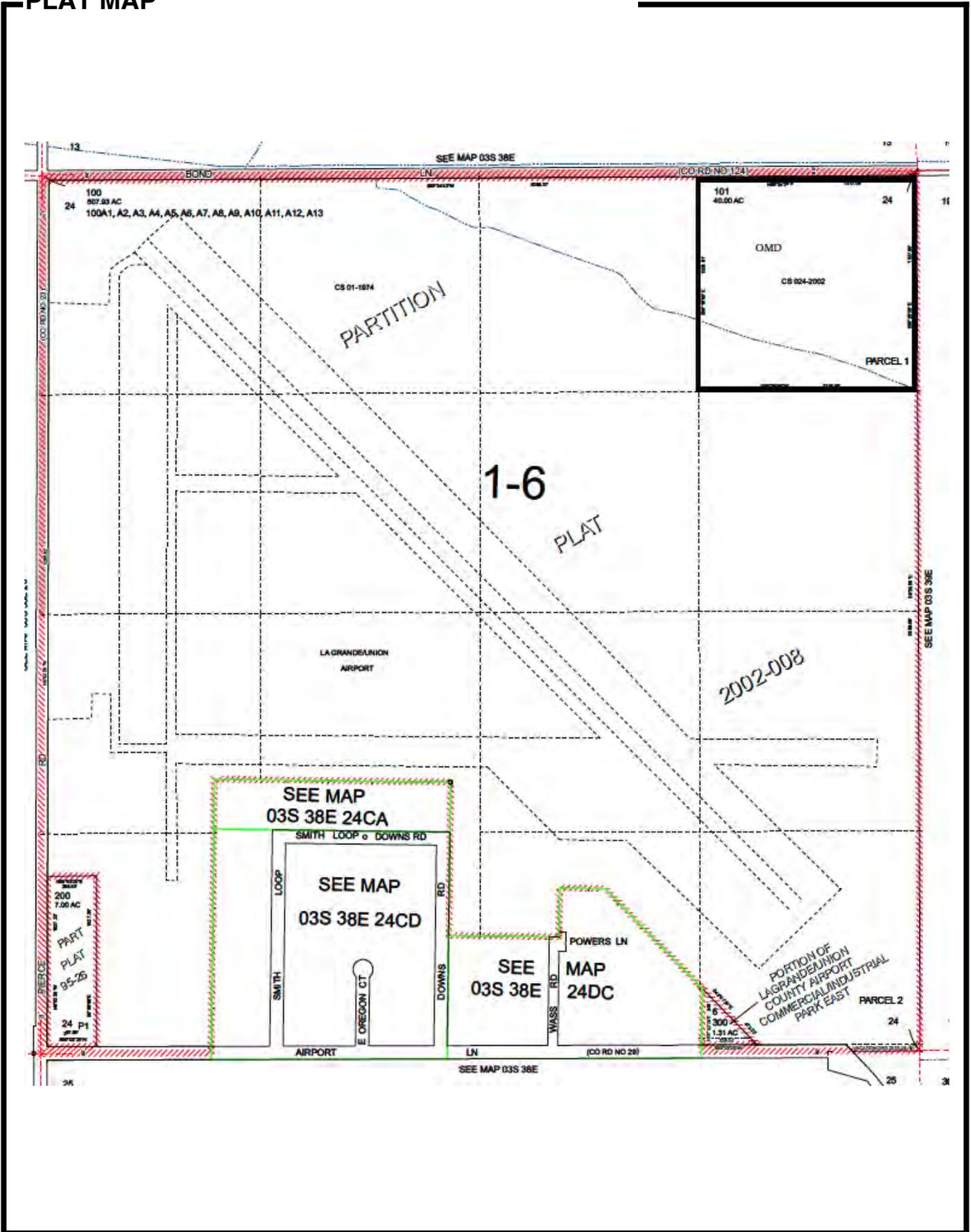
MAP LEGEND

- | | |
|--------------------------------------|-----------------|
| Areas inundated by 500-year flooding | Protected Areas |
| Areas inundated by 100-year flooding | Floodway |
| Velocity Hazard | Subject Area |

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PLAT MAP



SUBJECT PROPERTY PHOTOGRAPHS



View South from Bond Lane



View west on Bond Lane

SUBJECT PROPERTY PHOTOGRAPHS (Continued)



View South from Bond Lane



View South from Bond Lane

SUBJECT PROPERTY PHOTOGRAPHS (Continued)



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:

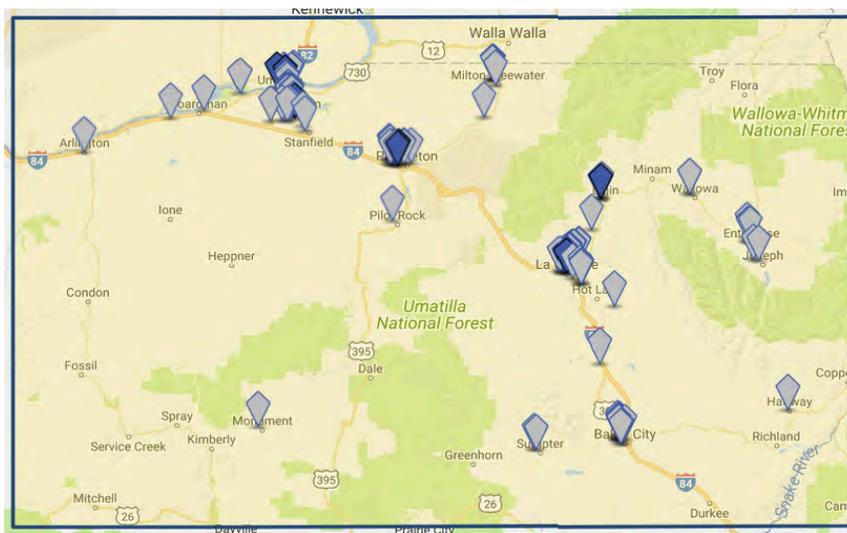
"The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial 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

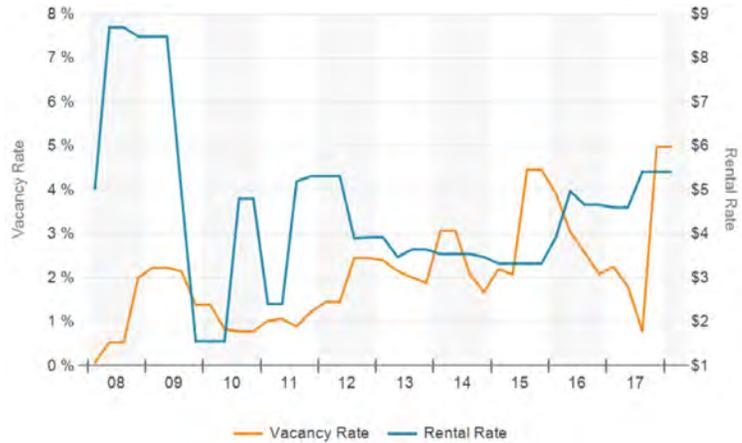
Availability	Survey	5-Year Avg	Inventory	Survey	5-Year Avg
Rent Per SF	\$5.42	\$4.11	Existing Buildings	109	109
Vacancy Rate	5.0%	2.7%	Existing SF	3,070,080	3,074,195
Vacant SF	152,960	81,457	12 Mo. Const. Starts	0	0
Availability Rate	5.0%	3.8%	Under Construction	0	0
Available SF	152,960	115,888	12 Mo. Deliveries	0	0
Sublet SF	0	0			
Months on Market	61.8	29.7			
Demand	Survey	5-Year Avg	Sales	Past Year	5-Year Avg
12 Mo. Absorption SF	-88,774	-15,517	Sale Price Per SF	\$37	\$22
12 Mo. Leasing SF	6,000	10,742	Asking Price Per SF	\$98	\$58
			Sales Volume (Mil.)	\$2.8	\$1.8
			Cap Rate	-	10.0%



³ The Dictionary of Real Estate Appraisal, Fourth Edition, 2002, The Appraisal Institute

HIGHEST AND BEST USE ANALYSIS (Continued)

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.

COMPARABLE SALES ADJUSTMENT GRID

Comparable	\$/SF	Econ. Loc'n	Usable Area	Access	Expos / Traffic	Funct. Utility	Overall
1 – Highway 97, Bend	\$1.52	-	-	-	-	+	-
2 – Landmark Lane, La Grande	\$1.03	-	-	-	-	-	-
3 – Lamonta Rd., Prineville	\$0.39	-	-	-	-	-	-
4 – Highway 395, Stanfield	\$0.34	-	=	-	--	=	-
5 – H Avenue, La Grande	\$0.18	-	-	-	-	-	-

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.

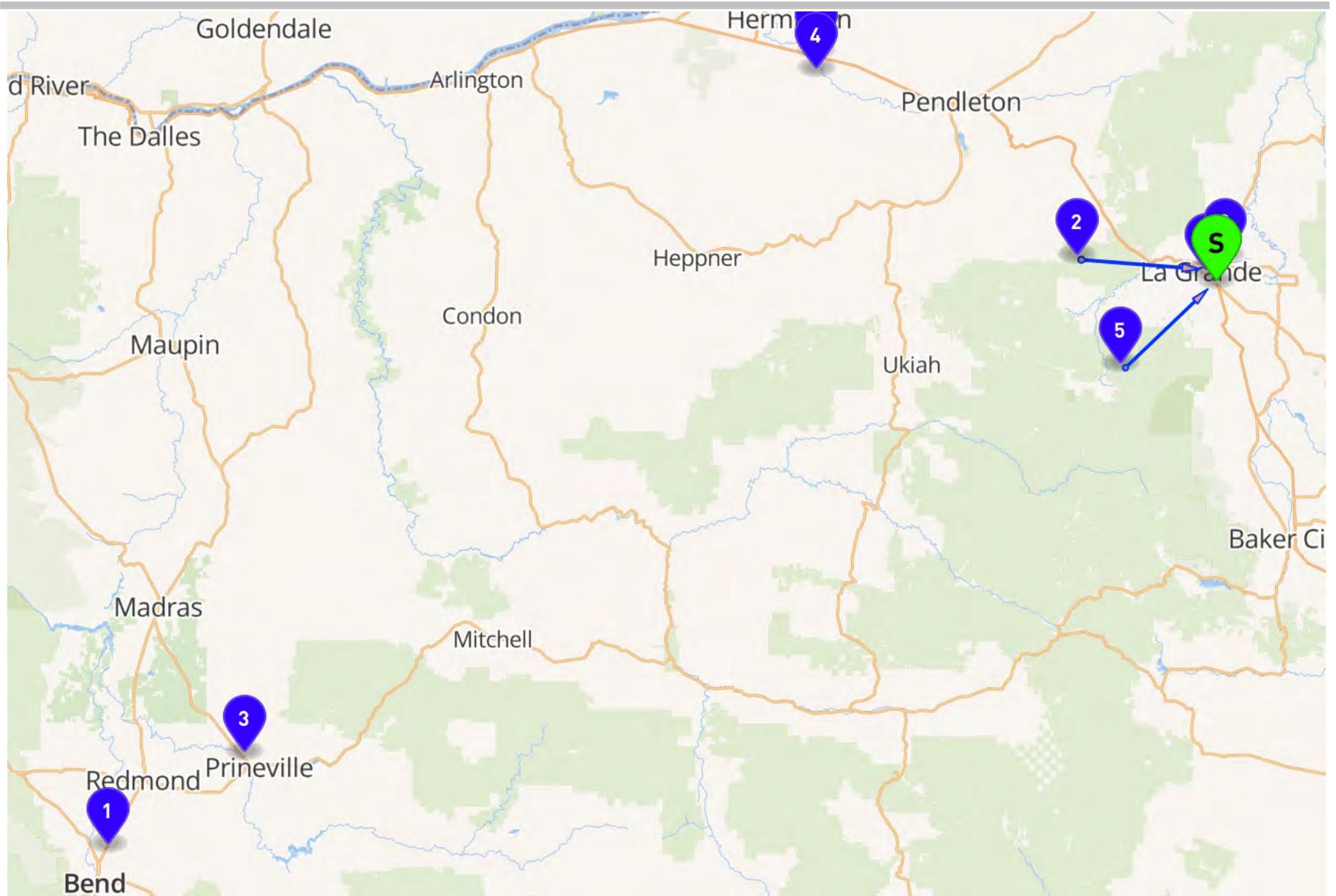
Comparable 2 (\$1.03/SF) is the sale of a smaller parcel in the Baum Industrial district in La Grande. This parcel has a superior location with superior utility, marketability and appeal due to its improved streets, access to utilities and size. This is a high indicator for the subject.

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.

Comparable Sale Table

	Name/Location	Date of Sale	Usable Site SF	Usable Site Acres	Zoning	Utilities Available	Shape Topography	Proposed Use	Existing Improvements	Price / SF
1	64154 N Highway 97 Bend, OR 97701	7/18/2017	788,436 SF	18.10 Acres	Rural Industrial	None	Irregular Level, at street grade	Junk yard	N/A	\$1.52
2	62235 Landmark Ln La Grande, OR 97850	10/31/2016	174,240 SF	4.00 Acres	I-2, Heavy Ind	All available	Rectangular Level, at street grade	Construction shop and yard	N/A	\$1.03
3	2575 NW Lamonta Rd Prineville, OR 97754	10/10/2015	585,446 SF	13.44 Acres	M2	All Available	Irregular Level, at street grade	N/A	N/A	\$0.39
4	Highway 395 & Interstate 84 Stanfield, OR 97875	12/9/2013	1,542,460 SF	35.41 Acres	Industrial	Available to the site.	Irregular Level, at street grade	Industrial Development	Bare Land	\$0.34
5	2516 H Ave La Grande, OR 97850	3/13/2013	179,903 SF	4.13 Acres	I-1, Light Ind	All Available	Irregular Level, at street grade	Mini Storage	N/A	\$0.18

INDUSTRIAL LAND SALE MAP



COMPARABLE PHOTOS

Comp # 1.



64154 N Highway 97

Comp # 2.

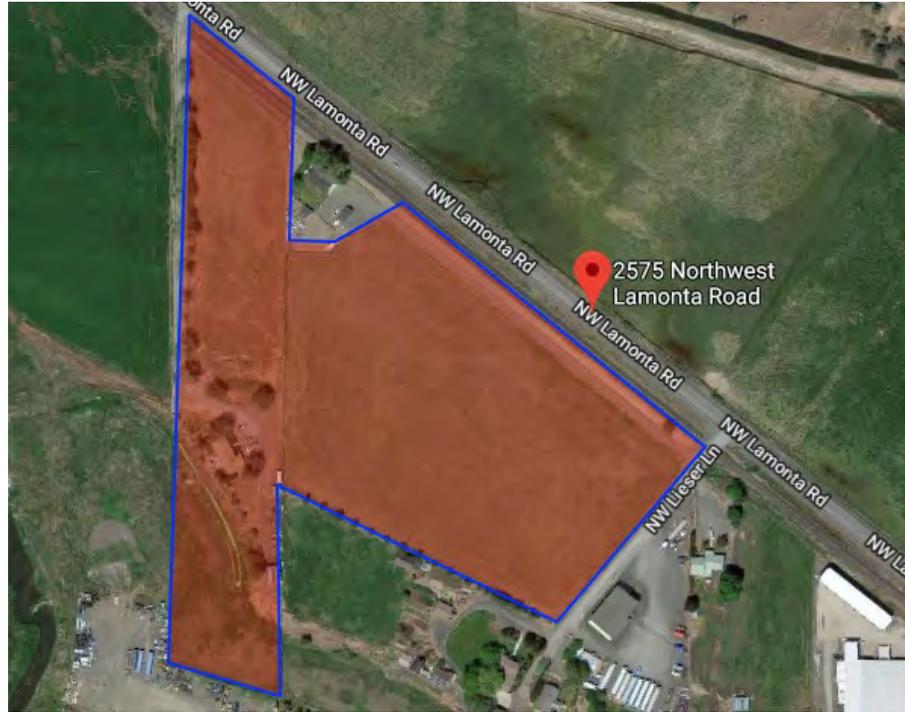


62235 Landmark Ln



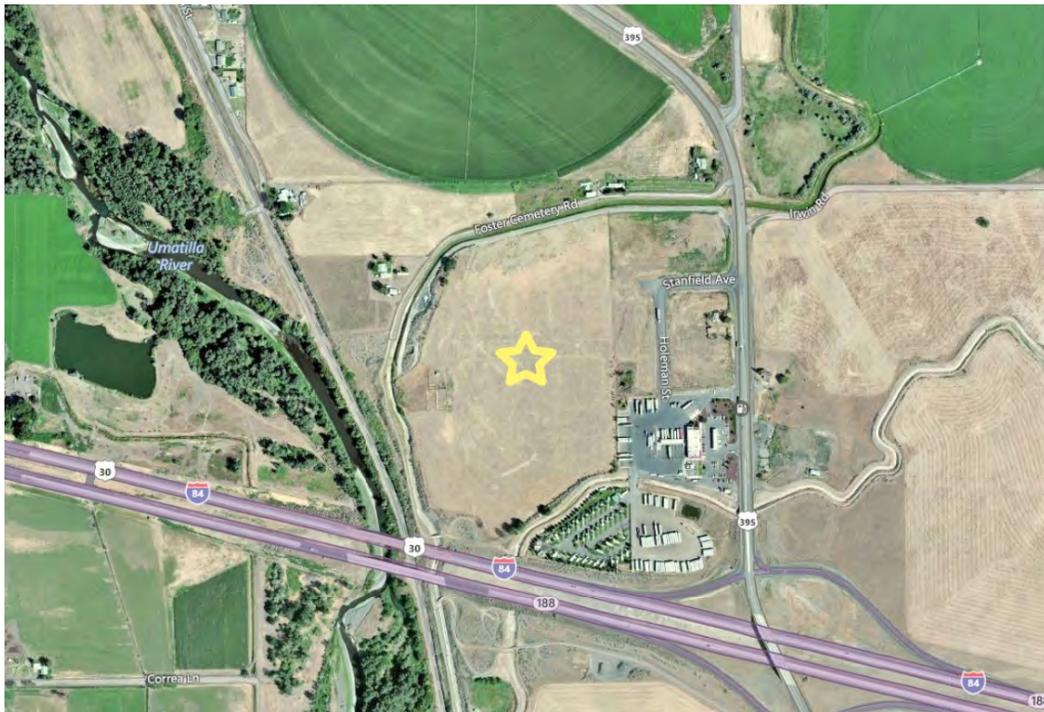
COMPARABLE PHOTOS (continued)

Comp # 3.



2575 NW Lamonta Rd

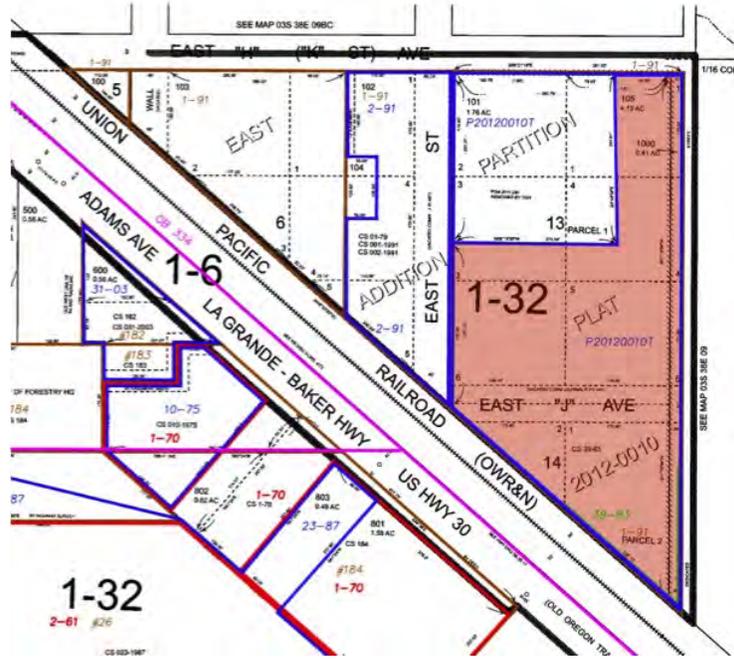
Comp # 4.



Highway 395 & Interstate 84

COMPARABLE PHOTOS (continued)

Comp # 5.



2516 H Ave



SALES COMPARISON APPROACH (continued)

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.

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
- The DCF Model: Concepts, Issues, and Apps. 2014
- Green Buildings: Principles & Concepts 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
- Commercial Appraiser, Palmer Groth & Pietka, Inc., Portland, Oregon 1992 to 1997



Appraiser Certification and Licensure Board

State Certified General Appraiser

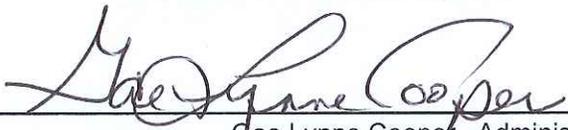
28 hours of continuing education required for renewal

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

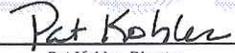
CERTIFIED GENERAL REAL ESTATE APPRAISER

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
 - Marshall Valuation Calculator Cost Method 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
- Ticolor (Pioneer National) Title, Oregon Division
Title Engineer / Cartographer 1978 - 1982
- Robert M. Swaney RPLS, Columbia County, Oregon
Land Survey Fieldman and Drafter 1976 - 1978



PL-630-159 (R/3/16)

STATE OF OREGON -TERMS AND CONDITIONS

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, 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 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 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/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 659; (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- 002-0360 and 29 CFR 1910.1020). 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 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.



JACKSON

December 14, 2017

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

RE: LAGRANDE PROPERTY
ACCT. # 17385 / MAP / TAX LOT 0353824 101
40 AC South side of Bond Avenue
LaGrande, OR, 97850

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.

Arthur Arroyo
Oregon Military Department

December 14, 2017
Page Two

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)
Oregon Military Department

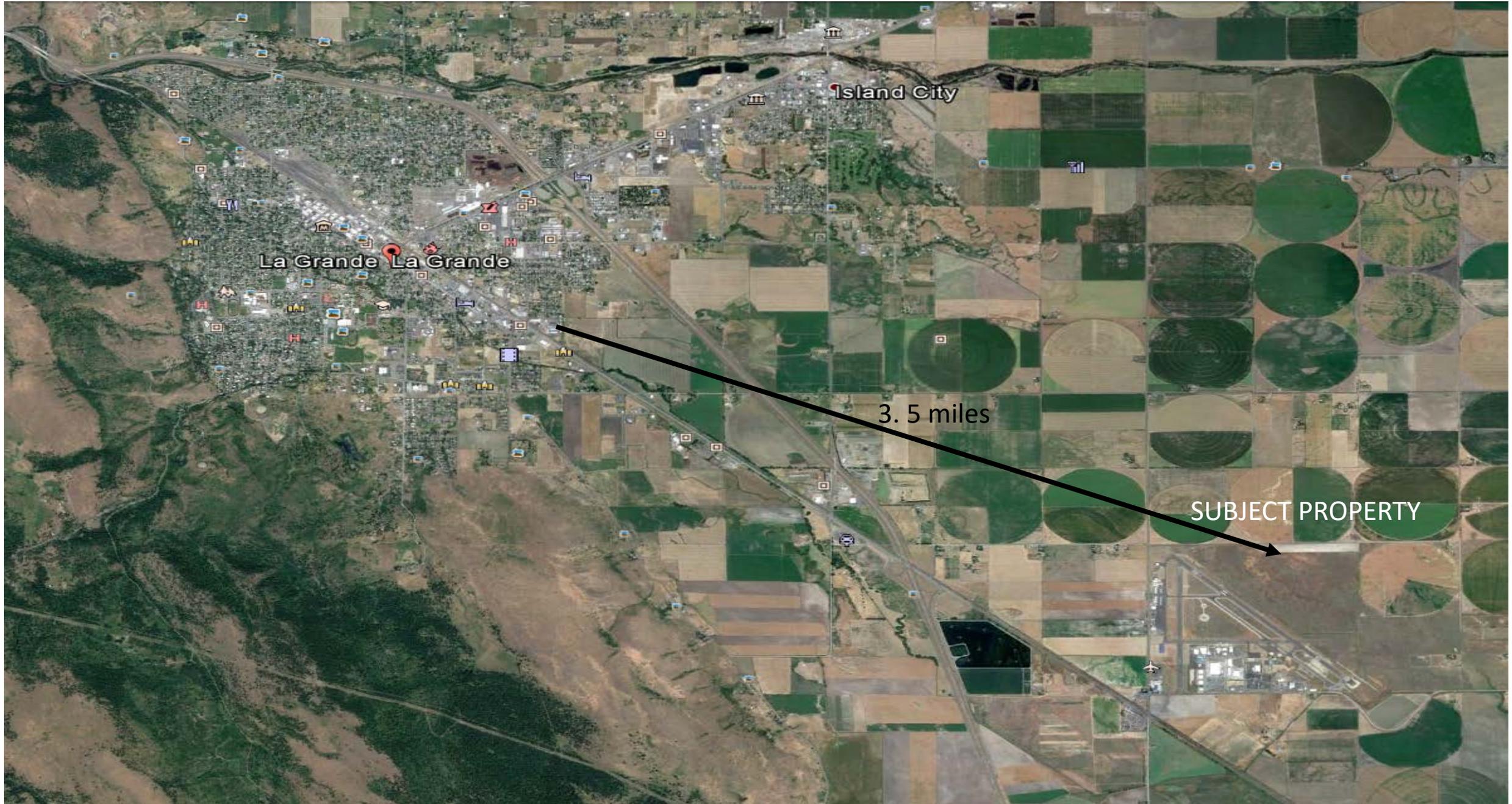
Date

Bond Ln.

40 Acres



La Grande (40 acres)



La Grande (40 acres)



La Grande (40 acres)



PUBLIC LANDS ADVISORY COMMITTEE (PLAC)

Property Transaction Review Summary

January 25, 2018 Meeting

Oregon Military Department (OMD)

Burns Armory

Transaction Type (check one): Acquisition Disposal

I. Proposed Real Property Transaction
<ul style="list-style-type: none">• 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
<ul style="list-style-type: none">• 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
<ul style="list-style-type: none">• 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.
<ul style="list-style-type: none">• Zoning
V. Staff Comments
<ul style="list-style-type: none">• None
VI. PLAC Findings
<ul style="list-style-type: none">• 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.



APPRAISAL REPORT

Burns Armory

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

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

JACKSONGROUP 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:

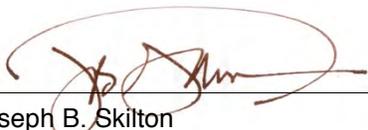
TYPE OF VALUE	DATE OF VALUE	OPINION OF VALUE
As Is Fee Simple Value:	January 12, 2018	\$ 345,000

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).

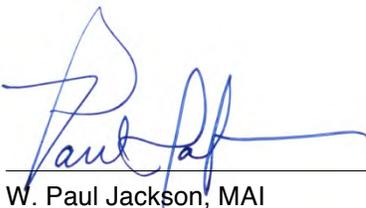
Furthermore, opinion(s) of value reported herein are contingent upon extraordinary assumptions and/or hypothetical conditions ('EA/HC'). EA/HC not met could have a negative impact on the value conclusions and could invalidate the entire appraisal. The appraisal report is subject to the following EA/HC:

- 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.

Account / Map & TL	RMV			Taxable Value	2017-18 Taxes	Land SF
	Land	Impr.	Total			
1547 / 23S 30E 13AD 6200	79,700	817,790	897,490	0	Exempt	74,500

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

APPRAISAL INFORMATION (Continued)

MARKET VALUE¹

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.

DEFINITIONS²

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.

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

² The Dictionary of Real Estate Appraisal, Fifth Edition, 2010, Appraisal Institute

APPRAISAL INFORMATION (Continued)

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 appropriate 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.

APPRAISAL INFORMATION (Continued)

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.

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

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

Secondary Data Sources	Summary of Significant Information Provided
Loop Net / CoStar Comps / RMLS	Comparable sales and listings
Local Government and Market Participants	Comparable Leads, Market Trends

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.

APPRAISAL INFORMATION (Continued)

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.
- 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.

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.

ASSUMPTIONS AND LIMITING CONDITIONS (Continued)

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.

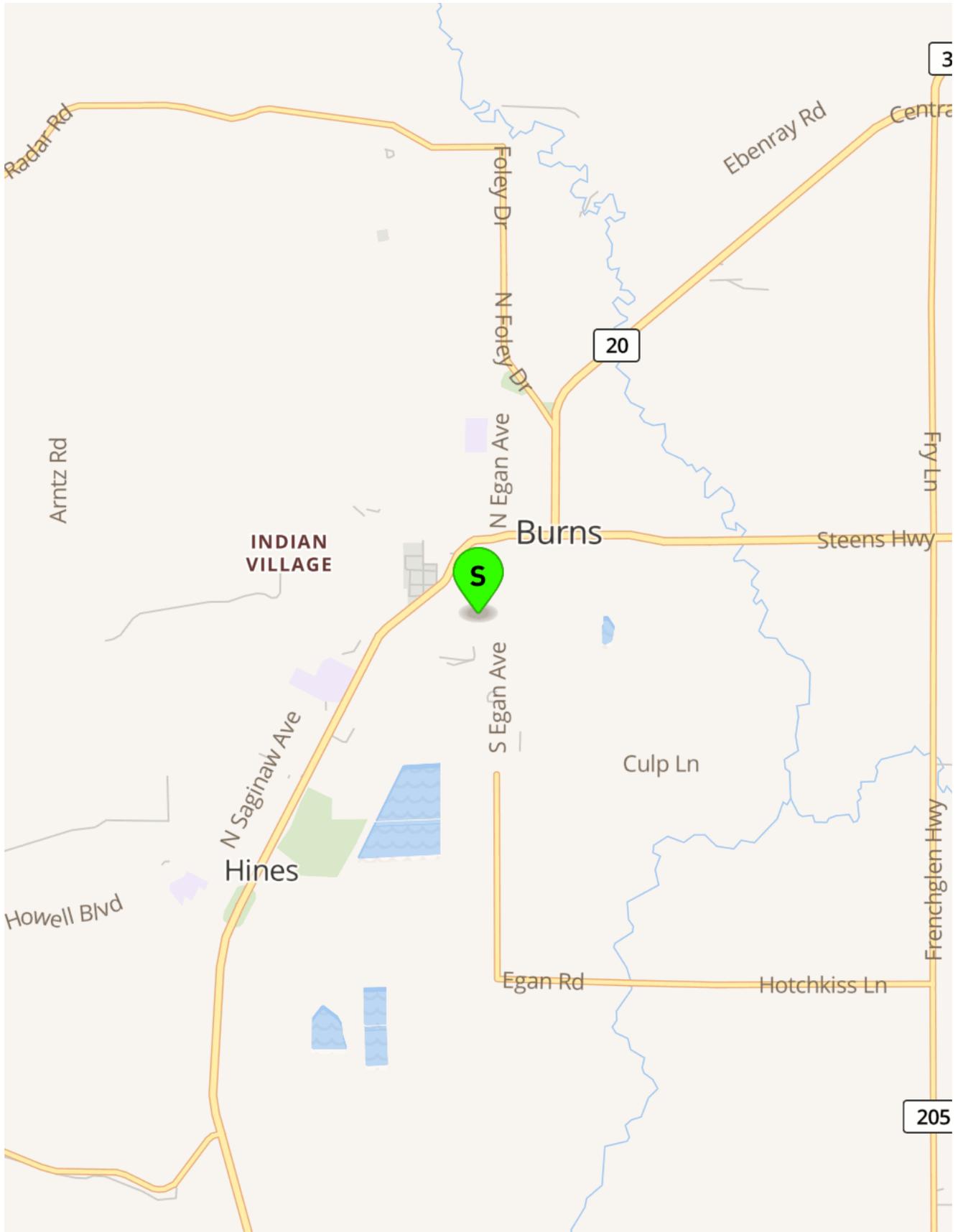
Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent or approval of the authors. This applies particularly to opinions of value.

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.

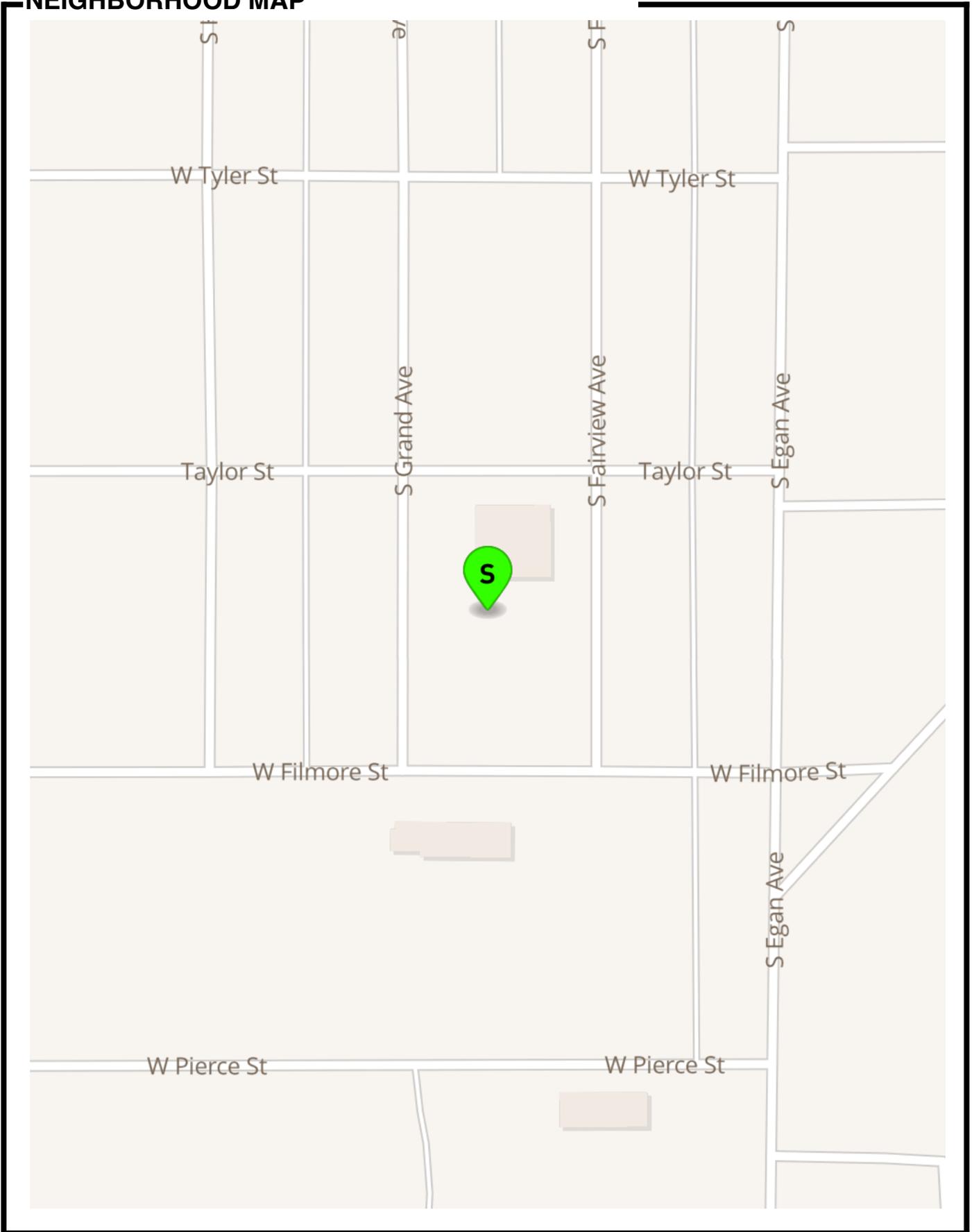
We assume no responsibility for determining if the subject property complies with the Americans with Disabilities act (ADA). Jackson Group NW shall not be liable for any costs, expenses, assessments, penalties or diminution in value resulting from non-compliance. This appraisal assumes that the subject 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.

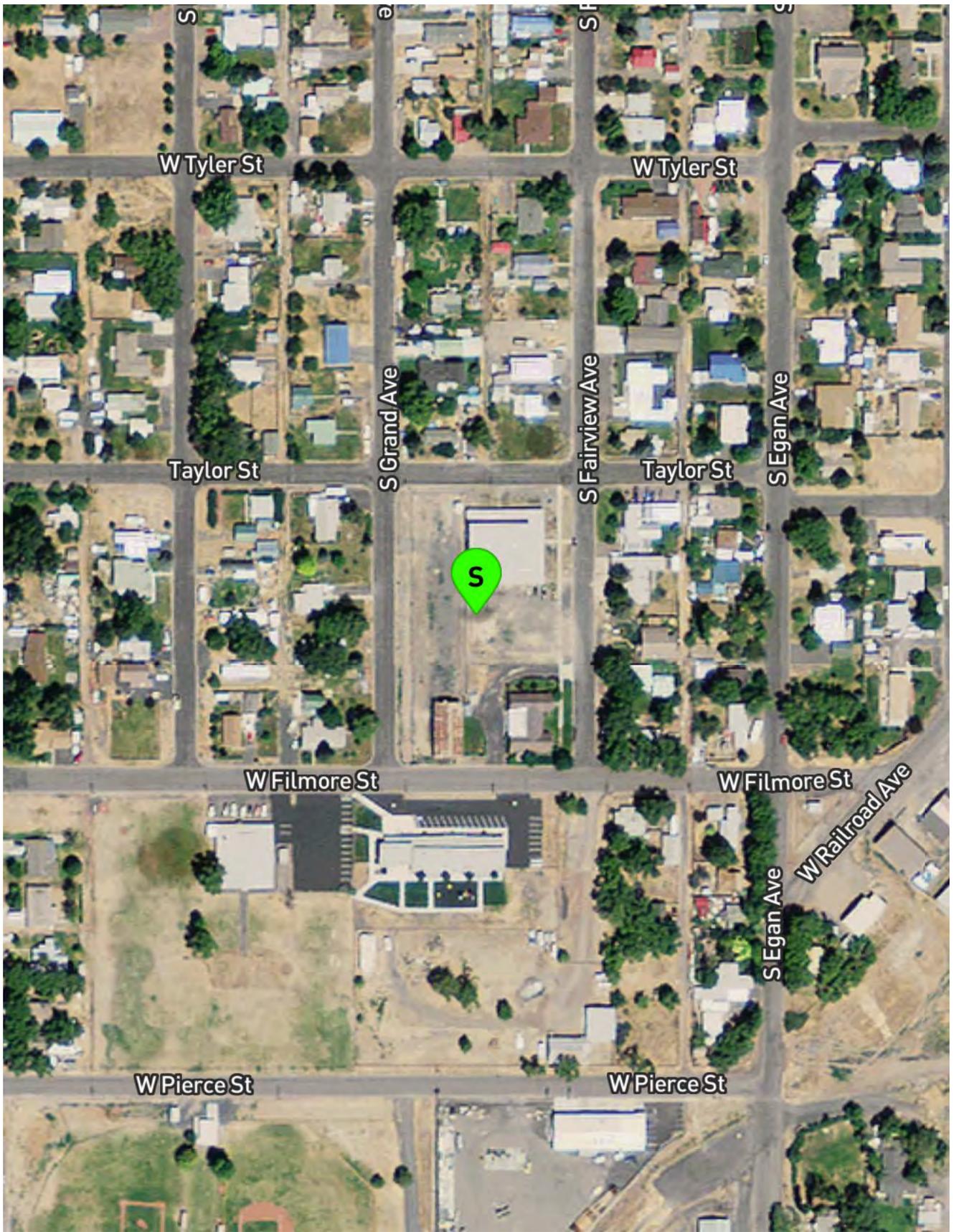
REGIONAL MAP



NEIGHBORHOOD MAP



AERIAL OVERLAY



NEIGHBORHOOD DESCRIPTION

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.

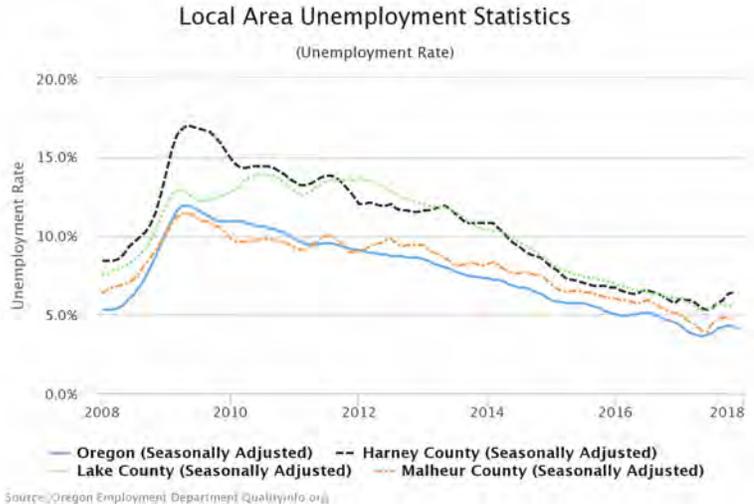
Harney County has traditionally depended on three industries, cattle, sheep, and timber. The railroad, extended into the area in 1883, and served as a catalyst to the cattle industry, but later contributed to its decline by bringing farmers and sheep ranchers to the area, creating increased competition 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.

POPULATION	2016	2015	2014	2010	2000
Oregon	4,076,350	4,013,845	3,962,710	3,837,300	3,421,436
Harney County	7,320	7,295	7,265	7,445	7,609
Burns / Hines	4,390	4,390	4,395	4,370	4,687

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).



NEIGHBORHOOD DESCRIPTION (continued)

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.

SUBJECT PHOTO



117JG-374



PROPERTY DESCRIPTION

Property Address: 618 S Fairview Ave., Burns, OR 97720

Site Description: Rectilinear almost full-block site in an established single-family residential district. The site is level at street grade, with public utilities available.

Land Area: 74,500 SF, by legal description and plat map.

Title: 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.

Flood Plain: FEMA FIRM panel 410084 0001D (12/22/98) locates the subject in zone X, outside mapped flood areas.

Environmental: 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.

Geology: 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.

Zoning: 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.

IMPROVEMENT DESCRIPTION: 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.



PROPERTY DESCRIPTION (continued)

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.

	SF GLA
Building Areas	
Building	12,294
Shed	3,460
Total	15,754

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.

	Depreciation	Main Bldg	Shed
Physical Age / Life:			
Actual Age - Years (Est.)		65	
Effective Age - Years		10	15
Economic Life - Years		50	30
Remaining Economic Life - Years		40	15
Depreciation		20.0%	50.0%
Component Cost / Entire		91.1%	8.9%
Weighted Avg by Cost		22.7%	



PROPERTY DESCRIPTION (continued)

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 PROPERTY PHOTOGRAPHS



Subject from NE



Subject from SE

SUBJECT PROPERTY PHOTOGRAPHS (Continued)



Subject from NW



Subject from SW

SUBJECT PROPERTY PHOTOGRAPHS (Continued)



Main Hall



Main Hall

SUBJECT PROPERTY PHOTOGRAPHS (Continued)



Lav / Shower



Kitchen

SUBJECT PROPERTY PHOTOGRAPHS (Continued)



Storage

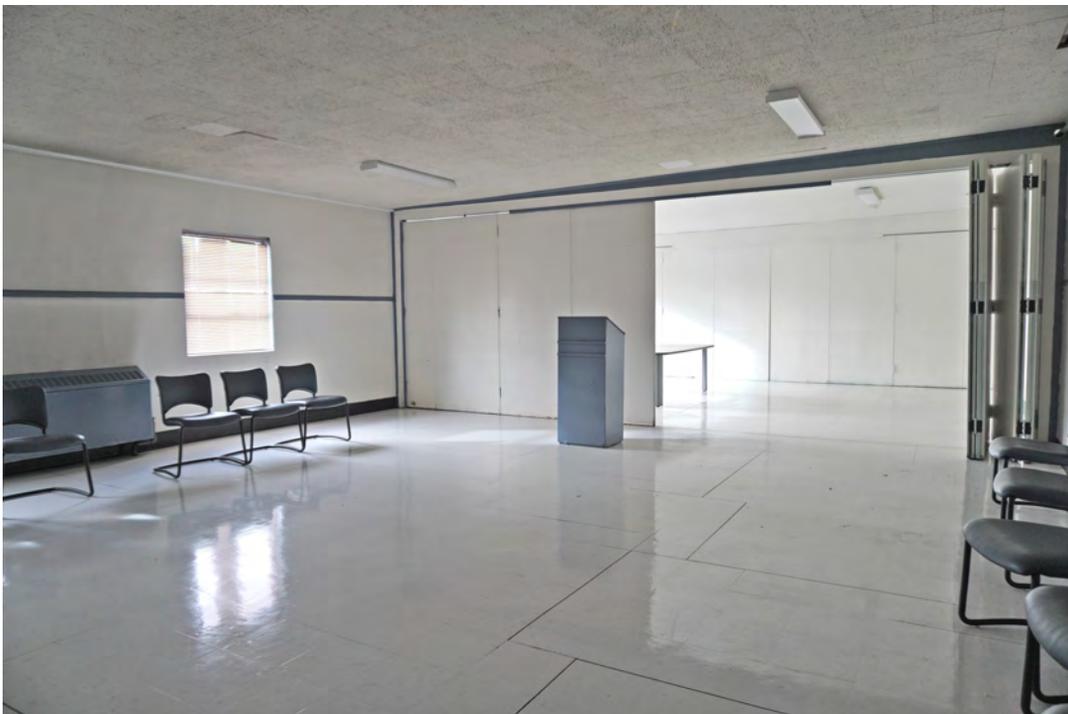


Boiler Room

SUBJECT PROPERTY PHOTOGRAPHS (Continued)



Office



Classroom(s)

SUBJECT PROPERTY PHOTOGRAPHS (Continued)



Metal Shed



Metal Shed

SUBJECT PROPERTY PHOTOGRAPHS (Continued)



NE on US 20 from Fairview Ave



South on Fairview, toward subject

SUBJECT PROPERTY PHOTOGRAPHS (Continued)



North on Fairview Ave



West on Taylor from Fairview

SUBJECT PROPERTY PHOTOGRAPHS (Continued)

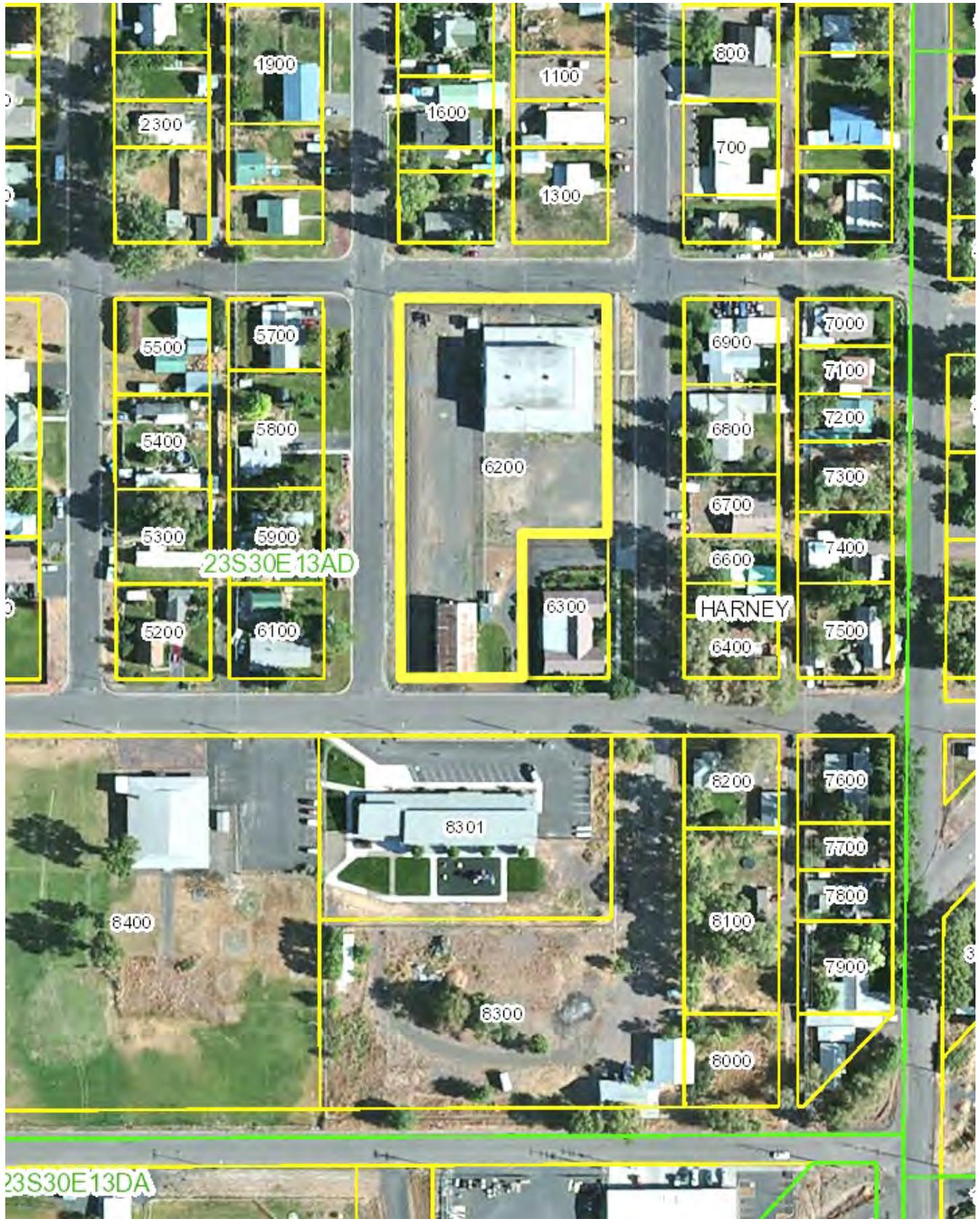


East on Fillmore from Grand (@ SW Cor Subject Property)



North on Grand from Fillmore

PLAT MAP



FLOOD MAP

InterFlood by a la mode

Prepared for: Jackson Group NW, Inc
 618 S Fairview Ave
 Burns, OR 97720-2321



MAP DATA

FEMA Special Flood Hazard Area: **No**
 Map Number: **4100840001D**
 Zone: **X**
 Map Date: **December 22, 1998**
 FIPS: **41025**

MAP LEGEND

- Areas inundated by 500-year flooding
- Areas inundated by 100-year flooding
- Velocity Hazard
- Protected Areas
- Floodway
- Subject Area

Powered by CoreLogic®



ZONING MAP



SITE PLAN MAP



Site # 41A30 Burns Armory



Legend

-  Gate
-  Fence

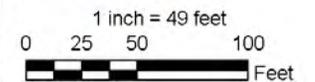
Parcels

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

-  Buildings
-  Site Boundary



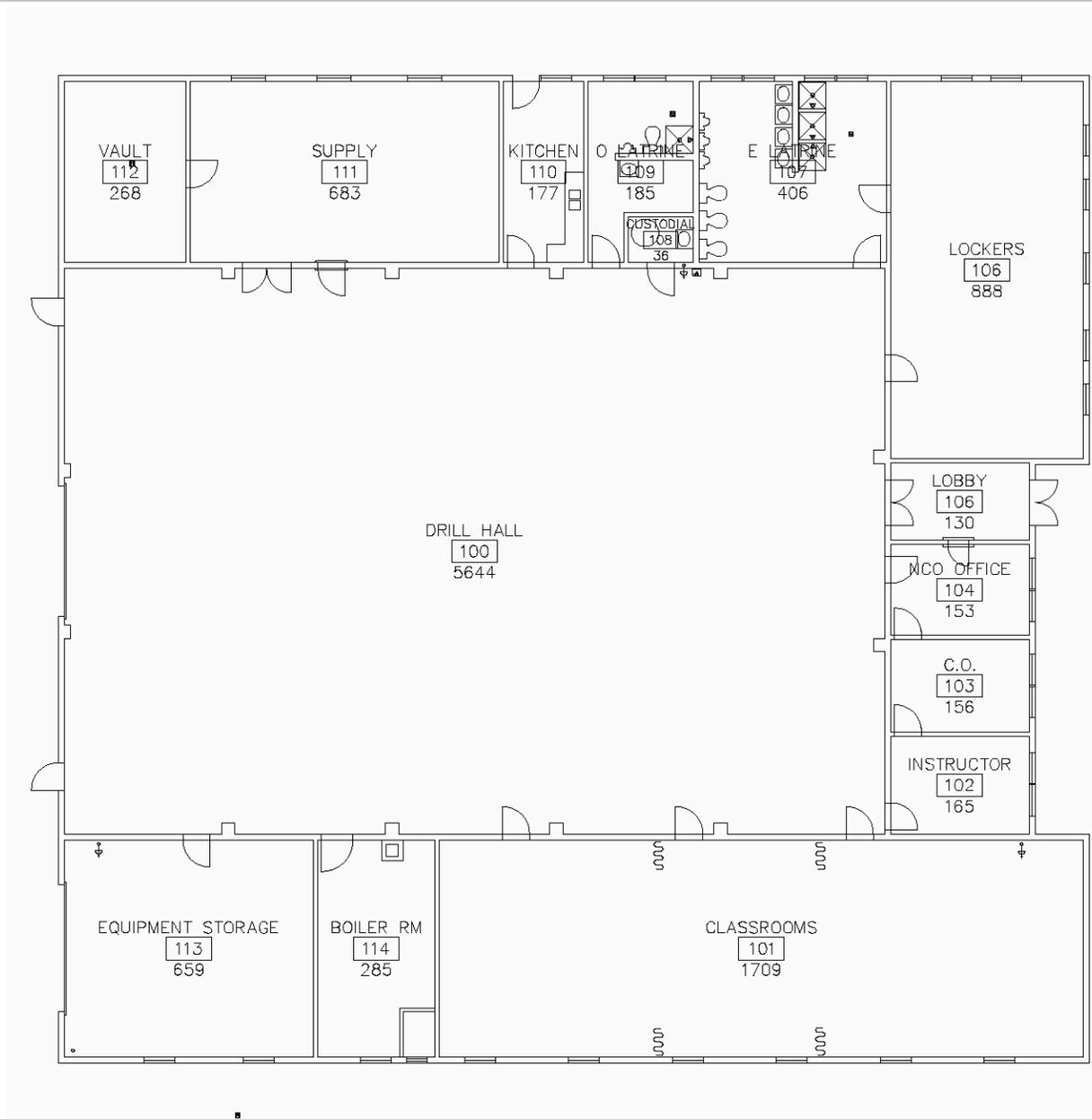
Address:
619 Fairview St
Burns, OR
97720-2322



T: 23 S R: 30 E Sec: 13
NAD 83 UTM Zone 11 North
Projection: Transverse Mercator
June 12, 2017 AGI-E CA

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.

FLOOR PLAN



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 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-foot 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 .

³ The Dictionary of Real Estate Appraisal, Fifth Edition, 2010, Appraisal Institute

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:

Indicated Land Values	Units	@	\$\$
Per-Lot	10	20,000	200,000
Per-SF	74,500	\$2.00 - \$3.00	\$149,000 - \$223,500

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

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

COMPARABLE PHOTOS

Comp # 1.



178 S Fir Ave

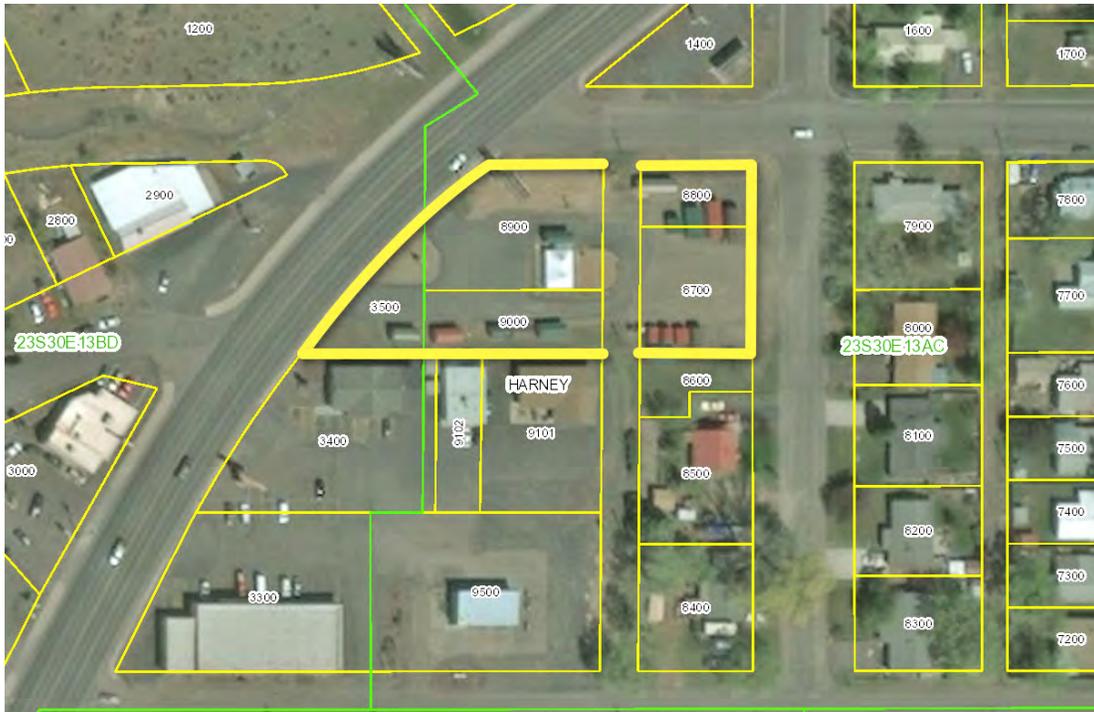
Comp # 2.



543 N Saginaw Ave

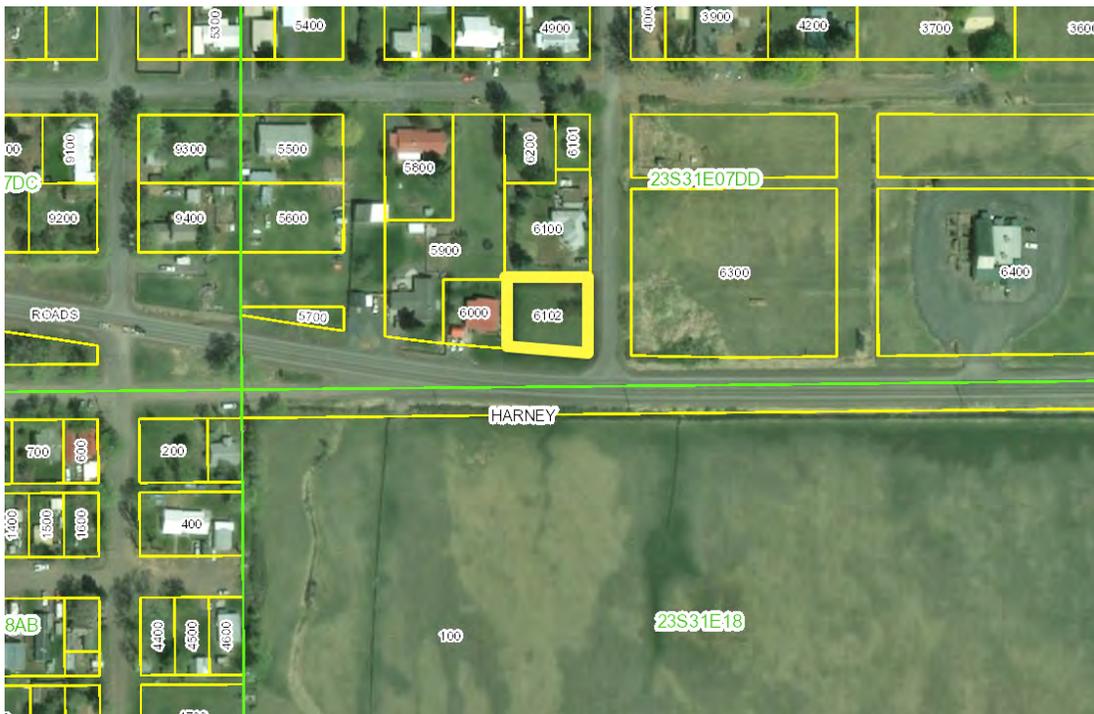
COMPARABLE PHOTOS (continued)

Comp # 3.



1401 Hines Blvd

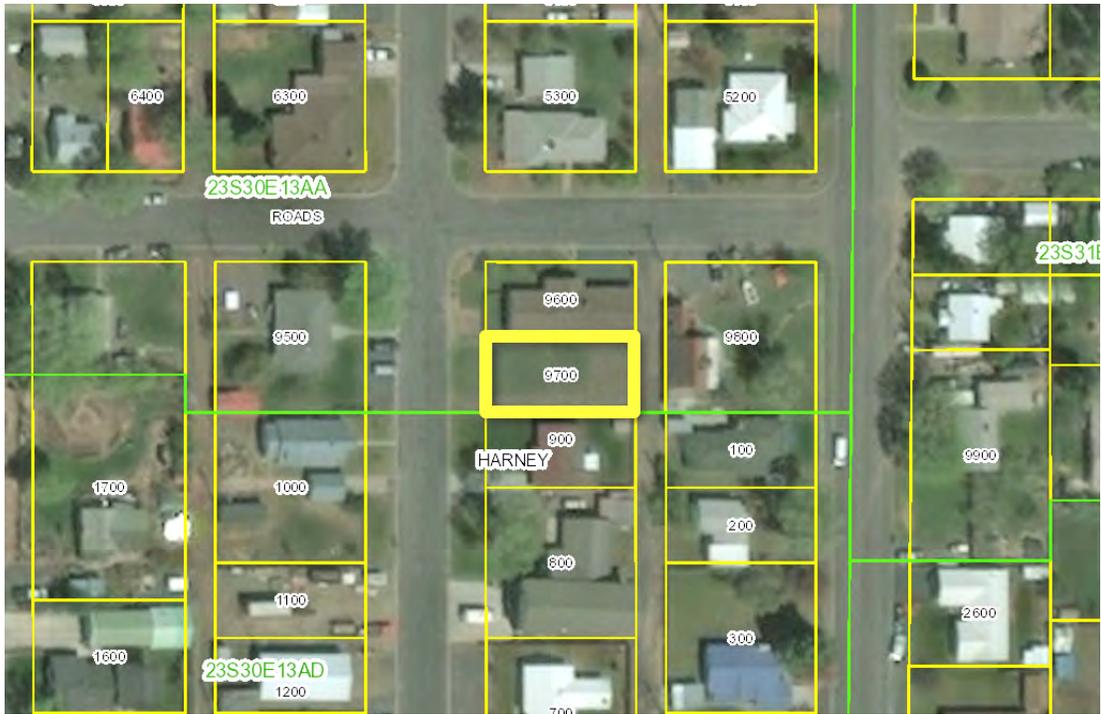
Comp # 4.



OR-78 & N Ivy Ave

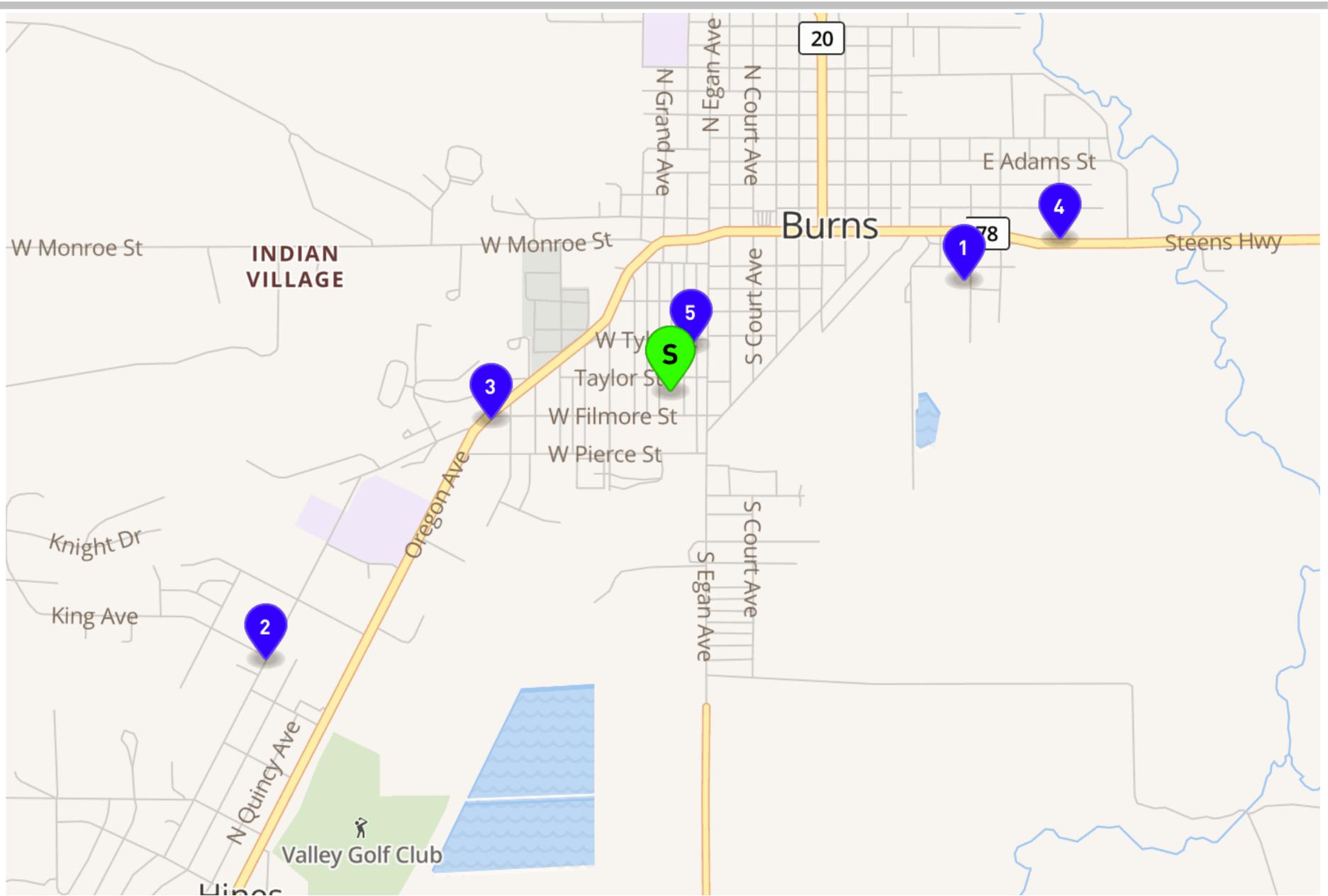
COMPARABLE PHOTOS (continued)

Comp # 5.



417 S Fairview Ave

LAND - - RESIDENTIAL LAND SALE MAP



COST APPROACH

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.

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

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

	Armory	Shed
% of whole	91.1%	8.9%
\$/SF	\$109.45	\$37.99

⁴ The Dictionary of Real Estate Appraisal, Fifth Edition, 2010, The Appraisal Institute.



COST APPROACH (continued)

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.

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

Aggregate physical depreciation of **22.7%** is applied to the entire Replacement Cost New.



COST APPROACH (continued)

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

Cost Components				Total Costs	
				\$	\$/SF GLA
Replacement Costs	Hard & Soft Costs				
	Main Bldg	12,294 SF GLA x	\$109.45 /SF	\$1,345,517	
	Shed	3,460 SF GLA x	\$37.99	\$131,450	
	Total	15,754	\$93.75	\$1,476,967	\$93.75
	Absorption Costs (Commissions)			\$0	
	Developer Profit & Overhead			7.5%	\$125,773
Total Replacement Cost New				\$1,602,740	\$101.74
Depreciation	Physical Deterioration			22.7%	(\$363,822)
	Functional Obsolescence				(\$362,058)
	External Obsolescence				(\$731,860)
	Total Depreciation			(\$1,457,740)	(\$1,457,740)
Conclusions	Depreciated Replacement Cost			\$145,000	\$9.20
	Land Value	10 lots x	\$20,000	\$200,000	
	Concluded Value			\$345,000	\$21.90
CONCLUDED STABILIZED VALUE (Rounded)				\$345,000	\$21.90

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 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

	Name/Location	Property Type Property Use	Date of Sale	Building Area	Tenancy Year Built	Site Coverage Bldg : Land	Vacancy	Adj. Sale Price	Price / SF	Capitalization Rate
1	67 E Railroad Ave Burns, OR 97720	Retail <i>Auto Repair</i>	12/26/2017	2,880 SF GLA	Single Tenant 1959	19.20% 0.19:1	100.0%	\$130,000	\$45.14	N/A
2	211 W Barnes Ave Hines, OR 97738	Special <i>Religious Facility</i>	1/22/2017	3,335 SF NRA	Single Tenant 1976	21.17% 0.21:1	100.0%	\$140,000	\$41.98	N/A
3	536 SW 12th St Redmond, OR 97756	Special <i>Religious Facility</i>	5/11/2016	18,834 SF NRA	Single Tenant 1961	53.81% 0.54:1	100.0%	\$425,000	\$22.57	N/A
4	Wagner's Furniture (Listing) 180 Hines Blvd Burns, OR 97720	Retail <i>General Freestanding</i>	Listing	17,500 SF GLA	Single Tenant 1977	32.93% 0.33:1	0.0%	\$375,000	\$21.43	N/A
5	Dillard, OR 97432	Special <i>Religious Facility</i>	Listing	8,087 SF NRA	Single Tenant 1957	20.63% 0.21:1	100.0%	\$185,000	\$22.88	N/A
6	1015 Oregon Ave Burns, OR 97720	Retail <i>General Freestanding</i>	Pending Sale	15,087 SF GLA	Single Tenant 2002	22.35% 0.22:1	100.0%	\$1,025,000	\$67.94	N/A



COMPARABLE PHOTOS

Comp # 1.



67 E Railroad Ave

Comp # 2.



211 W Barnes Ave

COMPARABLE PHOTOS (continued)

Comp # 3.



536 SW 12th St

Comp # 4.



180 Hines Blvd

COMPARABLE PHOTOS (continued)

Comp # 5.

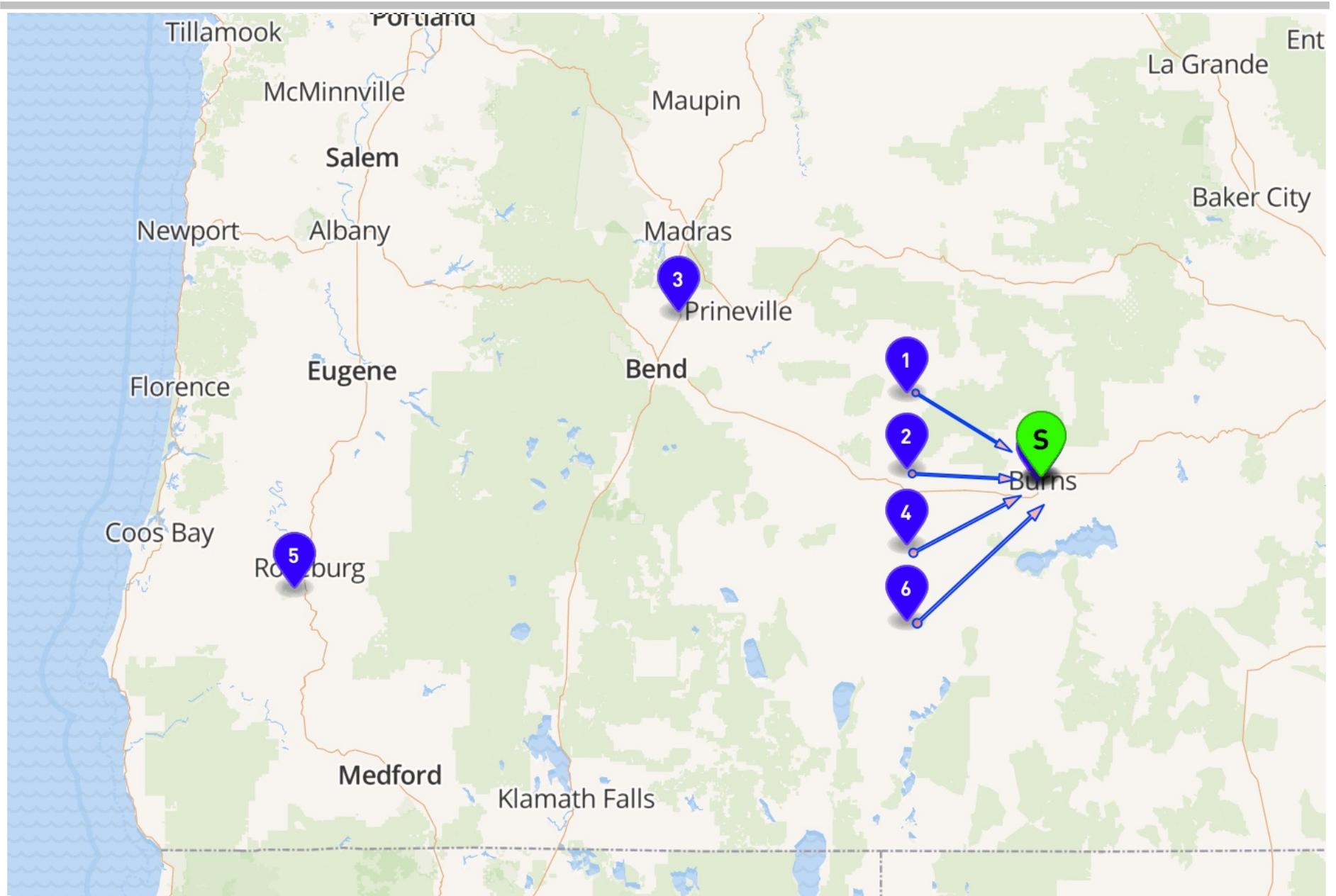


Comp # 6.



1015 Oregon Ave

IMPROVED SALE MAP



SALES COMPARISON APPROACH (continued)

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:

VALUATION APPROACH	VALUE CONCLUSION
Cost Approach	\$ 345,000
Income Capitalization Approach – Direct Capitalization	N / A
Sales Comparison Approach:	\$ 345,000

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 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.



RECONCILIATION AND FINAL VALUE CONCLUSIONS

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

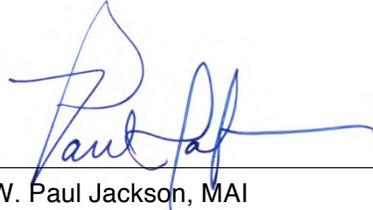
It is hereby certified that, to the best of the appraisers' knowledge and belief:

- 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



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
- The DCF Model: Concepts, Issues, and Apps. 2014
- Green Buildings: Principles & Concepts 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
- Commercial Appraiser, Palmer Groth & Pietka, Inc., Portland, Oregon 1992 to 1997



Appraiser Certification and Licensure Board

State Certified General Appraiser

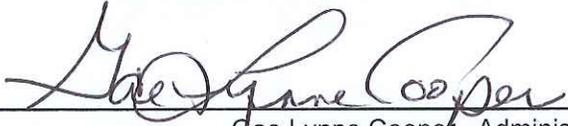
28 hours of continuing education required for renewal

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
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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
 - Marshall Valuation Calculator Cost Method 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

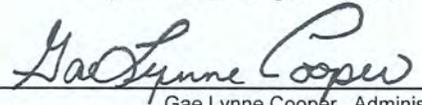
PROFESSIONAL EXPERIENCE

- 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
- Ticolor (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 97225

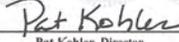

Gae Lynne Cooper, Administrator

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

JOSEPH B SKILTON
8410 SW BROOKRIDGE ST
PORTLAND OR 97225

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


Pat Kohler, Director

PL-630-159 (R/3/16)



**STATE OF OREGON PURCHASE ORDER
OREGON MILITARY DEPARTMENT**

SHOW THIS NUMBER ON
ALL PAPERS AND PACKAGES
PERTAINING TO THIS ORDER

83490219

OREGON MILITARY DEPARTMENT ATTN: ART ARROYO 1776 MILITIA WAY SE, SALEM, OREGON 97301-6888	DATE 15-Dec-17
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BILL TO: OREGON MILITARY DEPARTMENT, ATTN: AGI PO BOX 14350, SALEM, OR 97309-5047	NO. INVOICES 1
--	-------------------

AGENCY OBJECT CODE	FISCAL YEAR 17-19	PRICE AGREEMENT NO.
CLASS PROGRAM COST ACCOUNT CODE	REQ. NO.	AGENCY NO. 24800

VENDOR JACKSON GROUP NW INC. 4850 SW SCHOLLS FERRY RD., SUITE 305 PORTLAND, OR 97225	FOR AGENCY USE NO WAIVER, CONSENT, MODIFICATION OR CHANGE OF TERMS OF THIS PURCHASE ORDER SHALL BIND EITHER PARTY UNLESS IN WRITING AND SIGNED BY BOTH PARTIES AND ALL NECESSARY STATE APPROVALS HAVE BEEN OBTAINED
--	---

PHONE NO. 503-358-7340	FAX NO.	TERMS NET 45 DAYS
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ITEM NO	DESCRIPTION	QUANTITY	UNIT	UNIT PRICE	TOTAL PRICE
1.	Contractor shall provide an appraisal report to estimate the as is market value for the Burns Army, tax lot # 23S30E13AD06200. The appraisal services will conform to the Uniform Standards of Professional Appraisal Practice (USPAP).	1	NTE	\$4,250.00	\$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.

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**

I CERTIFY THE ABOVE ITEMS ARE WITHIN CURRENT BUDGET ALLOWANCE	PHONE	I CERTIFY THESE ITEMS ARE AUTHORIZED BY DEPT OF ADMINISTRATIVE SERVICES
ORDERED BY Moya McKeenan, Procurement & Contract Specialist	(503) 584-3178	AUTHORIZED AGENT
APPROVED TIMOTHY GILBERT, Chief, Operations and Maintenance	DATE: 15 Dec 17	(503) 584-3491

STATE OF OREGON - TERMS AND CONDITIONS

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, 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 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 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/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 659; (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 437-002-0360 and 29 CFR 1910.1020). 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 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.



JACKSON

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 23530E13AD06200
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.

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 \$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)
Oregon Military Department

Date



Site # 41A30 Burns Armory



Legend

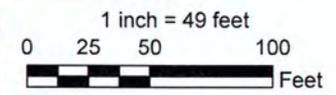
- Gate
- x-x-x Fence

Parcels

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



Address:
619 Fairview St
Burns, OR
97720-2322



T: 23 S R: 30 E Sec: 13
NAD 83 UTM Zone 11 North
Projection: Transverse Mercator
June 12, 2017 AGI-E CA

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

Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroVig, GeoEye, IGN, CB



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

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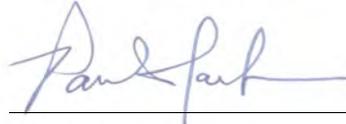
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Acceptance of this agreement by yourself, or a duly authorized agent, should be indicated by signing and mailing/delivering an authorized copy of this agreement to my attention. I look forward to working with you on this assignment, and should you 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)
Oregon Military Department

Date

B

Exhibit B

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

Deed Reference # See Record

Agent

Sales Date/Price See Record

In Care Of

Appraiser CHARLES DICKINSON

Mailing Address

Prop Class 961 **MA** **SA** **NH** **Unit**
RMV Class 961 06 00 011 1408-1

Situs Address(s)	Situs City
ID# 618 S FAIRVIEW AVE	BURNS

Value Summary					
Code Area	AV	RMV	MAV	RMV Exception	CPR %
0110 Land		79,700		Land	0
Impr.		817,790		Impr.	0
Code Area Total	0	897,490	0		0
Grand Total	0	897,490	0		0

Land Breakdown											
Code Area	ID#	RFD	Ex	Plan Zone	Value Source	TD%	LS	Size	Land Class	LUC	Trended RMV
0110	1	R	1	PF	Market		A	0.76	LOT	*	25,100
0110	2	R	1	PF	Market		A	0.51	LOT	*	22,600
0110	4	R	1	PF	Market		A	0.45	LOT	*	22,000
0110					OSD - AVERAGE						10,000
Grand Total								1.72			79,700

Improvement Breakdown											
Code Area	ID#	Yr Built	Stat Class	Description	TD%	Total Sq. Ft.	Ex%	MS Acct #	Trended RMV		
0110	2	0	500	Commercial Other Improvements		12,294	100	- 0	755,450		
0110	3	0	910	MISC OTHER COMMERCIAL IMPROVEMENTS		0	100	- 0	62,340		
Grand Total						12,294			817,790		

Statement of Tax Account

HARNEY COUNTY TAX COLLECTOR
HARNEY COUNTY COURTHOUSE
BURNS, OREGON 97720
(541) 573-8365

1/4/2018 9:59:58 AM

STATE OF OREGON

Tax Account #	1547	Lender	
Account Status	Active	Loan #	
Roll Type	Real Property	Property ID	0110 23S30E13AD06200
Situs Address	618 S FAIRVIEW AVE, BURNS, OR 97720	Interest To	Jan 15, 2018

Tax Summary

Tax Year	Tax Type	Total Due	Current Due	Interest Due	Discount Available	Original Due	Due Date
Total		0.00	0.00	0.00	0.00		

Harney County Real Legal Descriptions

1/4/2018 10:00:20 AM

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.

<u>Subdivision</u>	<u>Block</u>	<u>Lot</u>	<u>Direction</u>	<u>Part</u>	<u>Part Type</u>
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Metes and Bounds

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.