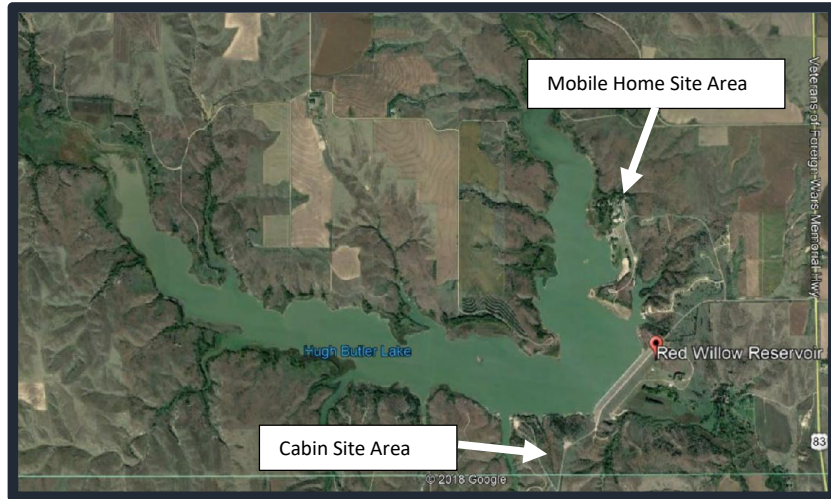


*APPRAISAL REPORT OF:*

**CABIN SITE NO. 31, RED WILLOW RESERVOIR CABINS AND  
MOBILE HOME SPACES J-03 & B-04,  
RED WILLOW RESERVOIR MOBILE HOME SPACES,  
FRONTIER COUNTY, NEBRASKA**



*PREPARED FOR:*

**US Department of Interior – Appraisal and Valuation Services Office  
One Denver Federal Center  
Building 46, Suite 102  
PO Box 25247  
Denver, Colorado 80225  
C/O Mr. Bruce Buchan, MAI**

*CLIENT ORDER NUMBER*

**140D0519P0004**

*PROPERTY DESCRIPTION*

**Red Willow Reservoir Cabin/Mobile Home Site  
Permit Rental Valuations**

*PROSPECTIVE ANNUAL MARKET RENTS AS OF:*

**May 1, 2020**

*PREPARED BY:*

**Elliott M. Clark, MAI  
Clark Real Estate Appraisal  
704-C East 13<sup>th</sup> Street, #509  
Whitefish, Montana 59937  
(406) 862-8151**



704-C East 13<sup>th</sup> Street, # 509  
Whitefish, Montana 59937

---

## LETTER OF TRANSMITTAL

August 13, 2019

US Department of Interior – Appraisal and Valuation Services Office  
One Denver Federal Center  
Building 46, Suite 102  
PO Box 25247  
Denver, Colorado 80225  
C/O Mr. Bruce Buchan, MAI

Re: Appraisal Report for Annual Market Rents for Real Properties Identified as Lot 31 Red Willow Reservoir Seasonal Cabins, and Mobile Home Spaces J-03 and B-04, Red Willow Reservoir Mobile Home Spaces, Frontier County, State of Nebraska

Dear Mr. Buchan:

In compliance with the request by the United States Department of Interior, Elliott M. Clark, MAI of Clark Real Estate Appraisal viewed the above referenced properties on March 14, 2019. I reviewed applicable information regarding use, easements, access, and utilities relative to the subject property and researched and analyzed trends in real estate activity in the immediate and greater subject market areas. The property viewing, reviews, and analyses were made in order to prepare the attached appraisal report.

The prospective Market Rents for the subject properties as of May 1, 2020 are concluded in this report. At the request of the client, this appraisal conforms to the requirements of the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation (USPAP).

The Scope of Work includes **Hypothetical Conditions**. The specific verbiage is as follows; “The appraisal will hypothetically consider the sites/spaces “as vacant” excluding the improvements specified in the sample permits, coupled with the properties being available for rent on the open market.”

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There are three approaches to value in the appraisal of real property. They are the Cost, Sales Comparison, and Income Approaches. All three approaches as well as additional methodologies and their applicability will be discussed in greater detail in the Scope of the Appraisal section of this report.

The Market Rents for the subject properties are concluded in this report. The values concluded in this report were made after thorough study of available market data and other data felt to be pertinent to this appraisal. The attached appraisal report exhibits the factual data found and reasoning used in forming my opinions of value.

This appraisal is subject to the attached Certification of Appraisal and Statement of Limiting Conditions. I further certify that this appraisal was made in conformity with the Code of Professional Ethics of the Appraisal Institute, and the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation (USPAP).

Respectfully submitted,

A handwritten signature in blue ink that reads "Elliott M. Clark". The signature is written in a cursive, flowing style.

Elliott M. Clark, MAI  
Montana Certified General Real Estate Appraiser  
REA-RAG-LIC-683

**Telephone (406) 862-8151 • [www.clarkappraisal.us](http://www.clarkappraisal.us) • FAX (406) 612-2000**

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## SUMMARY OF SALIENT DATA AND CONCLUSIONS

<b>PROSPECTIVE EFFECTIVE DATE OF APPRAISAL REPORT</b>	: May 1, 2020
<b>PURPOSE OF THE APPRAISAL</b>	: Conclude Opinions of Prospective Annual Market Rents for Subject Properties
<b>PROPERTY RIGHTS APPRAISED</b>	: Annual Market Rents Subject to Cabin Lot Permit for Cabin Site No. 31 and Lot Permit Agreements for Mobile Home Spaces J-03 and B-04
<b>PROPERTY LOCATION</b>	: Red Willow State Recreation Area, McCook, Nebraska
<b>ZONING</b>	: AG-R, Agricultural Residential
<b>IMPROVEMENTS</b>	: None Considered for Cabin Sites & Site Improvements Considered for Mobile Home Spaces
<b>EXTRAORDINARY ASSUMPTIONS</b>	: None
<b>HYPOTHETICAL CONDITIONS</b>	: “The appraisal will hypothetically consider the sites/spaces “as vacant” excluding the improvements specified in the sample permits, coupled with the properties being available for rent on the open market.”
<b>JURISDICTIONAL EXCEPTIONS</b>	: None
<b>LARGER PARCEL SIZE</b>	: Not Applicable to this Assignment
<b>HIGHEST &amp; BEST USE AS IF VACANT</b>	: Construction of a Small Cabin (Cabin Site No. 31) & Placement of Single Wide Mobile Homes (Mobile Home Spaces J-03 & B-04)
<b>AS IMPROVED</b>	: Not Applicable
<b>ANNUAL MARKET RENTS</b>	
<b>CABIN SITE NO. 31:</b>	: \$2,700
<b>MOBILE HOME SPACE J-03</b>	: \$1,200
<b>MOBILE HOME SPACE B-4</b>	: \$1,200

## **CERTIFICATION OF APPRAISAL**

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the properties that are the subject of this report and no personal interest with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the properties that are the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the properties that are the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- The compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or a direction in value that favors the cause of the client, the amount of the value opinion, the attainment of stipulated results, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The appraiser made physical inspections of the properties appraised and the property owner, or his designated representative, was given the opportunity to accompany the appraiser on the property inspection.
- This reported analysis, opinions, and conclusions were developed, and this report was prepared in conformity with the Code of Professional Ethics and the Standards of Professional Practice adopted by the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report Elliott M. Clark, MAI has completed the continuing education requirements of the Appraisal Institute.

After carefully considering all the factors influencing the subject properties, it is my conclusion that the Prospective Annual Market Rents for the subject properties, based upon **Hypothetical Conditions** included in the Scope of Work, (The specific verbiage is as follows; “The appraisal will hypothetically consider the sites/spaces “as vacant” excluding the improvements specified in the sample permits, coupled with the properties being available for rent on the open market.”), as of May 1, 2020, are

**CABIN SITE NO. 31: \$2,700**  
**MOBILE HOME SPACE J-03: \$1,200**  
**MOBILE HOME SPACE B-04: \$1,200**

*Elliott M. Clark*

---

Dated Signed: August 13, 2019  
Elliott M. Clark, MAI  
MT REA-RAG-LIC-683

## **GENERAL ASSUMPTIONS AND LIMITING CONDITIONS**

The appraisal is subject to the following conditions and to such other specific and limiting conditions as are set forth in the appraisal report.

1. The legal descriptions provided in the Statement of Work provided by the client are assumed to be correct.
2. The appraiser assumes no responsibility for matters legal in character, nor does she render any opinion as to titles, which are assumed to be marketable. No liens or assessments were located for the subject properties.
3. Any sketches in this report indicate approximate dimensions and are included to assist the reader in visualizing the properties.
4. The appraiser has not made a survey, engineering studies or soil and analysis of the properties and assume no responsibility in connection with such matters or for engineering, which might be required to discover such factors.
5. Unless otherwise noted herein, it is assumed that there are no encroachments, zoning or restriction violations existing in the subject properties.
6. Information, estimates and opinions contained in this report are obtained from sources considered reliable and believed to be true and correct; however, no liability for them can be assumed by the appraiser.
7. The appraiser is not required to give testimony or attendance in court by reason of this appraisal, with reference to the property in question, unless arrangements have been made previously, therefore.
8. The division of the land and improvements (if applicable) as valued herein is applicable only under the program of utilization shown. These separate valuations are invalidated by any other application.
9. Disclosure of the contents of this appraisal report is governed by the By-Laws and Regulations of the Appraisal Institute. Except as hereinafter provided, the party for whom this appraisal report was prepared may distribute copies of this report, in its entirety, to such third parties as may be selected by the party for whom this appraisal report was prepared; however, selected portions of this appraisal report shall not be given to third parties without prior written consent of the signatories of this appraisal report. Further, neither all nor any part of this appraisal report shall be disseminated to the general public by the use of advertising media, public relations media, sales media or other media for public communication without the prior written consent of the signatory of this appraisal report.
10. The appraiser is not an expert at the identification of environmental hazards. This assignment does not cover the presence or absence of such substances. Any visually detected or obviously

known environmental problems affecting the properties will be reported and their impact on the value will be discussed.

11. This appraisal assignment was not made nor was the appraisal rendered on the basis of requested minimum valuations or specific valuations.
12. This appraisal was prepared for the client and the intended users named in this report. The analysis and conclusions included in the report are based upon a specific Scope of Work determined by the client and the appraiser and are not valid for any other purpose or for any additional users.
13. This Scope of Work includes **Hypothetical Conditions**. The specific verbiage is as follows; “The appraisal will hypothetically consider the sites/spaces “as vacant” excluding the improvements specified in the sample permits, coupled with the properties being available for rent on the open market.”

## **SCOPE OF THE APPRAISAL**

The Scope of Work for this assignment includes determination of Annual Market Rents for the subject Cabin Sites and Mobile Homes Spaces. At the request of the client, this report conforms to the Uniform Standards of Professional Appraisal Practice (USPAP). This report also conforms to the Code of Professional Ethics and the Standards of Professional Practice adopted by the Appraisal Institute.

### **CLIENT**

The client for this report is the United States Department of Interior, Appraisal and Valuation Services Office (AVSO).

### **INTENDED USERS(S)**

The appraisal report will be used by the Great Plains Region USBR on behalf of the United States of America and the Nebraska Game and Parks Commission.

### **INTENDED USE**

The intended use of the appraisal report will be to assist the Great Plains USBR and Nebraska Game & Parks Commission with setting annual rental rates for the subject properties. The appraisal report is not intended for any other use.

### **MARKET RENT DEFINITION**

Market Rent applied in the appraisals must comply with 43 C.F.R. Part 2920.8(a), which requires that:

*“The rental shall be based either upon the fair market value of the rights authorized in the land use authorization or as determined by competitive bidding. In no case shall the rental be less than fair market value.”*

The statutory reference above to the “fair market value of the rights authorized” shall be considered synonymous with the following definition of market rent.

*“The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements.” [The Dictionary of Real Estate, 6 Edition (Appraisal Institute, 2015), p.140]*

This appraisal assignment encompasses both the attached Cabin Site Permit(s) (land only) and Mobile Home Lot Permit(s) (rental of the space via the concessionaire) and should be treated similarly as a lease agreement for purposes of valuation.

### **CABIN SITE/MOBILE HOME SPACE DEFINITION**

Cabin site and mobile home space suggests any area within a public recreation or conservation area whose occupancy and use are granted to an individual or group for a period of time by permit (43 C.F.R. Part 21.3).

### **PERMIT DEFINITION**

Permit is any lease, license, or other contract whereby a public recreation or conservation area is made available, in whole or part, to an individual or group for recreational purposes for a stipulated period of time but does not include leases or transfers to other Federal or non-Federal public agencies (43 C.F.R. Part 21.3).

### **EFFECTIVE DATE OF MARKET VALUES**

The effective date of the annual market rents concluded in this report is May 1, 2020. The annual market rents are as of a requested prospective date. A prospective date in an appraisal is a date subsequent to the date of the completion and delivery of an appraisal report.

### **DATE OF PROPERTY INSPECTION**

The date of inspection of the subject Mobile Home Spaces J-03 and B-04 is March 14, 2019. The date of inspection of Subject Cabin Site No. 31 is April 16, 2019.

### **PROPERTY RIGHTS APPRAISED**

The Prospective Annual Market Rents subject to the Cabin Lot Permit for Cabin Site No. 31 and Lot Permit Agreements for Mobile Homes Spaces J-03 and B-04.

### **PROPERTY CHARACTERISTICS**

The subject properties consist of Cabin Lot No. 31 (a 0.90 acre site) and Mobile Spaces J-03 (single wide viewing setting) and D-04 (single wide interior setting) at Red Willow Reservoir State Recreation area, McCook, Frontier County, Nebraska. Detailed property characteristics are included in the Property Descriptions section of this report.

### **ASSIGNMENT CONDITIONS**

The prospective market values for the Annual Market Rents for the subject properties are determined in this report. At the request of the client, this appraisal was made in conformity to the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation (USPAP). This report also conforms to the Code of Professional Ethics and the Standards of Professional Practice adopted by the Appraisal Institute.

### **SCOPE OF PROPERTY VIEWINGS**

Subject Mobile Homes Spaces J-03 and B-04 were viewed on March 14, 2019 by Elliott M. Clark, MAI and Christopher D. Clark both of Clark Real Estate Appraisal. We were accompanied by Mr. Bruce Buchan, MAI with AVSO and Mr. Nikolas Johanson with USBR.

Subject Cabin Site No. 31 was viewed on April 16, 2019 by Elliott M. Clark, MAI and Christopher D. Clark both of Clark Real Estate Appraisal. We were accompanied by Mr. Nikolas Johanson with USBR.



## SCOPE OF RESEARCH

The history of ownership, historical uses, and current intended uses were provided by the client and/or representative for the property owner.

All lakes/reservoirs in western Nebraska were researched for determination of the appropriate competitive set. The appropriate competitive sets were isolated based upon the following criteria;

- Lake/reservoir size (water surface area)
- Property types adjacent to and near the lake/reservoir (mobile home parks, cabin sites for lease, and lot sales)
- Cabin Site lease rates utilized from lakes/reservoirs managed by entities other than the US Bureau of Reclamation The Cabin Site lease rates for lakes/reservoirs managed by the US Bureau of Reclamation were not utilized in this report because the rates have not been updated to reflect market rental rates.
- Privately owned lot sales utilized from the most applicable lakes

## Data Sources

- US Bureau of Reclamation (Nik Johanson, Natural Resource Specialist)
- US Army Corps of Engineers
- US Forest Service
- Nebraska Game & Parks Commission (Bob Bergholz)
- Nebraska County Assessor's Offices (Chase, Dawson, Frontier, Gosper, Harlan, Hitchcock, Lincoln, & Scottsbluff) (Detailed Sales Data Available with Subscription Fee & Interviewed Individual Assessors for Most Counties)
- Outstate MLS (Subscribed to Service)
- Specific Realtors who handle lakefront properties (Named as Verifying Sources as Applicable)
- Grantees/Grantors (Named as Verifying Sources as Applicable)
- Mobile Home Park Concessionaires (Private & Those Working Through Nebraska Game & Parks – Names as Verifying Sources as Applicable)
- Central Nebraska Public Power & Irrigation District (Jim Brown, Land Administrator)
- Nebraska Public Power District (Brian Hope, Land Management Coordinator)
- Idaho Department of Lands
- Montana Department of Natural Resources & Conservation
- STDB.com

Specific comparable market data was obtained through a combination of public record, power and irrigation districts, area realtors, concessionaires, and area property grantees/grantors. Every effort was made to verify all comparable data with a party involved in the transaction. Specific data sources are identified with each sale write-up.

## HYPOTHETICAL CONDITIONS

A **Hypothetical Condition** is defined in 2018-2019 version of the Uniform Standards of Professional Appraisal Practice (USPAP) published by the Appraisal Standards Board to be “*a condition, directly*

*related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for purpose of analysis.”*

The Scope of Work includes **Hypothetical Conditions**. The specific verbiage is as follows; “The appraisal will hypothetically consider the sites/spaces “as vacant” excluding the improvements specified in the sample permits, coupled with the properties being available for rent on the open market.”

### **EXTRAORDINARY ASSUMPTIONS**

An **Extraordinary Assumption** is defined in 2018-2019 version of the Uniform Standards of Professional Appraisal Practice (USPAP) published by the Appraisal Standards Board to be “*an assumption, directly related to a specific assignment, as of the effective date of the assignment results which, if found to be false, could alter the appraiser’s opinions or conclusions.*”

There are no **Extraordinary Assumptions** associated with this appraisal.

### **JURISDICTIONAL EXCEPTIONS**

No **Jurisdictional Exceptions** were considered for this appraisal.

### **HIGHEST AND BEST USE**

My opinions of the highest and best uses for the subject properties were developed using the research collected relative to the subject properties, area development trends, and demographics. The information collected is considered comprehensive and provides a credible basis for a carefully considered analyses. The appraisal processes presented were based upon the highest and best use conclusions for the subject properties.

### **APPRAISAL PROCESS**

There are three recognized approaches in the valuation of real property. They are the Cost, Sales Comparison, and Income Approaches. The purpose of this report is determination of prospective annual market rental rates for the subject properties. For that reason, Comparable Lease Analysis and Ground Lease Rate of Return Analysis are appropriate methodologies. The relevance of the three recognized approaches and these additional methodologies to this assignment are explained in the following paragraphs.

#### **SALES COMPARISON APPROACH**

Cabin sites and mobile home spaces like the subject properties do not sell on an individual basis. The Sales Comparison Approach was not applicable to the annual market rental rates for the subject properties and was not developed in this report. The Sales Comparison Approach was a component of the Ground Lease Rate of Return Analysis for Subject Cabin Site No. 31; however, it does not constitute a stand-alone approach to value.

### *COST APPROACH*

The annual market rental rates for the subject properties concluded in this report are as if vacant. The Cost Approach was not applicable for the determination of the annual market rental rates for the subject properties and was not developed in this report.

### *INCOME APPROACH*

The subject properties are not income producing properties for the lessees. The Income Approach is not applicable to the annual market rental rates for the properties and was not developed in this report.

### *COMPARABLE LEASE ANALYSIS*

Thorough searches were conducted for lease comparables for competitive cabin sites and mobile home spaces. There were not sufficient lease comparables reflecting market rental rates located for the subject cabin site. Please see Subject Market Analysis for details of leases on area lakes. A sufficient number of lease comparables were located for the subject mobile home spaces. Market lease rates for the subject mobile home spaces were concluded based upon an analysis of comparable lease data.

### *GROUND LEASE RATE OF RETURN ANALYSIS*

The first step in determination of a market rental rate using ground lease rate of return analysis is determination of the market value of the subject cabin site as if vacant. The next step is the application of a market derived ground lease rate of return. This process results in an indication of an annual rental rate.

This methodology requires a determination of a market value for the site. Mobile home spaces do not typically convey on an individual basis. For this reason, this methodology was not considered applicable for the determination of the annual market rents for the subject mobile home spaces.

Privately owned homes sites with some similarities to the subject Cabin Site No. 31 do transfer periodically in the greater subject market area. For this reason, this methodology had applicability to the determination of the annual market rental rates for this property.

### **ENVIRONMENTAL**

The appraiser is not an expert regarding the detection and measurement of hazardous substances, unstable soils, or freshwater wetlands. Therefore, this assignment does not cover the presence or absence of such substances as discussed in the Limiting Conditions section of this report. However, any visual or obviously known problems affecting the property will be reported and their impact on the value will be discussed.

## **SUMMARY OF APPRAISAL PROBLEMS**

Appraisal problems encountered during the preparation of this report and treatment in the report is detailed below.

### **Appraisal Problem 1**

Leases for cabin sites on area lakes were located; however, none represented “arm’s length” transactions. There were not sufficient lease comparables located to prepare a credible Comparable Lease Analysis for the subject Cabin Site No. 31.

### **Treatment in Appraisal**

The leases for cabin sites on area lakes are described in detail in the Subject Market Analysis. Ground Lease Rate of Return Analysis was relied upon for determination of the prospective market rental rates for the subject Cabin Site No. 31.

### **Appraisal Problem 1**

No sales of privately owned vacant sites were located on the subject reservoir.

### **Treatment in Appraisal**

The search for sales of private land on reservoirs/lakes was expanded to include Western Nebraska.

### **Appraisal Problem 2**

Few private land sales were located with similar proximity to reservoirs/lakes in Western Nebraska.

### **Treatment in Appraisal**

An extensive search was conducted for sales of privately owned sites with proximity to similar lakes/reservoirs in Western Nebraska. This search resulted in a number of site sales. The most recent and relevant sales located were utilized as comparables to determine the market value for Cabin Site No. 31 as if vacant for Ground Lease Rate of Return Analysis.

## **CONCERNS OF PROPERTY OWNERS**

### **Property Owner Concern**

Not Applicable

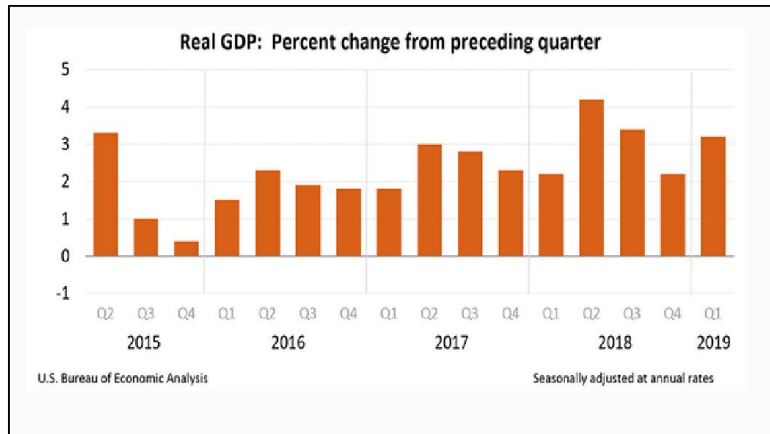
### **Treatment in Appraisal**

Not Applicable

## ECONOMIC & DEMOGRAPHIC DATA

### NATIONAL ECONOMIC DATA

Real GDP increased by an annual rate of 3.2% in the first quarter of 2019 after increasing 2.2% in the fourth quarter of 2018 according to the Bureau of Economic Analysis of the US Department of Commerce (BEA). According to the BEA, the increase in real GDP reflected positive contributions from personal consumption expenditures, private inventory investment, exports, state and local government spending, and nonresidential fixed investment. Imports, which are a subtraction in the calculation of GDP, decreased. These contributions were partly offset by a decrease in residential investment. The acceleration in real GDP growth in the first quarter reflected an upturn in state and local government spending, accelerations in private inventory investment and in exports, and a smaller decrease in residential investment.



### STATE ECONOMIC DATA

Nebraska is located in the Midwest region of the United States and is one of the Great Plains states. Nebraska is bordered by South Dakota, Iowa, Missouri, Kansas, Colorado, and Wyoming. Nebraska is the 37 most populous state with 2018 US Census estimated population of 1,929,268. According to US Census data, the population grew 5.6% from 1,826,341 in 2010, and is expected to continue to grow, with an estimated 2023 population of 2,035,869. Nebraska was the 37<sup>th</sup> state to join the union in on March 1, 1867 and is the 16th largest state in the US, covering 77,347 square miles. Nebraska is largely rural, with more than half of the state's population living in just 3 of the state's 97 counties. Approximately 97.2% of the land in Nebraska is privately owned, with only 2.8% public land. According to the Nebraska Department of Agriculture, 91% of the states total land area is utilized for farming or ranching.

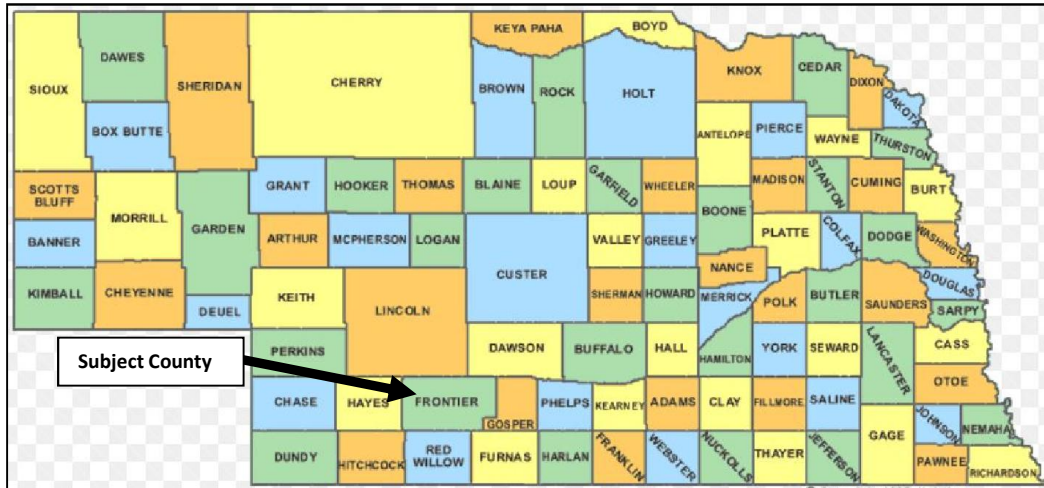
Nebraska's economy is largely driven by Agriculture. Nebraska ranks third in food production in the US only behind California, and Iowa. According to Nebraska Department of Agriculture statistics, 1 in 4 jobs in Nebraska are related to agriculture. Other significant economic sectors in Nebraska are;

- Transportation
- Wholesale & Retail Trade
- Manufacturing
- Health Care
- Finance
- Construction

US Census Data estimates that the median household income in Nebraska was \$56,675 in 2018, compared to an average median household income of \$61,372 for the United States. The median household income is expected to increase to \$62,777 by 2023. The Tax Foundation's 2019 State Business Tax Climate Index ranked Nebraska 28<sup>th</sup> in the US for corporate taxes, 26<sup>th</sup> for individual taxes, 9<sup>th</sup> for sales tax, and 40<sup>th</sup> for personal taxes. The overall tax climate rank for Nebraska was 24<sup>th</sup>. The unemployment rate for Nebraska as of February 2019 was 2.8% compared to 4.1% for the US. According to The University of Nebraska-Lincoln, Bureau of Business Research & The Nebraska Business Forecast Council, the Nebraska economy is expected to continue to grow despite a slowdown in the Agriculture sector. Employment is expected to grow between 0.7% and 0.9% through 2021, and non-farm income is expected to grow up to 4.5%. Economic sectors expected to grow during this period are manufacturing, construction, and healthcare.

## FRONTIER COUNTY DATA

The subject properties are located in the Red Willow State Recreation Area in the southwest corner of Frontier County, NE. The county is bordered by Lincoln, Dawson, Gosper, Furnas, Red Willow, Hitchcock, and Hayes Counties in Nebraska. A Map of Nebraska with counties identified is below.



Frontier County was established in 1872 when early settlers established farming and cattle grazing operations in the area. The Frontier County Seat is Stockville. Other towns in Frontier County include Curtis, Eustis, Maywood, Moorfield, and Orafino. Curtis is the largest population center in the county with a 2010 Census Bureau Estimate of 939 residents. The population of Stockville was 25 according to 2010 Census estimates.

### Geographical Information

Frontier County is approximately 975 square miles in size. The county is primarily made up of agricultural crop and grazing land. Approximately 0.6% of the county is water. There are two reservoirs in Frontier County. Red Willow Reservoir which is 1,628 acres, and Medicine Creek Reservoir which is 1,768 acres. The county includes the Red Willow State Recreation Area and the Medicine Creek State Recreation Area.

### Population

According to the US Census Bureau, the population estimate for Frontier County as of July 1, 2018 is 2,608. The 2010 population according to the Census Bureau was 2,756. This reflects a decrease in population over the past 8 years of 5.37%.

### Income

According to 2018 US Census data estimates, the median household income in 2017 dollars for Frontier County was \$52,090. This is less than the median household income for Nebraska for the same period of \$56,675. US Census Bureau estimates that 13.1% of the population in Frontier County was below the poverty line in 2018. This is greater than the estimated 10.8% poverty rate for the State of Nebraska for the same period.

**Employment**

The economy of Frontier County predominantly consists of farming, and ranching. According to the US Bureau of Labor and Statistics, the non-seasonally adjusted unemployment rate for Frontier County was 3.9% in March of 2019. This is higher than the non-seasonally adjustment unemployment rate Nebraska for March of 2019 of 2.9%. The unemployment rate for the county typically drops during summer and fall due to increases in tourism related jobs.

**Education & Healthcare**

There are elementary, middle and high schools servicing various areas of Frontier County. These include Eustis-Farnam Public Schools, Maywood Public Schools, and Medicine Valley Public Schools. There is no four-year college in Frontier County. There is a medical clinic in Curtis. Larger healthcare facilities include the Lexington Regional Healthcare Center in Dawson County, Tri-Valley Health Systems in Cambridge in Furnas County, and Community Hospital in McCook, in Red Willow County.

**Real Estate**

According to 2018 estimates from US Census data, there were 1,583 housing units in Frontier County. Of the total housing units, 76.7% were reportedly owner occupied. The median home value for 2018 was reportedly \$98,200 compared to \$142,400 for the State of Nebraska.

**Linkages & Transportation**

US Highway 83 travels north to south through the western portion of Frontier County. Nebraska Highways 23 and 18 runs through Frontier County from east to west. The nearest airport with passenger service is in McCook in Red Willow County.

**Frontier County Economic Data Conclusion**

The largest employment categories for Frontier County are Services 31.0%, Agriculture and Mining 16.1% Retail Trade 8.9% and Government 16.1%. The economic health of the county is largely dependent on agriculture. Frontier County is a rural county and has experienced some population loss typical of the rural Midwest and West. Population migration is likely to continue to trend away from rural areas and toward larger population centers. The economic outlook for the county is somewhat guarded due to heavy dependence on agriculture and possible continued declining population.



## **SALES, RENTAL & USE HISTORY**

### **Transfer or Sales History**

The subject lots are under the ownership of the United States. There have been no transfers of the subject lots during the three years prior to the report date.

### **Rental History**

Cabin Site No. 31 was occupied by a private party via long term permit (5 years) with the Nebraska Game and Parks Commission that expires on April 30, 2020. The original lease commenced in 1995 and the current lease is the final 5 year renewal option of the original lease. The annual lease rate is \$544. Based upon the market rental rate concluded in this report, the current lease rate is below a market rate. The tenant or permittee is responsible for the utility costs to the improvements, costs for construction and maintenance of any improvements, costs for sanitation and waste disposal, and costs (shared with other permittees) for road maintenance. The permitor pays for general road maintenance for the reservoir area but for the specific road to the subject site. The lessee changed in 2016 because the improvements on Cabin Site No. 31 transferred in 2016.

Mobile Home Spaces J-03 and B-04 were occupied by mobile homes owned by private parties via one year permits with Willow Springs Investment Group, Inc (concessionaire) that expired on December 31, 2018. Both leases were renewed for the 2019 season at a rate of \$1,200 per year. Based upon the market rental rate concluded in this report, the current lease rate is a market rate. The tenant or permittee is responsible for the utility costs to the improvements and costs for sanitation and waste disposal. The concessionaire (permitor) supplies water via a community system from March 15<sup>th</sup> through October 15<sup>th</sup> each year. Trash dumpsters and free parking for a single watercraft area are provided. Additional parking is available for \$50 per month. There are 25 docks available for lease for \$50 per month. There is a total of 67 mobile home spaces in the subject mobile home park and the docks are available on a first come – first served basis.

Please see the Property Description (Section F. Easements, Buffers, Restrictions, and Reservations) for abstracts of the permits in place.

### **Use & Marketing History**

The subject properties have been utilized as cabin sites or mobile home spaces for many years. According to the Frontier County Assessor's Office, the improvements on Cabin Site No. 31 transferred on March 8, 2016 for a consideration of \$30,000. No evidence was located indicating that the subject sites were marketed for sale during the three years prior to this report date.

### **Analysis of Buy-Sell Agreement/Contract of Sale**

I am not aware of any Buy-Sell Agreements or Contracts of Sale in place for the subject properties.

## PROPERTY DESCRIPTION

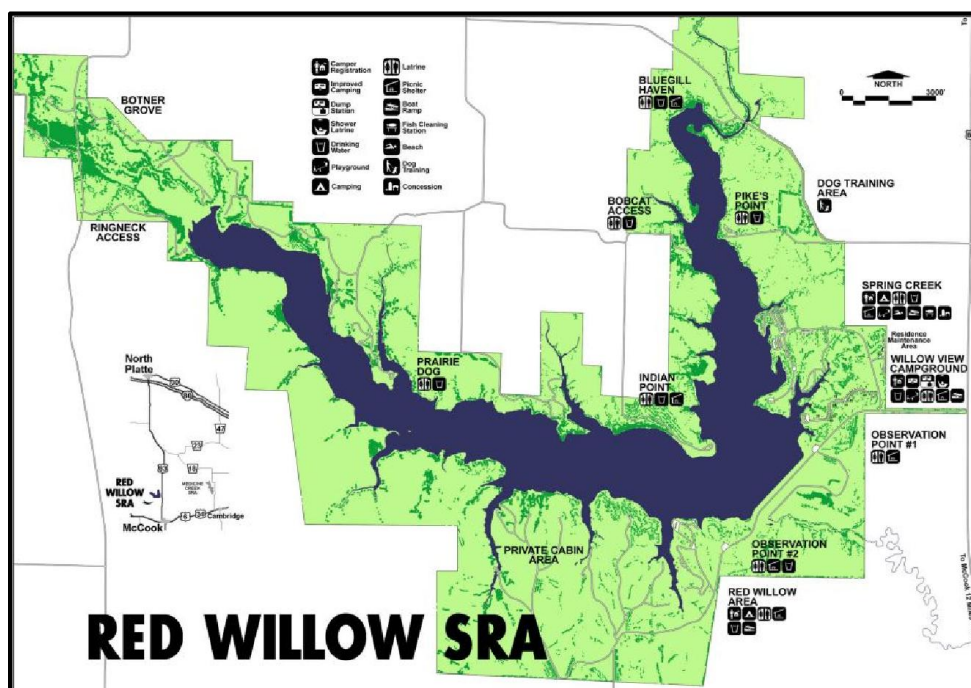
### A. GENERAL SITE DESCRIPTION

The subject properties consist of Cabin Lot No. 31 (a 0.90 acre site) and Mobile Spaces J-03 (single wide viewing setting) and B-04 (single wide interior setting) at Red Willow Reservoir State Recreation area, McCook, Frontier County, Nebraska. Detailed property characteristics are included in the Property Descriptions section of this report. Cabin Lot No. 31 has access walk in access to the reservoir across land owned by the US Bureau of Reclamation. Mobile Home Spaces J-03 and B-04 have access to a beach in the mobile home park and the opportunity to rent docks in the park on a seasonal basis.

### General Description of Red Willow Reservoir

Red Willow Reservoir is a 1,629-acre reservoir in Southwest Nebraska, located approximately 10 miles north of the Town of McCook. The reservoir is part of the Red Willow State Recreation Area which contains approximately 4,461 acres. The reservoir is the result of the construction of an earthen Dam on Willow Creek which was completed by the US Bureau of Reclamation in 1962. Red Willow Reservoir is also known as Hugh Butler Lake and serves the purpose of flood control, irrigation for agriculture, wildlife/fish habitat, and public recreation. Recreational opportunities at Red Willow Reservoir and the surrounding Red Willow State Recreation Area include fishing, boating, swimming, hiking, hunting, and camping. Along the Red Willow's 35 miles of shoreline are tent and RV camping sites with bathrooms and showers, a mobile home park, day use picnic areas, a swimming beach, boat launch facilities, a marina/convenience store, fish cleaning stations, an archery range, and hiking and biking trails. Red Willow Reservoir offers some of the best fishing in the State of Nebraska. Fish species include Walleye, Crappie, Largemouth Bass, Smallmouth Bass, White Bass, Wipers, Northern Pike, Channel Catfish, Flathead Catfish, and Carp.

Nebraska Game and Parks Map of Red Willow SRA



### Google Earth Aerial View of Red Willow Reservoir



### Subject Property Legal Descriptions

Subject Property Legal Descriptions	
Property Identification	Legal Description
Cabin Site No. 31	Lot 31, Red Willow Reservoir Seasonal Cabins, Situated in Section 35, Township 5 North, Range 30 West, County of Frontier, State of Nebraska.
Mobile Home Space J-03	Space J-03 Red Willow Reservoir Mobile Home Spaces, Situated in Section 25, Township 5 North, Range 30 West, County of Frontier, State of Nebraska.
Mobile Home Space B-04	Space B-04 Red Willow Reservoir Mobile Home Spaces, Situated in Section 25, Township 5 North, Range 30 West, County of Frontier, State of Nebraska.

## Cabin Site 31

## Cabin No. 31 Site Plan

Hand-drawn surveying diagram showing a traverse with stations 30, 31, and 32. The diagram includes bearings, distances, and intersection points PI 19 and PI 20. A north arrow is present in the bottom left corner.

**Station 30:**

- Line to Station 31: Bearing  $129^{\circ} 00'$ , Distance  $140.0$
- Line to Station 31: Bearing  $51^{\circ} 02'$ , Distance  $203.75$

**Station 31:**

- Line to Station 30: Bearing  $129^{\circ} 00'$ , Distance  $140.0$
- Line to Station 32: Bearing  $133^{\circ} 10' 38''$ , Distance  $206.32$
- Line to Station 32: Bearing  $126^{\circ} 00' 39''$ , Distance  $206.29$

**Station 32:**

- Line to Station 31: Bearing  $133^{\circ} 10' 38''$ , Distance  $206.32$
- Line to Station 31: Bearing  $126^{\circ} 00' 39''$ , Distance  $206.29$
- Line to Station 31: Bearing  $125^{\circ} 28' 28''$ , Distance  $151.97$
- Line to Station 31: Bearing  $145^{\circ} 03' 54''$ , Distance  $187.84$

**Intersection Points:**

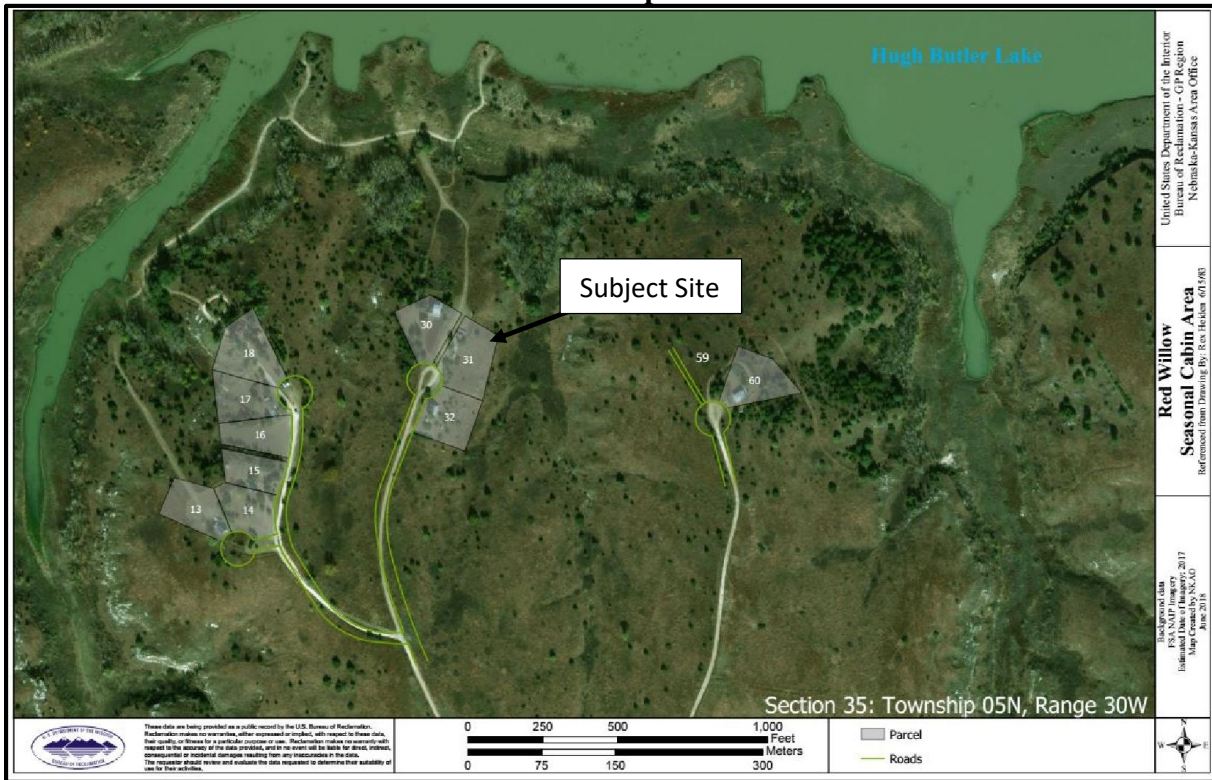
- PI 19: Intersection of lines from Station 31 and Station 32. Bearing  $106^{\circ} 10' 12''$ , Distance  $134.15$
- PI 20: Intersection of lines from Station 31 and Station 32. Bearing  $84^{\circ} 26' 17''$ , Distance  $187.84$

**Other Data:**

- Bearing  $90^{\circ} 12' 14''$  from Station 31 to PI 19
- Bearing  $90^{\circ} 20' 05''$  from Station 32 to PI 20
- Bearing  $89^{\circ} 12' 31''$  from Station 32 to PI 20
- Bearing  $180^{\circ} 04' 28''$  from Station 30 to Station 31
- Bearing  $60^{\circ} 00' 00''$  from Station 30 to Station 31
- Bearing  $129^{\circ} 00'$  from Station 30 to Station 31
- Bearing  $125^{\circ} 28' 28''$  from Station 31 to Station 32
- Bearing  $145^{\circ} 03' 54''$  from Station 32 to Station 31
- Bearing  $187.84$  from Station 32 to PI 20
- Bearing  $194.70$  from Station 32 to PI 20



## Cabin Site Aerial from US Department of The Interior



### **Mobile Home Space B-04**

Mobile Home Space B-04 is located within the Lighthouse Marina Concessionaire area on the east side of the reservoir. Amenities within the Lighthouse Marina development include the marina a convenience store, a bar and grill, a beer garden and a live music stage. The mobile home park area slopes gradually to the west toward the reservoir. The mobile home park is terraced in order to offer views of the reservoir to park residents. Mobile Home Space B-04 is rectangular shaped and is oriented approximately parallel to the reservoir. The site is generally level where the mobile home is located and is level with the access road on the east side of the site. The west side of the site slopes down toward another access road in the park. The mobile home and deck are located near the access road and there is a grassy in front of the mobile home. There are views of the reservoir to the southwest (overlooking other mobile homes in the park) from this mobile home space. This mobile home is suitable for a single wide mobile home.

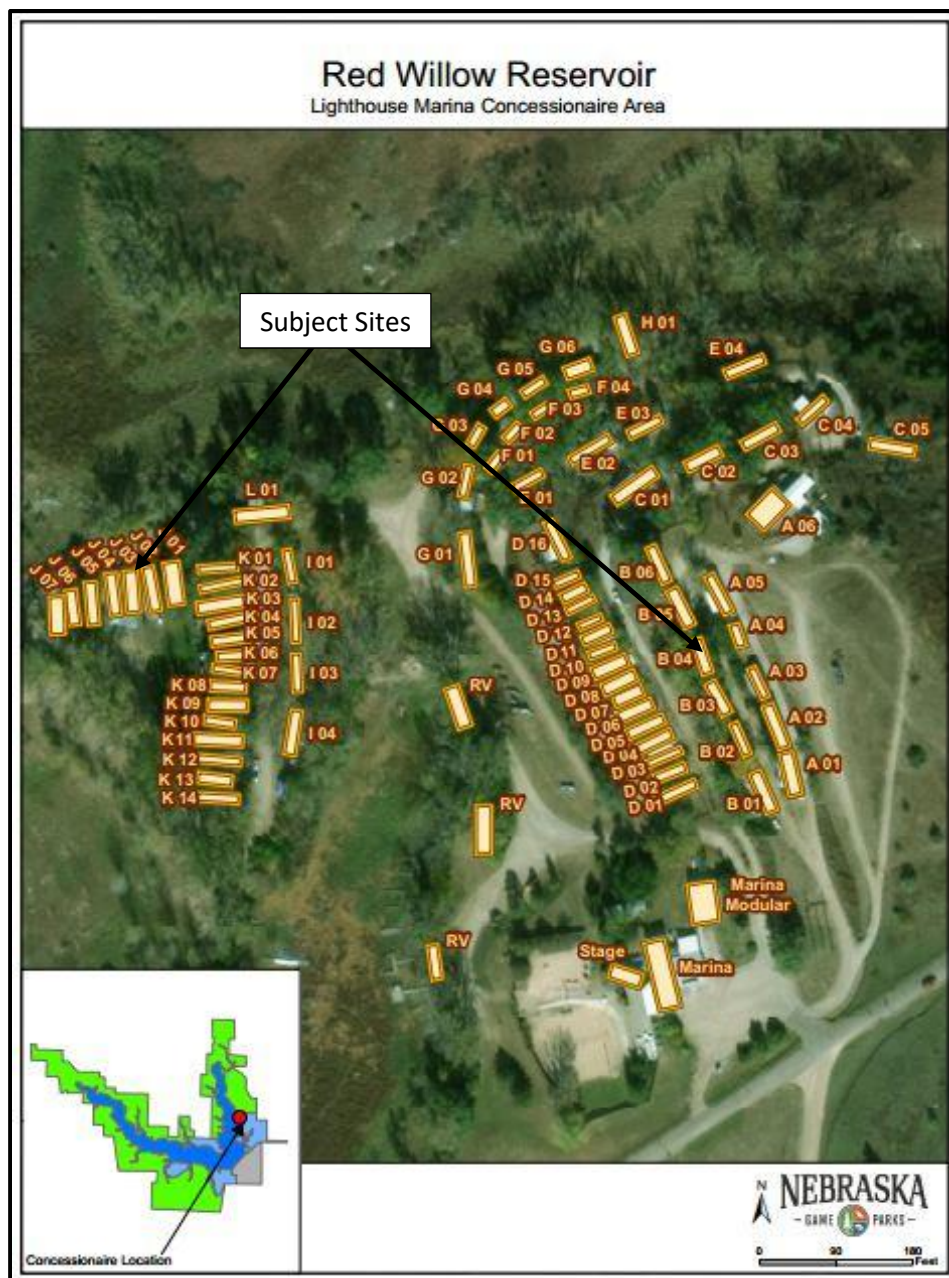
### **Mobile Home Space J-03**

Mobile Home Space J-03 is located in the Lighthouse Marina Concessionaire area on the east side of the reservoir. The mobile home park area slopes gradually to the west toward the reservoir. The mobile home park is terraced in order to offer views of the reservoir to park residents. Mobile Home Space J-03 is located at the northwest portion of the mobile home park along a perimeter dirt access road. The site is generally level where the mobile home is located, then slopes gently toward the west and north. Site J-03 has views of the reservoir to the north and west. This mobile home is suitable for a single wide mobile home.

We were not provided with dimensions for the mobile home park sites. Many of the mobile homes in Lighthouse Marina were older models and have likely been located at the Lighthouse Marina park for many years. Over time, some of the lessees of the mobile home sites have made improvements such as enclosed porches, decks, etc. that expanded the footprint of their mobile homes. It is likely that intended or required setbacks between many of the mobile homes are being encroached upon.

An aerial map of the Lighthouse Marina area and subject spaces J-03 and B-04 is below.

### Lighthouse Marina Concessionaire Map from Nebraska Game and Parks





**Zoomed Out Aerial Map**  
(Red Willow Reservoir Identified with Red Marker)



**B. ACCESS & PARKING**

**Cabin Site No. 31**

Cabin Site No. 31 is located on the south side of the Red Willow Reservoir. Access to the site is via Road 725 which is a county dirt road that provides access to cabin sites and other recreation areas within the Red Willow State Recreation Area. Road 725 is accessed via Red Willow Dam Road which intersects with US Highway 83. Road 725 is dirt road that is maintained by the Nebraska Game and Parks Commission. Vehicular access to the cabins via Road 725 may not be possible during the winter or spring depending on weather conditions. Occupancy of the cabins is limited to recreational use and year-long occupancy is not allowed. The cabin sites may be used year round but may not be a permanent residence. There is adequate area for parking on Cabin Site No. 31.

**Mobile Home Spaces B-04 and J-03**

Mobile Home Spaces B-04 and J-03 are located within the Lighthouse Marina Concessionaire area on the east side of the reservoir. The Lighthouse Marina area is adjacent to a Nebraska Game and Parks public access area that has a public beach, boat launches, a large park area, and restrooms.

The mobile home area has dirt access roads that are maintained by the concessionaire. Access to the marina and mobile home area is via the North Red Willow Dam Road which is a paved and is accessed via US Highway 83. Because of the proximity to paved roads, access to Mobile Home Spaces B-04 and J-03 is likely possible year-round. However, occupancy of the mobile homes is limited to seasonal use. There is a parking area on the north end of mobile home space B-04, and there is a parking area on the south end of mobile home space J-03. The Lot Permit Agreement between the concessionaire and the lot renters stipulates that there is only one parking space per unit.

### **C. ZONING**

Cabin Site No. 31, Mobile Home Site B-04 and Mobile Home Site J-03 are located within the Frontier County AG-R (Agricultural Residential) zoning district.

The intent of the AG-R Zoning District is;

*“to provide for low-density acreage residential development in selected areas within or in close proximity to the corporate limits of the Frontier County villages. Generally, these districts are located near urban and built-up areas within reasonable reach of fire protection and hard surfaced roads.”*

**Permitted Principle Uses and Structures** in the AG-R Zoning District include; General Farming, including hobby farming or animal raising, excluding any expansion of existing or development of intensive livestock confinement facilities/operations; One single-family dwelling; Irrigation and flood control projects; Child care, home; Public parks and recreation areas; Community buildings and/or private schools and colleges; Churches, places of worship; Cemeteries; Oil well tank batteries and access roadways;.

**Permitted Accessory Uses and Structures** in the AG-R Zoning District include; Accessory uses and structures normally appurtenant to the permitted uses and structures; Home occupations; Roadside stands for sale of agricultural produce; Small wind energy systems of less than 100 KW capacity; Solar collection systems.

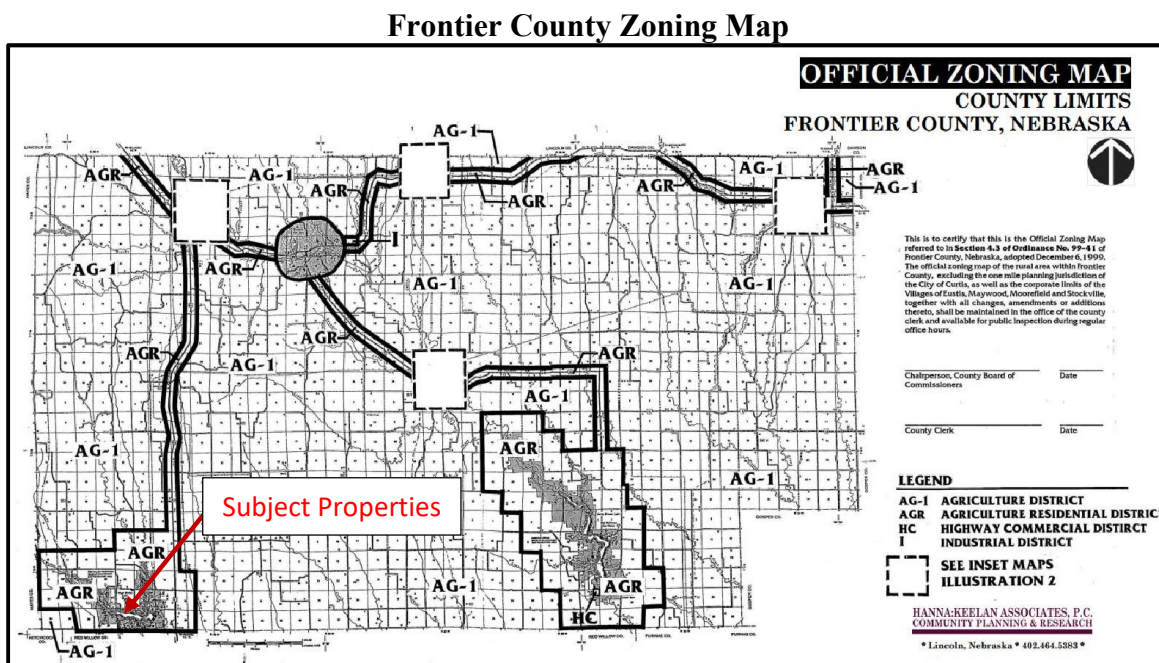
**Permitted Special Uses** in the AG-R Zoning District include; Agricultural service establishments primarily engaged in performing agricultural animal husbandry or horticultural services; Cemeteries, crematories, mausoleums and columbarium; Child care center; Radio, television and communications towers and transmitters; Camp grounds; Wind generating systems; Commercial kennels; Public and private charitable institutions; Greenhouses and nurseries; Animal clinics, animal hospitals, and veterinarian services; Mineral extraction, (sand, gravel, and quarries for other minerals); Solar farms.

### **Zoning Compliance Comments**

Mobile Home Parks are not Permitted Principle Uses or Permitted Special Uses noted in the AG-R zoning district. According to Ms. Darla Walther, Zoning Administrator of Frontier County, zoning was implemented in the county in December 1999. The subject mobile home park pre-dates zoning and is an allowable but non-conforming use. Ms. Walther indicated that the county has no plan in the event that the use of the subject mobile home is discontinued.



The subject properties are located within the Willow Creek State Recreation Area which is operated by the Nebraska Game and Parks Commission, under the operation of the US Bureau of Reclamation. The subject mobile home spaces are also within areas operated by a concessionaire. The US Bureau of Reclamation, Nebraska Game and Parks Commission, and the concessionaire have rules and regulations that govern property use by lessees. According to Mr. Jim Coady, concessionaire for the Lighthouse Marina, the mobile home park is in compliance with all federal, state, and county rules and regulations.



## D. ASSESSMENT/PROPERTY TAXES

The market rental rates for the subject properties as if vacant are determined in this report. Frontier County does not tax the subject sites because they are owned by the United States. Although Leasehold improvements are taxed; it was not relevant to this assignment to provide or analyze taxes attributable to the leasehold improvements. Payment for the taxes on any leasehold improvements are the responsibility of the lessee and have no relevance to the market rental rates for the sites as if vacant.

## E. IMPROVEMENTS

### General Descriptions

There are improvements on the subject properties. There is a cabin on Cabin Site No. 31, and there are mobile homes on Mobile Home Sites B-04, and J-03. However, the Scope of Work for this report includes **Hypothetical Conditions**. The specific verbiage is as follows; "The appraisal will hypothetically consider the sites/spaces "as vacant" excluding the improvements specified in the sample permits, coupled with the properties being available for rent on the open market."

According to the Concessionaire Agreement for the mobile home park, the concessionaire is required to provide utilities and water service for a six month period each year to each mobile home site. According the Concessionaire (Jim Coady), most of the mobile home sites in the park

are service by individual or shared septic systems. Mr. Coady reported that some of the mobile home sites in the park were utilizing septic holding tanks. He reported that sanitation services in the park are all permitted by the applicable regulatory agency. Amenities available to each mobile home site include; a beach area along the reservoir; access to a marina store and restaurant; open storage (space for one utility trailer or watercraft included in permit fee); and access to 25 existing docks (for an additional \$50 per season). Mr. Coady reported that he plans to construct approximately 40 new docks. The cost of construction of each dock (he estimated at \$30,000 per dock) will be passed on to the Permittee and the Permittee will be required to pay an additional rental of \$50 per season for use of each new dock.

#### **F. EASEMENTS, BUFFERS, RESTRICTIONS, & RESERVATIONS**

The subject properties are owned by the United States Government and are under the control of the Bureau of Reclamation. The cabin sites are managed by the Nebraska Game and Parks Commission. The mobile home spaces are managed by a concessionaire who is regulated by the Nebraska Game and Parks Commission. No easements are identified on the plat map for Cabin Site No. 31. Plat maps for the mobile home sites (if applicable) were not provided.

The uses of Cabin Site No. 31 and Mobile Home Spaces B-04 and J-03 are regulated by the permits required for use of these properties. Abstracts of both types of permits noting significant items are included on the following page.

<b>Subject Cabin Site &amp; Mobile Home Space Permit Abstracts</b>		
<b>Property Description</b>	<b>Cabin Site No. 31</b>	<b>Mobile Home Spaces B-04 &amp; J-03</b>
<b>Permittee</b>	Name Not Provided	Name Not Provided
<b>Permitior</b>	Nebraska Game and Parks Commission	Willow Springs Investment Group, Inc
<b>Permit Commencement Date</b>	2016 (Final 5 Year Renewal Option)	No Specific Date in Agreement
<b>Permit Expiration Date</b>	4/30/2020	No Specific Date in Agreement
<b>Permit Term</b>	5 Years	1 Year
<b>Renewal Options</b>	None	None Stated Specifically in Permit
<b>Annual Lease Rate Escalations</b>	None	N/A
<b>Annual Permit Fee</b>	\$544	\$1,200 (Rate provided by Permitior)
<b>Allowable Property Uses</b>	Recreational purposes. Use for one single family cabin and associated improvements. The Lot, cabin , and associated improvements may only be occupied by the Permittee., their family, and guests for recreational purposes.	Seasonal use allowed. Mobile home allowed. Parking for one vehicle allowed. Walk-in use allowed when park is closed and roads are not maintained.
<b>Property Use Restrictions</b>	Year-long occupancy of the Lot or associated improvements is prohibited. Lot and cabin shall not be used as a primary residence. No commercial activity or venture may be conducted on or from the Lot, cabin, or associated improvements.	No watercraft or utility trailer parking at unit.
<b>Sale of Improvements</b>	Approval required by Permitior.	Subject to 3.5% fee to Nebraska Game and Parks Commission and \$400 transfer fee to Permitior.
<b>Transfer of Permit</b>	Approval required by Permitior.	
<b>Public Access</b>	The shoreline and designated access to the shoreline will at all times be open to the public and the Permittee shall not restrict public use of shoreline.	
<b>Improvements on Lot</b>	Approval of Permitior required. Cabin cannot exceed 700 SF and 1 story. One garage not to exceed 600 SF. One storage building not to exceed 120 SF. Docks permitted on a case by case basis.	
<b>Expenses Paid by Permittee</b>	Costs for utilities to improvements & cost to maintain roads to improvements (may be shared by other permittees). Cost for sanitation and waste disposal.	Costs for utilities to improvements & costs for sanitation and waste disposal.
<b>Expenses Paid by Permitior</b>	General road maintenance for reservoir area but not for specific road to Lot.	Water supplied via a community water system from March 15th to October 15th of each year. Trash dumpsters provided. Free parking for a single watercraft. Additional parking available for \$50 per month.

Copies of both permit agreements are included in the Addendum of this report.

There is also a contractual agreement between Willow Springs Investment Group, LLC (the Concessionaire) and the Nebraska Game and Parks Commission for operation of the mobile home park which includes subject Mobile Home Spaces B-04 and J-03. An abstract of this agreement noting significant items is below;

<b>Abstract of Concessionaire Agreement</b>	
<b>Property Description</b>	<b>Concessionaire Agreement</b>
<b>Permittee</b>	Willow Springs Investment Group, LLC
<b>Permitior</b>	Nebraska Game and Parks Commission
<b>Permit Commencement Date</b>	5/1/2015 (Final Renewal Option)
<b>Permit Expiration Date</b>	4/30/2015
<b>Permit Term</b>	4 Years
<b>Renewal Options</b>	None
<b>Annual Lease Rate Escalations</b>	None
<b>Annual Permit Fee</b>	2% of Annual Gross Receipts
<b>Required Property Uses</b>	Sales of food refreshments, sporting goods, bait, motor fuel & lubricants, camping & picnic supplies, and permits/stamps (for hunting, fishing, & trapping). Permittee must provide electrical service, water facilities, toilets, sewage, and garbage disposal. Utilities must be supplied for 6 continuous months per year. Permittee must maintain improvements and roads within the concession site (not including mobile homes on permitted spaces). New construction requires permission of Permitior.
<b>Allowed Property Uses</b>	Rental of seasonal mobile home sites; service, repair, and maintenance of privately owned watercraft; boat for hire; dry storage; overnight rental of RV or camper sites; seasonal rental of RV or camper sites, boar rental, and rental of overnight and seasonal docks.
<b>Transfer of Permit</b>	Approval required by Permitior.
<b>Public Access</b>	The shoreline and designated access to the shoreline will at all times be open to the public and the Permittee shall not restrict public use of shoreline.
<b>Expenses Paid by Permittee</b>	All expenses involved with operation of concession area.
<b>Expenses Paid by Permitior</b>	None

A copy of the Concession Agreement is included in the Addendum of this report.

## **G. TOPOGRAPHY, VEGETATION, & ENVIRONMENTAL CONSIDERATIONS**

### **Cabin Site No. 31**

Cabin Site No. 31 is located at the end of a cul-de-sac on Road 725. The site is located on an elevated area between two drainages. The topography where the cabin is located is relatively level

and is suitable for the improvements on the property. The site slopes downward somewhat steeply toward the east, and gradually toward the west and north toward Red Willow Reservoir. There is a lawn area around the cabin that improved with grass and there are a few mature cottonwood trees next to the cabin. Areas of the site outside of the maintained lawn area have native grasses, plants, and trees.

#### **Mobile Home Space B-04**

Mobile Home Space B-04 is relatively level where the mobile home is located and then slopes downward toward an interior road. The topography in the mobile home park generally slopes downward from east to west toward the reservoir. The park is terraced to provide reservoir views from the mobile home sites. The mobile home on space B-04 is oriented along the east portion of the lot and is very near to the gravel road. There is a parking pad to the north of the mobile home, and a grass/dirt area to the south of the mobile home. There are some mature cottonwood and cedar trees on the site. There is a lawn area on the west side of the mobile home.

#### **Mobile Home Space J-03**

Mobile Home Space J-03 is generally level where the mobile home is located and then slopes gradually to the north and west toward the reservoir. There is a brick patio on the east side of the mobile home and lawn area around the remaining lot area. There are a few small trees on the site. The site is located near the north end of the mobile home park and is near the reservoir. The site has views of the reservoir to the north and west.

I was not provided with environmental audits for the subject properties and assume there are no toxic materials or groundwater contamination of the properties. I assume that drainage is adequate for the properties. I have not been provided with a soil studies for the subject sites. I assume the soil can accommodate the type of construction which is typically seen in the subject area.

According to FEMA Flood Zone Map 3106C0650C dated April 2, 2008, Mobile Home Site B-04 is located in Zone X, an Area of Minimal Flood Hazard. Mobile Home Site J-03 is located in Zone A (Area of Elevated Flood Hazard with a 1% annual average chance of flood event.). A FEMA FIRMette based upon the flood map panel is included on the following page.



**Mobile Home Site Flood Map Image**



According to FEMA Flood Zone Map 3106C0650C dated April 2, 2008, Cabin Site No. 31 is located in Zone X, an Area of Minimal Flood Hazard. A FEMA FIRMette based upon the flood map panel is included below.

**Cabin Site No. 31 Flood Map Image**



**Cabin Site No. 31 Topographic Map Image**



**Mobile Home Sites B-04 & J-03 Topographic Map Image**



## **H. UTILITIES**

Cabin Site No. 31 is connected to electricity and has an individual well and septic system. The cabin site Permittee pays for their own electricity and for maintenance of the well and septic system.

Mobile Home Sites B-04 and J-03 are connected to electricity, have access to a community water system provide by the concessionaire, and have individual septic systems. The mobile home site Permittee pays for their own electricity. The Permittor (Concessionaire) pays the costs for community water system. The water system for mobile homes at the Lighthouse Marina is operational from March 15<sup>th</sup> through October 15<sup>th</sup>.

#### **I. PUBLIC SAFETY AND SERVICES**

Public Safety services are provided by Nebraska Game and Parks and Frontier County. There is a convenience store and a restaurant at the Lighthouse Marina that operate seasonally. Comprehensive services such as shopping, restaurants, schools, medical care, and employment opportunities are available at McCook, which is approximately 10 miles south of Red Willow Reservoir.

#### **J. SITE SUITABILITY**

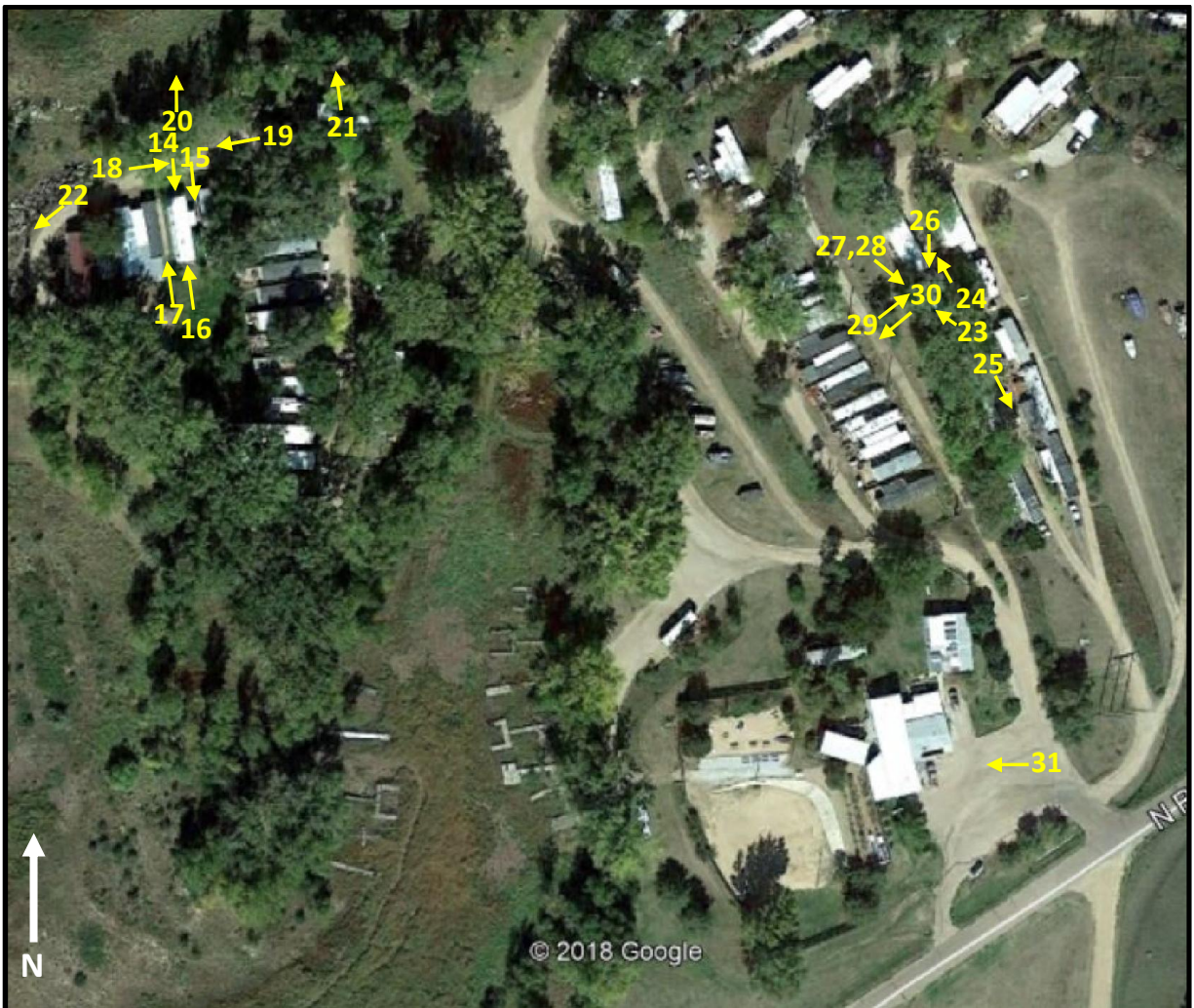
Cabin Site No. 31 is suitable for current and continued use as a recreation property. Mobile Home Site B-04, and Mobile Home Site J-03 are suitable for current and continued use as recreational mobile home sites (single wide mobile homes only). The water system is operational in the mobile home park from March 15<sup>th</sup> through October 15<sup>th</sup> of each year and interior roads are not plowed during winter months. Although the interior roads are not plowed during winter months, the permit for the subject mobile home sites does not preclude walk in access to the mobile homes. Additional suitability issues are addressed in the Highest and Best Use section of this report.



**PHOTOS 1-13 LOCATION MAP**  
(Cabin Site No. 31 Photos)

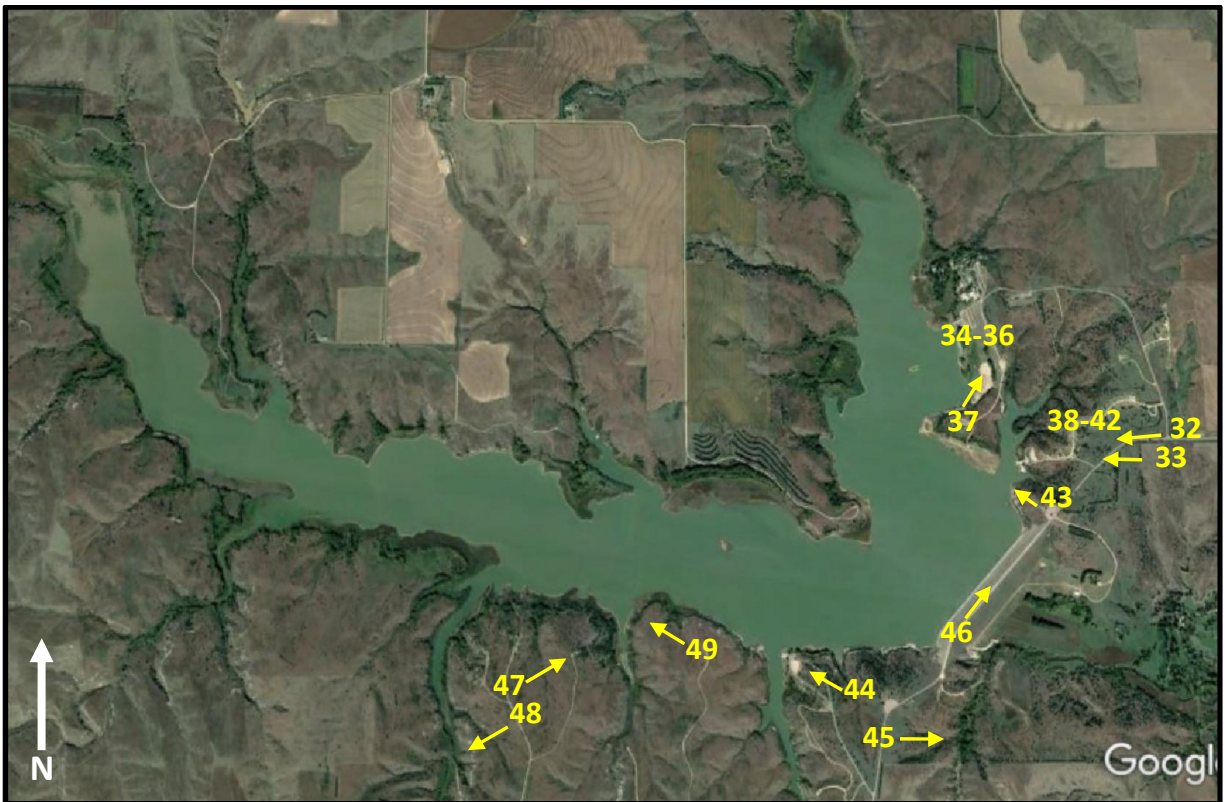


**PHOTOS 24-31 LOCATION MAP**  
(Mobile Home Site B-04 & J-03 Photos)





**PHOTOS 32-49 LOCATION MAP**  
(Red Willow State Recreation Area Photos)



**SUBJECT PHOTOGRAPHS**  
(Photos Taken by Chris Clark – April 16, 2019)



Photo 1  
Cabin on Cabin Site No. 31  
View Looking Northwest from Site Interior



Photo 2  
South End of Cabin  
View Looking North from South End of Cabin Site



Photo 3  
East Side of Cabin  
View Looking South from Northeast Corner of Cabin

**SUBJECT PHOTOGRAPHS**  
(Photos Taken by Chris Clark – April 16, 2019)



Photo 4  
View from Cabin Deck  
View Looking North from Deck



Photo 5  
West Side of Cabin  
View Looking East from Cabin Site No. 31



Photo 6  
Front of Cabin and Site Interior  
View Looking South from Edge of Lawn Area

**SUBJECT PHOTOGRAPHS**  
(Photos Taken by Chris Clark – April 16, 2019)



Photo 7  
Path to Reservoir from Cabin Sites 30, 31, & 32  
View Looking North Path to Reservoir



Photo 8  
Floating Dock near Reservoir  
View Looking NW from Path to Reservoir



Photo 9  
Views from Cabin Deck  
View Looking Northeast from Deck



**SUBJECT PHOTOGRAPHS**  
(Photos Taken by Chris Clark – April 16, 2019)



Photo 10  
Cul-de-Sac at End of Road 725  
View Looking South from South End of Cabin Site No. 31



Photo 11  
View along South Property Boundary  
View Looking East from South Site Boundary



Photo 12  
Approximate West Property Boundary  
View Looking North near Southwest Property Corner

**SUBJECT PHOTOGRAPHS**  
(Photos Taken by Chris Clark – April 16, 2019)



Photo 13  
Parking Area for Cabin Site No. 31  
View Looking Northeast from South Portion of Site



**SUBJECT PHOTOGRAPHS**  
(Photos Taken by Chris Clark – March 14, 2019)



Photo 14  
North End of Mobile Home on Site J-03  
View Looking South from Mobile Home Park Access Road



Photo 15  
View along East Side of Mobile Home a  
View South along Approximate East Boundary of Mobile Home Site J-03



Photo 16  
North Side of Mobile Home  
View Looking North from South End of Mobile Home Site J-03

### **SUBJECT PHOTOGRAPHS**

(Photos Taken by Chris Clark – March 14, 2019)



Photo 17  
North Side of Mobile Home  
View Looking North along Approximate West Property Boundary



Photo 18  
Access Road and North End of Mobile Home J-03  
View Looking East near Northwest Corner of Site J-03



Photo 19  
Front of Mobile Home Site J-03 and Access Road  
View Looking West from Approximate Northeast Corner of Site J-03

### **SUBJECT PHOTOGRAPHS**

(Photos Taken by Chris Clark – March 14, 2019)



Photo 20  
Reservoir View from Mobile Home Site J-03  
View Looking North from Access Road to North of Mobile Home



Photo 21  
Electric Meters for Mobile Home Sites J-01 – J-07  
View Looking North from Access Road



Photo 22  
Marina Lighthouse and Reservoir View  
View Looking West from Access Road

### **SUBJECT PHOTOGRAPHS**

(Photos Taken by Chris Clark – March 14, 2019)



Photo 23  
East Side of Mobile Home B-04  
View Looking Northwest from Interior Road



Photo 24  
Interior Road to East of Mobile Home Site B-04  
View Looking North from Interior Road



Photo 25  
Interior Road Looking South  
View South from Road near SE Corner of Mobile Home Site B-04



**SUBJECT PHOTOGRAPHS**  
(Photos Taken by Chris Clark March 14, 2019)



Photo 26  
Parking Area and North End of Mobile Home B-04  
View Looking South Near NE Corner of Mobile Home Site B-04



Photo 27  
Mobile Home B-04 and Deck  
View Looking Southeast from Deck



Photo 28  
Deck and Front of Mobile Home  
View Looking South from NW Corner of Mobile Home

**SUBJECT PHOTOGRAPHS**  
(Photos Taken by Chris Clark – March 14, 2019)



Photo 29  
Front of Mobile Home and Deck  
View Looking East from Lawn Area on West Side of Mobile Home Site B-04



Photo 30  
View from Deck  
View Looking West toward Reservoir from Deck



Photo 31  
Lighthouse Marina and Grill  
View Looking Northwest from Entrance to Lighthouse Marina

### **SUBJECT PHOTOGRAPHS**

(Photos Taken by Chris Clark – March 14, 2019)



Photo 32

Signage for Red Willow State Recreation Area  
View Looking West from North Red Willow Dam Road



Photo 33

View of Red Willow State Recreation Area Topography  
View Looking West from North Red Willow Dam Road



Photo 34

Public Boat Ramp  
View Looking West from Spring Creek Recreation Area

### **SUBJECT PHOTOGRAPHS**

(Photos Taken by Chris Clark – March 14, 2019)



Photo 35  
Reservoir View  
View Looking West from Spring Creek Recreation Area



Photo 36  
Public Restrooms  
View Looking East from Spring Creek Recreation Area



Photo 37  
Reservoir and Public Beach Area  
View North from South End of Spring Creek Recreation Area



## **SUBJECT PHOTOGRAPHS**

(Photos Taken by Chris Clark – March 14, 2019)



Photo 38

Entrance and Signage for Willow View Campground  
View Looking West from N. Red Willow Dam Rd.



Photo 39

Willow View Campground  
View Looking West Campground Road



Photo 40

Public Shower Building in Willow View Campground  
View Looking South from Campground Road

### **SUBJECT PHOTOGRAPHS**

(Photos Taken by Chris Clark – March 14, 2019)



Photo 41

Public Restroom Building in Willow View Campground  
View Looking Northwest from Campground Road



Photo 42

Public Boat Launch in Willow View Campground  
View West from West End of Campground



Photo 43

Picnic Area

View North from Observation Point Area

### **SUBJECT PHOTOGRAPHS**

(Photos Taken by Chris Clark – March 14, 2019)



Photo 44  
Public Boat Ramp at Red Willow Public Use Area  
View Looking Northwest from Boat Ramp



Photo 45  
Typical Topography Around Red Willow SRA  
View Looking East from Red Willow Dam Road



Photo 46  
Red Willow Dam  
View Looking Northeast from Red Willow Dam Road

**SUBJECT PHOTOGRAPHS**  
(Photos Taken by Chris Clark – April 16, 2019)



Photo 47  
Topography of Red Willow SRA  
View Looking Northeast from Road 725



Photo 48  
Topography Around Red Willow SRA  
View Looking Southwest from Road 725



Photo 49  
View of Red Willow Reservoir  
View Looking West from Elevated Point on South End of Reservoir

## **SUBJECT MARKET ANALYSIS**

Detailed county and local demographic and economic information is included in this report. General national and statewide data is included as well.

### **General Property Descriptions**

The subject properties consist of Cabin Lot No. 31 (a 0.90 acre site) and Mobile Spaces J-03 (single wide viewing setting) and D-04 (single wide interior setting) at Red Willow Reservoir State Recreation area, McCook, Frontier County, Nebraska. Detailed property characteristics are included in the Property Descriptions section of this report. The properties include frontage along and/or access to Red Willow Reservoir

### **Immediate Area Land Use Trends**

Red Willow Reservoir was constructed for irrigation, includes approximately 1,629 acres of surface water, and 35 miles of shoreline. The reservoir is popular for fishing and includes the following species; walleye, crappie, white bass, channel catfish, and wipers. There is no privately owned land adjacent to the reservoir. There are 8 cabins on leased cabin sites and a 67 pad mobile home park leased to and run by concessionaires via the Nebraska Game and Parks Commission.

### **Potential Users of Subject Properties**

The potential users of the subject Cabin Lot are market participants seeking a cabin site for recreational use on or near a body of water Western Nebraska. The potential users of the subject Mobile Home Spaces are market participants seeking a mobile home pad for recreational use near a body of water in Western Nebraska. Based upon examination of information provided by Nebraska Game and Parks Commission and Public Record, most market participants for the subject properties are from Nebraska.

### **Demand Analysis**

This appraisal is for properties on Red Willow Reservoir. This report is part of a larger assignment that includes the following reservoirs; Enders, Swanson, Medicine Creek, Red Willow, and Lake Minatare.

Activity on competitive lakes/reservoirs can shed light on demand. Clark Real Estate Appraisal conducted a search of lakes and/or reservoirs in western Nebraska that included leased cabin sites, leased mobile home pads, and/or sales of privately owned home sites. The lease rates for cabin sites on reservoirs operated by the United States Bureau of Reclamation (USBR) were not included in this analysis as these rates are not representative of market rates. Privately owned sites with proximity to the subject reservoirs were included in this analysis.

A table with lakes/reservoirs considered for the competitive set is include on the following page. An overview of the competitive set is provided as well as details for comparable data located for each subject property type.

Reservoirs/Lakes Considered for Competitive Set			
Name	Approximate Surface Water Acres	Operator	Notes
Box Butte Reservoir	1,600	USBR	Not Included in Competitive set as this reservoir is operated by USBR & Surrounding Properties are Large Agricultural Tracts
Calamus Reservoir	5,200	USBR	Not Included in Competitive set as this reservoir is operated by USBR & no comparable privately owned site sales available.
Elwood	1,300	CNPP& ID	Included in Competitive Set. Includes privately owned comparable site sales and one mobile home park.
Enders	1,707	USBR	No comparable privately owned home site sales available. Lake Operated by USBR but is included in Competitive Set since it part of the larger appraisal assignment
Harlan County	13,250	US Army Corps of Engineers	Included in Competitive Set because it includes competitive mobile home parks; however, no cabin lease comparables or comparable privately owned site sales available.
Jeffrey Lake	900	NPPD	Not Included in Competitive Set as there is no fee for cabin site leases and no comparable privately owned home site sales were located.
Johnson Lake	2,068	CNPP& ID	Included in Competitive Set since there are leases for cabin sites and comparable sales of privately owned site sales.
Maloney Lake	1,600	NPPD	Included in Competitive Set since there are leases for cabin sites.
McConaughy	34,700	CNPP& ID	Included in Competitive Set since there are leases for cabin sites, leases for mobile home spaces, and comparable privately owned home site sales.
Minatare	2,158	USBR	Included in Competitive Set because it includes a comparable site sale. Also, this reservoir is part of the larger appraisal assignment.
Medicine Creek	1,850	USBR	Included in Competitive Set because it includes a comparable privately owned site sale. Also, this reservoir is part of the larger appraisal assignment.
Plum Creek Canyon	252	CNPP& ID	Included in Competitive Set since there are leases for cabin site and comparable privately owned home site sales.
Red Willow	1,600	USBR	No comparable privately owned home site sales available. Lake Operated by USBR but is included in Competitive Set since it is the subject reservoir.
Sherman Reservoir	2,845	USBR	Not Included in Competitive set as this reservoir is operated by USBR & no comparable privately owned site sales available.
Swanson	4,974	USBR	No comparable privately owned home site sales available. Lake Operated by USBR but is included in Competitive Set since it part of the larger appraisal assignment

The lakes/reservoirs selected for inclusion in the competitive set are highlighted on the table above along with support for inclusion in the set.



### **Overview of Competitive Lakes/Reservoirs**

The subject reservoirs as well as the highlighted properties operated by other entities are described in detail on the tables below and on the following pages.

Lake Name	Enders Reservoir	Swanson Reservoir	Medicine Creek Reservoir	Red Willow Reservoir
Lake Water Surface Area	1,707 Acres	4,974 Acres	1,850	1,629 Acres
Miles of Shoreline	26	30	29	35
County	Chase County	Hitchcock County	Frontier County	Frontier County
Operator	US Bureau of Reclamation	US Bureau of Reclamation	US Bureau of Reclamation	US Bureau of Reclamation
Public Recreation Areas	Campgrounds, Boat Launch, Picnic Areas, & Swimming Beach	Campgrounds, Boat Launch, Picnic Areas, & Swimming Beach	Campgrounds, Boat Launches, Picnic Areas, & Swimming Beach	Campgrounds, Boat Launch, Picnic Areas, & Swimming Beach
Camping	242 Campsites (42 with Electricity & 200 Primitive)	214 Campsites (64 with Electricity & 150 Primitive)	310 Campsites (72 with Electricity & 238 Primitive) & 4 Short Term Cabins	158 Campsites (48 with Electricity & 110 Primitive)
Number Boat Ramps	1	1	2	4
<b>Leased Home Sites</b>				
Market Participants for Leasehold Improvements on Sites Surrounding Lake	Second Home Owners	Second Home Owners	Second Home Owners	Second Home Owners
Leasehold Land Improvement Descriptions	27 Seasonal Cabin Sites (Leasehold)	11 Seasonal Cabin Sites (Leasehold)	15 Seasonal Cabin Sites (Leasehold)	8 Seasonal Cabin Sites (Leasehold)
Lease Term Offered in Years	5 Years	5 Years	5 Years	5 Years
Property Use Restrictions in Lease	Single Family Residence (700 SF Maximum), 1 Dock Allowed, & Year-long Permanent Occupancy is Prohibited	Single Family Residence (700 SF Maximum), 1 Dock Allowed, & Year-long Permanent Occupancy is Prohibited	Single Family Residence (700 SF Maximum), 1 Dock Allowed, & Year-long Permanent Occupancy is Prohibited	Single Family Residence (700 SF Maximum), 1 Dock Allowed, & Year-long Permanent Occupancy is Prohibited
Number of Single Family Residential Leasehold Improvement Sales (2016 - April 2019)	4	0	1	1
Single Family Residential Leasehold Improvement Sales Price Range	\$44,000 to \$123,000 (Average Sales Price \$73,000)	Most Recent Sales from 2012 - 2014 Priced from \$37,560 to \$65,000	\$40,000	\$30,000
Number of Single Family Residential Leasehold Improvement Sales Owned by Medicine Creek Wildlife Association (2016 - April 2019)	N/A	N/A	7	N/A
Leasehold Improvement Sales Price Range	N/A	N/A	\$4,000 to \$172,500 (Average Sales Price \$73,500)	N/A
<b>Privately Owned Lakefront Home Sites</b>				
Description of Privately Owned Lakefront Home Sites	None	None	No Lakefront Privately Owned Home Sites (Acreage Owned by Medicine Creek Wildlife Association & Approximately 12 Deeded Home Sites Overlooking Lake)	None
Market Participants for Privately Owned Vacant Lakefront Sites	N/A	N/A	Second Home Owners	N/A
Number of Privately Owned Vacant Lakefront Site Sales (2016 - April 2019)	N/A	N/A	N/A	N/A
<b>Mobile Home Parks</b>				
Mobile Home Parks Operated by Concessionaires	N/A	1 Mobile Home Park on US Bureau of Reclamation Land (115 Mobile Home Spaces)	N/A	1 Mobile Home Park on US Bureau of Reclamation Land (67 Mobile Home Spaces)



Lake Name	Minatare Reservoir	Harlan County Lake	Lake McConaughy	Johnson Lake
Lake Water Surface Area	2,158 Acres	13,250 Acres	34,700 Acres	2,068 Acres
Miles of Shoreline	12	75	100+	28
County	Scottsbluff County	Harlan County	Keith County	Gosper County & Dawson County
Operator	US Bureau of Reclamation	US Army Corps of Engineers	Central Nebraska Public Power & Irrigation District	Central Nebraska Public Power & Irrigation District
Public Recreation Areas	Campgrounds, Boat Launch, Picnic Areas, & Swimming Beach	Campgrounds, Boat Launches, Picnic Areas, & Swimming Beach	Campgrounds, Boat Launches, Picnic Areas, & Swimming Beaches	Campgrounds, Boat Launches, Picnic Areas, Swimming Beaches, & Walking/Bike Path Around Lake
Camping	251 Campsites (101 with Electricity & 150 Primitive)	183 Campsites	Unknown Total Campsites (228 with Electricity & Unknown Primitive)	112 Campsites in 2 Campgrounds
Number Boat Ramps	3	4	7	4
<b>Leased Home Sites</b>				
Market Participants for Leasehold Improvements on Sites Surrounding Lake	Second Home Owners	N/A	Second Home Owners & Full Time Residents	Second Home Owners & Full Time Residents
Leasehold Land Improvement Descriptions	30 Seasonal Cabin Sites (Leasehold)	None	125 Cabins Sites (Most Include Leasehold Improvements)	Approximately 650 Home Sites (Most Include Leasehold Improvements)
Lease Term Offered in Years	5 Years	N/A	30 Years	30 Years
Property Use Restrictions in Lease	Single Family Residence (700 SF Maximum), 1 Dock Allowed, & Year-long Permanent Occupancy is Prohibited		Single Family Residential (No Size Limit but Approvals Required), Permanent Occupancy Allowed, & Common Use Docks Allowed	Single Family Residential (No Size Limit but Approvals Required), Permanent Occupancy Allowed, & Docks Allowed
Number of Single Family Residential Leasehold Improvement Sales (2016 - April 2019)	8	N/A	24	80
Single Family Residential Leasehold Improvement Sales Price Range	\$57,000 to \$220,000 (Average Sales Price \$141,200)	N/A	\$55,000 to \$675,000 (Average Sales Price \$207,278)	\$30,000 to \$695,111 (Average Sales Price \$214,616)
Number of Single Family Residential Leasehold Improvement Sales Owned by Medicine Creek Wildlife Association (2016 - April 2019)	N/A	N/A	N/A	N/A
Leasehold Improvement Sales Price Range	N/A	N/A	N/A	N/A
<b>Privately Owned Lakefront Home Sites</b>				
Description of Privately Owned Lakefront Home Sites	No Lakefront Privately Owned Land (6 Subdivisions Adjacent to Lakefront Property with Similar Lake Views)	4 Small Residential Developments (Most Lots Improved with Homes)	No Lakefront Privately Owned Land (Numerous Subdivisions on Privately Owned Land Overlooking Lake)	1 Subdivision on Pelican Bay Drive (14 Lots - All Improved with Residences)
Market Participants for Privately Owned Vacant Lakefront Sites	Second Home & Year Round Home Owners	Second Home & Year Round Home Owners	Second Home & Year Round Home Owners	Second Home & Year Round Home Owners
Number of Privately Owned Vacant Lakefront Site Sales (2016 - April 2019)	N/A	N/A	N/A	1 Sale of a Vacant Site on Pelican Bay Drive for \$360,000 in 2015
<b>Mobile Home Parks</b>				
Mobile Home Parks Operated by Concessionaires	1 Older Mobile Home Park on Privately Owned Land Overlooking Lake	2 Mobile Home Parks on US Army Corps of Engineers Land (North Shore Marina & Patterson Marina)	4 Mobile Home Parks on NCPPID Land	N/A

Lake Name	Plum Creek Canyon Reservoir	Elwood Reservoir	Lake Maloney
Lake Water Surface Area	252 Acres	883 Acres	1,600 Acres
Miles of Shoreline	Unknown	Unknown	Unknown
County	Gosper County & Dawson County	Gosper County	Lincoln County
Operator	Central Nebraska Public Power & Irrigation District	Central Nebraska Public Power & Irrigation District	Nebraska Public Power District
Public Recreation Areas	2 Small Day Use Recreation Areas	Boat Launch Only	Campgrounds, Boat Launches, Picnic Areas, Swimming Beaches, & Walking/Bike Path Around Lake
Camping	None	1 Privately Owned Campground	256 Campsites (56 with Electricity & 200 Primitive)
Number Boat Ramps	2	1	2
<b>Leased Home Sites</b>			
Market Participants for Leasehold Improvements on Sites Surrounding Lake	Second Home Owners & Full Time Residents	N/A	Second Home Owners & Full Time Residents
Leasehold Land Improvement Descriptions	17 Home Sites (All Include Leasehold Improvements)	N/A	197 Home Sites (Most Include Leasehold Improvements)
Lease Term Offered in Years	30 Years	N/A	30 Years
Property Use Restrictions in Lease	Single Family Residential (No Size Limit but Approvals Required), Permanent Occupancy Allowed, & Docks Allowed	N/A	Single Family Residential (No Size Limit but Approvals Required), Permanent Occupancy Allowed, & Docks Allowed
Number of Single Family Residential Leasehold Improvement Sales (2016 - April 2019)	1	N/A	14 (Checked Waterfront Only)
Single Family Residential Leasehold Improvement Sales Price Range	\$140,000	N/A	\$255,000 to \$525,000 (Average Sales Price \$371,000)
Number of Single Family Residential Leasehold Improvement Sales Owned by Medicine Creek Wildlife Association (2016 - April 2019)	N/A	N/A	N/A
Leasehold Improvement Sales Price Range	N/A	N/A	N/A
<b>Privately Owned Lakefront Home Sites</b>			
Description of Privately Owned Lakefront Home Sites	1 Subdivision (Plum Paradise) with 13 Deeded Homes Sites along South Side of Reservoir & 2 Additional Parcels	1 Subdivision with 14 Deeded Homes Sites along Southeast Side of Reservoir	None
Market Participants for Privately Owned Vacant Lakefront Sites	Year Round Residents	Second Home & Year Round Homeowners	N/A
Number of Privately Owned Vacant Lakefront Site Sales (2016 - April 2019)	1 Sale of Vacant Site - Lot 5 Plum Paradise for \$177,000 in 2019	2 Sales of "Second Row" Sites - \$15,000 & \$28,500 in 2017	N/A
<b>Mobile Home Parks</b>			
Mobile Home Parks Operated by Concessionaires	N/A	1 Mobile Home Park on Privately Owned Land Overlooking Reservoir	N/A

### **Synopsis of Conclusions from Analysis of Competitive Lakes/Reservoirs**

- Cabin or home site lease data was available for four competitive lakes/reservoirs (Lake McConaughy, Johnson Lake, Plum Creek Canyon Reservoir, & Lake Maloney)
- Cabin or home site leases on competitive reservoirs allow year-long occupancy, do not specifically limit home size, and include 30 year lease terms. Additionally, the competitive cabin or home sites leases are all along lakes/reservoirs that are more developed than the subject reservoirs. For these reasons, the market participants for the competitive cabin or home site leases are different than for the subject reservoir; however, the data presented was the best and only comparable lease data available in the subject market area.
- Leases reportedly change ownership on occasion due to the transfers of the leasehold improvements.
- There have been recent transfers of leasehold improvements on the subject and competitive lakes/reservoirs. In general, sales prices for leasehold improvements on the reservoirs managed by the United States Bureau of Reclamation are lower than those for competitive reservoirs.
- There are very few privately owned, home sites with frontage along or with proximity to and views of the lakes/reservoirs examined.
- Recent (2016 – April 2019) sales of privately owned home sites (with lake frontage or lake views) were available for six lakes/reservoirs (Medicine Creek, Minatare, Lake McConaughy, Johnson Lake, Plum Creek Reservoir, and Elwood Reservoir)
- Competitive mobile home parks were identified on three of the lakes/reservoirs (Harlan County Lake, Lake McConaughy, & Elwood Reservoir)
- Most competitive mobile home parks include community water and sewer systems. The community water systems for the competitive mobile home parks are generally available seasonally. The subject property includes a community water system which is available seasonally. The subject property does not include a community sewer system.
- There were no pads in competitive mobile home parks available for lease. Leases reportedly change ownership on occasion due to the transfers of the leasehold improvements.

### **Overview of Competitive Leased Cabin Sites & Home Sites**

There are two utility districts that manage the lakes with competitive leased cabin/home sites. These are Central Nebraska Public Power & Irrigation District (CNPP& ID) and Nebraska Public Power District (NPPD). The individuals for each district who manage the cabin/home site leases were interviewed at length for this project. The 2019 lease rates for cabin/home sites on the lakes operated by these districts were determined based partially upon appraised values and partially upon pressure from the lessees. Since the rates were set in unorthodox manners, it is appropriate to provide some background information.

### **Central Nebraska Public Power & Irrigation District**

CNPPID manages the leased cabin sites on Lake McConaughy, Johnson Lake, and Plum Creek Canyon Reservoir. According to Mr. Jim Brown, Land Administrator with CNPPID, the cabin site lease rates were originally to be based upon a ground lease rate of return (determined to be 5%) to be applied to the fair market values of each site. The fair market values were to be determined based upon appraisals which were to be performed every 10 years. Appraisals were prepared in 2007 for the cabin sites on all three lakes and lease rates for 2008 through 2017 were based upon these appraisals. Appraisals were also prepared in 2017 for cabin sites on all three lakes. These appraisals were to be the basis for lease rates for the period from 2018 through 2027. The 2017 appraisals concluded the following opinions of fair market values and resulting suggested lease rates;

Lake Name	Tier	Market Value Concluded in 2017 Appraisal Report	Suggested Annual Lease Rate with 5% Ground Lease Rate of Return
Lake McConaughy	1	\$96,924	\$4,846
Lake McConaughy	2	\$96,355	\$4,818
Johnson Lake	1	\$150,000	\$7,500
Johnson Lake	2	\$99,000	\$4,950
Johnson Lake	3	\$75,000	\$3,750
Johnson Lake	4	\$66,000	\$3,300
Johnson Lake	5	\$33,000	\$1,650
Plum Creek Canyon	1	\$250,000	\$12,500

The suggested rates above proved to be substantial increases over the lease rates for 2008 through 2017. Many lessees were extremely concerned about the proposed rental rate increases for 2018 through 2027. Protests were prepared and elected officials were contacted. Based upon pressure from the lessees and politicians, the methodology for setting the lease rates for 2018 through 2047 or 2048 were determined using an alternative method.

The methodology was changed to maintaining the 2007 lease rates with increases beginning in 2024. The rental rates are to increase 3% per year between 2024 through 2048. The reason rates do not increase before 2024 is due to remaining assessments for a Sanitary Improvement District which was created and the resulting community sewer which was constructed in 2007 on Johnson Lake. These assessments end in 2024. The flat lease rate through 2024 was to provide cost relief assistance specifically for Johnson Lake lessees during the remaining assessment period. The same

cost increase schedule (no increases through 2024 and 3% increases per year) were applied to lease rates for Lake McConaughy and Plum Creek Canyon Reservoir to maintain consistency.

### Nebraska Public Power District

NPPD manages the leased cabin sites on Lake Maloney. According to Mr. Brian Hope, Land Management Coordinator with NPPD, the cabin site lease rates were originally to be based upon a ground lease rate of return (determined to be 5%) to be applied to the fair market values of each site. The fair market values were to be determined based upon an appraisal prepared in 2014. The 2014 appraisal concluded the following opinions of fair market values;

Lake Maloney Cabin/Home Site 2014 Appraised Values				
Tier Identification	Number of Lots in Tier	Description of Tier	Market Value Concluded in 2014 Appraisal Report	Suggested Annual Lease Rate with 5% Ground Lease Rate of Return
1A	102	Private, 200' Lake Frontage	\$65,000	\$3,250
1B		Lake Frontage 100' - 200'	\$55,000	\$2,750
1C		Lake Frontage Less Than 100'	\$45,000	\$2,250
2A	53	Cove Location. Frontage Over 100'	\$45,000	\$2,250
2B		Cove Location. Frontage Less Than 100'	\$35,000	\$1,750
2C		Cove Location, Minimal Frontage	\$20,000	\$1,000
3A	42	Off-Lake Location, Lake View	\$25,000	\$1,250
3B		Off-Lake Location Minimal Lake View	\$20,000	\$1,000

According to Mr. Hope, NPPD decided that the rate increases on the table above would have been too shocking for the lessees. Additionally, NPPD was aware of public outcry when lease rate increases had been proposed for the cabin sites on other lakes and reservoirs. For these reasons, the district decided to phase in the rates indicated above through 2029. The 2015 lease rates for each tier range from 21% up to 35% of the lease rates suggested by the 2014 appraisal using a 5% ground lease rate of return. The lease rates for each tier increase at a fixed rate until they climb to the rates noted above in 2029. The lease rates for the remainder of the 30 year term (2030 through 2045) will be based upon an appraisal to be prepared in 2029.

**The competitive lease rates for the sites managed by CNPP& ID and NPPD were set using methodologies not fully reflective of fair market site values. Although, these lease rates constitute the competitive set for the subject cabin site, they are not representative of arm's length transactions. For this reason, there was not sufficient market data available to prepare a Comparable Lease Analysis for subject Cabin Site No. 31.**

**The competitive lease rates for the cabin sites managed by CNPPD and NPPD are described on the tables on the following pages for informational purposes only.**

The tables below and on the following page include information specific to the leases for cabin/home sites on the lakes/reservoirs operated by CNPPD and NPPD. Lease rate tables depicting all escalations over the lease periods are included in the Addendum of this report.

Cabin/Home Site Rental Rate Data for Competitive Reservoirs/Lakes					
Lake/Reservoir	Lake McConaughy	Lake McConaughy	Johnson Lake	Johnson Lake	Johnson Lake
Lake Water Surface Area	34,700 Acres	34,700 Acres	2,068 Acres	2,068 Acres	2,068 Acres
County	Keith County	Keith County	Gosper County & Dawson County	Gosper County & Dawson County	Gosper County & Dawson County
Cabin Site Location or Type	Tier 1	Tier 2	Tier 1	Tier 1 (Mallard Cove Sections 2 & 3)	Tier 1 (Mallard Cove Sections 1, 1, & 4-8)
Tier Explanation	Typical Lot (Considered 0.60 Acres & No Direct Lake Frontage), Allows Use of Shoreline (Including Potential for a Dock)	Typical Lot (0.67 Acres & No Direct Lake Frontage) Does Not Allow Use of Shoreline Other Than That Available to the General Public	Typical Lot (Considered to be 0.21 Acres & 52.2 LF Along Lake), Frontage Along Lake, Direct Access to Deep Water, No Encumbrances Such as a Road or Public Use Area on the Property, Allows Use of Shoreline (Including Potential for a Dock)	Lots in a Cove Setting in Mallard Cove Sections 2 & 3 (Approximately 0.25 Acres), Limited Potential for Shoreline Improvements Such as Docks Due to Water Depth	Lots in a Cove Setting in Mallard Cove Sections 1 & 4-8 (Approximately 0.25 Acres), Higher Degree of Limited Potential for Shoreline Improvements Such as Docks Due to Water Depth
View	Lake View	Lake View	Lake View	Lake View	Lake View
Ease/Type of Lake Access	Direct Access to Lake	No Direct Access to Lake	Direct Access to Lake	Direct Access to Lake	Direct Access to Lake
2020 Annual Site Rental Rate	\$1,600	\$1,000	\$2,250	\$2,025	\$1,800
5 Year Average Lease Rate	\$1,610	\$1,006	\$2,264	\$2,037	\$1,811
Lease Start Date	2018	2018	2018	2018	2018
Lease Term	30 Years	30 Years	30 Years	30 Years	30 Years
Annual Rate Escalations	Escalates at 3% Per Year Beginning in 2024 (Increases to \$3,252.47 by 2047)	Escalates at 3% Per Year Beginning in 2024 (Increases to \$2,032.79 by 2047)	Escalates at 3% Per Year Beginning in 2024 (Increases to \$3,252.47 by 2047)	Escalates at 3% Per Year Beginning in 2024 (Increases to \$4,239.86 by 2047)	Escalates at 3% Per Year Beginning in 2024 (Increases to \$3,768.80 by 2047)
Limitations on Home Size	Minimal	Minimal	Minimal	Minimal	Minimal
Seasonal or Year Round Use Allowed	Year Round Use Allowed	Year Round Use Allowed	Year Round Use Allowed	Year Round Use Allowed	Year Round Use Allowed
Utilities to Site	Electricity & Individual (Privately Owned) Well & Septic Systems	Electricity & Individual (Privately Owned) Well & Septic Systems	Electricity, Community Water, Community Sewer	Electricity, Community Water, Community Sewer	Electricity, Community Water, Community Sewer
Area Amenities	Campgrounds, Boat Launches, Picnic Areas, & Swimming Beaches - All at Various Locations Around Lake	Campgrounds, Boat Launches, Picnic Areas, & Swimming Beaches - All at Various Locations Around Lake	Campgrounds, Boat Launches, Picnic Areas, & Swimming Beaches - All at Various Locations Around Lake, Plus Bike/Walking Path Around Lake & Area Golf Course	Campgrounds, Boat Launches, Picnic Areas, & Swimming Beaches - All at Various Locations Around Lake, Plus Bike/Walking Path Around Lake & Area Golf Course	Campgrounds, Boat Launches, Picnic Areas, & Swimming Beaches - All at Various Locations Around Lake, Plus Bike/Walking Path Around Lake & Area Golf Course

Cabin/Home Site Rental Rate Data for Competitive Reservoirs/Lakes					
Lake/Reservoir	Plum Creek Canyon Reservoir	Lake Maloney	Lake Maloney	Lake Maloney	Lake Maloney
Lake Water Surface Area	252 Acres	1,600 Acres	1,600 Acres	1,600 Acres	1,600 Acres
County	Gosper County & Dawson County	Lincoln County	Lincoln County	Lincoln County	Lincoln County
Cabin Site Location or Type	Tier 1	Tier 1A	Tier 1B	Tier 1C	Tier 3A
Tier Explanation	Typical Lot (Considered to be 0.88 Acres & 375 LF Along Lake), Frontage Along Reservoir, Direct Access to Deep Water, Allows Use of Shoreline (Including Potential for a Dock), Vehicular Access from Public or Private Roadway System	Typical Lot (Approximately 0.25 Acres), Relatively Private Home Site with 200 LF of Lake Frontage, Individual Docks Permitted	Typical Lot (Approximately 0.25 to 0.50 Acres), Relatively Private Home Site with 100 to 200 LF of Lake Frontage, Individual Docks Permitted	Typical Lot (Approximately 0.25 to 0.50 Acres), Relatively Private Home Site with Less Than 100 LF of Lake Frontage, Individual Docks Permitted	Typical Lot (Approximately 0.25 to 0.50 Acres), Off-lake Lot Location with Lake View
View	Lake View	Lake View	Lake View	Lake View	Lake View
Ease/Type of Lake Access	Direct Access to Lake	Direct Access to Lake	Direct Access to Lake	Direct Access to Lake	No Direct Access to Lake
2020 Annual Site Rental Rate	\$3,000	\$1,598	\$1,400	\$1,202	\$678
5 Year Average Lease Rate	\$3,018	\$1,964	\$1,700	\$1,436	\$804
Lease Start Date	2018	2015	2015	2015	2015
Lease Term	30 Years	30 Years	30 Years	30 Years	30 Years
Annual Rate Escalations	Escalates at 3% Per Year Beginning in 2024 (Increases to \$6,281.34 by 2047)	Escalates at \$183 Per Year (Increases to \$3,245 by 2029)(Lot Rental Rate to be Reevaluated for 2030 through 2045)	Escalates at \$150 Per Year (Increases to \$2,750 by 2029)(Lot Rental Rate to be Reevaluated for 2030 through 2045)	Escalates at \$117 Per Year (Increases to \$2,255 by 2029)(Lot Rental Rate to be Reevaluated for 2030 through 2045)	Escalates at \$63 Per Year (Increases to \$1,245 by 2029)(Lot Rental Rate to be Reevaluated for 2030 through 2045)
Limitations on Home Size	Minimal	Minimal	Minimal	Minimal	Minimal
Seasonal or Year Round Use Allowed	Year Round Use Allowed	Year Round Use Allowed	Year Round Use Allowed	Year Round Use Allowed	Year Round Use Allowed
Utilities to Site	Electricity, Community Well, Individual Septic	Electricity, Community Water, Community Sewer	Electricity, Community Water, Community Sewer	Electricity, Community Water, Community Sewer	Electricity, Community Water, Community Sewer
Area Amenities	2 Small Day Use Areas & 2 Boat Launches	Campgrounds, Boat Launches, Picnic Areas, & Swimming Beaches - All at Various Locations Around Lake, Plus Bike/Walking Path Around Lake & Area Golf Course	Campgrounds, Boat Launches, Picnic Areas, & Swimming Beaches - All at Various Locations Around Lake, Plus Bike/Walking Path Around Lake & Area Golf Course	Campgrounds, Boat Launches, Picnic Areas, & Swimming Beaches - All at Various Locations Around Lake, Plus Bike/Walking Path Around Lake & Area Golf Course	Campgrounds, Boat Launches, Picnic Areas, & Swimming Beaches - All at Various Locations Around Lake, Plus Bike/Walking Path Around Lake & Area Golf Course



### **Overview of Home Site Sales with Some Relationship to Subject Cabin Site**

The table below includes the most recent sales located with some relationship to the subject cabin site as if vacant. The highlighted sales were considered to be the most appropriate comparables. The remaining sales were either far superior or far inferior compared to the subject cabin site as if vacant.

Vacant Site (or As if Vacant) Sales Considered for Appraisal												
Address	City	County	Legal	Lake	Acres	SF	Front Feet	Sale Date	Improved Sales Price	Improvement Value	Sales Price	View
6 Shoreline Dr	Brule	Keith	Lot 6, Block 1 of Replat of Lots 4 & 5, Phase 1 of The Shores at Bayside	Lake McConaughy	1.00	43,560	N/A	9/24/2018	\$0	\$0	\$105,000	Unobstructed Lake View - Front Row
Bayside Country Estates	Brule	Keith	Lot 5, Block 5, Bayside Country Estates #3	Lake McConaughy	0.92	40,036	N/A	9/13/2018	\$0	\$0	\$85,000	Unobstructed Lake View - Front Row
Bayside Country Estates	Brule	Keith	Lot 7, Block 1, Bayside Country Estates 1st Add	Lake McConaughy	0.92	40,049	N/A	5/18/2018	\$0	\$0	\$75,000	Unobstructed Lake View - Front Row
Bayside Country Estates	Brule	Keith	Lot 22, Block 1, Bayside Country Estates 1st Add	Lake McConaughy	0.95	41,439	N/A	5/18/2018	\$0	\$0	\$40,000	Partially Obstructed Lake View - Second Row
Bayside Country Estates	Brule	Keith	Lot 23, Block 1, Bayside Country Estates 1st Add	Lake McConaughy	0.92	40,058	N/A	5/18/2018	\$0	\$0	\$50,000	Partially Obstructed Lake View - Second Row
30061 Lakeside Dr	Minatare	Scottsbluff	Lot 25, Lakeside Addition to Scotts Bluff County	Lake Minatare	0.17	7,405	N/A	9/24/2018	\$151,000	\$102,871	\$48,129	Unobstructed Lake View - Front Row
72874 Trail 3, Lot 1	Cambridge	Frontier	Lengthy Tract Land 50 X 50	Medicine Creek Reservoir	0.06	2,500	N/A	6/1/2016	\$0	\$0	\$22,500	Unobstructed Lake View - Front Row
72874 Trail 3, Lot 2	Cambridge	Frontier	Lengthy Tract Land	Medicine Creek Reservoir	0.16	6,970	N/A	8/15/2014	\$0	\$0	\$35,000	Unobstructed Lake View - Front Row
42355 Road 750	Elwood	Gosper	Lot 5, Plum Paradise Estates	Plum Creek Canyon Lake	0.60	26,060	100	4/4/2019	\$0	\$0	\$170,000	True Lakefront & Unobstructed Lake View
1 Pelican Bay	Elwood	Gosper	Lengthy - Tract Land	Johnson Lake	0.56	24,394	79.77	9/21/2015	\$0	\$0	\$360,000	True Lakefront & Unobstructed Lake View
124 & 126 Sunset Strip	Elwood	Gosper	Lots 1 & 2, Block 4, Cleanview Estates Division 1	Elwood Reservoir	1.04	45,302	N/A	12/8/2017	\$0	\$0	\$28,500	Partially Obstructed Lake View - Second Row
122 Sunset Strip	Elwood	Gosper	Lot 3, Block 4, Cleanview Estates Division 1	Elwood Reservoir	0.48	20,909	N/A	12/8/2017	\$0	\$0	\$15,000	Partially Obstructed Lake View - Second Row

### **Synopsis of Conclusions from Analysis of Home Sites Sales**

- Sales of home sites with some relationship to the subject cabin site were identified on seven of the lakes/reservoirs studied (Lake McConaughy, Lake Minatare, Medicine Creek Reservoir, Johnson Lake, Plum Creek Canyon Reservoir, and Elwood Reservoir).
- There are few sales of privately owned sites on or near the lakes/reservoirs studied each year.
- Lake McConaughy includes the highest amount of privately owned home site sales; however, no privately owned home sites around this lake include direct lake frontage. Land owned site by Central Nebraska Public Power & Irrigation District surrounds Lake McConaughy. Privately owned site owners can walk along this land to access the lake. For this reason, “front row” lot owners are considered to have walk in access to the lake.
- Based upon analysis of the data, sales prices varied to some degree based upon lake popularity, extent of development surrounding the lake, view of lake, access to lake, ease of access to home site, and site size. There may be additional variables that affected the prices of the sales identified; however, these were discernable not from the data collected and interviews with market participants.
- The two sales with direct lake frontage (Lot 5, Plum Paradise Estates on Plum Creek Reservoir and 1 Pelican Bay on Johnson Lake) commanded the highest prices of the sales considered at \$170,000 and \$360,000 respectively. These sales are considered to have the least relevancy to the subject cabin site due to the allowable year-long use, the high level of surrounding development, and proximity to a population center.

### **Overview of Competitive Mobile Home Parks**

The tables below include information specific to competitive mobile home parks on the lakes/reservoirs studied.

Mobile Home Park	Lighthouse Marina (Subject Mobile Home)	The Good Life Marina	North Shore Marina	Patterson Harbor Marina	Elwood Resort & Campground
Lake/Reservoir	Red Willow Reservoir	Swanson Reservoir	Harlan Lake	Harlan Lake	Elwood Reservoir
Lake Water Surface Area	1,629 Acres	4,974 Acres	1,707 Acres	4,974 Acres	883 Acres
Address	N Highway 83, McCook, NE 69001	36152 Road 44B, Trenton, NE 69044	70738 Lakeview Republican City, NE 68971	12121 Rd. 3 Republican City, NE 68971	42736 Elwood Lake Dr. Elwood, NE 68937
Annual Pad Rental Rate	\$1,200	\$900 (90%) & \$950 (10%)	\$2,400	\$2,200	\$2,100 to \$3,300 *Includes Mobile Home & Year Round Use
Mobile Home Park Amenities	Marina, Access for 25 Boat Docks, Boat Storage, Restaurant, Convenience Store, Bathrooms, & Outside Storage Area	Marina, Restaurant, Convenience Store, & Outside Storage Area	Marina with Boat Ramp, Launch Services, Fuel, Boat Slips, Boat Storage, Boat Rental, Restaurant, Convenience Store, Bar, Shower & Bathrooms, Campground, Park	Marina with Boat Launch Services & Fuel, Boat Slips, Boat Rental, Convenience Store, Bar, Shower & Bathrooms, Park	Convenience Store, Bait Shop, Showers, Bathrooms, Campground
Number of Mobile Home Sites	67	115	130	92	8
Utilities	Electricity, Community Water, Individual and/or Shared Septic Systems	Electricity, Community Water, Individual Septic Systems	Electricity, Community Water, Community Sewer	Electricity, Community Water, Community Sewer	Electricity, Community Well, Individual Septic

Mobile Home Park	Kingsley Lodge	Van's Lakeview	Otter Creek Lodge	North Shore Lodge
Lake/Reservoir	Lake McConaughy	Lake McConaughy	Lake McConaughy	Lake McConaughy
Lake Water Surface Area	34,700 Acres	34,700 Acres	34,700 Acres	34,700 Acres
Address	1510 NE 61 Scenic Hwy. Ogallala, NE 69153	1 Lakeview Dr. Brule, NE 69127	100 Otter Creek Ct. Lewellen, NE 69147	1 North Shore Rd. Lemoyne, NE 69146
Annual Pad Rental Rate	\$1,300	\$1,600	\$875	\$923.75 to \$1,359.29 (Most at \$1,065)
Mobile Home Park Amenities	Convenience Store, Gas Station, Bait Shop	General Store, Shower House, Laundry, Playground, Boat Launch, Boat Rental,	Restaurant, Boat Ramp, Park Area	Convenience Store, Restaurant, Boat Ramp, Boat Launching, Campground, RV Park, Showers & Bathrooms, Fuel
Number of Mobile Home Sites	20		30	190
Utilities	Electricity, Community Water, Community Sewer	Electricity, Community Well, Individual Septic	Electricity, Community Well, Individual Septic	Electricity, Community Water, Community Sewer

### **Synopsis of Conclusions from Analysis of Competitive Mobile Home Parks**

- Competitive mobile home sites were identified on five of the lakes/reservoirs (Red Willow (subject reservoir), Swanson Reservoir, Harlan County Lake, Lake McConaughy, & Elwood Reservoir)
- Many of the mobile home parks in the competitive set include community water and sewer systems. The community water systems for the competitive mobile home parks are generally available seasonally. The subject property includes a community water system which is available seasonally. The subject property does not include a community sewer system.
- Four of the mobile home parks surveyed do not include community sewer. They are Lighthouse Marina, The Good Life Marina, Elwood Resort and Campground and Otter Creek.
- The owner of Elwood Resort and Campground also owns the mobile home pads and the mobile homes. He reported use of individual septic tanks for the mobile homes; however, since this property is within a single ownership the sanitary systems are maintained by the property owner.
- The mobile home park reporting the lowest season rental rate (Otter Creek) does not include a community sewer system. The septic systems are the responsibility of the individual lessees for the mobile home spaces.
- North Shore Lodge in Lemoyne, Nebraska obtains higher rental rates for larger mobile home spaces.
- Better mobile home spacing and larger pad sizes positively affected lease rates.
- Many of the lease comparables (the exceptions are; Lighthouse Marina, The Good Life Marina, and Elwood Resort and Campground - which is on privately owned land) are leased to the various concessionaires with 30 year lease terms. The current Concessionaire Agreement for the subject mobile home park is the result of the final 5 year extension of a permit originating in 1995. The current concessionaire has been operating the property for 22 years.
- There were no mobile home sites in competitive mobile home parks available for lease. Leases reportedly transfer periodically due to the transfers of the mobile homes.

## **Competitive Supply**

There are newly completed subdivisions on the south side of were active listings for lots with proximity to Lake McConaughy. There were lots for sale in or near these subdivisions. Supply and demand appear to be in relative balance with regard to Lake McConaughy. No listings were located on the lakes/reservoirs for the remaining site sales.

Lake managers reported no vacancies for leased cabin/home sites. Leasehold improvements change hands periodically and lessees change accordingly.

Mobile home park concessionaires reported no vacancies. Mobile home leasehold improvements change hands periodically and lessees change accordingly.

Based upon this data there is little if any supply of cabin sites or mobile home sites similar to the subject properties available for lease unless the leasehold improvements are available for sale. A small amount of leasehold improvements on cabin sites or mobile home sites on area lakes/reservoirs were observed to be “for sale by owner”. There is no succinct source for list data for these leasehold improvements.

## **Interaction of Supply and Demand**

Based upon interviews with market participants and viewings of leased cabin/home sites and mobile home pads demand for vacant sites likely far exceeds supply.

## **Subject Marketability Conclusion**

The subject cabin site is considered to have dissimilar marketability compared to most of the competitive cabin/home site leases located. This is due to the more developed nature of the competitive lakes and because the competitive leases are not considered to represent arm’s length transactions. The subject cabin site is considered to be bracketed by the most similar sales of vacant sites located. The subject mobile home sites are considered to be bracketed by the lease comparables in marketability.

## HIGHEST AND BEST USE

The four basic economic principles of supply and demand, substitution, balance, and conformity are considered to be the basic tools of analyzing the relationship between economic trends and an appraisal. Market forces create market value. For this reason, the analysis of highest and best use is very important. When the purpose of an appraisal is to estimate market value, a highest and best use analysis identifies the most profitable, competitive use to which a property can be used.

According to The Appraisal of Real Estate – 14th Edition by the Appraisal Institute, Highest and Best Use is defined as follows:

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

The analysis for Highest and Best Use considers first the reasonably probable uses of a site that can be legally undertaken. The final Highest and Best Use determination is based on the following four criteria:

Legally Permissible:

The availability of land for a particular use in terms of existing regulations and restrictions, deed restrictions, lease encumbrances, or any other legally binding codes, restrictions, regulations, or interests.

Physically Possible:

The physical adaptability of the site for a particular use.

Financially Feasible:

All uses that are legally permissible and physically possible that are likely to produce an income, or return, equal or greater than the amount needed to satisfy operating expenses, financial obligations, and capital amortization are considered to be financially feasible.

Maximally Productive:

Of the financially feasible uses, the use that produces the highest net return or the highest present worth.

It is important to recognize the possibility that the Highest and Best Use of the land could differ from the Highest and Best Use of the property. This occurs when a site has existing improvements and the Highest and Best Use of the land differs from the current use. Often, the current property use will continue until the value of the land, under its Highest and Best Use, less existing improvement demolition costs, exceeds the total value of the property in its present use.

The Highest and Best Use analyses and conclusions are included on the following pages.



## **CABIN SITE NO 31 - AS IF VACANT**

### *Legally Permissible*

The subject property is within the boundaries of Red Willow State Recreation Area. It is in the AG-R, Agricultural Residential zoning district of Frontier County. Legally permissible uses in this zoning district are; General Farming, including hobby farming or animal raising, excluding any expansion of existing or development of intensive livestock confinement facilities/operations; One single-family dwelling; Irrigation and flood control projects; Child care, home; Public parks and recreation areas; Community buildings and/or private schools and colleges; Churches, places of worship; Cemeteries; Oil well tank batteries and access roadways.

Uses of the subject property are governed by the Cabin Lot Permit executed between the Nebraska Game and Parks Commission and the Permittee. Use Cabins for one single family cabin and associated improvements for recreational use is allowed. The cabin cannot exceed 700 SF and may only be one story. One garage is permitted with 600 SF or less and one storage building with 120 SF or less is permitted. A dock along Red Willow Reservoir in the vicinity of the subject property may be permitted. Year-long occupancy of the lot is prohibited.

### *Physically Possible*

The subject site totals 0.90 acres and has an irregular rectangular shape. There is a level bench area suitable for placement of a residence. A private well and septic system would be required for construction of a residence on the subject site. There is sufficient space for these systems.

### *Financially Feasible*

Recreational use on a less than year-long basis is the only legally permissible due to the Cabin Lot Permit. For this reason, it is not necessary to consider the financial feasibility of additional uses.

### *Maximally Productive*

Based upon this analysis of the legally permissible, physically possible, and financially feasible uses of the subject site as if vacant, the maximally productive highest and best use is for construction of one relatively small single family residence for seasonal use.

### *Highest and Best Use Conclusion*

Construction of one relatively small single family residence for seasonal use meets the four tests of highest and best use. Use for construction of a relatively small single family residence for seasonal use is concluded to be the highest and best use of the subject property as if vacant.

## **CABIN SITE NO. 31 - AS IMPROVED**

The property was valued as if vacant for this assignment. For this reason, it is not necessary to determine the highest and best use of the subject property as improved.

## **MOBILE HOME SPACES J-04 AND B-04 - AS IF VACANT**

### *Legally Permissible*

These subject properties are within the boundaries of Red Willow State Recreation Area. They are in the AG-R, Agricultural Residential zoning district of Frontier County. Legally permissible uses

in this zoning district are; General Farming, including hobby farming or animal raising, excluding any expansion of existing or development of intensive livestock confinement facilities/operations; One single-family dwelling; Irrigation and flood control projects; Child care, home; Public parks and recreation areas; Community buildings and/or private schools and colleges; Churches, places of worship; Cemeteries; Oil well tank batteries and access roadways.

Mobile Home Parks are not Permitted Principle Uses or Permitted Special Uses noted in the AG-R zoning district. According to Ms. Darla Walther, Zoning Administrator of Frontier County, zoning was implemented in the county in December 1999. The subject mobile home park pre-dates zoning and is an allowable but non-conforming use. Ms. Walther indicated that the county has no plan in the event that the use of the subject mobile home is discontinued.

Uses of these subject properties are governed by the Lot Permit Agreement executed between the Willow Springs Investment Group, Inc (concessionaire) and the lessee. Both spaces are limited to use as a mobile home space on a seasonal basis.

#### *Physically Possible*

There were single wide mobile homes on both subject mobile home spaces as of the property viewing date. There is a wider space between subject Mobile Home Space J-03 and adjacent mobile homes than there is for subject Mobile Home Space B-04. Subject Mobile Home B-04 is directly adjacent to an interior park road. Both spaces are suitable for single wide mobile homes. There is a community water system servicing the subject mobile home spaces. Private septic systems would be required for placement of a mobile home on either site. It is questionable whether or not there is sufficient space on either site for a private septic system. According to Mr. Nik Johanson with USBR, the concessionaire, Nebraska Game & Parks Commission and/or the applicable regulatory agencies are not thoroughly investigating or enforcing appropriate sanitary waste disposal for the subject mobile home spaces.

#### *Financially Feasible*

Use for single wide mobile home placement are the only legally permissible uses due to the Lot Permit Agreement. For this reason, it is not necessary to consider the financial feasibility of additional uses.

**It is important to note that insufficient room for individual septic systems and lack of a community sewer system could impact the financial feasibility of the subject mobile home spaces in the future. The subject mobile home pads were most recently leased for \$1,200 for the season. Competitive mobile home parks with community sewer systems reported rental rates up to \$2,400 for the 2019 season.**

#### *Maximally Productive*

Based upon this analysis of the legally permissible, physically possible, and financially feasible uses of the subject site as if vacant, the maximally productive highest and best use in the short term is for placement of one single wide mobile home on each subject mobile home site. An evaluation of the financial impact on the lack of a community sewer system is advisable for the long term.

*Highest and Best Use Conclusion*

Use of each subject mobile home space for placement of a single wide mobile home meets the four tests of highest and best use in the short term. An evaluation of the financial impact on the lack of a community sewer system is advisable for the long term.

**MOBILE HOME SPACES J-04 AND B-04 - AS IMPROVED**

The properties were valued as if vacant for this assignment. For this reason, it is not necessary to determine the highest and best use of the subject properties as improved.

## THE APPRAISAL PROCESS

In the foregoing sections of this report, I have examined and discussed the subject properties. To arrive at conclusions of annual market rental rates for the subject properties, it is necessary to collect and analyze all available data in the market, which might tend to indicate the market rental rates for the subject properties. The subject properties must be compared to similar properties that can be purchased and/or from which a similar monetary return may be received.

### APPROACHES IN THE VALUATION OF REAL PROPERTY

The three recognized approaches in the valuation of real property are Sales Comparison, Cost Approach and Income Capitalization. According to The Appraisal of Real Estate – 14th Edition by the Appraisal Institute, the approaches are described as follows:

#### Cost Approach

In the Cost Approach, value is estimated as the current cost of reproducing or replacing the improvements (including an appropriate entrepreneurial incentive or profit), minus the loss in value from depreciation, plus land value.

#### Sales Comparison Approach

In the Sales Comparison Approach, value is indicated by recent sales of comparable properties in the market.

#### Income Capitalization Approach

In the Income Capitalization Approach, value is indicated by a property's earning power based on the capitalization of income.

Each of the three approaches to value requires data collection from the market and each is governed equally by the principle of substitution. This principle holds "when several similar or commensurate commodities, goods or services are available, the one with the lowest price will attract the greatest demand and widest distribution."

The purpose of this report is determination of annual market rental rates for the subject properties. For that reason, Comparable Lease Analysis and Ground Lease Rate of Return Analysis are appropriate methodologies. The relevance of the three approaches noted above and these additional methodologies to this assignment are explained in the following paragraphs.

### **SALES COMPARISON APPROACH**

Cabin sites and mobile home spaces like the subject properties do not sell on an individual basis. The Sales Comparison Approach was not applicable to the annual market rental rates for the subject properties and was not developed in this report. The Sales Comparison Approach was a component of the Ground Lease Rate of Return Analysis for Subject Cabin Site No. 31; however, it does not constitute a stand-alone approach to value.

### **COST APPROACH**

The annual market rental rates for the subject properties concluded in this report are as if vacant. The Cost Approach was not applicable for the determination of the annual market rental rates for the subject properties and was not developed in this report.

### **INCOME APPROACH**

The subject properties are not income producing properties for the lessees. The Income Approach is not applicable to the annual market rental rates for the properties and was not developed in this report.

### **COMPARABLE LEASE ANALYSIS**

None of the leases for cabin sites on lakes in Western Nebraska represented arm's length transactions. There was not sufficient arm's length lease comparables located to prepare a credible Comparable Lease Analysis for Cabin Site No. 31

Sufficient lease comparables of mobile home spaces were located to prepare a credible Comparable Lease Analysis for subject Mobile Home Sites B-04 and J-03. Market lease rates for these subject properties were concluded based upon these analyses of comparable lease data.

### **GROUND LEASE RATE OF RETURN ANALYSIS**

The first step in determination of a market rental rate using ground lease rate of return analysis is determination of the market value of the subject cabin site as if vacant. The next step is the application of a market derived ground lease rate of return. This process results in an indication of an annual rental rate.

This methodology requires a determination of a market value for the site. Mobile home spaces do not typically convey on an individual basis. For this reason, this methodology was not considered applicable for the determination of the annual market rents for the subject mobile home spaces.

Privately owned homes sites with some similarities to the subject Cabin Site No. 31 do transfer periodically in the greater subject market area. For this reason, this methodology had applicability to the determination of the annual market rental rates for this property.

The valuation portions of this report are divided into two sections. **Section 1** includes the conclusion of annual market rental rates for the subject mobile home spaces. Comparable Lease Analysis is the only methodology developed in this section of this report.

**Section 2** includes the conclusion of annual market rental rates for the subject Cabin Site No. 31. Ground Lease Rate of Return Analysis is the only methodology developed in this section of this report.

## **SECTION 1 – MOBILE HOME PAD ANNUAL RENTAL RATES**



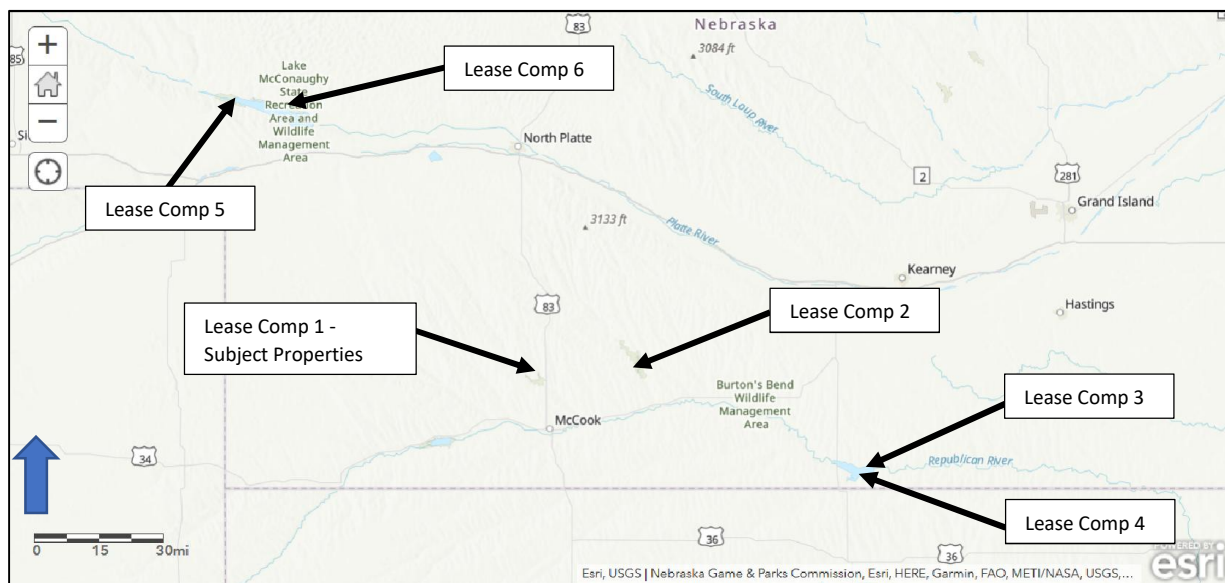
## MOBILE HOME PAD LEASE COMPARABLE ANALYSIS

The subject mobile home spaces are leased on a seasonal basis. Interior roads are dirt and are maintained by the concessionaire. Community water service is included in the lease rate and the community water system operates from March 15<sup>th</sup> through October 15<sup>th</sup> of each year. There is electrical service to each mobile home site; however, the individual site lessees pay electrical bills. Each mobile home site includes sufficient space for a single wide type mobile home, space for parking one vehicle, space for parking one watercraft trailer, and access to 25 boat docks for an additional fee. The mobile home park includes a shared beach along the reservoir, a restaurant, an outdoor area for events, and a marina/store.



The subject mobile home park and five of the competitive mobile home parks identified were utilized as comparables to determine the market rental rate for the subject mobile home spaces. These comparables were selected because they best bracket the subject mobile home spaces in characteristics which affect rental rates. Elwood Mobile Home Park & Campground includes consideration for the mobile home as well as the vacant mobile home space. Kingsley Lodge Mobile Home Park is located across the highway from the lake and Van's Lake View Mobile Home Park was not necessary for a credible value conclusion. The comparables are summarized on the table below;

Mobile Home Space Lease Comparables							
Lease Comparable #	Identification	City	Lease Date	Annual Lease Rate	Lake Name	Mobile Home Pad Size & Spacing	Community Sewer System
1	Lighthouse Marina	McCook, NE	2019	\$1,200	Red Willow Reservoir	Average	No
2	The Goodlife Marian	Trenton, NE	2019	\$900 - \$950	Swanson Reservoir	Average -	No
3	North Shore Marina	Republican City, NE	2019	\$2,400	Harlan County Lake	Good	Yes
4	Patterson Harbor Marina	Republican City, NE	2019	\$2,200	Harlan County Lake	Good	Yes
5	Otter Creek Lodge	Lewellen, NE	2019	\$875	Lake McConaughy	Average	No
6	North Shore Lodge	Lemoine, NE	2019	\$924	Lake McConaughy	Average	Yes



Write-ups for each comparable mobile home park are included on the following pages. A map depicting the locations of the subject properties and comparables is below;



## Lease Comparable 1 (Subject Mobile Home Park)



Mobile Home Space Rent Comparable			
Mobile Home Park Name	Lighthouse Marina		
Street Address	N Highway 83		
City, State	McCook, NE		
Lake Name	Red Willow Reservoir		
Lake Operator	US Bureau of Reclamation		
Concessionaire Name	Willow Springs Investment Group, LLC		
Aerial View of Mobile Home Park and Marina		Photograph of Comparable Mobile Home Pad	
			
Date Photograph Taken	2017	Date Photograph Taken	3/14/2019
Photographer Name	Google Earth	Photographer Name	Christopher D. Clark
Camera Orientation	N/A	Camera Orientation	Northwest
Data Source & Verification			
Verified By	Jim Coady		
Contact Phone #	(308) 737-1657		
Relationship	Concessionaire / Owner		
Mobile Home Park Infrastructure & Amenities			
Interior Roads	Dirt		
Utilities	Electricity, Community Water, & Individual or Shared Septic Systems		
Boat Launch	Boat Ramp Just Outside Mobile Home Park		
Marina/Store	Yes		
Restaurant	Restaurant		
Other	N/A		
Mobile Home Pad Rent Information			
Lease Terms	Annual Lease for Seasonal Use		
Lease Rate	\$1,200		
Operating Season	April 15th - October 15th		
Renewal Options	Renews Annually		
Concessions or Other Considerations	None		
Comments	<p>Mr. Coady has been the concessionaire for Lighthouse Marina since 1997. According to Mr. Coady, all mobile home sites are leased for the same annual rate of \$1,200. The lease includes connections to and costs for the community water system. The mobile home spaces are serviced by shared or individual septic systems which are maintained by the concessionaire. There are 25 boat docks which are available for lease for \$50 per month. These docks are leased on a first come, first served basis. Mr. Coady intends to construct additional docks in the future. Lighthouse Marina includes a store, restaurant, and an area suitable for outdoor events. Mr. Coady indicated that the event space is available for public use at no charge. Each mobile home site includes parking for one vehicle and one watercraft trailer. Additional space in the mobile home park is available for additional watercraft trailer parking. One space in this area is free to lessees and additional spaces are available for \$50 per month. There is a campground with a boat launch on the site adjacent to Lighthouse Marina.</p>		

## Lease Comparable 2



Mobile Home Space Rent Comparable			
<b>Mobile Home Park Name</b>	The Goodlife Marina		
<b>Street Address</b>	36152 Road 44B		
<b>City, State</b>	Trenton, NE		
<b>Lake Name</b>	Swanson Reservoir		
<b>Lake Operator</b>	US Bureau of Reclamation		
<b>Concessionaire Name</b>	R2R Group, LLC		
Aerial View of Mobile Home Park and Marina		Photograph of Comparable Mobile Home Pad	
			
<b>Date Photograph Taken</b>	2014	<b>Date Photograph Taken</b>	4/9/2019
<b>Photographer Name</b>	Google Earth	<b>Photographer Name</b>	Christopher D. Clark
<b>Camera Orientation</b>	N/A	<b>Camera Orientation</b>	Southeast
Data Source & Verification			
<b>Verified By</b>	Dawna Vap		
<b>Contact Phone #</b>	(308) 334-5268		
<b>Relationship</b>	Concessionaire / Owner		
Mobile Home Park Infrastructure & Amenities			
<b>Interior Roads</b>	Dirt		
<b>Utilities</b>	Electricity, Community Water, & Individual Septic Systems		
<b>Boat Launch</b>	Boat Ramp at State campground approximately 1/4 mile away.		
<b>Marina/Store</b>	Yes		
<b>Restaurant</b>	Restaurant		
<b>Other</b>	N/A		
Mobile Home Pad Rent Information			
<b>Lease Terms</b>	Annual Lease for Seasonal Use		
<b>Lease Rate</b>	\$900 & \$950		
<b>Operating Season</b>	April 15th - October 15th		
<b>Renewal Options</b>	Renews Annually		
<b>Concessions or Other Considerations</b>	None		
<b>Comments</b>	<p>Ms. Dawna Vap and her husband have been the concessionaires for The Good life Marina since 2010. According to Ms. Vap, approximately 90% of the all mobile home sites are leased for \$900 per season. The remaining approximately 10% of the mobile home sites are leased for \$950 per seasons. The higher rates are charged for the mobile home sites with superior spacing and superior views of the reservoir. The lease includes connections to and costs for the community water system. The mobile home spaces are serviced by individual septic systems which are maintained by the individual tenants. There are currently no docks in this mobile home park. There is no beach or access to the reservoir from this mobile home park. The Goodlife Marina includes a store and a restaurant. There is an open storage area and parking spaces in this area can be leased for \$125 per year for park residents and \$250 per year for nonresidents. The nearest boat launch is at the State Park campground approximately 1/4 of a mile from this mobile home park.</p>		





### Lease Comparable 3

Mobile Home Pad Rent Comparable			
<b>Mobile Home Park Name</b>	North Shore Marina		
<b>Street Address</b>	70738 Lakeview		
<b>City, State</b>	Republican City, NE		
<b>Lake Name</b>	Harlan County Lake		
<b>Lake Operator</b>	U.S. Army Corps of Engineers		
<b>Concessionaire Name</b>	North Shore Marina		
<b>Aerial View of Mobile Home Park and Marina</b>		<b>Photograph of Comparable Mobile Home Pad</b>	
			
<b>Date Photograph Taken</b>	2018	<b>Date Photograph Taken</b>	4/14/2017
<b>Photographer Name</b>	Google Earth	<b>Photographer Name</b>	Christopher D. Clark
<b>Camera Orientation</b>	N/A	<b>Camera Orientation</b>	East
Data Source & Verification			
<b>Verified By</b>	Bruce Beins		
<b>Contact Phone #</b>	(308) 799-2315		
<b>Relationship</b>	Concessionaire / Owner		
Mobile Home Park Infrastructure & Amenities			
<b>Interior Roads</b>	Paved/Dirt		
<b>Utilities</b>	Electricity, Community Water, Community Sewer		
<b>Boat Launch</b>	Boat Ramp, Launch Services, Docks, Boat Storage. Marina has 84 Covered Boat Slips and 27 Uncovered. Seasonal Rental is \$650 Uncovered / \$1400 Covered.		
<b>Marina/Store</b>	Yes		
<b>Restaurant</b>	Yes		
<b>Other</b>	RV Park, Campground		
Mobile Home Pad Rent Information			
<b>Lease Terms</b>	Annual Lease for Seasonal Use		
<b>Lease Rate</b>	\$2400/Year		
<b>Operating Season</b>	April 15th - October 15th		
<b>Renewal Options</b>	Renews Annually		
<b>Concessions or Other Considerations</b>	Water, Sewer & Garbage Collection included in Pad Rental Rate. Lessee Pays Electricity, Cable & Telephone.		
<b>Comments</b>	<p>Mr. Bruce Beins has been a concessionaire with the Army Corps of Engineers at Harlan County Lake for close to 40 years. Mr. Beins stated that his lease agreement with the Army Corps of Engineers is for a 40-year term. The lease agreements with the Mobile Home Pad Lessees are for 1 year and renew automatically. Mr Beins increases the pad lease rates slightly each year to cover cost of living increases and improvements to the property. He charged \$2,300 per pad in 2018 and increased the pad rental rate by \$100 for 2019. There is no annual rental rate difference for superior or inferior views or location within the mobile home park. North Shore Marina is a full service Marina Concessionaire on Harlan County Lake. Harlan County Lake is the result of a dam project on the Republican River that was completed in 1952. The resulting reservoir is owned and operated by the U.S. Army Corps of Engineers. Harlan County Lake is the second largest lake in Nebraska covering approximately 13,250 acres, is 9 miles long, and has 75 miles of shoreline. Harlan County Lake is a popular destination for boating, fishing, and camping. Other area activities include an ATV/Off Road Trail System, horse trails, and hiking.</p>		

## Lease Comparable 4



Mobile Home Pad Rent Comparable			
Mobile Home Park Name	Patterson Harbor Marina		
Street Address	12121 Road 3		
City, State	Republican City, NE		
Lake Name	Harlan County Lake		
Lake Operator	U.S. Army Corps of Engineers		
Concessionaire Name	Patterson Harbor Marina		
Aerial View of Mobile Home Park and Marina		Photograph of Comparable Mobile Home Pad	
			
Date Photograph Taken	2018	Date Photograph Taken	4/14/2017
Photographer Name	Google Earth	Photographer Name	Christopher D. Clark
Camera Orientation	N/A	Camera Orientation	South
Data Source & Verification			
Verified By	Tammy Kearns		
Contact Phone #	(308) 799-4600		
Relationship	Operations Manager		
Mobile Home Park Infrastructure & Amenities			
Interior Roads	Paved/Dirt		
Utilities	Electricity, Community Water, Community Sewer		
Boat Launch	Boat Ramp, Launch Services, Docks, Boat Storage. Marina has 100 Covered Boat Slips and a few Uncovered Slips. Annual Slip Rental Rates are \$1400 - \$1500 Covered, \$800 - \$850 Uncovered.		
Marina/Store	Yes		
Restaurant	Bar Only		
Other	Cabin Rentals, RV Park, Campground		
Mobile Home Pad Rent Information			
Lease Terms	Annual Lease for Seasonal Use		
Lease Rate	\$2200/Year		
Operating Season	April 15th - October 15th		
Renewal Options	Renews Annually		
Concessions or Other Considerations	None		
Comments	Patterson Harbor Marina is a full service Marina Concessionaire on Harlan County Lake. Patterson Harbor Marina has a long term concessionaire agreement with the Army Corps of Engineers. In 2015, 86 new covered boat slips were added to the marina. Mobile Home Site leases are annual and renew automatically. The Operations Manager, Ms. Tammy Kearns indicated that there is no annual lease rate difference for superior or inferior views or location within the mobile home park with the exception an area known as Snob Hill where the annual lease rate is \$2,400. The Snob Hill area is farther from the lake than the majority of the park but has access to the community water system year round. Overall occupancy at Snob Hill is still limited to a seasonal basis. Harlan County Lake is the result of a dam project on the Republican River that was completed in 1952. The resulting reservoir is owned and operated by the U.S. Army Corps of Engineers. Harlan County Lake is the second largest lake in Nebraska covering approximately 13,250 acres, is 9 miles long, and has 75 miles of shoreline. Harlan County Lake is a popular destination for boating, fishing, and camping. Additional area amenities include an ATV/Offroad Vehicle Trail System, Horse Trails, and hiking.		

## Lease Comparable 5

Mobile Home Space Rent Comparable			
Mobile Home Park Name	Otter Creek Lodge		
Street Address	100 Otter Creek Court		
City, State	Lewellen, NE		
Lake Name	Lake McConaughy		
Lake Operator	Central Nebraska Public Power and Irrigation District (CNPPID)		
Concessionaire Name	Otter Creek Lodge		
Aerial View of Mobile Home Park and Marina		Photograph of Comparable Mobile Home Pad	
			
Date Photograph Taken	2014	Date Photograph Taken	4/17/2017
Photographer Name	Google Earth	Photographer Name	Christopher D. Clark
Camera Orientation	N/A	Camera Orientation	West
Data Source & Verification			
Verified By	Jeff Ryland		
Contact Phone #	(308) 355-2372		
Relationship	Concessionaire/Owner		
Mobile Home Park Infrastructure & Amenities			
Interior Roads	Dirt		
Utilities	Electricity, Community Water, Individual Septic Systems		
Boat Launch	Boat Ramp, Launch Services		
Marina/Store	Convenience Store, Cabin Rentals, RV Park, Campground		
Restaurant	Restaurant		
Other	Cabin Rentals, RV Park, Campground		
Mobile Home Pad Rent Information			
Lease Terms	Annual Lease for Seasonal Use		
Lease Rate	\$875.00		
Operating Season	April 15th - October 15th		
Renewal Options	Renews Annually		
Concessions or Other Considerations	None		
Comments	<p>According to Mr. Ryland there is no annual lease rate difference for superior or inferior views or location within the mobile home park. He believed that he offered the lowest price lease rates on Lake McConaughy and thought he could likely raise rates somewhat. Otter Creek's location on a finger of the lake and the fact that there is not a sewer system may have an impact on the low lease rates. The facility also has a lower level of amenities than those offered by some other concessionaires. Otter Creek Lodge operates as a Concessionaire of (CNPPID) on Lake McConaughy. Lake McConaughy is the largest reservoir in Nebraska covering approximately 34,700 acres. Lake McConaughy is the result of a dam project on the North Platte River that was completed in 1941 to address the need for irrigation in the area. The reservoir is owned and operated by the Central Nebraska Public Power &amp; Irrigation District. Lake McConaughy is known for its white sand beaches and is a popular destination for swimming, boating, fishing, and camping.</p>		



## Lease Comparable 6

Mobile Home Space Rent Comparable			
Mobile Home Park Name	North Shore Lodge		
Street Address	Gate #5, #5 North Shore Rd.		
City, State	Lemoine, NE		
Lake Name	Lake McConaughy		
Lake Operator	Central Nebraska Public Power and Irrigation District (CNPPID)		
Concessionaire Name	North Shore Lodge		
Aerial View of Mobile Home Park and Marina		Photograph of Comparable Mobile Home Pad	
			
Date Photograph Taken	2014	Date Photograph Taken	4/17/2017
Photographer Name	Google Earth	Photographer Name	Christopher D. Clark
Camera Orientation	N/A	Camera Orientation	North
Data Source & Verification			
Verified By	Randy Romine		
Contact Phone #	(308) 355-2222		
Relationship	Operations Manager		
Mobile Home Park Infrastructure & Amenities			
Interior Roads	Dirt		
Utilities	Electricity, Community Water, Community Sewer		
Boat Launch	Boat Ramp, Launch Services		
Marina/Store	Yes		
Restaurant	Restaurant		
Other	Cabin Rentals, RV Park, Campground		
Mobile Home Pad Rent Information			
Lease Terms	Annual Lease for Seasonal Use		
Lease Rate	\$923.75, \$1,065.03, \$1,359.29		
Operating Season	April 15th - October 15th		
Renewal Options	Renews Annually		
Concessions or Other Considerations	None		
Comments	According to Mr. Romine, the annual lease rate for the majority of the mobile home pads at North Shore Lodge is \$923.75. Larger lots that are approximately 50' x 100' are \$1,065.03 and a few newer lots that are approximately 75' x 100' lease for \$1,359.29 annually. In 2009, North Shore Lodge installed a community sewer system. At that time, each mobile home pad lessee was billed a one time assessment of \$8,300 for the sewer system project. For this reason, the owner of the park has been reluctant to increase lease rates over the last 10 years although they are likely to begin raising rates in the future. North Shore Lodge operates as a Concessionaire of (CNPPID) on Lake McConaughy. Lake McConaughy is the largest reservoir in Nebraska covering approximately 34,700 acres. Lake McConaughy is the result of a dam project on the North Platte River that was completed in 1941 to address the need for irrigation in the area. The reservoir is owned and operated by the Central Nebraska Public Power & Irrigation District. Lake McConaughy is known for its white sand beaches and is a popular destination for swimming, boating, fishing, and camping.		

## Lease Analysis Grid

Adjustments were considered for differences between the lease comparables and the subject mobile home spaces as if vacant. Any adjustments made are noted on the spreadsheet below;

COMPARABLE LEASE ANALYSIS FOR SUBJECT SITE AS IF VACANT							
MOBILE HOME SPACES J-03 & B-04, RED WILLOW RESERVOIR MOBILE HOME SPACES, FRONTIER COUNTY, NEBRASKA							
DESCRIPTION	SUBJECT	LEASE COMP 1	LEASE COMP 2	LEASE COMP 3	LEASE COMP 4	LEASE COMP 5	LEASE COMP 6
MOBILE HOME PARK NAME	Lighthouse Marina	Lighthouse Marina (Subject Mobile Home Park)	The Goodlife Marina	North Shore Marina	Patterson Harbor Marina	Otter Creek Lodge	North Shore Lodge
IDENTIFICATION	Mobile Home Spaces J-03 & B-04	All Mobile Home Spaces in Park	Approximately 90% of Mobile Home Spaces in Park	All Mobile Home Spaces in Park	All Mobile Home Spaces in Park	All Mobile Home Spaces in Park	All Single Wide Mobile Home Spaces in Park
CITY	McCook, NE	McCook, NE	Trenton, NE	Republican City, NE	Republican City, NE	Lewellen, NE	Lemoine, NE
LAKE NAME	Red Willow	Red Willow Reservoir	Swanson Reservoir	Harlan County Lake	Harlan County Lake	Lake McConaughy	Lake McConaughy
LEASE RATE		\$1,200	\$900	\$2,400	\$2,200	\$875	\$924
QUANTITATIVE ADJUSTMENTS							
LEASE DATE		2019	2019	2019	2019	2019	2019
MARKET CONDITIONS FACTOR		1.000	1.000	1.000	1.000	1.000	1.000
<b>ADJUSTED LEASE PRICE</b>		<b>\$1,200</b>	<b>\$900</b>	<b>\$2,400</b>	<b>\$2,200</b>	<b>\$875</b>	<b>\$924</b>
QUALITATIVE ADJUSTMENTS							
LEASE TERM	1 Year	1 Year	1 Year	1 Year	1 Year	1 Year	1 Year
		Equal =	Equal =	Equal =	Equal =	Equal =	Equal =
LEASE RATE ANNUAL ESCALATIONS	Optional - At Discretion of Commissionaire	Optional - At Discretion of Commissionaire	Optional - At Discretion of Commissionaire	Optional - At Discretion of Commissionaire	Optional - At Discretion of Commissionaire	Optional - At Discretion of Commissionaire	Optional - At Discretion of Commissionaire
		Equal =	Equal =	Equal =	Equal =	Equal =	Equal =
PROPERTY USE RESTRICTIONS	Seasonal Use of Only	Seasonal Use of Only	Seasonal Use of Only	Seasonal Use of Only	Seasonal Use of Only	Seasonal Use of Only	Seasonal Use of Only
		Equal =	Equal =	Equal =	Equal =	Equal =	Equal =
LOCATION	Rural	Rural	Rural	Rural	Rural	Rural	Rural
		Equal =	Equal =	Equal =	Equal =	Equal =	Equal =
LAKE WATER SURFACE AREA/ACRES	1,600	1,600	4,974	13,250	13,250	34,700	34,700
		Equal =	Equal =	Equal =	Equal =	Equal =	Equal =
LOCATION ON LAKE	Typical	Typical	Typical	Typical	Typical	Inferior	Typical
		Equal =	Equal =	Equal =	Equal =	Inferior +	Equal =
MOBILE PAD SIZE/SPACING & INFRASTRUCTURE QUALITY	Average	Average	Average -	Good	Good	Average	Average
		Equal =	Inferior +	Superior -	Superior -	Equal =	Equal =
VEHICULAR ACCESS	Nonpaved	Nonpaved	Nonpaved	Nonpaved	Nonpaved	Nonpaved	Nonpaved
		Equal =	Equal =	Equal =	Equal =	Equal =	Equal =
UTILITIES	Electricity & Telephone	Electricity & Telephone	Electricity & Telephone	Electricity & Telephone	Electricity & Telephone	Electricity & Telephone	Electricity & Telephone
		Equal =	Equal =	Equal =	Equal =	Equal =	Equal =
WATER/SEWER	Community Water System & Individual Septic Systems	Community Water System & Individual Septic Systems	Community Water System & Individual Septic Systems	Community Water & Sewer System	Community Water & Sewer System	Community Water System & Individual Septic Systems	Community Water & Sewer System
		Equal =	Equal =	Superior -	Superior -	Equal =	Superior -
NON-REALTY COMPONENTS	None	None	None	None	None	None	None
		Equal =	Equal =	Equal =	Equal =	Equal =	Equal =
OVERALL RATING COMPARED TO SUBJECT		Equal =	Inferior +	Superior - -	Superior - -	Inferior +	Superior -
LEASE RATE INDICATIONS		= \$1,200	> \$900	< < \$2,400	< < \$2,200	> \$875	< \$924

### **Discussion of Quantitative Adjustments**

*Market Conditions:* The lease comparables are for the 2019 season rental rates and the report effective date is May 1, 2020. Since the rental rate is a prospective value, it is necessary to consider an adjustment for changes in market conditions. The concessionaires for the comparable mobile home parks reported that they may increase rental rates annually at their discretion. The concessionaire at North Shore Marina (Lease Comparable 3) indicated that he increases the rental rates annually based upon increases in the cost of living to cover increases in his operating expenses. The concessionaire for the subject mobile home park did not increase rates from 2018 to 2019. No definitive data was located to credibly develop an adjustment in this category. For this reason, no adjustment was made for changes in market conditions.

### **Discussion of Qualitative Adjustments**

**None of the competitive mobile home parks charged different rates for superior or inferior lake views. For that reason, the specific view from each subject mobile home pad is not considered to be a characteristic that affects the annual market rental rate and was not considered as a necessary variable to analyze.**

The following adjustments are for categories where the comparables are different from the subject property and differences in these categories were considered to potentially affect value; however, there was not sufficient market data available on which to credibly base dollar amount or percentage adjustments. These adjustments are identified as Equal =, Superior -, or Inferior + compared to the subject property.

*Lease Term:* The subject mobile home spaces and comparables are all leased for 1 year terms. The comparables are all considered to be Equal = to the subject mobile spaces in this category.

*Lease Rate Escalations:* The subject mobile home spaces and comparables may be increased annually at the discretion of the concessionaire. The comparables are all considered to be Equal = to the subject mobile spaces in this category.

*Property Use Restrictions:* The subject mobile home spaces and comparables are available for seasonal use only. All concessionaires for the comparables indicated that the community water was turned off at the end of the season each year. The comparables are all considered to be Equal = to the subject mobile spaces in this category.

*Location:* The subject and comparables are all in relatively rural areas and are all considered Equal = in this category.

*Lake Water Surface:* The subject reservoir includes less surface area than the comparables; however, no market data was located suggesting that lake surface area affected lease prices. The comparables are considered Equal = compared to the subject in this category.

*Location on Lake:* The subject mobile home park and most of the comparables are located on similar areas of their respective lakes. Lease Comparable 5, Otter Creek Lodge, is located along a cove within a finger of Lake McConaughy which has more limited access to deep water than the subject or other comparables. Lease Comparable 5 is considered Inferior + compared to the subject

in this category.

*Mobile Home Pad Size/Spacing & Infrastructure:* The subject mobile home park includes tighter than typical spacing between some of the mobile homes. Overall the subject mobile home pad size/spacing and park infrastructure is rated as Average. Lease Comparable 1 is the subject mobile home park and is rated as Equal = in this category. Lease Comparable 2 includes overall tighter spacing than the subject mobile home park and is rated as Inferior + in this category. Lease Comparables 3 and 4 are considered to be overall Superior - in this category. Lease Comparables 5 and 6 are considered Equal = to the subject in this category.

*Vehicular Access:* The subject mobile home park has access from North Willow Dam Road (which is paved) via unpaved roads. The comparables have similar access from paved roads via unpaved roads. Overall the access to the subject mobile home spaces and comparables is Equal =.

*Utilities:* The subject mobile home spaces have access to electricity and telephone service. The lease comparables are Equal = in this category.

*Water/Sewer:* The subject mobile home spaces are connected to a community water system but are serviced by individual septic systems. Lease Comparables 1, 2, and 5 are Equal = to the subject in this category. Lease Comparables 3, 4, and 6 include community water and sewer systems that service each mobile home space. These comparables are Superior – compared to the subject mobile home spaces in this category.

*Non-Realty Components:* There are no non-realty components associated with the subject or comparables. The comparables are identified as Equal = to the subject property in this category.

**Reconciliation of Comparable Lease Analysis for Subject Mobile Home Spaces as if Vacant**  
The unadjusted comparables range in price from \$875 to \$2,400 per season for 2019. After quantitative adjustments, the range is \$875 to \$2,400.

After qualitative adjustments were made, Lease Comparables 3 and 4 were considered far superior compared to the subject mobile home spaces. These comparables represent the highest end of possible market lease rates for the subject mobile home spaces. Based upon interviews with the concessionaires for the competitive mobile home parks, the subject mobile home park would require a community sewer system in order to be truly competitive with these comparables. Lease Comparables 2 and 5 set the low end of potential market rental rates for the subject mobile home pads at \$900 and \$875 respectively. No weight is accorded Lease Comparable 6 as the concessionaire indicated that he has not increased rental rates since 2009 to allow tenants to recoup an assessment for installation of a community sewer system. He reported that his rates will likely increase after 2019. The lease rate for Lease Comparable 6 is not considered to representative of a market rate.

The subject mobile home spaces are renting for \$1,200 for the 2019 season. The adjusted rate for the subject mobile home park at \$1,200 is bracketed by the absolute and low indications (Lease Comparable 5 at \$875 and Lease Comparable 3 at \$2,400). A market rental rate of \$1,200 is concluded in this report as of the report effective date. This is rounded to \$1,200.

#### **MOBILE HOME PAD ANNUAL RENTAL RATE CONCLUSIONS**

The annual market rental rate conclusions for the subject mobile home spaces are below;

<b>Mobile Home Space J-03</b>	<b>\$1,200</b>
<b>Mobile Home Space B-04</b>	<b>\$1,200</b>

The Scope of Work includes **Hypothetical Conditions**. The specific verbiage is as follows; “The appraisal will hypothetically consider the sites/spaces “as vacant” excluding the improvements specified in the sample permits, coupled with the properties being available for rent on the open market.”

#### **SALES COMPARISON APPROACH**

Mobile home spaces like the subjects are part of a mobile home park and do not sell on an individual basis. The Sales Comparison Approach was not applicable to the annual market rental rates for the subject mobile home spaces and was not developed in this report.

#### **COST APPROACH**

The annual market rental rate for the subject mobile home spaces concluded in this report is as if vacant. The Cost Approach was not applicable for the determination of the annual market rental rates for the subject mobile homes paces and was not developed in this report.

#### **INCOME APPROACH**

The subject mobile home spaces are not income producing properties for the lessees. The Income Approach is not applicable to the annual market rental rates for the subject mobile home spaces and was not developed in this report.

## RECONCILIATION OF ANNUAL MARKET RENTS

The annual market rent conclusion for the subject mobile home spaces is below;

<b>Lease Comparable Analysis</b>	\$1,200
<b>Cost Approach</b>	Not Developed
<b>Sales Comparison Approach</b>	Not Developed
<b>Income Approach</b>	Not Developed

### Lease Comparable Analysis

Lease data from competitive mobile home parks was analyzed for determination of annual market rental rates for the subject mobile home pads. This is the only approach developed in this section of this report and the conclusion from this approach is accorded all weight.

### Cost Approach

The Cost Approach was not applicable to the determination of annual market rent for the subject mobile home spaces and was not developed in this section of this report.

### Sales Comparison Approach

The Sales Comparison Approach was not applicable to the determination of annual market rent for the subject mobile home spaces and was not developed in this section of this report.

### Income Approach

The Income Approach was not applicable to the determination of annual market rent for the subject mobile home spaces and was not developed in this section of this report.

### Conclusion

All weight is accorded the Lease Comparable Analysis since it was the only applicable approach and was the only approach developed in this section of this report. After carefully considering all the factors influencing the subject property, it is my conclusion that the market annual lease rates for the subject mobile home spaces; based upon the **Hypothetical Conditions** included in the Scope of Work, (The specific verbiage is as follows; “The appraisal will hypothetically consider the sites/spaces “as vacant” excluding the improvements specified in the sample permits, coupled with the properties being available for rent on the open market.”), as of May 1, 2020, are

<b>Mobile Home Space J-03</b>	<b>\$1,200</b>
<b>Mobile Home Space B-04</b>	<b>\$1,200</b>



## **SECTION 2 – CABIN SITE ANNUAL RENTAL RATES**

## GROUND LEASE RATE OF RETURN ANALYSIS

Subject Cabin Site No. 31 was occupied by a Permittee via the 4<sup>th</sup> year of the final 5 year renewal option for the Cabin Site Permit. As per the permit, uses of the subject lot are restricted to recreational purposes. One single family cabin and associated improvements are allowed. The cabin cannot exceed 700 SF or 1 story. One garage is permitted not to exceed 600 SF and one storage building is permitted not to exceed 120 SF. A dock is permitted for this site. Costs for operating the onsite well and septic system is the responsibility of the permittee. The permittee or groups of permittees are responsible for road maintenance to access the cabin site.

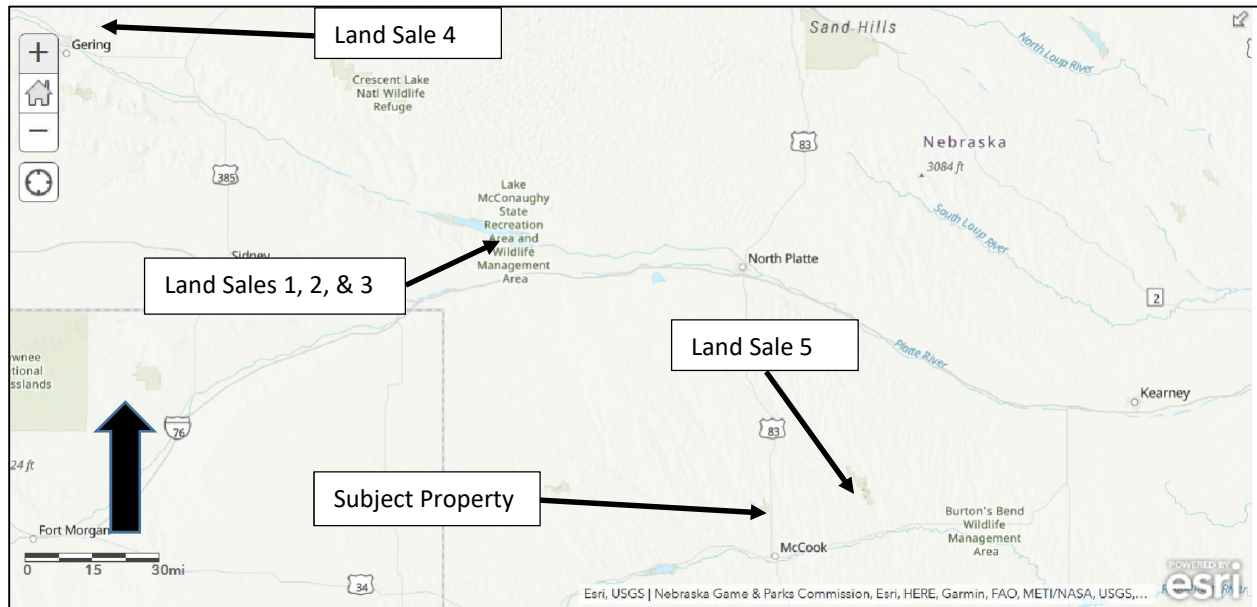
The first step in determination of a market rental rate using ground lease rate of return analysis is determination of the market value of the subject cabin site as if vacant. The next step is the application of a market derived ground lease rate of return.

Searches were conducted by Clark Real Estate Appraisal for sales of vacant sites similar to the subject property. The results of these searches were presented in the Subject Market Analysis section of this report. As noted in the Subject Market Analysis, very few recent sales were located that compared well with the subject site as if vacant. For that reason, it was necessary to expand the search to other lakes/reservoirs in western Nebraska and to use one sale which included a residence. The sales most similar to the subject cabin site were selected as comparables for determination of the value of the subject site as if vacant. These sales are summarized below;

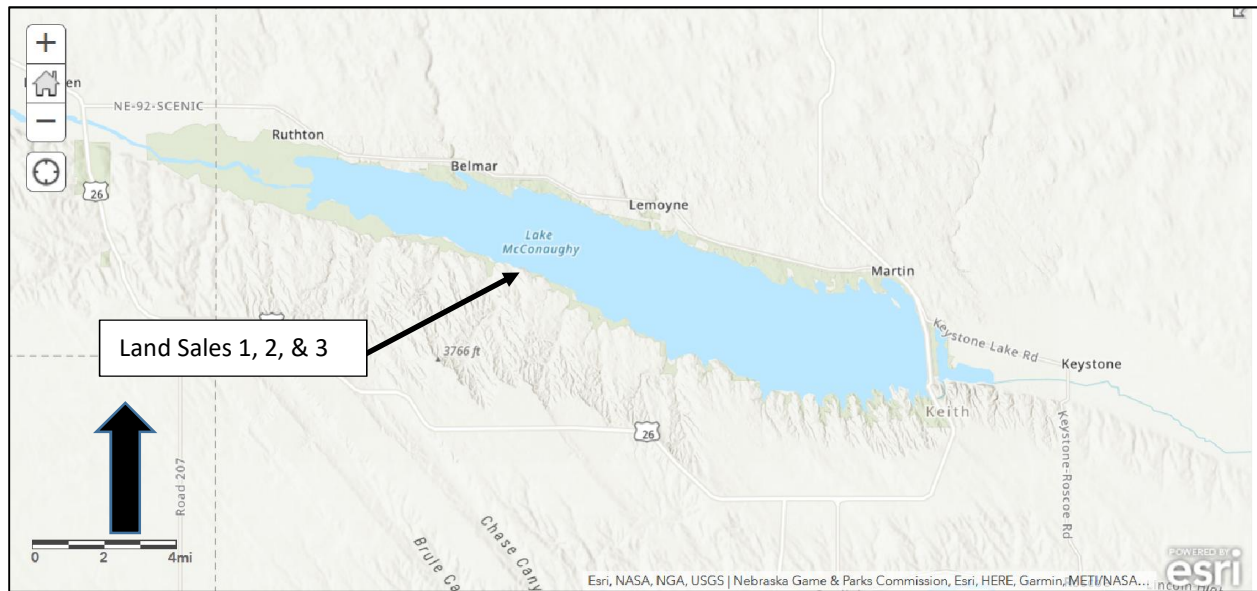
Land Sales Analysis									
Land Sale #	Address	City	Sale Date	Sales Price*	Lake Name	Boat Dock Permitted	Year Round Use Allowed	Private Direct Access to Lake	Lot Size/Acres
1	Lot 7, Block 1, Bayside County Estates	Brule, NE	2018	\$75,000	Lake McConaughy	No	Yes	No	0.920
2	Lot 22, Block 1, Bayside County Estates	Brule, NE	2018	\$40,000	Lake McConaughy	No	Yes	No	0.950
3	Lot 23, Block 1, Bayside County Estates	Brule, NE	2018	\$50,000	Lake McConaughy	No	Yes	No	0.920
4	30061 Lakeside Dr	Minatare, NE	2017	\$46,909	Lake Minatare	No	Yes	No	0.170
5	72874 Trail 3, Lots 1 & 2	Cambridge, NE	2014 & 2016	\$57,500	Medicine Creek Reservoir	No	Yes	No	0.220
* Land Sale 4 Adjusted for Contributory Value of Improvements									

A complete description of each sale is included in the comparable land sale write-ups provided in this section of this report. Maps depicting the locations of the subject and comparables are on the following pages;

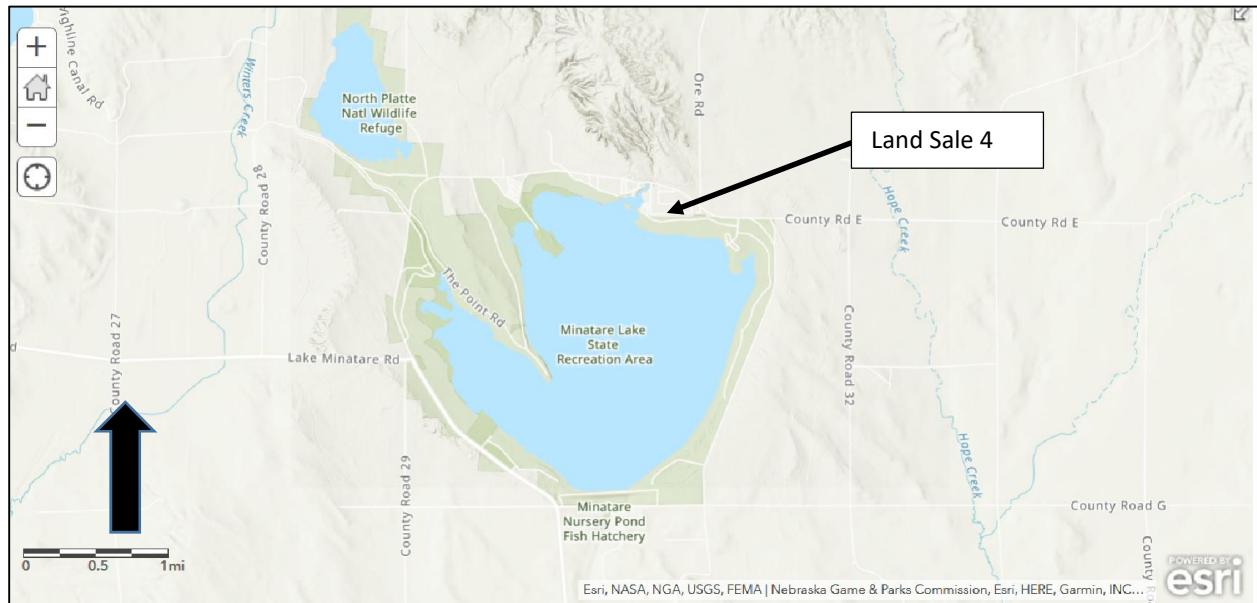
## Land Sales Map – All Comparables



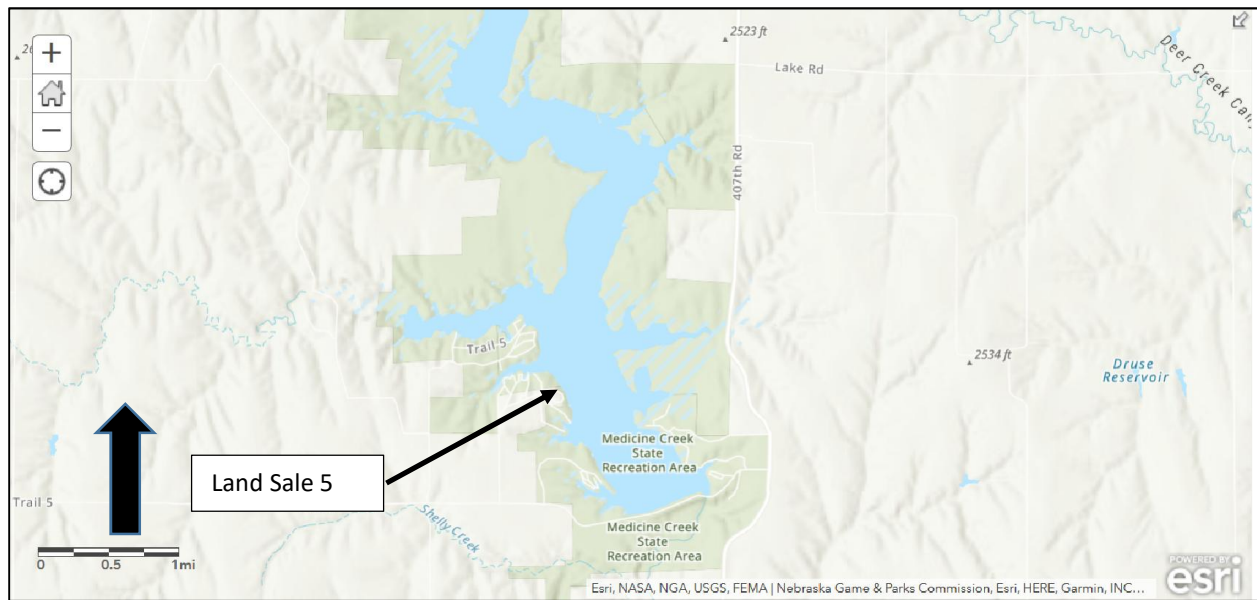
## Zoomed in Land Sales Map – Land Sales 1 & 2




### Zoomed In Land Sales Map – Land Sale 4



### Zoomed In Land Sales Map - Land Sale 5



## LAND SALE 1

COMPARABLE SALE INFORMATION			
	<b>Location</b>	Lighthouse Road	
	<b>City/State</b>	Brule, Nebraska	
	<b>County</b>	Keith	
	<b>Assessor Number</b>	261700700	
	<b>Zoning</b>	Recreational	
	<b>Site Size: Acres</b>	0.920	
	<b>Square Feet</b>	40,049	
	<b>Date of Sale</b>	May 18, 2018	
	<b>Sales Price</b>	\$75,000	
	<b>Less Cost of Improvements*</b>	\$0	
	<b>Sales Price Adjusted</b>	\$75,000	
	<b>MLS #</b>	N/A	
ANALYSIS OF SALE			
<b>Price per Acre</b>	\$81,522	<b>Price per Square Foot</b>	\$1.87
		<b>Price Per Front Foot</b>	N/A
TRANSFER INFORMATION			
<b>Grantor</b>	Gaylene T. Meyer	<b>Grantee</b>	Robert Murphy & Jennifer Murphy
<b>Type of Instrument</b>	Warranty Deed	<b>Document #</b>	Book 2018, Page 00744
		<b>Marketing Time</b>	Unknown
<b>Financing/Conditions</b>	Cash to Seller/Market	<b>Verified By</b>	Mike Lashley, Listing Agent (308) 532-9300
<b>Legal Description</b>	Lot 7, Block 1, Bayside Country Estates, First Addition, Keith County, Nebraska	<b>Intended Use/Comments</b>	Purchased for Residential Use
<b>Section/Township/Range</b>	S22/T15N/R40W		
PROPERTY DETAILS			
<b>Access</b>	Lighthouse Rd, Unpaved Road	<b>View</b>	Lake McConaughy
<b>Topography</b>	Level	<b>Lot Dimensions</b>	130.00' X 210.00' X 220.15' X 52.15' X 511.92'
<b>Flood Plain</b>	According to Flood Map # 31101C0225C, dated 9/30/2005, the property is not in an area of Elevated Flood Risk.	<b>Improvements</b>	N/A
<b>Access to Water Frontage</b>	No Direct Access to Lake McConaughy	<b>Value of Improvements</b>	N/A
<b>Utilities</b>	Electricity & Telephone - Private Well & Septic Necessary Prior to Home Construction	<b>Miscellaneous</b>	This is the sale of a vacant site in a newly developed subdivision along the south shore of Lake McConaughy. This lot is a "front row" lot.
<b>Report File #</b> 19-018ec			

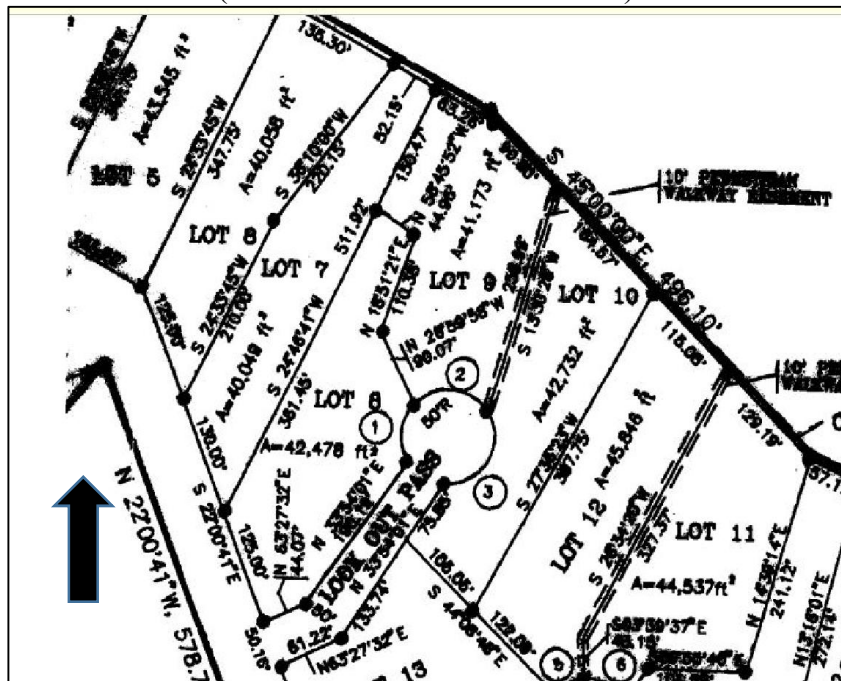


### Photograph of Land Sale 1

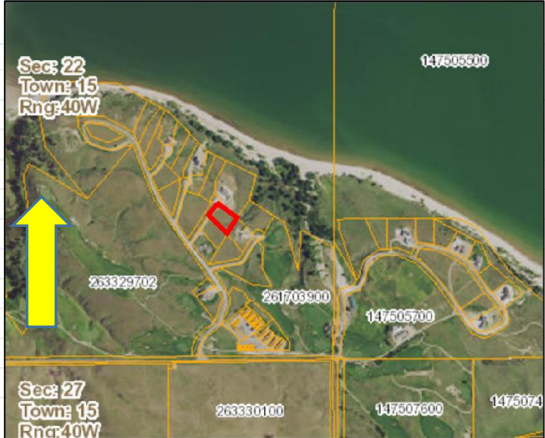


Photo Taken 4/17/2019 by Chris Clark  
Looking Northeast Across Land Sale 1

### Enlarged Image of Subdivision Plat of Land Sale 1 (Land Sale 1 Identified as Lot 7)



## LAND SALE 2

COMPARABLE SALE INFORMATION			
	<b>Location</b>	Morning Glory Lane	
	<b>City/State</b>	Brule, Nebraska	
	<b>County</b>	Keith	
	<b>Assessor Number</b>	261702200	
	<b>Zoning</b>	Recreational	
	<b>Site Size: Acres</b>	0.951	
	<b>Square Feet</b>	41,438	
	<b>Date of Sale</b>	May 18, 2018	
	<b>Sales Price</b>	\$40,000	
	<b>Less Cost of Improvements*</b>	\$0	
	<b>Sales Price Adjusted</b>	\$40,000	
	<b>MLS #</b>	N/A	
ANALYSIS OF SALE			
<b>Price per Acre</b>	\$42,048	<b>Price per Square Foot</b>	\$0.97
		<b>Price Per Front Foot</b>	N/A
TRANSFER INFORMATION			
<b>Grantor</b>	John G. & Staci A. Worthing	<b>Grantee</b>	Tical, LLC
<b>Type of Instrument</b>	Warranty Deed	<b>Document #</b>	Book 2018, Page 00743
		<b>Marketing Time</b>	Unknown
<b>Financing/Conditions</b>	Cash to Seller/Market	<b>Verified By</b>	Bonnie Nemecek, Listing Agent (308) 289-0910
<b>Legal Description</b>	Lot 22, Block 1, Bayside Country Estates, First Addition, Keith County, Nebraska	<b>Intended Use/Comments</b>	Purchased for Residential Use
<b>Section/Township/Range</b>	S22/T15N/R40W		
PROPERTY DETAILS			
<b>Access</b>	Morning Glory Ln, Unpaved Road	<b>View</b>	Lake McConaughy
<b>Topography</b>	Level	<b>Lot Dimensions</b>	123.78' X 37.40' X 209.03' X 203.14' X 246.20'
<b>Flood Plain</b>	According to Flood Map # 31101C0225C, dated 9/30/2005, the property is not in an area of Elevated Flood Risk.	<b>Improvements</b>	N/A
<b>Access to Water Frontage</b>	No Direct Access to Lake McConaughy	<b>Value of Improvements</b>	N/A
<b>Utilities</b>	Electricity & Telephone - Private Well & Septic Necessary Prior to Home Construction	<b>Miscellaneous</b>	This is the sale of a vacant site in a newly developed subdivision along the south shore of Lake McConaughy. This lot is one lot behind a "front row" lot.
<b>Report File #</b> 19-018ec			

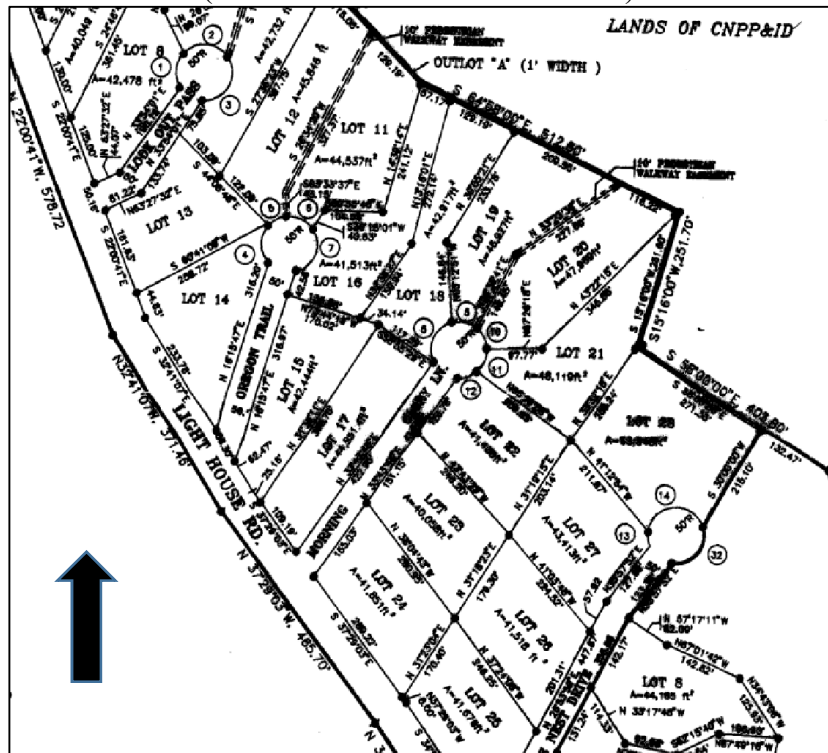


## Photograph of Land Sale 2



Photo Taken 4/17/2019 by Chris Clark  
Looking Northeast Across Land Sale 2

## Enlarged Image of Subdivision Plat of Land Sale 2 (Land Sale 2 Identified as Lot 22)



Note: Lots 19, 20, & 21 were re-platted to form a single “front row” type lot.

## LAND SALE 3

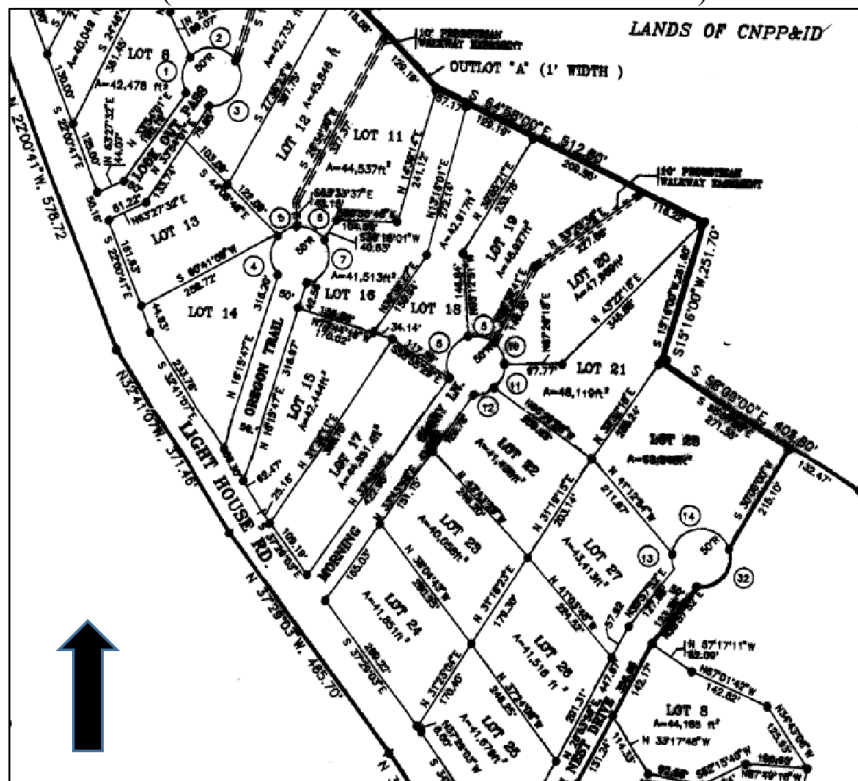
COMPARABLE SALE INFORMATION					
	<b>Location</b>		Morning Glory Lane		
	<b>City/State</b>		Brule, Nebraska		
	<b>County</b>		Keith		
	<b>Assessor Number</b>		261702300		
	<b>Zoning</b>		Recreational		
	<b>Site Size: Acres</b>		0.920		
	<b>Square Feet</b>		40,058		
	<b>Date of Sale</b>		May 18, 2018		
	<b>Sales Price</b>		\$50,000		
	<b>Less Cost of Improvements*</b>		\$0		
	<b>Sales Price Adjusted</b>		\$50,000		
	<b>MLS #</b>		N/A		
ANALYSIS OF SALE					
<b>Price per Acre</b>		\$54,371	<b>Price per Square Foot</b>	\$1.25	
			<b>Price Per Front Foot</b>	N/A	
TRANSFER INFORMATION					
<b>Grantor</b>		Bayside Investments, LLC	<b>Grantee</b>		Tical, LLC
<b>Type of Instrument</b>		Warranty Deed	<b>Document #</b>		Book 2018, Page 00759
			<b>Marketing Time</b>		Unknown
<b>Financing/Conditions</b>		Cash to Seller/Market	<b>Verified By</b>		Bonnie Nemecek, Listing Agent (308) 289-0910
<b>Legal Description</b>		Lot 23, Block 1, Bayside Country Estates, First Addition, Keith County, Nebraska	<b>Intended Use/Comments</b>		Purchased for Residential Use
<b>Section/Township/Range</b>		S22/T15N/R40W			
PROPERTY DETAILS					
<b>Access</b>		Morning Glory Ln, Unpaved Road	<b>View</b>		Lake McConaughy
<b>Topography</b>		Level	<b>Lot Dimensions</b>		151.15' X 246.20' X 179.30' X 260.95
<b>Flood Plain</b>		According to Flood Map # 31101C0225C, dated 9/30/2005, the property is not in an area of Elevated Flood Risk.	<b>Improvements</b>		N/A
<b>Access to Water Frontage</b>		No Direct Access to Lake McConaughy	<b>Value of Improvements</b>		N/A
<b>Utilities</b>		Electricity & Telephone - Private Well & Septic Necessary Prior to Home Construction	<b>Miscellaneous</b>		This is the sale of a vacant site in a newly developed subdivision along the south shore of Lake McConaughy. This lot is two lots behind a "front row" lot.
<b>Report File #</b> 19-018ec					

### Photograph of Land Sale 3



Photo Taken 04/17/2019 by Chris Clark  
Looking Northeast Across Land Sale 3

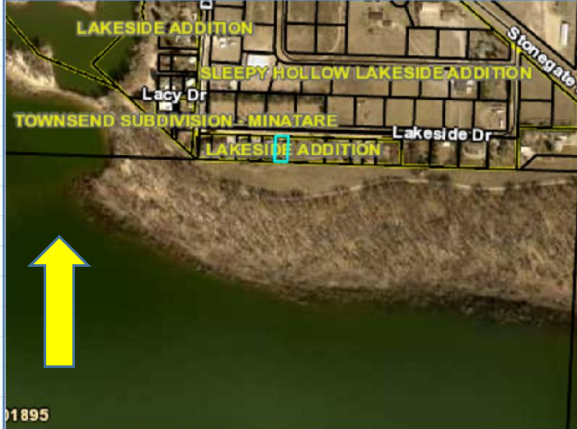
### Enlarged Image of Subdivision Plat of Land Sale 3 (Land Sale 3 is identified as Lot 23 below)



Note: Lots 19, 20, & 21 were re-platted to form a single “front row” type lot.



## LAND SALE 4

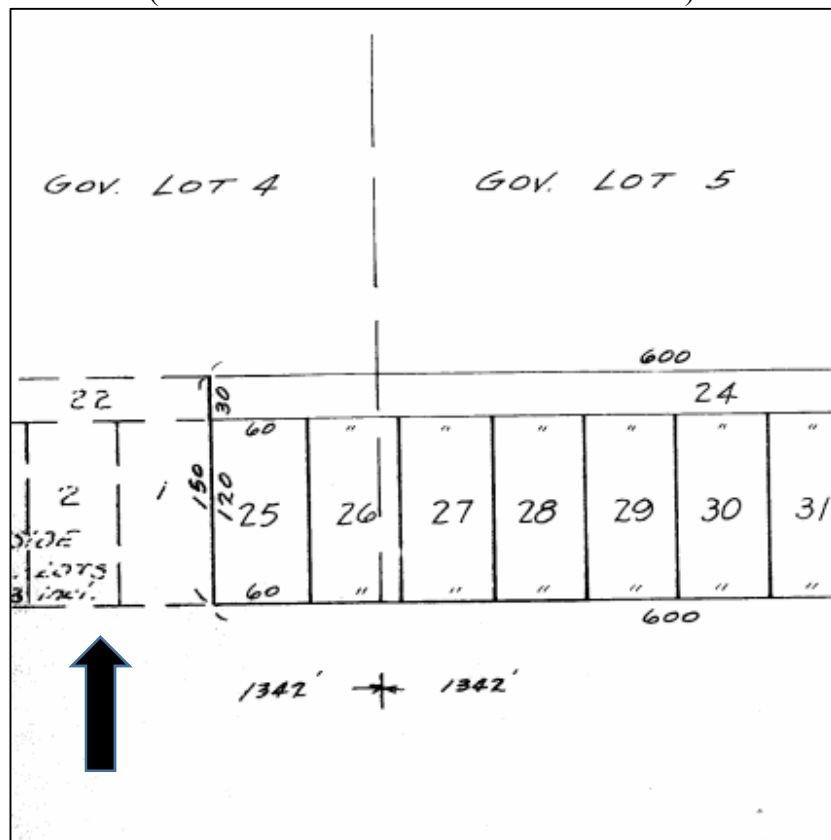
COMPARABLE SALE INFORMATION					
	<b>Location</b>		30061 Lakeside Drive		
	<b>City/State</b>		Minatare, Nebraska		
	<b>County</b>		Scotts Bluff		
	<b>Assessor Number</b>		261702300		
	<b>Zoning</b>		Recreational Residential		
	<b>Site Size: Acres</b>		0.165		
	<b>Square Feet</b>		7,200		
	<b>Date of Sale</b>		August 13, 2018		
	<b>Sales Price</b>		\$151,000		
	<b>Less Cost of Improvements*</b>		\$110,182		
<b>Sales Price Adjusted</b>		\$40,818			
<b>MLS #</b>		N/A			
ANALYSIS OF SALE					
<b>Price per Acre</b>		\$246,948	<b>Price per Square Foot</b>	\$5.67	
			<b>Price Per Front Foot</b>	N/A	
TRANSFER INFORMATION					
<b>Grantor</b>		Rhonda Schuessler	<b>Grantee</b>		Paul L. Reed
<b>Type of Instrument</b>		Warranty Deed	<b>Document #</b>		Book 2018, Page 3603
			<b>Marketing Time</b>		Unknown
<b>Financing/Conditions</b>		Cash to Seller/Market	<b>Verified By</b>		Paul L. Reed, Grantee (308) 633-9402
<b>Legal Description</b>		Lot 25, Lakeside Addition to Scotts Bluff Count, Nebraska	<b>Intended Use/Comments</b>		Purchased for Residential Use
<b>Section/Township/Range</b>		S20/T23N/R53W			
PROPERTY DETAILS					
<b>Access</b>		Lakeside Drive, Unpaved Road	<b>View</b>		Lake Minatare
<b>Topography</b>		Level	<b>Lot Dimensions</b>		60' X 120'
<b>Flood Plain</b>		According to Flood Map # 3104730100AC, dated 6/18/1990, the property is not in an area of Elevated Flood Risk.	<b>Improvements</b>		This property is improved with a 1,316 SF "A" frame style home with a detached carport. The home was constructed in 1978 but was renovated approximately 1 year prior to the sale. The effective age is estimated to be 15 years.
<b>Access to Water Frontage</b>		Walking Lake Access	<b>Value of Improvements</b>		\$110,182
<b>Utilities</b>		Electricity & Telephone - Private Well & Septic System in Place	<b>Miscellaneous</b>		See Cost Analysis for contributory value of improvements
				<b>Report File #</b> 19-018ec	

### Photograph of Land Sale 4



Photo Taken 4/17/2019 by Chris Clark  
Looking South at Land Sale 4

### Enlarged Image of Subdivision Plat of Land Sale 4 (Land Sale 4 is identified as Lot 25 below)



## Cost Analysis for Home on Land Sale 4

COST ANALYSIS						
300061 LAKESIDE DRIVE, MINATARE, NEBRASKA						
<b>CALCULATIONS FOR BASE COSTS</b>						
<b>RETAIL BUILDING</b>						
GOOD QUALITY, PREFABRICATED COTTAGE, RESIDENCE - SECTION 12, PAGE 36						
BASE COST (LISTED AS A LUMP SUM IN MARSHALL VALUATION SERVICE FOR 1,000 SF)	\$77,250					
WOOD STOVE	\$2,800					
TOTAL BASE COST	\$80,050					
CURRENT COST MULTIPLIER	1.00					
LOCAL COST MULTIPLIER	1.00					
ADJUSTED BASE COST	\$80,050					
<b>CALCULATIONS FOR COST NEW</b>						
BASE COST TOTAL		Lump Sum				\$80,050
LOFT (SECTION 12, PAGE 37)	308	@	\$21.70			\$6,684
METAL DECKS (SECTION 12, PAGE 38)	196	@	\$40.00			\$7,840
PATIO (SECTION 66, PAGE 2)	392	@	\$16.30			\$6,390
CARPORT (SECTION 12, PAGE 35)	288	@	\$28.25			\$8,136
ELECTRIC BASEBOARD HEATING (SECTION 53, PAGE 3 - 3 UNITS x \$810 PER UNIT)		Lump Sum				\$2,430
SHED		Lump Sum				\$2,000
WELL (SECTION 17, PAGE 57)		Lump Sum				\$11,500
SEPTIC SYSTEM (SECTION 53, PAGE 10 - 1,500 GALLON TANK PLUS DRAINFIELD)		Lump Sum				\$6,525
SITE IMPROVEMENTS (UTILITY CONNECTIONS/LANDSCAPING/FENCING)		Lump Sum				\$2,000
<b>PRELIMINARY IMPROVEMENT COST NEW</b>						\$133,554
ADD ENTREPRENEURIAL INCENTIVE @10%						\$13,355
<b>FINAL IMPROVEMENT COST NEW</b>						\$146,910
<b>LESS OBSERVED DEPRECIATION</b>						
PHYSICAL DEPRECIATION (15 YEARS/60 YEARS = 25%)	25.0	%	of	adjusted	cost.....	(\$36,727)
FUNCTIONAL OBSOLESCENCE	0.0	%	of	adjusted	cost.....	\$0
EXTERNAL OBSOLESCENCE	0.0	%	of	adjusted	cost.....	\$0
<b>TOTAL DEPRECIATED IMPROVEMENT COST</b>						<b>\$110,182</b>
<b>ADD LAND VALUE</b>						<b>\$0</b>
<b>INDICATED VALUE FROM COST APPROACH</b>						<b>\$110,182</b>

## LAND SALE 5

COMPARABLE SALE INFORMATION				
	<b>Location</b>		72874 Trail 3, Lots 1 & 2	
	<b>City/State</b>		Cambridge, Nebraska	
	<b>County</b>		Frontier	
	<b>Assessor Number</b>		320009912 & 320009831	
	<b>Zoning</b>		AG-R, Agricultural Residential	
	<b>Site Size: Acres</b>		0.217	
	<b>Square Feet</b>		9,470	
	<b>Date of Sale</b>		8/15/2014 & 6/1/16	
	<b>Sales Price</b>		\$57,500	
	<b>Less Cost of Improvements*</b>		\$0	
<b>Sales Price Adjusted</b>		\$57,500		
<b>MLS #</b>		N/A		
ANALYSIS OF SALE				
<b>Price per Acre</b>		\$264,489	<b>Price per Square Foot</b>	\$6.07
			<b>Price Per Front Foot</b>	N/A
TRANSFER INFORMATION				
<b>Grantor</b>	Ronald R. Schelling & Janice L. Schelling (Lot 1) and Brad Farr & Laurie Farr (Lot 2)	<b>Grantee</b>	Jay Davis	
<b>Type of Instrument</b>	Warranty Deed	<b>Document #</b>	2016/0337 (Lot 1) & 2014/0473 (Lot 2)	
<b>Financing/Conditions</b>	Cash to Seller/Market	<b>Marketing Time</b>	Unknown	
<b>Legal Description</b>	Lengthy - Retained in Appraisal Work file	<b>Verified By</b>	Jay Davis, Grantee (703) 344-4363	
<b>Section/Township/Range</b>	S23/T5N/R26W	<b>Intended Use/Comments</b>	Purchased for Assemblage & Residential Use	
PROPERTY DETAILS				
<b>Access</b>	Trail 3, Unpaved Road	<b>View</b>	Medicine Creek Reservoir	
<b>Topography</b>	Level	<b>Lot Dimensions</b>	60' X 120'	
<b>Flood Plain</b>	According to Flood Map # 31063C0550C, dated 4/2/2008, the property is not in an area of Elevated Flood Risk.	<b>Improvements</b>	N/A	
<b>Access to Water Frontage</b>	Walking Lake Access	<b>Value of Improvements</b>	\$0	
<b>Utilities</b>	Electricity & Telephone - Private Well & Septic System Required Prior to Construction of a Home	<b>Miscellaneous</b>	Grantee purchased these properties to assemble for one home site. Grantee noted that he may have paid a lower price if this property had been a single lot and did not require assemblage.	
		<b>Report File #</b> 19-018ec		



### Photograph of Land Sale 5



Photo Taken 4/14/2019 by Chris Clark  
Looking Southeast Across Land Sale 5  
(Grantee placed an RV for temporary use on this site.)

### No Plat Available – Topo Map Below (Land Sale 5 Outlined in Red)



## Sales Comparison Analysis Grid

Adjustments were considered for differences between the sales and this subject cabin site as if vacant. Any adjustments made are noted on the spreadsheet below;

COMPARABLE SALES ANALYSIS FOR SUBJECT SITE AS IF VACANT						
CABIN SITE NO. 31, RED WILLOW RESERVOIR SEASONAL CABINS, FRONTIER COUNTY, NEBRASKA						
DESCRIPTION	SUBJECT	SALE 1	SALE 2	SALE 3	SALE 4	SALE 5
IDENTIFICATION	Cabin Site No. 31	Lot 7 Block 1, Bayside Country Estates	Lot 22, Block 1, Bayside Country Estates	Lot 23, Block 1, Bayside Country Estates	30061 Lakeside Dr	72874 Trail 3, Lots 1 & 2
CITY	McCook, NE	Brule, NE	Brule, NE	Brule, NE	Minatare, NE	Cambridge, NE
SALES PRICE		\$75,000	\$40,000	\$50,000	\$151,000	\$57,500
QUANTITATIVE ADJUSTMENTS						
ADJUSTMENT FOR IMPROVEMENTS		\$0	\$0	\$0	-\$110,182	\$0
PROPERTY RIGHTS	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
PROPERTY RIGHTS ADJUSTMENT		\$0	\$0	\$0	\$0	\$0
FINANCING	Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller
FINANCING ADJUSTMENT		\$0	\$0	\$0	\$0	\$0
ADJUSTMENTS FOR BUYER EXPENDITURES						
DEMOLITION		\$0	\$0	\$0	\$0	\$0
ENVIRONMENTAL		\$0	\$0	\$0	\$0	\$0
OTHER		\$0	\$0	\$0	\$0	\$0
LEGAL/ZONING		\$0	\$0	\$0	\$0	\$0
DATE OF SALE		05/18/18	05/18/18	05/18/18	08/28/17	06/01/16
MARKET CONDITIONS FACTOR		1.00	1.00	1.00	1.00	1.00
ADJUSTED SALES PRICE		\$75,000	\$40,000	\$50,000	\$40,818	\$57,500
QUALITATIVE ADJUSTMENTS						
CONDITIONS OF SALE	Typical	Typical	Typical	Typical	Typical	Typical
CONDITIONS OF SALE ADJUSTMENT		Equal =	Equal =	Equal =	Equal =	Superior - -
BOAT DOCK PERMITTED	Yes	No	No	No	No	No
		Inferior +	Inferior +	Inferior +	Inferior +	Inferior +
PROPERTY USE RESTRICTIONS	Home Size Restricted to 700 SF & Year-Long Occupancy not Allowed	Minimal Home Size Restrictions & Year-Long Home Occupancy Use Allowed	Minimal Home Size Restrictions & Year-Long Home Occupancy Use Allowed	Minimal Home Size Restrictions & Year-Long Home Occupancy Use Allowed	Minimal Home Size Restrictions & Year-Long Home Occupancy Use Allowed	Minimal Home Size Restrictions & Year-Long Home Occupancy Use Allowed
		Superior -	Superior -	Superior -	Superior -	Superior -
LOCATION	Rural	Rural	Rural	Rural	Rural	Rural
		Equal =	Equal =	Equal =	Equal =	Equal =
LAKE SURFACE AREA/ACRES	1,600	34,700	34,700	34,700	2,158	1,850
		Equal =	Equal =	Equal =	Equal =	Equal =
ACCESS TO LAKE & VIEW	Walk-in Access & 1st Row Lot	Walk-in Access & 1st Row Lot	No Direct Access & 2nd Row Lot	No Direct Access & 3rd Row Lot	Walk-in Access & 1st Row Lot	Walk-in Access & 1st Row Lot
		Superior -	Inferior +	Inferior +	Equal =	Equal =
AMENITIES LAKE OR NEIGHBORHOOD	Good	Very Good	Very Good	Very Good	Good	Good
		Superior -	Superior -	Superior -	Equal =	Equal =
DEVELOPMENT AROUND LAKE	Low Density	Medium to High Density Area	Medium to High Density Area	Medium to High Density Area	High Density Area	Medium Density Area
		Equal =	Equal =	Equal =	Equal =	Equal =
VEHICULAR ACCESS	Nonpaved	Nonpaved	Nonpaved	Nonpaved	Nonpaved	Nonpaved
		Equal =	Equal =	Equal =	Equal =	Equal =
SHAPE	Irregular Rectangle	Irregular	Irregular	Irregular	Irregular	Irregular
		Equal =	Equal =	Equal =	Equal =	Equal =
TOPOGRAPHY	Level Bench for House & Gentle Slope to Lake	Level	Level & Sloping Areas	Level & Sloping Areas	Level	Level & Sloping Areas
		Equal =	Equal =	Equal =	Equal =	Equal =
SIZE/ACRES	0.900	0.920	0.951	0.920	0.165	0.217
		Equal =	Equal =	Equal =	Inferior +	Inferior +
EASEMENTS/COVENANTS AFFECTING VALUE	None	None	None	None	None	None
		Equal =	Equal =	Equal =	Equal =	Equal =
ZONING	AG-R	Recreational	Recreational	Recreational	RCR	AG-R
		Equal =	Equal =	Equal =	Equal =	Equal =
UTILITIES	Electricity & Telephone	Electricity & Telephone	Electricity & Telephone	Electricity & Telephone	Electricity & Telephone	Electricity & Telephone
		Equal =	Equal =	Equal =	Equal =	Equal =
WATER/SEWER	Individual Well & Septic Necessary	Individual Well & Septic Necessary	Individual Well & Septic Necessary	Individual Well & Septic Necessary	Individual Well & Septic Necessary	Individual Well & Septic Necessary
		Equal =	Equal =	Equal =	Equal =	Equal =
NON-REALTY COMPONENTS	None	None	None	None	None	None
		Equal =	Equal =	Equal =	Equal =	Equal =
OVERALL RATING COMPARED TO SUBJECT		Superior - -	Equal =	Equal =	Inferior +	Superior - -
VALUE INDICATIONS		< \$75,000	= \$40,000	= \$50,000	> \$40,818	< \$57,500

### **Discussion of Quantitative Adjustments**

The following categories required no adjustment, required additional comment, or there was sufficient market data available on which to base a credible adjustment.

*Adjustment for Improvements:* Land Sales 1, 2, 3, and 5 required no adjustment in this category. Land Sale 4 included a single family residence. The contributory value of this residence was determined based upon a depreciated cost analysis for the improvements on this property. The depreciated cost was determined to be \$110,182. This amount was utilized as the adjustment in this category for Land Sale 4.

*Property Rights:* The ownership interest in this report for the subject property and for all of the land comparables is the fee simple interest consequently, no adjustments were necessary in this category.

*Financing:* All sales were cash to seller; therefore, no adjustments were necessary in this category.

*Conditions of Sale:* See Qualitative adjustments.

*Buyer Expenditures:* There were no buyer expenditures noted for the land sales utilized in this analysis. No adjustments were necessary in this category.

*Market Conditions:* The comparable sales closed in 2017 and 2018. There are typically few sales of properties similar to the subject each year. I studied trends for sales of vacant home sites via a subscription to the Nebraska "Outstate" MLS. This system covers rural areas in western Nebraska. I also searched for sales near and along the reservoirs noted in the Subject Market Analysis via the applicable county Assessor's Offices. Real estate transfer prices are public record in Nebraska. The available market data does not support an adjustment in this category. For this reason, no adjustment was made.

### **Discussion of Qualitative Adjustments**

The following adjustments are for categories where the comparables are different from the subject property and differences in these categories were considered to potentially affect value; however, there was not sufficient market data available on which to credibly base dollar amount or percentage adjustments. These adjustments are identified as Equal =, Superior -, or Inferior + compared to the subject property.

*Conditions of Sale:* There were no atypical conditions of sale reported by the verifying parties for Land Sales 1, 2, 3, or 4. No adjustments were made to the comparables in this category. Land Sale 5 consists of two contiguous sites purchased at different times by the same purchaser for purposes of an assemblage. The grantee reported that he likely paid more for the two properties than he would have if the properties had been one site and the sale had occurred in one transaction with a single seller. The grantee did not know how much lower the purchase price would have been if the property had consisted of a single site and a single seller. Since the grantee did not quantify a specific amount of higher payment, a qualitative adjustment was made in this category. Land Sale 5 is Superior - - compared to the subject property in this category.

*Boat Dock Permitted:* The subject cabin site permit allows boat docks. None of the comparables allow boat docks and are rated as Inferior + compared to the subject in this category.

*Property Use Restrictions:* The subject cabin site permit includes restrictions on use and home size. Year-long use is prohibited for the subject cabin site and the site may not be used as a primary residence. Residences are restricted to 700 square feet in size for the subject cabin site lease. The comparables include year-long use of the home sites and there are minimal restrictions on building size. The building size restrictions are based upon required setbacks and possible view corridor issues. The grantees for the comparables may use the improvements as a primary residence. The comparables are all considered to be Superior - to the subject in this category.

*Location:* The subject and comparables are all in relatively rural areas and are all considered Equal = in this category.

*Lake Water Surface Area:* The subject reservoir totals 1,600 acres of surface water. Land Sales 1, 2, and 3 are on in proximity to Lake McConaughy which includes 34,700 acres of surface water. Land Sales 4, and 5 are in proximity to reservoirs with 2,158 and 1,850 acres of surface water respectively. No market data was located suggesting that lake surface area affected the sales for the comparables. The comparables are considered Equal = compared to the subject in this category.

*Access to Lake & View:* Based upon analysis of sales and lease data in western Nebraska, market participants for lake front properties place a premium on access to the lake and view of the lake. The subject cabin site has walk-in type access (across land owned by the US Bureau of Reclamation) to the reservoir in a relatively private area. The subject cabin site has an elevated view of the reservoir.

Land Sale 1 includes walk-in access and an elevated view of the Lake McConaughy. It is considered to be a “front row” lot. Recent “front row” lots near Land Sale 1 have sold for \$85,000 and \$105,000 (see Market Analysis). Based upon this data, buyers place a premium on “front row” lots in this subdivision and there are nuances which affect pricing even for “front row” lots. The sale price range for front row lots depicts a 40% spread (comparing the \$75,000 sales price of Land Sale 1 to the sale of Lot 6, Block 1 of Replat of Lots 4 & 5, Phase 1 of The Shores at Bayside at \$105,000). Land Sale 1 is a “front row” lot like the subject; however, some downward adjustment is necessary based upon examination of recent sales of similar lots in the same subdivision. Since there is not sufficient market data on which to credibly base a quantitative downward adjustment for this sale, a qualitative downward adjustment was made. This sale is considered to be Superior – compared to the subject lot in this category.

Land Sales 2 and 3 do not have direct walk-in access and they both have some views of Lake McConaughy. These sales are considered to be Inferior + compared to the subject in this category. Land Sales 4 and 5 include walk-in access to their respective reservoirs and both include reservoir views. These comparables are considered to be Equal = to the subject property in this category.

*Amenities Lake or Neighborhood:* The subject area includes access to fishing, boating, swimming, hiking, hunting, and camping. Along the Red Willow’s 35 miles of shoreline are tent and RV camping

sites with bathrooms and showers, a mobile home park, day use picnic areas, a swimming beach, boat launch facilities, a marina/convenience store, fish cleaning stations, an archery range, and hiking and biking trails. Land Sales 1, 2, and 3 include access to similar public areas along the shores of Lake McConaughy but also have proximity to the 18-hole Bayside Golf Club golf course. These sales are considered Superior – compared to the subject in this category. Land Sales 4 and 5 include access to similar public areas along their respective reservoirs. Land Sales 4 and 5 are considered Equal = to the subject in this category.

*Development Around Lake:* There is minimal development surrounding the subject cabin site or subject reservoir. Land Sales 1, 2, and 3 are in medium to high density development neighborhoods surrounding Lake McConaughy. Land Sale 4 is in a high development density neighborhood along Lake Minatare. Land Sale 5 is in a medium density neighborhood along Medicine Creek Reservoir. Physical characteristics present in a high density development area (like suitability for year round use and smaller site sizes) are considered in other adjustment categories. There is little basis for an adjustment specific to this category; however, this characteristic was considered worthy of discussion and inclusion on the land sales grid.

*Vehicular Access:* The subject property has access from Road 725 which is unpaved. The comparables are accessed via unpaved roads are considered to be Equal = to the subject in this category.

*Shape:* The subject site and comparables have shapes suitable for use as single family home sites and no adjustments were necessary in this category. The comparables are identified as Equal = to the subject property in this category.

*Topography:* The subject includes a level bench area suitable for improvements, steeply sloping areas on the east and west sides but a relatively gentle slope to the reservoir. The east and west sloping areas result in additional privacy for the subject cabin site. The comparables are all predominantly level and are generally considered Equal = to the subject in this category.

*Size/Acres:* The subject site includes 0.90 acres. Land Sales 1, 2, and 3 included 0.920, 0.951, and 0.920 acres respectively. These comparables are considered Equal = to the subject in this category. Land Sales 4 and 5 include 0.165 and 0.217 acres respectively. These comparables are considered to be far Inferior + in this category compared to the subject.

*Easements Affecting Value:* There are no known easements affecting the subject or comparables.

*Zoning:* The subject and comparables are all in zoning districts which allow residential use. The comparables are Equal = to the subject in this category.

*Utilities:* The subject property and all of the comparables have similar access to electricity and telephone. The comparables are identified as Equal = to the subject property in this category.

*Water/Sewer:* The subject site as if vacant and comparables all require construction of individual well and septic systems prior to residential construction. The subject and comparables are Equal = in this category.

*Non-Realty Components:* There are no non-realty components associated with the subject or comparables. The comparables are identified as Equal = to the subject property in this category.

**Reconciliation of Sales Comparison Approach for Subject Site as if Vacant**

The unadjusted comparables range in price from \$40,000 to \$151,000. After quantitative adjustments, the range tightens considerably to \$40,000 to \$75,000.

After qualitative adjustments, the value of the subject site is above the indications from Land Sales 4 at \$40,818. For this reason, the adjusted indication from Land Sale 4 provides the low end of possible market values for the subject property at \$40,818. Land Sales 1 and 5 are considered Superior - - and Superior - overall compared to the subject site. These sales provide indication of the high end of adjusted indications of value at \$75,000 and \$57,500 respectively. Land Sales 2 and 3 were rated as Equal overall compared to the subject site. These sales provided adjusted indications of value at \$40,000 and \$50,000 respectively.

Most weight is accorded the adjusted indications from Land Sales 2 and 3 at \$40,000 and \$50,000 respectively. A value between these sales at \$45,000 is well supported by the available market data.

**Subject Site Value**

**\$45,000**

## GROUND LEASE RATE OF RETURN CONCLUSION

A search was conducted for ground lease rates of return used to determine lease rates for cabin sites on lakes in Nebraska and the western United States. We did not present information for lakes or reservoirs operated by the United States Bureau of Reclamation as they are an intended user of this report and have this information. The results of this search are below;

Ground Lease Rate of Return Market Data					
Lake Name(s)	State	Property Operator/Owner	# of Cabin Sites in Leasing Program	Most Recent Ground Lease Rate of Return Utilized	Details
Maloney Lake	Nebraska	Nebraska Public Power District	Approximately 197	5.00%	According to Brian Hope, Land Management Coordinator for NPPD, the district uses a 5% ground lease rate of return applied to a fair market value determined by an appraisal. The appraised value is obtained in Year 15 of the lease. The lease fees are increased each year and eventually reach the capitalized appraised value over a 15 year period. The cabin sites are re-appraised every 15 years.
Lake McConaughy, Johnson Lake, & Plum Creek Canyon Reservoir	Nebraska	Central Nebraska Public Power & Irrigation District	Approximately 792	5.00% (Used Prior to 2018)	According to Jim Brown, Land Administrator with CNPP& ID, the district did use a 5% ground lease rate of return applied to a fair market value determined by an appraisal through 2017. Due to outcry from the lessees regarding the 2017 appraised values, The CNPP&ID Board decided to maintain 2007 lease rates for 2018 through 2023 then increase the rates at 3% per year through 2047.
Priest Lake & Payette Lake	Idaho	Idaho Department of Lands	Approximately 175	4.00%	According to the Idaho State Board of Land Commissioners, cabin site lease rates are based upon a 4.00% ground lease rate of return applied to a fair market value for each site determined by an appraisal. The cabin sites are re-appraised every 5 years.
Various Lakes in Montana	Montana	Montana Department of Natural Resources & Conservation	640 Cabin Sites (555 Active Leases)	Renewing Lessees @ 5.00% & New Leases Ranging From 3.50% to 6.50%	According to Jessica Hoag, Property Management Section Supervisor with MTDNRC, renewing leases are offered at 5.00% of the current site value as determined by the Montana Department of Revenue (DOR) for tax purposes. The opening bid for new leases is based upon a 6.50% ground lease rate or return applied to the DOR value. The ground lease rate of return may be lowered to no less than 3.50% if no bids are received. All lease fees are increased annually by 2%.
Various Lakes in United States	Various States in US	United States Forest Service	14,000 Total Cabins in Program	5.00% (Used Prior to 2015)	According to US Forest Service literature, lease rates were determined using a 5.00% ground lease rate of return applied to fair market value as determined in by an appraisal until 2015. Due to the Cabin Fee Act of 2014, lease rates are currently charged based upon a tiered system. Fees are increased by inflation.

This data supports ground lease rates of return ranging from 3.50% up to 6.50%. the majority of respondents reported prior or current utilization of a 5.00% ground lease rate of return.



The Land Leases section of an Investor Survey for the First Quarter of 2019 from RealtyRates.com is below;

## Land Leases

The following table summarizes prevailing land lease capitalization and discount rates. The former reflect initial rates of return on appraised values for vacant land proposed for development. They do not address increases in land lease payments or the reversion but may include percentage rent. The latter are internal rates of return being achieved by landowners on improved properties. As such, they include changes in land lease payments, percentage rent where applicable, and the reversion of the entire property at the termination of the lease. Total lease terms range from 40 to 99 years, while fixed rent periods range from one to 10 years. Generally, short-term (1-3 years) fixed rent periods auto-adjust based on a national reference rate such as the Consumer Price Index, while long-term (5-10 years) fixed rent periods are based on appraised values but are often subject to negotiation and/or arbitration.

RealtyRates.com INVESTOR SURVEY - 2nd Quarter 2019*						
LAND LEASES						
Property Type	Capitalization Rates			Discount Rates		
	Min.	Max.	Avg.	Min.	Max.	Avg.
Apartments	2.79%	10.56%	6.80%	5.39%	11.06%	7.80%
Golf	2.95%	16.63%	9.08%	5.55%	17.13%	10.08%
Health Care/Senior Housing	2.95%	11.66%	7.41%	5.55%	12.16%	8.41%
Industrial	2.95%	10.53%	7.12%	5.55%	11.03%	8.12%
Lodging	2.95%	16.26%	7.76%	5.55%	16.76%	8.76%
Mobile Home/RV Park	2.95%	13.48%	8.06%	5.55%	13.98%	9.06%
Office	2.95%	10.14%	6.85%	5.55%	10.64%	7.85%
Restaurant	2.95%	15.72%	8.54%	5.55%	16.22%	9.54%
Retail	2.93%	11.66%	7.22%	5.43%	12.16%	8.22%
Self-Storage	2.95%	10.66%	8.20%	5.55%	11.16%	9.20%
Special Purpose	3.35%	16.68%	8.95%	6.57%	18.99%	9.70%
All Properties	2.79%	16.68%	7.82%	5.39%	17.13%	8.70%

\*1st Quarter 2019 Data

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The company conducting these surveys is operated by Mr. Robert Watts. I interviewed Mr. Watts at length. He indicated that the survey respondents are primarily made up of lenders who finance properties with land (or ground) leases. The survey data is derived from actual leases in place.

Lodging is considered to be the category that is most applicable to the subject cabin site. This category reflects Land Lease Rates of Return ranging from 2.95 % up to 16.26% with an average of 7.76%.

The majority of governmental agency respondents reported prior or current utilization of a 5.00% ground lease rate of return. This rate is at the low end of the range indicated by RealtyRates.com survey respondents and less than the average of the survey data for the Lodging category. If the subject property was privately owned, a market based ground lease rate would be expected. A rate between 5.00% (reported by the majority of governmental agencies) and 7.76% (average of survey respondents for Lodging) would be expected. A ground lease rate of 6.00% is considered to be representative of a market rate expected by a private property owner for ground lease for the subject cabin site.

### **CABIN SITE ANNUAL RENTAL RATE CONCLUSION**

The ground lease rate of return is multiplied by the determined value of the subject site as if vacant to derive an indication of a market derived rental rate. The calculations are below;

**Site Value as If Vacant \$45,000 X 6.00% Ground Lease Rate = \$2,700**

The conclusion for the cabin site rental rate from ground lease rate of return analysis is below;

<b>Cabin Site No. 31</b>	<b>\$2,700</b>
--------------------------	----------------

The Scope of Work includes **Hypothetical Conditions**. The specific verbiage is as follows; “The appraisal will hypothetically consider the sites/spaces “as vacant” excluding the improvements specified in the sample permits, coupled with the properties being available for rent on the open market.”.

### **COMPARABLE LEASE ANALYSIS**

None of the leases for cabin sites on lakes in Western Nebraska represented arm's length transactions. There was not sufficient arm's length lease comparables located to prepare a credible Comparable Lease Analysis for Cabin Site No. 31

### **SALES COMPARISON APPROACH**

The Sales Comparison Approach was a component of the Ground Lease Rate of Return Analysis; however, it does not constitute a stand-alone approach to value. Cabin site spaces like the subject do not sell on an individual basis. The Sales Comparison Approach was not applicable to the annual market rental rates for the subject cabin site and was not developed in this report.

### **COST APPROACH**

The annual market rental rate for the subject cabin site concluded in this report is as if vacant. The Cost Approach was not applicable for the determination of the annual market rental rate for the subject cabin site and was not developed in this report.

### **INCOME APPROACH**

The subject cabin site is not an income producing property for the lessee. The Income Approach is not applicable to the annual market rental rate for the subject cabin site and was not developed in this report.

## RECONCILIATION OF ANNUAL MARKET RENTS

The annual market rent conclusion for the subject mobile home spaces is below;

<b>Lease Comparable Analysis</b>	Not Developed
<b>Ground Lease Rate of Return Analysis</b>	\$2,700
<b>Cost Approach</b>	Not Developed
<b>Sales Comparison Approach</b>	Not Developed
<b>Income Approach</b>	Not Developed

### Lease Comparable Analysis

None of the leases for cabin sites on lakes in Western Nebraska represented arm's length transactions. There was not sufficient arm's length lease comparables located to prepare a credible Comparable Lease Analysis for Cabin Site No. 31.

### Ground Lease Rate of Return Analysis

The market value of the subject cabin site as if vacant was determined. A market derived ground lease rate of return was applied to the market value of the subject cabin site as if vacant to determine an annual rental rate.

### Cost Approach

The Cost Approach was not applicable to the determination of annual market rent for the subject cabin site and was not developed in this section of this report.

### Sales Comparison Approach

The Sales Comparison Approach was not applicable to the determination of annual market rent for the subject cabin site and was not developed in this section of this report.

### Income Approach

The Income Approach was not applicable to the determination of annual market rent for the subject mobile home spaces and was not developed in this section of this report.

### Conclusion

All weight is accorded the Ground Lease Rate of Return Analysis since it is the only approach developed. This approach is considered to provide a good indication a market rental rate for is reflective of current market conditions. After carefully considering all the factors influencing the subject property, it is my conclusion that the market annual lease rate for the subject cabin site; based upon the **Hypothetical Conditions** included in the Scope of Work, (The specific verbiage is as follows; "The appraisal will hypothetically consider the sites/spaces "as vacant" excluding the improvements specified in the sample permits, coupled with the properties being available for rent on the open market."), as of May 1, 2020, is

**Cabin Site No. 31**

**\$2,700**

# **QUALIFICATIONS OF THE APPRAISER**

## **ELLIOTT (ELLIE) M. CLARK, MAI**

### **PROFESSIONAL DESIGNATIONS**

MAI Designated Member of the Appraisal Institute (2004)

### **FORMAL EDUCATION**

College of Charleston, Charleston, SC  
Bachelor of Science – Geology (1985)

### **REAL ESTATE EDUCATION**

#### **Appraisal Institute**

1990 - Basic Valuation Procedures  
1990 - Real Estate Principles  
1992 - Capitalization Theory and Technique  
1994 - Advanced Income Capitalization  
2001 - Highest and Best Use and Market Analysis  
2001 - Advanced Sales Comparison and Cost Approaches  
2002 - Standards of Professional Practice, Part A  
2002 - Standards of Professional Practice, Part B  
2002 - Report Writing and Valuation Analysis  
2002 - Advanced Applications  
2003 - Comprehensive Exam  
2003 - Separating Real & Personal Property from Intangible Business Assets  
2004 - Demonstration Appraisal  
2006 - 7 Hour National USPAP Update Course  
2006 - Business Practices and Ethics  
2006 – Uniform Appraisal Standards for Federal Land Acquisitions  
2008 - 7 Hour National USPAP Update Course  
2010 - 7 Hour National USPAP Update Course  
2012 – 7 Hour National USPAP Update Course  
2012 – Fundamentals of Separating Real Property, Personal Property and Intangible Business Assets  
2012 – Valuation of Conservation Easements  
2014 – 7 Hour National USPAP Update Course  
2015 – Real Estate Finance Statistics and Valuation Modeling  
2016 – 7 Hour National USPAP Update Course  
2016 – Eminent Domain & Condemnation  
2017 – Uniform Appraisal Standards for Federal Land Acquisitions: Practical Applications  
2018 – 7 Hour National USPAP Update Course

#### **Institute of Financial Education**

1985 - Real Estate Law I  
1986 - Real Estate Law II

### **IAAO**

1991 - Standards of Practice and Professional Ethics

**Citadel Evening College**

1993 - Residential Appraisal Reports Using URAR Form

**William H. Sharp & Associates**

1995 - The Home Inspection

**Trident Technical College**

1997 - Uniform Standards of Appraisal

**Historic Preservation Consulting**

1998 - Appraising Historic Property

**The Beckman Company**

2004 - The Technical Inspection of Real Estate

**WORK EXPERIENCE**

2003 - Present	Clark Real Estate Appraisal – Owner/Commercial Real Estate Appraiser
1995 - 2003	Sass, Herrin & Associates, Inc. – Commercial Real Estate Appraiser
1990 - 1995	Charleston County Assessor's Office – Sr. Staff Real Estate Appraiser
1986 - 1989	First Sun Capital Corporation - Mortgage Loan Officer
1985 - 1986	First National Bank of Atlanta - Mortgage Loan Processor
1984 - 1985	South Carolina Federal Savings Bank - Mortgage Loan Processor

**STATE LICENSES/CERTIFICATIONS**

Montana State Certified General Real Estate Appraiser - REA-RAG-LIC-683

**APPRAISAL SEMINARS ATTENDED**

2000 – JT&T Seminars: Financial Calculator HP-12C  
2000 – Appraisal Institute: Highest and Best Use Applications  
2004 – Appraisal Institute: Evaluating Commercial Construction  
2005 – Appraisal Institute: Scope of Work: Expanding Your Range of Services  
2006 – Appraisal Institute: Subdivision Valuation  
2006 – Appraisal Institute: Appraising from Blueprints and Specifications  
2007 – Appraisal Institute: Analyzing Commercial Lease Clauses  
2007 – Appraisal Institute: Condominiums, Co-ops, and PUDs  
2008 – Appraisal Institute: Spotlight on USPAP  
2008 – Appraisal Institute: Quality Assurance in Residential Appraisals: Risky Appraisals = Risky Loans  
2008 – Appraisal Institute: Office Building Valuation: A Contemporary Perspective  
2009 – Appraisal Institute: Appraisal Curriculum Overview (2-Day General)  
2010 – Appraisal Institute: Hotel Appraising – New Techniques for Today's Uncertain Times  
2010 – Appraisal Institute: The Discounted Cash Flow Model: Concepts, Issues & Applications  
2011 – Appraisal Institute: Understanding & Using Investor Surveys Effectively  
2011 – Appraisal Institute: Advanced Spreadsheet Modeling for Valuation Applications  
2012 – Appraisal Institute: Appraising the Appraisal: Appraisal Review-General  
2013 – Appraisal Institute: Business Practices and Ethics  
2018 – Appraisal Institute: Real Estate Finance, Value, and Investment Performance



**PARTIAL LIST OF CLIENTS**

United States Department of Interior  
United States Government Services Administration  
State of Montana Department of Natural Resources  
Montana Department of Transportation  
City of Whitefish  
City of Kalispell  
Flathead County  
Glacier Bank  
Rocky Mountain Bank  
Freedom Bank  
Whitefish Credit Union  
Parkside Credit Union  
First Interstate Bank  
Three Rivers Bank

# APPRAISER'S LICENSE

(Page 1 of 2)



Pete Ricketts, Governor  
Tyler N. Kohtz, Director  
Tyler.kohtz@nebraska.gov

Website: [www.appraiser.ne.gov](http://www.appraiser.ne.gov)  
Facebook: [www.facebook.com/nrpab](https://www.facebook.com/nrpab)  
Phone: 402-471-9015  
Fax: 402-471-9017

## Temporary Real Property Appraiser Credential

March 11, 2019

ELLIOTT M CLARK  
CLARK REAL ESTATE APPRAISAL INC  
704C E 13TH ST # 509  
WHITEFISH MT 59937-2981

Credential # CG22055T

Board File # 1409

To Whom It May Concern:

This letter certifies that on this date ELLIOTT M CLARK is credentialed as a Temporary Certified General Real Property Appraiser and is issued under the Nebraska Real Property Appraiser Act (Neb. Rev. Stat. §§ 76-2201 to 76-2250). This temporary credential is not transferable.

This temporary credential shall be expressly limited to a grant of authority to engage in real property appraisal activity in the State of Nebraska required for this assignment pertaining to the following location (see attachment for multiple locations):

SEE ATTACHMENT

This temporary credential shall expire upon the completion of the assignment or upon the expiration of a period of six months from the date of this letter, whichever occurs first. Please note that this temporary credential expires on September 11, 2019.

This temporary credential may be renewed for one additional six-month period. If a renewal is necessary, a written request must be made to the Nebraska Real Property Appraiser Board on the form approved by the Board, including an explanation of why the renewal is necessary and evidence to support the explanation. The request shall be denied if the reason for the request of the additional six-month approval is not directly related to the initial approval granted by the Board.

Any person issued a temporary credential to engage in real property appraisal activity in this state shall comply with all of the provisions of the Real Property Appraiser Act relating to the appropriate classification of credentialing. The Nebraska Real Property Appraiser Board may, upon its own motion, and shall, upon the written complaint of any aggrieved person, cause an investigation to be made with respect to an alleged violation of the act by a person who is engaged in, or who has engaged in, real property appraisal activity as a temporary credential holder.

This letter serves as the receipt for the temporary credentialing fee of \$50.00 and receipt #20395, enclosed, is for the temporary credential application fee.

IN WITNESS WHEREOF, the Director of the Board has caused these presents to be signed.

If you have any questions, please contact the Board's office at 402-471-9015.

Sincerely,

Allison L. Nespor  
Business and Licensing Specialist

*Chairperson of the Board*  
Benjamin J. Hynek, Lincoln  
Certified Residential Appraiser  
1<sup>st</sup> District Representative  
Term Expires: January 1, 2021

*Vice-chairperson of the Board*  
Christopher M.A. Mustoe, Omaha  
Certified General Appraiser  
2<sup>nd</sup> District Representative  
Term Expires: January 1, 2022

*Board Member*  
Gary L. McCormick, North Platte  
Certified General Appraiser  
3<sup>rd</sup> District Representative  
Term Expires: January 1, 2020

*Board Member*  
David L. Hartman, Omaha  
Financial Institutions Rep  
Term Expires: January 1, 2019

*Board Member*  
Thomas M. Luhrs, Imperial  
Certified General Appraiser  
Licensed Real Estate Broker Rep  
Term Expires: January 1, 2023

**ATTACHMENT TO TEMPORARY  
NEBRASKA REAL PROPERTY APPRAISER CREDENTIAL**

Credential # CG22055T

Board File # 1409

- 1) Enders Reservoir Cabin Site
    - a) Lt 12, Enders Reservoir Seasonal Cabins, in Sec 5, T5N, R37W, Chase County NE
    - b) Lt 23, Enders Reservoir Seasonal Cabins, in Sec 5, T5N, R37W, Chase County NE;
  - 2) Medicine Creek Reservoir
    - a) Lt 20, Medicine Creek Seasonal Cabins, in Secs 14 & 23, T5N, R26W, Frontier County NE
    - b) Lt 31, Medicine Creek Seasonal Cabins, in Secs 14 & 23, T5N, R26W, Frontier County NE;
  - 3) Red Willow Reservoir
    - a) Lt 31, Red Willow Reservoir Seasonal Cabins, in Sec 35, T5N, R30W, Frontier County NE
    - b) Space J-03, Red Willow Reservoir Mobile Home Spaces, in Sec 25, T5N, R30W, Frontier County NE
    - c) Space B-04, Red Willow Reservoir Mobile Home Spaces, in Sec 25, T5N, R30W, Frontier County NE;
  - 4) Swanson Reservoir
    - a) Lt 15, Swanson Reservoir Seasonal Cabins, in Secs 7 & 18, T2N, R33W, Hitchcock County NE
    - b) Space 114, Swanson Reservoir Mobile Home Spaces, in Secs 8 & 17, T2N, R33W, Hitchcock County NE
    - c) Space 28, Swanson Reservoir Mobile Home Spaces, in Secs 8 & 17, T2N, R33W, Hitchcock County NE;
- and
- 5) Lake Minatare Cabin Site
    - a) Lt 7, Lake Minatare Seasonal Cabins, in Sec 31, T23N, R53W, Scottsbluff County NE
    - b) Lt 21, Lake Minatare Seasonal Cabins, in Sec 31, T23N, R53W, Scottsbluff County NE.

## **ADDENDUM**

# ENGAGEMENT LETTER

(Page 1 of 2 of Standard Form 1449)

<b>AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT</b>		1. CONTRACT ID CODE		PAGE OF PAGES 1 2									
2. AMENDMENT/MODIFICATION NO. P00001		3. EFFECTIVE DATE See Block 16C		4. REQUISITION/PURCHASE REQ. NO.									
5. PROJECT NO. (If applicable)		6. ISSUED BY DOI, Office of Valuation Services One Denver Federal Center Bldg 46 Denver CO 80225		7. ADMINISTERED BY (If other than Item 6)									
8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code)  CLARK REAL ESTATE APPRAISAL, INCORPORATED 1119 MEADOWLARK LANE WHITEFISH MT 59937-1670		(X)		9A. AMENDMENT OF SOLICITATION NO.									
				9B. DATED (SEE ITEM 11)									
		X		10A. MODIFICATION OF CONTRACT/ORDER NO. 140D0519P0004									
				10B. DATED (SEE ITEM 13) 11/26/2018									
CODE 0071301494		FACILITY CODE											
<b>11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS</b>													
<input type="checkbox"/> The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers <input type="checkbox"/> is extended. <input type="checkbox"/> is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing Items 8 and 15, and returning copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGEMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.													
12. ACCOUNTING AND APPROPRIATION DATA (If required) 01													
<b>13. THIS ITEM ONLY APPLIES TO MODIFICATION OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.</b>													
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;">CHECK ONE</td> <td>A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.</td> </tr> <tr> <td></td> <td>B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).</td> </tr> <tr> <td>X</td> <td>C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF FAR 52.212-4 (c) Changes</td> </tr> <tr> <td></td> <td>D. OTHER (Specify type of modification and authority)</td> </tr> </table>						CHECK ONE	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.		B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).	X	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF FAR 52.212-4 (c) Changes		D. OTHER (Specify type of modification and authority)
CHECK ONE	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.												
	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).												
X	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF FAR 52.212-4 (c) Changes												
	D. OTHER (Specify type of modification and authority)												
<b>E. IMPORTANT:</b> Contractor <input type="checkbox"/> is not. <input checked="" type="checkbox"/> is required to sign this document and return <u>1</u> copies to the issuing office.													
14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.) Modification reason: The purpose of this modification is to extend the period of performance.  a) The parties agree to extend the contract performance period from 20 Jun 2019 to: 20 Aug 2019. b) The parties agree to a partial payment of 20% will be made upon receipt of the Red Willow report which will be submitted 1 May 2019. c) The Parties agree that all other initial reports be submitted by 26 May, 2019. d) The Parties agree that all reviews be completed by 26 July, 2019. e) The Parties agree that all final reports be submitted by 6 Aug, 2019. f) The Parties agree that total price of the contract remains unchanged in the amount of Continued ...													
Except as provided herein, all terms and conditions of the document referenced in Item 9 A or 10A, as heretofore changed, remains unchanged and in full force and effect.													
15A. NAME AND TITLE OF SIGNER (Type or print) Elliott M. Clark, MAI - Appraiser		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Solmaz Salih											
15B. CONTRACTOR/OFFEROR Elliott M. Clark (Signature of person authorized to sign)		15C. DATE SIGNED 3/5/2019		16B. UNITED STATES OF AMERICA SOLMAZ SALIH (Signature of Contracting Officer)									
				16C. DATE SIGNED Digitally signed by SOLMAZ SALIH Date: 2019.03.07 08:33:28 -07'00'									
NSN 7540-01-152-8070 Previous edition unusable													
STANDARD FORM 30 (REV. 10-83) Prescribed by GSA FAR (48 CFR) 53.243													

## (Page 2 of 2 of Standard Form 1449)

CONTINUATION SHEET		REFERENCE NO. OF DOCUMENT BEING CONTINUED 140D0519P0004/P00001		PAGE 2	OF 2
NAME OF OFFEROR OR CONTRACTOR CLARK REAL ESTATE APPRAISAL, INCORPORATED					
ITEM NO. (A)	SUPPLIES/SERVICES (B)	QUANTITY (C)	UNIT (D)	UNIT PRICE (E)	AMOUNT (F)
	\$29,000. g) No other terms and conditions are affected by this modification.  Release of Claims: The contractor hereby remises, releases, and forever discharges the United States, its officers, agents, and employees, of and from all manner of debts, dues, liabilities, obligations, accounts, claims, and demands whatsoever, in law and in equity, under or by virtue of this contract.  Legacy Doc #: DO Account Assignm: K G/L Account: 6100.252E0 Business Area: D000 Commitment Item: 252E00 Cost Center: DS68812000 Functional Area: DWVVS0000.000000 Fund: XXXD4523WV Fund Center: DS68812000 Project/WBS: DX.68801.IR18NCSM PR Acct Assign: 01 Period of Performance: 11/26/2018 to 08/20/2019  Change Item 00010 to read as follows (amount shown is the obligated amount):				
00010	Nebraska Cabin Site/MoBile Home Space				0.00

NSN 7540-01-152-8067

OPTIONAL FORM 336 (4-86)  
Sponsored by GSA  
FAR (48 CFR) 53.110



# STATEMENT OF WORK

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USBR – Great Plains Region  
Agency Case No. 00010335

Red Willow Reservoir  
Cabin/Mobile Home Site  
Permit/Rental Fee Valuations

IVIS # R180015  
July 10, 2018

## ATTACHMENT D.4 STATEMENT OF WORK (SOW)

### Appraisal and Valuation Services Office

Project Name	IVIS No.	Agency Case No.
Red Willow Reservoir Cabin/Mobile Home Site Permit/Rental Fee Valuations	R180015	00010335

### SECTION 1 – Subject Identification & General Information

#### Identification

<i>Case Name:</i>	Red Willow Reservoir Cabin/Mobile Home Site Permit Rental Valuations
<i>Location:</i>	Red Willow Reservoir State Recreation Area McCook, Nebraska 69001
<i>Cabin/Mobile Home Sites:</i>	Representative Cabin Site Lot No. 31 (aprox .9-acre view setting) and two Typical Mobile Home Spaces No. J-03 (single wide view setting) and Space No. B-04 (single wide interior setting) to be appraised. The cabin site and mobile home spaces can potentially accommodate a boat dock on the reservoir.
<i>Total Sites:</i>	8 cabin sites (view settings) and 67 mobile home spaces (view and interior settings)

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*Property Type:* Bare Land (cabin sites); Finished Pad (mobile home spaces)

*Case Type:* Annual market rent based upon the terms/conditions of the Cabin Lot Permit (cabin sites) and the WSIG (concessioner) Lot Permit Agreement (mobile home spaces).

**Client**

U.S. Department of Interior, Appraisal and Valuation Services Office (AVSO)

**Intended Users**

The appraisal report will be used by Great Plains Region USBR on behalf of the United States of America and the Nebraska Game and Parks Commission.

**Intended Use**

The intended use of the appraisal report will be to assist the Bureau of Reclamation and Nebraska Game and Parks Commission in determining an annual permit use fee for 8 cabin sites and 67 mobile home space surrounding Red Willow Reservoir. The appraisal report is not intended for any other use.

**Location Map**



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## Red Willow Cabin Area



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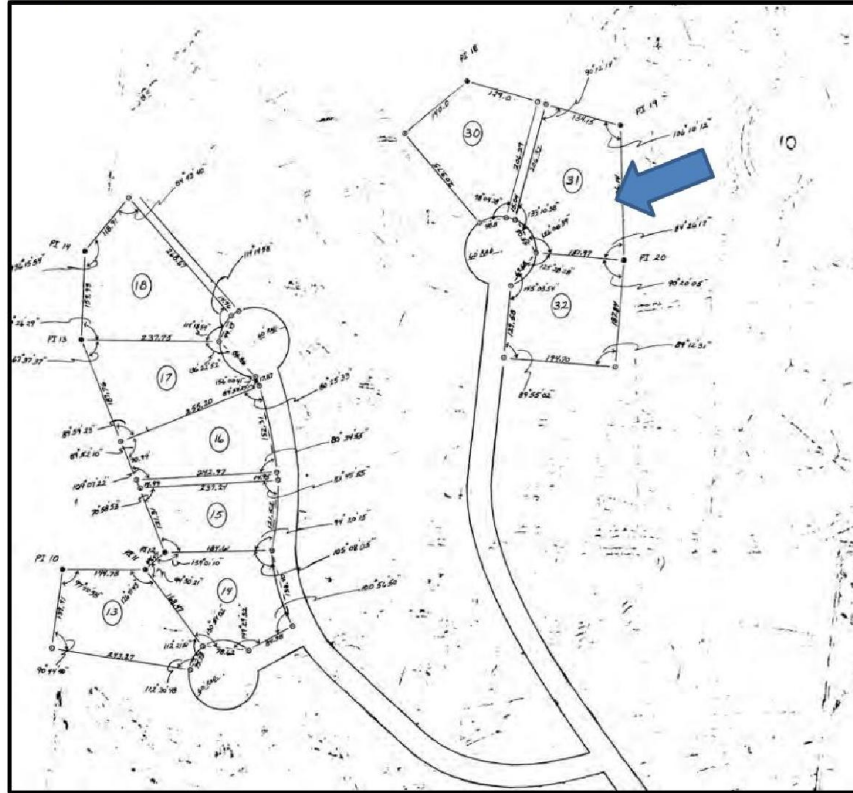


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### Cabin Site Plan



### Property Description

The representative cabin site and two mobile home spaces (selected by the USBR) are within the Red Willow Reservoir State Recreation Area that occupies about 4,461 acres with roughly 35 miles of shoreline. The reservoir contains approximately 1,629 acres of water surface and is approximately 10 north of the Town of McCook. The reservoir's mission for irrigation, flood control, wildlife/fish habitat and recreation results in wide seasonal fluctuations in storage causing changes in the shoreline elevations. Historically, the distance from cabin lot/mobile home spaces to the water surface varies depending on agricultural demand and rainfall amounts

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impacting dock use. Amenities associated with Red Willow include a swim beach, 3 boat ramps, restrooms with showers, 158 campsites (48 pads and 110 primitive) and picnic areas. The Lighthouse Marina (concession) is located within the park and offers short term RV space sites, seasonal mobile home spaces and grill/market. The cabin sites and mobile home spaces are situated in the vicinity of the of Red Willow Reservoir shoreline and enjoy varying views and water access.

**Cabin Site No. 31**

The rectangular shaped site contains approximately .9 acres and is mild in topography. The bluff lot is situated on the south shore and enjoys favorable reservoir views. Access is by dirt surfaced roads that are maintained by the cabin permittees. Available utilities are limited to electricity with an onsite well and septic system that are provided and the responsibility of the seasonal resident. The property is improved with a detached cabin/accompanying site improvements that are leasehold improvements to be excluded from the valuation. The site is under a long-term permit (5 years) with the Nebraska Game and Parks Commission that expires on April 30, 2020. The current annual permit fee is \$544 and yearlong permanent occupancy is prohibited. The permittee may have a boat dock and lift at the shoreline in close proximity to the site that can be obtained by securing a dock/mooring facility permit from the Nebraska Game and Parks Commission. Dock permits are available to all cabin site residents.



Cabin Site No. 31



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**Cabin Site No. 31**

**Mobile Home Space J-03**

The single wide mobile home space is mild in topography and is in close proximity to the reservoir for dock access. The site is situated in the vicinity of the western shore and enjoys favorable reservoir views. Access is by dirt surfaced roads that are maintained by the concessionaire. Available utilities include electricity (separately metered), community water (available between March 15 and October 15) and an onsite septic system. The property is improved with a single wide mobile home that is considered personal property and along with site improvements to be excluded from the valuation. The space is under a one year permit with the Willow Springs Investment Group, Inc. (concessionaire) that expires on December 31, 2018. The current annual permit fee is \$1,200 with the permittee responsible for electricity and lawn mowing. Yearlong permanent occupancy is prohibited. The permittee may have access to a boat dock that can be obtained from the concessionaire when the water level is sufficient.

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Mobile Home Space J-03



Mobile Home Space J-03

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**Mobile Home Space B-04**

The single wide mobile home space is mild in topography and is in reasonable proximity to the reservoir for dock access. The interior site is situated in the vicinity of the western shore and has limited views. Access is by dirt surfaced roads that are maintained by the concessionaire. Available utilities available include electricity (separately metered), community water (available between March 15 and October 15) and an onsite septic system. The property is improved with a single wide mobile home that is considered personal property and to be excluded from the valuation. The space is under a one year permit with the Willow Springs Investment Group, Inc. (concessionaire) that expires on December 31, 2018. The current annual permit fee is \$1,200 with the permittee responsible for electricity and lawn mowing. Yearlong permanent occupancy is prohibited. The permittee may have access to a boat dock that can be obtained from the concessionaire when the water level is sufficient.



Mobile Home Space B-04



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Mobile Home Space B-04

**Special Property Conditions**

None noted

**Legal Description**

**Cabin Site No. 31**

Lot 31, Red Willow Reservoir Seasonal Cabins Situated in Section 35, Township 5 North, Range 30 West, County of Frontier, State of Nebraska

**Mobile Home Space J-03**

Space J-03, Red Willows Reservoir Mobile Home Spaces Situated in Section 25, Township 5 North, Range 30 West, County of Frontier, State of Nebraska

**Mobile Home Space B-04**

Space B-04, Red Willows Reservoir Mobile Home Spaces Situated in Section 25, Township 5 North, Range 30 West, County of Frontier, State of Nebraska

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#### **Property Interests**

The annual market rent as defined in this Statement of Work for Cabin Site No. 31 and Mobile Home Spaces J-03 and B-04. The sample Cabin Lot Permit (cabin sites) and Lot Permit Agreement (mobile home spaces) are included as an attachment. The permits address the terms and conditions to be considered in the market rent appraisals. The appraiser must immediately notify the AVSO Review Appraiser of any indications of rights contrary to those described. This may result in amended instructions.

#### **Outstanding Rights**

A preliminary title report will not be provided. The subject lots are under the ownership of the United States and there are no outstanding rights applicable to this assignment. The appraiser must investigate for and promptly report additional or inaccurate encumbrances on the property to the AVSO Review Appraiser.

#### **Reservations**

Refer to the representative Cabin Lot Permit (cabin sites) and Lot Permit Agreement (mobile home spaces) that are attachments of the SOW. It should be noted, the permits stipulate the United States reserves unrestricted access to and use of the subject lots/boat docks.

#### **Personal Property**

No personal property is included. All structures are considered personal property and must be removed within 60 days of expiration or termination of the permit.

#### **Property Access**

##### **Physical**

Access to the sites is from dirt surfaced park roads that are maintained by the permittees.

##### **Legal**

The sites have legal access.

#### **Larger Parcel**

No larger parcel analysis is required since the appraisals need not to conform to UASFLA.

#### **Ownership Vesting Name / Occupancy**

Ownership of the property resides with the United States of America, under the control of the Bureau of Reclamation. The cabin sites are managed by the Nebraska Game and Parks Commission while the mobile home spaces are managed by the concessionaire in conjunction with the Nebraska Game and Parks Commission.

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#### **Tenancies**

The cabin sites are under a long-term permit (5years) with the Nebraska Game and Parks Commission that will expire on April 30, 2020. The mobile home spaces are under one year terms with the concessionaire (WSIG) that expire on December 31, 2018.

#### **Owner Contact Information**

Upon award, Attachment No. D.7 (Contacts) in the contract will include owner contact information.

#### **Provided Subject Property Exhibits**

In addition to this Statement of Work, the following Subject Property Exhibits will be provided as attachments to the solicitation:

- D.4.a USBR Red Willow Cabin Site Plan
- D.4.b USBR Red Willow Mobile Home Space Site Plan
- D.4.c USBR Red Willow Sample Lot (mobile home space) Permit
- D.4.d USBR Red Willow Concession Agreement
- D.4.e USBR Red Willow Cabin Site Aerial

The following Subject Property Exhibits are common to all five reservoirs. These attachments will be provided with the solicitation:

- D.2.c USBR NE Sample Cabin Lot Permit
- D.2.d USBR NE Sample Boat Dock Standards
- D.2.e USBR NE Sample Boat Dock Permit

The following Subject Property Exhibits will be provided upon award of the contract:

- D.7 USBR NE Contacts

#### **SECTION 2 – Appraisal Requirements & Instructions**

##### **Appraisal Standards**

The appraisal report must conform to the following appraisal standards:

1. Uniform Standards of Professional Appraisal Practice (USPAP ) Current Edition 2018-2019

**The appraisal report must be addressed to the appraiser's client, the U.S. DOI, Appraisal and Valuation Services Office, c/o the designated Review Appraiser. Additionally, the appraisal report (independent appraisal document for each reservoir) shall generally follow a report format that complies with the recommended format outlined in UASFLA, Sixth Edition.**



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Documentation of all comparable sales/rentals, listings and other comparable market data utilized in the appraisal must comply with reporting requirements of USPAP and be reported in detail. **All comparables and market data must be inspected and verbally verified by the appraiser with a party directly involved in the transaction.** A detailed summary of each sale/rent data must include comments about the verification, name of party verifying transaction details (phone number), and details about comparable property, intended use of property acquired, and the transaction.

In addition to a comparative analysis of each competitive property sale, the appraiser must research, analyze, and consider any known listings of competitive properties available for sale/rent within the subject market area. An analysis of competitive sales/rentals, listings, and contracts can provide an excellent reflection of the supply and demand for the subject property appraised.

#### **Market Rent**

Market Rent applied in the appraisals must comply with 43 C.F.R. Part 2920.8(a), which requires that:

“The rental shall be based either upon the fair market value of the rights authorized in the land use authorization or as determined by competitive bidding. In no case shall the rental be less than fair market value.”

The statutory reference above to the “fair market value of the rights authorized” shall be considered synonymous with the following definition of market rent.

“The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant the improvements.” [The Dictionary of Real Estate, 6 Edition (Appraisal Institute, 2015), p.140]

This appraisal assignment encompasses both the attached Cabin Site Permit(s) (land only) and Mobile Home Lot Permit(s) (rental of the space via the concessionaire) and should be treated similarly as a lease agreement for purposes of valuation.

#### **Cabin Site/Mobile Home Space Definition**

Cabin site and mobile home space suggests any area within a public recreation or conservation area whose occupancy and use is granted to an individual or group for a period of time by permit (43 C.F.R. Part 21.3).

#### **Permit Definition**

Permit is any lease, license, or other contract whereby a public recreation or conservation area is made available, in whole or part, to an individual or group for recreational purposes for a

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stipulated period of time, but does not include leases or transfers to other Federal or non-Federal public agencies (43 C.F.R. Part 21.3).

**Date of Value**

The prospective date of value is May1, 2020 (initiation date of next permit term).

**Extraordinary Assumptions (EAs)**

None. The Appraiser may not invoke any Extraordinary Assumptions without the written approval from the AVSO Review Appraiser.

**Hypothetical Conditions (HCs)**

The appraisal will hypothetically consider the sites/spaces “as vacant” excluding the improvements specified in the sample permits, coupled with the properties being available for rent in the open market.

**Jurisdictional Exceptions (JEs)**

No jurisdictional exceptions are anticipated. If the appraiser invokes USPAP’s Jurisdictional Exception to comply with the law/regulations, he/she must contact the AVSO Review Appraiser to obtain prior written approval.

**Placement in Report**

The appraiser must clearly identify all Extraordinary Assumptions, Hypothetical Conditions, and Jurisdictional Exceptions **wherever the final value conclusion is stated**, including the Letter of Transmittal and the Summary of Salient Facts. These must also be communicated with any General Assumptions and Limiting Conditions.

**Property Inspection**

The appraiser must inspect the subject property and all of the comparable properties used in direct comparison, unless the AVSO Review Appraiser has approved other conditions in writing.

Permission to enter upon and appraise the property has been granted. The permission document will be provided upon award of contract. The property inspection will need to be coordinated by either the USBR or Nebraska G&P with the current permit holder.

You must notify in advance both the Realty Specialist and AVSO Review Appraiser when the property inspection will occur.

**Pre-Work Meeting**

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AVSO Statement of Work

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The appraiser will be required to attend a telephonic pre-work meeting with the assigned AVSO Review Appraiser, the agency Realty Specialist, and/or other agency representatives as well as other interested parties. The AVSO Review Appraiser will coordinate the date, time, and place of the meeting.

**Controversies/Issues**

None. Should the appraiser identify other controversies or issues during the course of the assignment, he/she must immediately notify the AVSO Review Appraiser.

**Legal Instructions**

None.

**Special Appraisal Instructions**

Even though communication is encouraged with the client agency, only the assigned AVSO Review Appraiser can modify the appraisal instructions (in writing).

The appraiser may not communicate assignment results to any party except AVSO until authorized to do so in writing by AVSO.

Any communication (verbal or written) with the Client Agency Realty Contact shall include the assigned AVSO Review Appraiser.

If the appraiser discovers material facts which differ from those provided by AVSO or encounters circumstances which prevent the appraiser from developing an unbiased appraisal, the AVSO Review Appraiser must be contacted immediately.

**General Appraisal Requirements & Instructions**

1. The appraiser must hold a valid license as a Certified General Appraiser for the jurisdiction in which the subject property is located, and insert a copy of the license within the appraisal. (Valid credentials include those obtained directly from the jurisdiction, those issued under a reciprocity agreement, and/or those characterized as "temporary" under the jurisdiction's licensing and certification statutes.)
2. The AVSO Statement of Work and other assignment instructions must be included in the Addendum to the appraisal report.
3. Appraisal is to follow sequence and content outlined in UASFLA, Appendix A.
4. The appraisal report is to be written and prepared in accordance with USPAP's Standards Rule 2-2(a) as an Appraisal Report.



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5. The appraisal report will be reviewed for compliance with the terms of this Statement of Work (including all cited standards). Any findings of inadequacy will require clarification and/or correction.
6. The appraiser must appraise the property **subject to the hypothetical conditions** unless authorized in writing by the AVSO Review Appraiser to do otherwise.
7. Color photographs and maps of comparable properties shall be included in the appraisal report. AVSO will accept aerial photographs for comparable properties, unless the aerial photographs do not accurately represent the property as of the date of inspection. The appraiser must photograph any unusual property features from the ground.
8. The appraisal report is required to include adjustment grids/tables demonstrating either quantitative or qualitative adjustments for the Sales Comparison analyses. If both types of adjustments are used, the quantitative adjustment must be conducted before the qualitative adjustment is applied. The preferred method of adjusting comparable sales is through supported quantitative adjustments (percentage, \$/sf, etc.); qualitative adjustments (similar, inferior, or superior) should be used when the market variables cannot be quantified. Quantitative adjustments without support are unacceptable.  
  
When the Appraiser must resort to qualitative analyses, support for that method requires a more extensive discussion of the appraiser's reasoning why a comparable is similar, inferior, or superior to the subject property. *All adjustments must be supported by clear, appropriate, and credible analysis based on documented market research.*  
  
Mere references to undisclosed "trends" or reliance on the Appraiser's "opinion" or "judgment" without market support is an unacceptable practice. Market support includes discussions with lessors/lessees, potential investors, brokers, etc. The Appraiser must also recognize that variances in values may be caused by multiple factors and the appraiser should avoid over-adjusting a comparable sale by double-counting adjustment factors that tend to overlap.
9. AVSO will not normally accept custody of confidential information. Should the appraiser find it necessary to rely on confidential information, he/she will contact the AVSO Review Appraiser for instructions. The Review Appraiser will view the information and provide further instruction to the appraiser regarding handling and storage of the confidential information.
10. While the public is generally not an intended user of the appraisal report, the Freedom of Information Act (FOIA) and Agency policy may result in the release of all or part of the appraisal report to others. The USBR intends to publish the report and make it available to the public.
11. If any proprietary information in the appraisal, the appraiser must gain concurrence from the AVSO Review Appraiser and deliver the proprietary information in a separate binder.

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12. If the appraiser has performed any previous services regarding the subject property or for the subject property owner, he/she must disclose this with details in the bid proposal and in the resulting appraisal report.

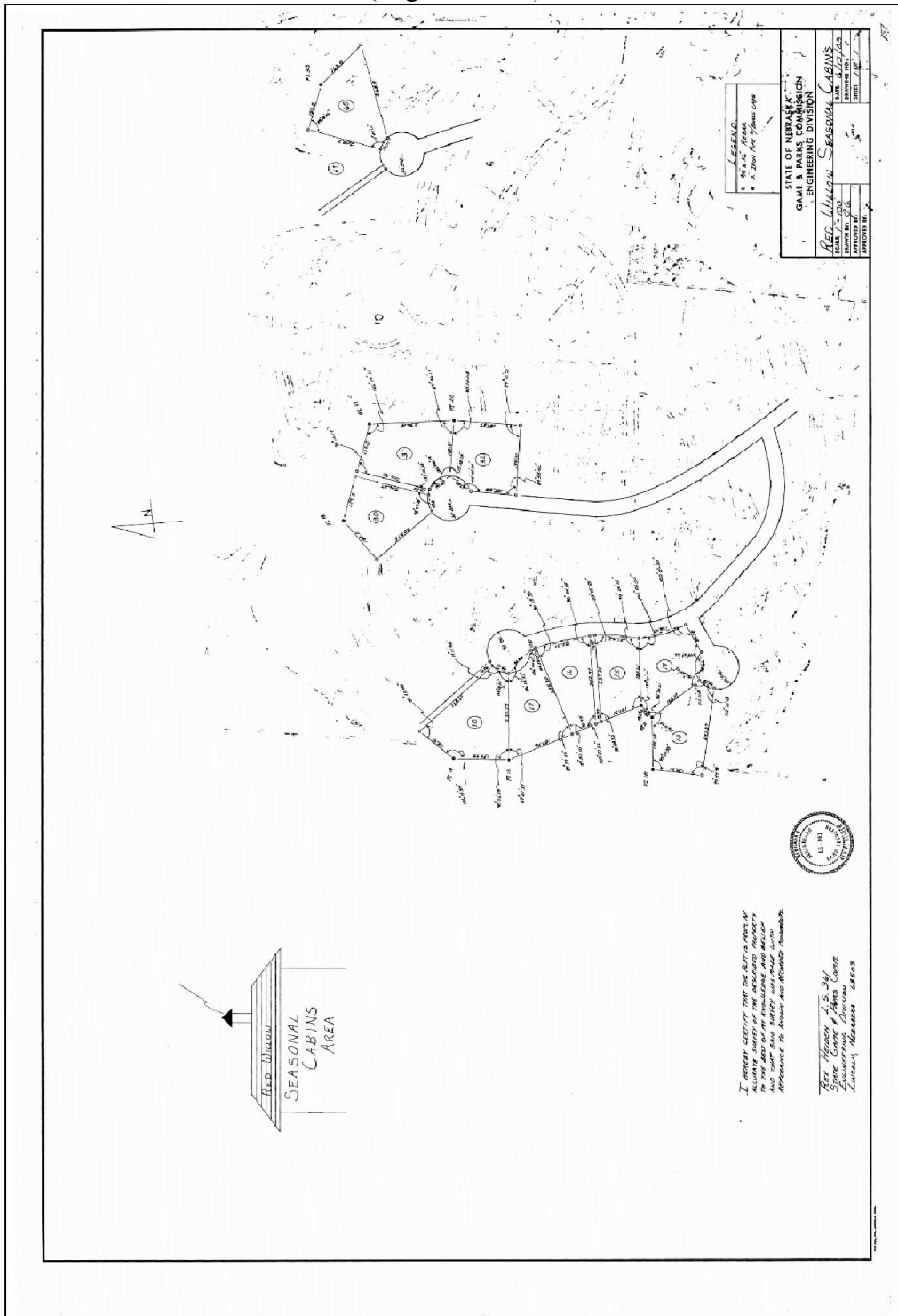
**SECTION 3 - Performance & Submission Requirements**

The appraiser must address any questions regarding the appraisal instructions and/or technical requirements of the appraisal to the AVSO Review Appraiser. Attachment D.7 of the contract award will identify the AVSO Review Appraiser and his/her contact information.

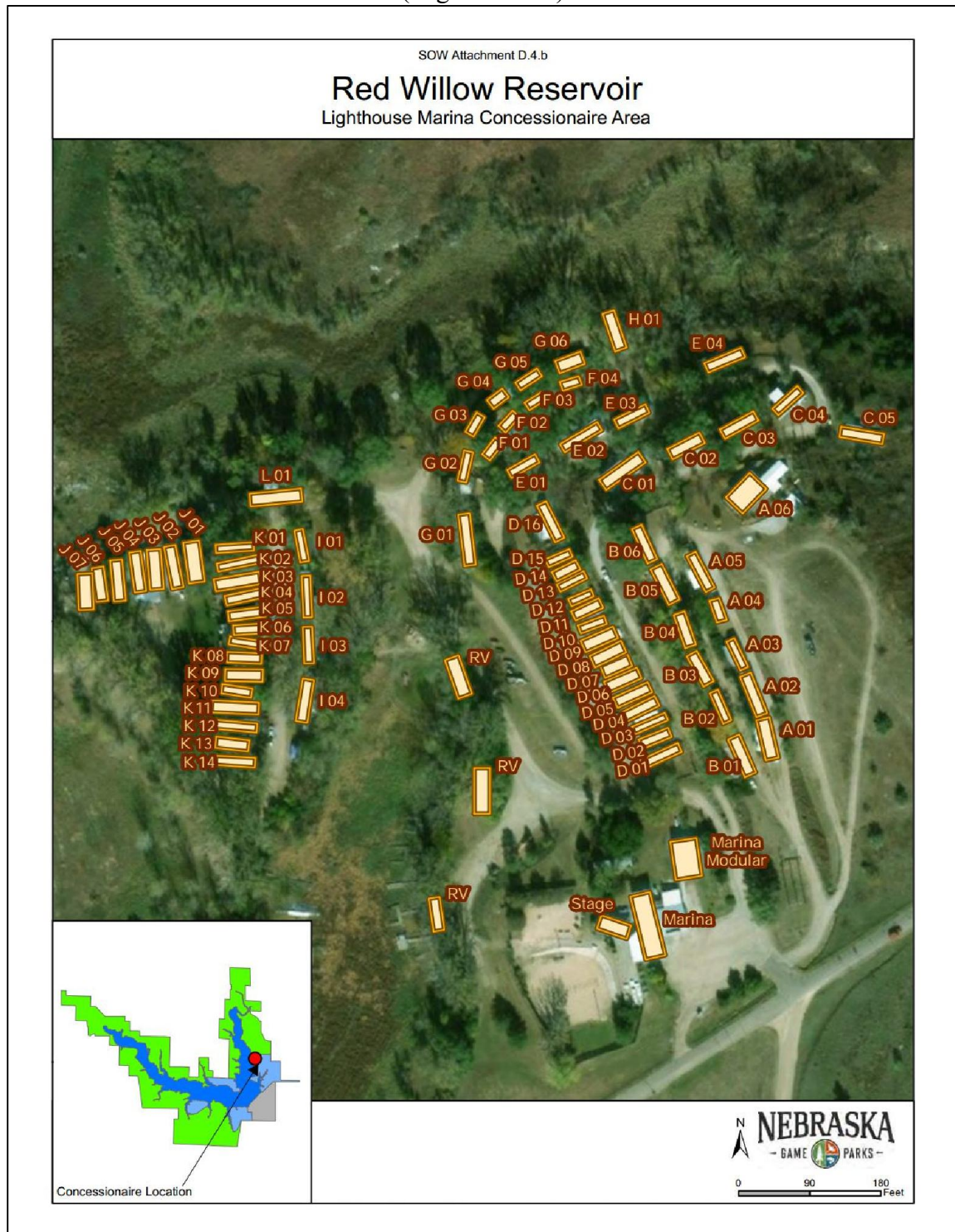
**Deliverable/Task Schedule**

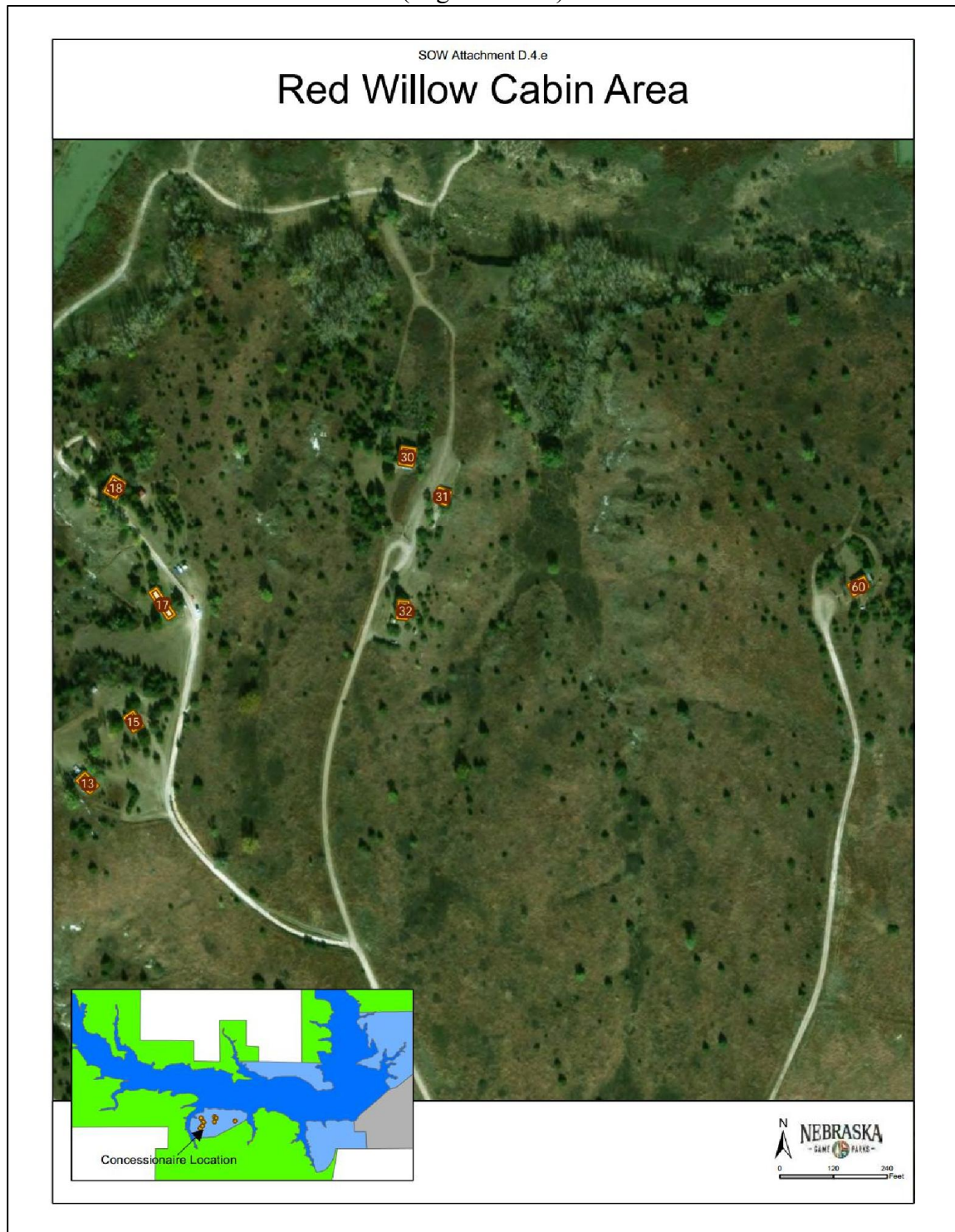
REQUIRED DELIVERABLES	NOTES & DELIVERY DATES
Pre-Work Meeting	• To be determined, if necessary
Subject Property Inspection	• Coordinate with AVSO Review Appraiser
Initial Appraisal Report	• 120 days from contract award date. The appraiser will submit one (1) signed electronic copy of the appraisal report for review by AVSO. <b>March 26, 2019</b>
Review Period & Comments Provided to Appraiser	• 60 days after the Appraisal is received <b>May 27, 2019</b>
Final Appraisal Report	• 10 days after the Review is completed. Once the report is accepted by AVSO, the appraiser will submit three (3) signed hard copy originals of the report for final review and a PDF of the appraisal. <b>June 6, 2019</b>

**Invoice Requirements – See Section B “Contract Administration Data”**











# CABIN PERMIT RESERVOIR

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SOW Attachment D.2.c

Contract No. 14-06-700-3816-A

## CABIN LOT PERMIT RESERVOIR

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EXHIBIT A – TRAILER/RV LOT LOCATION MAP

EXHIBIT B – CABIN LOT IMPROVEMENT APPLICATION

SOW Attachment D.2.c

Contract No. 14-06-700-3816-A

**CABIN PERMIT  
RESERVOIR**

This Cabin Lot Permit (Permit), granted this \_\_\_ day of \_\_, 2016, is made and entered into by and between the Nebraska Game and Parks Commission (Commission) and \_\_\_\_\_ (Permittee)

**Whereas**, Project, commonly known as Enders Reservoir (Reservoir), was constructed by the United States Department of Interior, Bureau of Reclamation (Reclamation) for irrigation, flood control, recreation, fish and wildlife, and other project purposes;

**Whereas**, by Lease Agreement, no. 14-06-700-3816-A, dated May 1, 1995, Reclamation, pursuant to P.L. 89-72, as amended, leased to the Commission certain project lands at the Reservoir for recreation and fish and wildlife purposes.

**Whereas**, by said Lease Agreement, the Commission, pursuant to Sections 37-301 through 37-314, 37-45 and 37-346, Revised Statutes of Nebraska, leased from Reclamation said project lands at the Reservoir for recreation and fish and wildlife purposes;

**Whereas**, the Commission has the authority to issue recreation use permits and is hereby issuing this Permit allowing the Permittee the right to occupy a Cabin Lot at the Reservoir for recreational purposes.

**Now, Therefore**, in consideration of the promises, covenants, and conditions contained herein, The Commission and Permittee agree as follows:

1. **GENERAL** – This Permit allows Permittee to use Cabin Lot No. \_\_, Enders SRA \_\_, as further described in Article 2, at the Reservoir on lands managed by the Commission and under the jurisdiction and administration of Reclamation. Permittee is allowed to use the Lot and to locate limited privately owned improvements within the permitted Lot only in accordance with the terms and conditions in this Permit.

The Permittee shall obey the provisions of this Permit. Consistent with their respective legislative authority, the Commission and Reclamation may take actions that may be inconvenient, costly, or adverse to the Permittee. The Permittee's rights under this Permit are limited, are not guaranteed in perpetuity, and may be canceled as herein described in Article 18. This Permit does not convey title to or interest in the land being used by the Permittee. By signing this Permit, the Permittee assumes all risks associated with the use of land at the Reservoir.

2. **DESCRIPTION AND AUTHORIZED USE OF LAND PERMITTED**

a. Subject to the conditions described in this Permit, the Commission agrees to allow the Permittee to locate one single-family Cabin and associated improvements on the following described Lot: **Lot \_\_, Sec. 5, T. 5 N., R. 37 W.** This Permit does not convey any ownership interest in the land.