

AN APPRAISAL REPORT OF

Lovewell (Reservoir) State Park Typical Cabin Lot # 17, Typical Club Lot # 4
and Typical Mobile Home Space # 5
IVIS No. R16020
Client Case Number 000098045

LOCATED AT

Lovewell (Reservoir) State Park, Jewell County
2446 250 Road
Webber, Kansas 66970

CLIENT IS

Office of Valuation Services
One Denver Federal Center
Building 46, Suite 102
Denver, Colorado 80225

Effective Date of Valuation

January 25, 2017

Date of Report

April 21, 2017

Prepared By

Richard A. Murphy, MAI
Office of Valuation Service
Parks and Reclamation Division
650 Capital Mall, Suite 2-100
Sacramento, CA 95814



UNITED STATES DEPARTMENT OF THE INTERIOR

OFFICE OF THE SECRETARY

Office of Valuation Services

Sacramento, CA 95814

April 21, 2017

Mr. Bruce D. Buchan, MAI
US Department of Interior
Office of Valuation Services
One Denver Federal Center
Building 46, Suite 102
PO Box 25247
Denver, CO 80225

Re: Appraisal of Lovewell Reservoir Typical Lots Concluding to Annual Market Rent
Agency Name: Bureau of Reclamation- Great Plains Region
IVIS No.: R16020
Case File No.: 000098045
Case Name: Lovewell Market Rent Analysis

Dear Mr. Buchan,

Per your request, I have inspected subject properties and prepared in the attached report an appraisal concluding to an opinion of annual market rent rates for Typical Cabin Lot # 17, Typical Club Lot # 4 and Typical Mobile Home Space # 5 located within Lovewell (Reservoir) State Park in Kansas. Inspection occurred on January 25, 2017. The typical lots identified are selected as representative lots for the three permitted lot uses at USBR Lovewell Reservoir.

This analysis is an appraisal completed in accordance with latest edition of the Uniform Standards of Professional Appraisal Practice and 5th edition of Uniform Appraisal Standards for Federal Land Acquisitions. This appraisal assignment also follows the Statement of Work provided by the client which is attached in the addenda. Attempts to follow procedures and policies stipulated in Reclamation Manual LND 05-01, 07/12/2007, and OMB-circular-A-25 were made. Official regulations just mentioned can be found on the internet attachment being impractical.

It is worth noting, Typical Club Lot # 4 is the representative lot for the six club lots. Typical Cabin Lot # 17 is the representative lot for 56 cabin lots. Typical Mobile Home Space # 5 is the representative lot for 56 mobile home spaces.

Mr. Buchan, MAI
April 21, 2017
Page Two

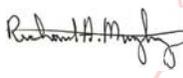
Based on complete subject and market investigation information gathered therefrom and subsequently analyzed as described in the report, subject to the definition of market rent stated below, my opinion of annual market rent for the selected representative lots as of date of valuation being January 25, 2017, as follows:

Market Rent Annually for Typical Club Lot # 4	\$2,900
Market Rent Annually for Typical Cabin Lot # 17	\$2,500
Market Rent Annually for Typical Mobile Home Space # 5	\$1,250

The definition of market rent employed as instructed by Office of Valuation Services in the Statement of Work, reprinted below: *"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, 6th Edition (Appraisal Institute, 2015), p.140]

The following hypothetical condition is employed in this analysis. *"The sites are improved with cabins and various site improvements. The appraiser is to assume, as a Hypothetical Condition, that the lots are vacant and available."*

Respectfully Submitted,


Digitally signed by RICHARD MURPHY
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Date: 2017.04.24 08:47:57 -07'00'

Richard A. Murphy, MAI
Review Appraiser
Parks and Reclamation Division
650 Capital Mall, Suite 2-100
Sacramento, CA 95814

Table of Contents

Transmittal Letter	2
Certificate of Appraiser	7
Summary of Salient Facts	9
Subject Photos	12
Photographed 01/25/2017	12
Google Aerial View of Lovewell Reservoir	16
Scope of Work.....	17
Introduction	17
<i>Client(s)</i>	17
<i>Intended User(s) of the Report</i>	17
<i>Intended Use of Report</i>	17
<i>Effective Date of Valuation</i>	17
<i>Report Date</i>	17
<i>Property Observation Date(s)</i>	17
General Assumptions	17
Extraordinary Assumptions.....	18
Hypothetical Conditions	18
Jurisdictional Exceptions	19
Scope of Work-Defined	19
<i>Market Value Opinion(s) Reflected</i>	19
<i>Type of Report</i>	19
<i>USPAP Standard Rule</i>	19
<i>Supplemental Standards</i>	19
<i>Data Sources Relied Upon</i>	19
<i>Documents Considered</i>	20
<i>Data Verification Methods</i>	20
Definition of Market Rent	20
Definition of Permittee	21
Personal Property & Intangibles	21
Summary of Appraisal Problem	21
<i>Atypical Conditions of Analysis</i>	21
<i>Physical Characteristics</i>	21
<i>Legal Characteristics</i>	22
Regional Map	23
US Census Population and Demographic Trends for Select Counties in Kansas and Nebraska.....	24
Market Analysis	25
Market Conditions	25
Lovewell Cabin and Club Typical Lots Location Map	27
Typical Mobile Home Space Lot # 5 Location Map	29
Typical Mobile Home Space Lot # 5 Aerial Map	30
Lovewell Reservoir Activity Map	31
Subject Property Description.....	32
Location.....	32
Rental and Sale History	34

Owner of Record	34
Legal Description.....	35
Certificate of Survey Typical Club Lot # 4	36
Certificate of Survey Typical Cabin Lot # 17	37
Real Estate Taxes	38
Site Descriptions	38
Highest and Best Use	44
Introduction	44
Definitions of Highest and Best Use	44
Highest and Best Use as Vacant.....	44
Larger Parcel.....	45
Valuation Process	46
Introduction	46
Sales Comparison Approach	46
Cost Approach.....	46
Income Approach	46
Market Rent Analysis	48
Market Rent Regional Location Map.....	49
Vicinity Location Maps.....	50
<i>Typical Cabin Lot # 17 Comparable Market Rent Summary and Comparison Table</i>	<i>54</i>
Typical Cabin Lot # 17 Comparable Rent Analysis	55
Typical Cabin Lot # 17 Market Rent Reconciliation.....	61
<i>Typical Club Lot # 4 Comparable Market Rent Summary and Comparison Table</i>	<i>63</i>
Typical Club Lot # 4 Comparable Rent Analysis	64
Typical Club Lot # 4 Market Rent Reconciliation.....	65
<i>Typical Mobile Home Space # 5 Comparable Market Rent Summary and Comparison Table</i>	<i>67</i>
Typical Mobile Home Space # 5 Comparable Lease Analysis	68
Typical Mobile Home Space # 5 Rent Reconciliation.....	70
Final Reconciliation	71
Qualifications of Richard A. Murphy, MAI	72
Addenda	73
Statement of Work Amendments.....	74
Statement of Work.....	75
Lovewell Draft Cabin Permit	88
Lovewell Marina Recreation Mobile Home Space Permit	95
Lovewell Dock Mooring Permit	101
Market Rent Comp # 1	103
Market Rent Comp # 2	108
Market Rent Comp # 2Alt	112
Market Rent Comp # 3	114

Market Rent Comp # 4	123
Market Rent Comp # 5	133
Market Rent Comp # 6	139

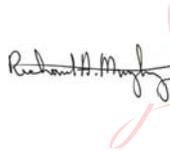
Certificate of Appraiser

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

1. The statements of fact contained in this report are true and correct. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, unbiased professional analyses, opinions, and conclusions;
2. I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved;
3. I have performed no (or the specified) services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment;
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment. My engagement in this assignment was not contingent upon developing or reporting predetermined results;
5. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal;
6. My appraisal and appraisal report preparation conform with the Appraisal Foundation's Uniform Standards of Professional Appraisal Practice except to the extent that the Uniform Appraisal Standards for Federal Land Acquisitions require invocation of USPAP's Jurisdictional Exception Rule, as described in Section D-1 of the Uniform Appraisal Standards for Federal Land Acquisitions which this report conforms to.
7. I offered rights of accompaniment and have made a physical inspection of the property that is the subject of this report in the presence of property representative Nikolaus Johanson, USBOR Natural Resource Specialist on January 25, 2017. Mr. Bruce D. Buchan, MAI, OVS Review Appraiser was also present during the field tour as well as Thane Loring, Park Manager, Kansas Department of Wildlife, Parks and Tourism.
8. No one provided significant real property appraisal assistance to the person signing this certification. I certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives;
9. As of the date of this report, I, Richard A. Murphy, MAI, have completed the requirements under the continuing education program of the Appraisal Institute;
10. The reported analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the *Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute*;

11. My opinion of annual market rent for Typical Club Lot # 4 is \$2,900, Typical Cabin Lot # 17 is \$2,500 and Typical Mobile Home Space # 5 is \$1,250 as of date of valuation being January 25, 2017. Each opinion of market rent is subject to the following authorized hypothetical conditions. *The sites are improved with cabins and various site improvements. The appraiser is to assume, as a Hypothetical Condition, that the lots are vacant and available.*”

Richard A. Murphy, MAI
Review Appraiser,
California License AG004181
License Expiration Date: 11/3/2018

 Digitally signed by RICHARD MURPHY
DN: c=US, o=U.S. Government, ou=Department of the Interior, ou=Office of the Secretary of the Interior, cn=RICHARD MURPHY, 0.9.2342.19200300.100.1.1=14001003009471
Date: 2017.04.24 08:48:39 -07'00'

Summary of Salient Facts

Property Address: Lovewell State Park, Jewell County
2446 250 Road
Webber, Kansas 66970

IVIS # R16020

CASE # 000098045

Property Owner/Management: Ownership of the property resides with the United States of America, under the control of the Bureau of Reclamation. The sites are managed by the Kansas Department of Wildlife, Parks & Tourism.

Agency's Intended Use: From SOW; *"The intended use of the report will be to assist the Bureau of Reclamation and the Kansas Department of Wildlife, Parks & Tourism in determining a yearly use fee for the recreational sites surrounding the Lovewell Reservoir. It is not intended for any other use."*

Site Descriptions: Descriptions as appraised provided. Typical Club Lot # 4 is located at 4 Club House Road, Webber, KS 66970. Lot slopes slightly downward to shorefront from the 270 feet of frontage along a chip and seal public access road. Depth of the slightly irregular shaped quadrangle is about 397 feet and the lot has 317 feet of shoreline which like the entire lot is accessible for use by the public in general. Electricity is provided to the site. No size publicly stated, but appraiser calculates about 2.65 acres. Typical Cabin Lot # 17 is located at 17 Cabin Road, Webber, KS 66970. Lot slopes gently downward to the 115 feet of public accessible shoreline a depth of about 216 feet from the 65 feet of public access gravel road frontage. Electricity is provided to the irregular shaped quadrangle site. Again, no size publicly listed appraisers calculates about one-half acre. Typical Mobile Home Space # 5 is situated within the Twin Cove Marina and Campground. Permitted space area resembles a pad site managed by the concessionaire. Space 5 is situated on gently downward sloping ground from a dirt and gravel access road to the publicly accessible shoreline several hundred feet distance. In addition to access concessionaire supplies electricity to the space. Size is irrelevant as typical with most campgrounds open land areas are shared amongst all permittees and the public. Permittees of each typical lot with minor cost granted right for a portable boat dock. Typical Club Lot # 4 is the representative lot for the six club lots all situated along Club House Road. Typical Cabin Lot # 17 is the representative lot for 56 cabin lots all served by Cabin Road and several un-named loop routes along said road. Typical Mobile Home Space # 5 is the representative lot for 56 mobile home spaces at the Twin Cove Marina and

Summary of Salient Facts

Property Address:	Lovewell State Park, Jewell County 2446 250 Road Webber, Kansas 66970
IVIS #	R16020
CASE #	000098045

Campground.

Improvements: Subdivision improvements provided in each use type are good quality year around gravel and dirt vehicle access roads to each subject typical lot. Each bare lot regardless of use type is of shape and grade for feasible use with permanent or mobile home which ever applicable.

Zoning: Land use regulated by Bureau of Reclamation which has authorized sole uses for seasonal club lots, cabin lots and mobile home spaces accessible year round.

Property Rights Appraised: Property rights appraised for Typical Cabin Lot # 17 and Typical Club Lot # 4 is the annual market rent for a periodic five year Recreation Cabin Lot Permit subject to additional terms and conditions as delineated in the Lovewell Draft Cabin Permit document contained in the addenda of this report. Similar periodic permit is appraised for Typical Mobile Home Space # 5 but subject to terms and conditions as detailed in the Lovewell Marina Recreation Mobile Home Space Permit document in the addenda of this report. The three representative lots enjoy opportunity for a Dock Mooring Permit which is considered based on the Lovewell Dock Mooring Permit document also included in the addenda.

Extraordinary Assumptions: No extraordinary assumption utilized.

Hypothetical Conditions: From the SOW; *“The appraiser may not assume or invoke any additional Hypothetical Conditions without documented approval from the OVS Review Appraiser and obtain prior written approval to employ any such conditions with the exception of the following:*

The sites are improved with cabins and various site improvements. The appraiser is to assume, as a Hypothetical Condition, that the lots are vacant and available.”

Jurisdictional Exception Invocation of USPAP’s Jurisdictional Exception Rule, as described in Section D-1 of the Uniform Appraisal Standards for Federal Land Acquisitions. No specific exposure time linked to an estimated of market rent.

Summary of Salient Facts

Property Address:	Lovewell State Park, Jewell County 2446 250 Road Webber, Kansas 66970
IVIS #	R16020
CASE #	000098045

Highest and Best Use

As (If) Vacant

The highest and best use as if vacant for the Typical Cabin Lot # 17 is for a cabin lot, the Typical Club Lot # 4 for a club lot and the Typical Mobile Home Space # 5 for a mobile space.

Larger Parcel

Larger parcel analysis does not apply because the subject is Federal land.

Date of Valuation:

January 25, 2017 the date of inspection.

Report Date:

April 21, 2017

Agency Client:

Client of this appraisal is Department of Interior, Office of Valuation Services.

Agency Intended Users:

From the SOW: *"The intended users of the appraisal report will be the Office of Valuation Services, Bureau of Reclamation, and the Kansas Department of Wildlife, Parks & Tourism."*

Appraiser(s):

Richard A. Murphy, MAI

Indications of Market Rent	Annual Market Rent
Representative Typical Cabin Lot# 17	\$2,500
Representative Typical Club Lot # 4	\$2,900
Representative Typical Mobile Home Space # 5	\$1,250

Subject Photos

Photographed 01/25/2017

	<p>Photo No. 1:</p> <p>Typical Club Lot # 4, views from the road. Approximate size is 2.65 acres</p>
	<p>Photo No. 2:</p> <p>Typical Cabin Lot # 17 as viewed from the access road. Approximate size is one-half acre.</p>
	<p>Photo No. 3:</p> <p>Typical Mobile Home Space # 5. Size is delineated on maps as the pad underneath the trailer but is undefined.</p>

Subject Photos

Photographed 01/25/2017



Photo No. 5:
View denoting typical roadway and access through subdivision known and Cabin Road.



Photo No. 6:
View along shore in Mobile Home Spaces in the concession/marina area. Note lawn area and portable docks common and available to all lot licenses with a \$25 annual permit fee.



Photo No. 7:
Marina near Mobile Trailer Spaces which concessionaire offers both open and covered slips. Last reported annual open slip rate is \$225-\$250 and covered \$500 annually.

Subject Photos

Photographed 01/25/2017



Photo No. 8:

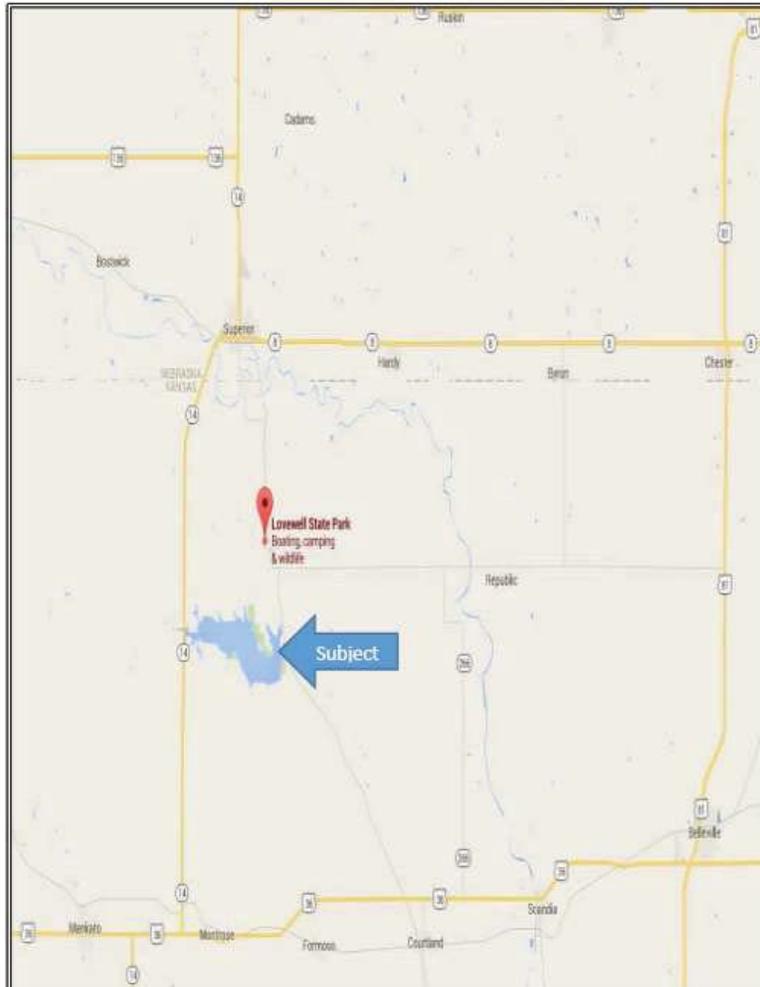
Photograph of water spicket shared by Mobile Home Spaces and provided by the concessionaire. Leaseholders are permitted to attach garden hoses to supply tanks in their homes, or in some cases exterior water tanks on their spaces.

A handful of wells reportedly serve limited number of the trailer spaces.



View of frozen reservoir from public boat launch and shared common area.

Location Map



Google Aerial View of Lovewell Reservoir



Scope of Work

Introduction

The purpose of this assignment is to form one or more opinions about value. In this assignment market rent for three typical lots representing uses being Cabin Lots, Club Lots and Mobile Home Spaces is appraised. Significant premises of this appraisal are summarized below. Certain significant premises will be described in greater detail to properly inform the reader.

<i>Client(s)</i>	Client of this appraisal is Department of Interior, Office of Valuation Services.
<i>Intended User(s) of the Report</i>	From the SOW: <i>“The intended users of the appraisal report will be the Office of Valuation Services, Bureau of Reclamation, and the Kansas Department of Wildlife, Parks & Tourism.”</i>
<i>Intended Use of Report</i>	From the SOW; <i>“The intended use of the report will be to assist the Bureau of Reclamation and the Kansas Department of Wildlife, Parks & Tourism in determining a yearly use fee for the recreational sites surrounding the Lovewell Reservoir. It is not intended for any other use.</i>
<i>Key Assignment Dates</i>	
<i>Effective Date of Valuation</i>	January 25, 2017
<i>Report Date</i>	April 21, 2017
<i>Property Observation Date(s)</i>	January 25, 2017

General Assumptions

The following general assumptions are worth noting as these items are typically relied upon by market participants in the selling or purchasing of real estate. Please see the addenda for further general assumptions and limiting conditions listed in the Statement of Work.

- 1) Some features of the subject site and comparable properties, for example, real estate taxes, land use regulations, legal description, dimensions, size, utility services, and building area might have been obtained from publicly available sources or verified with persons. Unless stated or evidenced elsewhere in this report, information relied upon is assumed accurate for purposes of valuation.
- 2) No probes or attempts were made to discover flaws above or below the ground surface to soils, site improvements or building structures. This appraisal was prepared without the benefit of a structural or civil engineering study. Unless one or more technical

reports were provided or the appraiser was made aware of contamination, hazardous conditions, damages or items needing repair or replacement; by the client, ownership representative, or noticed through personal observations, it is assumed there is no detriment to market value by any of the conditions just described.

- 3) Water systems are reported connected to portions of the subject subdivisions. This appraisal assumes these systems are available where feasible to permittees and possess sufficient capacity to adequately serve the intended use of the permittee's personal property. This appraisal also assumes the water is potable and non-contaminated. However if these reported systems for any reason become inadequate to properly serve permittee's personal property, then the market rent of the bare lot, could be marketability affected.
- 4) This appraisal was prepared without the benefit of a current preliminary title report which would have revealed any encumbrances of record such as easements, covenants, conditions and restrictions, liens, judgments, outstanding loans, personal debts, and delinquent taxes assigned to the subject. If the client desires to have this analysis reflect any of the above, a preliminary title report of the subject's real property is advised followed by an appraisal update to reflect any revelations.

Extraordinary Assumptions

An extraordinary assumption is defined by USPAP 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."*

No extraordinary assumptions utilized in the market rent analysis.

Hypothetical Conditions

USPAP defines a hypothetical condition as *"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 the purpose of analysis."* The sites are improved with cabins and various site improvements. The appraiser is to assume, as a Hypothetical Condition, that the lots are vacant and available.

Jurisdictional Exceptions

Invocation of USPAP's Jurisdictional Exception Rule, as described in Section D-1 of the Uniform Appraisal Standards for Federal Land Acquisitions. No specific exposure time linked to an estimate of market rent.

Scope of Work-Defined

USPAP, Edition 2016-17, page 14, defines scope of work as:

The type and extent of research and analysis in an assignment:

- *the extent to which the property is identified;*
- *the extent to which tangible property is inspected;*
- *the type and extent of data researched; and*
- *The type and extent of analyses applied to arrive at opinions or conclusions.*

In addition to the appraisal process completed on all appraisal assignments, the following tasks were completed specifically to complete this appraisal satisfying client instructions, USPAP and UASFLA:

*Market Value Opinion(s)
Reflected*

Market Rent

Type of Report

Appraisal Report

USPAP Standard Rule

2-2

Supplemental Standards

Uniform Appraisal Standards for Federal Land Acquisitions, Statement of Work where applicable for the type of appraisal requested. Since the subject property is in Federal ownership and will remain so and in order to comply with the intended use, no larger parcel analysis is performed. The representatives (typical lots selected) are the subject properties.

Data Sources Relied Upon

Non-commercial as available online Morris, Greenwood, Trego, Rooks, Jewell Counties in Kansas, Dawson, Gosper and Harlan Counties in Nebraska, LoopNet, Inc., Google Inc., Landwatch, Inc., LandofAmerica, Inc., US Census, Kansas State Parks,

Phone Log				
Date	Time	Phone #	Contact	Topic
2/16/2017	9:00 AM	620-583-6140	Karen Simon	City of Eureka Lake Leased Lots
2/16/2017	2:00 PM	620-583-6212	Renee Burk	City of Eureka City Clerk, discussed terms
2/16/2017	9:15 AM	620-583-8131	Jami Clark, RMA	Greenwood Cty Appr. Req. Tax and valuations, checking into
2/16/2017	2:00 PM	620-767-5417	City Clerk	City Inspector, Larry answered questions. Call back to Clerk
2/17/2017	8:00 AM	620-767-5417	Danny Matthews	Clerk provided transfers of lots
2/17/2016	10:00 AM	620-767-5323	Marty Wright	Discussed market and activity
2/17/2016	12:35	620-767-5614	Corinne Blosser	Returned call to discussed access to county deeds.
2/21/2017		620-842-5434	Carol Anderson	Billing Clerk city of Anthony, KS, discussed lake lots
2/22/2017		308-799-2105	Dianna	Referred to Larry with Corp of Engineers in Kansas City
2/23/2017		816-389-3493	Larry	Discussed Harlan County Lake Trailer Lots
2/24/2017	9:45 AM	308-995-3556	Jim Brown	Requested verification lease rates Johnson Lake, L.M.
2/24/2017	11:58 AM	308-995-8601	Jeff Buettner	Ditto
2/24/2017	1:00 PM	308-799-4600	Patterson Harbor	LM, to verify 1835 lot rate, etal.
2/24/2017	1:15 PM	308-991-8429	Justin Clark	Owner Patterson Harbor; discussed 2017 rates
2/24/2017	3:24 PM	308-799-2315	Unknown	Requested lot lease rate at North Shore Marina, Harlan Lake
2/27/2017	1:00 PM	308-995-8601	Jeff Buettner	PRC for Central, discussed Johnson, Plum Creek, and McDonah.
2/27/2017	2:00 PM	308-799-2315	Bruce Beines	Marina Operator for North Shore, discussed rates, etcc
3/1/2017	9:15 AM	620-583-6212	Renee Burk	Checking on status of info. Promised.
3/13/2017	1:00 PM	620-382-3240	Steve Hudson	LakeSuper for Marion County Park Lake

From results of this research the above abstract from project phone log contains only those professionals providing valuable information and who assisted in interpretation of that information.

Documents Considered

Available documents concerning physical characteristics of the subject property and comparable market data provided by the client. Google Earth Pro© online mapping and aerial products source of many exhibits in this report. Reports including Uniform Standard of Appraisal Practices and The Dictionary of Real Estate Appraisal, 2002 edition, USPAP Edition 16-17, BOR Lnd 05-01 and OMB-circular-A-25 were reviewed.

Data Verification Methods

Exhaustive attempts were made to gather and collect information from real estate professionals identified from online data collected from sources mentioned above. Response was adequate and typical of an appraisal assignment. All information was collected through digital information sources with follow up phone calls to parties participating in their respective item. When possible online government (city, county, state and US) and private sources (cabin owners groups and multiple listing sites) utilized and assisted in both depth of support evidence and verifying facts received verbally.

Definition of Market Rent

The definition of market rent employed as instructed by Office of Valuation Services in the Statement of Work, reprinted below: *“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, 6th Edition (Appraisal Institute, 2015), p.140]

Definition of Permittee

For purposes of this market rent study, the term permittee, “*party of the second part and hereinafter called the Permittee,*” refers to a non-government participant in a Cabin and Club Lots or a Mobile Home Space lease agreements. The alternative terms for discussion purposes in the report substituted for permittee, are leaseholder, tenant, and licensee, each having by this proclamation the same meaning.

Personal Property & Intangibles

No opinions regarding personal property were attempted in this appraisal.

Summary of Appraisal Problem

The client requires knowledge of current real property market rental rates in order to make decisions regarding 56 cabin lots, six club lots and 56 mobile home spaces at Lovewell State Park, Kansas. Reasonable care was made to collect all readily available knowledge and information necessary to solve the problem identified above. Care was made to identify all foreseeable challenges requiring solutions in order to complete the assignment and produce an informative and useful report for the client. Noteworthy issues are mentioned below. As noted in the Intended Use section above three the solution required selecting three typical lots to appraise as representative lots for each of the three permitted uses at Lovewell (Reservoir) State Park.

Atypical Conditions of Analysis

The assignment requires a market rent determination involving the land only.

All improvements are by condition of lease agreements personal property, therefore, no special assumptions regarding land only analysis required to satisfy appraisal standards.

This analysis involves USA owned property not subject to local zoning laws. Stated use is the only legal use. The sites are improved with cabins and various site improvements. The appraiser is to assume, as a Hypothetical Condition, that the lots are vacant and available.

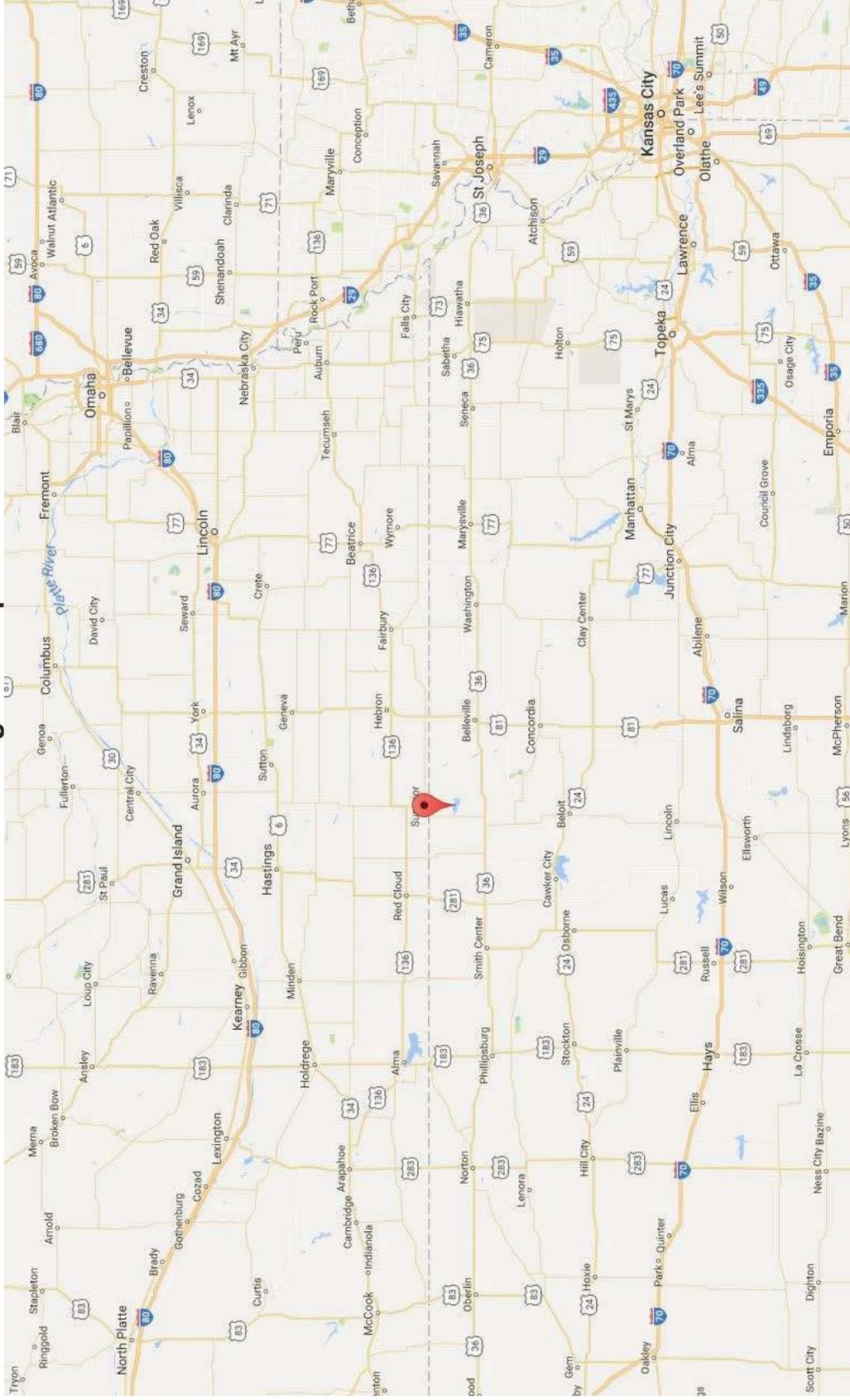
Physical Characteristics

Existing Property Use

Land only as platted for 56 cabin lots and 6 club lots and 56 mobile home spaces arranged on a portion of a concessionaire marina.

<i>Property Use(s) Reflected</i>	Similar as immediately described.
<i>Legal Characteristics</i>	
<i>Category Of Property Appraised</i>	Real property available for leasing at market rents on the date of valuation.
<i>Property Rights Appraised</i>	Property rights appraised for Typical Cabin Lot # 17 and Typical Club Lot # 4 is the annual market rent for a periodic five year Recreation Cabin Lot Permit subject to additional terms and conditions as delineated in the Lovewell Draft Cabin Permit document contained in the addenda of this report. Similar periodic permit is appraised for Typical Mobile Home Space # 5 but subject to terms and conditions as detailed in the Lovewell Marina Recreation Mobile Home Space Permit document in the addenda of this report. The three representative lots enjoy opportunity for a Dock Mooring Permit which is considered based on the Lovewell Dock Mooring Permit document also included in the addenda.
<i>Legal Issues Considered</i>	None more specific than described above.
<i>Environmental Concerns/Benefits</i>	The subject properties as part of Bureau of Reclamation Reservoir which is managed by Kansas State Parks, intentionally is preserved, improved and maintained simulating a natural ecosystem. These practices benefit appeal for seasonal use for numerous outdoor recreation activities.
<i>Cabin/Club Permit Conditions</i>	Annual payment, 5 year lease period, CPI rent escalation adjustment each 5 year extension, bare lot with no utilities, road access provided, seasonal use only, subsidized dock permit rate, upon termination 60 days removal of personal property by permittees cost. A detailed discussion is included elsewhere in the report. A full copy of the draft permit is in the addenda.

Regional Map



Source is Google Maps©

US Census Population and Demographic Trends for Select Counties in Kansas and Nebraska

People	Jewell County		Trego County		Rooks County		Morris County		Greenwood County		Harlan County, NE		Gosper County, NE		Kansas	
	Lovewell Res.	Cedar Bluff	Webster	Council Grove	Eureka Lake	Patterson, Nshore	Johnson/Plume									
Population																
Population estimates, July 1, 2015, (V2015)	2,970	2,927	5,174	5,645	6,244	3,452	1,973	2,911,641								
Population estimates base, April 1, 2010, (V)	3,077	3,001	5,181	5,923	6,689	3,423	2,044	2,853,132								
Population, percent change - April 1, 2010 (V)	-3.5	-2.5	-0.1	-4.7	-6.7	0.8	-3.5	2.1								
Housing																
Housing units, July 1, 2015, (V2015)	2,021	1,674	2,759	3,187	4,028	2,363	1,280	1,253,861								
Housing units, April 1, 2010	2,032	1,682	2,768	3,206	4,068	2,375	1,267	1,233,215								
Owner-occupied housing unit rate, 2011-20	80.3	77.1	74.8	76.7	77.4	78.7	71.6	66.7								
Median value of owner-occupied housing u	\$53,100	\$86,900	\$67,900	\$85,200	\$57,200	\$78,200	\$108,500	\$132,000								
Median gross rent, 2011-2015	\$516	\$542	\$525	\$619	\$522	\$553	\$667	\$757								
Building permits, 2015	0	0	3	4	0	6	13	8,644								
Households, 2011-2015	1,433	1,302	2,206	2,406	2,824	1,555	789	1,113,472								
Persons per household, 2011-2015	2.1	2.2	2.3	2.4	2.2	2.2	2.5	2.5								
Economy																
In civilian labor force, total, percent of popu	59.8	70.3	65.9	61.9	58.2	60.7	72.2	66.3								
Total retail sales, 2012 (\$1,000) (c)	\$18,252	\$47,737	\$69,237	\$44,001	\$49,527	\$34,390	\$3,723	\$38,276,461								
Total retail sales per capita, 2012 (c)	\$5,992	\$15,987	\$13,256	\$7,516	\$7,674	\$10,085	\$1,835	\$13,263								
Income and Poverty																
Median household income (in 2015 dollars)	\$40,553	\$54,000	\$43,558	\$47,089	\$38,838	\$46,766	\$54,375	\$52,205								
Per capita income in past 12 months (in 201	\$23,002	\$28,817	\$23,891	\$23,928	\$23,335	\$26,139	\$27,402	\$27,706								
Geography																
Population per square mile, 2010	3.4	3.4	5.8	8.5	5.9	6.2	4.5	34.9								
Land area in square miles, 2010	909.8	889.5	890.5	695.3	1,143.3	553.5	458.2	81,758.7								

Market Analysis

Market Conditions

Economic, environmental, social and government forces influencing use and enjoyment of the subject emanate from within the surrounding counties and metropolitan areas within the market accepted travel time distance spread along major thoroughfares in Kansas and Nebraska easterly and northeasterly directions. When asked, several knowledgeable sources described second home owners, permittees, licensees, etc., commonly travel up to four hours for opportunity to lease a lot or space around lakes in eastern Kansas. This range includes Kansas City, Wichita, and Lincoln Nebraska amongst other population centers. Thus for this particular scenario the neighborhood comprises population points within say a four hour drive time.

As seasonal use subject has closest similarity to market trend forces influencing value of primary and second home lake resorts, recreational campgrounds, national parks and vacation locations. An investigation focused online gathering recent published information about the neighborhood to collect as much demographic information as possible. US Census was the sole and best source and most current accessible.

The table preceding this page was created to include county containing the subject and counties of most comparable rental properties. For comparative purposes a column representing state of Kansas is shown. An elaborate detailed discussion is avoidable. It is most noteworthy that all the counties containing a lake are sparsely populated and decreasing over time. Following national trends population is migrating toward metropolitan areas. The most telling trend regarding demand under economic market use of the subject, is the least populated county, Gosper County where Johnson Lake is located, has the highest market rents for lake lots in our study to be discussed later. This reveals local population and economic trends have minor influence on economic use of lakes and reservoirs in Western and West Central Kansas.

The travel time distance to an economic source demanding recreational and second home lots seems to play the most important influence on economic land utilization at the reservoir. Based upon the demographic trends and this discussion, the neighborhood is stable with no negative forces visible influencing the subject's real estate sector being second home, recreational properties and campgrounds.

Demand Trend

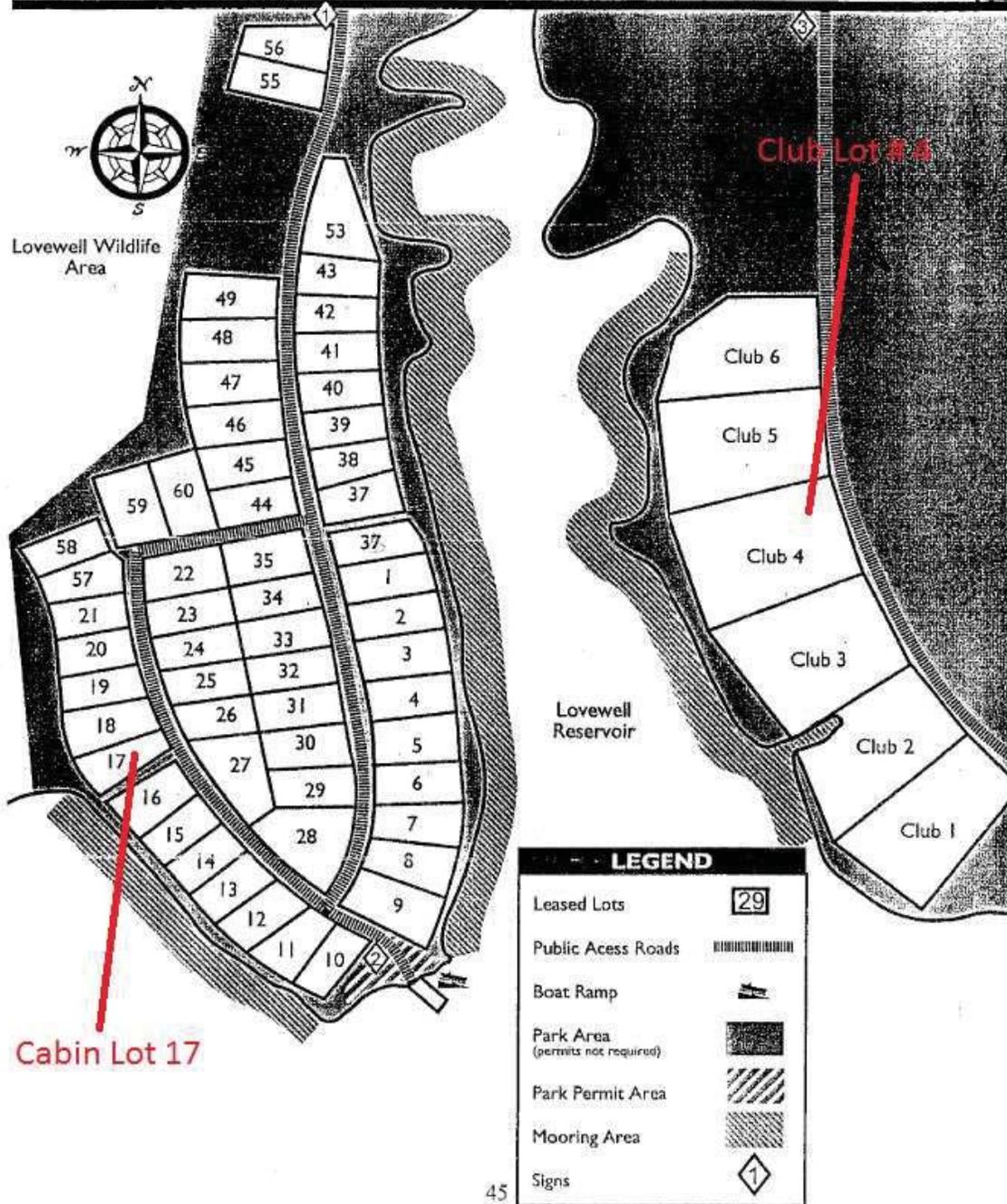
Demand analysis and conclusion is solely based on interview with State Park Managers and property agents questioned regarding comparable lakes. As a practice amongst the comparable market rent properties, cabin lot or mobile home space vacancies are so rare operators do not measure or track them. Insufficient information is available to chart or table any specific occupancy trends from rental or sales activity. To cite one contributor, Bruce Beines, marina operator for North Shore Marina, Johnson Lake, *“he’s been there 37 years and can count on his hands the number of vacant lots he recalls”*. While statistical information is unavailable, common sense from interviews and observations in the field is evidence supporting steady demand conditions exist for recreation lake properties in the neighborhood.

Lovewell Cabin and Club Typical Lots Location Map

Lovewell State Park Leased Cabin Lot Map

To K-14

To Area Office



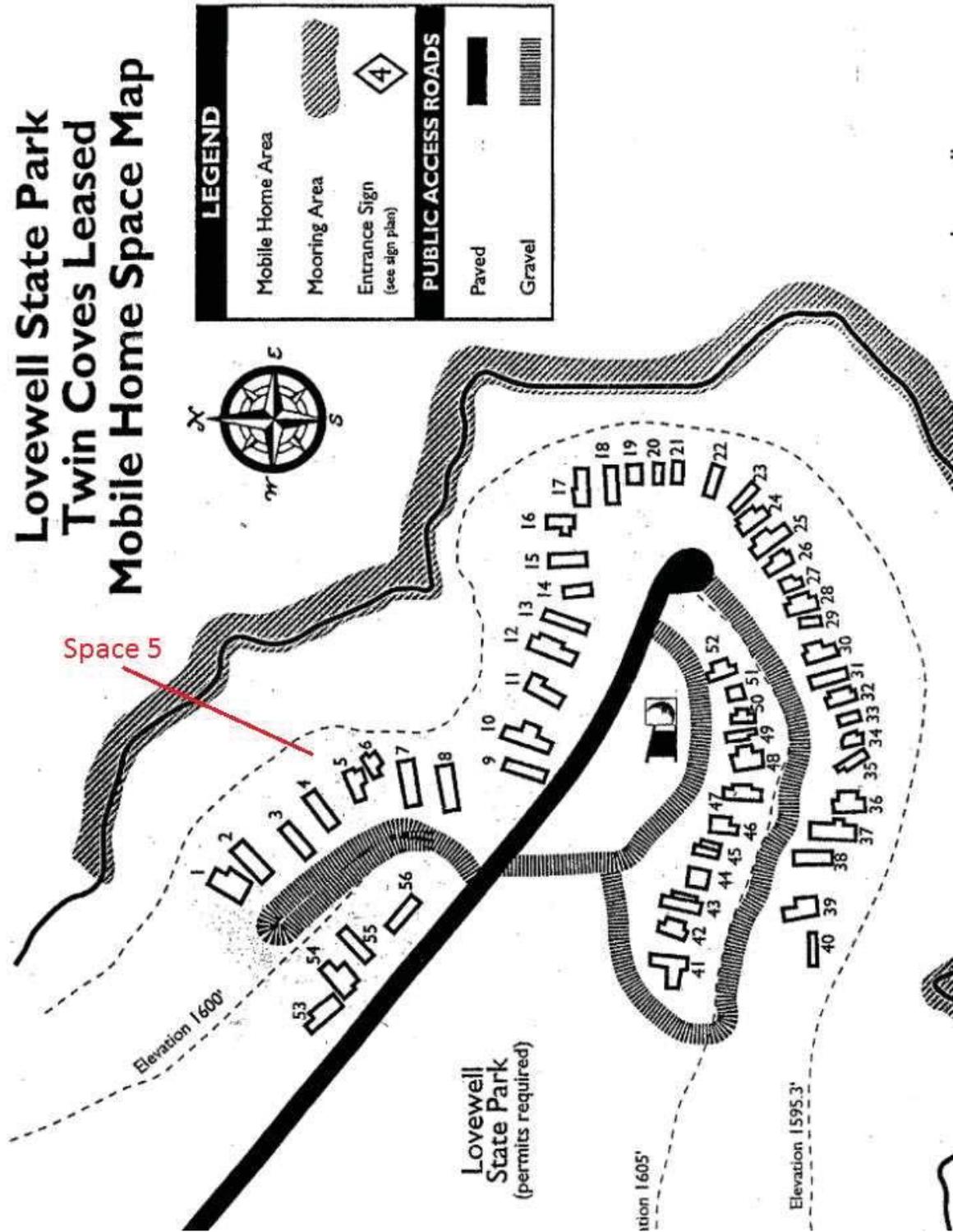
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Lovewell State Park Cabin and Club Lots Aerial Map



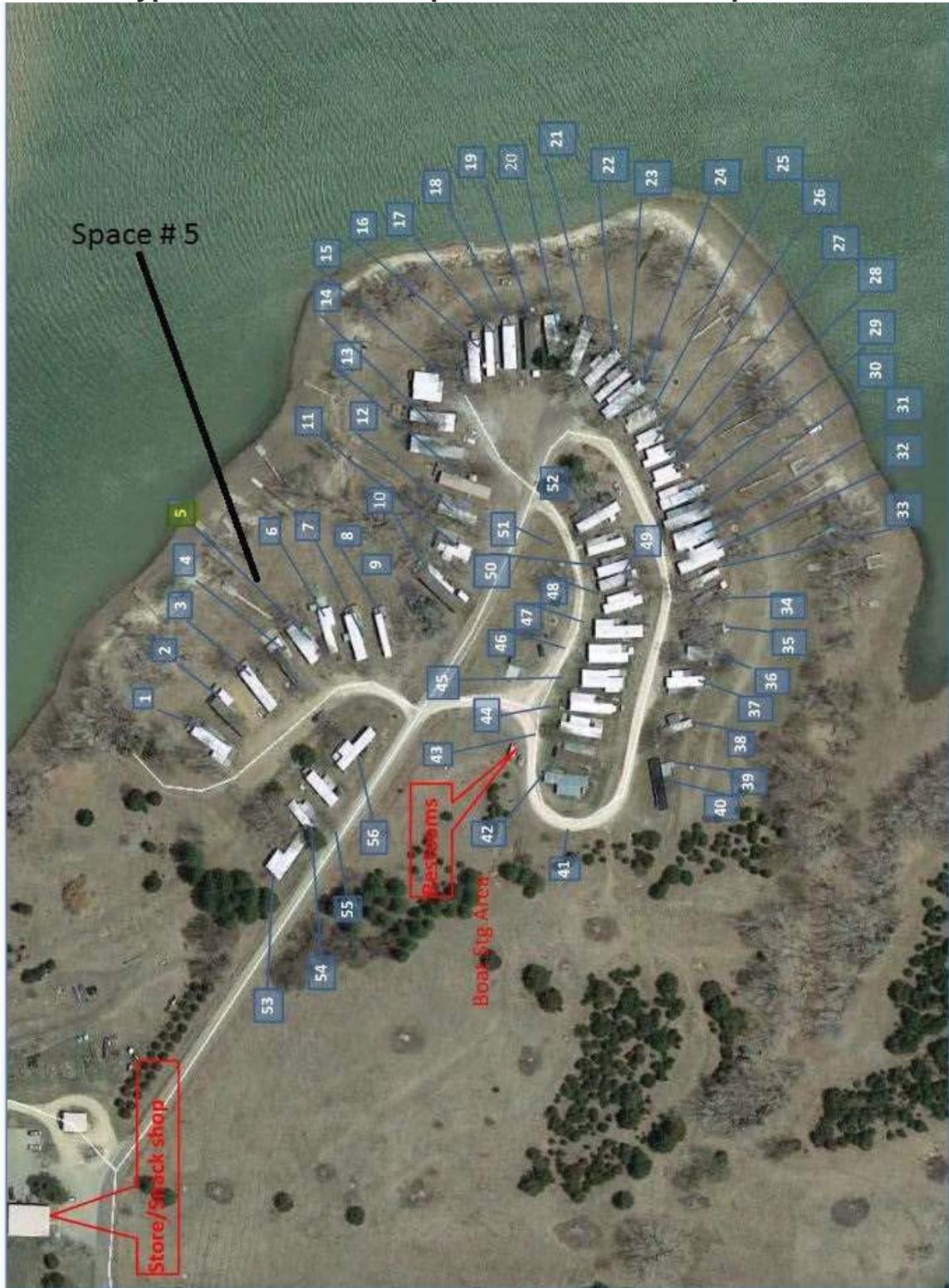
Typical Mobile Home Space Lot # 5 Location Map

Lovell State Park Twin Coves Leased Mobile Home Space Map



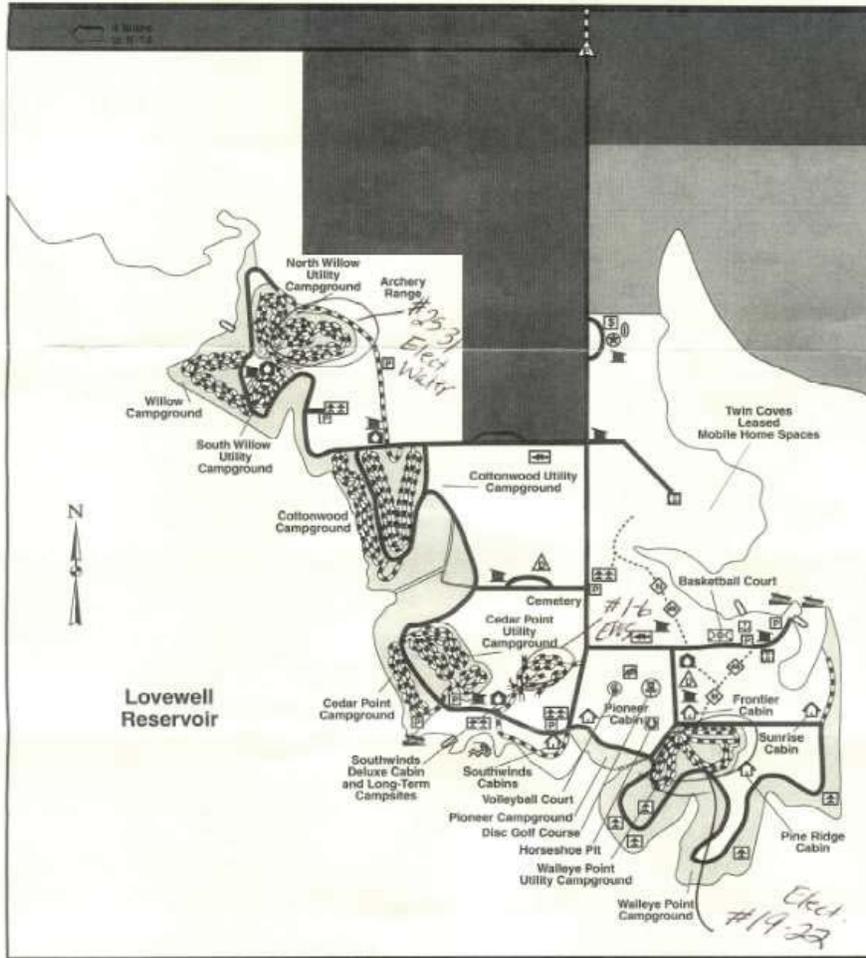
Typical Mobile Home Space Lot # 5 Aerial Map

Aerial View of Trailer Lots Associated with Lovewell Reservoir



Lowell Reservoir Activity Map

Published by Kansas Department of Wildlife, Parks and Tourism



KANSAS STATE PARK LEGEND			
Park Area		Information Center	
Camping Area		Pay Stations	
Other Public Lands		Potable Water	
Dam or levee		Shower/Toilet	
Private Lands		Vault Toilet	
Paved Roads		Trailer Dump Station	
Gravel Roads		Boat Ramps	
Unimproved Roads		Dock/Pier	
Park Entrance		Fish Cleaning Station	
Park Office		Swimming Area	
Parking Area		Marina	
		Dumpster	
		Concessions	
		Playground	
		Shelter	
		Shelter Group	
		Cabin Semi-modern	
		Camping Improved	
		Camping Primitive	
		Trail/Trailhead Hike	
		Trail/Trailhead Bike	

LOWELL STATE PARK

Subject Property Description

Location

The subject is located at Lovewell Reservoir in Jewell County, Kansas. Several location exhibits precede this discussion. Several exhibits visually portray the various divisions of the subject (subdivisions). The reservoir is managed by Kansas Department of Wildlife, Parks and Tourism and interior zones around the reservoir have a single address. The street address is 2446 250 Road, Webber, Kansas 66970. Steady historical demand proves the location holds potential into the future for similar appeal for recreational residency on a seasonal basis. The lake is about 18 miles northeast of Mankato on US Hwy. 14.

Typical Club Lot # 4 is located at 4 Club House Road, Webber, KS 66970. Typical Cabin Lot # 17 is located at 17 Cabin Road, Webber, KS 66970. Typical Mobile Home Space # 5 is situated within the Twin Cove Marina and Campground which appears to operate under the State Park address above.

The following description from the Kansas Department of Wildlife, Parks and Tourism best portrays Lovewell Reservoir. Lovewell State Park in northcentral Kansas is a haven for outdoor lovers who look for variety in their vacations. Just 18 miles northwest of Mankato on US Hwy 14, Lovewell offers a blend of camping, fishing, wildlife watching, and special events. You'll discover plenty of variety in the day-use areas. A historic limestone schoolhouse hosts summer church services every Sunday. A seven-station, 14-target archery range is located north of the Cottonwood shore building. Pioneer Day-use area activities include a playground, sand volleyball, disc golf course, and horseshoes. Two basketball goals are located west of the marina. The Southwinds swimming beach offers both sun and shade. Picnic facilities are available throughout the day-use areas, as well as two large group shelters that can be reserved. Lovewell is popular with campers. The area offers excellent shade and provides utility hookup sites including freeze-proof water and sewer hookups at designated sites, improved primitive sites, primitive camping area, and five rustic and four deluxe Camping Cabins. Designated electrical sites may be reserved; Buffalo and Walleye Point primitive camp areas are reservable for camping groups. Four shower-toilet buildings, two vault toilets, and two trailer dump stations are centrally located in the park. A year-round unisex shower and restroom facility is also available at the park maintenance building. Lovewell is for people who love water. The south shore's high bluffs block the summer winds and help calm the waters. You'll find a full-service marina with double-lane boat ramp and daily or season boat slip rental. Lovewell Marina serves a full breakfast, lunch and dinner menu from April to September, and boasts the best barbecue around!! Also available is a double lane boat ramp at Cedar Point, with floating breakwater structures to calm the water for loading and unloading ease. This boat ramp can also be used at any water level. Two lighted fish cleaning stations (with outlets for your electric fillet knives) are also available.



Rental and Sale History

The underlying fee title of the subject typical (representative) lots' have been held in the same ownership over ten years. Worth noting the current cabin and club lot annual rent rate is about \$274. The lease agreement began May 31, 1967 almost 50 years ago and expires May 31, 2017. The mobile home space lease was last \$500 annually and expired on December 31, 2016. Like the cabin permits it started May 31, 1967 but expired after 49.5 years. Jewell County Records indicate no sales activity for Typical Cabin Lot # 17. However the county lists a sale of the leasehold improvements (dwelling, etc.) on Club Typical Lot # 4 about March 2009 for \$120,000. The activity is not an indication of market rent thus not included in the analysis as evidence of value. No public information was found regarding the Typical Mobile Home Space # 5.

Owner of Record

The owner of record is United States of America. Ownership of the property resides with the United States of America, under the control of the Bureau of Reclamation.

Legal Description

Based on information provided by the Kansas Department of Wildlife, Parks & Tourism permitting documents, the recreational lots are legally identified as follows:

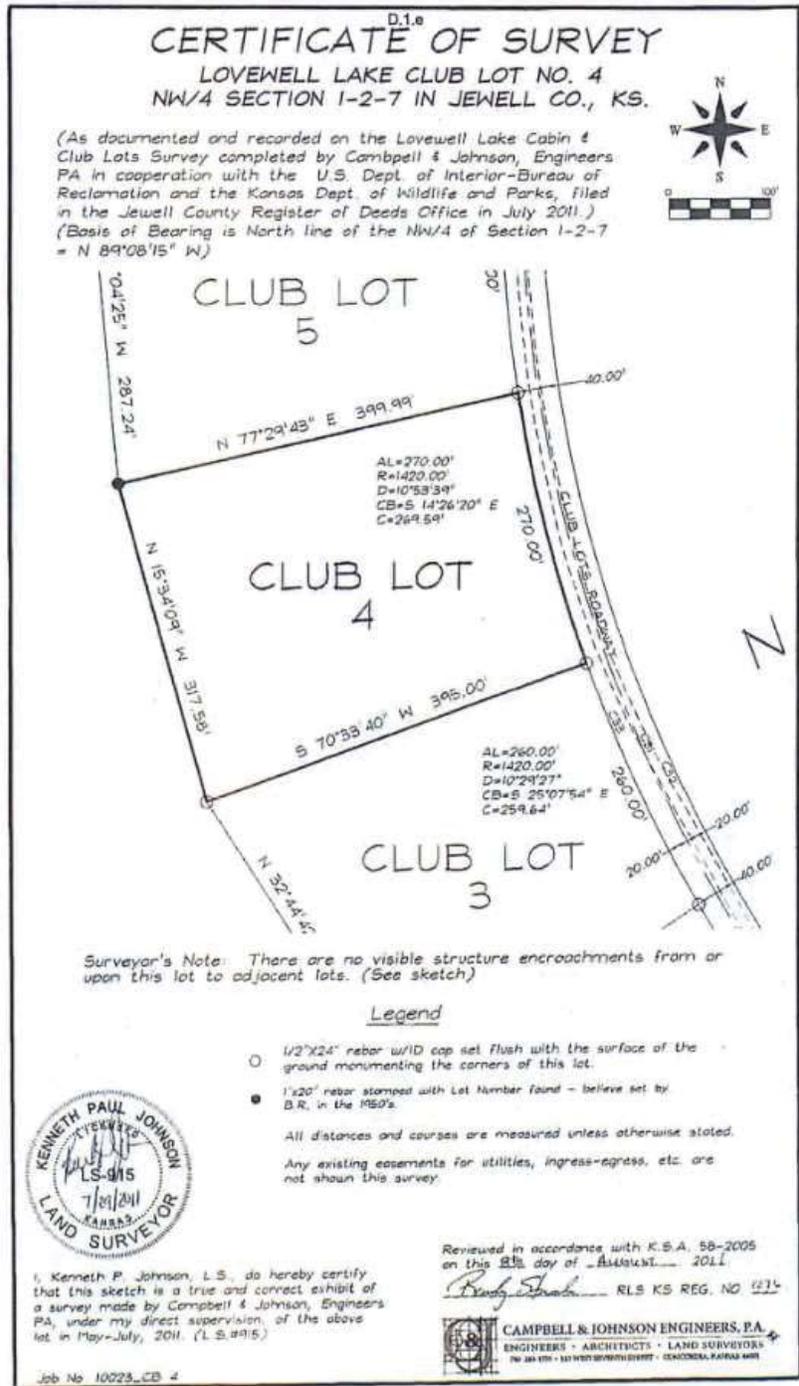
Cabin Lot Area: *Within the Northeast quarter of Section 2, Township 2 South, Range 7 West, of the 6th Principal Meridian, in the County of Jewell, Kansas*

Club Lot Area: *Within the Northwest quarter of Section 1, Township 2 South, Range 7 West, of the 6th Principal Meridian, in the County of Jewell, Kansas*

Mobil Home Area: *Within the Southwest quarter of Section 6, Township 2 South, Range 6 West, of the 6th Principal Meridian, in the County of Jewell, Kansas*

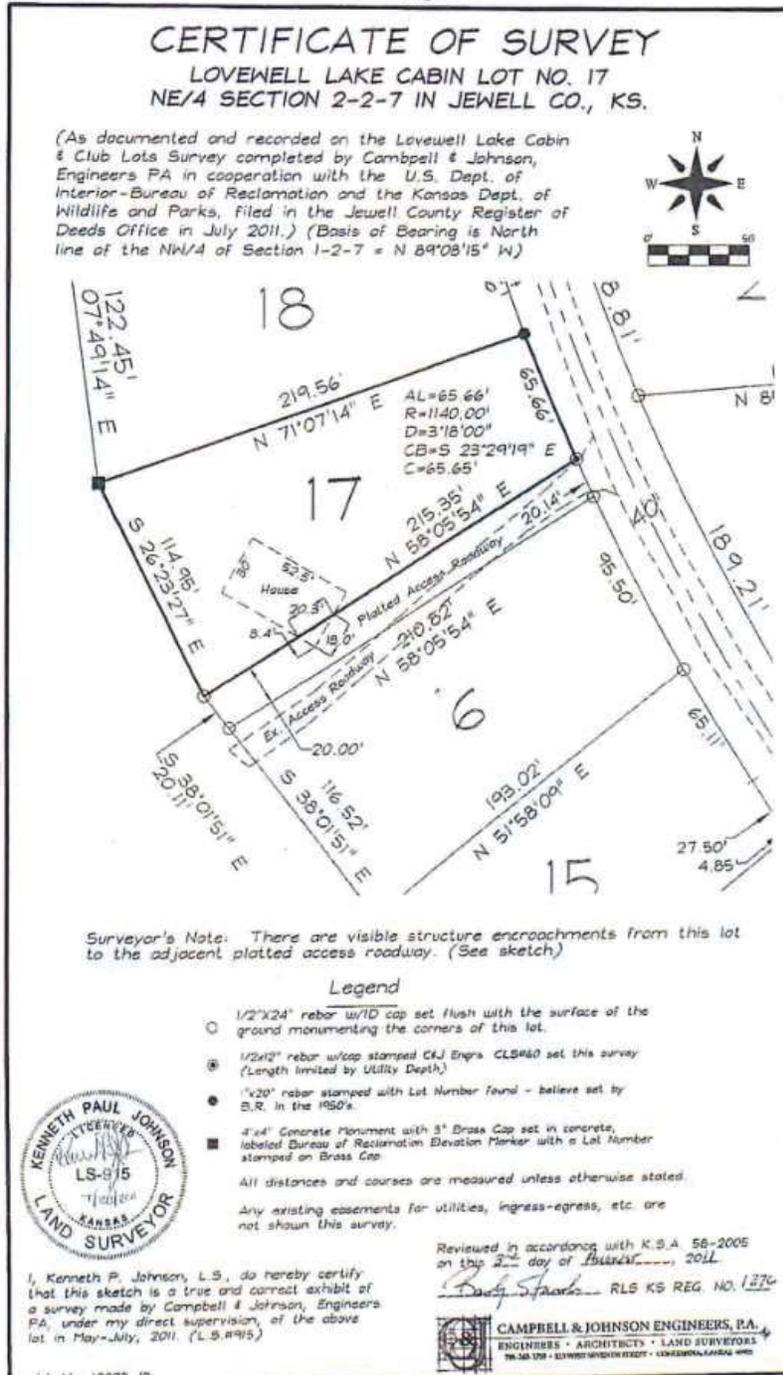
Specifically regarding the representative (typical) lots the following Certificates of Surveys were provided for Typical Cabin Lot # 17 and Typical Club Lot # 4. No surveys or specific legal descriptions are available for Typical Mobile Home Space # 5 which appears to have been originally been designed by a concessionaire, however, meets county health standards.

Certificate of Survey Typical Club Lot # 4



Certificate of Survey Typical Cabin Lot # 17

D.1.g



Real Estate Taxes

For the subject representative lots, real estate taxes are not assessed or charged as public property. According to an online Google®©™ search the following entity smartasset™, determined the tax rate for Jewell County is 1.254% per \$1,000 which is below the state average of 1.40% per \$1,000. Counties where comparable market rent comps are located are all higher than the subject with respect to tax rate. The lowest tax rate represented by the data set was about 1.333% and the highest was about 1.560%. For purposes of comparison and analyzing concluding to an economic market rental rate, the subject is assumed to be taxed as surrounding properties in the same tax rate area of Jewell County.

Site Descriptions

Typical Club Lot # 4 is located at 4 Club House Road, Webber, KS 66970. The Lot slopes slightly downward to the shorefront from the 270 feet of frontage along a chip and seal public access road. Depth of the slightly irregular shaped quadrangle is about 397 feet and the lot has 317 feet of shoreline which, like the entire lot, is accessible for use by the public in general. Electricity is provided to the site. No size is publicly stated, but appraiser calculates about 2.65 acres.

Typical Cabin Lot # 17 is located at 17 Cabin Road, Webber, KS 66970. Lot slopes gently downward to the 115 feet of public accessible shoreline a depth of about 216 feet from the 65 feet of public access gravel road frontage. Electricity is provided to the irregular shaped quadrangle site. Again, no size is publicly listed but the appraiser calculates it at about one-half acre.

Typical Mobile Home Space # 5 is situated within the Twin Cove Marina and Campground. The permitted space area resembles a pad site managed by the concessionaire. Space 5 is situated on gently downward sloping ground from a dirt and gravel access road to the publicly accessible shoreline several hundred feet distance. In addition to access, the concessionaire supplies electricity to the space. Size is irrelevant as this is typical with most campgrounds where open land areas are shared amongst all permittees and the public.

Permittees of each typical lot, with minor cost, are granted rights for a portable boat dock. Typical Club Lot # 4 is the representative lot for the six club lots all situated along Club House Road. Typical Cabin Lot # 17 is the representative lot for 56 cabin lots all served by Cabin Road and several un-named loop routes along said road. Typical Mobile Home Space # 5 is the representative lot for 56 mobile home spaces at the Twin Cove Marina and Campground.

Noteworthy from the Statement of Work are the following general property descriptions reprinted for each of the three uses the representative lots reflect.

“The subject of the analysis encompasses 56 cabin and 6 club lots as well as 56 mobile home spaces within the 1,160-acre Lovewell State Park. The park is located approximately 18 miles northeast of Mankato, KS and 13 miles south of Interstate 70. The permitted sites are situated along the shore of Lovewell Reservoir.

Cabin Lots

The 56 cabin lots, which occupy a peninsula of the park, are distributed between 25 lakefront sites, 15 bordering open space, and 16 interior locations. The lots range in size from approximately .3 to 1.0 acres with the majority between .4 and .6 acres. The sites, which are mild in topography, are improved with residences varying in age, quality, and condition. Access to the lots is by paved/gravel-surfaced park roads. Electricity and community water (Jewell County Rural Water District No. 1) are available to each lot. On-site septic systems are in place and are the responsibility of each resident. Common amenities include shared open space that is maintained by a voluntary owner’s association. Each site is under a long-term permit with the Kansas Department of Wildlife, Parks & Tourism that will expire on May 31, 2017. The lots are currently rented at \$274 annually for year-round use, although permanent residency is prohibited. A number of the lots also include floating docks that can be obtained by securing a dock/mooring facility permit from the Kansas Department of Wildlife, Parks & Tourism. The dock permits are available to all residents.

Club Lots

The 6 club lots are situated on the banks of Lovewell Reservoir and range in size from approximately 2.0 to 2.7 acres. The sites, which are mild in topography, are improved with residences varying in age, quality, and condition. Access to the lots is by paved/gravel-surfaced park roads. Electricity and community water (Jewell County Rural Water District No. 1) are available to each lot. On-site septic systems are in place and are the responsibility of each resident. Common amenities include shared open space maintained by a voluntary owner's association. Each site is under a long-term permit with the Kansas Department of Wildlife, Parks & Tourism that will expire on May 31, 2017. The lots are currently rented at \$274 annually for year-round use, although permanent residency is prohibited. A number of the lots also include floating docks that can be obtained by securing a dock/mooring facility permit from the Kansas Department of Wildlife, Parks & Tourism. The docks permits are available to all residents

Mobile Home Spaces

The 56 mobile home spaces, which occupy a peninsula of the park, are distributed between 34 lakefront lots, 16 bordering open space, and 16 interior locations. The spaces are mild in topography and accommodate single-wide units with accompanying surface parking. Access to the spaces is by paved/ gravel-surfaced park roads. Electricity and community water (Jewell County Rural Water District No. 1) are available to each space. On-site septic systems are in place and are the responsibility of each resident. Common amenities include a common well, men's and women's restrooms, boat storage, open space, and a picnic area. The park has a voluntary owner's association that assists in maintaining the common amenities. The 56 spaces are fully-occupied with mobile homes that vary in age and condition. Each space is under a long-term permit with Lovewell Marina (concessionaire)/Kansas Department of Wildlife, Parks & Tourism that will expire on May 31, 2017. The spaces are currently rented at \$500 annually for year-round use, although permanent residency is prohibited. A number of the spaces have floating docks that can be obtained by securing a dock/mooring facility permit from the Kansas Department of Wildlife, Parks & Tourism. The docks permits are available to all residents.”

Zoning and General Plan

Jurisdiction and land use regulations authority is Bureau of Reclamation. The stated uses are the only allowable permitted use. It is worth noting all personal property improvements completed by permittees must be to county health and building codes and have approvals.

Access

Access to Typical Club Lot # 4 is via an average condition macadam public access road named Club House Road which was observed to be well maintained during field observations. Similar well maintained but both chip and seal and gravel surface Cabin Road provides access directly to Typical Cabin Lot # 17. Interior gravel and dirt well maintained driveways within the marina and campground provide direct access to Typical Mobile Home Space Lot # 5.

Utilities

No utilities are provided for in the permit agreement for each Typical Lot. However, each typical (representative) lot has access to residential capacity electric service. Worth noting, client sources reported Typical Cabin Lot # 17 and Typical Club Lot # 4 have access to water service, primarily from Rural Water District #1 Jewell County. Typical Mobile Home Space Lot # 5 has access to pressurized water via hose extension to a central community spicket. USBR personnel report Representative Club and Cabin Lots each are improved with some sort of septic system. No septic system exist for the mobile home space typical lot.

Topography

Topography of each representative lots and mobile home space is gentle to level permitting occupancy of a personal property dwelling or mobile. Overall the topography slopes toward the lake. Typical lots and Mobile Home Space have access to permitted optional floating docks.

Flood Hazard

This valuation assumes no flood potential exist as none of the Typical Lot are below the flood level of the lake. This is addressed indirectly in the permit agreement which prohibits any personal property use of land below the established lake flood level. The exception is the portable docks.

Typical (Representative) Cabin/Club Lot Permit

A draft copy of a lease agreement was provided and the market rent opined considered the lease. A thorough review of the lease was completed. Noteworthy restrictions and benefits considered in the analysis are copied from the lease below. A copy of the lease agreement is found in the addenda with remaining terms and conditions not listed here. An actual lease agreement is not being analyzed. Therefore, the following general information is abstracted from the lease and noted.

The lease period is for five years. Options at renew are each for five additional years. Annual rental fee must be paid as of January 1st. The annual rental fee is paid to Kansas Department of Wildlife, Parks and Tourism. There is a rent adjustment at beginning of each 5 year period based on CPI formula below. The Department (Kansas) can terminate lease without cause or notice. The Bureau of Reclamation can terminate the lease with a 60 day notice. Trash, water and sewer are the responsibility of the permittee. Cabins cannot be utilized as a permanent residence.

Typical (Representative) Mobile Home Space Permit

A draft copy of the Mobile Home Space Permit is included in the addenda. The terms are mostly the same as the Cabin and Club Lot Permit. One noticeable difference is that the permittee pays an annual fee to the concessionaire in this case being “Lovewell Reservoir Lovewell Marina”, as stated in the sample permit. Most important, the annual rate is subject to adjustment at the end of each 5 year period. No specified method of adjustment is stated in the lease.

Permittees for each Typical (Representative) Lot have the ability to pay \$25 for a Dock Mooring Permit. Each permittees has equal access and potential to apply and receive a permit for a private dock along the shoreline. A copy of the permit is included in the addenda.

Highest and Best Use

Introduction

Highest and best use of the subject property is an integral and necessary step in the valuation. Often the conclusion of highest and best use becomes obvious only after completing the valuation process, as analysis of the three approaches identifies the best use of the property. The depth of highest and best use study is dictated by the scope of work, but must be sufficient to properly determine that use being valued. In this appraisal an inferred analysis is performed and summarized below.

Definitions of Highest and Best Use

Several definitions of highest and best use relied upon for guidance in this analysis come from *The Dictionary of Real Estate Fourth Edition*, by Appraisal Institute.

“Highest and best use

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

Highest and Best Use as Vacant

In this section, the investigation process, testing highest and best use of the real property as if vacant and ready for development, is summarized. Four criteria investigated in order are those uses that are legally permissible, physically possible, financially feasible and maximally productive. The best description of the land component of the subject follows:

“Highest and best use of land or a site as though vacant

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

Legally Permitted

Regarding each Typical (Representative) Lot permitted uses discussed herein are the only legal use.

Physically Possible

Current physical characteristics of the three representative lots as if vacant support the legally permitted uses as delineated in this report.

Financial Feasibility

As noted in the demand analysis, steady continuous demand exists for the representative lots as vacant land for lease. Feasibility is assured for the permitted use.

Maximally Productive Use

Because there is only one permitted use, the maximum productive use is limited to current permitted use for each representative lot.

Highest and Best Use Estimate as Vacant Land

Based on the summarized analysis above, my estimate of the subject's highest and best use as vacant for the Typical Cabin Lot # 17 is for a cabin lot, the Typical Club Lot # 4 for a club lot and the Typical Mobile Home Space # 5 for a mobile space.

Larger Parcel

Since the subject property is in Federal ownership and will remain so and in order to comply with the intended use, larger parcel analysis is inapplicable. The representative (typical) lots selected are the subject property.

Valuation Process

Introduction

Real property value is based upon the concepts and principles of anticipation, change, supply and demand, substitution, and balance; all working as interacting market forces over time to produce value. Real property analysis entails three traditional valuation approaches concluding to a market value estimate of the property rights appraised, namely; the direct Sales Comparison Approach, the Cost Approach, and the Income Approach. The methodology of each approach is briefly explained below.

Sales Comparison Approach

The sales comparison approach is a method whereby an indication of value is estimated by comparison of the subject property to recent sales, escrows, and listing prices of properties with similar characteristics. The principle of substitution is the basic concept behind the sales comparison approach, and in effect means: the market participants will pay no more for a parcel of land than the lowest priced property of similar characteristics offering the same benefits within the marketplace. Even so, the market normally does not provide transactions of properties exactly comparable to the subject. Therefore, adjustments to the comparable properties are often necessary in estimating parity with the subject in arriving at an indication of value by the sales comparison approach. The analysis is performed using units of comparison common to both sales and subject; likewise, adjustments are made to elements of comparison inherent in both. A few examples of units of comparison are the price per square foot, per acre, per front foot, and per lot.

Cost Approach

The cost approach is a method that is applicable to improved properties only. Analysis through the cost approach involves estimating the current cost new or replacement cost new of the improvements attached to the land, minus depreciation caused by physical deterioration, functional obsolescence, and external obsolescence affecting the improvements (and in certain cases to the land). The land value is then added to arrive at an indication of value by the cost approach. Once again, the principal of substitution is the basis for support behind this analytical process. However, the reliability of the cost approach diminishes with increasing age of the improvements, because structures depreciate at different rates depending on internal and external forces making measurements of accruing depreciation difficult.

Income Approach

The Income Capitalization Approach is applicable to properties capable of generating income production. The analysis is based upon the principle of anticipation and change. Income

producing properties are purchased for the anticipated benefits received from ownership. The indicated value arrived at by the income approach is the present worth of estimated or known income streams. Because of the broad factors and methods of deriving income from real estate, there are several accepted analytical procedures of capitalizing future benefits into present worth. The most prevalent are direct capitalization of a single year's income and yield capitalization. In yield capitalization, several years anticipated net income is discounted along with the anticipated reversionary value of the property at the end of the holding period. To apply this approach, reasonable estimate of all incomes and expenses attributed to the subject property must be gathered.

I have employed only the rent comparison techniques from the income approach to solve the appraisal problem which is a market rent appraisal of the three typical (representative) lots. Neither the sales comparison, cost approaches are capable of contributing to the solution and therefore omitted from the consultation report. Because only market rent is desired by the client a complete income approach is not applicable since no valuation of a fee simple or leased fee is needed.

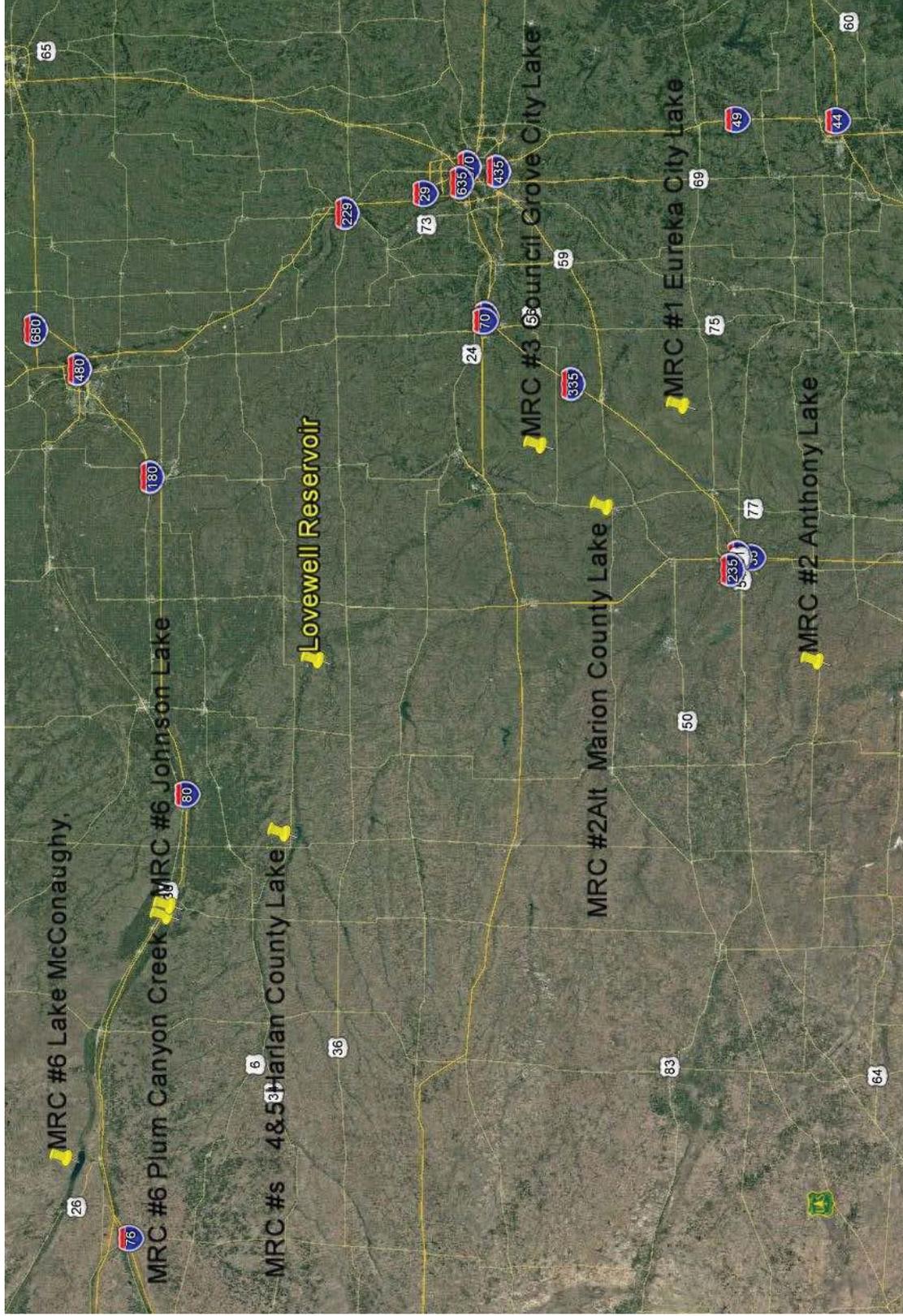
Market Rent Analysis

Beginning on the following page are first the exhibits and then summary comparison tables containing the best available comparable market rent leases concluding with discussion of analysis and conclusions. Guided by the conditions of the lease permits elements of comparison selected to adhere to the definition of market rent provided. Within this real estate market sector annual lease payment is the accepted unit of comparison, thus applied.

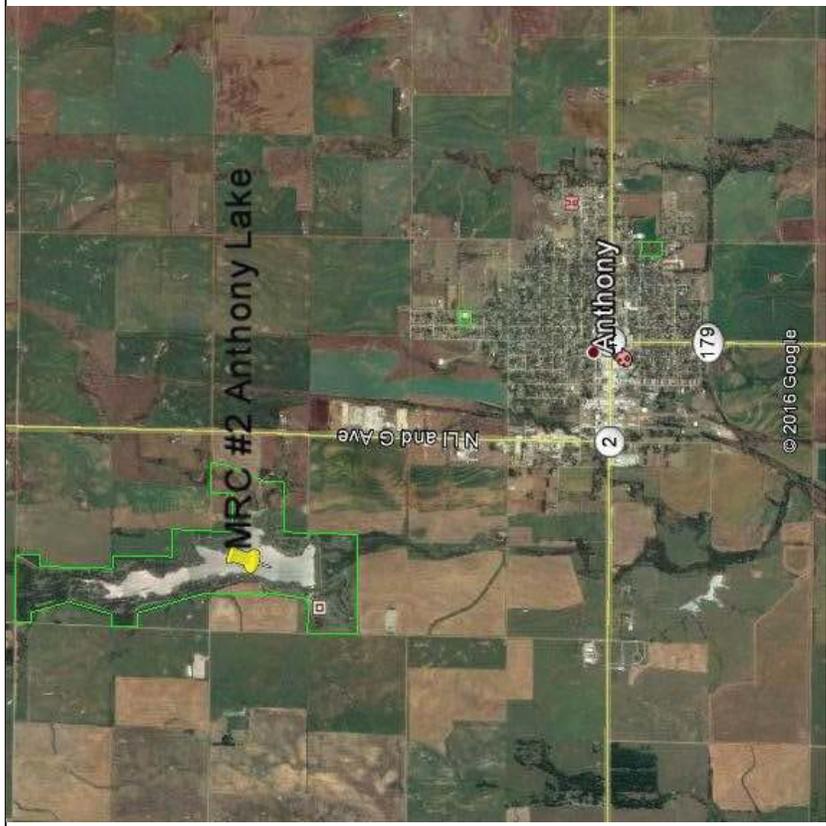
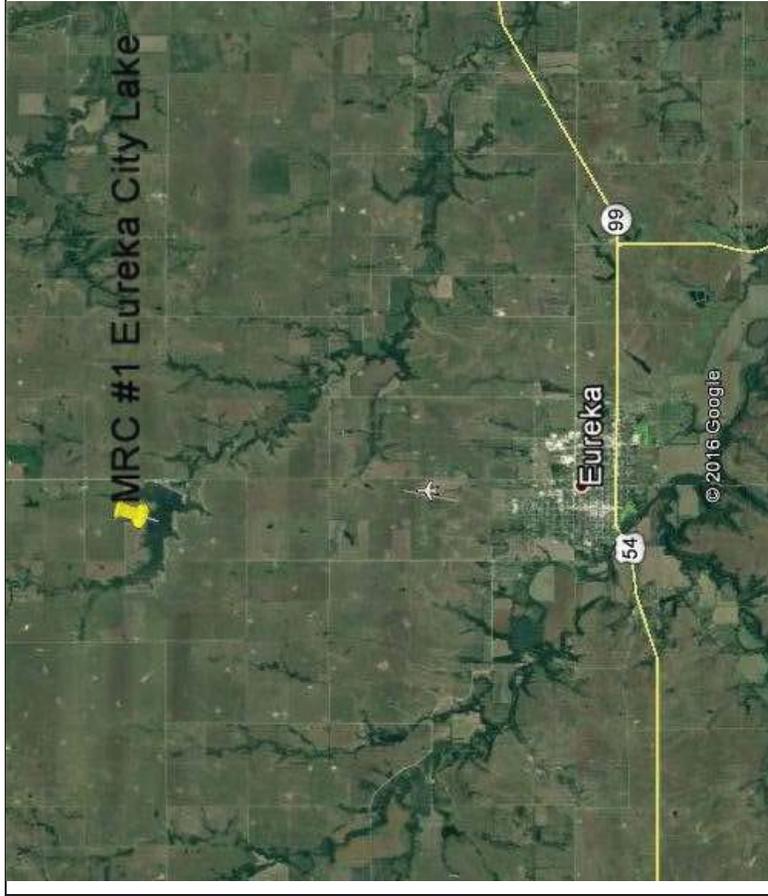
Based on the quality of the market data with preliminary comparison to the subject divisions, three analyses are possible with acceptable reliability. The first analysis will analyze t Typical Cabin Lot # 17, second the Typical Club Lot # 4 and last Typical Mobile Home Space # 5. In fact, only analyzing by class is supported by following the pricing structure of comparable leased lots which most often command the same rate for all lots in a subdivision, lake front or not. Single rate pricing was exclusively found for seasonal occupancy projects, similar as the subject.

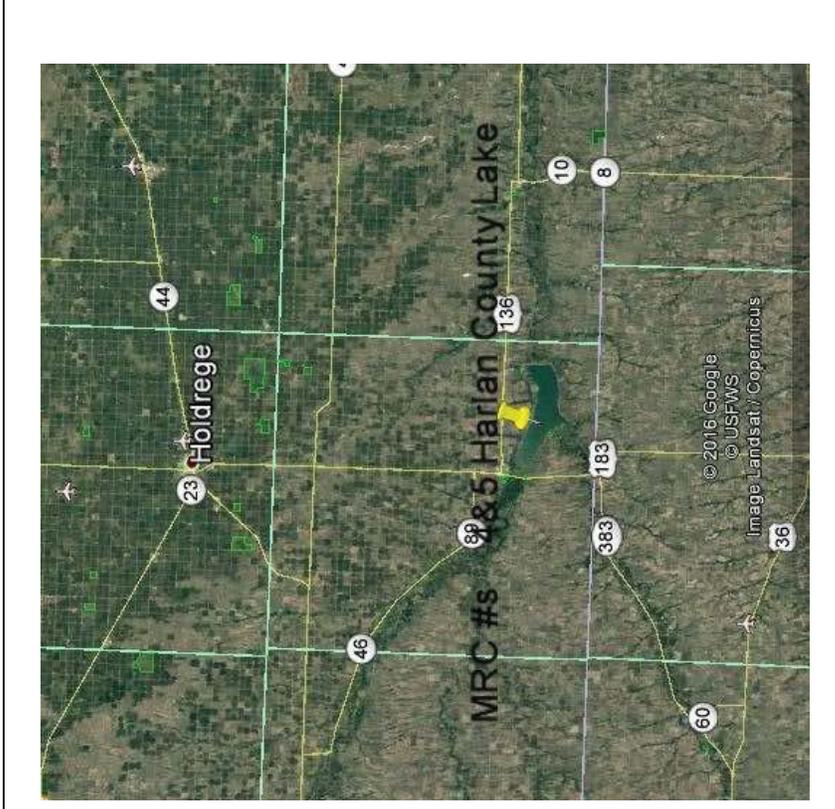
Detailed studies of eight lakes containing nine subdivisions forming a range of characteristics and type are included in the addendum of this report. The reader is strongly advised to familiarize by reading the studies for better understanding of the analysis to follow.

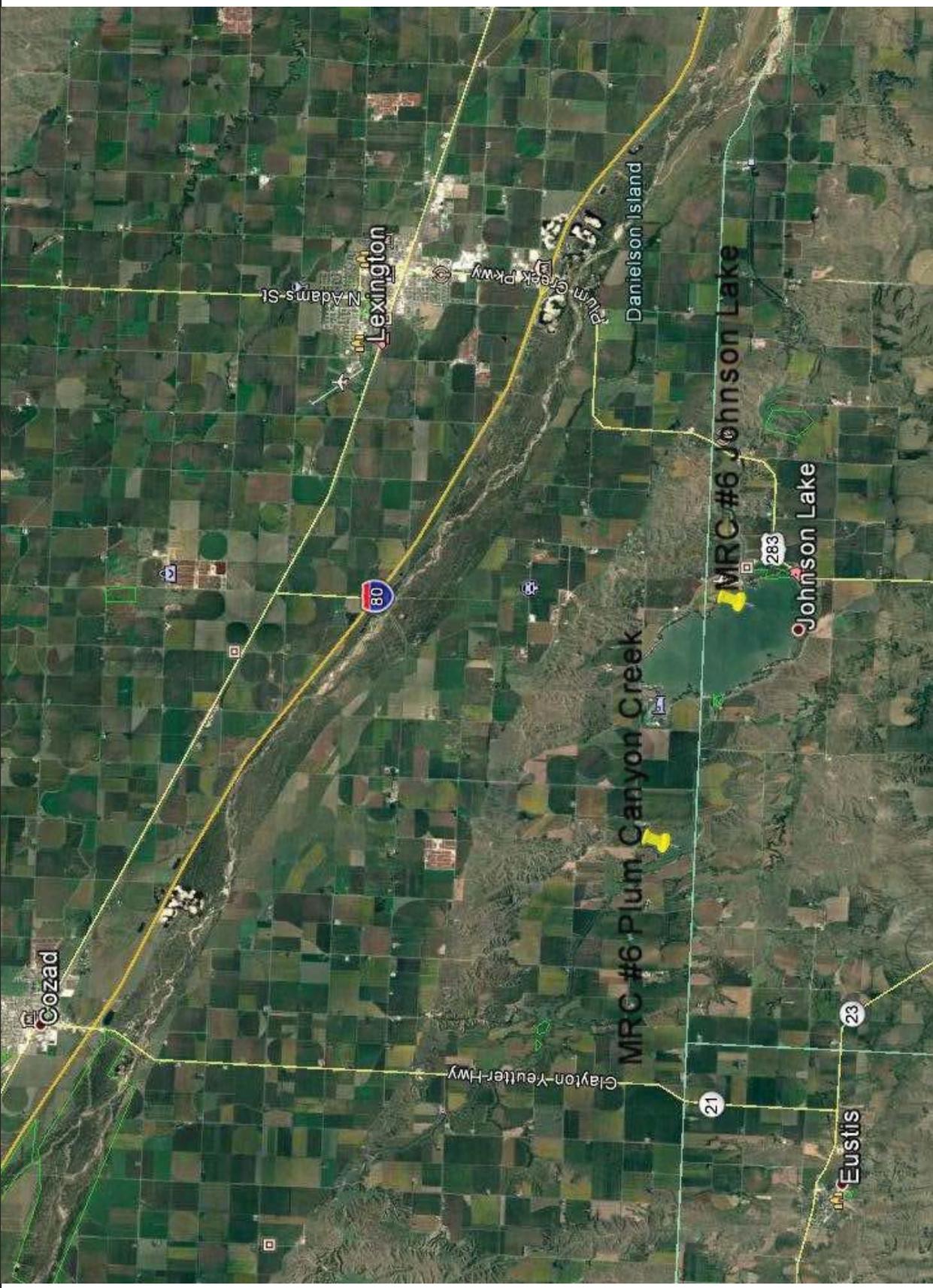
Market Rent Regional Location Map

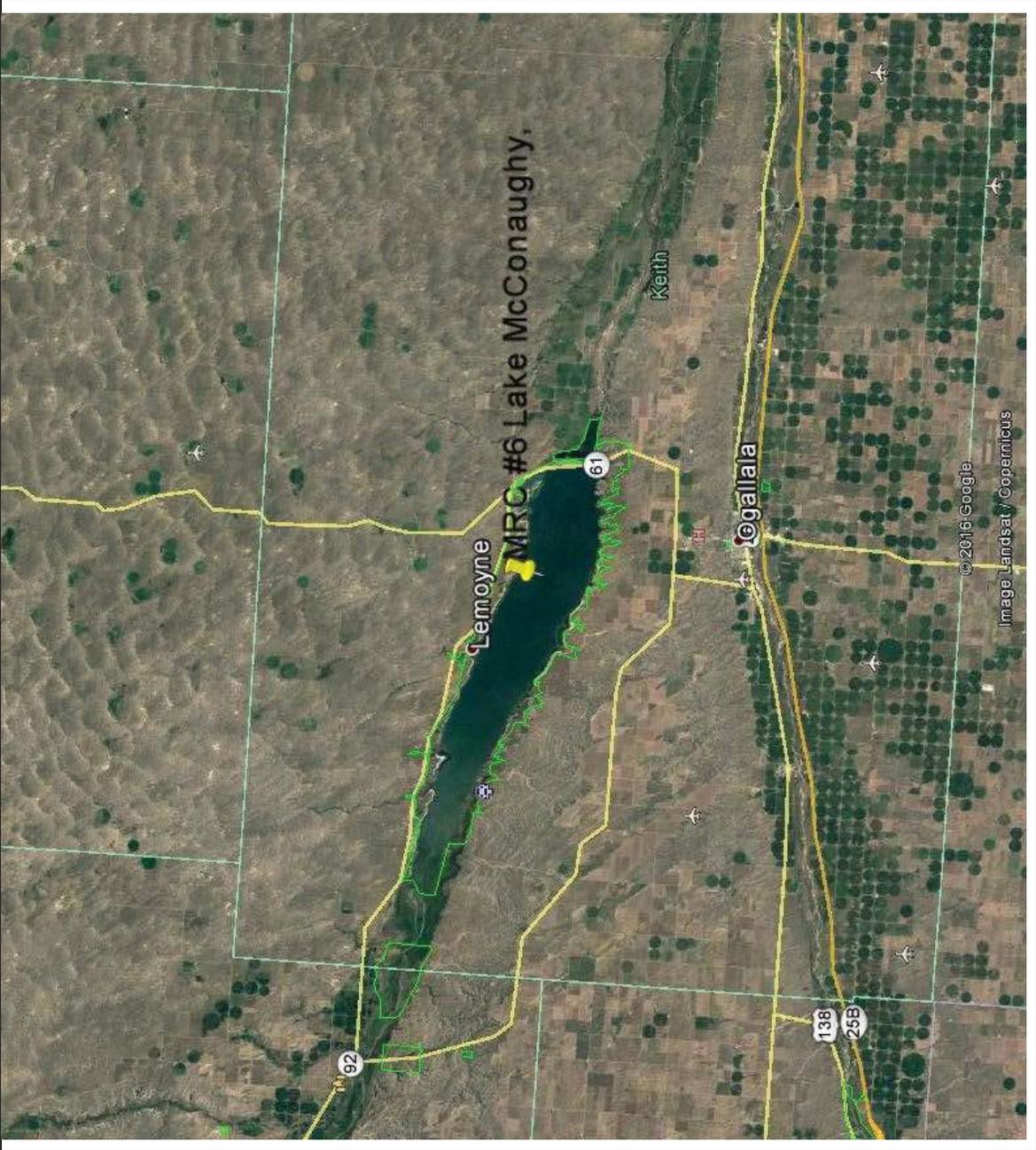


Vicinity Location Maps









Typical Cabin Lot # 17 Comparable Market Rent Summary and Comparison Table

Project	Subject	MRC 3	MRC 4	MRC 5	MRC 6	MRC 6d	MRC 6c
Summary of Major Influencing Comparable Elements							
Rate Annually	Objective	\$2,425	\$2,550	\$2,313	\$2,150	\$2,525	\$2,750
Project Identifier	Typical Cabin Lot # 17	A-8, C-34 + 26 more	Lots 302, 307 Patterson	Lot 3 North Harbor	Tier 1 Base Johnson Lake	Tier 1 Avg. Johnson Lake	Tier 1 Prime Johnson Lake
Lake, State	Lovewell, KS	Council Grove	Harlan County	Harlan County	Johnson Lake	Johnson Lake	Johnson Lake
Lot Type/Distance	Cabin/2 hrs	Cabin/2hrs	Mobile/2hrs	Mobile/2hrs	Cabin/2hrs	Cabin/2hrs	Cabin/2hrs
Lease Period/Term	5 Yrs/Seasonal	30 Yrs/Perm.	1year/Season	1 Yr/Season	30 Yrs/Perm.	30 Yrs/Perm.	30 Yrs/Perm.
Rate Adjustments	CPI, 5 years	Council, 3 yrs	Marina/1 yr	Marina/1yr	3%/yr/after 6	3%/yr/after 6	3%/yr/after 6
Lake Influence	Front/fluctuates	Front/fluctuates	View	Nearby	Front/Stable	Front/Stable	Front/Stable
Lot Size	Average Plus	Average Plus	Average	Small	Avg Minus	Average	Above Average
Utilities Provided	None	None	Yes	Yes	Electric	Electric	Electric
Boat Dock Permitted	Yes, discount	Yes	No	No	Yes	Yes	Yes
Off-site utilities	Available	Available-Mixed	Electric/Ph	Electric/Ph	Available	Available	Available
Lease Motivation	Market	Market	Market	Market	Market	Market	Market
Qualitative Comparison							
Condition of Lease	Market	Similar	Similar	Similar	Similar	Similar	Similar
Location/Distance	Average/2hrs	Similar	Similar	Similar	Similar	Similar	Similar
Lot Type	Cabin	Similar	Inferior	Inferior	Similar	Similar	Similar
Lease Period/Term	5 Years	Slight. Superior	Superior	Superior	Slight.	Slight. Superior	Slight. Superior
Rate Adjustments	CPI, 5 years	Similar	Similar	Similar	Similar	Similar	Similar
Lake Influence	Front	Similar	Inferior	Inferior	Similar	Similar	Similar
Lot Size	Average Plus	Similar	Inferior	Inferior	Inferior	Similar	Similar
Utilities	None	Similar	Superior	Superior	Similar	Similar	Similar
Off-site utilities	Available	Similar	Similar	Similar	Superior	Superior	Superior
Dock Permitted	Yes, discount	Similar	Inferior	Inferior	Similar	Similar	Similar
Indicated Annual Rate		\$2,425	\$2,550	\$2,313	\$2,150	\$2,525	\$2,750
Overall Ranking		Similar	Inferior	Inferior	Inferior	Similar	Superior

Typical Cabin Lot # 17 Comparable Rent Analysis

Elements of comparison appearing to influence use and value are listed in the table. Access or roadways are omitted as all properties have similar access consideration in the market place thus are equal. Six comparable market rent comps summarized in the table above represent the best evidence discovered for analyze and supporting the reasoned estimated of market rent.

Most often in this discussion the MRC is referenced rather than an individual identified leased lot. Important to keep in mind, each sale, or transfer by name of the lot requires a lease agreement, permit agreement, or license agreement which in each case is a market rent of the leasehold interest in the land. The two actions occur simultaneously. While a deed is recorded for personal property and indexed, the associative affidavit for the annual permit is not. Many were verified in person with participants, some of whom assisted by identifying lots specifically. Leases are recorded in most instances as affidavits in respective counties. Some sources when requested stated they could send the affidavits, at cost, but it would take months to compile. This was a common response and appears to result from minimal funding for recording documents in rural counties, and thus no index of affidavits is maintained. One realtor stated the fastest access is gathering information in person. This option is not available for this assignment. Licensed Kansas Appraisers can access information through a portal operated by the State of Kansas where apparently, values, prices and other more confidential information are available. Lacking a license in Kansas, this option was not available. On occasion, several counties in Kansas and Nebraska have online GIS sites with limited information indexed by PID, parcel number, and/or buyers/new permittees name. Not all but on several occasions I was successful finding sales of personal property through assessments sites, and the results aligned with verbal and digital information provided by sources. Creative verification was the only available best possible and in my opinion gives adequate credibility to information for purposes of supporting estimate of market rent. When possible and clearly appropriate the ranking tables will list references to actual leases associated with a sale of a recorded and assessed personal property.

Similarly worth consideration regarding the data overall, the data set involves hundreds of lease agreements contracted as the writing of this report, in the immediate past, or in the immediate future. As a single example, MRC-#6, involves three lakes operated by a power company which leases lots for a profit. Their long term master lease will result in over 700 lease agreements signed this year as the last in an expiring master agreement. Relevance of this worth considering that many of the comparisons and rankings in discussion to follow most often reflect not just a single lot leased, but scores of lots represented in each lot type class.

Given the wide range of economic (leasing) characteristics and physical characteristics between the subject subdivisions and comparable market rents, relative comparison analysis is employed. This technique uses qualitative rankings from comparisons reflecting the imperfect nature of real estate markets. To apply the technique the appraiser analyzes comparable rents to determine whether the comparable properties' characteristics are inferior, superior, or similar to those of the subject property. In the final reconciliation, a bracketed range of market rents will be formed above and below the subject within which or next to arrive at the best supported indication of market rent.

During discovery two city lakes studied MRC # 1-Eureka City Lake and MRC # 2-Anthony City Lake set their yearly rates based on recovery of operating and maintenance cost. They contained no stated profit expectation. As expected they comprise the bottom of the range market rent indicators forwarding below market indications of rent between \$800 and \$948 per cabin lot. While they deserved mentioning no further discussion is necessary as they are eliminated from providing weight in the final reconciliation.

Transactional Elements

The date of leasing is considered similar between the date of valuation of January 25, 2017 and each of the comparable market rents. Comparable market rents are current reflecting anticipated rents for this year and immediate past rents at the end of 2016. There is no evidence market condition change over the relative short period.

Location

Established in the market analysis regional location within acceptable travel time-distance to population centers is central in location appeal for the subject. The subject is situated within a two to four hour travel from several city populations. Similar information was verified with sources knowledgeable of point of origin for their respective permittees. Shorter travel time is ranked superior as compared to the subject, while longer travel times are ranked inferior.

Each comparable market comps were each observed to possess similar travel time as compared individually next to the subject. They are each ranked similar for location as compared to the subject. Rankings are listed in the table.

Lot Type

Because of layout, design and overall subdivision attributes qualities vary. Observations in the field and from Google Earth Pro reveal, inferior quality lots include or are exclusively appealing for low end personal property improvements such as mobile homes and fifth wheels in some instances. Often it was observed, these lots are crowded lacking privacy witnessed for the average cabin lot. Average quality and above lots with lawn area were observed to be leased for cabins on foundations. Some elements merge or blend in with others. Such is the case for lot type. Average and better quality lots were observed or verified to offer potential for average and above average development of onsite full utility services by permittees. The typical subject cabin lot matches the average and above lot type. Based on this observable perimeter, MRC # 4 and 5 as compared individually to the subject warrant inferior ranking for lot type as they commonly or exclusively utilized for mobile home lots. Remaining comparable market rents are similarly in quality as compared individually to the subject for lot type which is reflected in similar ranking on the table.

Lease Period/Term

A range of lease periods were verified warranting investigation for influence on market rate. Generally, shorter leases command higher rates as less stable and more costly to the landlord incurring more frequent turnover cost. Longer contracted leases result in stable less risky income streams therefore is generally preferred in the market place. Stable market rent rate generally are negotiated by lessor and lessee at a lower optimum level considered to satisfy each party. Each market rent is compared to the subject's five year term, seasonal use and ranked.

MRC #'s 4 and 5 involve leased lots managed as a profit center of marina concessions contract with the Corp of Engineers, but seasonal similar as the subject. In both cases I verified the marina operator sets the lease market rate each spring at the beginning of the season. In fact, while speaking with one, they seem to be still unsettled on the rate. For both market rent comps, rental rate is higher than last year. Again, the short term nature of the lease is considered to result in a higher than stable market rate, thus both comparable rents are ranked superior individually next to the subject even though they are seasonal use. MRC #'s 3 and 6 through 6c each are based on contract agreements which are well negotiated between parties deserving similar ranking for lease period. However, permanent residency is permitted which is considered superior when compared to the subject's seasonal lease. Overall a slightly superior ranking is warranted to each of these comparable market rents.

Rate Adjustments

Several means of adjusting annual rates is tendered by the data set. The subject's rate is adjusted every five years by the change in CPI. This method calculates and enforces both up and down movements in the economy likely premised on a postulate that as goes the economy so goes market rental rates. As an assignment condition, the CPI market rental rate must be compared to each comparable.

MRC # 3, involving the Council Grove City Lake is adjusted by committee every three years. Although not based on CPI indexes, the result of any adjustments is similar to preserve balanced \$500 net revenue earned on each lot leased. Comparable Rent Comp # 3 is ranked similar for rate adjustment as compared to the subject.

MRC # 4 and 5 are adjusted annually based upon unknown decisions by marina operators. The information is weak, and a superior ranking is assigned solely because the lessees are subject to increases with no apparent recourse. For example the 2017 rate at Patterson Harbor Marina was verified to be \$2,150 17 percent above the 2015 rate. This amount of increase seems high, although all the specifics of the change were not possible to verify, so ranking is predicated solely on known datum.

MRC #s 6 through 6c rate adjustment ranking is mostly based on future proposed actions. The Central Nebraska power entity is concluding appraisals, valuations and negotiations with leaseholders a year in advance for a new 30 year contract with the licensees numbering over 700. The new lease agreements begin in March 2018 and will start at the current variable rate schedule from 2016 and 2017. Beginning of the 7th year and each year thereafter, a three percent annual escalation of rent is scheduled. This is an escalating contract rent schedule portending the highest level sophistication amongst all the comparable market rents. Initially, the contract rent increases were to begin immediately. However for other reasons increases are proposed to be postponed, which is elaborated in the addenda. A straight line three percent increase over time is considered similar next to the subject's CPI increase. MRC #s 6 through 6c each ranked similar for rate adjustment as compared to the subject.

Lake Influence

The subject is situated on a lake side plain benefitting from the shoreline. MRC #s 4 and 5 have least in common with the subject for lake influence based on proximity and distance to shoreline. MRC #s 4 and 5 are ranked inferior for lake influence each next to Typical Cabin Lot # 17.

MRC #s 3 plus 6 through 6c each offer majority of cabin lots benefiting from direct frontage on usable shoreline. Each comparable market rent comp warrants similar ranking for lake influence as compared to the subject. Individual rankings for lake influence are listed in the table.

Lot Size

Legal plats and specific size figures are rarely quantified in discussions or published information amongst the data set. With extraordinary effort it would be possible to discover greater plat and individual lot sizes for comparable market rents. However, it is just as adequate for purposes of this analysis to qualitatively segregate and evaluate the comparable market rents next to the subject for size. Visual observations mostly using Google Earth Pro assisted in this effort. The selected comparable market leases listed by lot under Project Identifiers were selected as being the best examples from the case study resembling cabin lots. As a result attempts to account for lot size by references to similar sizes as the subject.

MRC # 3 offers lake front lots of wide range from under one half acre to over one acre. Although average plus size best describes the project from observation, therefore as compared to the subject a similar ranking is warranted.

MRC # 4 was compared by noting specific Wagon Wheel lots within the project observed to be similar in size as the subject. Research provided different land valuation and assessments by Harper County within Patterson Harbor Marina Lots for three noticeable lot sizes caused by layout and configuration. I reference them as standard lot, wagon wheel lot and club lot. The average tax amount discovered for wagon wheel lot was added to the base marina rate to arrive at the gross market rent rate and is ranked similar for size next to the subject.

MRC # 5 involves a subdivision of lake lots each of small size offering little to unmeasurable exterior lot amenities. As compared to the subject an inferior ranking for lot size is warranted.

MRC #s 6, 6d and 6c reflect the well thought out pricing pattern at Johnson Lake. All Tier 1 lots have shoreline frontage on the open lake offering views across the lake. The difference in pricing of Tier 1 lots between \$2,150 and \$2,750 annual adjusted market rents appears attributed to size differences with smaller size lots commanding \$2,150 and larger size lots commanding \$2,750 annually. MRC #s 6 and 6d are both estimated to reflect average or average minus lot sizes justifiably ranked inferior as compared to the subject. MRC # 6c seems

closest in similarity for lot size as compared to the subject thus a similar ranking is listed in the table.

Utilities

The subject is leased as bare land containing no utilities. This is not to say utilities are not present or unavailable which will be addressed separately. For this comparison required as condition of the permit being evaluated, the subject is bare land for leasing purposes. MRC # 3 offers no utilities and stipulate permittees are responsible for water and sewer. It is ranked similar as compared individually to the subject Typical Cabin Lot # 17. MRC #s 4 and 5 each provide water and sewer with their respective lot agreement. Each of them compared to the subject warrant superior ranking for utilities provided with the lease. Rankings are listed in the table. In the case of superior properties improved with utilities, the presence of utilities deserves ranking the subject below fully serviced cabin lots in the final reconciliation. MRC #s 6, 6d and 6c for comparison purposes are considered similar next to the subject as the lease does not provide water or sewer. Of note the landlord a rural electrical service provider supplies electricity to the cabin lots. However, this seems to be very similar to the subject lots which benefit from electrical service provided by a rural electric provider. Therefore, MRC #s 6 through 6c are ranked similar as compared to the subject.

Off Site Utilities

Unexpected at the onset, but considered necessary based on information found a comparison of off-site (lot) utilities is warranted. First, it became clear all of the subject lots and all of the comparable market comps have access to electricity. Information discovered about electricity like roadways seem to indicate similar character and capacity for the subject, so comparative discussion is unnecessary.

Most noticeable being superior in utilities as compared to the subject are MRC # 6 through 6c Johnson Lake area. The level of sophistication of tenant improved utility services sets the upper end of the range in the data set. Sixteen separate community districts exist; each one maintains a well supplying the cabin lots they serve. In addition, several years ago part or majority of the lot holders formed a sewer district issuing bonds which are being paid off through taxes and end in six years. Verification source revealed once the sewer system activated in 2009, property values (personal property) increased rapidly which continues today. A superior ranking for off-site utilities of MRC # 6 through 6c as compared to the subject is warranted.

Dock Permitted

Although sometimes specified differently at minor cost or no cost most of the cabin lot permittees have potential to have a dock on the lake. MRC #s 3 & 6 through 6c involve lease conditions permitted docks along the shoreline at no extra cost to the permittee warranting a similar ranking next to the subject. MRC # 4 and 5 seem to be required to pay for docking slips through the marina as they have no private docks. As of the publication date, it remains unclear if they receive a discount as permittees. They are both ranked inferior for dock permitted compared to the subject. Any value contribution or downward influence from potential for private docks or lack thereof is inherently measured as an unquantified component of the market rent rate.

Typical Cabin Lot # 17 Market Rent Reconciliation

Results produced by application of market rent techniques are reliable and based on the available data discovered. Weakness of analysis is slight to the extent documentation is limitedly available. Overall, the result from the range of indications of value was settled on the single figure, which the best evidence given the data available for comparison.

It must be mentioned that the subject's current cabin lot lease rate of \$274.04 annually falls well below any evidence found in the marketplace. The rate appears outdated based on the lease agreement starting date from the last century and therefore does not warrant consideration as evidence in this market rent study.

The comparable market rents forward an annual market rent range of \$800 to \$2,750. MRC # 1 & 2 comprise the bottom of the range because they contain no economic profit incentive. A detailed comparative exercise regarding MRC #s 1 and 2 was not warranted. The subject's annual gross market rent warrants position above \$948 annually indicated by MRC # 2.

MRC # 3 overall warrants a similar ranking next to the subject as the only non-similar ranking was for lease period/term being slightly superior. MRC #s 4 and 5 are ranked inferior as compared to the subject. While each is different in physical characteristic compared to the subject several select inferior qualities stand-out most noticeably lot type use for mobile home.

MRC # 6 reflect lake shore lots presumably with smaller than average lot size based on verified discussions with the source. For this reason it is ranked inferior as compared to the subject. The indication of market rent it forwards at \$2,150 annually reflects an inferior lease property as compared to the subject. MRC # 6d is closest in similarity next to the subject as it falls within the same lot size range. MRC # 6c overall's physical qualities are each superior because of larger lot size and forwards an indication of market rent at \$2,750 annually.

The best supporting comps are MRC #s 3 and 6d forwarding indications of market rent respectively at \$2,425 and \$2,525 annually.

I conclude to a market rent value for Typical Cabin Lot # 17 of \$2,500 annually.

Typical Club Lot # 4 Comparable Market Rent Summary and Comparison Table

Project	Subject	MRC3	MRC 4	MRC6a	MRC 6b	MRC 6c
Summary of Major Influencing Comparable Elements						
Rate Annually	Objective	\$2,425	\$2,817	\$2,500-\$3,000	\$3,500	\$2,750
Project Identifier	Typical Club Lot # 4	J-2 Council Grove	Lots 204 Patterson	McConaughy Club Lots	Plum Canyon Club lots	Tier 1 Prime Johnson Lake
Lake, State	Cedar Bluff, KS	Council Grove	Harlan County	McConaughy NE	Plum Canyon, NE	Johnson Lake
Lot Type/Distance	Club/2hrs	Cabin/2hrs	Mobile/2hrs	Club/2hrs	Club/2hrs	Cabin/2hrs
Lease Period/Term	5 Yrs/Seasonal	30 Yrs/Perm.	1year/Season	30 Yrs/Perm.	30 Yrs/Perm.	30 Yrs/Perm.
Rate Adjustments	CPI, 5 years	Council, 3 yrs	Marina/1 yr	3%/yr/after 6	3%/yr/after 6	3%/yr/after 6
Lake Influence	Front/fluctuates	Front/fluctuates	View	Bluff/stable	Front/stable	Front/stable
Lot Size	Large	Average	Above Average	Large	Large	Above Average
Utilities Provided	None	None	Yes	Electric	Electric	Electric
Boat Dock Permitted	Yes, discount	Yes	No	Yes	Yes	Yes
Off-site utilities	Available	Available-Mixed	Available	Available	Available	Available
Lease Motivation	Market	Market	Market	Market	Market	Market
Qualitative Comparison						
Condition of Lease	Market	Similar	Similar	Similar	Similar	Similar
Location/Distance	Average/2hrs	Similar	Similar	Similar	Similar	Similar
Lot Type	Club	Inferior	Inferior	Similar	Similar	Inferior
Lease Period/Term	5 Years	Slight. Superior	Superior	Slight Superior	Slight Superior	Slight Superior
Rate Adjustments	CPI, 5 years	Similar	Similar	Similar	Similar	Similar
Lake Influence	Front	Similar	Inferior	Inferior	Similar	Similar
Lot Size	Large	Inferior	Inferior	Similar	Superior	Inferior
Utilities	None	Similar	Superior	Similar	Similar	Similar
Off-site utilities	Available	Similar	Similar	Similar	Similar	Superior
Dock Permitted	Yes, discount	Similar	Inferior	Similar	Similar	Similar
Indicated Annual Rate		\$2,425	\$2,817	\$2,500-\$3,000	\$3,500	\$2,750
Overall Ranking		Inferior	Inferior	Similar	Superior	Inferior

Typical Club Lot # 4 Comparable Rent Analysis

Rather than repeat the entire introduction information for each element of comparison, the discussion below is limited to relative comparison differences and similarities.

Transactional Elements

The date of leasing is considered similar between the date of valuation of January 25, 2017 and each of the comparable market rents. Comparable market rents are current reflecting anticipated rents for this year and immediate past rents at the end of 2016. There is no evidence market condition change over the relative short period.

Location

Based solely on travel time-distance element of comparison each of the market rent comps have similar location qualities weighed individually to the subject. In the table a similar ranking for location is listed under each comparable.

Lot Type

Based on observable perimeters and use, MRC #'s 6a & 6b are similar lot types as the subject, therefore each ranked similar. MRC #s 3, 4 and 6c are either mobile or cabin lots having inherently fewer amenities and privacy than the subject therefore each is ranked inferior for lot type.

Lease Period/Term

Following ranking reasoning applied in the first analysis from the earlier discussion, MRC # 3, 6a, 6b and 6c are ranked slightly superior for year round use potential. MRC # 4 is ranked superior because of its short term high rate as discussed earlier in the report.

Rate Adjustments

Recalling relative comparison discussed for rate adjustments in the first analysis, nothing has changed. All the comparable market rents are ranked similar for rate adjustments.

Lake Influence

Typical Club Lot # 4 is sited on the shoreline of the lake. MRC # 6a was observed to involve club lots situated on bluffs considered to be inferior as compared to the subject's lake front amenity. MRC # 6a is ranked inferior for lake influence as compared to the subject. MRC # 4 involves club size lots with no obvious views of the lake thus is ranked inferior for lake influence next to the subject. Remaining comparable market comps each enjoy shoreline therefore each deserves a similar ranking as compared individually to the subject for lake influence.

Lot Size

MRC #s 6a involve club size lots which are closest in size as compared to the subject as reflected in the table with a similar ranking. MRC #s 3, 4 and 6c each involve lots smaller in size than the subject and deserve inferior ranking for size as shown in the table. Based on visual aerial views using Google Earth Pro® MRC #6b involves land parcels larger than the subject. MRC #6b is ranked superior for lot size as compared to the subject.

Utilities

Most of the market rent comps involve lease agreements providing no utilities. MRC # 4 however, provides water and sewer service in the lease agreement, and warrants ranking it superior for utilities as compared to the subject. Remaining market rent comps are ranked similar.

Off Site Utilities

MRC # 6c involving Johnson Lake Tier 1 lots was discussed earlier with respect to appeal from hookup to a permittee created sewer system available to prospective permittees. This comparable lot influence is ranked superior for utilities. The other two lakes being a part of MRC #6, share similar individual septic solution similar as the subject, therefore are ranked similar in the table as well as the remaining comparable market rent comps.

Dock Permitted

As noted earlier each comparable market rent is ranked similar as compared to the subject individually.

Typical Club Lot # 4 Market Rent Reconciliation

It must be mentioned that the subject's current club lot lease rate of \$274.04 annually falls well below any evidence found in the marketplace. The rate appears outdated based on the lease agreement starting date from the last century and therefore is not warrant consideration as evidence in this market rent study.

The comparable market rents forward an annual market rent range of \$2,425 to \$3,500. MRC # 3 and 6c comprise the bottom of the range forwarding indications of market rent respectively of \$2,425 and \$2,750 annually. MRC # 6b forms the upper end of the range reflecting a superior property and lease at about \$3,500 annually.

MRC # 6a overall is the most similar property and lease arrangement as compared to the subject. However it forwards a market rent range between \$2,500 and \$3,000 annually. It is worth noting MRC # 4 which is overall inferior forwards an indication of value at \$2,817 for a club lot. A narrow range of supported market rent gleaned from the evidence is between about \$2,800 and \$3,000 annually. Giving slightly more weight to MRC # 6a, a market rent of about \$2,900 annually is supported.

I conclude to a market rent for Typical (representative) Club Lot # 4 at \$2,900 annually.

Typical Mobile Home Space # 5 Comparable Market Rent Summary and Comparison Table

Project	Subject	MRC 2Alt	MRC 4	MRC 5	MRC 6e
Summary of Major Influencing Comparable Elements					
Rate Annually	Objective	\$1,250	\$2,216	\$2,313	\$1,250
Project Identifier	Typical MH Space #5	Marion	Lots 23 Patterson	Lots 64 North Harbor	Tier 2 Johnson Lake
Lake, State	Lovewell, KS	Marion, KS	Harlan County, NE	Harlan County, NE	Johnson Lake, NE
Lot Type/Distance	Mobile/2hrs	Mobile/2hrs	Mobile/2hrs	Mobile/2hrs	Mobile/Cabin/2h
Lease Period/Term	5 Yrs/Seasonal	One Yr/Perm.	1year/Season	1 Yr/Season	30 Yrs/Perm.
Rate Adjustments	CPI, 5 years	Park Board	Marina/1 yr	Marina/1yr	3%/yr/after 6
Lake Influence	Front/fluctuates	View/stable	View	Harbor	Cove/stable
Lot Size	Small	Small	Small	Small	Small
Utilities Provided	None	Yes	Yes	Yes	Electric
Boat Dock Permitted	Yes, discount	No	No	No	Yes
Off-site utilities	Available	None	Electric/Ph	Electric/Ph	Available
Lease Motivation	Market	Market	Market	Market	Market
Qualitative Comparison					
Condition of Lease	Market	Similar	Similar	Similar	Similar
Location/Distance	Average/2hrs	Similar	Similar	Similar	Similar
Lot Type	Mobile	Similar	Similar	Similar	Superior
Lease Period/Term	5 Years	Similar	Superior	Superior	Slight. Superior
Rate Adjustments	CPI, 5 years	Similar	Similar	Similar	Similar
Lake Influence	Frontage	Inferior	Inferior	Inferior	Similar
Lot Size	Small	Similar	Similar	Similar	Similar
Utilities	None	Superior	Superior	Superior	Similar
Off-site utilities	Available	Similar	Similar	Similar	Superior
Dock Permitted	Yes, discount	Inferior	Inferior	Inferior	Similar
Indicated Annual Rate		\$1,250	\$2,216	\$2,313	\$1,250
Overall Ranking		Similar	Superior	Superior	Similar

Typical Mobile Home Space # 5 Comparable Lease Analysis

Elements of comparison appearing to influence use and value are listed in the table. Access or roadways are omitted as all properties have similar access consideration in the market place thus are equal. Four comparable market rent comps are utilized. It is worth remembering that each comp represents numerous actual individual leases.

Transactional Elements

The date of leasing is considered similar between the date of valuation of January 25, 2017 and each of the comparable market rents. Comparable market rents are current reflecting anticipated rents for this year and immediate past rents at the end of 2016. There is no evidence of market condition changes over the relative short period.

Location

Based solely on travel time-distance element of comparison, all comparable market rents individually compared to the subject warranted similar ranking.

Lot Type

MRC # 6e is permitted for mobile and cabins where possible. It is ranked superior for lot type. Although for purposes of this analysis the slight benefit does not warrant substantial weight. Remaining comps are utilized for mobile lots, therefore ranked similar.

Lease Period/Term

For purposes of this analysis it is assumed the mobile home space permits use a standard method of adjustment every five years although the method is undefined. For different lease conditions most of the comparable market rents are considered superior for lease period and terms. Differences have been discussed in detail above except for MRC # 2Alt. The Marion County Park lease offer's potential for permanent residency for a single year at a time indefinitely. The lease automatically renews each year with payment. The current lease rate was set about three years ago. Periodically unscheduled the Park Board will discuss and raise the annual rent. There is an expectation of net revenue although the source declined to be specific. Real estate taxes on the land are included in the rate. The source stated it is primarily occupied in the warm season, thus it equates to seasonal use on a year round basis. Overall the lease period anticipates long term rent, even though short term automatic rollover is per contract. MRC # 2Alt is similar as compared to the subject for lease period and term.

Rate Adjustments

Recalling relative comparison discussed for rate adjustments in the first analysis, nothing has changed. All the comparable market rents are ranked similar for rate adjustments.

Lake Influence

MRC # 6e is similar as compared to the subject benefiting from direct frontage on the shoreline. It is ranked similar with the subject for lake influence. Remaining market rent comps each are inferior as compared to the subject as none have direct frontage on a lake.

Lot Size

No detectable difference potentially influencing market rent attributed to lot size was obvious. As compared individually to the subject, each market rent comp involved property of similar size range.

Utilities

MRC # 2Alt enjoys all utilities included in the lease agreement including electricity warranting a superior ranking in this element as compared to the subject. MRC #s 4 and 5 respective lease agreements provide for water and sewer in the rate. Both comps as compared to the subject which offers no utilities in the lease deserve superior ranking over the subject. MRC # 6e is ranked similar next to the subject offering no utility services in the lease agreement. .

Off Site Utilities

With respect to offsite utilities MRC #s 2Alt, 4 and 5 each are similar as compared individually to the subject, therefore, y ranked similar as shown in the table. MRC #s 6e has potential access to community sewer systems which is superior in quality encouraging permanent residency therefore warrant superior ranking.

Dock Permitted

MRC #s 2Alt, and 5 have no dock permits therefore are inferior as compared to the subject. Worth noting MRC # 2Alt has limited dock permits. The source stated several private boat docks exist, but the Park Board placed a ban on any new ones. As compensation, the permittees are allowed to utilize the docks and slips provided by the Park. The motivation was to prevent erosion and destabilization of the shore line and other aquatic influences. MRC # 6e enjoys potential for private dock along its shore frontage and is ranked similar as compared to the subject. Influence from docks or lack thereof is considered to be inherently reflected in the market rent.

Typical Mobile Home Space # 5 Rent Reconciliation

It must be mentioned that the subject's current mobile home lot lease rate of \$500 annually falls within the range found in the marketplace at the lower end. The subject market rent rate appears to support the lower end of the market rent range.

The comparable market rents forward an annual market rent range of \$1,250 to \$2,313 annually. MRC # 2AIt is overall ranked similar as compared to the subject and forwards an indication of market rent at \$1,250 annually. While superior in utilities, other characteristics such as lake influence are inferior thus offsetting resulting in a similar ranking. MRC # 6e likewise has superior and inferior offsetting characteristics which overall result in a similar ranking as compared to the subject forwarding an indication of market rent at \$1,250 annually. MRC #s 4 and 5 each has utilities and short term leases adjusted yearly which appear to more than offset lack of Lake Frontage. They are both considered superior overall as compared to the subject. MRC # 4 forwards an indication of market rent at \$2,216 annually and MRC # 5 at \$2,313 annually. The comparable is overall ranked similar providing the best indication of market rent at about \$1,250 annually.

I conclude to an annual market rent for Typical (representative) Mobile Home Space # 5 at \$1,250.

Final Reconciliation

All salient aspects of the subject property have been presented and discussed. An inferred highest and best use analysis was completed resulting in opinion as (hypothetically) vacant bare lots. Larger parcel is inapplicable. Based on the highest and best use, the best available market rent comps were selected to support valuation results requested by the client. Appropriate valuation techniques were performed according to the scope of work and USPAP. Applicable market rental analysis technique produced the following results. Results produced by applying appraisal techniques from the Income Approach are reliable and based on the available data discoverable. All weight is given to these results.

It is worth remembering, Typical Club Lot # 4 is the representative lot for the six club lots. Typical Cabin Lot # 17 is the representative lot for 56 cabin lots. Typical Mobile Home Space # 5 is the representative lot for 56 mobile home spaces.

Based on complete subject and market investigation information gathered therefrom and subsequently analyzed as described in this report, subject to the definition of market rent stated below, my opinion of annual market rent for the selected representative lots as of date of valuation being January 25, 2017, as follows:

Market Rent Annually for Typical Club Lot # 4	\$2,900
Market Rent Annually for Typical Cabin Lot # 17	\$2,500
Market Rent Annually for Typical Mobile Home Space # 5	\$1,250

The definition of market rent employed as instructed by Office of Valuation Services in the Statement of Work, reprinted below: "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, 6th Edition (Appraisal Institute, 2015), p.140]

The following hypothetical condition is employed in this analysis. *"The sites are improved with cabins and various site improvements. The appraiser is to assume, as a Hypothetical Condition, that the lots are vacant and available."*

Qualifications of Richard A. Murphy, MAI

Certified General Real Estate Appraiser California License: AG004181

License Expiration Date: 11/3/2018

Professional Positions

2014 – Present	Review Appraiser, U. S. Department of the Interior, and Office of Valuation Services
2003 - 2014	Owner, RMG Appraisers, Inc., aka, Ryan & Murphy Group, Inc.
1987 - 2002	Senior Analyst, Ryan & Associates
1986 – 1987	Appraiser, Park & Associates, Inc., Colorado Springs, CO
1984 – 1986	Appraiser, Ohio Department of Transportation,

Professional Organization, Leadership Participation, and Community Affiliations

MAI Designation	Appraisal Institute
Candidate Advisor	Appraisal Institute
Board of Directors	Sacramento Sierra Chapter of the Appraisal Institute 2002-2004
Chairman Newsletter Committee	Sacramento Sierra Chapter of the Appraisal Institute 2000-2002
Secretary Treasurer	Sacramento Sierra Chapter of the Appraisal Institute 2003
Region 1 Representative	Sacramento Sierra Chapter of the Appraisal Institute 2003
Vice President	Sacramento Sierra Chapter of the Appraisal Institute 2004
President	Sacramento Sierra Chapter of the Appraisal Institute 2005
Past President	Sacramento Sierra Chapter of the Appraisal Institute 2006
Vice Chair -Government Relations	California State Government Relations AI 2007
Chair -Government Relations	California State Government Relations AI 2008-10
State of California	Certified General Real Estate Appraiser Number AG 004181
Paul Harris Fellow	Rotary Foundation of Rotary International
Shan Fellow	Rotary Club of Redding
Chair of Finance	Youth Program Supporters of Shasta, Tehama and Trinity Counties
Boy Scouts of America	Eagle Scout, Troop 37 Advancement Chair
Lay Leader	First United Methodist Church of Redding

Professional Development Program Registry-Appraisal Institute Designated Members Only

Valuation of Conservation Easements

Academic Background

Bachelor's Degree-1984 College of Arts and Sciences, Ohio State University; Geology

<u>DATE</u>	<u>EDUCATIONAL INSTITUTION</u>	<u>COURSE TITLE</u>	<u>LOCATION</u>
02/07	Appraisal Institute	Uniform Appraisal Standards for Federal Land Acquisitions	Reno, NV
09/09	Appraisal Institute	Valuation of Conservation Easements	Tigard, Oregon
03/12	Appraisal Institute	Appraising the Appraisal: Appraisal Review-General	Sacramento, CA
02/14	Appraisal Institute	7-Hour USPAP Update	Sacramento, CA
10/14	Appraisal Institute	Review Theory General	Tigard, OR
05/15	ASFMRA	Appraising Natural Resources	Albuquerque, NM
09/15	Appraisal Institute	Review Case Studies General	Sacramento, CA

Addenda

Statement of Work Amendments

Please be advised that I concur with the following appraisal instruction clarifications prepared by Edward B. Stehouwer, MAI to the Lovewell, Webster, and Cedar Bluff statements of work dated July 18, 2016.

1. The statement of work refers to "market rent analysis." This intended to result in an appraisal, not a survey. The appraisal is of the representative lots.
2. The statement of work identifies different permitted lot uses on each reservoir. You must identify a single representative lot for each of these uses on each reservoir for valuation. Reclamation will then extend the appraised value from this lot to the other lots of this use on each reservoir.
3. Identify this intended use of the appraisal in the scope of work and identify the lots that the subject lot represents.
4. The statement of work correctly requests compliance with UASFLA. It fails to clarify that this is only on applicable portions of UASFLA. Since the subject property is in Federal ownership and will remain so and in order to comply with the intended use, you must conduct no larger parcel analysis. The representative lot selected is the subject property.
5. The statement of work identifies the assigned OVS review appraiser as the only person who can change written instructions.

Thanks,
Bruce

Bruce D. Buchan, MAI
Office of Valuation Services
One Denver Federal Center
Building 46 Suite 102, PO Box 25247
Denver, CO 80225
720-598-7703 (office)
720-656-8333 (cell)

Statement of Work

Reclamation
Great Plains Region

Lovewell Reservoir
Recreational Cabin/Mobile Home Sites
Market Rent Analysis
Jewell County, Kansas

IVIS # R16020
July 18, 2016

STATEMENT OF WORK (SOW)

Office of Valuation Services

Project Name	IVIS No.	Agency Case No.
Lovewell Market Rent Analysis	R16020	000098045

Appraiser Instructions

1. Prior to contract award, submit all questions in writing by either:
Email: OVS_contracting_branch@ios.doi.gov
Fax: 303-984-5348
2. Submit your contract response (bid package) for this appraisal assignment to the above-referenced email or facsimile address.
3. The contracting officer will provide contact information for the property owner and the Office of Valuation Services Review Appraiser for this appraisal assignment with the contract award.

SECTION 1 – Subject Identification & General Information

Identification

Case Name: Lovewell Market Rent Analysis

Location: Lovewell State Park Unincorporated Jewell County, KS 66970

Sites: 56 Cabin Lots Approximately .3 to 1.0 acres
 6 Club Lots Approximately 2.0 to 2.7 acres
 56 Mobile Home Spaces Single-wide spaces with surface parking

Property Type: Recreational site rentals

Case Type: Market rent analysis for 56 cabin and 6 club lots as well as 56 mobile home spaces.

Client

U.S. Department of Interior, Office of Valuation Services (OVS)

Intended Users

The intended users of the appraisal report will be the Office of Valuation Services, Bureau of Reclamation, and the Kansas Department of Wildlife, Parks & Tourism.

Intended Use

The intended use of the report will be to assist the Bureau of Reclamation and the Kansas Department of Wildlife, Parks & Tourism in determining a yearly use fee for the recreational sites surrounding the Lovewell Reservoir. It is not intended for any other use.

Location Map



Property Description

The subject of the analysis encompasses 56 cabin and 6 club lots as well as 56 mobile home spaces within the 1,160-acre Lovewell State Park. The park is located approximately 18 miles northeast of Mankato, KS and 13 miles south of Interstate 70. The permitted sites are situated along the shore of Lovewell Reservoir.

Cabin Lots

The 56 cabin lots, which occupy a peninsula of the park, are distributed between 25 lakefront sites, 15 bordering open space, and 16 interior locations. The lots range in size from approximately .3 to 1.0 acres with the majority between .4 and .6 acres. The sites, which are mild in topography, are improved with residences varying in age, quality, and condition. Access to the lots is by paved/gravel-surfaced park roads. Electricity and community water (Jewell County Rural Water District No. 1) are available to each lot. On-site septic systems are in place and are the responsibility of each resident. Common amenities include shared open space that is maintained by a voluntary owner's association. Each site is under a long-term permit with the Kansas Department of Wildlife, Parks & Tourism that will expire on May 31, 2017. The lots are currently rented at \$274 annually for year-round use, although permanent residency is prohibited. A number of the lots also include floating docks that can be obtained by securing a dock/mooring facility permit from the Kansas Department of Wildlife, Parks & Tourism. The dock permits are available to all residents.

Club Lots

The 6 club lots are situated on the banks of Lovewell Reservoir and range in size from approximately 2.0 to 2.7 acres. The sites, which are mild in topography, are improved with residences varying in age, quality, and condition. Access to the lots is by paved/gravel-surfaced park roads. Electricity and community water (Jewell County Rural Water District No. 1) are available to each lot. On-site septic systems are in place and are the responsibility of each resident. Common amenities include shared open space maintained by a voluntary owner's association. Each site is under a long-term permit with the Kansas Department of Wildlife, Parks & Tourism that will expire on May 31, 2017. The lots are currently rented at \$274 annually for year-round use, although permanent residency is prohibited. A number of the lots also include floating docks that can be obtained by securing a dock/mooring facility permit from the Kansas Department of Wildlife, Parks & Tourism. The docks permits are available to all residents.

Cabin/Club Lots Map



Mobile Home Spaces

The 56 mobile home spaces, which occupy a peninsula of the park, are distributed between 34 lakefront lots, 16 bordering open space, and 16 interior locations. The spaces are mild in topography and accommodate single-wide units with accompanying surface parking. Access to the spaces is by paved/ gravel-surfaced park roads. Electricity and community water (Jewell County Rural Water District No. 1) are available to each space. On-site septic systems are in place and are the responsibility of each resident. Common amenities include a common well, men's and women's restrooms, boat storage, open space, and a picnic area. The park has a voluntary owner's association that assists in maintaining the common amenities. The 56 spaces are fully-occupied with mobile homes that vary in age and condition. Each space is under a long-term permit with Lovewell Marina (concessionaire)/Kansas Department of Wildlife, Parks & Tourism that will expire on May 31, 2017. The spaces are currently rented at \$500 annually for year-round use, although permanent residency is prohibited. A number of the spaces have floating docks that can be obtained by securing a dock/mooring facility permit from the Kansas Department of Wildlife, Parks & Tourism. The docks permits are available to all residents.

Mobile Home Map



Legal Descriptions

Based on information provided by the Kansas Department of Wildlife, Parks & Tourism permitting documents, the recreational lots are legally identified as follows:

Cabin Lot Area: *Within the Northeast quarter of Section 2, Township 2 South, Range 7 West, of the 6th Principal Meridian, in the County of Jewell, Kansas*

Club Lot Area: *Within the Northwest quarter of Section 1, Township 2 South, Range 7 West, of the 6th Principal Meridian, in the County of Jewell, Kansas*

Mobil Home Area: *Within the Southwest quarter of Section 6, Township 2 South, Range 6 West, of the 6th Principal Meridian, in the County of Jewell, Kansas*

Property Interest

Annual market rent for 56 cabin lots, 6 club sites, and 56 mobile home spaces. The appraiser must immediately notify the OVS Review Appraiser of any indications of rights contrary to these described. This may result in amended instructions.

Outstanding Rights

The appraiser must investigate for and promptly report additional or inaccurate encumbrances on the property to the OVS Review Appraiser. If the appraiser determines that either Extraordinary Assumptions or Hypothetical Conditions are required to address the known or unknown characteristics of the encumbrances, the appraiser will contact the OVS representative.

Permit Information

See Kansas Department of Wildlife, Parks & Tourism sample recreation cabin lot and mobile home space permits.

Personal Property

None.

Property Access

Physical

Publicly-maintained physical access is available to each lot.

Legal

Legal access is available to each lot.

Larger Parcel

This assignment does not apply as defined by UASFLA.

Ownership/ Occupancy

Ownership of the property resides with the United States of America, under the control of the Bureau of Reclamation. The sites are managed by the Kansas Department of Wildlife, Parks & Tourism.

Tenancy

Each site/space is under a long-term permit with the Kansas Department of Wildlife, Parks & Tourism that will expire on May 31, 2017.

Owner Contact Information

Upon award, Attachment D.2 (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:

1. Lovewell – Statement of Work
2. Lovewell – Location Map
3. Lovewell – Lot Map
4. Lovewell – Cabin/Club Lot Aerial
5. Lovewell – Mobile Home Aerial Space Map
6. Lovewell – Cabin/Club Lot Survey
7. Lovewell – Cabin Lots 1-10
8. Lovewell – Cabin Lots 11-20
9. Lovewell – Cabin Lots 21-29
10. Lovewell – Cabin Lots 31-39
11. Lovewell – Cabin Lots 40-49
12. Lovewell – Cabin Lots 53-59
13. Lovewell – Cabin Lots 59 and 60
14. Lovewell – Cabin Lot Surveys
15. Lovewell – Sample Recreation Cabin Lot Permit
16. Lovewell – Sample Recreation Mobile Home Space Permit
17. Lovewell – Sample Dock/Mooring Permit
18. Lovewell – Water District Line Map

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

- D.2 Lovewell - Contacts

SECTION 2 – Appraisal Requirements & Instructions

Appraisal Standards

The DOI appraisal policy manual notes that for purposes of consistency, all appraisals prepared for OVS will conform to UASFLA as to form. Therefore, appraisal standards that apply are:

1. Uniform Standards of Professional Appraisal Practice (USPAP)
2. Uniform Appraisal Standards for Federal Land Disposals (UASFLA) - with the exception of the Larger Parcel.

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, 6th Edition (Appraisal Institute, 2015), p.140]

Date of Value

The date of value is the date of the last property inspection, which must be no later than 30 calendar days prior to the submission of the completed appraisal report, unless the OVS Review Appraiser approves in advance other conditions in writing.

Extraordinary Assumptions (EAs)

None. The appraiser may not assume or invoke any Extraordinary Assumptions without documented approval from the OVS Review Appraiser and obtain prior written approval to employ any such conditions.

Hypothetical Conditions (HCs)

The appraiser may not assume or invoke any additional Hypothetical Conditions without documented approval from the OVS Review Appraiser and obtain prior written approval to employ any such conditions with the exception of the following:

The sites are improved with cabins, mobile homes, and various site improvements. The appraiser is to assume, as a Hypothetical Condition, that the lots are vacant and available.

Jurisdictional Exceptions (JEs)

The Review Appraiser will allow a jurisdictional exception for the USPAP requirement of an exposure period estimate that is in conflict with UASFLA. If the appraiser decides to invoke USPAP's Jurisdictional Exception for any additional item to comply with law or UASFLA regulation, he/she must contact the OVS 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 market properties used in direct comparison, unless the OVS Review Appraiser has approved other conditions in writing.

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

Pre-Work Meeting

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

Controversies/Issues

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

Legal Instructions

None.

Special Appraisal Instructions

Even though communication is encouraged with the property owner and the client agency, only the assigned OVS Review Appraiser can modify the appraisal instructions (in writing). The appraiser may not communicate assignment results to any party except OVS until authorized to do so in writing by OVS.

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

In arriving at the market rent for the individual lots/spaces, the appraiser may incorporate either or both the direct comparisons of comparable rents of similar properties or the application of the Sales Comparison Approach to estimate the retail value of the individual sites and then apply a rate of return to the concluded market values. The applied rate of return must be supported by the marketplace.

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 OVS Statement of Work, other assignment instructions, and engagement letter must be included in the Addendum to the appraisal report.
3. All appraisals complying with UASFLA must conform to the sequence and content outlined in UASFLA, Appendix A and B.
4. Both appraisal documents are to be prepared as "Appraisal Reports" as defined by USPAP. In addition, the appraisal reports are expected to be prepared and documented in a manner that is consistent with UASFLA Appendix B - Recommended Format for Federal Appraisal Reports

(with the exception of the “before” and “after” methodologies that are not applicable for this assignment).

5. To comply with UASFLA Section page 9, which states that a report prepared in accordance with UASFLA will be considered as meeting the USPAP requirements for a Self-Contained Report, it is understood that as of January 2014, USPAP changed such terminology and replaced it with the term “Appraisal Report.” Recognizing the vague distinction possibilities, the appraisal report should be consistent with the expectations of the formerly described self-contained appraisal in terms of completeness, adequacy, and reasonableness.
6. Color photographs and maps of comparable properties shall be included in the appraisal report. OVS 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.
7. 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.
8. The appraisal report is required to include adjustment grids/tables demonstrating either quantitative or qualitative adjustments for Market Data 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. Appraisers without a complete understanding of fundamental statistical concepts must not rely on regression analysis techniques to extract adjustments for the sales comparison approach. Without a discussion of how each comparable sale property relates to the subject property and a statistical interpretation of the validity of the results, applying a regression analysis to a large sample data set is not acceptable
10. OVS will not normally accept custody of confidential information. Should the appraiser find it necessary to rely on confidential information, he/she will contact the OVS 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.

11. While the public is 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.
12. If including any proprietary information in the appraisal, the appraiser must gain concurrence from the OVS Review Appraiser and deliver the proprietary information in a separate binder.
13. When the appraiser has performed any services regarding the subject property within three prior years, he/she must disclose this in the bid proposal.

SECTION 3 - Performance & Submission Requirements

The appraiser must address any questions regarding the appraisal instructions and/or technical requirements of the appraisal to the OVS Review Appraiser. Attachment D.2 of the contract award will identify the OVS Review Appraiser and his/her contact information.

The Target Period of Performance for the delivery of the initial appraisal report to the OVS Review Appraiser is 75 calendar days from the Date of Award. Contractors must provide the appraisal services within the performance period specified.

Deliverable/Task Schedule

REQUIRED DELIVERABLES	NOTES & DELIVERY DATES
Pre-Work Meeting	• To be determined, if necessary
Subject Property Inspection	• Coordinate with BOR representative and OVS Review Appraiser
Initial Appraisal Report	• 75 days from contract award date. The appraiser will submit one (1) signed electronic copy of the appraisal report for review by OVS.
Review Period & Comments Provided to Appraiser	• 10 days after the Appraisal is received
Final Appraisal Report	• 10 days after the Review is completed. Once the report is accepted by OVS, the appraiser will submit

Reclamation
Great Plains Region

Lovewell Reservoir
Recreational Cabin/Mobile Home Sites
Market Rent Analysis
Jewell County, Kansas

MIS # R16020
July 18, 2016

three (3) signed hard copy originals of the report for
final review and a CD with a PDF of the appraisal.

Instructions for Quote Preparation - See Section E of RFQ

Evaluation Factors for Award - See Section F of RFQ

Invoice Requirements - See Section B "Contract Administration Data"

Lovewell Draft Cabin Permit
APPENDIX A:
KANSAS DEPARTMENT OF WILDLIFE, PARKS AND TOURISM
RECREATION CABIN LOT PERMIT

 Lovewell State Park

Permit #: _____

This agreement made and entered into this 9th day of February , 20 16 , between Kansas Department of Wildlife, Parks and Tourism 512 SE 25th Ave. Pratt, KS 67124, party of the first part and hereinafter called the Department; and _____, party of the second part and hereinafter called the Permittee, allows the Permittee to maintain a cabin on the premises described below in accordance with the conditions of this permit.

Cabin Lot No. , located in the Northeast 1/4 (NE1/4) of
Section Two (2), Township Two (2) South, Range Seven (7)
West of the 6th Principal Meridian, Jewell County Kansas

This permit is granted subject to the following provisions and conditions:

1. TERM OF PERMIT - The permit for the premises described shall be for the period from _____, 20__ to _____, _____ inclusive, unless sooner terminated as hereinafter provided.
2. RENEWAL OF PERMIT - The Permittee has an option to renew this permit for additional periods of five years, subject to the following terms and conditions:
 - a) All permits are for a five year term or less, respective to expiration dates listed in section 2C.
 - b) Permittee will have the option to renew the permit in five year increments until the termination of the Department's lease with Reclamation (see section 2c and 2d).
 - c) Expiration date is 5-31-2017, as applicable.
 - d) All permits issued by the Department terminate upon the date of termination of their ease with Reclamation, which Reclamation, which currently expires on May 31, 2017.
 - e) Failure to renew a permit within 60 calendar days after the expiration date will result in permit termination.
3. ANNUAL RENTAL FEE - The Permittee shall pay to the Department an annual rental fee for the premises as follows:
 - a) The sum of \$274.04 is due by the 1st day of January of each year during the term of the permit as required by KAR 115-2-6.
 - b) The annual rental fee is subject to adjustment as a condition of granting a five-year renewal to this permit.
 - c) As required by KAR 115-2-6, at the conclusion of each five year term, the Department shall adjust the annual rental rate by adding together the total rise or fall of the Consumer Price Index for the preceding five year term and applying it against the preceding five year rent. This amount shall be calculated simply, not compounded within the five year term utilizing the following equation and definitions:

$$\frac{\text{Previous Annual Fee}}{(\text{Previous CPI})} = \frac{(\text{New CPI})}{\text{Annual Fee}} \times \text{Annual Fee}$$

i. "CPI" means the "consumer price index for all urban consumers" (CPI-U) for the midwest region average for all items, 1993-1995 = 100, as published in the "CPI detailed report" by the bureau of labor statistics of the U.S. department of labor.

ii. "Previous Annual Fee" means \$249.05 for the recalculation of the annual fee on January 1, 2013, and for each recalculation thereafter means the annual fee calculated five years previous to the new calculation, using the equation in subsection (b).

iii. "New CPI" means the CPI on July 1 immediately preceding the January 1 date for a newly_calculated annual fee.

iv. "Previous CPI" means the CPI on July 1, 1998 for the recalculation of the annual fee on January 1, 2003, the CPI on July 1, 2002 for the recalculation of the annual fee on January 1, 2008, and the CPI on July 1, 2007 for the recalculation of the annual fee on January 1, 2013.

d) The annual rental fee is due and payable to:
Lovewell State Park 2446 250 Road Webber, KS
66970

e) Non-payment within 30 calendar days of the due date will result in a delinquent payment, resulting in a surcharge of \$50 upon written notification from the Department. Non-payment within 60 calendar days of the due date will result in permit termination.

f) The Permittee forfeits any rights to a refund of annual payment if permit is assigned, transferred, or terminated.

4. ASSIGNMENT OF PERMIT - Neither this permit nor any interest therein shall be assigned by the Permittee, without the written consent of the Department as follows:

a) Payment must be made to the Department in the sum of Twenty-Five Dollars (\$25) to cover the expense of approving such assignments.

b) Once the assignment is approved by the Department, the Permittee may sell improvements constructed by Permittee on said premises to the assignee of said permit.

5. TERMINATION OF PERMIT - This permit shall terminate and all rights of the permit shall cease, and the Permittee shall deliver to the Department possession of the described premises under the following conditions:

a) At the expiration of the term as provided in Sections 1 and 2.

b) Each term of this permit is material and Permittee's failure to remedy a breach of this permit to the Department's satisfaction within thirty (30) calendar days of receiving written notice of the breach shall be grounds for termination of the entire permit by the Department. The Department may terminate the permit as provided in Section 16.

c) This permit shall be deemed breached if Permittee files a petition in bankruptcy or insolvency or for reorganization under any bankruptcy act, if voluntary proceedings under any bankruptcy or insolvency act are instituted against Permittee, or if a trustee or receiver is appointed of any property of Permittee.

d) The Department retains the right to terminate the permit without notice and without liability for damages in the event the Department finds that its continued operation represents an immediate threat to health, safety, or welfare of the public.

- e) The Department may terminate the permit upon relinquishment of its lease with the U.S.D.I. Department to pay any compensation or damage to Permittee except as expressly provided in this permit.
- f) Permittee shall, within ninety (90) days after termination of this permit for any cause, remove from the premises all of its facilities, goods, buildings and effects; and upon its failure to do so, at the Department's option, the Department may cause such removal to be made at the cost and expense of the Permittee, or the Department may, with Reclamation approval, leave the facilities and the Reclamation assume ownership; the Department shall have a lien thereon for cost and expense of such removal of said property, goods, buildings and effects.
- g) The Permittee shall, at their expense, relinquish possession of premises to the Department at the termination of this permit in a condition equivalent to that in which it was originally received, the effects of normal wear and tear considered.
- h) When a cabin lot is relinquished to the Department, all facilities, goods, buildings, and effects will be removed by the owner and the premises will be returned in the condition that it was originally received at the owner's expense within 90 calendar days upon relinquishment. If the Permittee fails to do so, then at the Department's option, the Department may have all facilities, goods, buildings, and effects removed and the premises returned to its original condition at the cost and expense of the permittee resulting in a lien thereon for the associated costs and expenses or the Department may, with Reclamation approval, leave as is and the Reclamation assume ownership for utilization in area operations.
 - i) In the event of the termination of the Lease between the United States and the State of Kansas dated May 31, 1967, the United States shall be deemed to stand in the stead of said Department as grantor for the remainder of the term of this recreation cabin lot permit; provided however, in the event of such termination, the United States at any time within 90 days thereafter may terminate this recreation cabin lot permit by giving to the recreation cabin lot permittee 60 days written notice thereof and in such event recreation cabin lot permittee shall have the privilege of selling or removing for a period of 30 calendar days after termination of this recreation cabin lot permit or such longer period as may be determined by the Bureau of Reclamation to be reasonable, improvements which have been constructed on the premises at the sole cost or expense of the recreation cabin lot permittee. Full title to those improvements if not so sold or removed within the above said 90-day period shall vest in the United States. Improvements sold shall be removed from the premises within the said 90 day period or title there to shall also so vest in the United States, unless the United States in writing shall authorize the purchaser to leave said improvements in place or shall in writing grant an extension of the 90-day period. Upon removal of improvements the lands shall be leveled and restored to a safe and natural condition.

6. OWNERSHIP/SUBPERMITTING:

- a) Subpermitting or renting of a cabin lot or cabin is not allowed.
- b) An individual can only hold permit to one cabin lot at a time.
- c) The premises covered by the permit shall not be used for concessions or other commercial purposes.

7. LOT BOUNDARIES/ENCROACHMENT:

- a) If lot boundaries need to be delineated and maintained beyond existing maps and boundary
- b) Facility encroachments beyond lot boundaries are not allowed without prior written approval

8. CONSTRUCTION SPECIFICATIONS - All improvements require prior written Department approval as follows:

- a) A Lot Improvement Permit Application and detailed drawings showing proposed construction of improvements shall be submitted to the Department for approval prior to actual construction, as required by KAR 115-8-20. A floor plan and cabin plot plan showing location

of all proposed improvements will be required. These sketches or drawings should be near enough to scale to adequately determine the general appearance and layout. The type of building materials which the Permittee proposes to use for the construction of the buildings shall be indicated on the drawings.

- b) All buildings/improvements will be set back a minimum of ten (10) feet from the side and back lot lines and a minimum of twenty (20) feet from the front lot line.
- c) All materials utilized in maintenance or construction require prior written Department approval and must be of natural colors and blend with the environment.
- d) It is the responsibility of the Permittee to insure that all improvements meet local building codes.
- e) No structures other than waterfront facilities will be constructed below flood pool level.

9. WATER/SEWAGE/TRASH:

- a) Permittee is responsible for providing, at permittee's own expense, water supply, sewage system, and trash removal.
- b) Water supply and sewage disposal systems will meet Kansas Department of Health and Environment and local health requirements and a scaled drawing as indicated in construction specifications must have prior written Department approval as required by KAR 115-8-20.
- c) Permittee's trash will be removed and disposed of properly as required by county regulations and not deposited on Department lands as stated in KAR 115-8-20b.

10. LANDSCAPE MAINTENANCE:

- a) Lots will be mowed regularly and noxious weeds will be controlled, utilizing Department approved herbicides, by Permittee as conditions warrant or as required by the Department to provide an aesthetic appearance and to reduce fire hazards.
- b) Placement and removal of trees and shrubs by Permittee requires prior written Department approval as required in KAR 115-8-20.

11. WATERFRONT FACILITIES:

- a) Cabin Lot Permittees can have waterfront facilities with prior written Department approval, in the form of a Boat Dock/Mooring Facility Permit or other special use permit as required.
- b) Specific terms and conditions associated with docks/mooring facilities are outlined in the permit.
- c) All waterfront facilities will be accessible to the public.

12. ROADS:

- a) The only roads open for public use and private cabin lot access are those designated on
- b) All designated public access roads adjacent to or through cabin areas to shoreline and waterfront facilities will be open to public use.
- c) All designated private cabin lot access roads will be open to private cabin lot permittees, limiting public access to non-vehicular only.
- d) Private lot driveways will not be open to public access.
- e) No new roads will be created without prior written Department approval as required in KAR 115-8-16.
- f) Permittees may conduct additional road maintenance with prior written Department approval as required in KAR 115-8-20.
- g) The Department will maintain (except for snow removal), to its specifications, all designated public access roads and parking areas.
- h) Permittee is responsible for maintenance of private cabin lot access roads and private driveways to their specific lot.

13. MOTOR VEHICLES:

- a) All motor vehicles used on designated public access roads or in designated public access areas must be registered and licensed as required by KSA 8-127.
- b) Motor vehicle use is restricted to open, maintained roadways and parking areas as required in KAR 115-8-13.

14. PARK PERMITS:

- a) Park vehicle permits will be required to utilize designated public access areas, roads and facilities between the cabin lots and the shoreline, as stated in KSA 32-901, KAR 115-2-2, and KAR 115-2-3.
- b) These areas will be properly signed, but no self-pay stations will be installed.

15. SIGNS:

- a) The permittee will not install any signs without prior written Department approval as required by KAR 115-8-20.
- b) The Department will install and maintain signs in accordance with the park's sign plan to reflect area use.
- c) The Department may install and maintain signs requested by permittees that enhance and protect area use and resources.

16. NON-COMPLIANCE:

- a) One severe or flagrant non-compliance incident within the permit term may result in termination of the permit.
- b) Three non-compliance incidents within the permit term will result in termination of permit.

17. MISCELLANEOUS:

- a) The park manager is authorized, as the Department's representative, to oversee all matters pertaining to cabin areas and to sign all cabin related documents in the name of the
- b) Cabins cannot be utilized as a permanent residence.
- c) No livestock grazing or stabling of domestic animals will be allowed.
- d) Pets shall be controlled at all times by using one of the following methods: (1) hand-held lead, not more than ten feet in length; (2) tethered chain or leash not more than ten feet in length, provided that the pet is under the direct supervision of and control by the owner, or (3) confined to a cage, pen, vehicle, trailer, or cabin.
- e) The Department of Wildlife, Parks and Tourism Public Lands Regulations are applicable to all cabin areas and lots, as well as to the users of these properties.
- f) Permittee assumes all duties and rights of the Department to and from the United States Bureau of Reclamation and shall indemnify the Department for any liability or responsibility which the Department might incur to the United States Bureau of Reclamation by virtue of this permit.
- g) Permittee shall hold the Department, its officers, agents, and employees harmless from and shall defend and indemnify the Department from and against all liability for injuries to or death of persons or damage to property or damages arising from liens or claims of any nature resulting from shall defend and indemnify the Department from and against all liability for injuries to or death of persons or damage to property or damages arising from liens or claims of any nature resulting from the use and operation of the premises, or the construction, modification, alteration, or repair of any improvements by Permittee upon the premises.
- h) This recreation cabin lot permit is expressly subject to that certain lease dated *May 31, 1967* and any and all modifications and amendments thereto, between the United States and the

State of Kansas, Department of Wildlife, Parks and Tourism and the Lovewell Management Plan thereunder, regarding the lease and development of specific areas of land at Lovewell Reservoir in Kansas. Said reservoir was constructed by the United States to irrigate lands and control floods or provide municipal and industrial water in the Republican River Basin, Kansas. The United States' control and administration on Lovewell Reservoir extends solely to irrigation and dam uses. The Department has exclusive control and administration over the leased premises as to fish and wildlife, recreation and related purposes. Recreation Cabin Lot Permittee releases the United States and the Kansas-Bostwick Irrigation District, its successors, assigns, officers, directors, agents and employees (hereinafter collectively called the District) from any and all claims arising directly or indirectly from any acts of neglect or the omission of the United States and/or of said District and each of them in connection with the construction, operation and maintenance of dam and irrigation project works. The recreation cabin lot Permittee agrees to indemnify and hold the United States and the District harmless from any loss, damage or expense (including attorney fees) which may be suffered by the United States, the District, or either of them, directly or indirectly occasioned by any act, neglect or omission of said recreation cabin lot permittee.

- i) The terms and conditions of this permit may be modified in writing by mutual consent of the Department and Permittee. The Department may grant reasonable extensions of time to Permittee in which to perform any obligation under this permit. No modification or waiver by either the Department or Permittee of any term or condition of this permit shall be deemed a continuing modification or waiver of the same term or condition. Waiver of any breach by either party shall constitute a waiver only as to such particular breach and not a waiver of any future breach.
- j) In the event of an emergency caused by vandalism, fire, wind, flooding, hail or acts of God, which threatens damage to the premises or harm to the public, the Department may act immediately to stop such emergency and prevent or mitigate any damage to the premises. The Department shall notify the Permittee of any action or repair undertaken by the Department due to emergency circumstances, and may require that the Permittee make further repairs necessitated by such emergency. Permittee shall reimburse the Department for all reasonable repairs made pursuant to this provision. The officers, agents, employees and permittees of the United States and the Department, at all times and places, have the right to full ingress for passage over and egress from all lands covered by this permit, for the purpose of carrying on operations of the United States and the Department.
- k) In connection with the performance of work undertaken by virtue of this permit, the Permittee agrees not to discriminate against any employee or applicant for employment because of race, color, national origin, religion, marital status, age, sex, handicap, or political affiliation. In carrying out this requirement, the Permittee agrees to comply with all provisions of the Kansas Act Against Discrimination (KSA 44-1001 et seq.), and all provisions of applicable federal and state laws relative to equal opportunity for all persons. The Permittee further agrees to include the foregoing provisions in all permits or subpermits in connection with any work undertaken by reason of this permit.

Signatures:

 Permittee #1

 Address

 Permittee #2

 Thane Loring
 Park Manager

Lovewell State Park

 2446 250 Road Webber, KS 66970
 Address

Address

Permittee #3

Date

Address
Contact Phone Number: _____

Lovewell Marina Recreation Mobile Home Space Permit

**LOVEWELL RESERVOIR; LOVEWELL MARINA
RECREATION MOBILE HOME SPACE PERMIT**

Lovewell State Park

Permit #: _____

This permit made and entered into this _____ day of _____, 20____, between Lovewell Reservoir, Lovewell Marina, Gary and Lyndell Charbonneau of Webber Kansas, party of the first part and hereinafter called the Concessionaire; and _____, party of the second part and hereinafter called the Permittee, allows the Permittee to maintain a Mobile Home on the premises described below in accordance with the conditions of this permit as required and stipulated in the Concessionaire's contract with Kansas Department of Wildlife and Parks, party of the third part and hereinafter called the Department.

Mobile Home Space No. _____, located in the Southwest Quarter (SW1/4) of
Section Six (6), Township Two (2) South, Range Six (6)
West of the 6th Principal Meridian, Jewell County Kansas

This permit is granted subject to the following provisions and conditions:

1. TERM OF PERMIT - The Permit for the premises described shall be for the period from _____, 20____ to _____, _____ inclusive, unless sooner terminated as hereinafter provided.
2. RENEWAL OF PERMIT - The Permittee has an option to renew this permit for additional periods of five years, subject to the following terms and conditions:
 - a) All permits are for a five year term or less, respective to expiration dates listed in section 2C.
 - b) Permittee will have the option to renew the permit in five year increments until the termination of the Department's lease with Reclamation (see section 2c).
 - c) Expiration dates are, 12-31-2001, 12-31-2006, 12-31-2011, 12-31-2016 as applicable.
 - d) Permit terms and conditions may be changed at the end of each five year increment.
 - e) All permits will terminate when Concessionaire's contract with the Department expires on December 31, 290 _____ December 31, 2016, unless otherwise determined by the Department.
 - f) Failure to renew a permit within 60 calendar days after the expiration date will result in permit termination.

ANNUAL RENTAL FEE - The Permittee shall pay to the Concessionaire an annual rental fee for the premises as follows:

- a) The sum of \$500.00 is due by the 1st day of April of each year during the term of the permit.
- b) The annual rental fee is subject to adjustment as a condition of granting a five-year renewal to this permit.
- c) The annual rental fee is due and payable to:
_____ Lovewell Reservoir, Lovewell Marina _____ 2400 250 Road Webber, KS
66970

Non-payment within 30 calendar days of the due date will result in a delinquent payment, resulting in a fine of \$50 upon written notification from the concessionaire. Non-payment within 60 calendar days of the due date will result in permit termination.

The Permittee forfeits any rights to a refund of annual payment if permit is assigned, transferred, or terminated.

4. ASSIGNMENT OF PERMIT - Neither this permit nor any interest therein shall be assigned by the Permittee, without the written consent of the Concessionaire as follows:

a) Payment must be made to the Concessionaire in the sum of Twenty-Five Dollars (\$25) to cover the expense of approving such assignments.

b) Once the assignment is approved by the Concessionaire, and a new permit is signed, the Permittee may sell mobile home and improvements on said premises to the new assignee of said permit.

5. TERMINATION OF PERMIT - This permit shall terminate and all rights of the permit shall cease, and the Permittee shall deliver to the Concessionaire possession of the described premises under the following conditions:

a) At the expiration of the term as provided in Sections 1 and 2.

b) Each term of this permit is material and Permittee's failure to remedy a breach of this permit to the Concessionaire's satisfaction within thirty (30) calendar days of receiving written notice of the breach shall be grounds for termination of the entire permit by the Concessionaire. The Concessionaire may terminate the permit as provided in Section 16.

This permit shall be deemed breached if Permittee files a petition in bankruptcy or insolvency or for reorganization under any bankruptcy act, if voluntary proceedings under any bankruptcy or insolvency act are instituted against Permittee, or if a trustee or receiver is appointed of any property of Permittee.

The Department retains the right to terminate the permit without notice and without liability for damages in the event the Department finds that its continued operation represents an immediate threat to health, safety, or welfare of the public. The Concessionaire may terminate the permit upon relinquishment of the marina concession contract with the Department, or the Department's relinquishment of the Bureau of Reclamation. The Concessionaire shall give Permittee sixty (60) calendar days written notice prior to such termination. Such termination shall not constitute a breach of this permit and shall not obligate the Concessionaire or the Department to pay any compensation or damage to Permittee except as expressly provided in this permit.

f) Permittee shall, within ninety (90) days after termination of this permit for any cause, remove from the premises all of its facilities, goods, buildings and effects; and upon its failure to do so, at the Concessionaire's or the Department's option, the Concessionaire or the Department may cause such removal to be made at the cost and expense of the Permittee, or the Department may leave the facilities and assume ownership; the Department shall have a lien thereon for cost and expense of such removal of said property, goods, buildings and effects.

g) The Permittee shall, at permittee expense, relinquish possession of premises to the Concessionaire or the Department at the termination of this permit in a condition equivalent to that in which it was originally received, the effects of normal wear and tear considered.

h) When a mobile home space is relinquished to the Concessionaire or the Department, all facilities, goods, buildings, and effects will be removed by the owner and the premises will be returned in the condition that it was originally received at the owner's expense within 30 calendar days upon relinquishment. If the Permittee fails to do so, then at the Concessionaire's or the Department's option, the Concessionaire or Department may have all facilities, goods, buildings, and effects removed and the premises returned to its original condition at the cost and expense of the permittee resulting in a lien thereon for the associated costs and expenses or the Concessionaire or the Department may leave as is and assume ownership for utilization in Concessionaire operations.

i) In the event of the termination of the Lease between the United States and the State of Kansas dated May 31, 1967, the United States shall be deemed to stand in the stead of said Department and Concessionaire as grantor for the remainder of the term of this recreation mobile

home space permit; provided however, in the event of such termination, the United States at any time within 90 days thereafter may terminate this recreation mobile home space permit by giving to the recreation mobile home space permittee 60 days written notice thereof and in such event recreation mobile home space permittee shall have the privilege of selling or removing for a period of 30 calendar days after termination of this recreation mobile home space permit or such longer period as may be determined by the Bureau of Reclamation to be reasonable, improvements which have been constructed on the premises at the sole cost or expense of the recreation mobile home space permittee. Full title to those improvements if not so sold or removed within the above said 90-day period shall vest in the United States. Improvements sold shall be removed from the premises within the said 90 day period or title there to shall also so vest in the United States, unless the United States in writing shall authorize the purchaser to leave said improvements in place or shall in writing grant an extension of the 90-day period. Upon removal of improvements the lands shall be leveled and restored to a safe and natural condition.

OWNERSHIP/SUBPERMITTING:

- a) Subpermitting or renting of a mobile home space or mobile home is not allowed.
- b) An individual can only hold permit to one mobile home space at a time.
- c) The premises covered by the permit shall not be used for concessions or other commercial purposes.

CONSTRUCTION SPECIFICATIONS - All improvements require prior written Department approval as follows:

- a) Detailed drawings utilizing the ***Lot Improvement Permit Application*** and showing proposed construction of improvements shall be submitted to the Department, via the concessionaire, for approval prior to actual construction, as required by KAR 115-8-16. A design plan and mobile home lot plan showing location of all proposed improvements will be required. These sketches or drawings should be near enough to scale to adequately determine the general appearance and layout. The type of building materials which the Permittee proposes to use for the construction of the buildings shall be indicated on the drawings.
- b) All /improvements will be set back a minimum of ten (10) feet from adjacent mobile homes, or as otherwise directed by local codes.
- c) All materials utilized in maintenance or construction require prior written Department approval and must be of natural colors and blend with the environment.
- d) It is the responsibility of the Permittee to insure that all improvements meet local building codes.
- e) No structures other than waterfront facilities will be constructed below flood pool level.

9. WATER/SEWAGE/TRASH:

- a) Permittee is responsible for providing, at their own expense, water supply and sewage system.
- b) Water supply and sewage disposal systems will meet KDHE and local health requirements and a scaled drawing as indicated in construction specifications must have prior written Department approval as required by KAR 115-8-16.

Permittee's household trash will be removed and disposed of properly at Department dumpster locations. Building materials, appliances, hazardous waste and all other solid waste materials will be removed and disposed of properly as required by county regulations. As stated in KAR 115-8-18, no such materials will be deposited on Department lands.

LANDSCAPE MAINTENANCE:

- a) Spaces will be mowed regularly and noxious weeds will be controlled, utilizing Department approved herbicides, by Permittee as conditions warrant or as required by the Department to provide an aesthetic appearance and to reduce fire hazards.
- b) Placement and removal of trees and shrubs by Permittee requires prior written Department approval as required in KAR 115-8-20.

WATERFRONT FACILITIES:

- a) Mobile Home Space Permittees can have waterfront facilities with prior written Department approval, in the form of a **Boat Dock/Mooring Facility Permit** or other special use permit as required.
- b) Specific terms and conditions associated with docks/mooring facilities are outlined in the permit.
- c) All waterfront facilities will be accessible to the public.

ROADS:

- a) the Department will maintain (except for snow removal), to its specifications, all area roads and parking areas.
- b) All designated access roads through mobile home areas and to waterfront facilities will be open to public use. The only roads open for public use are those designated on Department maps as stated in KAR 115-8-13.

No new roads will be created without prior written Department approval as required in KAR 115-8-16.

Permittees may conduct additional road maintenance with prior written Department approval as required in KAR 115-8-16.

Permittee is responsible for maintenance of private driveways to their specific space.

MOTOR VEHICLES:

- a) All motor vehicles must be registered and licensed as required by KSA 8-127.
- Motor vehicle use is restricted to open, maintained roadways and parking areas as required in KAR 115-8-13.

PARK PERMITS:

- a) Park vehicle permits will be required to utilize the park area roads and mobile home spaces, as stated in KSA 32-901, KAR 115-2-2, and KAR 115-2-3.
- b) Public camping units will be allowed to camp in permittee's vehicle parking area, but only with the permittee's approval and with current state park camping permits as required by KAR115-8-9.

SIGNS:

- a) The permittee will not install any signs without prior written Department approval as required by KAR 115-8-16.
- b) The Department will install and maintain signs in accordance with the park's sign plan to reflect area use.
- c) The Department may install and maintain signs requested by permittees that enhance and protect area use and resources.

NON-COMPLIANCE:

- a) One severe non-compliance incident within the permit term may result in termination of the permit.
- b) Three non-compliance incidents within the permit term will result in termination of the permit.

MISCELLANEOUS:

- a) The park manager is authorized, as the Department's representative, to oversee all matters pertaining to mobile home areas and to sign all mobile home related documents in the name of the Department with the exception of encroachments, which require approval by the Secretary of the Department.
- b) Mobile homes cannot be utilized as a permanent residence.
- c) No livestock domestic animals will be allowed.
- d) Pets shall be controlled at all times by using one of the following methods: (1) hand-held lead, not more than ten feet in length; (2) tethered chain or leash not more than ten feet in length, provided that the pet is under the direct supervision of and control by the owner, or (3) confined to a cage, pen, vehicle, or mobile home.

e) The Department of Wildlife and Parks Public Lands Regulations are applicable to all mobile home areas and lots, as well as to the users of these properties.

f) Permittee assumes all duties and rights of the Department/Concessionaire to and from the United States Bureau of Reclamation and shall indemnify the Department/Concessionaire for any liability or responsibility which the Department/Concessionaire might incur to the United States Bureau of Reclamation by virtue of this permit.

g) Permittee shall hold the Concessionaire, the Department, its officers, agents, and employees harmless from and shall defend and indemnify the Concessionaire and the Department from and against all liability for injuries to or death of persons or damage to property or damages arising from liens or claims of any nature resulting from the use and operation of the premises or the construction, modification, alteration, or repair of any improvements by Permittee upon the premises.

h) This recreation mobile home space permit is expressly subject to that certain lease dated *May 31, 1967* and any and all modifications and amendments thereto, between the United States and the State of Kansas, as lessee (Department), and the Lovewell Management Plan thereunder, regarding the use and development of specific areas of land at Lovewell Reservoir in Kansas. Said reservoir was constructed by the United States to irrigate lands and control floods or provide municipal and industrial water in the Republican River Basin, Kansas. The United States' control and administration on Lovewell Reservoir extends solely to irrigation and dam uses. The Department has exclusive control and administration over the leased premises as to fish and wildlife, recreation and related purposes. Recreation cabin lot Permittee releases the United State and the Kansas-Bostwick Irrigation District, its successors, assigns, officers, directors, agents and employees (hereinafter collectively called the District) from any and all claims arising directly or indirectly from any acts of neglect or the omission of the United States and/or of said District and each of them in connection with the construction, operation and maintenance of dam and irrigation project works. The recreation mobile home space permittee agrees to indemnify and hold the United States and the District harmless from any loss, damage or expense (including attorney fees) which may be suffered by the United States, the District, or either of them, directly or indirectly occasioned by any act, neglect or omission of said recreation mobile home space permittee.

i) The terms and conditions of this permit may be modified in writing by mutual consent of the Concessionaire, the Department and Permittee. The Concessionaire, with Department written approval, may grant reasonable extensions of time to Permittee in which to perform any obligation under this permit. No modification or waiver by either the Concessionaire, the Department or Permittee of any term or condition of this permit shall be deemed a continuing modification or waiver of the same term or condition. Waiver of any breach by either party shall constitute a waiver only as to such particular breach and not a waiver of any future breach.

j) In the event of an emergency caused by vandalism, fire, wind, flooding, hail or acts of God, which threatens damage to the premises or harm to the public, the Concessionaire or the Department may act immediately to stop such emergency and prevent or mitigate any damage to the premises. The Concessionaire or the Department shall notify the Permittee of any action or repair undertaken by the Concessionaire or the Department due to emergency circumstances, and may require that the Permittee make further repairs necessitated by such emergency. Permittee shall reimburse the Concessionaire or the Department for all reasonable repairs made pursuant to this provision. The officers, agents, employees and permittees of the United States, the Department, and the Concessionaire, at all times and places, have the right to full ingress for passage over and egress from all lands covered by this permit, for the purpose of carrying on operations of the United States, the Department, and Concessionaire.

k) In connection with the performance of work undertaken by virtue of this permit, the Permittee agrees not to discriminate against any employee or applicant for employment because of race, color, national origin, religion, marital status, age, sex, handicap, or political affiliation. In carrying out these requirements, the Permittee agrees to comply with all provisions of the Kansas Act Against Discrimination (KSA 44-1001 et seq.), and all provisions of applicable federal and state laws relative to equal opportunity for all persons. The Permittee further agrees to include the foregoing provisions in all permits or subpermits in connection with any work undertaken by reason of this permit.

Permittee (Type or Print)
Permit #

Address

Phone #

Date

Permittee Signature
Concessionaire Signature

Lovewell Dock Mooring Permit

KS DEPT. of WILDLIFE, PARKS & TOURISM – BOAT DOCK/MOORING FACILITY PERMIT

LOCATION: _____ Reservoir Permit # _____
TERM: From – _____ Cabin Lot# _____
 To – _____ Date of Approval: _____

Please Complete: Permit Fee: \$25.00
Name: _____ Existing Dock: _____
Address: _____ New: _____
City: _____ State: _____ Zip: _____

PURPOSE: To provide access and placement of a floating or permanent dock/mooring facility on Cedar Bluff Reservoir.

CONDITIONS:

1. This special use permit provides the cabin/mobile home lot owner the privilege of placing and maintaining a floating or permanent dock/mooring facility as outlined in the remaining conditions; therefore, this permit will be accessed and renewed annually as required by KAR15-2-6.
2. Dock/mooring facility construction specifications and site plan will be submitted and approved by the area manager as required by KAR15-8-16 before the permit will be granted and is attached for reference.
3. Permittees will be limited to one (1) floating dock or mooring slip per permit (more than one mooring slip may be on a dock). Several permittees may coordinate to build one dock slip several slips, but the number of slips may not exceed the number of permittees involved.
4. Dock/mooring facility and cabin will be clearly identified with a number corresponding to the cabin lot number. For docks, the number will be placed in two locations so that it is clearly visible from both the shore and from the water. For cabins, the number will be placed on the front of the cabin, visible from the road. Numbers shall be in block characters of good proportion, not less than three (3) inches in height, and in a color that contrasts with the background it is placed on, and either dark numbers on a light background or light numbers on a dark background.
5. **FLOATING DOCK/MOORING FACILITY SPECIFICATIONS:**
 - ✘ No individual floating dock or slip may exceed 200 square feet. Docks with multiple slips may exceed 200 square feet as long as the total number of slips divided into the dock area does not exceed 200 square feet.
 - ✘ Frames or superstructure and walkways will be of metal or wood. Metal frames must be galvanized or painted and welded or bolted together. Wood frames must be constructed of treated lumber and bolted or screwed together. Dock and walkway decks may be wood, concrete, plastic, or metal. Wood and metal docks will be treated or painted.
 - ✘ Floatation is limited to Styrofoam, plastic barrels filled with non-toxic foam, or aluminum pontoons filled with non-toxic foam as approved by the Corps of Engineers and Bureau of Reclamation. Barrels which have previously contained toxic materials are prohibited. No metal barrels are allowed on any part of the dock or walkway.
 - ✘ Floating docks can be secured with metal telescoping pipe driven into the lake bottom, or approved cement anchors. No dock moorings will be attached to vegetation along the shoreline.
 - ✘ Floating docks must be moved with increasing and decreasing water levels, to remain usable. Should water levels decrease to a point in which docks are not utilized for more than 90 days, the must be removed from the reservoir or lake unless otherwise approved by the area manager.
6. **PERMANENT DOCK/MOORING FACILITY SPECIFICATIONS:**

- ✗ A 404 permit from the Corps of Engineers, when applicable, is required prior to Department approval.
 - ✗ Facilities must be constructed on the shoreline and stabilized by concrete foundations.
 - ✗ Head walls and deck must be constructed of block, rock, or concrete.
 - ✗ Well covers will not have side or back walls, and the roof will not exceed a one to four pitch or extend more than seven feet above the deck surface.
 - ✗ No new storage buildings may be constructed as a part of the facility.
 - ✗ No structure may restrict or inhibit the shoreline view.
 - ✗ All structures must be an earth tone(s) color and blend into the shoreline.
7. Docks and mooring facilities must be maintained by permittee to prevent safety or environmental hazards to the reservoir, or any persons who may use the dock.
 8. Docks and mooring facilities may only be located at the site specified by this permit in the designated mooring area as required by KAR115-8-7.*
 9. Docks and mooring facilities will be inspected periodically by the area manager to ensure permit guidelines are being followed by the permittee. Any defects or non-conformity with these guidelines will be addressed in writing by the area manager, to the owner. The owner will have 30 days after written notice to comply with the set guidelines of the permit, or may be subject to termination by the Department. Any permittee who receives three or more written permit violation notices will be subject to termination by the Department.
 10. All docks, slips, and mooring facilities are available for public use.
 11. Termination of Department recreation cabin lot Permits or mobile home space Permits as outlined in respective Permits will result in the termination of this permit.
 12. Permittee shall have 30 days after termination of this permit to remove Permittee's dock/mooring facility from the reservoir. Failure to do so will result in the removal of said structure at the expense of the permittee.
 13. The terms and conditions of this permit may be modified at any time, in writing, by mutual consent of the Department and Permittee.

Dock's Total Square Feet _____

Construction Materials:

Dock and Walkway Frame: _____/Steel ___ Galvanized ___

Painted ___ Wood ___

Decking Material: _____

Floation Type: _____

List any repairs, maintenance or improvements completed in order to meet the conditions of this Boat Dock Permit Application:

Please provide a rough drawing of the existing floor plan and proposed location of your boat dock/mooring facility.

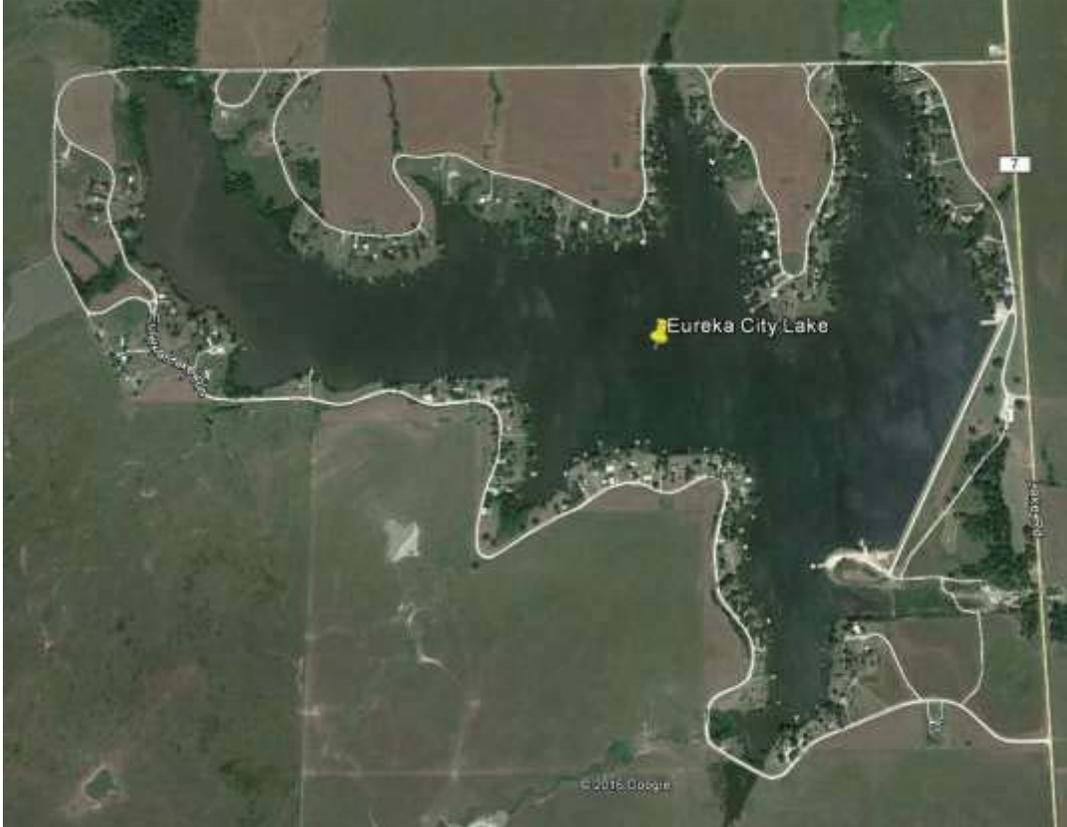
 Permittee signature

 Department signature

 Date

 Date

Market Rent Comp #1



Lot 97 Sold 03/01/2017 was offered at \$75,000. 0.76 acre w/t dock, 1,000 gal septic dump tank, shed, deck. Photo taken 01/26/2017 by ram.

Market Rent Comp #1

Property Identification City of Eureka Lake

Recreation Development Eureka Lake

Property Type Bare land

Address 4 miles north of City of Eureka along Eureka Lake Road,
Greenwood County, KS 67045

<u>Lot Type Mix</u>				
<u>Lot Type</u>	<u>No. of Lots</u>	<u>Size Acre</u>	<u>Rent/Year</u>	<u>Feature</u>
1	134	Varies	\$800	Mostly lake front
2				

Occupancy/Terms 100%, annual renewal, indefinitely, fee set by City Commission with concurrence from leaseholders that fee covers hard (maintenance) and soft (taxes/admin) cost. Rate is full cost only contains no profit component according to sources.

Total Lots 131 to 134 lots depending on source

Lot Description Both lake frontage and near lake configurations have views, majority enjoy lake frontage. Typical lot has building configuration containing stick built/mobile home, garage/shed and open/enclosed dock with single/multiple slips. Lot size range around one half acre to over two acres based on field drive by observations.

Lake/Area features Calculated 566.50 gross acres (land&water), 366.50 net acres (land) legally held in 23 city owned parcels. Some picnic areas with boat launches in rural country setting.

Avg. Rent/Lot \$800

Physical Data

Access Type Gravel and chip and seal along lot frontages.

Utilities Provided None. Individual sanitary dump tanks service some lots, some lots on septic with shared leach-field created by leaseholders.

Verification Renee Burk, City Clerk and Karen Simon at 620-583-6212 on 02/2016; Diane for Sunni Chapin, realtor at 620-583-0102, Jamie Clark, Appraiser, Greenwood County, 620-583-8131.

Comments

The City of Eureka sub-leases and manages leaseholds. According to verification sources, five or six sales occur each year transferring the personal property. Part of the process involves gaining Commissioners approval for transfer of the annual lease. The transfer cost is \$200. Westar Energy provides electricity and Rural Water District provides water along the frontage of each lot. Individual sanitary dump tanks service some lots, some lots on septic with shared leach-field created by leaseholders. Many of

these leach-fields are sited in city owned hay fields upslope and removed from the shoreline. Leaseholders constructed and maintain as required health standards required in city codes.

During research involving other appraisals and internet, sales discovered as listed below. Each sale involves a lot transfer during which the leaseholder agrees to an annual lease with a reported lifetime term of 99 years. A copy of a sample lease and list of recent transfers was requested and received. Sales prices are kept confidential. Activity regarding Lot 97 evidenced above was verified with Sundgren Realty the brokerage and owner of the lot. Property was transferred on 02/23/2017 after a one year listing period. County appraiser said rumor from a bank appraiser was lot sold for \$50,000.

Renee Burk, City Clerk between 02/16/2017 and on 3/2/2017 verified and provided the following lot transfers over the last year from her records as well as an example of an annual lease inserted into the addendum at the end of the report..

Street #	Lease Date/BkPg	Res. Size/Dock	P.P 2016 Value	Licensee
97	02/23/2017 Not Available Yet	None/Yes	\$18,960	McPeak, Craig/Rebecca
54	09/26/2016 0M97/0143	1,152/Yes	\$103,740	Barlett, Daniel/Cari
5,6,7	08/08/2016 M84/101	1,410/Yes	\$218,920	Turner, Jeffrey/Rhonda
8	07/11/16 0M96/0135	2,335/Yes	\$116,630	Novascone, Francis
106	06/13/2016 Christopher/Janice 0M97/0043	1,512/Yes	\$72,640	Grisham,
104	06/13/2016 M85/403	1,280/Yes	\$120,700	Gilson, Darin
113	04/25/2016 0M99/0491	1,681/Yes	\$89,260	Depinto, Michael

Screen Captures of Lot Transfers Comp #1



Lots 5, 6, & 7 ESRI©



Lot 8, from internet



Lot 54 ESRI©



Lots 104 and 106 ESRI©



Lot 113, ESRI©

Lake Eureka Lot License

THIS LICENSE is granted on this 14th day of November, 2016 by the City of Eureka, a Municipal Corporation, hereinafter referred to as the "City", and Scott Reid and Christina Elsen , hereinafter called the "licensee"(whether one or more persons).

The City is the owner of all or a portion of the following described real estate: sections 3,4, and 10, Township 25 South, Range 10 East, Greenwood County, Kansas, commonly known as Lake Eureka. The City has granted licenses for residential use of portions of the property generally described as lots.

The City hereby grants to Licensee a License on Lot 46 Lake Eureka subject to the terms and conditions in the applicable provisions of the City Code and resolutions adopted thereunder. This License shall be for an indefinite period commencing on November 14, 2016 subject to payment of annual rental and fees and compliance with the applicable provisions of the City Code and resolutions adopted thereunder; provided however, the City of Eureka reserves the right to non-renew this license at the conclusion of any license year in the event the governing body finds that its non-renewal will promote the health, safety or welfare of said City and its inhabitants.

The Licensee shall pay the City the annual lot rent established by the City governing body by resolution. The City shall give the Licensee notice of the amount of the lot rent for each subsequent year term not less than 30 days prior to July 1st of each year by mailing payment notice to the Licensee's residence address designated by Licensee. Licensee is responsible for maintaining a current address with the City Clerk. The City may cancel the License for non-payment of rent and for failure to comply with the applicable provisions of the City Code and resolutions adopted thereunder.

The Licensee may transfer this License only by complying with the applicable provisions of the City Code and resolutions adopted thereunder.

CITY OF EUREKA

Renee Burk, City Clerk

Market Rent Comp #2



Screen Capture 03/02/2017, Google Earth Pro.



Market Rent Comp #2

Screen capture from internet on 03/02/2017.

Property Identification Anthony Lake
Recreation Development Anthony Lake City Park
Property Type Bare land
Address Located along East and West Lake Roads, Anthony Municipal Lake, about three miles north of Anthony KS 67003

<u>Lot Type</u>	<u>Lot Type Mix</u>			
	<u>No. of Lots</u>	<u>Size Acre</u>	<u>Rent/Year</u>	<u>Feature</u>
1	16	Varies	\$575	Lake front
2	52	Varies	Fee Owned	Lake front

Occupancy/Terms 100%, 99 years, annual payment, base rate for period 2011 to 2025 of \$575 annually, escalating each year by \$25 set by City Commission. In addition city passes through to leasehold annual land property tax ranging from \$289 to \$373 dependent on lot size according to source. The lease includes a steep \$25 per year increase, representing a first escalation at 4.35%

Total Lots 68
Lot Description All lots enjoy lake frontage to varying degrees. Typical lot has building configuration containing stick built/mobile home, garage/shed and open/enclosed dock with single/multiple slips based on Google Earth Pro online views. Lot size range around one half acre to over two acres based on field drive by observations.

Lake/Area features Golf course, picnic areas.
Avg. Rent/Lot Range is \$864 to \$948 beginning rate

Physical Data
Access Type Gravel and chip and seal along lot frontages.
Utilities Provided None.
Verification Carol Anderson Billing Clerk, Anthony City, 620-842-5434.

Comments
 Individual sanitary dump tanks service some lots, some lots on septic with shared leach-field created by leaseholders. Rural electric and water district supplied to each lot. Anthony City manages 16 remaining leaseholds after selling off 52 lakefront lots according to the source. Utilizing <http://orka.kansasgis.org/CoSelect.aspx#top1> website (Open Records for Kansas Appraisers) I was able to randomly select parcels around the lake to view their property record card which contains basic assessor information. Property record cards for the following lots 7, 9, 10, 11, 19, 21 and 28 were viewed online and each is owned in fee by private entities. Appraiser notations on each contained comments, "a new plat 2016 combining L&B. Combined plat was previously leased ground". Unfortunately, Carol Anderson, said it would be longer than a month

Market Rent Comp #2

before she could begin compiling a database of both sales and leases the city has been involved in. The time frame to obtain documents impractical. Additional evidence is not forthcoming regarding sales activity.

During the interview Carol Anderson stated two offering periods, one in 2015 and another in 2016. Leaseholders were given opportunity to buy the lot underlying their personal property involved in their respective lot. Prices were set between \$4,500 and \$10,500 depending on lot size solely as each is considered to have lake frontage. Total property interest sales during the offerings now stands at 52, leaving 16 still owned by the city. It is worth noting, the sale price range was predetermined and potential sales restricted to only the single leaseholder of each lot. This is considered below market pricing resembling disposal actions. Carol could not explain the prices or any other specific details. She was unaware of any scheduled future offerings regarding the remaining 16 lots held by the city.

The current lease rate market rate range forwarded by Market Rent #2 is \$864 to \$948 varying by lot size according to the source. Research of the property record cards suggest lots are generally those under 10,000 square feet and those over 10,000 square feet but under 20,000 square feet. Searching internet resources including Open Records for Kansas Appraisers uncovered examples of individual fee ownership of lots on the lake. The list lends credible evidence to the information stated by the source.

Screen Captures of Lot Transfers Comp #2



Lot 19 ESRI©



Lot 9, ESRI



Lot 13 ESRI©



Lot 28 ESRI©



Lot 21, ESRI©



Lot 10, ESRI©

Market Rent Comp #2Alt



Screen Capture 03/13/2017, Google Earth Pro.



Taken 01/25/2017

Market Rent Comp #2Alt

Property Identification Marion County Lake
Recreation Development Marion County Park Lake
Property Type Fully Improved Trailer Lots
Address Located along lake road adjacent to north terminus of dam at Marion County Park Lake, Marion, KS 66861

<u>Lot Type Mix</u>				
<u>Lot Type</u>	<u>No. of Lots</u>	<u>Size Acre</u>	<u>Rent</u>	<u>Feature</u>
1 Trailer Lease	55	Small	\$1,200/year	Lake view
2 Long Term	2	Small	\$250/mth long term	Lake view

Occupancy/Terms 96%, indefinite, annual payment, base rate for last three years has been \$1,200 annually, escalations as needed by Park Board, none on horizon. Base rate adjusted upwards \$25/major appliance for each permittee. Two lots have been removed from leasing program and are leased monthly for \$250 per month. Both are vacant and unoccupied. Based rate includes county taxes assessed on land. Amount undisclosed.

Total Lots 57
Lot Description All lots enjoy lake view to varying degrees. A few have private docks, but moratorium on any new dock permits. Most lots do not have a private dock. Typical lot has building configuration containing mobile home, garage/shed.

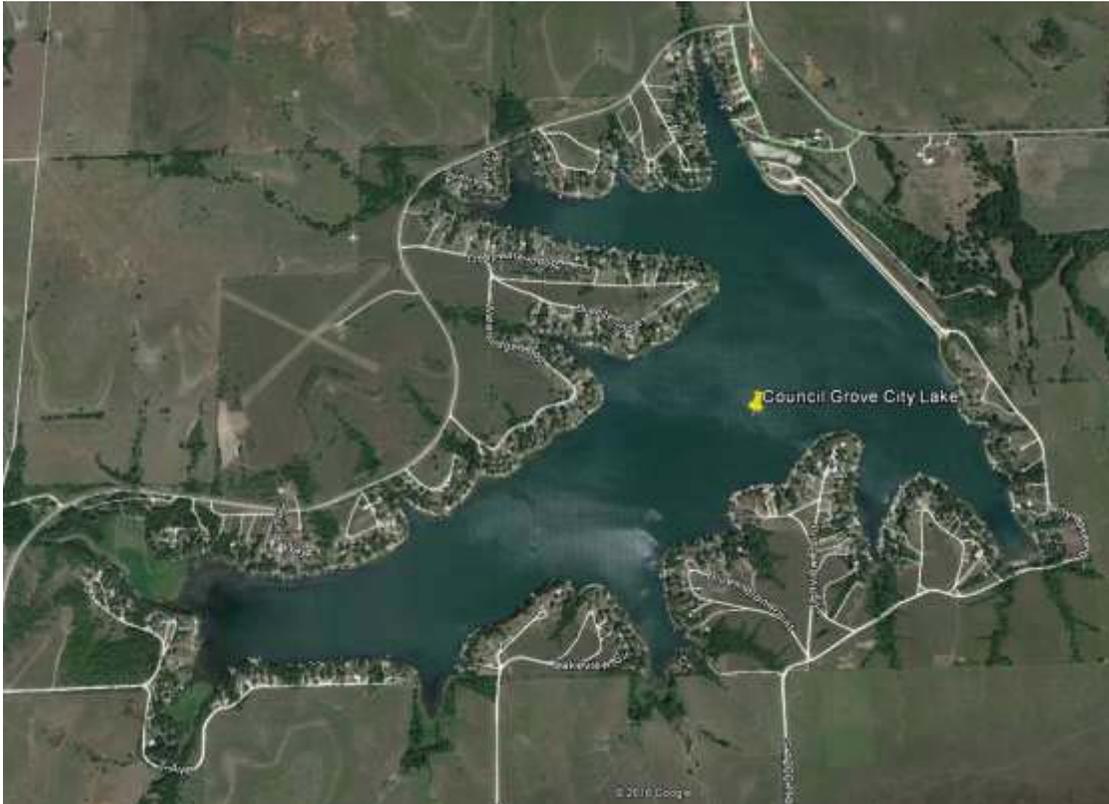
Lake/Area features County parks and full marina services
Avg. Rent/Lot Range is \$1,200 to \$1,250 adjusted for appliances

Physical Data
Access Type Chip and seal along through park road.
Utilities Provided Electric, water and sewer installed on each lot and included in rent.

Verification Steve Hudson, Lake Superintendent, 620-382-3240.

Comments
 Source stated, leases have no termination, thus are indefinite. Park desires to create long term monthly RV spaces from reducing the number of leased trailer lots. Per Board authorization, if a trailer lot enters foreclosure or repossession, once achieved it is taken off annual lease and placed on long term RV space program. So far, two long RV spaces in inventory. Asking rate is \$250 per month. Source stated, this approach is attempt to increase net revenues through diversifying use terms and conditions. Park has identified a need for long term spaces for construction workers. There are no restrictions of period of occupancy each year. To manage electric rates, park charges \$25 annually more for each major appliance such as air conditioners, washer and dryers, etc.. About 50% of the trailer lots are adjusted upward for appliances.

Market Rent Comp #3



Screen capture from internet on 02/16/2017 looking across Council Grove City Lake. Shoreline lots along near shore and bluff lots on far shore.

Market Rent Comp #3

Property Identification Council Grove City Lake
Recreation Development Council Grove City Lake Association
Property Type Bare land
Address 5 miles northwest of City of Council Grove along City Lake Road, Morris County, KS 66846.

Lot Type Mix

<u>Lot Type</u>	<u>No. of Lots</u>	<u>Size Acre</u>	<u>Rent/Year</u>	<u>Feature</u>
1	340+/-	Varies	\$1,200	Lake front or Bluff
2	10 +/-	Varies	\$1,200	Near Lake

Occupancy/Terms Project is 100% occupied. Leases expire in 2041, annual lease payments, adjusted every three years by committee containing equal number of leaseholders and city council members. City Council endeavors minimum net revenue of \$500 per lot. Rate includes hard (maintenance) and soft (admin) cost. Additionally, pass through expenses include land taxes of \$1,160.35 per lot as well as \$65 land fill fee for total market rent of about \$2,425 per lot. Lessee (tenant) must stay current on utility charges and any special assessments, i.e., road improvements, community septic systems, etc.

Total Lots 350 to 353 depending on source. All agree there are 348 cabins (dwellings)

Lot Description Both shoreline lake frontage and bluff lake front lots have views A minor amount ten or less based on Google Earth evaluation have no lake frontage but benefit from being near the lake. Typical lot has building configuration containing stick built/mobile home, garage/shed and open/enclosed dock with single/multiple slips. Average lot size is calculated to be about 0.65 acre. I found know extra charges for boat docks, but each lake front lot appears permitted for a dock.

Lake/Area features Published to be 434 gross (L&W) acres and 228.3 net acres under city ownership. Lake normally full for recreational uses. However it was low for a few years prior to 2016 due to lack of rain. It has five public parks with public boat ramps. Built in 1942 as the water source for Council Grove. Full range of consumer services available nearby in city of Council Grove. A nearby field runway for small airplanes noted on maps.

Avg. Rent/Lot \$2,425

Physical Data

Access Type Gravel or paved road access according to the lease agreement.

Utilities Provided None in the lease agreement..

Verification Danny Matthews, City Clerk and Larry, maintenance at 620-767-5417 on 02/17/2017.

Market Rent Comp #3

Comments

Lots have range of utility services. Each lot has access is improved with Flint Hills Rural Electric Cooperative and Edison Energy natural gas. A range of shared and individual utility configuration exist including shared wells, individual wells, water storage tank, no water along with individual septic to septic dump tanks and none. A vacant lot (leasehold) reportedly sold last year for \$75,000 according to realtor Marty Wright at 620-767-5323. Marty declined to identify by lot number because of pending taxation court case.

Concern over excessive property taxes has kept a case filed by the HOA active in the courts for several years. Because of this government officials were reluctant to discuss the sales prices, assessments or taxes. The litigation activity has not influenced transfers of lots according to the city clerk, nor influenced the market rent. The City Clerk when asked stated the following 28 transfers occurred in 2016 or eight percent of the total inventory changed hands. City officials are not required to be informed of the purchase price for the personal property sales. Again it is worth noting each transfer accommodated sale of personal property with a ground lease agreement similar as the example in the addendum.

<u>Council Approval Date</u>	<u>Lot No.</u>	<u>New Permit Holder</u>
01/19/2016	A-8	Casa Lago, LLC
02/16/2016	C-34	Danell Theodore Wilbur, etal
03/01/2016	I-17A	Todd Sliski Rev. Trust
	C-1	Randy&Katie Barth
	C-40	Brandt&Shelia Rudzinski
03/15/2016	B-48	Leland& Cindy Schultz
	B-42B	Paul&Beverley Buller
	J-4	Jon&Angie Pope
04/05/2016	H-2	Ken&Constance Aldrich
04/19/2016	J-2	Ronald&Joleen Probst
05/17/2016	D-24	Charles A&Gina Brewer
06/07/2016	H-10	Donald&Shawna Stearns
	K-10	Vicki Martin
06/21/2016	A-9	Van Buren Property LLC
07/05/2016	I-30	Gary&Karma Mason
	K-13	Paul&Christie Haynes
07/19/2016	H-53	Damon&Dawn Ginther
08/02/2016	B-51	Sunrise Point LLC
	B-N1	Crawford Family Rev. Trust
	I-13	Highview Point LLC
08/16/2016	R-06	Steven Jess
09/06/2016	A-6	Rich& Patricia Pfeifley
	G-E1	Kenneth Reitz
	J-20	Thomas Burkhart
09/20/2016	B-44A	James Shoulin
10/04/2016	E-14	Richard Francis William, etal
10/18/2016	B-28	Harold& Belinda Chalker
	D-17	Michael&Mary Davignon

Market Rent Comp #3

Morris County appraiser, Corinne Blosser was contacted at 620-767-5614 in attempt to gain copies of affidavits for each transfer. Evidentiary deeds and affidavits not possible to provide in absence of Kansas Appraisal License by requester. A full copy of a sample lease agreement is contained in the appraisers file memorandum abstract consisting of three pages can be found in the addendum.

Miscellaneous information worth noting applicable as supporting evidence follow. Most importance revelation by City Clerk. Last year the city earned its highest net annual revenue (profit) at \$178,512 from lot rental fees. The average net annual revenue historically has been around \$150,000. Each year since about 2012 the scheduled gross income is about \$420,000. Calculations using the verified information suggest the city's net annual revenue last year was 42 percent of scheduled income and in a typical year is about 35 percent. The clerk verified the city operates the lake intentionally to generate net revenue. Most of the increased revenue is attributed to end of drought conditions and higher lake levels in 2015 and 2016 prompting more transfers of lots. City charges a \$500 transfer fee. \$172 deed registration to the state and \$20 city filing fee.

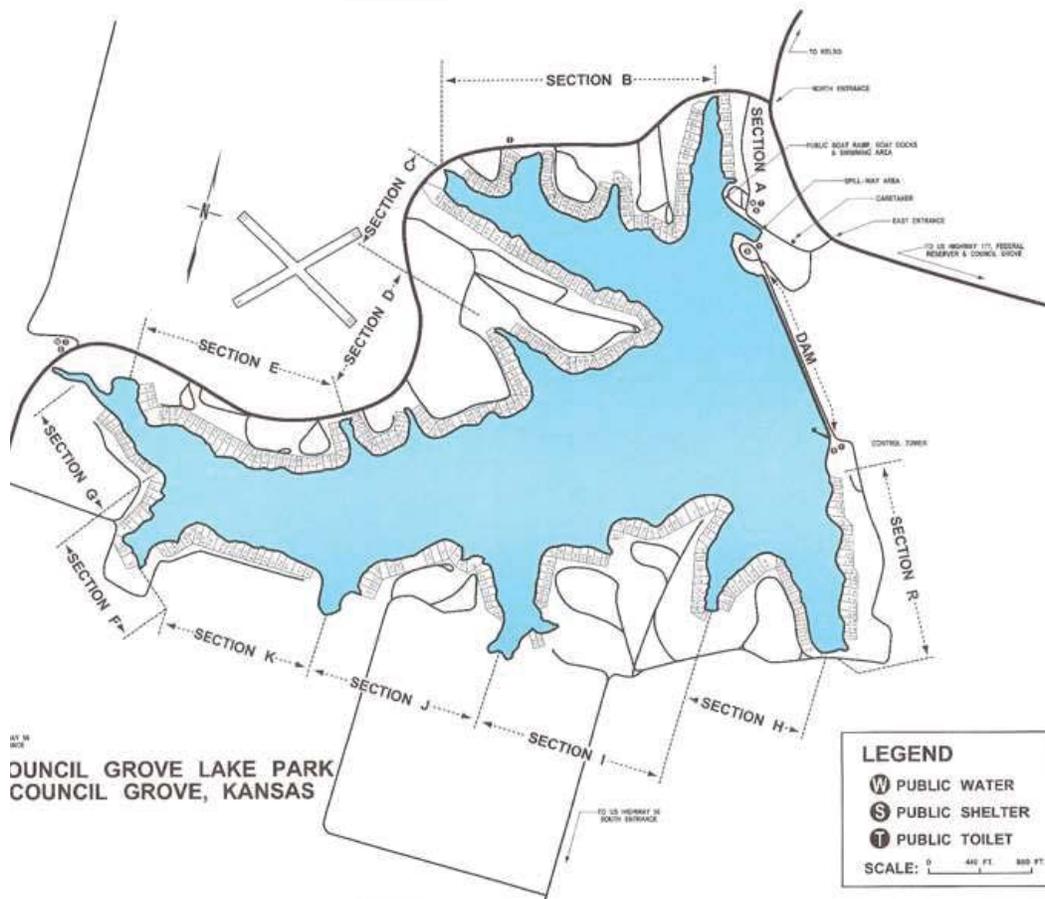
Some conflicting information particularly over the number of lots was gathered. Lease agreement Item 8 stipulates annual property tax on the land to be divided by 353 lots to determine the amount billed to the lessee. Currently this amount is \$1,160.35 per lot and is disputed in court by Morris County. This is worth noting purchasers of personal property (lessees) have full knowledge that leasehold tax on the land could change being in a state of flux.

Initially, a few years ago Morris County appraisers concluded to a value of \$75,000 per lot at the lake. Lessee's were billed about \$7,000 per lot for taxes on the land as reported in the HOA newsletters and verified with the City Clerk. While all lessees paid the invoice, a few did so under protest and appealed to the Kansas Tax Appeal Board. The Kansas Tax Board disagreed with the County's appraisal and ruled the value of the land should be based on capitalizing the net annual revenue earned on the land by the underlying land owner (City of Council Grove) as an income producing property. The Board offered its own appraised value resulting in the current taxes level of \$1,160.35 per lot. The Tax Board required Morris County to repay the difference to the city (lessees). However, Morris County instead has appealed to the State's Supreme Court where the case resides. The case has generated wide interest because the ruling from Kansas State Supreme Court holds potential to codify and alter how lake lots are assessed and taxed for both the leased fee and leasehold interest. Sources I spoke with all opined that Morris County likely will lose their appeal. Tax woes influenced the city to survey and create separate legal plat descriptions for all lake lots which have been approved and filed with the county. In the near future each lot will be separately assessed based on its own characteristics. According to Mr. Matthews most leaseholders' desire to avoid tax disputes and seem willing to just pay the bill. Creation of the legal plats will allow members in dispute to do so without influencing the majority of the lot holders who regard the issue as an annoyance. Most important to note the litigation has not deterred transfer or decreased demand. According to the City Clerk, the lake level, from his observation over time is the major influence on transfer activity at the lake.

Market Rent Comp #3

Marty Wright, Broker/Realtor offered his belief there is one vacant lot available for use on the lake which is Lot 16, currently offered about one year at \$105,000. Because of the court case above, Marty declined to provide exact sales and listing information though claims involvement in many of the transfers at the lake. He did opined when asked to state, equal attention is given to cliff front lake lots and shoreline lake lots attributing to different appeal one half want to watch sunsets while the other half like sunrises. As a life-long resident at the lake, he believes about 80 percent of cabins are seasonally utilized as second homes, but permanent residency increasing over time. Since the 90's a gentrification trend is obvious. Many of the older cabins will attract buyers at the low end of the range below \$100,000 often new owners remove existing improvements replaced with newer better quality homes. Another evidence of gentrification, according to Marty, before about 1990 most cabins had outside toilets, but since, most of the personal property today renovated with water and sanitary services typical of permanent occupancy.

Council Grove Lake Association Map



Screen Captures of Sample Lot Transfers Comp #3



Lot A-8



Lot C-34



Lot J-2



Lot H-10

Please immediately fill in date, site number, sign and return to City of Council Grove, P.O. Box 313, Council Grove, Kansas 66846, or deliver to City Hall at 205 N Union Street, Council Grove.

GROUND LEASE AGREEMENT

This lease pertains to a building on leased ground, pursuant to K.S.A. 79-412.

THIS GROUND LEASE AGREEMENT (the "Lease") made and entered into this ___ day of 20___, by and between the City of Council Grove, Kansas, a municipal corporation, hereinafter referred to as the "City" or "Lessor" and

_____, hereinafter referred to as "Lessee". If more than one Lessee is referenced, they shall be deemed to hold their interests hereunder

- as joint tenants and not as tenants in common, or
- as tenants in common. (check the desired box; only one can apply.)

WHEREAS, the City is the owner of the real estate described as:

Sections 5,6,7,8,17 and 18 in Township 16, Range 8, East of the 6th P.M. in Morris County, Kansas (hereinafter the Council Grove City Lake Park); and;

WHEREAS, the City is also the owner of Section ____, Site No. ____, a portion of Council Grove City Lake Park, as shown on the maps and records of the City and hereinafter referred to as the "Leased Premises", and,

WHEREAS, the City desires to lease the Leased Premises to Lessee, and Lessee desires to lease the Leased Premises from the City; and,

WHEREAS, the Council Grove City Lake Association (the "CGCLA") is a Kansas not for profit corporation formed for the purpose of representing the interests of the residents of the Council Grove City Lake Park; and,

WHEREAS, the parties hereto recognize the CGCLA as an official representative of the leaseholders at the Council Grove City Lake Park for the purposes set forth herein, provided that the membership includes the majority of all leaseholders.

NOW THEREFORE, in consideration of the mutual promises contained herein, the parties here to do agree as follows:

1. **USE OF PREMISES:** The Leased Premises are only to be used for the construction and use of a residential building designed as a single family living unit along with the normal appurtenances associated therewith.

2. DEMISE:

a. The City does hereby lease to the Lessee, and Lessee does hereby accept from the City, subject to the terms and conditions set forth herein, the Leased Premises.

b. The actual boundaries of the Leased Premises have been previously established either by unappealed boundary designations by the City, or by boundary agreements or by boundary determinations by board of boundary appeals.

c. As a part of the grant of the Leased Premises, if Leased Premises abut the Council Grove City Lake, the Lessee is hereby granted access, to and from the Leased Premises to the Council Grove City Lake.

3. MODIFICATION OF THIS LEASE: Other than the term of this lease as set forth in paragraph 4 and modification of rent as set forth in paragraph 5, the City may, if reasonably necessary, with consultation with the CGCLA, modify terms and conditions of the Lease and the Lessee agrees to be bound by any such modification.

4. TERM: The term of this Lease shall expire on December 31, 2041, regardless of its commencement date. Provided, however, this Lease, upon its expiration, shall automatically renew for a period of thirty years, and shall continue to renew for successive terms of thirty years perpetually. Notwithstanding the perpetual nature of this Lease, nothing herein shall be construed as divesting Lessor of legal title to the Leased Premises.

5. RENT: The Lessee agrees to pay the City rental for this Lease as follows:

a. For the year 2012, the sum of \$1,000.00; for the year 2013, the sum of \$1,100.00; and for the year 2014, the sum of \$1,200.00 per year. Said rental amount has been determined based upon the historical expenses (the "Expenses") incurred by the City, related to the Council Grove City Lake Park, and for matters that directly and specifically benefit the Residential Lots, such as, security, road repair and maintenance, maintenance to common areas, equipment costs, caretaker salary and that portion of general services apportioned to such purposes. It is estimated the recent annual cost of such historical expenses has been approximately \$261,000.00, which has resulted in the established rent. The rent for all subsequent three year periods shall remain at an amount equal to the third year amount of the preceding three year period, unless adjusted as set forth hereinafter.

b. Subject to the provisions of subparagraph (c), in the event there is a significant increase in the Expenses, or if there are other factors that occur which reasonably and in good faith should require an increase in rent, the City may, within reason and good faith, require an adjustment of the rent for the second three year period of the Lease and may also require adjustments to the rent for any three year period thereafter under the same factors and requirements. Prior to implementing any adjustment, the City shall notify Lessee, and also the CGCLA, of its intention to modify the rent, and the proposed new annual rental amount. Such notice shall be delivered, in writing at least 180 days prior to the end of the current three year period of the Lease. Such notice shall include the basis of the proposed increase which shall include:

1. The actual annual itemized Expenses for the period commencing January 1 and ending December 31, every year the Lease is effective.

2. Calculated average of the annual Expenses applicable to such period and a comparison of that average to the average annual Expenses during the period when the current Rent was established.
3. An itemization of all other factors which the City relies upon to justify the modification.

The proposed modified rent shall go into effect on January 1 of the year following the notice. The CGCLA may request to negotiate the proposed amount, provided they do so within sixty (60) days of receipt of the notice, in writing, to the City Clerk. Upon such request the City and CGCLA shall enter into good faith negotiations to establish a fair and equitable annual rental amount by forming a committee of three lake leaseholders, appointed by the CGCLA, three City Council members, appointed by the City Council, one representative from Ward 1, Ward 2, and Ward 3 who are not lake leaseholders, appointed by the City Council and three Council Grove business people who are not lake leaseholders, appointed by the City Council. During such negotiations the factors set forth above shall provide the criteria upon which the Committee shall base its recommendation. The Committee shall recommend a fair and equitable rent to the City Council and the City Council shall thereafter reasonably and in good faith establish a rental amount, however the City Council shall not be bound to follow the committee's recommendation. Written notice of the new Rent shall be provided to Lessee and shall become effective on January 1 of the year following such notice.

c. The City shall only be entitled to modify the Rent, as set forth in subparagraph (b), if, from the commencement of the current three year period until the notification of the modified Rent, the City has:

1. Provided the CGCLA with accurate annual itemizations of both Expenses and Rental Revenue generated by the Residential Lots; and,
2. After the first year, set aside 10% of the Revenue in a special fund designated for use only as capital improvements at the Council Grove City Lake Park. Expenditures from this fund shall be reviewed and recommended by a committee established for such purpose and including representatives from the CGCLA. The City Council shall thereafter reasonably and in good faith determine the amount and purpose of expenditure from the fund, but shall not be bound to follow the Committee's recommendation.

d. Rental payments shall be made to the Office of the City Clerk of the City. The Lessee has an option to pay one-half of a given year's rent on or before January 15 of that year and the second half on or before July 15 of that year. If at least one-half of the rent is not paid by February 15 of each year then the entire year's rent will be immediately due and payable, plus a late payment penalty in the amount of \$75.00. If Lessee fails to make the rental payments required hereunder by March 1 of each year, the amount due shall accrue interest at the rate of 5% per annum from and after such date, and may be collected by the City under terms of the default provisions set forth hereinafter. The City shall have a first and prior lien on the Leased Premises for all Rent due hereunder.

6. ENCUMBRANCE AND TRANSFER OF LEASEHOLD INTEREST:

a. Lessee may encumber by mortgage or deed of trust, or other proper instrument, its leasehold interest and estate in the Leased Premises, together with all buildings and improvements on the

Market Rent Comp #4



Google Earth Pro Aerial of Patterson Harbor Marina taken 03/2014 low elevation.

Market Rent Comp #4

Property Identification
Recreation Development
Property Type
Address

Harbor County Nebraska Reservoir, US Corp of Engineers
 Patterson Harbor Marina
 Fully improved seasonal trailer lot
 5.6 miles southerly of Republication City along Corp Rd A,
 Harlan and Phillips Counties, Republican City, Nebraska 68971

Lot Type Mix

<u>Lot Type</u>	<u>No. of Lots</u>	<u>Size Acre</u>	<u>Rent/Year</u>	<u>Feature</u>
1	10	<1.00	\$2,150	Club Lot
2	15	<0.33	\$2,150	Wagon Wheel
3	67	< 0.25	\$2,150	Standard

Occupancy/Terms 100%, annual renewal, fee set by Concessionaire. Eight month seasonal use restricted by freezing generally December through end of March water is shut off. 2017 fees shown and worth noting 17% higher than published 2015 rate listed in sample lease abstract in addendum. Annual renewable lot rental agreement, indefinitely with compliance. Larry with US Corp of Engineers Program Management in Kansas City believed 2017 rate was \$2,200 annually. No individual docks for any lots. Marina boat slips available for \$850 (open) to \$1,500 (Covered) annually. Lessee must pay for electric, cable, phone. Concessionaire pays portion of tax on utility apparatuses improvements to land while Lessee pays portion of tax on land. Based on review of Harlan County Property Records online for individual lessee taxes indicates Standard lots assessed around \$5,000 taxed about \$67, Wagon Wheel lots assessed at \$30,000 taxed about \$400, and club lots assessed at \$50,000 taxed about \$667. Tax rate factor is 1.333293. Average rental rates below adjusted to include taxes typical of gross market rent.

Total Lots 92 developed with potential for 108 maximum in permit with US Corp of Engineers.

Lot Description All lots situated on the marina parcel. Some lots appear to have filtered or distant views of the water. None of these lots have lake frontage. Lot configuration creates three distinct patterns I refer to as postage stamp (Standard), round up (Wagon Wheel) small lot and Club Lots abutting open space with trails to the shoreline. No sizes are published or stated for any of the lots. Concessionaire provides access, water, sewer and trash pickup. County assessments recognize the differences reflected via different taxes as well lessee's willingness to pay them. Typical lot has building configuration containing mobile or modular home commonly with ancillary garage/shed. Marina provides boat slips, launches, fuel services and supply store for additional cost.

Market Rent Comp #4

Lake/Area features	Google search indicates lake is 13,250 acres or 20.7 square miles. Two nearby communities provide full consumer services being Alma and Republican City, Nebraska. Lake offers nine to ten month varying activities including ATV area, fishing, hunting, hiking, horse trails and summer boating and picnicking. Two Group Cabins and camping areas along with picnic areas. Both Marinas on the lake offer RV campgrounds with cabins as well as open and covered boat slips for overnight to annual renting.
Avg. Rent/Lot	Standard lot average market rent is \$2,216 annually Wagon Wheel lot average market rent is \$2,550 annually Club Lot average market rent is \$2,817 annually
Boat Slips	Open slip \$850 annually (includes access to fuel and electricity) Covered Slip \$1,500 annually (includes access to fuel and electricity)

Physical Data

Access Type	Asphalt/Gravel along lot frontages.
Utilities Provided	Concessionaire provides water, sewer and trash with cost included in rent rate.

Verification	Larry, US Corp Engineers, Program Management 816-389-3493, contacted 2/23/2017; Justin Clark, Patterson Harbor Marina Concessionaire, 308-991-8429, returned call 2/24/2017; Harbor County Assessor's Office online records.
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Comments

Mr. Clark verified he considers the base rental rate as the maximum for profit, but he doesn't recall an instance of vacation caused by increasing rent rate. He verified sales occur every year, but declined to verify any actual details because of lack of face to face contact. A sample for Patterson Harbor Marina abstract agreement is included in the addenda.

The concessionaire operates the marina under term lease which is updated and extended at under unknown terms. According to Larry with the Corps, the concessionaire for the trailer lot portion of the master agreement lease earned \$174,000 effective gross receipts generated by lessee income in 2016, or about \$1,891 per trailer lot. Worth noting master agreement calls for 2% of gross income for \$50,000 and under and 3.2% of gross income for \$2.4 million gross income or higher for the marina operation. The concessionaire payment rate last year for the entire marina operation was 2.6%, for reporting over one million dollars in gross income.

An extensive review of online data provided by Harlan County was possible in this instance resulting in the activity spreadsheet on a following page. Useful information abstracted from the tax assessment information assisted in establishing the comparable market rent rates. At least three important valuation trends proven, first, usable area size of lot earns a different assessment; second market demand for the leaseholds is steady; third as compared to facilities permitting detached cabins in this appraisal overall assessment values are lower for mobile home trailer lots.

Market Rent Comp #4 Lot Activity Summary

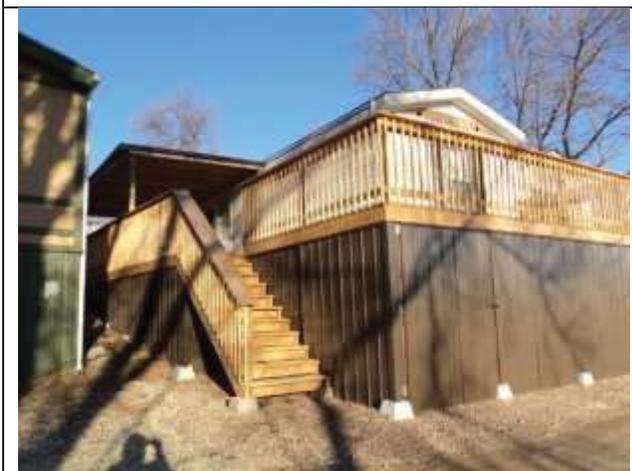
Transfer Activity	Subdivisic	Lot	BLK	Grantor	Grantee	Lot Transfer		Registration		2016 Tax Assessments					
						P.P. Sale Date	BK	Page	P. P. Price	Condition	Buidling	Land	Total	Tax	Situs
Patterson	203			Sass	Garrelts	9/1/2009	3	290	\$80,000	Conversio	\$47,985	\$50,000	\$97,985	\$1,219	Club lot
Patterson	204			Wilhelm	Saathoff	6/10/2014	3	291	\$100,000	Improvemr	\$38,740	\$50,000	\$88,740	\$1,104	Club Lot
Patterson	210			Bohlen	Wilcox	3/31/2010	3	297A	\$50,000	Conversio	\$55,390	\$45,000	\$100,390	\$1,249	Club Lot
Patterson	302			Anderson	Wohlgem	2/18/2015	3	274	\$58,500	Improvemr	\$63,575	\$50,000	\$113,575	\$1,413	Wagon Wheel
	302			Madsen	Anderson	8/7/2008	03A	274	\$60,000	Leasehold					
Patterson	305			Buss	Slocum	9/15/2014	3	277	\$0	Improvemr	\$53,925	\$50,000	\$103,925	\$1,293	Wagon Wheel
Patterson	306			Olson	Sturgis	9/7/2011	3	278	\$86,750	Improvemr	\$40,840	\$40,000	\$80,840	\$1,005	Wagon Wheel
Patterson	306			Kuhns	Olson	5/28/2010	3	278	\$84,500	Conversion					
Patterson	307			Hedlund	Cavanaughl	9/15/2015	3	279	\$63,915	Improvemr	\$53,945	\$30,000	\$83,945	\$1,044	Wagon Wheel
Patterson	308			Berney	Karr	5/30/2014	3	280	\$100,000	Improvemnt					Wagon Wheel
Patterson	313			McGuire	Shada	1/22/2013	3	285	\$100,000	Improvemr	\$34,930	\$30,000	\$64,930	\$808	Wagon Wheel
Patterson	314			Kelly	Brands	4/30/2012	3	286	\$60,000	Improvemr	\$40,530	\$30,000	\$70,530	\$877	Wagon Wheel
Patterson	128			Hudlit	Trosper	8/2/2016	3	261	\$0	Improvemr	\$5,820	\$10,000	\$15,820	\$197	Lake View
Patterson	133			Sandberg	Fishell	10/4/2011	3	266	\$34,000	Improvemr	\$29,955	\$10,000	\$39,955	\$497	Near Docks
Patterson	135			Slocum	Hogeland	11/7/2014	3	268	\$80,000	Improvemr	\$35,630	\$10,000	\$45,630	\$568	Near Docks
Patterson	136			Nissen	Schemper	5/19/2013	3	269	\$40,000	Improvemr	\$61,830	\$10,000	\$71,830	\$893	Near Docks
Patterson	7			Alberts	Alberts	10/24/2016	3	202	\$80,000	Improvemr	\$11,795	\$20,000	\$31,795	\$395	Boundary/traffic combined
Patterson	21			Olsen	Kimberly	3/7/2013	3	212a	\$42,000	Improvemr	\$37,185	\$15,000	\$52,185	\$649	corner
Patterson	23			Baird	Lovitt	7/28/2015	3	213	\$15,000	Improvemr	\$15,520	\$5,000	\$20,520	\$255	interior
Patterson	31			Kolb	Consruck	7/27/2015	3	217	\$42,000	Improvemr	\$38,700	\$15,000	\$53,700	\$668	interior
Patterson	63			Bogart	Schemper	10/24/2013	3	234	\$88,000	Improvemr	\$42,160	\$10,000	\$52,160	\$649	boundary
Patterson	64			Cox	Hawkinso	3/24/2015	3	235	\$105,000	improvemr	\$35,125	\$10,000	\$45,125	\$561	Lake View
Patterson	104			Saathoff	Johnson	6/20/2014	3	246	\$85,000	Improvemr	\$35,220	\$5,000	\$40,220	\$500	corner/trian.
Patterson	201			Sandman	Wright	9/17/2013	3	288	\$75,000	Improvemr	\$36,240	\$50,000	\$86,240	\$1,073	Club Lot



Boundary Lot 7



Interior Lot 23



Boundary Lake View Lot 64



Near Dock Lake View Lot 128



Club Lot 204



Wagon Wheel Lot 302



Wagon Wheel Lot 307

Comparable Market Rent Location Google Earth Aerial Map





This agreement entered the 1st day of April 1, 2015 by and between JN Company Inc. D.B. A. Patterson Harbor, Lessor, and _____, Lessee, whereby Lessor agrees to provide a trailer lot and the use thereof to the Lessee, and Lessee agrees to pay the rental specified herein and abide by the rules/ regulations set forth below.

1. Lessee shall be entitled to the use and occupancy of Lot _____ for a period of one year (**April 1, 2015 – March 31, 2016**) at an annual rental fee of **\$1,835.00**. This agreement shall be renewed on a year to year basis upon the issuance of a bill specifying the annual rental fee, including any increases unless Lessee shall notify Lessor in writing prior to April 1st of Lessee's intention not to renew this agreement. Lessor shall have the right to amend the terms of this Agreement before the commencement of the lease year. All lot fees and this signed agreement shall be due in the mail or Patterson Harbor office no later than **5:00 PM on April 1st** of each year and failure to make payment in full with this signed agreement by **April 1, 2015** shall be deemed to be breach of this Agreement or any right to renewal thereof and shall terminate this Agreement. In the event Lessor & Lessee agree to renew after April 1st, 2015, Lessee agrees a penalty of \$100 per week will be assessed to the Lot Lease until balance is paid in full and signed Lot Lease Agreement is delivered to Patterson Harbor. Penalty charges will be assessed beginning April 2, 2015 and will be levied to lot lease each subsequent week.
2. All trailers shall be complete with wheels, hitch (bolt-on hitches may be placed under trailer) and shall be readily moveable. Trailers shall be skirted with approved materials in a manner which shall permit emergency removal of the trailer, if necessary. In the event of any emergency, Lessor shall have the right to move any trailer and shall not be liable for any damages, except those caused by the gross negligence of Lessor. The use thereof shall be solely for recreational purposes and not as a permanent year round residence.
3. Any exterior improvements or additions, including, but not limited to, decks (cover not to exceed 240 sq. ft.), shed, additions or enclosures of any type, underground water sprinkler systems, shall require the prior written approval of Lessor and the Kansas City District Office of the Corps of Engineers. Our trailer park has been approved for individual installation of pre-designated and /or pre-fabricated underground storm shelters (special conditions apply-see Lessor for details). Any improvements or additions not conforming to prior written authorization or made without authorization may be removed by Lessor and Lessor shall not incur liability for the removal thereof.
4. Lessor shall furnish water as available (some restrictions may apply during dry years). Lessor reserves the right to establish water rules and restrictions during the lease period which is deemed to be in the best interest of our water system. No buried water lines other than those provided by Lessor shall be allowed (see Rule #3 in regard to underground water sprinkler systems) without prior written approval. Lessee is responsible for maintenance of water line starting at the shut off valve or spigot connection and all subsequent water lines from the shut off valve to the trailer. Lessor will provide T-bars for shut off valves upon request to be used at Lessee's discretion. Lessor shall not be responsible for shut off valves that leak or break should assistance be requested by Lessee and all subsequent damage that may occur. **Lessee agrees not to abuse water privileges and understands Lessor reserves the right to limit or bring to an end water usage Lessor deems inappropriate. Harlan County Lake and the surrounding areas are currently experiencing drought conditions. Due to these conditions, restricted lawn watering is permitted in accordance with rules established by Lessor promoting maximum efficiency of our well system during this drought. Watering rules will be as follows for 2015:**

**Odd Lot Customers will be permitted to water on Tuesday, Thursday and Sunday.
Even Lot Customers will be permitted to water on Monday, Wednesday and Friday.**

Patterson Harbor Marina & Resort **Lessee's Initial & Date:** _____

Page 1 of 4

No watering will be permitted from 10 AM – 6 PM to minimize evaporation and on Saturdays throughout the year. Lessor reserves the right to restrict outdoor watering during periods of high volume water usage such as holiday weekends. Furthermore, each section or zone watered should only take place once a day and may not exceed 20 minutes during a permissible watering day. Lessee agrees to abide by these restrictions to preserve overall water pressure and understands penalties may be imposed by Lessor for abusive water practices.

5. Lessor shall furnish garbage service to Lessee. Garbage service is limited to items placed in the container provided by lessor and Lessee's compliance with any requirements (No leaves, grass clippings, tree limbs, concrete, construction waste, hazardous waste, dirt, industrial waste, chemical products, oil filters, herbicides & pesticides, radioactive material, solvents, paint (except completely dried latex paint cans, no liquids), other flammable liquids, aerosol cans, propane tanks, motor oil, transmission oil/lubricating/hydraulic oil/oil filters, contaminated oils (mixed with solvents, gasoline, etc.), antifreeze, appliances, petroleum-contaminated soil/lead paint chips, tires, batteries, computers, monitors, televisions, microwaves, fluorescent tubes, railroad ties, medical waste, asbestos, animals, barrels, all liquids) of the hauling company are required. Furthermore, Lessee agrees to bag any and all landscape materials and place them at the road edge of their lot for pickup by Lessor. Pickup requests of large volumes of landscape material or large items (tree branches, bushes, etc...) shall be preapproved by Lessor via email or in writing prior to placing for pickup. Lessee agrees to request permission from Lessor prior to disposing of non-typical trash on Lessor's property (to include backside disposal). Lessee agrees non-typical trash will be disposed of in a manner established by Lessor through this agreement or in a written response and will never be disposed of next to or in a dumpster. Lessor reserves the right to impose disposal fees, to be determined by Lessor, on any non-typical item(s) disposed of on Lessor's property. Under no circumstances will Lessor receive disposal of televisions, computers, monitors, railroad ties, microwaves, tires, concrete or hazardous material on Lessor's property. Lessee understands all trash should be placed in the dumpster and if full, Lessor will seek an open dumpster elsewhere on Lessor's property. Furthermore, Lessor shall place any item which will not fit in the dumpster in front of their lot and request permission for disposal from the Lessor. It is the responsibility of Lessee to notify all hired contractors of their responsibility to remove all construction debris from the premises. Failure to follow these rules will result in transfer of disposal expenses to the Lessee for removal of debris/trash and may include administrative fees of no less than \$100.00.
6. Lessor, its agents or employee, reserves the right to access Lessee's trailer whenever Lessor deems it necessary to preserve person or property, surrounding property, but Lessor assumes no responsibility for tending to any property of the Lessee. This right of access extends to the water shut off valve and should the need arise any required manipulation of the shut off valve. Lessor will make reasonable efforts to contact the Lessee and notify Lessee of dangerous conditions requiring Lessee's attention. Lessor assumes no responsibility for the dangerous conditions, its attendant results, or for failure to notify of such condition.
7. All trailers, lots or structures on the premises shall be maintained year round in good repair and in such a manner so as to provide an attractive appearance. Lots shall be kept neat and orderly with all tools and miscellaneous equipment stored out of sight. Lessee shall keep the lot mowed. Lessor shall have the sole right to determine when the lot is unsightly and to provide or contract for mowing/clean up services at Lessee's expense in an amount not less than \$50.00 per occurrence. Lessee shall not park campers, boats or boat trailers on their lots. There is an area provided free of charge (1 pre-approved usable item), by Lessor for campers, boats (must be trailered), water crafts (must be trailered), empty trailers and other pre-approved items. Lessor shall inform Lessee of any deficiencies with stored property and Lessee shall have a reasonable time to correct the same. In the event Lessee shall fail to correct the deficiencies, Lessor, at Lessor's option, shall have the right to correct the deficiencies at Lessee's expense or to terminate this Agreement and require the removal of the trailer from the lot and Lessee's stored property at Lessee's expense.
 - a. Lessee agrees to request via email and sign Lessor's Annual Corral/Backside storage agreement for any and all items stored in the Corral or on the Backside. Lessee agrees not to park any items in the Corral/Backside without first filling out Lessor's storage agreement and receiving a Patterson Harbor approved identification sticker. Lessor reserves the right to charge an administrative fee/penalty of \$50.00 for any items stored without the appropriate identification sticker. Lessor has a right to know all personal items stored on their property, failure to follow this rule is a breach of contract and could be grounds for termination and/or fines in the amount of \$300 (annual Corral/Backside storage rate) being administered.
 - b. If Lessee wishes to store multiple items (more than one item) on Lessor's property, Lessee agrees to pay Lessor's semi-annual or annual storage rates per item stored plus any additional service fees deemed reasonable by Lessor. Storage of additional items will be billed in annual or semi-annual increments only and rates are to be decided by the Lessor. The Lessee agrees to place a Patterson Harbor approved parking sticker on each item stored for tracking and identification purposes. Failure to place appropriate identification sticker or to pre-pay applicable storage fees in advance are grounds for penalty fees to be assessed by Lessor and possible termination of this agreement if Lessor so chooses. The responsibility of reporting items stored on Lessor's property is the sole responsibility of the Lessee.



Boat Slip: _____

Alternate Slip: _____

This agreement entered the _____ day of _____, 2015 by and between JN Company Inc. D.B.A. Patterson

Harbor, Lessor, and _____, Lessee, whereby Lessor agrees to provide a boat slip in _____ and the use thereof to the Lessee, and Lessee agrees to pay the rental specified herein and abide by the rules/ regulations set forth below.

1. Terms of this agreement will be for one boating season, beginning on May 15th, 2015 and ending on October 1st, 2015. Billing for rental fees of \$ _____ will be considered an offer by the Lessor to renew on the terms and condition set forth herein. A \$200.00 deposit and the return of your agreement by March 1st, 2015 will be considered as acceptance of the offer to renew your annual boat slip agreement. Failure to pay the deposit by the established due date or the remaining balance of your annual rental fee in full by April 1st, 2015, will result in cancellation of this agreement **without further notice**. Please review the terms of this agreement, sign and return with your deposit payment or payment in full. Lessor reserves the right to apply a late fee of \$100.00 and administrative fees to any annual fee which is not paid in accordance with the established due dates. Furthermore, Lessor reserves the right to release your renewal rights for any slip which is not renewed by the established due date. Once deposit or remaining annual fee are paid in full, they are non-refundable.
2. **THE BOAT LISTED IN THIS AGREEMENT IS THE ONLY BOAT ALLOWED IN YOUR SLIP.** Occupancy of the assigned slip may not be transferred, sold, subleased, or loaned to another person without the written approval of the Lessor. The Lessor reserves the right to use the slip for temporary mooring during any period the renter does not occupy the slip. A minimum daily fee of \$50.00 will be assessed at the Lessor's discretion to any boat utilizing Lessor's slip without prior written approval by Lessor. In the event Lessee's slip is deemed unusable, Lessee agrees to operate within the guidelines established in Section 12 of this agreement (including 12a & 12b).
3. The boat listed in this agreement is to be placed in the slip at the risk of the Lessee. Lessor will not be responsible for damage to or theft of property or possessions. Be cautious about leaving valuables unattended. This agreement to rent a boat slip does not create or establish a bailment. Lessee shall be responsible for providing liability insurance and insurance on any personal property of Lessee, including, but not limited to, the boat, the PWC(s), the trailer(s), its contents, equipment, motors, fishing equipment or any other personal property of Lessee located in, on or around the customer's boat or left on Patterson Harbor premises and/or common areas. Please provide Lessee insurance information below.

Insurance Company Name: _____

Policy No.: _____

Expiration Date: _____

4. Fueling boats in, or in the vicinity of any boat slip is prohibited. All on water fueling must be done only at the Marina gas dock. Anyone who fuels their boat anywhere else while in Patterson Harbor cove or on the property other than the gas dock is in violation of this contract and it will be terminated immediately. No watercraft may be fueled on Patterson Harbor property (on water or dry land). All watercraft must be fueled off Patterson Harbor property if not being fueled at the Marina. Use of grills, fireworks, or any other fire hazardous device or materials (including any flammable liquids in lockers) is also prohibited, NO EXCEPTIONS.
5. Designated boat slip is to be used for loading, unloading and storage of said listed boat only. No gathering or loitering is permitted on docks or on the boat while located in your designated boat slip.
6. The cove where Patterson Harbor is located is a **NO WAKE ZONE** starting at the inlet near the campground point (3 Patterson Harbor Marina & Resort **Lessee's Initial & Date:** _____

- “No Wake” buoys). Failure to follow this rule is grounds for termination of this lease and immediate removal from said slip with no refund of lease money paid. No speed limit is posted as each boat has unique features that influence the boat’s ability to create a wake. The rule is simple, **NO WAKE**. This rule applies to the Lessee and/or any other party navigating the Lessee’s boat or PWC.
7. Lessee shall not modify slip; make slip improvements (i.e. slip padding, locker installation, boat lift installation, boat lift adjustments, etc...) or repairs without prior written approval of Lessor. In addition, Lessor is a registered boat lift dealer/service agent and shall be notified in writing prior to posting or engaging in the sale of any existing boat lift and prior to the purchase or installation of any new/used boat lift. Lessee agrees to abide by and understands Lessor has certain rights and applicable fees as a boat lift dealer and service agent. Dealer rights and services pertaining to boat lifts are limited to lifts attached to Lessor’s slip or present on Lessor’s property. All secured boat lift pedestals must utilize a Patterson Harbor approved combination lock with master access key to ensure Lessor may access pedestal if necessary. Locks are available for a \$25.00 deposit at the Marina. The \$25.00 deposit is refundable upon return of the issued lock in working condition. Lessee agrees any non-issued Patterson Harbor lock may be removed by Lessor and an approved lock and applicable administrative fees in the amount of \$50.00 (\$25.00 deposit & \$25.00 service fee) may be administered. Lessee has the right to leave their boat lift pedestal unlocked, but Lessor will not be responsible for the monitoring or usage of boat lifts secured or unsecured.
 8. Lessor reserves the right to reassign boat slips if needed to maintain or improve slip rental operations.
 9. Lessor holds Lessee liable for the actions of your family and guests while on Patterson Harbor property. Vandalism, theft or abuse of the law will be prosecuted and may result in immediate termination of this agreement.
 10. Lessee has the option to store their boat trailer in the area designated for that purpose, free of charge. However, the Lessor will not be held liable for theft or damages of any kind to the boat trailer stored on Lessor’s property. Lessee understands the backside area where their trailer is being stored is a secured area and access will be granted by appointment only. Lessee may call ahead to request their boat trailer be removed from the secured area for pickup. Lessee agrees to give Lessor 24 hours advance notice when requesting to pick up their trailer. Lessee must make trailer accessible and movable during storage as Lessor may move Lessee’s trailer from time-to-time for the purpose of grounds maintenance or facility reorganization. The storage area is open to the public and no security is provided. Boat and boat trailer **must prominently display a Patterson Harbor identification tag** while stored on Patterson Harbor property (on land or water). Lessee agrees to visit the Marina or contact Lessor to schedule a time to pick up an identification tag free of charge for your boat and trailer at the beginning of the season. This tag will be used to identify your boat and/or trailer while on Lessor’s property. Failure to place the appropriate identification sticker will result in a \$50.00 administrative fee being assessed for placement of sticker by Lessor. Furthermore, request for retrieval of boat and/or trailer without appropriate identification stickers will be charged at \$50.00. Trailers may be towed or removed at the expense of the owner if a Patterson Harbor Marina identification tag is not present. Lessor is not responsible for misidentification of trailers or boats that are not tagged in accordance with this rule.
 11. All motorized vehicles shall be operated in compliance with State Law. Outside of State licensed vehicles, the Patterson Harbor facility is a **GOLF CART ONLY** community. All golf carts must be approved by Lessor for use on our property, have an appropriate Patterson Harbor identification sticker, a golf cart agreement on file and must operate in compliance with State Law. Identification stickers are provided free of charge, but anyone caught operating a golf cart without an identification sticker will be assessed a **\$50.00** fee for placement of appropriate identification sticker or for operating a golf cart without an agreement. Anyone who is caught speeding, reckless driving or creating unsafe conditions or a nuisance on the premises (including the campground and boat ramp area) will be asked to park the vehicle until further notice. Failure to comply with this rule pertaining to golf cart usage may be deemed by Lessor as a breach of this Agreement and could result in the termination of this Agreement. Guests who bring a golf cart to Patterson Harbor must have the golf cart pre-approved by Patterson Harbor before usage, must acquire a temporary golf cart pass, and pay any associated fees applied to usage of non-annual resident golf carts.
 12. No refunds will be given in the event of docks being damaged by natural disaster or made inaccessible by low water. Lessor will make all reasonable efforts to keep boat slips accessible to Lessee in the event of low water situations by moving docks. In the event boat slips are not accessible either by low water or a natural disaster, Lessee will be entitled to store their trailered boat in a designated area on Lessor’s property and have their boat launched/loaded by Lessor one time per week complimentary (provided ramps are accessible). Load/launch requests will be conducted in accordance with the terms established in 12a and 12b of this agreement.

Market Rent Comp #5



Market Rent Comp #5

USDA Farm Service Agency Aerial of North Harbor Marina taken 12/2010, at average storage level.

Property Identification Harbor County Reservoir, US Corp of Engineers
Recreation Development North Harbor Marina
Property Type Fully improved seasonal trailer lot
Address 1.6 miles southerly of Republication City along Lakeview Rd, Harlan and Phillips Counties, Republican City, Nebraska 68971

<u>Lot Type Mix</u>				
<u>Lot Type</u>	<u>No. of Lots</u>	<u>Size Acre</u>	<u>Rent/Year</u>	<u>Feature</u>
1	115	<0.50 acre	\$2,200	Marina Lot
2	15		\$2,200	
<u>Occupancy/Terms</u>	100%, annual renewal, fee set by Concessionaire. Eight month seasonal use restricted by freezing generally December through end of March water is shut off. 2017 fees shown and held same level as last year. Annual renewable lot rental agreement, indefinitely with compliance. Larry with US Corp of Engineers Program Management in Kansas City believed 2017 rate was \$2,200 annually. No individual docks for any lots. Marina boat slips available for \$650 (open) to \$1,400 (Covered) annually. Dry storage also available rate negotiable. Lessee must pay for electric, cable, phone. Concessionaire pays portion of tax on utility apparatuses improvements to land while Lessee pays portion of tax on land. Based on review of Harlan County Property Records online for individual lessee taxes indicates Standard lots assessed around \$4,500 taxed about \$60, Harbor View lots at \$8,500 taxed about \$113. Tax rate factor is 1.333293. Average rental rates below adjusted to include taxes typical of gross market rent.			
<u>Total Lots</u>	130			
<u>Lot Features</u>	All lots situated on the marina parcel. Some lots appear to have filtered or distant views of the water. About 15 lots facing the harbor with views of the docks. None of these lots have lake frontage. Lot configuration creates three styles all small postage stamp lots either corner, boundary or interior. No sizes are published or stated for any of the lots. Concessionaire provides access, water, sewer and trash pickup. County assessments recognize the differences reflected via different taxes as well lessee's willingness to pay them. Typical lot has building configuration containing mobile or modular home commonly with an ancillary shed. Marina provides boat slips, launches, dry storage, fuel services and supply store for additional cost.			
<u>Lake/Area features</u>	Google search indicates lake is 13,250 acres or 20.7 square			

Market Rent Comp #5

miles. Two nearby communities provide full consumer services being Alma and Republican City, Nebraska. Lake offers nine to ten month varying activities including ATV area, fishing, hunting, hiking, horse trails and summer boating and picnicking. Two Group Cabins and camping areas along with picnic areas. Both Marinas on the lake offer RV campgrounds with cabins as well as open and covered boat slips for overnight to annual renting.

Avg. Rent/Lot

Standard lot average market rent is \$2,260 annually

Boat Slip

Harbor View Lot average market rent is \$2,313 annually

Open slip \$650 annually (includes access to fuel)

Covered Slip \$1,400 annually (includes access to fuel)

Physical Data

Access Type

Asphalt/gravel along lot frontages.

Utilities Provided

Concessionaire provides water, sewer and trash with cost included in rent rate.

Verification

Larry, US Corp Engineers, Program Management 816-389-3493, contacted 2/23/2017; Bruce Beines, North Harbor Marina Concessionaire, 308-799-2315, returned call 2/27/2017; Harbor County Assessor's Office online records.

Comments

Source has been at the marina for 37 years and could count the number of empty lots on one hand. Currently four mobiles for sale, two are in bad shape and most likely will be replaced once purchased. Prices held confidential, would not reveal. Mr. Beines stated when asked most lessee's travel two to four hours from Lincoln, Omaha and Grand Island.

The concessionaire operates the marina under term lease which is updated and extended at under unknown terms similar as detailed for the Market Rent Comp. #4. Concessionaire is permitted to set the trailer lot lease conditions and rates.

An extensive review of online data provided by Harlan County was possible in this instance resulting in the activity spreadsheet on a following page. Useful information abstracted from the tax assessment information assisted in establishing the comparable market rent rates. Additionally, at least three important valuation trends proven, first, the usable area of each lot earns a different land assessment; second market demand for the leaseholds is steady; third as compared to facilities permitting detached cabins in this appraisal overall assessment values are lower for mobile home trailer lots.

Market Rent Comp #5 Lot Activity Summary

Transfer Activity Subdivisic Lot	BLK	Grantor	Grantee	Lot Transfer		Registration		2016 Tax Assessments						
				Sale Date	BK	Page	P.P. Price	Condition	Buidling	Land	Total	Tax	Situs	
North	21	Beckstead	Nelson	10/25/2013		3	489	subsidize	Improved	\$19,710	\$8,500	\$28,210	\$351	Lake View
North	2	Splattstoe	Wolfe	6/10/2013		3	398	\$47,500	Improvemr	\$23,700	\$4,500	\$28,200	\$351	Interior
North	4	Kamery	Shaw	4/27/2013		3	400	\$50,000	Improvemr	\$35,940	\$4,500	\$40,440	\$503	Interior
North	6	Kimberly	Steinkrug	3/1/2013		3	402	\$32,000	Improvemr	\$15,380	\$4,500	\$19,880	\$247	Interior
North	5A	DLG, Inc	Glanzer	2/19/2015		3	303	\$19,000	Improvemr	\$16,960	\$0	\$16,960	\$211	Interior
North	7	Schroeder	Stange	2/16/2013		3	403	\$15,000	Other/lea	\$39,605	\$4,500	\$44,105	\$549	Interior
North	11	Debrie	Utter	9/28/2016		3	407	\$63,000	Improvemr	\$36,555	\$4,500	\$41,055	\$511	Interior
North	1	Foreclose	Thom	8/7/2015		3	409	\$52,680	Improvemr	\$42,850	\$4,500	\$47,350		Boundary
North	7	Spady	Kuhl	5/22/2012		3	415B	\$24,000	Improvemr	\$19,900	\$4,500	\$24,400	\$303	Boundary
North	8	Pahls	Lempka	5/2/2012		3	416	\$45,000	Improvemr	\$38,160	\$4,500	\$42,660	\$531	Interior
North	6	Snell	Schneider	7/17/2016		3	446	\$55,000	Improvemr	\$15,350	\$5,000	\$20,350	\$253	Boundary
North	10	Rader	Toepfer	10/14/2012		3	440	\$70,000	Improvemr	\$28,620	\$6,000	\$34,620		Boundary
North	11	Currie	Currie	10/15/2015		3	451	\$19,000	Improvemr	\$15,250	\$5,000	\$20,250	\$252	Boundary
North	19	Tenoff	Utecht	5/20/2016		3	459	\$28,000	Improvemr	\$22,965	\$5,000	\$27,965	\$348	Boundary
North	23	A&M AG	Smidt	2/27/2016		3	463	\$20,000	Improvemr	\$23,010	\$5,000	\$28,010	\$348	Boundary
North	6	Lamken	Boyd	8/27/2015		3	395	\$34,000	Improvemr	\$31,350	\$4,500	\$36,030	\$448	Interior
North	7	Mapes	Perkins	8/17/2016		3	396	\$75,000	Improvemr	\$52,535	\$4,500	\$57,035	\$711	Corner
North	4	Schaefer	Schaefer	7/31/2013		3	471	\$60,000	Improvemr	\$24,320	\$8,500	\$32,820	\$411	Lake view
North	7	Knopik	Willoughbt	7/17/2012		3	475	\$80,000	Improvemr	\$44,390	\$8,500	\$52,890	\$658	Lake view
North	3	N.S Marin	Husker	8/22/2014		3	508	\$65,000	Improvemr	\$43,050	\$10,000	\$53,050	\$660	Lake view
North	5	Halliwell	Jones	7/1/2014		3	495	\$59,900	Improvemr	\$32,925	\$4,500	\$37,425	\$465	Interior
North	6	Bennett	Blessing	11/1/2013		3	496	\$75,000	Improvemr	\$33,890	\$6,000	\$39,890	\$498	Lake view
North	2	Jones	Kral	12/6/2016		3	498	\$46,000	Improvemr	\$21,795	\$4,500	\$36,295	\$451	Interior



Lot 2



Lot 6 Schneider



Lot 6 Boyd



Lot 7



Lot 11



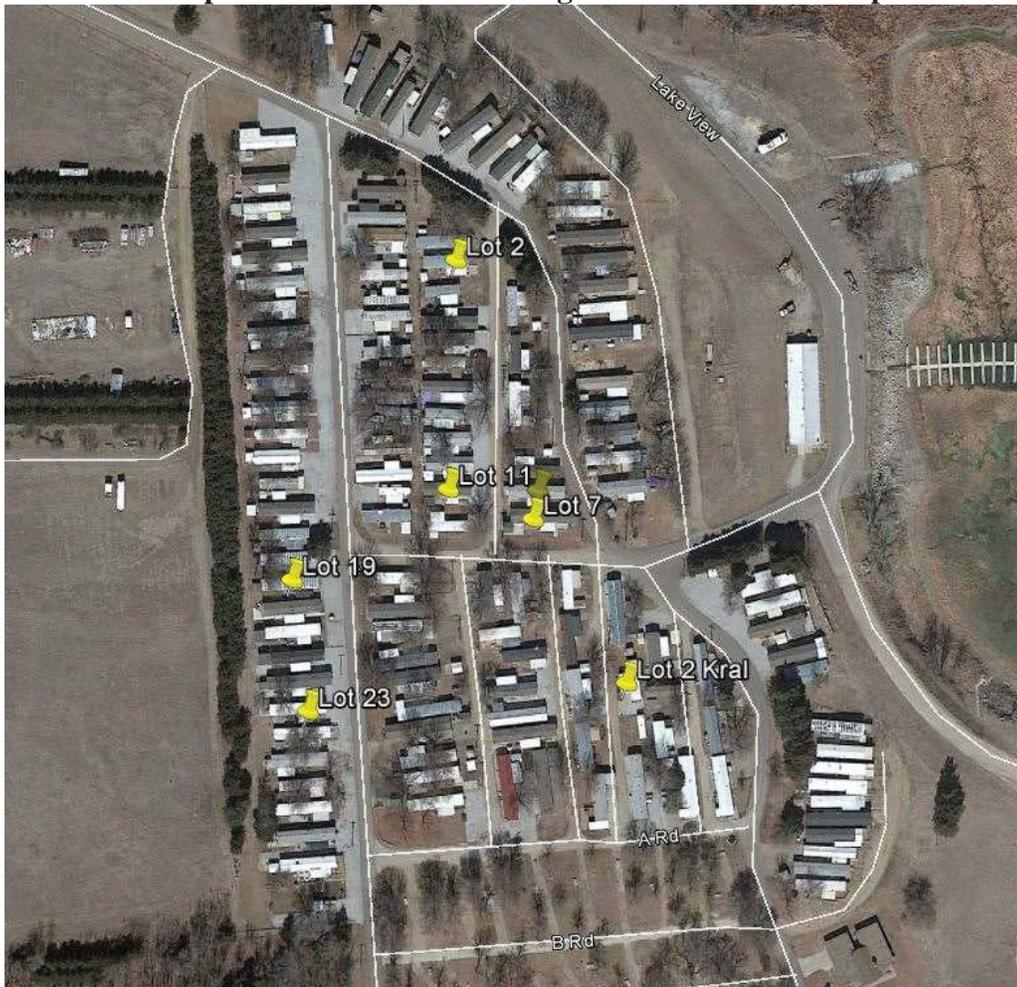
Lot 19



Lot

Lot 23

Comparable Market Rent Google Aerial Location Map



Market Rent Comp #6



Google Earth close up view.

Market Rent Comp #6

Property Identification

Central Nebraska Public Power and Irrigation District (CNPPID)
Reservoirs in Dawson, Gosper and Keith Counties.

Recreation Development Property Type Address

Johnson and Plum Lakes, Lake McConaughy.

Semi Improved Lake Front Lots
10.8 miles southwesterly of Lexington to Bullhead Exwvy 28
then to 1 Drive 25A, Elwood, NE 68937

Johnson Lake Lot Type Mix

<u>Lot Type</u>	<u>No. of Lots</u>	<u>Size Acre</u>	<u>Rent/Year</u>	<u>Lot Feature</u>
Tier 1	485	Varies	\$2,250	Lake front homes
Tier 1 (MC 1-3)			\$2,025	Lake front homes
Tier 1 (MC 4-8)			\$1,800	Lake front homes
Tier 2	65	Varies	\$900	Cove front homes
Tier 3	3	Smaller	\$450	Single wide lake front
Tier 4	89	Varies	\$450	Non lake front homes
Tier 5	7	Smaller	\$113	Non lake S wide trailer

Plum Canyon Lake Lot Type Mix

Tier 1	20+		\$3,000	Lake front club sites
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Lake McConaughy

In negotiations	Not stated	Large Lots	\$2,000 to \$2,500	Varies but lake lowers throughout summer
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Occupancy/Terms

100%, 30 year lease starts in 2018 at current rates stated above. See copy of scheduled increases. See comments below on lease negotiations resulting in market rates. Lessee's incur taxes on the land. Due to lack of discovering information source taxes remain elusive. However, a \$500 adjustment appears reasonable as reflecting the land only minus utilities and the sewer assessment bond. According to online *Nebraska Tax Collector*, website a fully improved lot at \$130,000 would incur \$2,000 in taxes. One fourth or \$500 best reflects taxes for a prime Tier 1 lot. A copy of lease agreement abstract in addendum.

Total Lots

649 Johnson Lake, 20+ on Plum Canyon Lake, many on McConaughy.

Lot Features

Each lot is served by rural electric and roadway from the lessor. There are 16 community homeowners associations around Johnson Lake, same information not revealed for the other two lakes. Each lot served by one of them. Homeowner Association Fees remain elusive, if any. Each community has a single well (16 total) which supplies water to each lot. Lessee's installed sewer district in the distant past for which bond assessments collected in taxes. Will be paid off in about six years. View using Google Street View reveals most areas around lake resemble permanent residential neighborhoods. Typical lot has building configuration containing stick built/mobile home, garage/shed and open/enclosed dock with single/multiple slips. Lot sizes vary greatly which along with

Market Rent Comp #6

water influence is one of two main physical criteria's reflected in tiered rental rates above.

Lake/Area features

Several Marinas for fuel and supplies, community associations, country club with golf course. Consumer services from nearby freeway interchanges on I-80 and Lexington, NE..

Avg. Rent/Lot

See table above and discussion below and 30 year proposed schedule. As noted above and condition of the lease the permittees must pay property taxes, including those on the land. To be consistent with remainder of the analysis reflecting gross market rent by adding \$500 to the Club and Tier 1 Prime based rent and about \$350 to Tier 1 standard lot. Adjusted base rent to market rent is below.

Tier 1 Base	\$1,800	\$2,150	6
Tier 1 Avg	\$2,025	\$2,525	6d
Tier 1 Prime	\$2,250	\$2,750	6c
Plum	\$3,000	\$3,500	6b
McConaughy	\$2,000-\$2,500	\$2,500 - \$3,000	6a
Tier 2 Mobile	\$900	\$1,250	6e

Physical Data

Access Type

Gravel and chip and seal based on Google Earth review.

Utilities Provided

Electricity by owner (energy company), water by community associations and sewer by sewer improvement district.

Verification

Jeff Buettner, Public Relations at 308-995-8601 on 02/27/2017. Online information regarding appraisal process and negotiations for new 30 year lease.

Comments

A two year process to evaluate and establish new market rent rates by March 2018 begin about one year ago. First step completed using mass appraisal technique employing multiple regression analysis. Appraisal concluded Tier one lot value of \$131,600 then applied a five percent rate concluding to market rent of \$6,580. Remaining Tier values were simple percentage discount for decreasing amenities based on past allocations. Second step occurred when two fee appraisers contracted to perform market rent study appraisals. According to source, oral appraisal results provided for early February meeting with various lake owners associations indicated \$4,200 market rent for Tier One lots as improved which included full utility services. Both figures assisted in establishing a negotiated market rate between lessor and lessees for each of the Tiers.

During negotiations, leaseholders noted that since sewer district connections completed full utilities to all lots, property values have increased rapidly, whereas before, property values were steady over time. They pointed out the appraised market rents reflected the lots in as is condition with lessee created improvements. Additionally, Leaseholders request a freeze on rates until the sewer assessment bonds are paid off in six more years. CNPPID agreed that actions by the leaseholders improved the conditions and quality of the lake lots and thus deserves recognition in the rate. Furthermore, the six year freeze until the bonds are paid off was agreed to. CNPPID for this concession

Market Rent Comp #6

needs a three percent annual escalation beginning in Year 2024. Through mutual consent the CNPPID and leaseholders held several meetings and each acting in their own self-interest arrived at a satisfactory lease rates and terms for the next 30 year period. The entire market rate schedule proposed at found on the internet and verified with the source follows the comment section. Source expects concurrence and approval at May 2017 Board meeting.

Plum Canyon Lake and eventually Lake McConaughy will follow the same rate schedule likely. Lake McConaughy, the highest elevated reservoir in the CNPPID system experiences noticeable drawdown during the agricultural seasons for irrigation. The lake owners associations generally negotiate a lower market rent rate because of the draw down. Although negotiations are upcoming next year for this reservoir, based on past rate patterns market rent range will likely be \$2,000 to \$2,500 per lot. Viewing using Google Earth Pro revealed many of the lots are Club style containing one to three acres in area with views in addition to lake frontage. It appeared portable docks are often utilized to accommodate the change in shoreline during the summer.

It is worth noting that almost all the lake front lots at Plum Canyon Lake were club style lots but enjoying above average to superior privacy. This fact seems to explain the upper end of the market rent range commanded by these lots. No actual recent transfers were discoverable. However several exhibits are included on the following pages.

415 Lincoln St.
P.O. Box 740
Holdrege, NE 68949



308.995.8601
cnppid.com

Jim Brown
Land Administrator

308.995.3556
308.991.5602
jbrown@cnppid.com

Johnson Lake and Plum Creek Lake Lease Rental Amounts

8 February 2017

Dear Tenant;

On 6 February 2017, The Central Nebraska Public Power and Irrigation District's Board of Directors approved a modification to the lease rates in the draft alternative lease proposal being considered for Johnson Lake and Plum Creek Canyon Lake.

The new proposed lease rates for lots at the two lakes would remain at their current level for six additional years, beginning March 1, 2018 and extending through February 2024, and then increasing at three percent (3%) compounding annually beginning on March 1, 2024. Attached is a schedule of what the lease amounts for each tier would be under this proposal and replaces the estimate you received under the prior proposal

A public meeting to further discuss the draft alternative lease proposal is scheduled for 7:00 p.m. May 11 at the Holiday Inn Express in Lexington, NE.

Should you have any questions, you may contact me to discuss this information.

Sincerely,


Jim Brown
Land Administrator

attachment

The following table represents a 30-year rental schedule for Johnson Lake and Plum Creek Canyon Lake:

Year #	Year	Johnson Lake							Plum Creek
		Tier 1	Tier 1 (MC 1-3)	Tier 1 (MC 4-8)	Tier 2	Tier 3	Tier 4	Tier 5	Tier 1
1	2018	\$ 2,250	\$ 2,025	\$ 1,800	\$ 900	\$ 450	\$ 450	\$ 113	\$ 3,000
2	2019	\$ 2,250	\$ 2,025	\$ 1,800	\$ 900	\$ 450	\$ 450	\$ 113	\$ 3,000
3	2020	\$ 2,250	\$ 2,025	\$ 1,800	\$ 900	\$ 450	\$ 450	\$ 113	\$ 3,000
4	2021	\$ 2,250	\$ 2,025	\$ 1,800	\$ 900	\$ 450	\$ 450	\$ 113	\$ 3,000
5	2022	\$ 2,250	\$ 2,025	\$ 1,800	\$ 900	\$ 450	\$ 450	\$ 113	\$ 3,000
6	2023	\$ 2,250	\$ 2,025	\$ 1,800	\$ 900	\$ 450	\$ 450	\$ 113	\$ 3,090
7	2024	\$ 2,318	\$ 2,086	\$ 1,854	\$ 927	\$ 464	\$ 464	\$ 116	\$ 3,183
8	2025	\$ 2,387	\$ 2,148	\$ 1,910	\$ 955	\$ 477	\$ 477	\$ 119	\$ 3,278
9	2026	\$ 2,459	\$ 2,213	\$ 1,967	\$ 983	\$ 492	\$ 492	\$ 123	\$ 3,377
10	2027	\$ 2,532	\$ 2,279	\$ 2,026	\$ 1,013	\$ 506	\$ 506	\$ 127	\$ 3,478
11	2028	\$ 2,608	\$ 2,348	\$ 2,087	\$ 1,043	\$ 522	\$ 522	\$ 130	\$ 3,582
12	2029	\$ 2,687	\$ 2,418	\$ 2,149	\$ 1,075	\$ 537	\$ 537	\$ 134	\$ 3,690
13	2030	\$ 2,767	\$ 2,490	\$ 2,214	\$ 1,107	\$ 553	\$ 553	\$ 138	\$ 3,800
14	2031	\$ 2,850	\$ 2,565	\$ 2,280	\$ 1,140	\$ 570	\$ 570	\$ 143	\$ 3,914
15	2032	\$ 2,936	\$ 2,642	\$ 2,349	\$ 1,174	\$ 587	\$ 587	\$ 147	\$ 4,032
16	2033	\$ 3,024	\$ 2,721	\$ 2,419	\$ 1,210	\$ 605	\$ 605	\$ 151	\$ 4,153
17	2034	\$ 3,115	\$ 2,803	\$ 2,492	\$ 1,246	\$ 623	\$ 623	\$ 156	\$ 4,277
18	2035	\$ 3,208	\$ 2,887	\$ 2,566	\$ 1,283	\$ 642	\$ 642	\$ 160	\$ 4,406
19	2036	\$ 3,304	\$ 2,974	\$ 2,643	\$ 1,322	\$ 661	\$ 661	\$ 165	\$ 4,538
20	2037	\$ 3,403	\$ 3,063	\$ 2,723	\$ 1,361	\$ 681	\$ 681	\$ 170	\$ 4,674
21	2038	\$ 3,505	\$ 3,155	\$ 2,804	\$ 1,402	\$ 701	\$ 701	\$ 175	\$ 4,814
22	2039	\$ 3,611	\$ 3,250	\$ 2,888	\$ 1,444	\$ 722	\$ 722	\$ 181	\$ 4,959
23	2040	\$ 3,719	\$ 3,347	\$ 2,975	\$ 1,488	\$ 744	\$ 744	\$ 186	\$ 5,107
24	2041	\$ 3,830	\$ 3,447	\$ 3,064	\$ 1,532	\$ 766	\$ 766	\$ 192	\$ 5,261
25	2042	\$ 3,945	\$ 3,551	\$ 3,156	\$ 1,578	\$ 789	\$ 789	\$ 197	\$ 5,418
26	2043	\$ 4,064	\$ 3,657	\$ 3,251	\$ 1,626	\$ 813	\$ 813	\$ 203	\$ 5,581
27	2044	\$ 4,186	\$ 3,767	\$ 3,349	\$ 1,674	\$ 837	\$ 837	\$ 209	\$ 5,748
28	2045	\$ 4,311	\$ 3,880	\$ 3,449	\$ 1,724	\$ 862	\$ 862	\$ 216	\$ 5,921
29	2046	\$ 4,441	\$ 3,997	\$ 3,552	\$ 1,776	\$ 888	\$ 888	\$ 222	\$ 6,098
30	2047	\$ 4,574	\$ 4,116	\$ 3,659	\$ 1,830	\$ 915	\$ 915	\$ 229	\$ 6,098



Google Earth view of Tier 1 lots with docks (\$2,250 annually) on lake and Tier 2 Cove lots (\$900 annually) with docks.



Google Earth, Tier 3 lot single wide with dock on lake, \$450 annually.



Google Earth view of Tier 4 lots (\$450 annually) with no lake frontage but large enough for single family residence.



Google Earth Tier 5 lots (\$113 annually), small single wide trailer site with no lake frontage.



Google Earth capture of Plum Canyon Lake



Google Earth close up of typical lots on Plum Canyon Lake.



Google Earth capture of typical lot community at Lake McConaughy.

Date: _____, 20__

IN CONSIDERATION of the mutual promises, obligations and agreements herein set forth, the parties hereto agree as follows:

1. PARTIES. The Central Nebraska Public Power and Irrigation District, a public corporation and political subdivision of the State of Nebraska, 415 Lincoln Street, P. O. Box 740, Holdrege, Nebraska 68949-0740, Telephone No. 308-995-8601, hereinafter referred to as "District", hereby leases to:

(Name)

hereinafter referred to as "Tenant", and Tenant hereby leases from District, the Leased Premises described in Paragraph 2.

2. LEASED PREMISES. The Leased Premises consist of the following described real estate located in __ County, Nebraska:

JOHNSON LAKE

Legal Description:

Also known as 911 Enhanced Address:

Area Association:

3. TERM. This Lease shall be for a term of Thirty (30) years beginning on the first day of March, 2018 and ending on the last day of February, 2048, unless sooner terminated as later provided herein.

4. ANNUAL RENT. Tenant shall pay to the District for the Leased Premises the Annual Rent for each Lease Year (Twelve months beginning on the first day of March and ending on the last day of February) during the term of this Lease set forth in Exhibit "A" attached hereto and incorporated herein by this reference.

5. RENTAL DUE DATE. The Annual Rent for the Leased Premises is due and payable to the District in advance on or before March 1 of each Lease Year of the term of this Lease, and time is of the essence of said payment. Default in the payment of any rental provided for herein shall be deemed an event of default. In addition to any right or remedy provided in Paragraph 27, the District shall charge the Tenant interest at the maximum legal rate on any rental provided for herein and not paid by said due date. Said interest shall accrue from the due date until paid.

6. LAKE IMPROVEMENT FEE. Tenant agrees to pay to the District an Annual Lake Improvement Fee as may be established by the District's Board of Directors for the costs of Lake Improvement Projects, provided sixty percent (60%) of the tenants of the land surrounding Johnson Lake and owned by the District and leased for single family residential purposes approves in writing of the Lake Improvement Project and the associated Annual Lake Improvement Fee for such project. The Annual Lake Improvement Fee is payable, as additional rent, on or before March 1 of each Lease Year during the term of this Lease, and time is of the essence of said payment. Default in the payment of any Annual Lake Improvement Fee shall be deemed an event of default. In addition to any right or remedy provided in Paragraph 27, the District shall charge the Tenant interest at the maximum legal rate on any Lake Improvement Fee provided for herein and not paid by said due date. Said interest shall accrue from the due date until paid.

7. AREA ASSOCIATION ASSESSMENT. Tenant agrees to pay to the above described area association an annual area association assessment as may be established from time to time by written agreement between the District and said association. In the event said annual assessment is not paid when due, as fixed by said agreement, the association may notify the District in writing of such failure and the District may deem such failure an event of default and in addition to any right or remedy provided in Paragraph 27, the District, for the benefit of the above described area association, shall charge the Tenant interest at the maximum legal rate on any area assessment provided for herein and not paid by said due date. Said interest shall accrue from the due date until paid.

8. USE OF PREMISES. The Leased Premises are to be used for single family residential purposes only, and for no other purposes. The Tenant will not use the Leased Premises to carry on, or permit upon said premises any nuisance or anything against public policy, nor use or allow the same to be used for any illegal purpose or to be used such as to interfere with the quiet and peaceful enjoyment of their lots by neighboring leaseholders, and the Tenant agrees that nothing in violation of any present or future federal, state or municipal law or ordinance shall be done, maintained or permitted in or upon said premises or any part thereof.

9. LOT LIMITS. Tenant shall confine structures and other improvements within the lot lines of the Leased Premises, as solely determined by the District, and shall acquire no right, title or interest by adverse possession, implication or prescription as against the District or any tenant, by reason of a structure, improvement or use extending beyond said boundaries.

10. GOVERNMENT REGULATIONS. It is understood and agreed that the lands and waters owned by the District are subject to regulation by the United States Government, including the Federal Energy Regulatory Commission (FERC), and by the State of Nebraska and local governments thereof. The Leased Premises, and use of said premises by Tenant, and all other rights hereto granted Tenant, are expressly subject to any statute, law, rule, regulation or order now or hereinafter imposed by any governmental body having jurisdiction of the activity or property of the District, and may be altered or curtailed to the extent the same may affect the real estate leased herein.

11. PROTECTION OF SCENIC, RECREATIONAL AND ENVIRONMENTAL VALUES. The Tenant shall not unduly restrict public access to FERC Project No. 1417 (Project) lands and waters and Tenant shall take all reasonable precautions to ensure that construction, operation and maintenance of buildings, structures or improvements on the Leased Premises will occur in a manner that will protect the scenic, recreational, and environmental values of the Project. The use of the Leased Premises shall not endanger health, create a nuisance, or otherwise be incompatible with the overall recreational use of the Project, as set forth in the FERC license for said Project and any amendments thereto. The District retains the right to enforce these provisions by any reasonable means, including without limitation, entry upon the Leased Premises to perform inspections, implementation of a permitting system, direction to cease inappropriate land use or to remove inappropriate structures, and termination of this Lease.

12. RIGHT TO ENTER. The Tenant's use of the Leased Premises is subject and subordinate to the rights of the District to use the same in the operation and the maintenance of its Project, and if the District at any time determines that it is necessary or convenient to enter upon any part of the Leased Premises with workers, machinery or equipment and do any kind of work whatsoever thereon, including, but not limited to, excavation, construction, building structures or removal of structures, that it may do so without any let or hindrance by the Tenant or any responsibility or liability to the Tenant, other than compensation for the fair market value of damage to any improvement or structure constructed thereon and owned by the Tenant. If the District has a reasonable opportunity to do so, it will notify the Tenant of its intentions before entering upon said premises but it shall not be liable if such notice is not given. Such rights reserved to the District shall also include the right to enter upon the Leased Premises to inspect the same.

13. WATER LEVEL. The District does not guarantee the permanence of the water level in Johnson Lake nor its water quality for swimming or other purposes. This Lease is expressly subject to the raising and lowering of Johnson Lake in the course of the activities of the District. Tenant hereby waives any liability for damage to any dwelling, dock, boat or other property of Tenant which may result from reduced water quality or fluctuations in water level, by the movement of ice, erosion, or from any other activities of the District.

14. IMMEDIATE CANCELLATION. In the event the Leased Premises or any portion thereof shall become necessary to be permanently occupied by the District for its needs, the District may cancel and terminate this Lease upon six (6) months written notice to Tenant; provided that, Tenant shall be compensated for the fair market value of all structures and improvements constructed thereon and owned by the Tenant.

15. RULES AND REGULATIONS. The use and improvement of the Leased Premises shall be subject to all rules, regulations, policies or protective covenants of the District which are now or may hereafter, from time to time be promulgated by the District.

16. APPROVAL OF IMPROVEMENTS. No structure, sea wall, facility for water

