AN APPRAISAL REPORT OF

Webster (Reservoir) State Park Typical Cabin Lot # 30 and Typical Club Lot # 4
IVIS No. R16022
Client Case Number 000098048

LOCATED AT
Webster (Reservoir) State Park, Rooks County
1140 Ten Rd
Stockton, KS 67669

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

Effective Date of Valuation
January 24, 2017

Date of Report
April 22, 2017

Prepared By
Richard A. Murphy, MAI
United States Department of the Interior
Office of the Secretary
650 Capital Mall, Suite 2-100
Sacramento, CA 95814
April 22, 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 Webster (Reservoir) State Park Typical Lots Concluding to Annual Market Rent

Agency Name: Bureau of Reclamation- Great Plains Region
IVIS No.: R16022
Case File No.: 000098048
Case Name: Webster 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 # 30 and Typical Club Lot # 4 located within Webster (Reservoir) State Park in Kansas. Inspection occurred on January 24, 2017. The typical lots identified are selected as representative lots for the two permitted lot uses.

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 Cabin Lot # 30 is the representative lot for six cabin lots.

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.”
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, subject to the hypothetical condition stated below, my opinion of annual market rent for the selected representative lot as of date of valuation being January 24, 2017, is as follows:

- Market Rent Annually for Typical Cabin Lot # 30 $2,200
- Market Rent Annually for Club Lot $2,500

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]

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.”

Respectfully Submitted,

Richard A. Murphy, MAI
Review Appraiser
Parks and Reclamation Division
650 Capital Mall, Suite 2-100
Sacramento, CA 95814
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Webster Reservoir Market Rent Analysis
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 24, 2017. Mr. Bruce D. Buchan, MAI, OVS Review Appraiser was also present during the field tour as well as Zachary Kesler, Park Manager.

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 the Typical Club Lot #4 is $2,500 and Typical Cabin Lot #30 is $2,200 as of date of valuation being January 24, 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
Summary of Salient Facts

Property Address: Webster State Park, Rooks County
1140 Ten Rd
Stockton, Kansas 67669

IVIS # R16022
CASE # 000098048

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.

From SOW; “The intended use of the report will 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 Webster Reservoir. It is not intended for any other use.”

Descriptions as appraised provided. Typical Club Lot # 4 is located at #8 Cabin Road 3, Stockton, KS 67669. Site is atop a bluff at an elevation between 40 to 60 feet above the lake. The trapezoid shaped lot is surveyed listing dimensions of 300 feet by 381 feet by 280 feet by 310 feet comprising 2.15 acres. Lot slopes slightly downward toward the bluff and appears to be mowed regularly with sparse signs of shrubs or trees. A narrow dirt driveway extends across a ridge to the end of the bluff where the subject is platted. Worth noting the site is accessible by the public as well as any trails leading down to the shoreline. Electricity is provided to the site.

Typical Cabin Lot # 30 is located at #4 Cabin Rd 2, Stockton, KS 67669 according to county records. Located on a bluff overlooking the lake, configuration is a quadrangle narrow at the road frontage of 84 feet and widest at rear of about 154 feet. Depth is surveyed to 187 feet along its northern side and 172 feet along its southerly boundary. The survey plat indicates the site contains 0.47 acre. Prime building envelope is bordered by dense moderately tall bushes which open up providing views of the lake beyond the rear of the site. Access is from a narrow dirt and gravel road which is well maintained. Electricity is provided to the lot. Permittees of each typical lot with minor cost granted right for a portable boat dock. Typical Cabin Lot # 30 is the representative lot for six cabin lots all situated along Cabin Road 2.

Subdivision improvements provided in each lease type are good quality year around gravel and dirt vehicle access roads to each subject lot. Each bare lot regardless of use type is of shape and grade for feasible use with improvements.

Land use regulated by Bureau of Reclamation which has

PRD-OVS- Sacramento Office
Webster Reservoir Market Rent Analysis
### Summary of Salient Facts

| Property Address: | Webster State Park, Rooks County  
|                  | 1140 Ten Rd  
|                  | Stockton, Kansas 67669  
| IVIS #           | R16022  
| CASE #           | 000098048  

**Property Rights Appraised:**  
authorized sole uses as seasonal club lot, and cabin lots accessible year round.

**Property Rights Appraised:**  
Property rights appraised for Typical Cabin Lot # 30 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 Webster Draft Cabin Permit document contained in the addenda of this report. The two representative lots enjoy opportunity for a Dock Mooring Permit which is considered based on the Dock Mooring Permit document also included in the addenda.

**Extraordinary Assumptions:**  
No extraordianry 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 estimate of market rent.

**Highest and Best Use**  
As (If) Vacant  
The highest and best use as if vacant for the Typical Cabin Lot # 30 is for a cabin lot and the Typical Club Lot # 4 for a club lot.

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

**Date of Valuation:**  
January 24, 2017 the date of inspection.

**Report Date:**  
April 22, 2017

**Agency Client:**  
Client of this appraisal is Department of Interior, Office of PRD-OVS- Sacramento Office  
Webster Reservoir Market Rent Analysis
### Summary of Salient Facts

| **Property Address:** | Webster State Park, Rooks County  
|                       |   1140 Ten Rd  
|                       |   Stockton, Kansas 67669  |
| **IVIS #**            | R16022  |
| **CASE #**            | 000098048  |

**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

<table>
<thead>
<tr>
<th><strong>Representative Typical Cabin</strong></th>
<th><strong>Annual Market Rent</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Lot # 30</td>
<td>$2,200</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Representative Typical Club</strong></th>
<th><strong>Annual Market Rent</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Lot # 4</td>
<td>$2,500</td>
</tr>
</tbody>
</table>

PRD-OVS- Sacramento Office  
Webster Reservoir Market Rent Analysis
<table>
<thead>
<tr>
<th>Photo No. 1:</th>
<th>Typical (Representative) Cabin Lot # 30, situated on bluff overlooking lake in the background.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Photo No. 2:</th>
<th>Reported permittee installed water supply (well) located under metal cover shared by several of the cabins including the subject.</th>
</tr>
</thead>
</table>

<p>| Photo No. 3: | Typical (Representative) Club Lot # 4. View of the Club Lot from a point on the dirt driveway. |</p>
<table>
<thead>
<tr>
<th>Photo No. 4:</th>
<th>Wide angle view of the panoramic view offered by the Club Lot which is similar as Cabin Lot # 30.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Photo No. 5:</td>
<td>Public launch ramp closest to Cabin Lot # 30 and Club Lot # 4 measured on Google Earth Pro about one mile from subject. Worth noting, no observed evidence private docks utilized by the Typical (representative) Cabin or Club Lot permittees at the lake. Nevertheless, potential to obtain a dock mooring permit remains a benefit.</td>
</tr>
</tbody>
</table>
Scope of Work

Introduction

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

Client(s)

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

Intended User(s) of the Report

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.”

Intended Use of Report

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.”

Key Assignment Dates

Effective Date of Valuation

January 24, 2017

Report Date

April 22, 2017

Property Inspection Date(s)

January 24, 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. The Statement of Work in the addenda contains general appraisal requirements and conditions.

1) Some features of the subject sites 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:

<table>
<thead>
<tr>
<th>Market Value Opinion(s)</th>
<th>Market Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reflected</td>
<td></td>
</tr>
</tbody>
</table>

| Type of Report | Appraisal Report |

| USPAP Standard Rule | 2-2 |

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 representative (typical lots selected) is the subject properties.

Data Sources Relied Upon


<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>Phone Log</th>
<th>Contact</th>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>2/16/2017</td>
<td>9:00 AM</td>
<td>620-583-6140</td>
<td>Karen Simon</td>
<td>City of Eureka Lake Leased Lots</td>
</tr>
<tr>
<td>2/16/2017</td>
<td>2:00 PM</td>
<td>620-583-6212</td>
<td>Renee Burk</td>
<td>City of Eureka City Clerk, discussed terms</td>
</tr>
<tr>
<td>2/16/2017</td>
<td>9:15 AM</td>
<td>620-583-8131</td>
<td>Jami Clark, RMA</td>
<td>Greenwood City Appr. Req. Tax and valuations, checking into</td>
</tr>
<tr>
<td>2/16/2017</td>
<td>2:00 PM</td>
<td>620-767-5417</td>
<td>City Clerk</td>
<td>City Inspector, Larry answered questions. Call back to Clerk</td>
</tr>
<tr>
<td>2/17/2017</td>
<td>8:00 AM</td>
<td>620-767-5417</td>
<td>Danny Matthews</td>
<td>Clerk provided transfers of lots</td>
</tr>
<tr>
<td>2/17/2016</td>
<td>10:00 AM</td>
<td>620-767-5323</td>
<td>Marty Wright</td>
<td>Discussed market and activity</td>
</tr>
<tr>
<td>2/17/2016</td>
<td>12:35</td>
<td>620-767-5614</td>
<td>Corinne Blosser</td>
<td>Returned call to discussed access to county deeds.</td>
</tr>
<tr>
<td>2/21/2017</td>
<td>620-842-5434</td>
<td>Carol Anderson</td>
<td>Billing Clerk of Anthony, KS, discussed lake lots</td>
<td></td>
</tr>
<tr>
<td>2/22/2017</td>
<td>308-799-2105</td>
<td>Dianna</td>
<td>Referred to Larry with Corp of Engineers in Kansas City</td>
<td></td>
</tr>
<tr>
<td>2/23/2017</td>
<td>816-389-3493</td>
<td>Larry</td>
<td>Discussed Harlan County Lake Trailer Lots</td>
<td></td>
</tr>
<tr>
<td>2/24/2017</td>
<td>9:45 AM</td>
<td>308-995-3556</td>
<td>Jim Brown</td>
<td>Requested verification lease rates Johnson Lake, L.M.</td>
</tr>
<tr>
<td>2/24/2017</td>
<td>11:58 AM</td>
<td>308-995-8601</td>
<td>Jeff Buettner</td>
<td>Ditto</td>
</tr>
<tr>
<td>2/24/2017</td>
<td>1:00 PM</td>
<td>308-799-4600</td>
<td>Patterson Harbor</td>
<td>LM, to verify 1835 lot rate, etc.</td>
</tr>
<tr>
<td>2/24/2017</td>
<td>1:15 PM</td>
<td>308-991-8429</td>
<td>Justin Clark</td>
<td>Owner Patterson Harbor; discussed 2017 rates</td>
</tr>
<tr>
<td>2/24/2017</td>
<td>3:24 PM</td>
<td>308-799-2315</td>
<td>Unknown</td>
<td>Requested lot lease rate at North Shore Marina, Harlan Lake</td>
</tr>
<tr>
<td>2/27/2017</td>
<td>1:00 PM</td>
<td>308-995-8601</td>
<td>Jeff Buettner</td>
<td>PRC for Central, discussed Johnson, Plum Creek, and McDonah.</td>
</tr>
<tr>
<td>2/27/2017</td>
<td>2:00 PM</td>
<td>308-799-2315</td>
<td>Bruce Beines</td>
<td>Marina Operator for North Shore, discussed rates, etc.</td>
</tr>
<tr>
<td>3/13/2017</td>
<td>1:00 PM</td>
<td>620-382-3240</td>
<td>Steve Hudson</td>
<td>LakeSuper for Marion County Park Lake</td>
</tr>
</tbody>
</table>
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. Publications 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, I state the term permittee, “party of the second part and hereinafter called the Permittee,” refers to a non-government participant in a Cabin or Club Lot 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 was attempted in this market rent analysis.

**Summary of Appraisal Problem**

The client requires knowledge of current real property market rental rates in order to make decisions regarding 7 Cabin Lots and 1 Club Lot at Webster 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 elsewhere the solution required selecting two typical lots to appraise as representative lots for each of the three permitted uses at Webster (Reservoir) State Park.

### Atypical Conditions of Analysis

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

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 7 Cabin Lots and 1 Club Lot.

#### Property Use(s) Reflected

Similar as immediately described.

### Legal Characteristics

#### Category Of Property Appraised

Real property available for leasing at market rents on the date of valuation.

#### Property Rights Appraised

Property rights appraised for Typical Cabin Lot # 30 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 Webster Draft Cabin Permit document contained in the addenda of this report. The two representative lots enjoy opportunity for a Dock Mooring Permit which is considered based on the Dock Mooring Permit document also included in the addenda.

#### Legal Issues Considered

None more specific than described above.

#### Environmental Concerns/Benefits

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.

#### Cabin/Club Permit Conditions

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

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

**Webster Reservoir Market Rent Analysis**

**PRD-OVS - Sacramento Office**
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.
Typical Cabin Lot # 30 and Club Lot # 4 Location Map
Subject Property Description

Location
The subject Typical Lots are located at Webster Reservoir in Rooks County, Kansas. Several exhibits visually portray the lake prior to this narrative. The location is managed by Kansas State Parks and interior zones around the reservoir have a single address. The street address is 1140 Ten Road, Stockton, Kansas 67669. Steady historical demand proves the location holds potential into the future for similar appeal for recreational residency on a seasonal basis. Reservoir is in a rural sparsely populated area about 11 miles north of Zurich, Kansas. The lake offers many outdoors activities most notable camping, fishing, hunting and an 8,000 acre plus wildlife refuge. In regards to travel time it is worthy to note MapQuest® calculated about 4.5 hours driving time from Kansas City, KS. The rural remote location requires external population draw from outside Rooks County for economic sustainability. The reservoir peak use is during warm weather months. Several exhibits visually portray the park preceding this discussion.

Typical Cabin Lot # 30 is located at #4 Cabin Road 2, Stockton, KS 67669. Typical Club Lot # 4 has an address of #8 Cabin Road 3, Stockton, KS 67669.

From the Kansas Outdoors website, “Located about 8 miles west of Stockton south of US-24. Webster State Park is an 880-acre prairie setting of rolling hills and spacious skies. Visitors often see deer, turkeys, quail, pheasants, and many wildflowers. The 3,700 acres of open water offer great fishing in Webster Reservoir. The reservoir complements the picturesque Chalk Hills. The area’s mixed grass prairie, river, lake, marshes, and riparian trees and shrubs teem with wildlife. Located in the central flyway, the lake is a stopping place for many species of waterfowl and shorebirds and offers excellent opportunities for outdoor enthusiast for hunting, wildlife watching and photography. Webster Wildlife Area encompasses 8,018 acres mostly surrounding the Solomon River west of the reservoir. A variety of wildlife habitats are developed and maintained to enhance wildlife. The lake is known for its quality walleye, crappie, white bass, and channel catfish.”

Rental and Sale History
The subject Typical Lots have been held in the same ownership over ten years. Worth noting the current cabin and club lot annual rate is $274.04. A detailed breakdown of past history was not revealed by the client. Most important satisfying a market rent level analysis, verbal verification provided during inspection shows the occupancy is nearly 100 percent amongst the cabin and club lots extending in the recent past. There is no apparent need for special rent
arrangements analysis or adjustments caused by vacancy as there is none. The latest rent is the terminal rent on an expiring long term contract and is below market by several times based on market rent comps included in the addendum. The latest rent at $274.04 is the terminal rent on an expiring long term contract and is below market by several times based on market rent comps included in the addendum. The use permit began May 31, 1967, almost 50 years ago and expires May 31, 2017.

**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 North half of Section 3, Township 8 South, Range 19 West, of the 6th Principal Meridian, in the County of Rooks, Kansas

**Club Lot Area:** Within the South half of Section 3, Township 8 South, Range 19 West, of the 6th Principal Meridian, in the County of Rooks, Kansas

Specifically regarding the representative (typical) lots the following Certificates of Surveys were provided for Typical Cabin Lot # 30 and Typical Club Lot # 4.
Real Estate Taxes

For the subject, 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 Rooks County is 1.480% per $1,000 which is above the state average of 1.40% per $1,000. Counties where comparable market rent comps are located are both higher and lower 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%. An exhibit below demonstrates the evidence. 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 Rooks County.

Site Description

Typical Club Lot # 4 is located at #8 Cabin Road 3, Stockton, KS 67669. Site is atop a bluff at an elevation between 40 to 60 feet above the lake. The trapezoid shaped lot is surveyed listings dimensions of 300 feet by 381 feet by 280 feet by 310 feet comprising 2.15 acres. Lot slopes slightly downward toward the bluff and appears to be mowed regularly with sparse signs of shrubs or trees. A narrow dirt driveway extends across a ridge to the end of the bluff where the subject is platted. Worth noting the site is accessible by the public as well as any trails leading down to the shoreline. Electricity is provided to the site.

Typical Cabin Lot # 30 is located at #4 Cabin Rd 2, Stockton, KS 67669 according to county records. Located on a bluff overlooking the lake, configuration is a quadrangle narrow at the road frontage of 84 feet and widest at rear of about 154 feet. Depth is surveyed to 187 feet along its northern side and 172 feet along is southerly boundary. The survey plat indicates the site contains 0.47 acre. Prime building envelope is bordered by dense moderately tall bushes which open up providing views of the lake beyond the rear of the site. Access is from a narrow dirt and gravel road which is well maintained. Electricity is provided to the lot.

Permittees of each typical lot with minor cost granted right for a portable boat dock. Typical Cabin Lot # 30 is the representative lot for six cabin lots all situated along Cabin Road 2.

Reprinted from the Statement of Work are the following site descriptions for the cabin and club lots.
The subject of this analysis encompasses 7 cabin and 1 club lots located within the 880-acre Webster State Park. The permitted sites are situated along the southeastern shore of Webster Reservoir approximately eight (8) miles west of Stockton, KS.

**Cabin Lots**
The 7 cabin lots are on a bluff above the Webster Reservoir shoreline. The sites range in size from approximately .4 to .5 acres and are mild in topography. The sites are improved with residences varying in age, quality, and condition. Access to the lots is by gravel-surfaced park roads. Electricity is available to each site as is water, the latter of which is provided by a community well (located on Lot 41). Furthermore, 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. Floating docks may 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 Lot**
The club lot contains approximately 2.2 acres and, like the cabin lots, is situated on a bluff above the Webster Reservoir shoreline in the southeastern portion of the park. The site, which is mild in topography, is improved with a residence. Access to the lot is by gravel-surfaced park roads. Electricity is available to the lot, while an on-site well and septic system is the responsibility of the resident. Common amenities include shared open space that is maintained by a voluntary owner's association. The site is under a long-term permit with the Kansas Department of Wildlife, Parks & Tourism that will expire on May 31, 2017. The lot is currently rented at $274 annually for year-round use, although permanent residency is prohibited. Floating docks may 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.

**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 the subject typical (representative) lots is from government maintained roadways. Mostly gravel and dirt as a condition of the permit agreement the Bureau of Reclamation provides and maintains access road to each permitted lot.

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. During inspection tour, Nikolaus Johanson, USBOR pointed out most lots have been improved with a water source and septic including the subject Typical Lots. A photograph exhibit is included earlier reported by Nik to cover a well which served the nearby Cabin lots. There is no apparent vacancy effect from inferior supply of water.

Topography
Physical topography of both Typical (representative) Lots is gentle to undulating permitting occupancy of a personal property cabin. Overall the topography slopes toward the front of bluff’s edge which front the lakeshore below. During the tour, the guide, Nikolaus Johanson, USBOR drove us to the nearest public boat ramp which was about one mile away. No personal or portable docks were observed, although, boat docks are permitted.

Flood Hazard
This valuation assumes no flood potential exist as neither of the Typical Lot permitted lots 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 explained in the draft document found in the addenda. 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. Similar as the public in general, each cabin permitted can obtain a dock permit for $25.

Permittees of the Typical Lots have ability to pay $25 for a Dock Mooring Permit. The permittees have equal access and potential to apply and receive 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**


*“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 two 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 both representative lots.

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 Typical Cabin Lot # 30 is for a cabin lot and a club lot for Typical Club Lot # 4.

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 two 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 therefore valuation of a fee simple interest is inapplicable.
Market Rent Analysis

Beginning on the following pages are first the exhibits and then summary comparison tables containing the best available comparable market rent comps 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 the Typical Cabin Lot # 30, and second the Typical Club LOT # 4. 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.
## Typical Cabin Lot # 30 Comparable Market Rent Summary and Comparison Table

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<th>Subject</th>
<th>MRC 3</th>
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<th>MRC 5</th>
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<td>Front/fluctuates</td>
<td>View</td>
<td>Nearby</td>
<td>Front/Stable</td>
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### Qualitative Comparison

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<td>Superior</td>
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**Indicated Annual Rate**

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<tr>
<th>MRC 3</th>
<th>MRC 4</th>
<th>MRC 5</th>
<th>MRC 6</th>
<th>MRC 6d</th>
<th>MRC 6c</th>
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<tr>
<td>$2,425</td>
<td>$2,550</td>
<td>$2,313</td>
<td>$2,150</td>
<td>$2,525</td>
<td>$2,750</td>
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</table>

**Overall Ranking**

| Superior | Superior | Superior | Inferior | Similar | Superior |
Typical Cabin Lot #30 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 marketplace 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 24, 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 three 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 comp was observed to require similar travel time to their respective lake as compared to the subject. They are each ranked similar for location as compared to the subject.
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. Typical Cabin Lot # 30 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 # 4 and 5 involve annual leases which are adjusted annually. Both lease conditions appear superior; therefore both are ranked superior for lease period next to the subject.

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 similar 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. MRC #s 6 through 6c each ranked similar for rate adjustment as compared to the subject.

Lake Influence
Typical Cabin Lot # 30 is situated on a ridge offering bluff top views of the lake below. Based on observations the lots have equal proximity within walking distance and shoreline recreation opportunities through paved and dirt roads/paths throughout the subdivision. MRC # 4 and 5 share common lake influences as compared individually to the subject most noticeable proximity to shoreline and range of amenities this presents. MRC #s 4 and 5 are ranked similar for lake influence each next to the Typical Cabin Lot # 30.
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 superior ranking for lake influence as compared to Typical Cabin Lot # 30s. 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 $1,800 and $2,250 annual market rent appears attributed to size differences with smaller size lots commanding $1,800 and larger size lots commanding $2,250 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 Typical Cabin Lot # 30 thus a similar ranking is listed in the table.
Utilities
Typical Cabin Lot # 30 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 Typical Cabin Lot # 30. 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 all subject properties and comparable lots, 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 Typical Cabin Lot # 30 has 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 thus are ranked similar.
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 is inherently measured as an unquantified component of the market rent rate.

**Typical Cabin Lot #30 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 is 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 #s 3 through 5 overall are ranked superior as compared to the subject. They form a narrow range from $2,313 and $2,550 per year. While each is different in physical characteristic compared to the subject several select superior qualities including lease period/term, utilities and shorter travel time place them above the subject as indicators of market rent. MRC #s 4 and 5 seem to require the permittee

MRC #3, location and permanent residency potential are superior lease and physical conditions compared to the subject that warrant concluding the indication of value it forwards $2,425 annually should bracket above the subject’s estimated market rent.

MRC #4 and 5 overall deserved superior ranking above the subject as they both are superior in location, and utilities. Their above market rent indications of value bracketed above the subject respectively are $2,550 and $2,313 annually.
MRC # 6 and 6d are the closest in similarity next to the subject therefore are ranked similar overall. The anticipated lot size for each Tier rate forms a range within which the subject’s size range falls. MRC # 6c overall’s physical qualities are each superior because of larger lot size and lake frontage and forwards an indication of market rent at $2,750 annually.

The two best supporting comps, from the closest similar leased cabin lots is derived from MRC # 6 and 6d forming a narrow range between $2,150 and $2,525 annually. There is no contract clause stating seasonal use only for MRC # 6. To acknowledge there may be added benefit to greater than seasonal use, the estimate of market rent is at the lower end of the range, at say $2,200 annually.

I conclude to a market rent value for Typical Cabin Lot # 30 about $2,200 annually.
## Typical Club Lot # 4 Comparable Market Rent Summary and Comparison Table

<table>
<thead>
<tr>
<th>Project Identifier</th>
<th>Subject</th>
<th>MRC3</th>
<th>MRC 4</th>
<th>MRC6a</th>
<th>MRC 6b</th>
<th>MRC 6c</th>
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<td>Lots 204 Patterson</td>
<td>McConaughy Club Lots</td>
<td>Plum Canyon Club lots</td>
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<td>Cabin/2hrs</td>
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<td>Boat Dock Permitted</td>
<td>Yes, discount</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
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### Qualitative Comparison

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<td>Off-site utilities</td>
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<td>Similar</td>
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<tr>
<td>Dock Permitted</td>
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<td>Inferior</td>
<td>Similar</td>
<td>Similar</td>
<td>Similar</td>
</tr>
</tbody>
</table>

| Indicated Annual Rate | $2,425 | $2,817 | $2,500-$3,000 | $3,500 | $2,750 |
| Overall Ranking      | Superior | Superior | 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. Typical Club Lot # 4 based on field observation is similarly influenced by proximity to the lake as discussed in the previous analysis. There are differences most notably the club lot is larger and appears to have greater privacy.

Transactional Elements
The date of leasing is considered similar between the date of valuation of January 24, 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.

No other transactional elements are applicable to this analysis. Worth noting, all transactions are payments in cash, all involve a leasehold type of interest possessing no transfer rights to sublease for profit.

Location
In the table a similar ranking for location is listed under each comparable, just as in the Cabin Lot analysis.

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.

Lake Influence
Typical Club Lot # 4 is sited on bluffs overlooking the lake in a private setting. Access to the shoreline is at a distance. MRC # 6a was observed to over club lots situated on bluffs similar as the subject warranting a similar ranking which is listed in the table. MRC # 4 involves club lots with no obvious views of the lake thus is ranked inferior for lake influence next to the subject. MRC #s 3, 6b and 6c involving lots each enjoying access on the shoreline therefore each MRC deserves a superior ranking next to the subject for lake influence.

Lot Size
MRC #s 6a and 6b 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.

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
MRC #s 3, 6a through 6c involve lease conditions permitted docks along the shoreline at no extra cost to the permittee thus are ranked similar next to the subject. MRC # 4 requires permittees to pay for docking slips through the marina. It is ranked inferior for dock permitted compared to the subject. Any value contribution from potential for private docks is inherently measured as an unquantified component of the market rent rate.
Typical Club Lot # 4 Market Rent Reconciliation

It must be mentioned that Typical Club Lot # 4 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 while MRC # 6b forms the upper end of the range.

All of the comparable market rent comps based on value influencing elements of comparison are superior lease conditions above the subject. Again based on the breadth of knowledge and information available for MRC #6a, forwarded an indication of market rent between $2,500 and $3,000 annually considered closest to the subject representing bluff sited club lot. To acknowledge the lack of seasonal use clause in this market rent comparable lease agreement an estimated market rent from the lowest evidence at say, $2,500 annually is reasonable.

I conclude to a market rent for Typical Club Lot # 4 of $2,500 annually.
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 (hypothetical) vacant bare lots. Larger parcel is inapplicable. Based on 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 discovered. All weight is given to these results. It is worth mentioning Typical Cabin Lot # 30 is the representative lot for the six cabin lots in the park.

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, subject to the hypothetical condition stated below, my opinion of annual market rent for the selected representative lot as of date of valuation being January 24, 2017, is as follows:

| Market Rent Annually for Typical Cabin Lot # 30 | $2,200 |
| Market Rent Annually for Club Lot              | $2,500 |

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]

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.”
Qualifications of Richard A. Murphy, MAI

Certified General Real Estate Appraiser California License: AG004181
License Expiration Date: 11/3/2018

Professional Positions
2003 - 2014 Owner, RMG Appraisers, Inc., aka, Ryan & Murphy Group, Inc.
1987 - 2002 Senior Analyst, Ryan & Associates
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

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<th>DATE</th>
<th>EDUCATIONAL INSTITUTION</th>
<th>COURSE TITLE</th>
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<td>09/15</td>
<td>Appraisal Institute</td>
<td>Review Case Studies General</td>
<td>Sacramento, CA</td>
</tr>
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</table>
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

Webster Reservoir
Recreational Cabin/Club Sites
Market Rent Analysis
Rooks County, Kansas

IVS # R16022
July 18, 2016

STATEMENT OF WORK (SOW)

Office of Valuation Services

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<th>IVIS No.</th>
<th>Agency Case No.</th>
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<tr>
<td>Webster Market Rent Analysis</td>
<td>R16022</td>
<td>000098048</td>
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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

<table>
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<tr>
<th>Case Name</th>
<th>Webster Market Rent Analysis</th>
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<tr>
<td>Location:</td>
<td>Webster State Park</td>
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<tr>
<td></td>
<td>Unincorporated Rooks County, KS 67669</td>
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<tr>
<td>Sites:</td>
<td>7 Cabin Lots</td>
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<tr>
<td></td>
<td>Approximately 4 to .5 acres</td>
</tr>
<tr>
<td></td>
<td>1 Club Lot</td>
</tr>
<tr>
<td></td>
<td>Approximately 2.2 acres</td>
</tr>
<tr>
<td>Property Type:</td>
<td>Recreational site rentals</td>
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<tr>
<td>Case Type:</td>
<td>Market rent analysis for 7 cabin and 1 club lots.</td>
</tr>
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</table>
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 Webster Reservoir. It is not intended for any other use.

Location Map
Property Description

The subject of this analysis encompasses 7 cabin and 1 club lots located within the 880-acre Webster State Park. The permitted sites are situated along the southeastern shore of Webster Reservoir approximately eight (8) miles west of Stockton, KS.

Cabin Lots
The 7 cabin lots are on a bluff above the Webster Reservoir shoreline. The sites range in size from approximately 0.4 to 0.5 acres and are mild in topography. The sites are improved with residences varying in age, quality, and condition. Access to the lots is by gravel-surfaced park roads. Electricity is available to each site as is water, the latter of which is provided by a community well (located on Lot 41). Furthermore, 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. Floating docks may 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 Lot
The club lot contains approximately 2.2 acres and, like the cabin lots, is situated on a bluff above the Webster Reservoir shoreline in the southeastern portion of the park. The site, which is mild in topography, is improved with a residence. Access to the lot is by gravel-surfaced park roads. Electricity is available to the lot, while an on-site well and septic system are the responsibility of the resident. Common amenities include shared open space that is maintained by a voluntary owner’s association. The site is under a long-term permit with the Kansas Department of Wildlife, Parks & Tourism that will expire on May 31, 2017. The lot is currently rented at $274 annually for year-round use, although permanent residency is prohibited. Floating docks may 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.
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 North half of Section 3, Township 8 South, Range 19 West, of the 6th Principal Meridian, in the County of Rooks, Kansas

**Club Lot Area:** Within the South half of Section 3, Township 8 South, Range 19 West, of the 6th Principal Meridian, in the County of Rooks, Kansas

Property Interest

Annual market rent for 7 cabin and 1 club sites. 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 permit.

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 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. Webster – Statement of Work
2. Webster – Location Map
3. Webster – Lot Map
4. Webster – Recreation Lot Map
5. Webster – Cabin Club Lot Area Aerial
6. Webster – Cabin Tract 4 Survey
7. Webster – Cabin Tract 27 Survey
8. Webster – Cabin Tract 28 Survey
9. Webster – Cabin Tract 30 Survey
10. Webster – Cabin Tract 32 Survey
11. Webster – Cabin Tract 33 Survey
12. Webster – Cabin Tract 41 Survey
13. Webster – Club Site 4 Survey
14. Webster – Sample Recreation Cabin Lot Permit
15. Webster – Sample Dock/Mooring Permit

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

D.2 Webster - 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 USPAP 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 cabin and club sites as well as 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 applying a rate of return to the concluded market values. The applied rate of return must be supported from 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, S+S, 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/lessors, 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

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

- 10 days after the review is completed. Once the report is accepted by OVS, the appraiser will submit 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”
Webster Draft Cabin Permit

KANSAS DEPARTMENT OF WILDLIFE AND PARKS
RECREATION CABIN LOT PERMIT

Webster State Park

Permit #: 

This Permit made and entered into this 1st day of January, 2013, between Kansas Department of Wildlife, Parks & Tourism, 512 SE 25th Ave. Pratt, KS 67124, party of the first part and hereinafter called the Department; and ______________ parties of the second part and hereinafter called the Permittees, 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 NE 1/4
Of Section three (3), township eight (8) South, Range nineteen (19)
West of the 6th Principal Meridian, Rooks County Kansas

This Permit is granted subject to the following provisions and condition:
TERM OF PERMIT - The Permit for the premises described shall be for the period from January 1, 2013 to May 31, 2017 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 Permit with Reclamation (see section 2c and 2d).
   c) Expiration dates are, 12-31-2007, 12-31-2012, or 5-31-2017, as applicable.
   d) All Permits issued by the Department terminate upon the date of termination of their Permit with 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:
      \[
      \text{Previous Annual Fee} \times \frac{\text{New CPI}}{\text{Previous CPI}}
      \]

ii. “Previous Annual Fee” means $249.05 for the recalculation of the annual fee on January 1, 2008, 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: Webster State Park – 1210 Nine Rd – Stockton KS 67669

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 Permit shall terminate upon the relinquishment of it’s Permit with the U.S.D.I. Bureau of Reclamation (Reclamation). The Department 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 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 Permit 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/SUBLEASING:
   a) Subleasing or renting of a cabin lot or cabin is not allowed.
   b) An individual can only occupy 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 markers, it will be the responsibility of the concerned party.
   b) Facility encroachments beyond lot boundaries are not allowed without prior written approval by the Secretary of the Department.

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 115-8-16. 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 requires 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 and obtain local and/or state building permit. Such a permit is not authorization to construct.

e) No structures other than waterfront facilities will be constructed below flood pool level, 2166.

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 115-8-16.

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 115-8-18.

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 may develop removable 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 Department maps, as stated in KAR 115-8-13.

b) All designated public access roads adjacent to or through cabin areas to shoreline and waterfront facilities shall 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 115-8-16. The Department will maintain (except for snow removal), to its specifications, all designated public access roads and parking areas.

g) 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 115-8-16.

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.

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 the 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
Department with the exception of encroachments, which require approval by the Secretary of the Department.

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 and Parks 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.

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 Permit 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 & Tourism, and the Webster Management Plan there under, regarding the Permit and development of specific areas of land at Webster 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 South Solomon Division, Missouri River Basin, Kansas. The United States' control and administration on Webster Reservoir extends solely to irrigation and dam uses. The Department has exclusive control and administration over the permitted premises as to fish and wildlife, recreation and related purposes. Recreation cabin lot Permittee releases the United States and the Cedar Bluff 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. 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  Department Authority

Webster State Park

Address

Permittee #2

1210 Nine Rd – Stockton KS 67669

Address

Permittee #3  Date

Address

State of Kansas

Department of Administration
DA.146a (rev. 1-01)

CONTRACTUAL PROVISIONS ATTACHMENT

Important: This form contains mandatory contract provisions and must be attached to or incorporated in all copies of any contractual agreement. If it is attached to the vendor/contractor’s standard contract for, then that form must be altered to contain the following provisions.

“"The provisions found in Contractual Provisions Attachment (Form DA 146a, rev. 0-01), which is attached hereto, are hereby incorporated in this contract and made a part hereof.""

The parties agree that the following provisions are hereby incorporated into the contract to which it is attached and made a part hereof, said contract being the 1st day of January 2013.

1. **Terms Herein Controlling Provisions:** It is expressly agreed that the terms of each and every provision in this attachment shall prevail and control over the terms of any other conflicting provision in any other document relating to and a part of the contract in which this attachment is incorporated.

2. **Agreement With Kansas Law:** All contractual agreements shall be subject to, governed by, and construed according to the laws of the State of Kansas.

3. **Termination Due To Lack Of Funding Appropriation:** If, in the judgment of the Director of Accounts and Reports, Department of Administration, sufficient funds are not appropriated to continue the function performed in this agreement and for the payment of the charges hereunder, State may terminate this agreement at the end of its current fiscal year. State agrees to give
written notice of termination to contractor at least 30 days prior to the end of its current fiscal year, and shall give such notice for a
greater period prior to the end of such fiscal year as may be provided in this contract, except that such notice shall not be required
prior to 90 days before the end of such fiscal year. Contractor shall have the right, at the end of such fiscal year, to take possession of
any equipment provided State under the contract. State will pay to the contractor all regular contractual payments incurred through
the end of such fiscal year, plus contractual charges incidental to the return of any such equipment. Upon termination of the
agreement by State, title to any such equipment shall revert to contractor at the end of State’s current fiscal year. The termination of
the contract pursuant to this paragraph shall not cause any penalty to be charged to the agency or the contractor.
4. **Disclaimer Of Liability:** Neither the State of Kansas nor any agency thereof shall hold harmless or indemnify any contractor beyond
that liability incurred under the Kansas Tort Claims Act (K.S.A. 75-6101 et seq.)
5. **Anti-Discrimination Clauses:** The contractor agrees: (a) to comply with the Kansas Act Against Discrimination (K.S.A 44-1001 et seq.) and the Kansas Age Discrimination in Employment Act (K.S.A. 44-1111 et seq.) and the applicable provisions of the Americans With Disabilities Act (42 U.S.C. 12101 et seq.) (A.D.A) and, to not discriminate against any person because of race, religion, color, sex, disability, national origin or ancestry, or age in the admission of access to, or treatment or employment in, its programs or activities; (b) to include in all solicitations or advertisements for employees, the phrase “equal opportunity employer”, (c) to comply with the reporting requirements set out at K.S.A. 44-1031 and K.S.A. 44-1116; (d) to include those provisions in every subcontract or purchase order so that they are binding upon any subcontractor or vendor; (e) that a failure to comply with the reporting requirements of (c) above or if the contractor is found guilty of any violation of such acts by the Kansas Human Rights Commission, such violation shall constitute a breach of contract and the contract may be cancelled, terminated or suspended, in whole or in part, by the contracting state agency or the Kansas Department of Administration; (f) if it determined that the contractor has violated applicable provisions of A.D.A, such violations shall constitute a breach of contract and the contract may be cancelled, terminated or suspended in whole or in part by the contracting state agency or the Kansas Department of Administration.

Parties to this contract understand that the provisions of this paragraph number 5 (with the exception of those provisions relating to the ADA) are not applicable to a contractor who employs fewer than four employees during the term of such contract or whose contracts with the contracting state agency cumulatively total $5,000 or less during the fiscal year of such agency.

6. **Acceptance Of Contract:** This contract shall not be considered accepted, approved or otherwise effective until the statutorily required approvals and certifications have been given.
7. **Arbitration, Damages, Warranties:** Notwithstanding any language to the contrary, no interpretation shall be allowed to find the State or any agency thereof has agreed to binding arbitration, or the payment of damages or penalties upon the occurrence of a contingency. Further, the State of Kansas shall not agree to pay attorney fees and late payment charges beyond those available under the Kansas Prompt Payment Act (K.S.A 75-6403), and no provision will be given effect which attempts to exclude, modify, disclaim or otherwise attempt to limit implies warranties of merchantability and fitness for a particular purpose.
8. **Representative’s Authority To Contract:** By signing this document, the representative of the contractor thereby represents that such person is duly Authorized by the contractor to execute this document of behalf of the contractor agrees to be bound by the Provisions thereof.
9. **Responsibility For Taxes:** The State of Kansas shall not be responsible for, nor indemnify a contractor for, any federal, state or local tax, which may be imposed or levied upon the subject matter of this contract.
10. **Insurances:** The State of Kansas shall not be required to purchase, any insurance against loss or damage to any personal property to which this contract relates, nor shall this contract require the State to establish a “self-insurance” fund to protect against any such loss or damage. Subject to the provisions of the Kansas Tort Claims Act (K.S.A 75-6101 et seq.), the vendor or lessor shall bear the risk of any loss or damage to any personal property in which vendor or lessor holds title.
11. **Information:** No provision of this contract shall be construed as limiting the Legislative Division of Post Audit from having access to information pursuant to K.S.A. 46-1101 et seq.
12. **The Eleventh Amendment:** “The Eleventh Amendment is an inherent and incumbent protection with the State of Kansas and need not b prudence require the State to reiterate that nothing related to this contract shall be deemed a waiver of the Eleventh Amendment.
Webster Dock Moring Permit

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

LOCATION: _____________ Reservoir

TERM: From –

To –

Permit # __________________

Cabin Lot# _________________

Date of Approval: __________

Please Complete:

Name: ___________________

Address: ___________________

City: ______________ State: __________ Zip: __________

Permit Fee: $25.00

Existing Dock: ______

New: __________

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 KAR115-2-6.

2. Dock/mooring facility construction specifications and site plan will be submitted and approved by the area manager as required by KAR115-8-16 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:

   x No individual floating dock or slip may exceed 200 square feet. Docks with multiple lips may exceed 200 square feet as long as the total number of slips divided into the dock area does not exceed 200 square feet.

   x 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.

   x 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.

   x 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.

   x 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: ____________________________

Floatation 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 __________
Lot 97 Sold 03/01/2017 was offered at $75,000. 0.76 acre w/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

<table>
<thead>
<tr>
<th>Lot Type Mix</th>
<th>No. of</th>
<th>Size Acre</th>
<th>Rent/Year</th>
<th>Feature</th>
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<tbody>
<tr>
<td>1</td>
<td>134</td>
<td>Varies</td>
<td>$800</td>
<td>Mostly lake front</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**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**

<table>
<thead>
<tr>
<th>Access Type</th>
<th>Utilities Provided</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gravel and chip and seal along lot frontages.</td>
<td>None. Individual sanitary dump tanks service some lots, some lots on septic with shared leach-field created by leaseholders.</td>
</tr>
</tbody>
</table>

**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 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.

<table>
<thead>
<tr>
<th>Street #</th>
<th>Lease Date/BkPg</th>
<th>Res. Size/Dock</th>
<th>P.P 2016 Value</th>
<th>Licensee</th>
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<tbody>
<tr>
<td>97</td>
<td>02/23/2017</td>
<td>None/Yes</td>
<td>$18,960</td>
<td>McPeak, Craig/Rebecca</td>
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<tr>
<td>54</td>
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<td>1,152/Yes</td>
<td>$103,740</td>
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<tr>
<td>5,6,7</td>
<td>08/08/2016</td>
<td>1,410/Yes</td>
<td>$218,920</td>
<td>Turner, Jeffrey/Rhonda</td>
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<tr>
<td>8</td>
<td>07/11/16</td>
<td>2,335/Yes</td>
<td>$116,630</td>
<td>Novascone, Francis</td>
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<tr>
<td>106</td>
<td>06/13/2016</td>
<td>1,512/Yes</td>
<td>$72,640</td>
<td>Grisham,</td>
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<td>104</td>
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<td>1,280/Yes</td>
<td>$120,700</td>
<td>Gilson, Darin</td>
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<td>113</td>
<td>04/25/2016</td>
<td>1,681/Yes</td>
<td>$89,260</td>
<td>Depinto, Michael</td>
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<td>Lot 5, 6, &amp; 7 ESRI©</td>
<td>Lot 8, from internet</td>
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<tr>
<td>Lot 54 ESRI©</td>
<td>Lots 104 and 106 ESRI©</td>
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<td></td>
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<tr>
<td>Lot 113, ESRI©</td>
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</table>

Screen Captures of Lot Transfers Comp #1
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.

PRD-OVS- Sacramento Office
Webster Reservoir Market Rent Analysis
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

### Lot Type Mix

<table>
<thead>
<tr>
<th>Lot Type</th>
<th>No. of Lots</th>
<th>Size Acre</th>
<th>Rent/Year</th>
<th>Feature</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>16</td>
<td>Varies</td>
<td>$575</td>
<td>Lake front</td>
</tr>
<tr>
<td>2</td>
<td>52</td>
<td>Varies</td>
<td>Fee</td>
<td>Lake front</td>
</tr>
</tbody>
</table>

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.
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©

PRD-OVS- Sacramento Office
Webster Reservoir Market Rent Analysis
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

<table>
<thead>
<tr>
<th>Lot Type Mix</th>
<th>No. of Lots</th>
<th>Size</th>
<th>Rent</th>
<th>Feature</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Trailer Lease</td>
<td>55</td>
<td>Small</td>
<td>$1,200/year</td>
<td>Lake view</td>
</tr>
<tr>
<td>2 Long Term</td>
<td>2</td>
<td>Small</td>
<td>$250/mth</td>
<td>Lake view</td>
</tr>
</tbody>
</table>

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 undislosed.

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.
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

<table>
<thead>
<tr>
<th>Property Identification</th>
<th>Council Grove City Lake</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recreation Development</td>
<td>Council Grove City Lake Association</td>
</tr>
<tr>
<td>Property Type</td>
<td>Bare land</td>
</tr>
<tr>
<td>Address</td>
<td>5 miles northwest of City of Council Grove along City Lake Road, Morris County, KS 66846.</td>
</tr>
</tbody>
</table>

#### Lot Type Mix

<table>
<thead>
<tr>
<th>Lot Type</th>
<th>No. of Lots</th>
<th>Size Acre</th>
<th>Rent/Year</th>
<th>Feature</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>340+/-</td>
<td>Varies</td>
<td>$1,200</td>
<td>Lake front or Bluff</td>
</tr>
<tr>
<td>2</td>
<td>10 +/-</td>
<td>Varies</td>
<td>$1,200</td>
<td>Near Lake</td>
</tr>
</tbody>
</table>

#### 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

<table>
<thead>
<tr>
<th>Access Type</th>
<th>Gravel or paved road access according to the lease agreement.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utilities Provided</td>
<td>None in the lease agreement.</td>
</tr>
<tr>
<td>Verification</td>
<td>Danny Matthews, City Clerk and Larry, maintenance at 620-767-5417 on 02/17/2017.</td>
</tr>
</tbody>
</table>
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.

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

Google Earth Pro Aerial of Patterson Harbor Marina taken 03/2014 low elevation.
Market Rent Comp #4

Property Identification
Harbor County Nebraska Reservoir, US Corp of Engineers

Recreation Development
Patterson Harbor Marina

Property Type
Fully improved seasonal trailer lot

Address
5.6 miles southerly of Republication City along Corp Rd A, Harlan and Phillips Counties, Republican City, Nebraska 68971

<table>
<thead>
<tr>
<th>Lot Type Mix</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Lots</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>2</td>
</tr>
<tr>
<td>3</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Access Type</th>
<th>Utilities Provided</th>
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<tbody>
<tr>
<td>Asphalt/Gravel</td>
<td>Concessionaire provides water, sewer and trash with cost included in rent rate.</td>
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### Verification

### 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

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<tr>
<th>Transfer Activity</th>
<th>Subdivision</th>
<th>Lot</th>
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<th>Grantor</th>
<th>Grantee</th>
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PRD-OVS- Sacramento Office
Webster Reservoir Market Rent Analysis

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Annual Lot Agreement

This agreement entered the 1st day of April 1, 2015 by and between JN Company Inc. D/B/A Patterson Harbor, Lessor, and __________, Leesee, whereby Lessee 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 and 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 $1,830.00. 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 rent fees and this signed agreement shall be due in the mail of 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 1st, 2015 shall be deemed to be breach of this Agreement and any right to renewal thereof shall terminate this Agreement. At the event Lessee & 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. Signed Lot Lease Agreement is delivered to Patterson Harbor. Penalty charges will be assessed beginning April 2, 2015 and will be added to lot lease each subsequent week.

2. All trailers shall be complete with utilities. All utilities (both on and off site) may be placed under trailer and shall be readily movable. Trailers shall be kept in 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 gross negligence of Lessor. The use thereof shall be solely for recreational purposes and not as a permanent residential occupancy.

3. Any exterior improvements or additions, including, but not limited to, decks (with or without a covering), sheds, 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 installations 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 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 rates and restrictions during the lease period which is deemed to be in the best interest of our water supply. No buried water lines other than those provided by Lessor shall be allowed (see Rule 5 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 1/4” for shut off valves upon request to be used by Lessee’s discretion. Lessor shall not be responsible for shut off valves that leak or freeze 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. Hardin County Lake and the surrounding areas are currently experiencing drought conditions. Due to these conditions, restricted lawn watering is permitted according to rules established by Lessor promoting maximum efficiency of our well system during this drought. Watering rules will be as follows for 2022:

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
Annual Lot Agreement

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 water usage such as holiday weekends. Furthermore, each section of lawn 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 understand 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 (i.e., leaves, grass clippings, tree limbs, Monsters, construction waste, hazardous waste, dirt, industrial waste, chemical products, oil filters, herbicides & pesticides, radioactive material, solvents, paint (except completely dried latex paint cans), cumulated oils (mixed with solvents), gasoline, etc.), appliances, petroleum-contaminated soil, etc., 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. Pick-up requests of large volumes of landscape material or large items (tree branches, bushes, etc.) shall be submitted to 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 and will never be disposed of in a dumpster. Lessor reserves the right to dispose of non-typical items 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 not, Lessor will seek an open dumpster elsewhere on Lessor’s property. Furthermore, Lessor shall place any items 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 $200.00.

6. Lessor, its agents or employees, 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 any damages to the property, its attendant results, or for failure to notify of such condition.

7. All trailers, lots or structures on the premises shall be maintained yard 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 unattractive to provide or contract for mowing/clean up services at Lessee’s expense in an amount not less than $30.00 per occurrence. Lessee shall not park campers, boats or boat trailers on their lots. There is an area provided for free of charge (i.e., pre-approved usables), by Lessor for campers, boats (must be trailered), water craft (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 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 item 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 $500 (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 storage fees in advance are grounds for penalty fees to be assessed by Lessor and possible termination of this agreement if Lessee so chooses. The responsibility of reporting items stored on Lessor’s property is the sole responsibility of the Lessee.
This agreement entered the ______ day of ______, 2015 by and between JN Company Inc. D/B/A Patterson Harbor, Lessee, and _________, Lessee, whereby Lessee 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 and 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 Lessee to renew on the terms and conditions 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. Lessee 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, Lessee 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 or at another location without the written approval of the Lessee. The Lessee 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 Lessee’s discretion to any boat utilizing the Lessee’s slip without prior written approval by Lessee. 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. Lessee 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 legal relationship. 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 fills 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 lottering 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).
Annual Slip Agreement

2015

“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 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 $30.00 ($25.00 deposit & $5.00 service fee) may be administered. Lessee has the right to leave their boat lift pedestal unlocked, but Lessee will not be responsible for the monitoring or usage of boat lifts secured or unsecured.

8. Lessor reserves the right to realign 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 Lessee will not be held liable for theft or damage 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 not remove the 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 $20.00 administrative fee being assessed for placement of stickers 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. Lessee 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, Lessor will be entitled to store their trailered boat in a designated area on Lessor’s property and have their boat launched/hauling 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.

Patterson Harbor Marina & Resort  Lessee’s Initial & Date: ____________________  Page 2 of 4

PRD-OVS- Sacramento Office
Webster Reservoir Market Rent Analysis
Market Rent Comp #5

[Image of a map showing Webster Reservoir and surrounding areas.]

[Image of an aerial view of Webster Reservoir and nearby areas.]
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

Lot Type Mix

<table>
<thead>
<tr>
<th>Lot Type</th>
<th>No. of Lots</th>
<th>Size Acre</th>
<th>Rent/Year</th>
<th>Feature</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>115</td>
<td>&lt;0.50 acre</td>
<td>$2,200</td>
<td>Marina Lot</td>
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<tr>
<td>2</td>
<td>15</td>
<td></td>
<td>$2,200</td>
<td></td>
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</table>

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 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.

Total Lots
130

Lot Features
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.

Lake/Area features
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
Harbor View Lot average market rent is $2,313 annually

Boat Slip
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

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

<table>
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<tr>
<th>Subdivis Lot</th>
<th>BLK</th>
<th>Grantor</th>
<th>Grantee</th>
<th>Sale Date</th>
<th>BK</th>
<th>Page</th>
<th>P.P. Price</th>
<th>Condition</th>
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Comparable Market Rent Google Aerial Location Map
Google Earth close up view.

**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

<table>
<thead>
<tr>
<th>Tier Type</th>
<th>Lot Type</th>
<th>Lot Feature</th>
<th>No. of Lots</th>
<th>Size Acre</th>
<th>Rent/Year</th>
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<td>Cove front homes</td>
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<td>7</td>
<td>Non lake S wide trailer</td>
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Plum Canyon Lake Lot Type Mix

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<th>Tier Type</th>
<th>Lot Type</th>
<th>Lot Feature</th>
<th>No. of Lots</th>
<th>Size Acre</th>
<th>Rent/Year</th>
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</thead>
<tbody>
<tr>
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<td>20+</td>
<td>Lake front club sites</td>
<td>3,000</td>
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</table>

In negotiations Not stated Large Lots $2,000 to $2,500 throughout summer $2,500

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 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

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PRD-OVS- Sacramento Office Webster Reservoir Market Rent Analysis
freeway interchanges on I-80 and Lexington, NE..

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 |

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 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 drawdown. 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.
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:

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<th>Year #</th>
<th>Year</th>
<th>Tier 1 (MC 1-3)</th>
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<th>Tier 3</th>
<th>Tier 4</th>
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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 Plume Canyon Lake.
Google Earth capture of typical lot community at Lake McConaughy.
JOHNSON LAKE RESIDENTIAL LEASE AGREEMENT

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. 308-995-8801, 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 approve in writing 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 hereafter 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 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