



Appraisal Report

Malheur County Development  
Corporation

Irrigated Farm Property

**Appraiser: Lesley L. Miller, ARA**

**Effective Date: October 16, 2019**

**Report Date: October 31, 2019**



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October 31, 2019

Greg Smith  
Malheur County Development Corporation  
522 SW Fourth Street  
Ontario, OR 97914

RE: Malheur County Development Corporation – Irrigated Farm Property,  
Malheur County, Oregon

Dear Mr. Smith,

Enclosed is the appraisal report on the property vested in the name of Charles Warren Farmer (1/2 ownership) and James and Margaret Farmer (1/2 ownership). The subject property is in one contiguous tract, two miles north of Nyssa, Oregon in Malheur County. The report values the property as a total unit which is 290.35 deeded acres. Legal and physical access is provided by Arcadia Boulevard, Gem Avenue and Gamble Road, all paved county maintained roads. The appraisal of the subject is reflective of the legal description provided and included in the addenda of the appraisal report. The subject property is an unimproved irrigated farm property that includes a land use mix of irrigated crop and pasture lands. An allocation of the total value by land use type is shown starting on page 24.

The subject possesses irrigation water rights provided by the State of Oregon. The water rights includes Certificate #45954 and Permit #16990. Water right Certificate #45954 provides a total of 227.60 acres of primary water rights and Permit #G-16990 provides a total of 50.6 acres of supplemental water rights. A complete description of the property can be found in the Property Description section of the report starting on page 6.

The subject property was valued in an as is condition of the fee simple interest, surface rights only including the irrigation water rights. The value of the subject property, as of the effective date of this report, October 16, 2019 is:

**Two Million Fifty Thousand Dollars**  
**(\$2,050,000)**

All information contained in this appraisal report is considered to be correct as stated in the Assumptions and Limiting Conditions. This appraisal report conforms to FIRREA and adheres to the USPAP. If you have any questions please feel free to contact me at (208)387-7993.

Sincerely,

Lesley L. Miller, ARA  
Agri-Access  
Certified General Appraiser  
Oregon License #C001252 expires 12/31/19

# Uniform Agricultural Appraisal Report

Malheur County Development Corporation  
290.35 Deeded Acres  
2 miles north of Nyssa, Oregon  
Effective Date: October 16, 2019



## Prepared For:

Malheur County Development Corporation  
522 SW Fourth Street  
Ontario, OR 97914

## Intended User:

Client: Malheur County Development Corporation (MCDC),  
Malheur County, and  
Oregon Department of Transportation (ODOT)

## Prepared By:

Lesley L. Miller, ARA  
Certified General Appraiser  
1087 West River Street Suite #100  
Boise, ID 83702

## Date Prepared:

October 31, 2019

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# Uniform Agricultural Appraisal Report

Property Identification

Owner/Occupant: Farmer/Malheur County Development Corp. Total Deeded Acres: 290.35  
 Property Address: Arcadia Boulevard Effective Unit Size: 290.35  
 State/County: Oregon / Malheur Zip Code: 97913  
 Property Location: 2 miles north of Nyssa Property Code #: \_\_\_\_\_  
 Highest & Best Use: Irrigated Farm Property "As If" Vacant FAMC Comd'ty Gp: \_\_\_\_\_  
Irrigated Farm Property "As Improved" Primary Land Type: Irrigated Cropland  
 Zoning: C-A1 Exclusive Farm Use/NUGA-Industrial Primary Commodity: Irrigated Crop  
 Unit Type:  Economic Sized Unit  Supplemental/Add-On Unit  
 FEMA Community # \_\_\_\_\_ FEMA Map # \_\_\_\_\_ FEMA Zone/Date: NA  
 Legal Description: See Addenda SEC 17 TWP 19S RNG 47E Attached   
 Purpose of Report: To develop an opinion of market value for the subject property.  
 Use/Intended User(s): Purchasing-Lending Decisions/Malheur County Development Corporation (Client), Malheur County and ODOT.  
 Rights Appraised: Fee simple interest, surface rights only, including irrigation water rights.  
 Value Definition: \_\_\_\_\_ Attached   
 Assignment: \_\_\_\_\_ Report Type: Appraisal  
 Extent of Process/Scope of Work: This valuation is of the fee simple interest, surface rights only, in the real estate property as described in the attached legal description including the irrigation water rights. A preliminary title report was not provided to the appraiser. It is unknown if the mineral rights have been severed from the subject property. Mineral rights are of secondary concern to the typical buyer in this market and have minimal impact on value. The subject's mineral rights were not researched and are not included in this analysis.  
 SEE NEXT PAGE FOR ADDITIONAL COMMENTS

## Summary of Facts and Conclusions

Appraisal Report Summary

Date of Inspection: 10/16/19 Effective Date of Appraisal: 10/16/19

**Value Indication**

- Cost Approach:	_____	\$	<u>Not Completed</u>
- Income Approach:	_____	\$	<u>2,010,000</u>
- Sales Comparison Approach:	_____	\$	<u>2,050,000</u>

**Opinion of Value:** (Estimated Marketing Time 6-12 months) \$ 2,050,000

Cost of Repairs: \$ \_\_\_\_\_ Cost of Additions: \$ \_\_\_\_\_

**Allocation:**

Land:	\$ <u>2,050,000</u>	\$ <u>7,060</u>	/	_____	( <u>100</u> %)
Land Improvements:	\$ _____	\$ <u>0</u>	/	_____	( <u>0</u> %)
Structural Improvement Contribution:	\$ _____	\$ <u>0</u>	/	_____	( <u>0</u> %)
Non-Realty Items:	\$ _____	\$ <u>0</u>	/	_____	( <u>0</u> %)
Leased Fee Value (Remaining term of encumbrance _____)	\$ _____	\$ <u>0</u>	/	_____	( <u>0</u> %)
Leasehold Value:	\$ _____	\$ <u>0</u>	/	_____	( <u>0</u> %)
<b>Overall Value:</b>	\$ _____	\$ <u>7,060</u>	/	_____	( <u>100</u> %)

**Income and Other Data Summary:**  Cash Rent  Share  Owner/Operator  FAMC Suppl. Attached

Income Multiplier _____ ( )	Income Estimate: \$ <u>218.70</u> / _____ (unit)
Expense Ratio <u>21.06</u> %	Expense Estimate: \$ <u>46.05</u> / _____ (unit)
Overall Cap Rate: <u>2.50</u> %	Net Property Income: \$ <u>172.65</u> / _____ (unit)

**Area-Regional-Market Area Data and Trends:**

	Above Avg.	Avg.	Below Avg.	N/A
Value Trend	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sales Activity Trend	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Property Compatibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Effective Purchase Power	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Demand	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Development Potential	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Desirability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Subject Property Rating:**

	Above Avg.	Avg.	Below Avg.	N/A
Location	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Soil Quality/Productivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improvement Rating	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Compatibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rentability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Market Appeal	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overall Property Rating	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Scope of Work

The appraiser has considered this assignment and has developed a Scope of Work necessary to produce credible opinions and conclusions of value based on the subject property and market characteristics, property influences, and needs of the client. The appraiser has concluded that this Scope of Work is what would be expected of intended users or the appraisers' peers for similar assignments. If not identified elsewhere in the report, the following disclosure is provided to ensure that intended users will understand the Scope of Work performed.

Information that was provided by the client includes: an engagement letter, purchase information, and water rights information. Information provided by a representative of the client includes: specific property information and characteristics, irrigation water right information, and answers to appraisers questions. Information gathered by the appraiser includes: area market data, area demographic information, area economic information, Malheur County tax and zoning information, FSA (Farm Service Agency) aerial maps provided by AgriData Inc., soils maps, water rights verification and other details observed during the property inspection.

Lesley L. Miller completed an on site inspection of the property on October 16, 2019. Greg Smith, an employee of MCDC, Larry Wilson, Malheur County Commissioner, and Toni Parish, a board member on the committee of the MCDC were present and answered the appraisers questions at the time of inspection. The subject consists of one contiguous tax lot located two miles north of Nyssa, Oregon in Malheur County. Legal and physical access is provided by Arcadia Boulevard, Gem Avenue and Gamble Road, all paved county maintained roads. These roads along with other farm roads and areas walked were traveled during the property inspection. The roads and areas traveled are considered adequate for viewing the subject property. The majority of the land was seen and visible from these vantage points traveled. This is a common practice for inspecting properties of this nature and considered adequate to identify land uses, acreages, and quality of each land use type. The subject is vacant land and there are no structural improvements on the property.

The total acreage appraised is per the legal description and county tax information. The subject is being appraised as a whole unit and possesses a mix of irrigated crop and pasture land use types. The irrigated cropland possesses irrigation water rights and is calculated using aerial maps provided by AgriData Inc. The pasture lands do not possess irrigation water rights and are made up of wetlands and drainage areas. Productivity of the land is based on the pertinent soils, and the appraisers estimates and comparisons with other area properties.

Charles Warren Farmer (1/2 ownership) and James and Margaret Farmer (1/2 ownership) are in the process of selling the subject property to Malheur County. This is a direct sale between buyer and seller. The current purchase price for the property is \$3,019,900 with an anticipated close date of December 31, 2019. Please see the Property History section of this report for a full description of the sales transaction.

The area market data was obtained and verified through record searches, and/or, contact with buyers, sellers, agents, or other sources deemed to be reliable. All of the market data used in this report has been viewed and verified by the appraiser or another appraiser employed by Agri-Access. Parties familiar with each sale were interviewed in order to gain an understanding of the transaction. The inspection of the sales involved a drive by of each property in order to be aware of the general area and of any special attributes that may have affected the sales price. During the drive by inspection, the general market area is also observed. Sales from the area of the subject with similar attributes from Malheur County were considered in this valuation. The subject conforms well to the area and to the sales transactions.

The appraiser is competent to complete this appraisal assignment based on her appraisal knowledge and experience and familiarity of the area, and of this type of property. Lesley L. Miller is in compliance with continuing education requirements for state certification as a "Certified General" appraiser under Oregon license number C001252, expiring 12/31/2019, and is an Accredited Rural Appraiser with the American Society of Farm Managers and Rural Appraisers (ASFMRA).

The valuation process is accomplished through the application of specific steps. These steps are applied to the property being appraised to arrive at a well supported final value conclusion. This Appraisal Report is intended to comply with the reporting requirements of the Uniform Standards of Professional Appraisal Practice (USPAP), Standard Rule 2-2(a). This Appraisal Report presents summary discussions of the data. SEE NEXT PAGE FOR ADDITIONAL COMMENTS

### **Scope of Work Continued**

The depth of discussion included in the report is specific to the intended use of the report and the needs of the client and intended users. The appraiser is not responsible for the unauthorized use of this report.

The Cost Approach is most applicable to improved properties with newer construction. This approach allows for the valuation of each individual land use type. This approach also includes the depreciated value of the subject's buildings, if any. The subject contains land use types typical to the area and is an unimproved property. The completion of this approach would likely be a restating of what can be accurately accomplished through the application of the Sales Comparison Approach. The Cost Approach to value is not considered applicable and will not be completed in this analysis. The omission of this approach is not considered to be misleading to the intended user of the report.

The Income Approach is most applicable to properties with significant income potential. This approach considers sales of comparable nature to the subject from which to obtain market demonstrated rates of return. From the sales used, a representative cap rate is determined and applied to the net income of the subject. The reliability of the Income Approach depends upon the appraiser's estimate of production and ownership costs, and the overall comparability of the sales to the subject. This approach becomes less valid with rural residential properties, part-time farms, and properties located in recreational markets, as owners of these properties are typically less sensitive to the immediate financial return provided by the farm income, and are more concerned with rural lifestyle, long term investment, and pride of ownership. The subject is a production agriculture property with attributes that allow for generating income. The Income Approach will be completed to support the other completed approaches to value.

The Sales Comparison Approach values the property on an overall dollar per deeded acre basis. There is adequate and reliable information from which to draw a conclusion of value through the application of this approach. There are area sales with comparable land use types and improvements compared to the subject. The Sales Comparison Approach will be completed.

Area-Regional Description	<b>Area-Regional Boundary:</b> The area of consideration is the general farming area of northern Malheur County, Oregon.	<b>On and Off Property:</b>  <table style="width:100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: center;">Up</td> <td style="text-align: center;">Stable</td> <td style="text-align: center;">Down</td> </tr> <tr> <td>Value Trend:</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Sales Activity Trend:</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Population Trend:</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Employment Trend:</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>		Up	Stable	Down	Value Trend:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Sales Activity Trend:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Population Trend:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Employment Trend:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>														
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<b>Major Commodities:</b> The best lands are capable of producing cash crops. The more sloping and rolling lands will typically be utilized for feed crops and livestock enterprises.	<b>Market Availability:</b>  <table style="width:100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: center;">Under Supply</td> <td style="text-align: center;">Balanced</td> <td style="text-align: center;">Over Supply</td> <td style="text-align: center;">No Influence</td> </tr> <tr> <td>Cropland Units:</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Livestock Units:</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Recreational Tracts:</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Rural Res Tracts:</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>_____</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>_____</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>		Under Supply	Balanced	Over Supply	No Influence	Cropland Units:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Livestock Units:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Recreational Tracts:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Rural Res Tracts:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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**Forces of Value:** *(Discuss social, economic, governmental, and environmental forces.)*  
 The market area for the subject property is the irrigated agricultural areas within Malheur County. The immediate market area includes the lands located near the populated service areas in northern Malheur County. Social forces in the area of the subject are the agricultural production potential of the lands, the rural life-style, recreational opportunities, and investor activities in the area. These forces constitute the primary social forces defined in the market area. A stable economic force is provided by ag production, and ag commodities within the defined market region. Residential and investment interests are considered to be a large influence in the market area. Governmental forces are considered to be county zoning ordinances that have been implemented, and regulate land splits and building permit availability. County zoning regulations provide avenues for land splits and continued building of rural homes. There are also governmental agencies that participate in cost sharing programs which have assisted with upgraded and improved irrigation and conservation projects. Environmental forces considered to be soil quality, topography, irrigation water rights and availability, and privacy or scenic features.

**Exposure Time:** 6-12 months. *(See attached definition and discussion)*

**Specific Market Area Boundaries:** The specific market is generally defined as the agricultural farming areas located near the populated service areas in northern Malheur County including Ontario, Nyssa and Vale.

Market Area Description	<b>Market Area:</b> <table style="width:100%; border-collapse: collapse;"> <tr> <td>Type</td> <td style="text-align: center;">Rural <input checked="" type="checkbox"/></td> <td style="text-align: center;">Suburb <input type="checkbox"/></td> <td style="text-align: center;">Urban <input type="checkbox"/></td> </tr> <tr> <td>Value Trend</td> <td style="text-align: center;">Up <input type="checkbox"/></td> <td style="text-align: center;">Stable <input checked="" type="checkbox"/></td> <td style="text-align: center;">Down <input type="checkbox"/></td> </tr> <tr> <td>Sales Activity Trend</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Population Trend</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Development Trend</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>	Type	Rural <input checked="" type="checkbox"/>	Suburb <input type="checkbox"/>	Urban <input type="checkbox"/>	Value Trend	Up <input type="checkbox"/>	Stable <input checked="" type="checkbox"/>	Down <input type="checkbox"/>	Sales Activity Trend	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Population Trend	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Development Trend	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<b>Market Area:</b>  <table style="width:100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: center;">Above Avg.</td> <td style="text-align: center;">Avg.</td> <td style="text-align: center;">Below Avg.</td> <td style="text-align: center;">N/A</td> </tr> <tr> <td>Property Compatibility</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Effective Purchase Power</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Demand</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Development Potential</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Desirability</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>		Above Avg.	Avg.	Below Avg.	N/A	Property Compatibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Effective Purchase Power	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Demand	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Development Potential	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Desirability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Effective Purchase Power	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>																																																
Demand	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>																																																
Development Potential	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>																																																
Desirability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>																																																

**Analysis/Comments:** *(Discuss positive and negative aspects of market area.)*  
 The real estate market contains a variety of properties varying from smaller acreages to improved larger acreage units. Ontario is the largest town in Malheur County, while Vale is the county seat. The subject is situated two miles north of Nyssa, which is a diverse farm area with the better lands producing row crops and the rougher bench lands being utilized as seed crops, feed crops, grains, and livestock bases. Irrigation water is provided by Irrigation Districts that typically maintain their season-long supply with storage reservoirs. There are some scattered supplemental wells that have been drilled. Irrigation water is spread by using many common methods, from center pivots, wheel lines, and flood using ditches and gated pipe. In the outlying areas situated near the area communities many improved properties have become appealing to the part time farm buyers. Many of these property owners are employed in town and desire rural living and lifestyles. Many times these owners lease out the farm land or desire the acreage for hobby farms or livestock interests. Investor buyers have also been interested in ag properties in the area. Typically these buyers purchase property for the potential resale and income production of the land. Access to the area is good with a complete system of county roads, most of which are paved. All of the outlying areas and towns have school systems. Nyssa is the closest town to the subject, and contains a school system as well as some limited services. Ontario is the largest town in Malheur County and possesses a Community College, hospital, and serves as one of the areas service centers. The Boise Metropolitan area is located approximately 60 miles to the southeast and contains many markets and services, as well as extensive medical facilities, educational opportunities, an international airport, shopping, and entertainment.  
 SEE NEXT PAGE FOR ADDITIONAL COMMENTS



## Additional Comments

Currently the subject's market area is heavily driven by agricultural influences and motivations. There are also strong influences from part time farm buyers and investor buyers as well. Real estate listings in the area have fluctuated regularly. Quality agricultural tracts appear to be purchased more quickly and are not listed for extended periods of time. The lesser quality properties tend to stay on the market for a longer period of time. Recently commodity prices have decreased from very strong levels, financing has been favorable, and agriculturally motivated buyers have been dominant in the market. The current market participants have been neighboring operators and area operators, looking to expand current operations. Competition for quality ag properties has increased as well as rent rates and rent competition. Investor buyers have been interested in properties that can be improved and resold for profits, while residential buyers have been seeking properties that provide part time farm potential and the rural lifestyle. Industrial operations are in the area related to agriculture, and are mostly interested in smaller parcels of land close or within city limits. The current market has been experiencing a time where there are few market transactions in the immediate market area of the subject. The current growing year has had many challenges. Irrigation districts were able to supply a full allotment of water and reservoirs appear to be in good supply for the upcoming year. Commodity prices vary and generally are considered to be soft. The season has had many weather challenges as there was a long, wet and cold spring, which caused planting delays. Which was followed by late harvests and some wet harvest moisture. Through analyzing the available market activity, interviews with area realtors and other appraisers, it is determined that the current real estate market is considered to be stable.

**Property Description:** *(Location, use and physical characteristics)* The subject property consists of 290.35 total deeded acres located in one contiguous tract and is made up of one tax parcel. The property is located approximately 2 miles north of Nyssa, Oregon in Malheur County. Legal and physical access is provided by Arcadia Boulevard, Gem Avenue and Gamble Road, all paved county maintained roads. The subject is an unimproved farm property made up of irrigated crop and pasture lands.

The subject is located in a quality farming area with many area properties utilized for agricultural production. The adjoining properties are utilized in a similar fashion to the subject with agricultural uses, as well as rural residential, part time farm, and investment properties.

Subject Land Description

Land Use	Deeded Acres	Unit Type	Unit Size	
Site				( 0.0%)
Irrigated Cropland	254.00	Acre		( 87.5%)
Irrigated Cropland B				( 0.0%)
Dry Crop				( 0.0%)
Pasture	36.35	Acre		( 12.5%)
Range				( 0.0%)
Other				( 0.0%)
				( 0.0%)
				( 0.0%)
				( 0.0%)
<b>Total Deeded Acres</b>	290.35	<b>Total Units</b>		<b>( 100 % )</b>

Subject Description:	Above Avg.	Avg.	Below Avg.	N/A
Location	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Legal Access	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Physical Access	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Contiguity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Shape/Ease Mgt.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Adequacy Utilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Services	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rentability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Compatibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Market Appeal	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FEMA Zone/Date	NA			
Building Location	NA			

**Comments** The total acreage appraised is per the legal description provided and Malheur County tax information. The lands of the subject were inventoried according to their use. The number of acres of each applicable land class is based on an on-site inspection, aerial photo of the property, county records, calculated from mapping software, and from the water rights assessed to the subject property.

The irrigation equipment included with the subject is minimal and is considered inherent in the land value.

Land Improvements:	Above Avg.	Avg.	Below Avg.	N/A
Domestic Water	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Livestock Water	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Interior Roads	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Drainage	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Water Rights:**  No  Yes  Supplement Attached  
**Mineral Rights:**  No  Yes  Supplement Attached  
**Comments:** The water rights are described on the following page. A preliminary title report was not provided to the appraiser, it is unknown if the mineral rights have been severed from the subject property. Mineral rights are of secondary concern to the typical buyer in this market and have minimal impact on value. The subject's mineral rights were not researched and are not included in this analysis.

Topography:	Level	Undulating	Rolling	Sloping
Site	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Irrigated Cropland	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Irrigated Cropland B	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dry Crop	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pasture	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Range	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Overall Topography</b>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Soils Description:** Irrigated soils consist of Umapine silt loam, Class 3w; Turbyfill fine sandy loam, 0-2% slopes, Class 1e; Baldock silt loam, Class 3w; and Otoole silt loam, Class 4w. Please refer to the addenda for a detailed soils map.

Soil Quality/Production:  Above Avg.  Avg.  Below Avg.  N/A  Supplement Attached

**Climatic:** 12-14 " Annual Precipitation 2,168 ' to 2,176 ' Elevation 60-90 Frost-Free Days  
**Utilities:** None Water None Electric None Sewer None Gas None Telephone  
**Distance To:** 2.5 miles Schools 7 miles Hospital 2 miles Markets 1/2 mi Major Hwy. 2.25 mi Service Center  
**Easements/Encroachments:** *(Conservation, Utility, Preservation, etc.)* None were reported or observed. Nothing atypical was reported or disclosed uncommon to a farm operation.

**Hazards and Detriments:** See the property description comments for details.

## Property Comments

The subject is mostly rectangular in shape with 254 acres of irrigated ground situated in nine fields. Irrigation water enters the subject from an irrigation canal that bisects the property from diversion points located on the property. The fields are flood irrigated via concrete lined ditches and siphon tubes. Topography is nearly level to slightly sloping for drainage. The irrigated soils primarily consist of Umapine silt loam, Class 3w; Turbyfill fine sandy loam, 0-2% slopes, Class 1e; and minimal amounts of Baldock silt loam, Class 3w and Otoole silt loam, Class 4w. These soils are average quality and are capable of growing crops typical to the area. The fields are well maintained and appear to have minimal weed growth.

Irrigation water rights are provided by the State of Oregon and were researched and verified on the State of Oregon Water Resources Department. The water rights includes Certificate #45954 and Permit #16990. Water right Certificate #45954 provides a total of 227.60 acres of primary water rights and has a priority date of December 21, 1973. The water right certificate supplies surface water from the Snake River. Permit #G-16990 provides a total of 50.6 acres of supplemental water rights and has a priority date of August 24, 2011. The permit supplies ground water from an on-site well. There is sufficient water rights and irrigation water available for the acreage currently being irrigated on the subject property. An Irrigation Water Rights Summary and Water Right certificates are included in the addenda of this report that contains all pertinent irrigation water right details.

The remaining acreage is considered as pasture lands. These lands do not possess irrigation water rights and are made up of the acreage that surrounds the irrigated cropland. This acreage benefits from sub-irrigation moisture from the ditches that run through the property. This acreage also provides habitat to local wildlife. The property has railroad frontage along the eastern property boundary.

No items atypical of a farm operation were observed, no other concerns were reported to the appraiser. A preliminary title report was not provided to the appraiser. It is unknown if there are any atypical easements, it is assumed that the subject has typical easements for irrigation ditches, pipelines, roads, and utilities. These typical easements are not considered to be detriments to the subject property. It is unknown if the mineral rights have been severed from the subject property. The appraiser assumes that all mineral rights are included with the subject property. Mineral rights are of secondary concern to the typical buyer in this market and were not researched as part of this appraisal analysis. Regarding hazards or detriments no major items atypical of a farm or ranch operation were observed, no other concerns were reported to the appraiser. The appraiser is not trained as an environmental expert and does not know, in fact, that environmental or hazardous concerns do not exist on the subject property. The appraiser's observation is limited to reasonably apparent and accessible conditions and does not include hidden, latent conditions or those in inaccessible areas. The appraiser was not supplied an owner completed environmental disclosure.

A summary of the property's positive attributes include the following:

- The subject possesses average soils and is considered to be a productive ag property.
- There are sufficient irrigation water rights for the acreages considered as irrigated.
- Legal and physical access is provided by paved county roads on three sides.

A summary of the property's negative attributes include the following:

- None.

This property would likely sell as one unit. Potential buyers would include part time farm buyers, area operators wanting to expand their current farming operations, or ag investment buyers.

RIGHT: View of subject from northern property boundary



LEFT: Irrigated cropland

RIGHT: Irrigated cropland



RIGHT: Pasture lands



LEFT: Irrigation canal bisecting property

RIGHT: Eastern property boundary facing north



<b>History</b>	<input checked="" type="checkbox"/> Ownership Longer Than <u>3</u> Years					
		Owner	Recording/Reference	Date	Price Paid	Terms
	<b>Previous:</b>	_____	_____	_____	\$ _____	_____
	<b>Present:</b>	Farmer	_____	_____	\$ _____	_____
	<b>Currently:</b>	<input type="checkbox"/> Optioned	<input checked="" type="checkbox"/> Under Contract	Contract Price: \$	<u>3,019,900</u>	_____
	<b>Buyer:</b>	Malheur County	<input type="checkbox"/> Currently Listed	Listing Price: \$	_____	Listing Date: _____
SEE NEXT PAGE FOR PROPERTY HISTORY						

<b>Zoning</b>	<b>Current Zoning:</b> C-A1 Exclusive Farm Use/NUGA-Industrial	Zoning Conformity: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	<b>Zoning Change:</b> <input checked="" type="checkbox"/> Unlikely <input type="checkbox"/> Probable To: _____	
	<b>Comments:</b> Zoning is regulated by Malheur County in this area. The subject is formally zoned Exclusive Farm Use C-A1 and Nyssa Urban Growth Area-Industrial and is situated in an agriculture area. Zoning was verified with the Malheur County Planning and Zoning Department. A portion of the subjects zoning was changed in late 2018. The 213.413 acres zoned NUGA-I changed from C-A1. This change was initiated by the pending buyers.	

<b>Taxes</b>	<b>Tax Basis:</b>	Assessment Year	2019	<b>Forecast:</b>	
	<input checked="" type="checkbox"/> Agricultural	Land	\$ _____	Current Tax	\$ <u>8,446.62</u>
	<input type="checkbox"/> _____	Building(s)	\$ _____	Estimated/Stabilized	\$ <u>8,447</u>
	<input type="checkbox"/> _____	Combined	\$ <u>415,846</u>	Or ( <u>290.35</u> Ac.) = \$	<u>29.09</u> /acre
	Parcel #: <u>Map 19S4717</u>	Total Assessed Value	\$ <u>415,846</u>	Trend: <input type="checkbox"/> Up <input type="checkbox"/> Down <input checked="" type="checkbox"/> Stable	
	Tax Lot <u>100</u>	Assessed (Taxable) Value			
Comments: Tax information was gathered from the Malheur County Assessor and is reflective of the 2018 tax year.					

Highest & Best Use is defined as that reasonable and probable use that supports the highest present value, as defined, as of the effective date of the appraisal. Alternatively, that use, from among reasonably probable and legally alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in the highest land value.

<b>Highest &amp; Best Use Analysis</b>	<b>Analysis:</b> <i>(Discuss legally permissible, physically possible, financially feasible, and maximally productive uses)</i>
	Legally Permissible: The subject is currently in agricultural use and is in compliance with county zoning regulations. The subject property has 213.413 deeded acres that is zoned Nyssa-UGA/Industrial and the remaining 76.937 deeded acres is zoned Exclusive Farm Use C-A1. There is some limited commercial activity forces in the immediate area situated south of the subject. This commercial activity is located closer to Nyssa City Center than the subject is located. Commercial properties are typically located closer to population centers, and many times within the city limits. The uses surrounding the subject are primarily agricultural uses. The subject is an unimproved irrigated farm property that is made up of irrigated crop and pasture land use types. The subject is located in a rural area north of town where the market is primarily influenced by agricultural operations, with influences from part time farm, recreational and investor buyers. The subject property is considered to be available for any legal use under the EFU Agricultural and NUGA-Industrial zoning of Malheur County with limiting legally permissible restrictions to the NUGA-Industrial zoned acreage, this acreage is to be reserved exclusively for the rail dependent uses and agricultural processing, warehouse, distribution, and support industrial uses that benefit from the location in a full service industrial park next to the proposed Treasure Valley Reload Center (TVRC). SEE NEXT PAGE FOR ADDITIONAL COMMENTS
	<b>Highest and Best Use:</b> "As if" Vacant <u>Irrigated Farm Property</u> "As Improved" <u>Irrigated Farm Property</u>
	<b>Discussion:</b>
	SEE NEXT PAGE FOR ADDITIONAL HIGHEST AND BEST USE ANALYSIS COMMENTS

<b>Value Methods</b>	<b>Valuation Methods:</b> <input type="checkbox"/> Cost Approach <input checked="" type="checkbox"/> Income Approach <input checked="" type="checkbox"/> Sales Comparison Approach
	(Explain and support exclusion of one or more approaches) Please see the comments in the Scope of Work section of this report for the explanation supporting the exclusion of one of the approaches to value, and the support of the valuation methods used.

### Highest and Best Use Continued

#### Property History Continued:

Charles Warren Farmer (1/2 ownership) and James and Margaret Farmer (1/2 ownership) are in the process of selling the subject property to Malheur County. This is a direct sale between buyer and seller with no market exposure. The pending purchase price for the property is \$3,019,900 with an anticipated close date of December 31, 2019. The buyers are pursuing the purchase of real estate for the development of the proposed TVRC. In this pursuit they advertised to area property owners to bring offers to them. The sellers proposed the subject property with the pending purchase price which was accepted by the buyer. Since the selection of the subject and the pending purchase agreement the buyers have initiated the recent change in zoning for a portion of the subject from C-A1 to NUGA-I. The sellers are retaining a 5 acre parcel (not yet determined) of industrial zoned land from the subject property.

#### Highest and Best Use Continued:

**Physically Possible:** Soil quality, terrain, location, and climate are the primary physical conditions that affect or restrict the highest and best use. The subject possesses irrigated cropland with soils that are considered to be productive and similar to many other area operations. These soils are capable of producing feed crops commonly grown in the area, as well as specialized row crops. There are sufficient irrigation water rights for the lands being irrigated from private water rights. Irrigation water is distributed by concrete ditches and siphon tubing. The irrigated cropland is level. The pasture lands are limited to wetlands due to not having irrigation water rights and following the natural contour of the land and irrigated fields. These lands benefit from sub-irrigation moisture and provide natural habitat to wildlife. The subject does possess railway frontage and is located two miles from the city center of Nyssa, an agricultural farming influenced town. The subject is also located in an area that is conducive to farming and possesses many similar operations. The adjoining lands to the subject are all utilized in an agricultural fashion.

The subject would not be considered desirable to a part time farm buyer, due to the overall size and scale of the subject and due to the lack of improvements found on the subject property. Pure recreational buyers would likely be unmotivated for the property due to its lack of attributes desired by this buyer pool. Ag investment buyers have been present in the market and desire large blocks of irrigated lands, or properties that can be improved or developed for increased production. These buyers desire properties that can be purchased, leased for income, and held for future resale. The subject does possess irrigation water rights and an efficient irrigation system, and there are multiple area operators that would lease the subject. An investor buyer would likely find the subject desirable. Industrial buyers/operators typically desire smaller blocks of land for an operational unit and typically desire property close to city centers. The industrial uses will be impacted by the presence of the TVRC, and must support uses benefiting from this main center. Currently the TVRC is in the preliminary and planning stages and has not been constructed. It is reasonable that these factors may detour, or delay, investor buyers. Ag operators may have interest in the property due to its productive nature and efficient irrigation water rights. Area operators who are desiring additional irrigated lands may find the subject appealing. Area operators and ag investment buyers have been the most active market participants and are interested in ag properties as add on or expansion tracts.

**Financially Feasible and Maximally Productive:** Agricultural production is typical for the immediate area with farms/livestock enterprises being owned and operated for a business profit, generally providing a reasonable return and demonstrating financial feasibility. Ag production buyers and investors will be most concerned with a monetary return on their purchase money. Residential and part time farm buyers have less monetary concerns and are more focused on the rural lifestyle, way of life, and enjoyment of the property.

The area surrounding the subject property is an agricultural area and is heavily influenced by agricultural buyers. Considering the subject, the current market transactions and the overall market area, the highest and best use of the subject property "as if" vacant and "as improved", is as an irrigated farm property.

### Comparable Sales Summaries

The following is a summary of the comparable sale properties that were used in the analysis of the subject, sales sheets can be found in the addenda of the report. Other area sales were considered when valuing the property with the following sales deemed as the most reflective of the current market and comparable to the subject property.

16001 The sale property consists of two parcels of ground that are located in the Nyssa Flat area, 2-3 miles north of Nyssa. The property consists of 534 deeded acres made up of non-contiguous parcels that were purchased from three different vesting's, but the purchase was negotiated all at one time and analyzed as one transaction. The property is made up of site, irrigated crop and other lands. Irrigation water is provided by a combination of the Old Owyhee Improvement District, the Owyhee Irrigation District and from private rights from the Nyssa Arcadia Drain. The irrigation water is delivered to the fields by a combination of gated pipe, concrete ditches, and a small amount of dirt ditches. The irrigated crop ground is all leveled and has good quality Class 1 and 2 soils, with a small amount of good quality Class 3 soils that are capable of growing all crops common to the area. The property is improved with several improvements that range from fair to average condition. The "other" lands on this parcel were not allocated value, as is typical with the sales of larger irrigated crop units in the market area. Access to the parcels is provided by numerous paved county roads, and all parcels have good physical and legal access. This property is mostly zoned C-A1, exclusive farm use with a small portion of the southern property boundary of the southern tract being zoned C-II, County light industrial. The seller was retiring from farming, and the buyer is a large scale area ag operator who owns adjoining lands, and was seeking to expand land holdings. This transaction was handled privately. This property was never exposed to the market, nor was it opened up for competition. There were rumors of this property potentially being sold for the past several years, and there were several interested parties who likely would have paid more for the property.

17012 The sale property is located 2 miles northeast of Vale. The property consists of 297.52 acres dedicated to site, irrigated crop and other lands. The irrigated crop land is level in topography and is made up of six rectangular contiguous fields that are irrigated via concrete ditches. Irrigation water is supplied by Warm Springs Irrigation District and from the Malheur River via a lift pump. The irrigation district assesses the property for 107.2 acres but recognizes 136.7 acres as decreed water right. The irrigation water was considered to be typical to above average for the area. Soils consist of silt loams ranging from Class 2c-4s. Structural improvements include a house, GP buildings, machine shed, hay shed, grain bins and several other miscellaneous improvements. The improvements are well maintained and range from fair to good condition. The property is zoned C-A1 and has railroad frontage along the northern property boundary. Access is provided by Frontier Lane. The sale was a direct sale between buyer and seller. The parties had been involved in sale transactions in the past. The buyer grows onions and shallots and was seeking additional land for production and approached the seller about the property. The sellers offered the property for sale at \$2,000,000 and the buyer accepted the terms. Two un-installed 1/4 mile pivots were included in the sale that the seller was planning on installing. The buyer sold the pivots and installed pipelines for an underground drip irrigation supply. The allocated value to the un-installed pivots is \$50,000.

17002 The sale property is an improved tract of irrigated crop ground that is located approximately 2 miles northeast of Vale, in Malheur County. The property consists of 133 deeded acres dedicated to site, irrigated crop and pasture lands. The irrigated crop ground is broken up into 8 different fields that are irrigated by a combination of concrete ditches and gated pipe. These lands have a combination of Class 2-4 soils that are capable of growing both cash and feed crops. Irrigation water is provided by a primary private right (41141) for 17 acres with water from the Malheur river (covers the southern most field), as well as by a supplemental right (27142) for 80 acres with water from the Malheur River that covers the remainder of the irrigated ground. There is no formal primary water right for these lands, although the property has historically been fully irrigated. The water master is aware of this situation, but is allowing the property owners to continue to fully irrigate the property for the time being. This situation was not known to the buyers during the acquisition process. The pasture ground consists of dry pasture lands that are primarily situated north of Lagoon Dr. The improvements are located along the western boundary of the property, and include a house, manufactured house, machine shed two carports and numerous older miscellaneous outbuildings in fair to average condition. The larger parcel that makes up the property is zoned Vale UGA-Industrial and the smaller parcel (pasture) is zoned C-A1. The smaller parcel (pasture) has railroad frontage on the north side of Lagoon Drive. Access is provided by Lagoon Dr., which bisects the northern portion of the property, and by Foothill Ln, which forms the majority of the eastern boundary. The sellers were long time area residents/farmers, and the buyer was a Canadian firm that was looking at constructing a mushroom facility on the property after purchasing it. The buyer was considered motivated as they felt like the purchase was on the strong side, but it reportedly fit their needs well. SEE NEXT PAGE FOR ADDITIONAL COMMENTS



**Comparable Sales Summaries Continued**

18006 The sale property is an improved tract of farm ground that is located in the Ontario Flat area, 3 miles southwest of Ontario. The sale property consists of 227.76 deeded acres dedicated to site, irrigated crop and other lands. There were approximately 187 acres being irrigated at the time of the sale. These lands were broken up into 12 different fields that have all been leveled, and were being irrigated by a combination of dirt ditches, concrete ditches, and gated pipe. The soils on the irrigated crop ground are primarily Class I soils that are capable of growing all crops common to the area. Irrigation water is provided by the Old Owyhee Ditch Improvement District. The "other" lands are composed of ditches, roads, and waste/dry ground, and did not contribute value to the sale. The site area is situated in the northeast corner of the property, and contains an older average quality dwelling, GP building, machine shed, and several other older miscellaneous type outbuildings in fair to average condition. The property is zoned C-A1. The sale property is accessed by Butler Blvd and Clark Blvd, both of which are paved county roads. The sellers were a family estate selling out for cash, and the buyers are a local area farming family. The property initially listed for \$1,900,000, and was reportedly only on the market for 2-3 months before it went pending at the purchase price.

### Sales Comparison Approach (1-5)

<b>Sale Data</b>	Sale Data	Subject	Sale #1 16001	Sale #2 17012	Sale #3 17002	Sale #4 18006	Sale #5
	Grantor (Seller)						
	Grantee (Buyer)						
	Source		App AW	Appraiser KB	Appraiser	Seller / Appraiser	
	Date	Eff 10/19	01/16	03/17	09/17	08/18	
	Eff Unit Size/Unit	290.35 / Acre	533.93	297.52	133.23	227.76	
	Sale Price		3,255,714	2,000,000	1,008,000	1,675,000	
	Finance Adjusted		Cash	Cash	Cash	Conventional Loan	
	CEV Price		3,255,714	1,950,000	1,008,000	1,675,000	
	Multiplier						
Expense Ratio		30.68	31.61	18.04	23.45		

The Appraiser has cited sales of similar property to the subject and considered these in the market analysis. The description below includes a dollar adjustment reflecting market reaction to those items of significant variation between the subject and the sales documented. When significant items are superior to the property appraised, a negative adjustment is applied. If the item is inferior, a positive adjustment is applied. Thus, each sale is adjusted for the measurable dissimilarities and each sale producing a separate value indication. The indications from each sale are then reconciled into one indication of value for this approach.

CEV Price/ Acre		6,097.64	6,554.18	7,565.86	7,354.23	
<b>LAND AND IMPROVEMENT ADJUSTMENTS</b>						
Land Adjustment		-72.22	-270.63	943.48	424.92	
Impvt. Adjustment		-445.22	-737.77	-1,460.20	-680.54	
Adjusted Price		5,580.20	5,545.78	7,049.14	7,098.61	

#### TIME ADJUSTMENTS

<input checked="" type="checkbox"/>	Yr	<input type="checkbox"/>	Mo	Periods				
<input checked="" type="checkbox"/>	Smpl	<input type="checkbox"/>	Cmp	Rate				
<input type="checkbox"/>	Auto	<input checked="" type="checkbox"/>	Man	Time Adjustment				
				Time Adj. Price				

#### OTHER ADJUSTMENTS

Zoning	C-A1/NUGA-I Adjustment	C-A1/C-II	C-A1	C-A1/VUGA-I	C-A1	
Railroad Frontage	Yes Adjustment	No	Yes	Yes	No	
Location	2 miles N of Nyssa Adjustment	2-3 mi N of Nyssa	2 mi NE of Vale	2 mi NE of Vale	3 mi SW of Ontario	
	Adjustment					
	Adjustment					
Net Adjustments		-517	-1,008	-517	-256	
<b>ADJUSTED PRICE</b>		5,581	5,546	7,049	7,098	

**Analysis/Comments:** (Discuss positive and negative aspects of each sale as they affect value)

The Sales Comparison Approach is based on the premise that the market value of a property is directly related to the prices of comparable, competitive properties. The principle of substitution comes into play where the value of a property tends to be set by the price that would be paid to acquire a substitute property of similar utility and desirability. A knowledgeable buyer will pay no more for a property than they would pay for a substitute of equal utility or desirability. The Sales Comparison Approach uses a direct comparison to other market transactions on some common unit of comparison such as acres, animal units, etc. The Sales Comparison Approach was completed on an overall dollar per total deeded acre basis.

SEE NEXT PAGE FOR ADDITIONAL COMMENTS

**Sales Comparison Approach Summary:**

Property Basis (Value Range): \$ 1,610,000.00 to \$ 2,060,000.00  
 Unit Basis: \$ 7,050.00 / Acre X 290.35 Acre = \$ 2,046,967.50  
 Multiplier Basis: \$ X (multiple) = \$

**Sales Comparison Indication:**

\$ 2,050,000

## Sales Comparison Comments

Sales from the market area of the subject were considered, with four representative sales included in this approach to value. One sale occurred in 2016, two sales occurred in 2017, and one in 2018. Please refer to the Comparable Sales Summaries, pages 12 and 13, for a brief discussion of each of the sales.

Each of the sales was compared to the subject on a "head to head" basis to adjust for land allocation and building contribution differences. The sales adjustment pages 17 through 21 show these direct comparisons. The subject possesses a land mix of irrigated crop and pasture lands. All of the sales used contain irrigated crop as the primary land class. Two of the sales possessed pasture lands in their land use mix. Sales that possess land use types other than what is present on the subject are adjusted to become similar to the subject property. The sales that contain additional land classes are adjusted to be similar to the subject. The adjustments are made to make the sales "like" the subject in terms of land mix. All of the land adjustments are derived from market information and are not considered to be misleading to the reader of the report.

As previously mentioned the subject is an unimproved farm property.

From this point, comparisons can be made for other factors that may affect the overall value of the property. Adjustments for time, size, quality, location, and other physical differences are considered. The sales range from approximately 133 to 534 deeded acres in size, these sales are considered to be similar in size for irrigated farms/add on tracts and a size adjustment was not warranted. The sales are all considered to be current for the market area and date back to 2016. No time adjustment is considered to be warranted. The net adjustments on the previous page are market derived and are not considered to be misleading to the reader of the report. Some of these adjustment are large and all of the adjustments vary due to the land uses and acreage present on the sales.

In the adjustment grid on the previous page qualitative comparisons are made between the sales and the subject for Zoning, Railroad Frontage and Location. This Zoning comparison states the zoning of the subject as well as the comparable sales. The subject is EFU Agricultural and NUGA-Industrial. The subject and the sales are all in ag production. Sales 16001 and 17002 are both zoned Ag and Industrial use. The remaining sales are zoned Ag Use only. There appears to be no differentiation of price paid per acre for land located under the Industrial zoning or the Ag zoning that are utilized for Ag production. The Railroad Frontage comparison states if the subject and the sales have railroad frontage. The subject and Sales 17012 and 17002 possess railroad frontage. There does not seem to a premium paid for properties with railroad frontage. The Location comparison indicates the distance the subject and the sales are from city centers/towns. The subject is located two miles north of Nyssa. The sales are all located within three miles from Nyssa, Vale and Ontario. These areas are similar to the subject with ag production being the main influence in these areas. These are comparisons only, and are not quantitative adjustments, they are only intended to enhance this approach to value. No other specific adjustments were isolated or applied in this analysis.

After applying the land adjustments, the values indicated by the sales range from \$5,546 to \$7,098 per acre. Sale 17012 indicates the value at the bottom end of the range. This was a direct sale between buyer and seller. The parties had been involved in transactions before and the seller offered the property for sale and approached the buyer. The property is an irrigated farm property with railroad frontage 2 miles outside of Vale. The three remaining sales indicate a slightly tighter range of value from \$5,581 to \$7,098 per deeded acre. Sale 18006 indicates a value at the top end of the tightened range. This is a sale of irrigated cropland with Class 1 soils that sold to a local farming family that has other land holdings in the area. The property was listed for a few months prior to an offer being accepted. Sale 16001 indicates the value at the bottom end of the tightened range. This was a direct sale between buyer and seller with no market exposure. The seller was retiring and the buyer is a large scale operator with adjoining lands. The property is located just out of Nyssa and has a small amount of County Light Industrial zoning with the remainder of the property being zoned agricultural. Sale 17002 indicates a value of \$7,049 per deeded acre. This was a direct sale between buyer and seller, the buyers were long time area farmers and the buyer is an out of area firm that was looking for a property they could construct a mushroom facility on. The buyer indicated that the property fit their needs well. The property has railroad frontage and is zoned Industrial and Agricultural.

The subject property possesses irrigated lands with adequate irrigation water rights and typical soils to the area. The property also has railroad frontage and is zoned Agricultural and Industrial. The subject possesses similarities to each of the sales. Overall the subject possesses the most similarities to Sale 17002.

SEE NEXT PAGE FOR ADDITIONAL COMMENTS

## Sales Comparison Comments

Considering the comparability of each sale to the subject, each sales individual characteristics compared to the subject were considered, as well as the total range of indicated values, and the tighter range of values expressed by the three sales. The subject fits well within the tightened range of values. The subject's influences from it's attributes, characteristics, water rights, irrigation system, location, and soils contribute to it's market value. The current market conditions, available market participants, most probably type of purchasers in the market, area competition and demand all contribute to a stable real estate market. The Sales Comparison Approach indicates the value of the subject property to be \$7,050 per deeded acre, which when rounded values the subject property at \$2,050,000, cash.

## Sales Comparison Approach - Land Adjustment for Sale# 1

Adjust each sale to the subject's land mix (land adjustment) using unimproved sales. This page allows for a "quantitative land adjustment" only.

Sales Comparison - Sale #1			16001		Land Adjustment Amt. \$		-72.22			
Land Use	Sale Acres	\$/Acre	Sale Unit Type	Sale Units	\$/Unit	Subj. Acres	\$/Acre	Subj. Unit	\$/Unit	Total
Site	6.00	6,250.00					6,250.00			
Irrigated Cropland	476.88	6,250.00				254.00	6,250.00			1,587,500
Irrigated Cropland B										
Dry Crop										
Pasture		900.00				36.35	900.00			32,715
Range										
Other	49.49	0.00					0.00			
<b>Sale Land Contrib.</b>	<b>3,018,000.00</b>	<b>/ Eff. Unit Size</b>	<b>533.93</b>	<b>=</b>	<b>5,652.43</b>	<b>Total</b>	<b>1,620,215</b>	<b>/ Eff. Unit Size</b>	<b>290.35</b>	<b>= 5,580.21</b>

## Sales Comparison Approach - Improvement Adjustment for Sale# 1

Compare each set of sale improvements to the subject improvements making judgments regarding utility and condition. Then arrive at an improvement adjustment for each sale on a per acre or per unit basis. These adjustments are shown on the Sales Comparison Grid.  
 Note: Appraiser must manually enter the \$/Unit for the Subject Improvements -- either individually or as a lump sum.

Sales Comparison - Sale #1				16001		Improvement Adjustment Amt. \$:		-445.22 / Acre	
Sale Impt.	Ut/Cond.	Size X	\$/Unit	Contrib. Value	Subject Impt.	Ut/Cond.	Size X	\$/Unit	Contrib. Value
House	F	/Fair 1,008	X \$ 12.60	=\$ 12,701		/	X \$	=\$	
Mach Sh	A	/A 2,240	X \$ 3.50	=\$ 7,840		/	X \$	=\$	
Other		/ 1	X \$ 10,000.00	=\$ 10,000		/	X \$	=\$	
House	A	/AVG2,352	X \$ 22.50	=\$ 52,920		/	X \$	=\$	
Carport	A	/AVG576	X \$ 3.36	=\$ 1,935		/	X \$	=\$	
GP Bldg	A	/AVG1,560	X \$ 12.10	=\$ 18,876		/	X \$	=\$	
GP Bldg	A	/AVG2,720	X \$ 6.00	=\$ 16,320		/	X \$	=\$	
Quonset	A	/AVG2,080	X \$ 4.00	=\$ 8,320		/	X \$	=\$	
Onion Stg	A	/AVG7,200	X \$ 11.25	=\$ 81,000		/	X \$	=\$	
Lean-To	A	/AVG3,600	X \$ 2.70	=\$ 9,720		/	X \$	=\$	
GP Bldg	A	/AVG1,800	X \$ 4.50	=\$ 8,100		/	X \$	=\$	
Other		/ 1	X \$ 10,000.00	=\$ 10,000		/	X \$	=\$	
		/	X \$	=\$		/	X \$	=\$	
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		/	X \$	=\$		/	X \$	=\$	
<b>Sale Effective Unit Size:</b>			<b>533.93</b>	<b>\$ 237,714</b>	<b>Subject Effective Unit Size:</b>			<b>290.35</b>	<b>\$</b>
<b>Total Improvement Value = \$</b>			<b>445.22</b>	<b>/ Acres</b>	<b>Total Improvement Value = \$</b>			<b>0.00</b>	<b>/ Acre</b>

The different land classes are unified into a single value for the total property. Land ratios are used to calculate values where individual land classes are not identified. The portion of the sale property's value contributed by buildings, if any, is also equalized through these calculations.

### Sales Comparison Approach - Land Adjustment for Sale# 2

Adjust each sale to the subject's land mix (land adjustment) using unimproved sales. This page allows for a "quantitative land adjustment" only.

Sales Comparison - Sale #2			17012			Land Adjustment Amt. \$			-270.63	
Land Use	Sale Acres	\$/Acre	Sale Unit Type	Sale Units	\$/Unit	Subj. Acres	\$/Acre	Subj. Units	\$/Unit	Total
Site	8.84	6,250.00					6,250.00			
Irrigated Cropland	268.04	6,250.00				254.00	6,250.00			1,587,500
Irrigated Cropland B										
Dry Crop										
Pasture		625.00				36.35	625.00			22,719
Range										
Other	20.64	0.00					0.00			
<b>Sale Land Contrib.</b>	<b>1,730,500.00</b>	<b>/ Eff. Unit Size</b>	<b>297.52</b>	<b>=</b>	<b>5,816.42</b>	<b>Total</b>	<b>1,610,219</b>	<b>/ Eff. Unit Size</b>	<b>290.35</b>	<b>= 5,545.79</b>

### Sales Comparison Approach - Improvement Adjustment for Sale# 2

Compare each set of sale improvements to the subject improvements making judgments regarding utility and condition. Then arrive at an improvement adjustment for each sale on a per acre or per unit basis. These adjustments are shown on the Sales Comparison Grid.  
 Note: Appraiser must manually enter the \$/Unit for the Subject Improvements -- either individually or as a lump sum.

Sales Comparison - Sale #2				17012		Improvement Adjustment Amt. \$: -737.77 / Acre			
Sale Impt.	Utl/Cond.	Size X	\$/Unit	Contrib. Value	Subject Impt.	Utl/Cond.	Size X	\$/Unit	Contrib. Value
House	A / A	2,042	X \$ 60.00 =	122,520	/ /		X \$	=	\$
GP Building	A / A	648	X \$ 6.48 =	4,199	/ /		X \$	=	\$
Machine Shed	A / A	1,792	X \$ 5.34 =	9,569	/ /		X \$	=	\$
Grain Bins	A / F/A	1,000	X \$ 1.08 =	1,080	/ /		X \$	=	\$
GP Building	A / A	2,232	X \$ 10.80 =	24,106	/ /		X \$	=	\$
Hay Shed	A / A/G	4,000	X \$ 9.50 =	38,000	/ /		X \$	=	\$
Other	/ /	1	X \$ 20,000.00 =	20,000	/ /		X \$	=	\$
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Sale Effective Unit Size:				297.52 \$	Subject Effective Unit Size:			290.35 \$	
<b>Total Improvement Value = \$</b>			<b>737.77</b>	/ Acre	<b>Total Improvement Value = \$</b>		<b>0.00</b>	/ Acre	

The different land classes are unified into a single value for the total property. Land ratios are used to calculate values where individual land classes are not identified. The portion of the sale property's value contributed by buildings, if any, is also equalized through these calculations.

### Sales Comparison Approach - Land Adjustment for Sale# 3

Adjust each sale to the subject's land mix (land adjustment) using unimproved sales. This page allows for a "quantitative land adjustment" only.

Sales Comparison - Sale #3			17002		Land Adjustment Amt. \$			943.48		
Land Use	Sale Acres	\$/Acre	Sale Unit Type	Sale Units	\$/Unit	Subj. Acres	\$/Acre	Subj. Units	\$/Unit	Total
Site	5.00	8,000.00					8,000.00			
Irrigated Cropland	95.00	8,000.00				254.00	8,000.00			2,032,000
Irrigated Cropland B										
Dry Crop										
Pasture	33.23	405.00				36.35	405.00			14,722
Range										
Other										
<b>Sale Land Contrib.</b>	<b>813,458.00</b>	<b>/ Eff. Unit Size</b>	<b>133.23</b>	<b>=</b>	<b>6,105.67</b>	<b>Total</b>	<b>2,046,722</b>	<b>/ Eff. Unit Size</b>	<b>290.35</b>	<b>= 7,049.15</b>

### Sales Comparison Approach - Improvement Adjustment for Sale# 3

Compare each set of sale improvements to the subject improvements making judgments regarding utility and condition. Then arrive at an improvement adjustment for each sale on a per acre or per unit basis. These adjustments are shown on the Sales Comparison Grid. Note: Appraiser must manually enter the \$/Unit for the Subject Improvements -- either individually or as a lump sum.

Sales Comparison - Sale #3		17002		Improvement Adjustment Amt. \$: -1,460.20 / Acre					
Sale Impt.	Ut/Cond. Size	X \$	\$/Unit	Contrib. Value	Subject Impt.	Ut/Cond. Size	X \$	\$/Unit	Contrib. Value
House	A / A 1,522	X \$	50.00	=\$ 76,100		/	X \$	=\$	
Lean to	A / A 483	X \$	8.00	=\$ 3,864		/	X \$	=\$	
Mach Shed	F / F 1,024	X \$	8.00	=\$ 8,192		/	X \$	=\$	
Manf House	A / A 1,512	X \$	42.25	=\$ 63,882		/	X \$	=\$	
Lean to	A / A 1,200	X \$	10.40	=\$ 12,480		/	X \$	=\$	
Other	/ 1	X \$	30,000.00	=\$ 30,000		/	X \$	=\$	
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Sale Effective Unit Size:			133.23	\$ 194,542	Subject Effective Unit Size:			290.35	\$
<b>Total Improvement Value = \$</b>			1,460.20	/ Acres	<b>Total Improvement Value = \$</b>			0.00	/ Acre

The different land classes are unified into a single value for the total property. Land ratios are used to calculate values where individual land classes are not identified. The portion of the sale property's value contributed by buildings, if any, is also equalized through these calculations.

### Sales Comparison Approach - Land Adjustment for Sale# 4

Adjust each sale to the subject's land mix (land adjustment) using unimproved sales. This page allows for a "quantitative land adjustment" only.

<b>Sales Comparison - Sale #4</b>			18006		<b>Land Adjustment Amt. \$</b>		424.92			
Land Use	Sale Acres	\$/Acre	Sale Unit Type	Sale Units	\$/Unit	Subj. Acres	\$/Acre	Subj. Units	\$/Unit	Total
Site	3.00	8,000.00					8,000.00			
Irrigated Cropland	187.00	8,000.00				254.00	8,000.00			2,032,000
Irrigated Cropland B										
Dry Crop										
Pasture		800.00				36.35	800.00			29,080
Range										
Other	37.76	0.00					0.00			
<b>Sale Land Contrib.</b>	1,520,000.00 / <b>Eff. Unit Size</b>		227.76 =		6,673.69		<b>Total</b>	2,061,080	/ <b>Eff. Unit Size</b> 290.35 = 7,098.61	

### Sales Comparison Approach - Improvement Adjustment for Sale# 4

Compare each set of sale improvements to the subject improvements making judgments regarding utility and condition. Then arrive at an improvement adjustment for each sale on a per acre or per unit basis. These adjustments are shown on the Sales Comparison Grid.

Note: Appraiser must manually enter the \$/Unit for the Subject Improvements -- either individually or as a lump sum.

<b>Sales Comparison - Sale #4</b>				18006		<b>Improvement Adjustment Amt. \$:</b>		-680.54 / Acre			
Sale Impt.	Ut/Cond.	Size	X	\$/Unit	Contrib. Value	Subject Impt.	Ut/Cond.	Size	X	\$/Unit	Contrib. Value
House	A	/ Fair 2,569	X \$	40.00	=\$ 102,760		/		X \$	=\$	
Mach Sh	A	/ Fair 1,200	X \$	8.00	=\$ 9,600		/		X \$	=\$	
GP Bldg	A	/ AVG 1,140	X \$	17.50	=\$ 19,950		/		X \$	=\$	
Other		/ 1	X \$	22,000.00	=\$ 22,000		/		X \$	=\$	
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<b>Sale Effective Unit Size:</b>				227.76	\$ 155,000	<b>Subject Effective Unit Size:</b>				290.35	\$
<b>Total Improvement Value = \$</b>				680.54	/ Acres	<b>Total Improvement Value = \$</b>				0.00	/ Acre

The different land classes are unified into a single value for the total property. Land ratios are used to calculate values where individual land classes are not identified. The portion of the sale property's value contributed by buildings, if any, is also equalized through these calculations.



## Income Approach

Gross Income Estimate	<b>Basis of Income Estimate:</b> Cash <input checked="" type="checkbox"/> Share <input type="checkbox"/> Owner/Operator <input type="checkbox"/> FAMC <input type="checkbox"/> See Attached							
	Income Source	Units	Unit Measure	Stabilized Yield	Total Production		Cash/Share/Owner's Income	
					Stabilized \$/Unit	Gross Income	Share %	Income
	Irrigated Cropland	254.00	Acre		\$ 250.00	\$ 63,500	100	\$ 63,500
					\$	\$		\$
					\$	\$		\$
					\$	\$		\$
					\$	\$		\$
					\$	\$		\$
					\$	\$		\$
<input type="checkbox"/> <b>Improvements Included in Land Rent</b>				Rent: \$	/mo., \$ 0	/yr,	100	\$ 0
<b>Stabilized Gross Income = \$</b>							<b>63,500</b>	
<p><b>Comments:</b> <i>(Typical area rental terms and conditions)</i> The gross rental rates are market extracted, as verified with the comparable sales data sheets and current farming operations. Properties similar to the subject typically lease on a per production acre basis. Lease rates are consistent throughout the area. The real estate taxes are actual for the subject. The management and pumping costs are estimated. The cash operating expenses are the same items that were considered when evaluating the market area. A consistency of analysis methods between the market and the subject was maintained in order to achieve a realistic comparison.</p>								

Expenses	<b>Expense Items:</b>		<b>Additional Expenses:</b>		<b>Additional Expenses:</b>		<b>Additional Expenses:</b>	
	Real Estate Tax \$	8,447	Pump Cost \$	1,750.00		\$		\$
	Insurance	\$		\$		\$		\$
	Maintenance	\$		\$		\$		\$
	Management	\$ 3,175		\$		\$		\$
		\$		\$		\$		\$
		\$		\$		\$		\$
		\$		\$	<b>Total Expenses = \$</b>		13,372	( 21.06 %)

Cap Rate Info	Sale	Date	Size	Impvt %	Gross Income	Exp. Ratio	Net Income	CEV Price	Cap Rate
	16001	01/16	533.93	7	119,298	30.68 %	82,695	3,255,714	2.54 %
	17012	03/17	297.52	11	63,340	31.61 %	43,321	1,950,000	2.22 %
	17002	09/17	133.23	19	31,025	18.04 %	25,427	1,008,000	2.52 %
	18006	08/18	227.76	9	65,700	23.45 %	50,294	1,675,000	3.00 %
						%			%
						%			%
						%			%

**Analysis/Comments:** The Income Approach to value is based on the principle of anticipation in that the value of a property is equal to the present value of future anticipated economic benefits. In this approach, estimated net property income is capitalized into a value estimate based on an overall capitalization rate. The rates are derived from transactions in the market which reflect the market's reactions to the relationship between income and price.

The Income Approach is completed on a cash basis. There are multiple methods to calculate and estimate the subject's net income. The cash basis is selected because it is the most common in the subject's market area, and is considered to be the least subjective by the appraiser. There is sufficient and reliable lease data available in the market.

SEE THE NEXT PAGE FOR ADDITIONAL COMMENTS

Total Deeded Acres: <u>290.35</u> <b>Gross Income:</b> \$ <u>63,500</u> = \$ <u>218.70</u> / <u>Acre</u> <b>Expenses:</b> ( \$ <u>13,372</u> ) = \$ <u>46.05</u> / <u>Acre</u> <b>Net Income:</b> \$ <u>50,128</u> = \$ <u>172.65</u> / <u>Acre</u>	Net Income / Cap Rate = Indicated Value \$ <u>50,128</u> / <u>2.5000</u> % = \$ <u>2,005,120</u> <b>Income Approach Indication = \$ <u>2,010,000</u></b>
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## Income Approach Comments

This basis does not account for operational, management, or varying yield differences in its income projection. The income and expenses have been projected consistently for the subject property and the market sales. These projections are done on the landlord basis by applying typical rental terms, production, and prices. The sales and the subject are analyzed in a consistent fashion.

Area sales were considered for this analysis from throughout the market area, with four sales selected and applied. The sales were selected for use in this approach based on their type of operation and location. All of the sales are considered to have locational similarities and have varying degrees of land use similarities. See the Comparable Sales Summaries found on pages 12-13, for a brief discussion of each sale.

There are several factors that affect capitalization rates for ag properties. They include land use types, contribution to value by buildings, and expense to income relationships. Properties with significant income from irrigated land and public leases, tend to have higher cap rates than those with dry crop or pasture. Properties with larger contributions to value by buildings tend to have lower cap rates. Properties with higher expense to income ratios tend to also have lower cap rates. The combination of factors within the sales comparisons makes the selection of a specific cap rate difficult in many instances.

The sales used in this analysis indicate capitalization rates in a range from 2.22% to 3.00%. This is considered to be a relatively tight range of cap rates. The subject is considered to be similar in size to sale 17012. This sale indicates a cap rate of 2.22%. The subject possesses 0% contribution to value from improvements. The sales all have varying degrees of improvement contribution from 7% to 19%. Generally the lower the contribution from buildings the higher the properties indicated cap rate. The subject is most similar to Sale 16001 which has a 7% improvement contribution and indicates a cap rate of 2.54%. The subject contains an expense ratio of 21.06%, which is within the indicated range. The range of expense ratios is from 18.04% to 39.76%. The subject is most similar to sale 18006. This sale contains an expense ratio of 23.45%, and indicates a cap rate of 3.00%. Typically sales with lower expense ratios result in higher cap rates. Overall the subject shares the most similarities with Sales 16001, 17012 and 18006, which span the range of cap rates. It is reasonable using these comparisons and the general capitalization rate trends, the selected cap rate should be selected from the middle to higher end of the range of cap rates.

Considering the total range of indicated capitalization rates and the factors that affect cap rates, the size of the subject, the subject's expense ratio compared to the sales, the subject's improvement percentage, the subject's land use type; the rate selected and applied to the estimated net income of the subject is 2.50%. The selected cap rate of 2.50% is within the indicated range of cap rates, and is considered to be reasonable due to the influences of the factors above. When the cap rate is applied to the net income of the subject, it indicates a value from the Income Approach of \$2,010,000.

It is important to note that with capitalization rates in this wide of a range, and as low as those indicated for this type of property, a .25% change in the cap rate results in a change to the indicated value of 9.09% to 10%. The lower capitalization rates, multiple variables, and selective nature of this approach makes the indicated results volatile and in some instances less reliable. The Income Approach is considered to provide support for the final value conclusion.

## Reconciliation and Opinion of Value

Summary

<b>Cost Approach</b> _____	\$	Not Completed
<b>Income Approach</b> _____	\$	2,010,000
<b>Sales Comparison Approach</b> _____	\$	2,050,000

Discussion & Correlation of Values

**Analysis of Each Approach and Opinion of Value:** This appraisal is being presented in summary report form. All three of the approaches to value were considered in accordance with USPAP, with the Income and Sales Comparison Approaches to Value being completed. The subject is an irrigated farm property located near Nyssa, Oregon. The subject is an unimproved property made up of irrigated crop and pasture lands. The market area of the subject is heavily influenced by area operators expanding current operations as well as strong investor interest in the area. There are recent and comparable sales available from the subject's market area. The current real estate market is considered to be strong with stable land values. The sales utilized in this report are current and date back to 2016. The sales used all possess irrigated crop land as their primary land use type. The subject conforms reasonably well to the real estate market and reasonably well to the area sales. The historic use of the subject has been as an irrigated farm property, this use is considered to be the best utilization of the property.

As noted earlier in the report the Cost Approach was not completed.

The Income Approach considers area sales of comparable nature to the subject from which to obtain market demonstrated rates of return. From the four sales used, a representative cap rate is determined and applied to the net income of the subject. The reliability of the Income Approach depends upon the appraiser's estimate of production and ownership costs, and the overall comparability of the sales to the subject. The sales have reasonable overall similarity to the subject property, the selection of a specific cap rate is difficult, the low cap rate values, and the larger range of indicated values makes the approach much more volatile. It is noted that a .25% change in the cap rate results in a 9.09% to 10% change in the indicated value. The Income Approach is utilized for support to the Sales Comparison Approach.

The Sales Comparison Approach considers area sales of comparable nature to the subject. Each sale is compared directly to the subject and is adjusted for land allocation contribution differences. This approach allows for additional adjustments apparent in the market for differences such as time, location, quality, size, and other physical characteristics. After adjustments the sales present a reasonable range of indicated values for the subject property. A strength of this approach is that similar methodology is applied by typical buyers in the market. The comparability of the sales to the subject and the resulting ranges of indicated values enhance the reliability of this approach to value. SEE NEXT PAGE FOR ADDITIONAL COMMENTS

Allocation of Value

<b>Opinion Of Value -</b>	(Estimated Marketing Time 6-12 months, see attached)	\$	2,050,000
Cost of Repairs	\$ _____		
Cost of Additions	\$ _____		
<b>Allocation:</b>	(Total Deeded Units: 290.35 )		
	Land:	\$ 2,050,000	\$ 7,060 / ( 100 %)
	Land Improvements:	\$ _____	\$ 0 / ( 0 %)
	Structural Improvement Contribution:	\$ _____	\$ 0 / ( 0 %)
<b>Value Estimate of Non-Realty Items:</b>			
	Value of Personal Property (local market basis)	\$ _____	
	Value of Other Non-Realty Interests:	\$ _____	
	Non-Realty Items:	\$ _____	\$ 0 / ( 0 %)
	Leased Fee Value (Remaining Term of Encumbrance )	\$ _____	\$ 0 / ( 0 %)
	Leasehold Value	\$ _____	\$ 0 / ( 0 %)
	Overall Value	\$ 2,050,000	\$ 7,060 / ( 100 %)

### Reconciliation Continued

The two approaches indicate an overall value for the subject property from \$2,010,000 to \$2,050,000. The Income Approach is considered to be more subjective and volatile and is completed for support to the Sales Comparison Approach. While considering both approaches to value, the current real estate market, and the attributes and amenities of the subject property, the final value conclusion for the subject property with an effective date of October 16, 2019 is \$2,050,000, cash.

The following is an estimated allocation of value for the subject property's Tracts. This is an allocation only and should not be considered a separate appraisal of each tract and land type. The irrigation equipment is inherent in the irrigated cropland. All values are rounded.

254 Acres of Irrigated Crop @ \$8,000 per acre  
36.35 Acres of Pasture @ \$495 per acre  
Total \$2,049,993, rounded to \$2,050,000

Charles Warren Farmer (1/2 ownership) and James and Margaret Farmer (1/2 ownership) are in the process of selling the subject property to Malheur County. The pending purchase price for the property is \$3,019,900 and the reconciled appraised value is \$2,050,000, a \$969,900 or a 32% difference. The difference in appraised value and purchase is considered to be the buyers motivation for the property as it fits their needs for the proposed Treasure Valley Reload Center.

## MARKET VALUE DEFINITION

Regulations published by federal regulatory agencies pursuant to title XI of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA)

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

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

Other:

Market value means the most probably price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, knowledgeably, and assuming neither is under duress. Implicit in this definition is the consummation of a sale as a specified date and the passing of title from seller to buyer under conditions whereby:

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

Source: 12 CFR Part 614 Subpart F

## EXPOSURE AND MARKETING TIME ESTIMATES

Market value (see above definition) conclusion and the costs and other estimates used in arriving at conclusion of value is as of the date of the appraisal. Because markets upon which these estimates and conclusions are based upon are dynamic in nature, they are subject to change over time. Further, the report and value conclusion is subject to change if future physical, financial, or other conditions differ from conditions as of the date of appraisal.

In applying the market value definition to this appraisal, a reasonable exposure time of 6-12 months has been estimated. Exposure time is the estimated length of time the property interest being appraised would have been offered in the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; exposure time is always presumed to **precede** the effective date of the appraisal.

Marketing time, however, is an estimate of the amount of time it takes to sell a property interest at the market value conclusion during the period **after** the effective date of the appraisal. An estimate of marketing time is not intended to be a prediction of a date of sale. It is inappropriate to assume that the value as of the effective date of appraisal remains stable during a marketing period. Additionally, the appraiser(s) have considered market factors external to this appraisal report and have concluded that a reasonable marketing time for the property is 6-12 months.

Comments: The estimated marketing times have their basis from conversations with local real estate agents and supported by past sales activities.

## Assumptions and Limiting Conditions

The certification of the Appraiser(s) appearing in the appraisal report is subject to the following conditions and to such other specific and limiting conditions as are set forth in the report.

1. The Appraiser(s) assume no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor does the Appraiser(s) render any opinion as to title, which is assumed to be good and marketable. The property is appraised as though under responsible ownership.
2. Sketches in the report may show approximate dimensions and are included only to assist the reader in visualizing the property. The Appraiser(s) have made no survey of the property. Drawings and/or plats are not represented as an engineer's work product, nor are they provided for legal reference.
3. The Appraiser(s) are not required to give testimony or appear in court because of having made the appraisal with reference to the property in question, unless arrangements have been previously made.
4. Any distribution of the valuation in the report applies only under the existing program of utilization. The separate valuations of components must not be used outside of this appraisal and are invalid if so used.
5. The Appraiser(s) have, in the process of exercising due diligence, requested, reviewed, and considered information provided by the ownership of the property and client, and the Appraiser(s) have relied on such information and assumes there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The Appraiser(s) assume no responsibility for such conditions, for engineering which might be required to discover such factors, or the cost of discovery or correction.
6. While the Appraiser(s)  have  have not inspected the subject property and  have  have not considered the information developed in the course of such inspection, together with the information provided by the ownership and client, the Appraiser(s) are not qualified to verify or detect the presence of hazardous substances by visual inspection or otherwise, nor qualified to determine the effect, if any, of known or unknown substances present. Unless otherwise stated, the final value conclusion is based on the subject property being free of hazardous waste contaminations, and it is specifically assumed that present and subsequent ownerships will exercise due diligence to ensure that the property does not become otherwise contaminated.
7. Information, estimates, and opinions furnished to the Appraiser(s), and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished the Appraiser(s) can be assumed by the Appraiser(s).
8. Unless specifically cited, no value has been allocated to mineral rights or deposits.
9. Water requirements and information provided has been relied on and, unless otherwise stated, it is assumed that:
  - a. All water rights to the property have been secured or perfected, that there are no adverse easements or encumbrances, and the property complies with Bureau of Reclamation or other state and federal agencies;
  - b. Irrigation and domestic water and drainage system components, including distribution equipment and piping, are real estate fixtures;
  - c. Any mobile surface piping or equipment essential for water distribution, recovery, or drainage is secured with the title to real estate; and
  - d. Title to all such property conveys with the land.
10. Disclosure of the contents of this report is governed by applicable law and/or by the Bylaws and Regulations of the professional appraisal organization(s) with which the Appraiser(s) are affiliated.
11. Neither all nor any part of the report, or copy thereof, shall be used for any purposes by anyone but the client specified in the report without the written consent of the Appraiser.
12. Where the appraisal conclusions are subject to satisfactory completion, repairs, or alterations, the appraisal report and value conclusion are contingent upon completion of the improvements in a workmanlike manner consistent with the plans, specifications and/or scope of work relied upon in the appraisal.
13. Acreage of land types and measurements of improvements are based on physical inspection of the subject property unless otherwise noted in this appraisal report.
14. EXCLUSIONS. The Appraiser(s) considered and used the three independent approaches to value (cost, income, and sales comparison) where applicable in valuing the resources of the subject property for determining a final value conclusion. Explanation for the exclusion of any of the three independent approaches to value in determining a final value conclusion has been disclosed in this report.
15. SCOPE OF WORK RULE. The scope of work was developed based on information from the client. This appraisal and report was prepared for the client, at their sole discretion, within the framework of the intended use. The use of the appraisal and report for any other purpose, or use by any party not identified as an intended user, is beyond the scope of work contemplated in the appraisal, and does not create an obligation for the Appraiser.
16. Acceptance of the report by the client constitutes acceptance of all assumptions and limiting conditions contained in the report.
17. Other Contingent and Limiting Conditions:
18. This appraisal has been prepared for the sole and specific needs of Malheur County Development Corporation (Client), Malheur County and ODOT. To the extent any third party relies upon or uses this appraisal, Agri-Access, and the person making this appraisal, hereby disclaim any liability for the contents and for any changes that may have occurred since the date of the appraisal.

SEE NEXT PAGE FOR ADDITIONAL COMMENTS

## Assumptions and Limiting Conditions

19. Irrigation water rights are provided by the State of Oregon and were researched and verified on the State of Oregon Water Resources Department. The water rights includes Certificate #45954 and Permit #16990. Water right Certificate #45954 provides a total of 227.60 acres of primary water rights and has a priority date of December 21, 1973. Permit #G-16990 provides a total of 50.6 acres of supplemental water rights and has a priority date of August 24, 2011. There is sufficient water rights and irrigation water available for the acreage currently being irrigated on the subject property. An Irrigation Water Rights Summary and Water Right certificates are included in the addenda of this report that contains all pertinent irrigation water right details.

20. No items atypical of a farm operation were observed, no other concerns were reported to the appraiser. A preliminary title report was not provided to the appraiser. It is unknown if there are any atypical easements, it is assumed that the subject has typical easements for irrigation ditches, pipelines, roads, and utilities. These typical easements are not considered to be detriments to the subject property. It is unknown if the mineral rights have been severed from the subject property. The appraiser assumes that all mineral rights are included with the subject property. Mineral rights are of secondary concern to the typical buyer in this market and were not researched as part of this appraisal analysis. Regarding hazards or detriments no major items atypical of a farm or ranch operation were observed, no other concerns were reported to the appraiser. The appraiser is not trained as an environmental expert and does not know, in fact, that environmental or hazardous concerns do not exist on the subject property. The appraiser's observation is limited to reasonably apparent and accessible conditions and does not include hidden, latent conditions or those in inaccessible areas. The appraiser was not supplied an owner completed environmental disclosure.

21. Charles Warren Farmer (1/2 ownership) and James and Margaret Farmer (1/2 ownership) are in the process of selling the subject property to Malheur County. The sellers are retaining a 5 acre parcel (not yet determined) of industrial zoned land from the subject property. The property is appraised "As-Is" as 290.35 deeded acres.

22. The subject property is considered to be available for any legal use under the EFU Agricultural and NUGA-Industrial zoning of Malheur County with limiting legally permissible restrictions to the NUGA-Industrial zoned acreage, this acreage is to be reserved exclusively for the rail dependent uses and agricultural processing, warehouse, distribution, and support industrial uses that benefit from the location in a full service industrial park next to the proposed Treasure Valley Reload Center (TVRC).

### Appraiser Certification

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

- 1. the statements of fact contained in this report are true and correct.
- 2. the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial and unbiased professional analysis, opinions, and conclusions.
- 3. I have  no  the specified present or prospective interest in the property that is the subject of this report and I have  no  the specified personal interest with respect to the parties involved.
- 4. I have performed  no  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.
- 5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- 6. my engagement in this assignment was not contingent upon developing or reporting predetermined results.
- 7. 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.
- 8. my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- 9. I  have  have not made a personal inspection of the property that is the subject of this report.
- 10.  no one  the specified persons provided significant real property appraisal assistance to the person signing this certification.

Effective Date of Appraisal: 10/16/19

**Opinion of Value:** \$ 2,050,000

**Appraiser:**

Signature: Lesley L. Miller, ARA

Property Inspection:  Yes  No  
Inspection Date: 10/16/19

Name: Lesley L. Miller, ARA  
License #: C001252 Exp: 12/31/19  
Certification #: \_\_\_\_\_

Appraiser has  inspected  verified  analyzed the sales contained herein.

Date Signed: 10/31/19



**QUALIFICATIONS****LESLEY L. MILLER, ARA**

Appraiser – Agri-Access  
1087 W. River Road Suite 100  
Boise, ID 83702

**PROFESSIONAL LICENSES****Certified General Real Estate Appraiser**

California License #AG3002960 – March 2015 to Present  
Idaho License #CGA-4180 – June 2016 to Present  
Oregon License #C001252 – August 2016 to Present

**State of California, Realtor** License #01871570 – 2009 to Present

**PROFESSIONAL APPRAISAL EXPERIENCE****AGRI-ACCESS**

Certified Appraiser – July 2016 to Present

**FARM CREDIT WEST**

Certified Appraiser – March 2015 to June 2016  
Appraiser Trainee – June 2012 to February 2015

**PROFESSIONAL AFFILIATIONS****AMERICAN SOCIETY OF FARM MANAGERS AND RURAL APPRAISERS (ASFMRA)**

Associate Member since February 2016, Accredited in 2018

**APPRAISAL EDUCATIONAL BACKGROUND****APPRAISAL INSTITUTE**

Course 101GR	Basic Appraisal Procedures (10/15/12)
Course I1410N	15- Hour National USPAP Course (5/30/13)
Course 401 G	General Appraiser Sales Comparison Approach (7/03/13)
Course 402G	General Appraiser Site Valuation & Cost Approach (8/13/13)
Course N300GR	Real Estate Finance, Statistics, and Valuation Modeling (9/20/15)
Course N400G	General Appraiser Market Analysis and Highest & Best Use (4/29/14)
Course N403G	General Appraiser Income Approach Part 1 (9/8/14)
Course N404G	General Appraiser Income Approach Part 2 (9/16/14)
Course	General Appraiser Report Writing and Case Studies (10/27/14)
Seminar	Federal and California Statutory and Regulatory Laws (12/11/15)
Course	2016-2017 7-Hour National USPAP Update Course (2/18/16)

**AMERICAN SOCIETY OF FARM MANAGERS AND RURAL APPRAISERS**

Course A101	Basic Appraisal Principles (2/20/13)
Seminar	Technology Applications in Appraisal – Google Earth (9/30/15)
Seminar	Financial Aspects of Agriculture (10/1/15)
Course A250	Eminent Domain (3/7/16)
Course A315	Valuation of Conservation Easements (3/10/16)

Seminar	Using Excel in Specific Appraisal Applications (1/26/17)
Seminar	Intro to Excel Statistical Analysis to Determine Adjustments (1/27/17)
Seminar	Water Rights Survival Course for Real Estate Appraisers (1/27/17)
Webinar	Best in Business Ethics (2/10/17)
Course A304	Integrated Approaches to Value (3/27/17)
Seminar	Economics of Farmland/Water Investing (1/25/18)
Seminar	Agricultural Consulting for the Appraiser (1/25/18)
Seminar	Soil Survey Fundamentals & Land Capability Classifications (1/25/18)
Course	2018-2019 7-Hour National USPAP Update Course (1/26/18)
Course A400	Advanced Rural Case Studies (4/30/2018)
Course A500	Advanced Appraisal Exam Preparation Course (10/27/2018)

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### **EDUCATIONAL BACKGROUND**

**CALIFORNIA STATE UNIVERSITY, CHICO**– Chico, CA (2011)  
Bachelor of Science in Agricultural Business

**FEATHER RIVER COMMUNITY COLLEGE** – Quincy, CA (2009)  
Associate Degree of Science in Agricultural Business

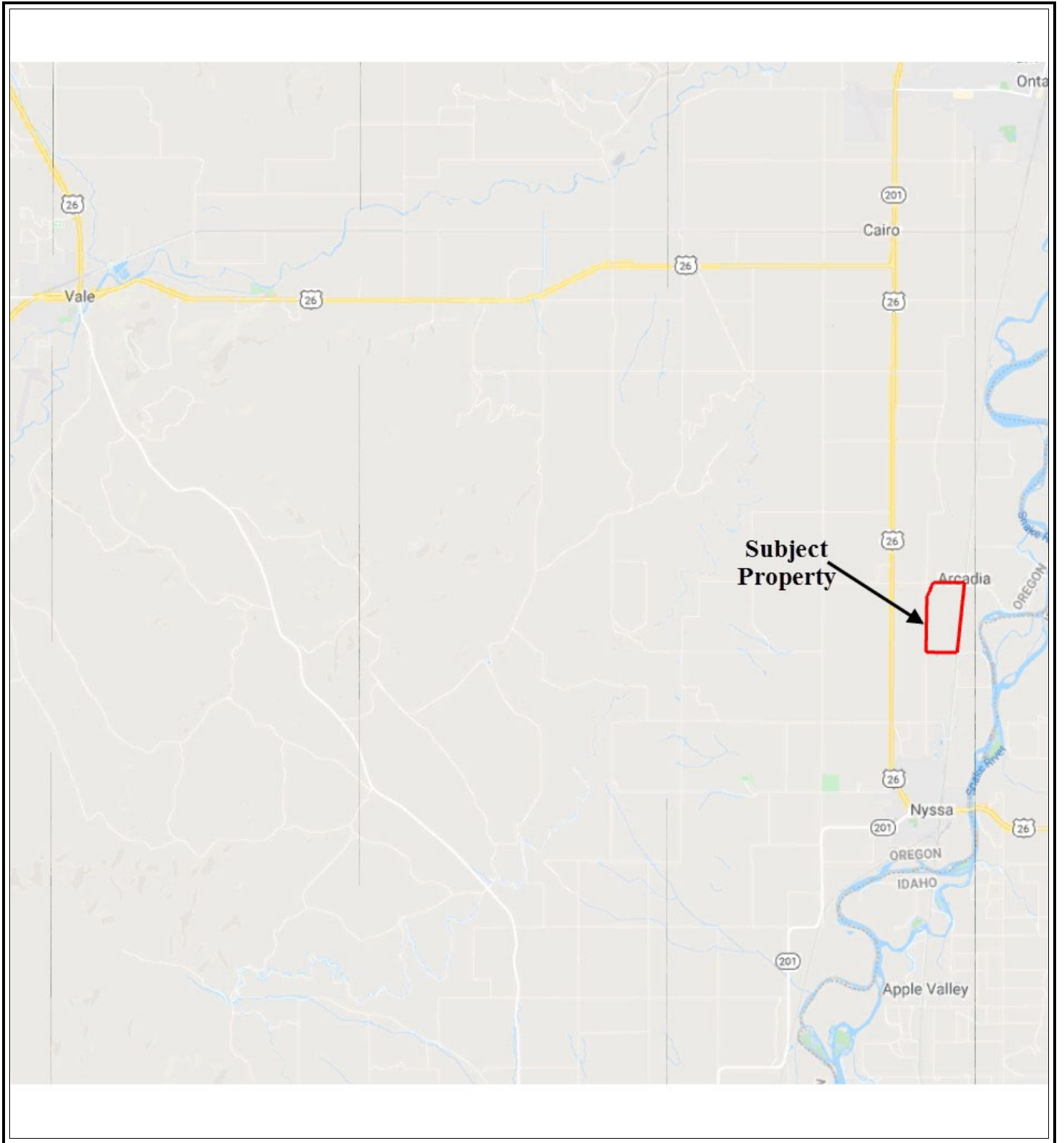
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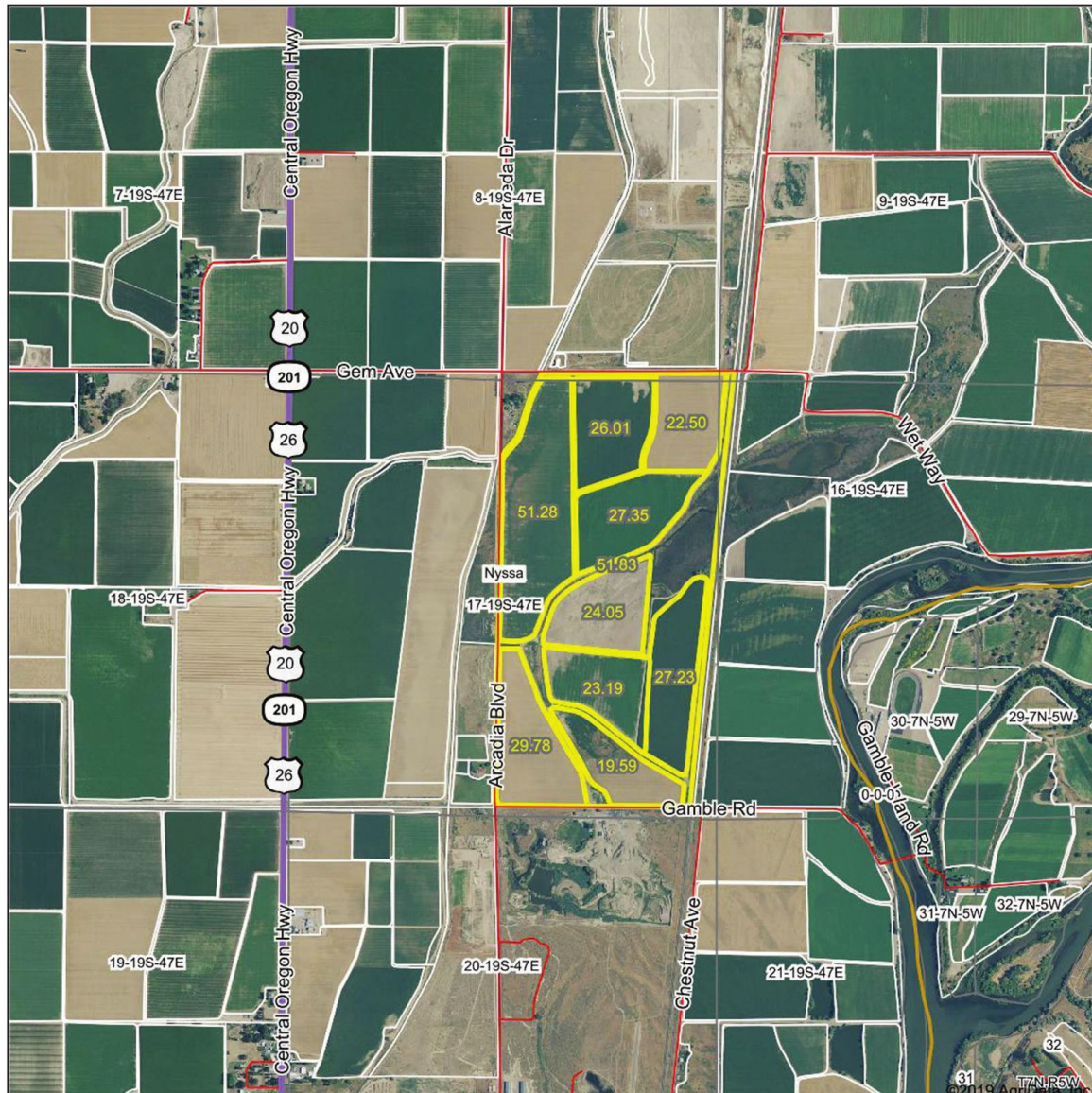
**Subject**  
**Information**

### Subject Locator Map



### Aerial Photograph

### Aerial Map

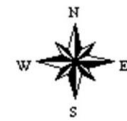


map center: 43° 55' 3.36, -116° 59' 37.51

0ft 1886ft 3773ft



**17-19S-47E**  
**Malheur County**  
**Oregon**



10/16/2019

Field borders provided by Farm Service Agency as of 5/21/2008.

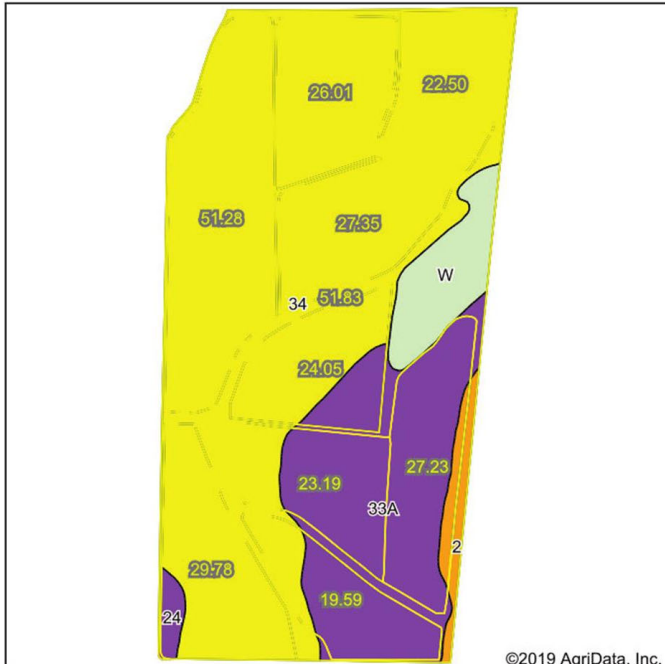
### Plat Map





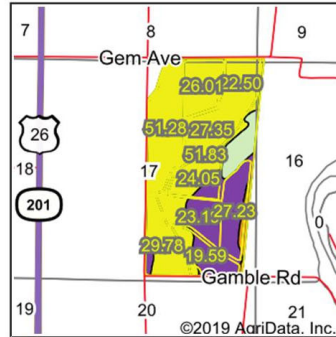
### Soils Map

#### Soils Map



Soils data provided by USDA and NRCS.

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State: **Oregon**  
 County: **Malheur**  
 Location: **17-19S-47E**  
 Township: **Nyssa**  
 Acres: **302.81**  
 Date: **10/16/2019**

Maps Provided By: **surety**  
 CUSTOMIZED ONLINE MAPPING  
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Area Symbol: OR641, Soil Area Version: 13

Cod e	Soil Description	Acres	Percent of field	Non-Irr Class Legend	Non-Irr Class *c	Irr Class *c	Alfalfa hay Irrigated	Asparagus Irrigated	Corn Irrigated	Sweet corn Irrigated	Pasture	Pasture Irrigated	Sugar beets Irrigated	Winter wheat Irrigated	Winter wheat	Corn silage Irrigated	Wheat Irrigated	
34	Umapine silt loam	208.47	68.8%		IVs	IIIw	7	213	102	6		17	26	89	1	2		
33A	Turbyfill fine sandy loam, 0 to 2 percent slopes	68.96	22.8%		Vlc	Ie	7		107			17	33	6		28	10	
W	Water	15.97	5.3%															
2	Baldock silt loam	6.55	2.2%			IIIw	IIIw	5	20	78	6	5	11	23	8		13	4
24	Otoole silt loam	2.86	0.9%		VIw	IVw	1	13	6			5	4	6	1	2		
<b>Weighted Average</b>							<b>6.5</b>	<b>147.2</b>	<b>96.3</b>	<b>4.3</b>	<b>0.1</b>	<b>15.9</b>	<b>26</b>	<b>62.9</b>	<b>0.7</b>	<b>8.1</b>	<b>24.</b>	

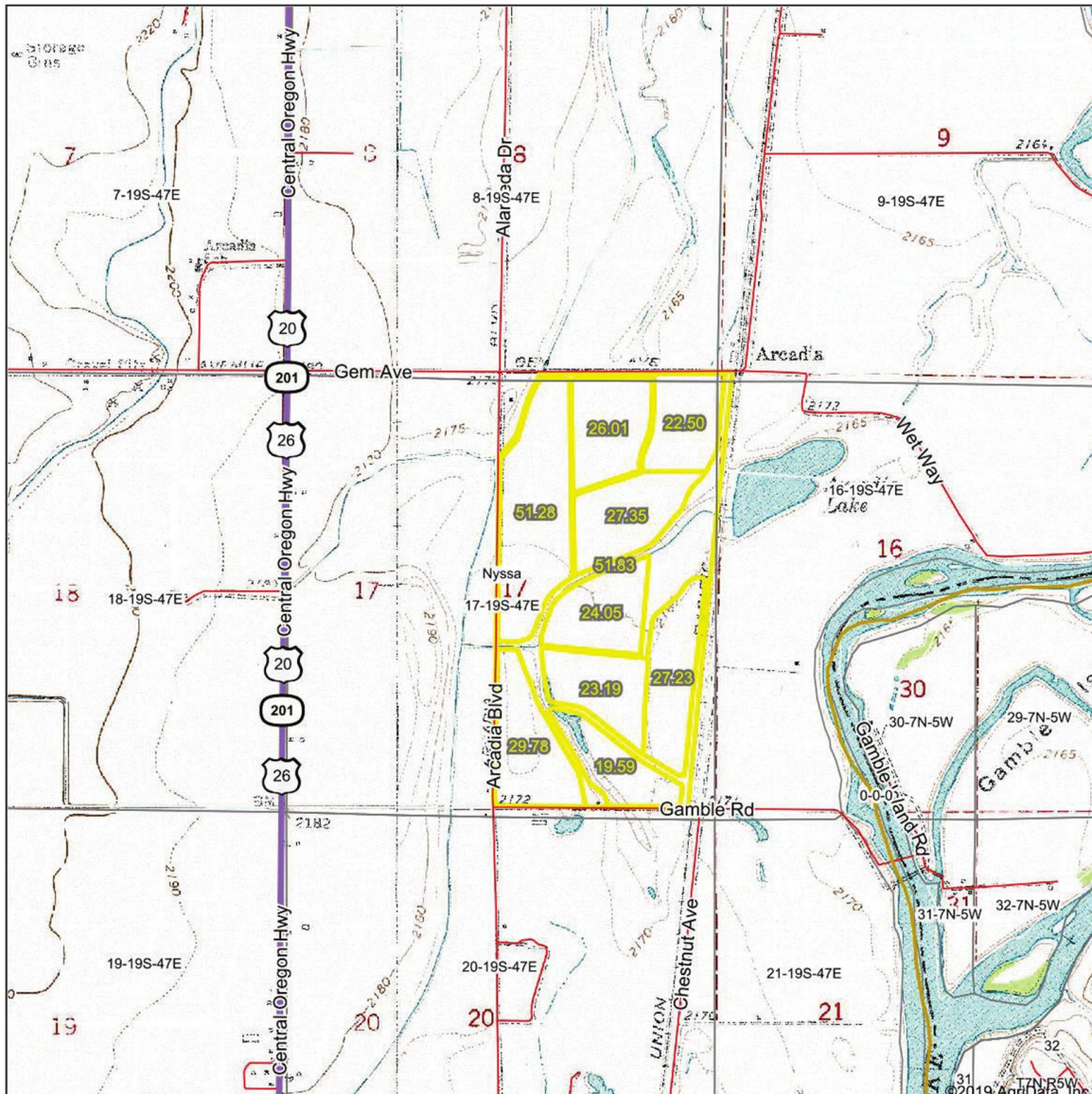
\*n: The aggregation method is "Weighted Average using major components"

\*c: Using Capabilities Class Dominant Condition Aggregation Method

Soils data provided by USDA and NRCS.

# Topography Map

## Topography Map



map center: 43° 55' 3.36, -116° 59' 37.51



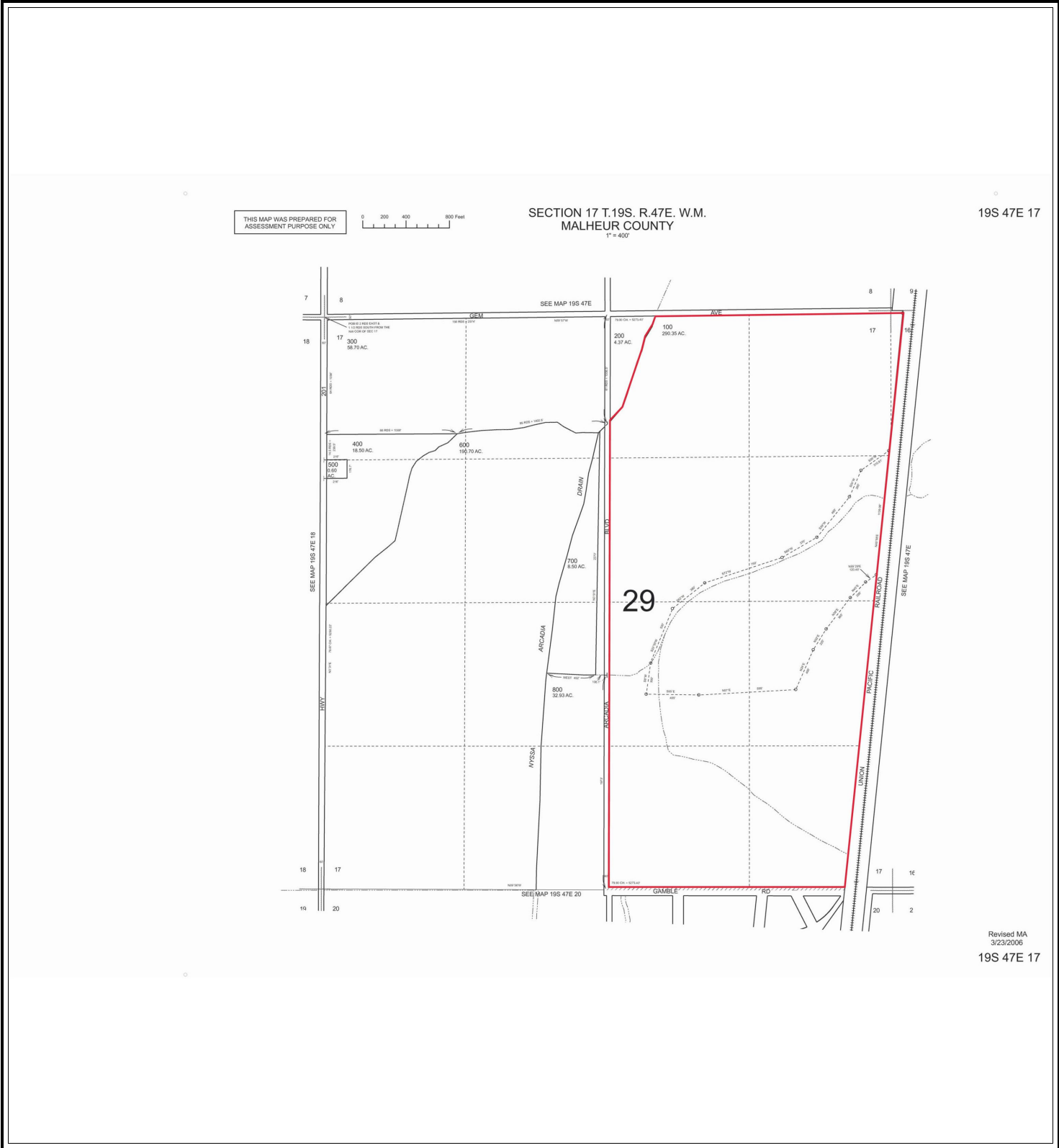
**17-19S-47E**  
**Malheur County**  
**Oregon**



10/16/2019

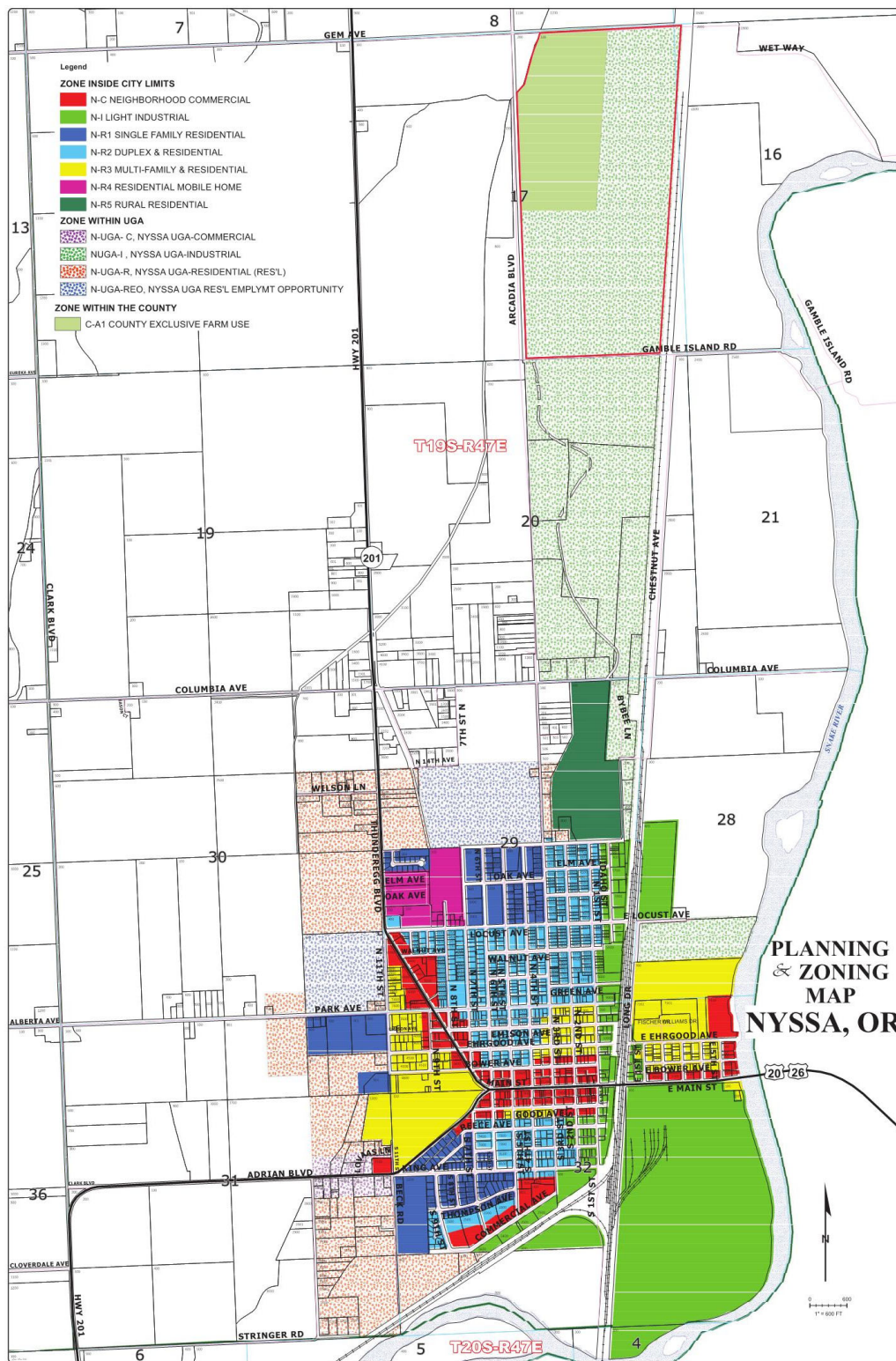
Field borders provided by Farm Service Agency as of 5/21/2008.

# County Assessor Map 19S4717



Revised MA  
3/23/2006  
19S 47E 17

# Zoning Map



## Legal Description

Land in Malheur County, Oregon as follows:

In Twp. 19 S., R. 47 E., W.M.:

Sec. 16: All that portion of the NW¼NW ¼ lying West of the Union Pacific Railroad right of way.

Sec. 17: All that portion of the East ½ lying and being West of the Union Pacific Railroad right of way

EXCEPTING THEREFROM that portion of the NW¼NE¼ lying West of the Arcadia Drain Ditch right of way,

### Water Rights Summary

Private Water Rights								
<u>Basis</u>	<u>WR #</u>	<u>Volume/Rate (cfs)</u>	<u>Priority Date</u>	<u>Use</u>	<u>Primary Irr. Acres</u>	<u>Supplemental Irr. Acres</u>	<u>Source</u>	<u>Note</u>
Certificate	45954	5.81	12/21/1973	Irrigation	227.6		Snake River	
Permit	G-16990	1.28	8/24/2011	Irrigation		50.6	Well (MALH 1860)	
<b>Total</b>					<b>227.6</b>	<b>50.6</b>		

Above information is reflective of the Oregon Water Resources Department website as of October 16, 2019

# Water Right Certificate 45954

Permit A-3M-1-78

SP-32256-000

## STATE OF OREGON

COUNTY OF MALHEUR

### CERTIFICATE OF WATER RIGHT

**This Is to Certify, That** TRAVELERS INS. CO. AND  
J. A. ALBERTSON

Real Estate Investment Dept.  
of 707 SW Washington, Portland, State of Oregon, 97204, has made  
proof to the satisfaction of the Water Resources Director, of a right to the use of the waters of  
Snake River

a tributary of Columbia River for the purpose of  
irrigation of 232.4 acres

under Permit No. 37440 and that said right to the use of said waters has been perfected in  
accordance with the laws of Oregon; that the priority of the right hereby confirmed dates from  
December 21, 1973  
that the amount of water to which such right is entitled and hereby confirmed, for the purposes  
aforesaid, is limited to an amount actually beneficially used for said purposes, and shall not exceed  
5.81 cubic feet per second

or its equivalent in case of rotation, measured at the point of diversion from the stream.  
The point of diversion is located in the Lot 1 (NE $\frac{1}{4}$  NW $\frac{1}{4}$ ), Section 21, T. 19 S., R. 47 E.,  
W. M., 20 feet South and 1460 feet East from the SW corner of Section 16.

The amount of water used for irrigation, together with the amount secured under any other  
right existing for the same lands, shall be limited to one-fortieth of one cubic foot per second  
per acre, or its equivalent for each acre irrigated and shall be further limited  
to a diversion of not to exceed 4 acre feet per acre for each acre irrigated  
during the irrigation season of each year,

and shall  
conform to such reasonable rotation system as may be ordered by the proper state officer.

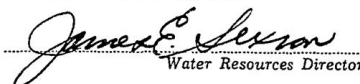
A description of the place of use under the right hereby confirmed, and to which such right  
is appurtenant, is as follows:

0.9 acre NW $\frac{1}{4}$ NW $\frac{1}{4}$	0.8 acre SE $\frac{1}{4}$ NW $\frac{1}{4}$
Section 16	1.2 acres NE $\frac{1}{4}$ SW $\frac{1}{4}$
	1.8 acres SE $\frac{1}{4}$ SW $\frac{1}{4}$
37.5 acres NE $\frac{1}{4}$ NE $\frac{1}{4}$	21.0 acres NE $\frac{1}{4}$ SE $\frac{1}{4}$
33.0 acres NW $\frac{1}{4}$ NE $\frac{1}{4}$	18.2 acres NW $\frac{1}{4}$ SE $\frac{1}{4}$
37.0 acres SW $\frac{1}{4}$ NE $\frac{1}{4}$	38.4 acres SW $\frac{1}{4}$ SE $\frac{1}{4}$
15.5 acres SE $\frac{1}{4}$ NE $\frac{1}{4}$	27.0 acres SE $\frac{1}{4}$ SE $\frac{1}{4}$
0.1 acre NE $\frac{1}{4}$ NW $\frac{1}{4}$	Section 17
	T. 19 S., R. 47 E., W. M.

The right to the use of the water for the purposes aforesaid is restricted to the lands or place  
of use herein described, and is subject to the existing minimum flow policies  
established by the Water Policy Review Board.

WITNESS the signature of the Water Resources Director, affixed

this date, June 22, 1978

  
Water Resources Director

Recorded in State Record of Water Right Certificates, Volume 38, page 45954

**Permit G\_16990**

STATE OF OREGON

COUNTY OF MALHEUR

PERMIT TO APPROPRIATE THE PUBLIC WATERS

THIS PERMIT IS HEREBY ISSUED TO

JAMES FARMER, MARGARET M FARMER, AND CHARLES WARREN FARMER  
 PO BOX 1585  
 NYSSA, OR 97913

The specific limits and conditions of the use are listed below.

APPLICATION FILE NUMBER: G-17485

SOURCE OF WATER: WELL 1 (MALH 1860) IN SNAKE RIVER BASIN

PURPOSE OR USE: SUPPLEMENTAL IRRIGATION OF 51.1 ACRES

MAXIMUM RATE/VOLUME: 1.28 CUBIC FEET PER SECOND

PERIOD OF USE: MARCH 1 THROUGH OCTOBER 31

DATE OF PRIORITY: AUGUST 24, 2011

WELL LOCATION: WELL 1 (MALH 1860) - SE ¼ SE ¼, SECTION 17, T19S, R47E, W.M.; 380 FEET NORTH AND 445 FEET WEST FROM SE CORNER, SECTION 17

The amount of water used for irrigation under this right, together with the amount secured under any other right existing for the same lands, is limited to a diversion of ONE-FORTIETH of one cubic foot per second and 3.0 acre-feet for each acre irrigated during the irrigation season of each year.

THE PLACE OF USE IS LOCATED AS FOLLOWS:

SE ¼ NE ¼ 0.5 ACRE  
 NE ¼ SE ¼ 23.0 ACRES  
 NW ¼ SE ¼ 10.1 ACRES  
 SW ¼ SE ¼ 2.2 ACRES  
 SE ¼ SE ¼ 15.3 ACRES  
 SECTION 17  
 TOWNSHIP 19 SOUTH, RANGE 47 EAST, W.M.

Measurement, recording and reporting conditions:

A. Before water use may begin under this permit, the permittee shall install a totalizing flow meter or other suitable measuring device as approved by the Director at each point of

Application G-17485      Water Resources Department      PERMIT G-16990



**Permit G\_16990 Continued**

PAGE 2

appropriation. The permittee shall maintain the meter or measuring device in good working order.

- B. The permittee shall keep a complete record of the amount of water diverted each month, and shall submit a report which includes the recorded water-use measurements to the Department annually or more frequently as may be required by the Director. Further, the Director may require the permittee to report general water-use information, including the place and nature of use of water under the permit.
- C. The permittee shall allow the watermaster access to the meter or measuring device; provided however, where any meter or measuring device is located within a private structure, the watermaster shall request access upon reasonable notice.
- D. The Director may provide an opportunity for the permittee to submit alternative measuring and reporting procedures for review and approval.

To monitor the effect of water use from the well(s) authorized under this permit, the Department requires the water user to obtain, from a qualified individual (see below), and report annual static water level measurements. The static water level shall be measured in the month of March. Reports shall be submitted to the Department within 30 days of measurement.

Measurements must be made according to the following schedule:

**Before Use of Water Takes Place**Initial and Annual Measurements

The Department requires the permittee to report an initial water level measurement in the month specified above once well construction is complete and annually thereafter until use of water begins; and

**After Use of Water has Begun**Reference Water Level Determination

Following the first year of water use, the user shall report one static water level measurement in the month specified above which will establish the reference level against which future annual measurements will be compared. The Director may require the user to obtain and report additional water levels after the reference level has been determined. The additional measurements may be required in a different month. If the measurement requirement is stopped, the Director may restart it at any time.

Application G-17485 Water Resources Department

PERMIT G-16990

**Permit G\_16990 Continued**

PAGE 3

All measurements shall be made by a certified water rights examiner, registered professional geologist, registered professional engineer, licensed well constructor or pump installer licensed by the Construction Contractors Board and be submitted to the Department on forms provided by the Department. The Department requires the individual performing the measurement to:

- A. Identify each well with its associated measurement; and
- B. Measure and report water levels to the nearest tenth of a foot as depth-to-water below ground surface; and
- C. Specify the method used to obtain each well measurement; and
- D. Certify the accuracy of all measurements and calculations reported to the Department.

The water user shall discontinue use of, or reduce the rate or volume of withdrawal from, the well(s) if any of the following events occur:

- A. Annual water level measurements reveal an average water level decline of three or more feet per year for five consecutive years; or
- B. Annual water level measurements reveal a water level decline of 15 or more feet in fewer than five consecutive years; or
- C. Annual water level measurements reveal a water level decline of 25 or more feet; or
- D. Hydraulic interference leads to a decline of 25 or more feet in any neighboring well with senior priority.

The period of non-use or restricted use shall continue until the water level rises above the decline level which triggered the action or until the Department determines, based on the permittee's and/or the Department's data and analysis, that no action is necessary because the aquifer in question can sustain the observed declines without adversely impacting the resource or senior water rights. The water user shall in no instance allow excessive decline, as defined in Commission rules, to occur within the aquifer as a result of use under this permit. If more than one well is involved, the water user may submit an alternative measurement and reporting plan for review and approval by the Department.

Prior to using water from any well listed on this permit, the permittee shall ensure that the well has been assigned an OWRD Well Identification Number (Well ID tag), which shall be permanently attached to the well. The Well ID shall be used as a reference in any correspondence regarding the well, including any reports of water use, water level, or pump test data.

Application G-17485 Water Resources Department

PERMIT G-16990

**Permit G\_16990 Continued**

PAGE 4

**STANDARD CONDITIONS**

Failure to comply with any of the provisions of this permit may result in action including, but not limited to, restrictions on the use, civil penalties, or cancellation of the permit.

If the number, location, source, or construction of any well deviates from that proposed in the permit application or required by permit conditions, this permit may be subject to cancellation, unless the Department authorizes the change in writing.

If substantial interference with a senior water right occurs due to withdrawal of water from any well listed on this permit, then use of water from the well(s) shall be discontinued or reduced and/or the schedule of withdrawal shall be regulated until or unless the Department approves or implements an alternative administrative action to mitigate the interference. The Department encourages junior and senior appropriators to jointly develop plans to mitigate interferences.

The well(s) shall be constructed in accordance with the General Standards for the Construction and Maintenance of Water Wells in Oregon. The works shall be equipped with a usable access port, and may also include an air line and pressure gauge adequate to determine water level elevation in the well at all times.

If the riparian area is disturbed in the process of developing a point of appropriation, the permittee shall be responsible for restoration and enhancement of such riparian area in accordance with ODFW's Fish and Wildlife Habitat Mitigation Policy OAR 635-415. For purposes of mitigation, the ODFW Fish and Wildlife Habitat Mitigation Goals and Standards, OAR 635-415, shall be followed.

The use may be restricted if the quality of downstream waters decreases to the point that those waters no longer meet state or federal water quality standards due to reduced flows.

Where two or more water users agree among themselves as to the manner of rotation in the use of water and such agreement is placed in writing and filed by such water users with the watermaster, and such rotation system does not infringe upon such prior rights of any water user not a party to such rotation plan, the watermaster shall distribute the water according to such agreement.

Prior to receiving a certificate of water right, the permit holder shall submit to the Water Resources Department the results of a pump test meeting the Department's standards for each point of appropriation (well), unless an exemption has been obtained in writing under OAR 690-217. The Director may require water-level or pump-test data every ten years thereafter.

Application G-17485      Water Resources Department      PERMIT G-16990

**Permit G\_16990 Continued**

PAGE 5

This permit is for the beneficial use of water without waste. The water user is advised that new regulations may require the use of best practical technologies or conservation practices to achieve this end.

By law, the land use associated with this water use must be in compliance with statewide land-use goals and any local acknowledged land-use plan.

Completion of construction and application of the water shall be made within five years of the date of permit issuance. If beneficial use of permitted water has not been made before this date, the permittee may submit an application for extension of time, which may be approved based upon the merit of the application.

Within one year after making beneficial use of water, the permittee shall submit a claim of beneficial use, which includes a map and report, prepared by a Certified Water Rights Examiner.

Issued January 17, 2013



E. Timothy Wallin, Water Rights Program Manager  
for Phillip C. Ward, Director

Application G-17485 Water Resources Department  
Basin 10 Volume 2A SNAKE R & MISC

PERMIT G-16990  
9

### Engagement Letter



October 9, 2019

Lesley Miller  
Agri-Access  
1087 W River Street, Suite 100  
Boise, Idaho 83702

Malheur County Development Corporation Appraisal Request

Dear Lesley,

The Malheur County Development Corporation is pleased to engage Agri-Access for a professional land appraisal for the Treasure Valley Reload Center project.

The total land parcel to be purchased and appraised consists of 290.35 acres. Of this tract, 213.413 acres is zoned industrial. Within the industrially zoned site, 65 acres will be used initially in the construction of the reload center. It is also noted that within the total 213.413 acres, 51.1 acres includes ground water rights, and 52 acres includes Snake River water rights. To better understand, please note:

<b>Overall Acreage</b>		<b>290.35</b>
Industrial Zone		<b>213.413</b>
Includes:	Ground Water Rights	51.10
	Snake River Water Rights	52.00
	Subject Parcel for Reload Center	65.00
EFU, Exclusive Farm Use		<b>76.92</b>
Includes:	Wetlands	17.00
	Remaining EFU	59.92

We would request the appraisal contain the following information:

- Land as is with no development,
- Land as zoned currently

We have previously forwarded information to you regarding the Eco-Northwest feasibility study. Contained within that study is an analysis of the property built out for use.

Should you have questions or need further information, please contact us.

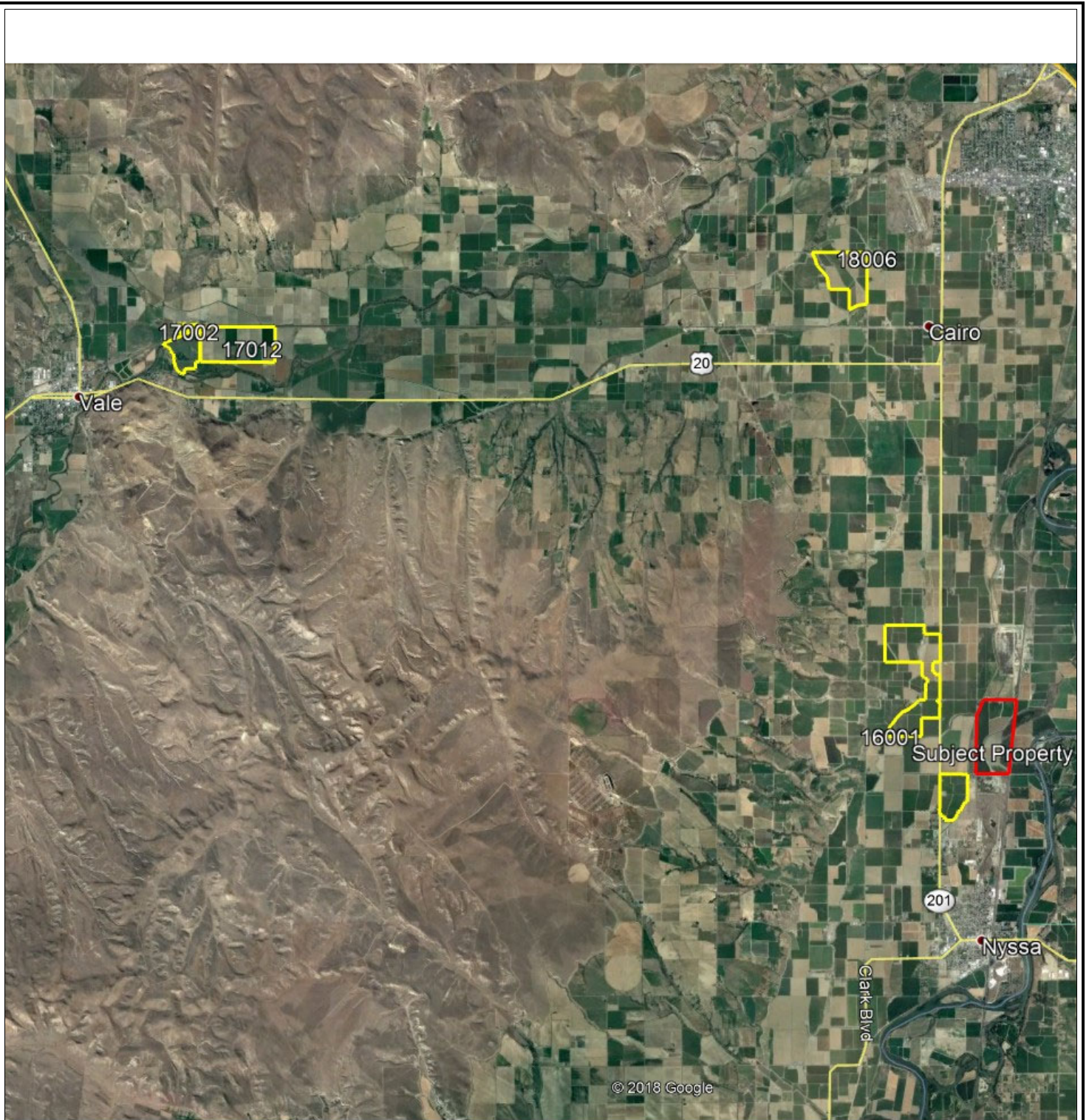
Best regards,

Gregory Smith, Director  
Malheur County Development Corporation

Malheur County Development Corporation  
522 SW Fourth St. | Ontario, OR 97914 | 541-889-6216 | malheurcountyedc@gmail.com  
www.malheurcountyeconomicdevelopment.com

**Sales**  
**Information**

### Sales Locator Map



Index #	16OR045.001	Database #	904	Sale #	16001	Improved Sale	
Grantor		Sales Price	3,255,714	Property Type	Irrigated		
Grantee		Other Contrib.		Primary Land Use	Irr Crop		
Deeded Acres	533.93	Net Sale Price	3,255,714	Condition	Avg/Good		
Sale Date/DOM	01/11/16 /	\$/Deeded Acre	6,097.64	Zoning	C-A1/C-II		
Prior Sale Date		Financing	Cash	Shape	Irregular		
Prior CEV Price		% Fin. Adj.		Topography	Level		
Analysis Code	S67	CEV Price	3,255,714	Marketing Time	Not Listed		
Source	App AW	SCA Unit Type	Acres	Soils	I-III		
Motivation	Open Market	Eff. Unit Size	533.93	Irr Type	Flood		
Highest & Best Use	Agriculture	SCA \$/Unit	6,097.64	Irr Source	Old Owyhee/ Owy/ Prvt		
Address	533 Gem Ave	Multiplier Unit					
City	Nyssa	Multiplier No.					
County	Malheur	Legal Access	Yes				
State/Zip	OR /	Physical Access	Yes	Year Verified	2016		
Region/Area/Zone	N / /	View		Tax ID/Recording	20160102		
Location	4 S Cairo	Utilities	Yes	Sec/Twp/Rge	mult / 19S / 47E		
Legal Description:	Ref #: 9611, 9612, 9614, 9615, 9623, 9650, 9770, 9771						

### Land-Mix Analysis

Land Use	Ratios	Acres	\$/Acre	Unit Size	Unit Type	\$/Unit	Total Unit Value
Site	%	6.00	Ac. 6,250.00		X \$	= \$	37,500
Irr Crop	%	476.88	Ac. 6,250.00		X \$	= \$	2,980,500
Irr Crop B	%		Ac.		X \$	= \$	
Dry Cropland	%		Ac.		X \$	= \$	
Pasture	%		Ac. 900.00		X \$	= \$	
Rangeland	%		Ac.		X \$	= \$	
Other	%	49.49	Ac.		X \$	= \$	
	%		Ac.		X \$	= \$	
	%		Ac.		X \$	= \$	
	%		Ac.		X \$	= \$	
<b>Totals</b>		532.37	Ac. 5,668.99		X \$	= \$	3,018,000
<b>CEV Price \$</b>	3,255,714	<b>- Land Contribution \$</b>	3,018,000	<b>= Improvement Contribution \$</b>			237,714

### Income Analysis

Income Estimate Basis:		<input checked="" type="checkbox"/> Cash	<input type="checkbox"/> Share	<input type="checkbox"/> Owner/Operator				
Income Source	Units	Unit Measure	Stabilized Yield	Total Production	Cash/Share/Owner Income			
<input type="checkbox"/> Actual <input checked="" type="checkbox"/> Estimated				Stabilized \$/Unit	Gross Income	Share %	Income \$	
Irrigated Cropland	476.88	Acres	1.00	225.00	107,298	100	107,298	
Improvements		Improvements Included in Land Rent	1,000.00	/mo	12,000	/yr	100	12,000
<b>Stabilized Gross Income = \$</b>							119,298	
Expense Items:		Expenses (cont.):		Expenses (cont.):				
Real Estate Tax	\$ 9,372	Irr Water	\$ 16,307		\$			
Insurance	\$ 3,306		\$		\$			
Maintenance	\$ 1,653		\$		\$			
Management	\$ 5,965		\$		\$			
Total Expenses	36,603	/ Stabilized G.I.	119,298	= Expense Ratio	30.68 %	<b>Total Expenses = \$</b>	36,603	
Net Income	82,695	/ CEV Price	3,255,714	= Cap Rate	2.54 %	<b>Net Income = \$</b>	82,695	



Index # 16OR045.001

Database # 904

Sale # 16001

Improvement Analysis

Replacement Cost

Item:	Impt. #1	Impt. #2	Impt. #3	Impt. #4	Impt. #5	Impt. #6	Impt. #7	Impt. #8	Impt. #9	Impt. #10
Type	House	Mach Sh	Other	House	Carpport	GP Bldg	GP Bldg	Quonset	Onion Stg	Lean-To
Size	1,008	2,240	1	2,352	576	1,560	2,720	2,080	7,200	3,600
Unit	Sq Ft	Sq Ft		Sq Ft	Sq Ft	Sq Ft	Sq Ft	Sq Ft	Sq Ft	Sq Ft
Utility	F	A		A	A	A	A	A	A	A
Condition	Fair	A		AVG	AVG	AVG	AVG	AVG	AVG	AVG
Age	45	30		39	40	18	28	30	22	22
Remaining Life	10	10		16	15	22	12	10	18	18
RCN/Unit	70.00	14.00	10,000.00	75.00	12.00	22.00	20.00	16.00	25.00	6.00
RCN	70,560	31,360	10,000	176,400	6,912	34,320	54,400	33,280	180,000	21,600
% Physical Depreciation	82	75		70	72	45	70	75	55	55
RCN Remainder After Phys. Depr.	12,701	7,840	10,000	52,920	1,935	18,876	16,320	8,320	81,000	9,720
% Functional Obsolescence										
RCN Rem. After Phys./Funct. Depr.	12,701	7,840	10,000	52,920	1,935	18,876	16,320	8,320	81,000	9,720
% External Obsolescence										
Total Impt. Contribution	12,701	7,840	10,000	52,920	1,935	18,876	16,320	8,320	81,000	9,720
Contribution \$/Unit	12.60	3.50	10,000.00	22.50	3.36	12.10	6.00	4.00	11.25	2.70

Item:	Impt. #11	Impt. #12	Impt. #13	Impt. #14	Impt. #15	Impt. #16	Impt. #17	Impt. #18	Impt. #19	Impt. #20
Type	GP Bldg	Other								
Size	1,800	1								
Unit	Sq Ft									
Utility	A									
Condition	AVG									
Age	30									
Remaining Life	10									
RCN/Unit	18.00	10,000.00								
RCN	32,400	10,000								
% Physical Depreciation	75									
RCN Remainder After Phys. Depr.	8,100	10,000								
% Functional Obsolescence										
RCN Rem. After Phys./Funct. Depr.	8,100	10,000								
% External Obsolescence										
Total Impt. Contribution	8,100	10,000								
Contribution \$/Unit	4.50	10,000.00								

Physical Depreciation 64 % Functional Obsolescence \_\_\_\_\_% External Obsolescence \_\_\_\_\_% Total Depreciation 64 %  
 Total RCN \$ 661,232 Total Improvement Contribution: \$ 237,732 Improvement As % of Price 7 %

**Comments**

The sale property consists of two parcels of ground that are all located in the Nyssa Flat area of Malheur County, OR. There were three different vestings (all related parties) for the purchased parcels (see Courthouse Summary for breakout and names), but the purchase was negotiated all at one time and is analyzed as one transaction.

Access to the parcels is provided by numerous paved county roads, and all parcels have good physical and legal access.

Northwest Parcel: This parcel consists of a total of 406.68 acres. Access to this parcel is provided by Imperial Ave, Hwy 201, and Gem Ave. The lands of this parcel are composed of a mixture of approximately 366.44 acres of Irrigated crop ground, an approximately 2 acre site area that contains all of the improvements that are considered to contribute value, and approximately 38.24 acres of "other" lands (roads, ditches, waste ground, etc.). The irrigated crop ground on this parcel is all leveled, and is situated in approximately 19 different fields. The irrigated crop ground has good quality Class I soils (with a small amount of good quality Class II soils also present) that are capable of growing all crops common to the area. Irrigation

## Comments Continued

water is provided by a combination of the Old Owyhee Improvement District, and the Owyhee Irrigation District - Shoestring Ditch. The irrigation water is delivered to the fields by a combination of gated pipe, concrete ditches, and a small amount of dirt ditches. The site area on this parcel is accessed by Gem Ave., and contains an older fair/poor quality home, a fair quality machine shed, and other miscellaneous site improvements that are not considered to warrant any specific individual value. There are two older concrete silos that are located amidst the farm fields in the northwestern portion of this parcel that are not considered to contribute any value. The "other" lands on this parcel were not allocated value, as is typical with the sales of larger irrigated crop units in the market area. The property is zoned C-A1.

Southern Parcel: This parcel consists of a total of 127.25 deeded acres. Access to this parcel is provided by Hwy 201. This parcel has water rights for 104 acres, however the buyer indicated it was purchased on the basis of 112 irrigated acres, so the 112 acre figure was utilized for sales analysis. Also, there is approximately 4 acres of total site area, and 11.25 acres of "other" lands (roads, ditches, waste ground, etc.). The irrigated crop ground on this parcel has all been leveled, and is situated in 6 different fields. The soils on the irrigated crop ground are primarily good quality Class I and II soils, with a small amount of good quality Class III soils also present, that are capable of growing all crops common to the area. Irrigation water is provided by private rights from the Nyssa Arcadia Drain, and are delivered to the fields via concrete ditches. There are two site areas on this parcel. The main site area is situated along the western boundary, near the middle of the parcel, and contains a fair quality home with an attached carport, a GP building/Shop, a quonset building, an onion storage shed, and several other miscellaneous outbuildings that were not allocated any individual value consideration and were included in the "other" category. The second site area is located along the western boundary, in the northern portion of this parcel. This site area contains an older GP building. See the improvements pages for a detailed description of the improvements on this parcel. This property is mostly zoned C-A1, exclusive farm use with a small portion of the southern property boundary being zoned C-I1, County light industrial.

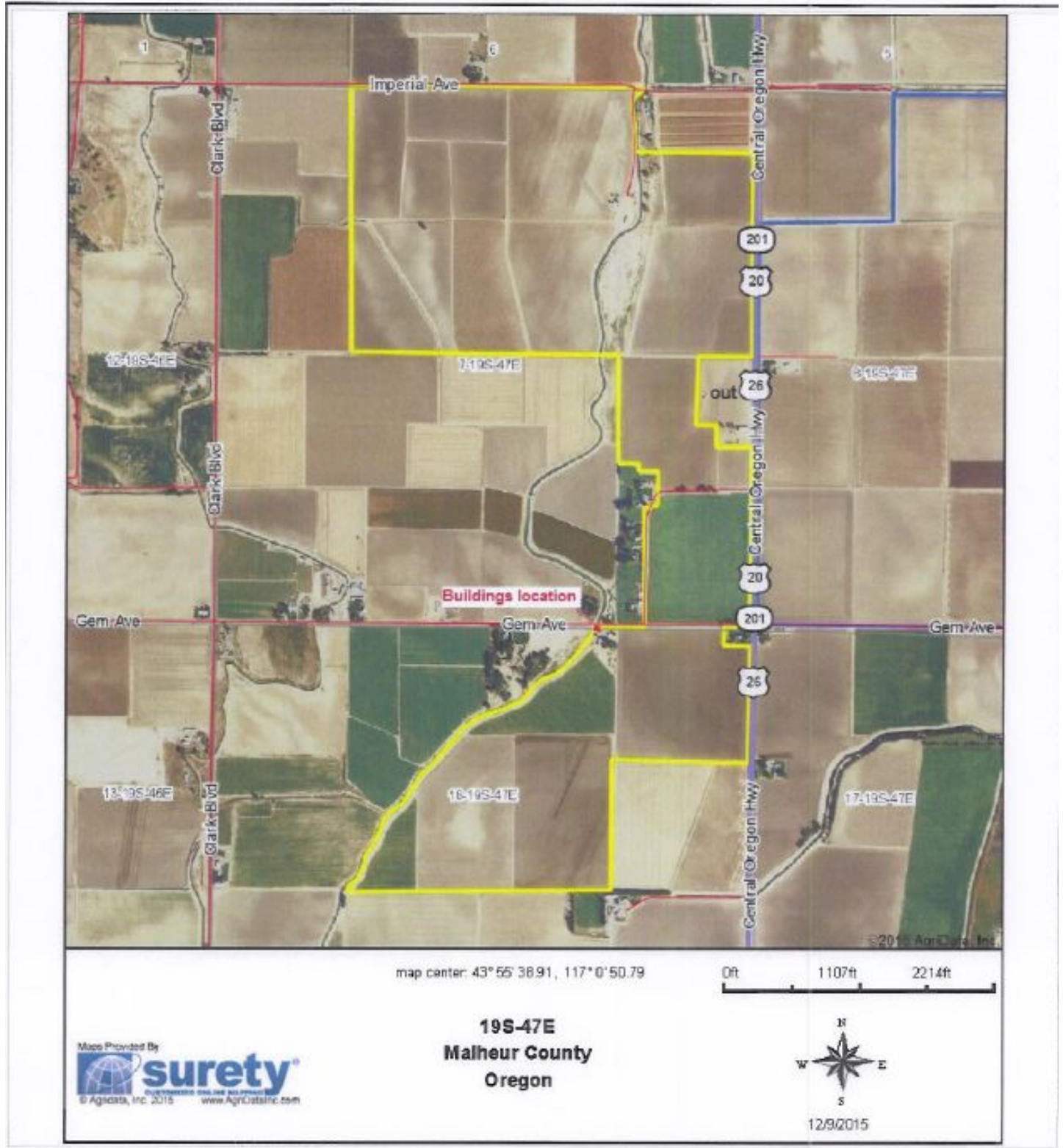
The seller was retiring from farming, and the buyer is a large scale area ag operator who owns adjoining lands, and was seeking to expand land holdings. This transaction was handled privately. This property was never exposed to the market, nor was it opened up for competition. There were rumors of this property potentially being sold for the past several years, and there were several interested parties who likely would have paid more for the property.

Index # 16OR045.001

Database # 904

Sale # 16001

Aerial

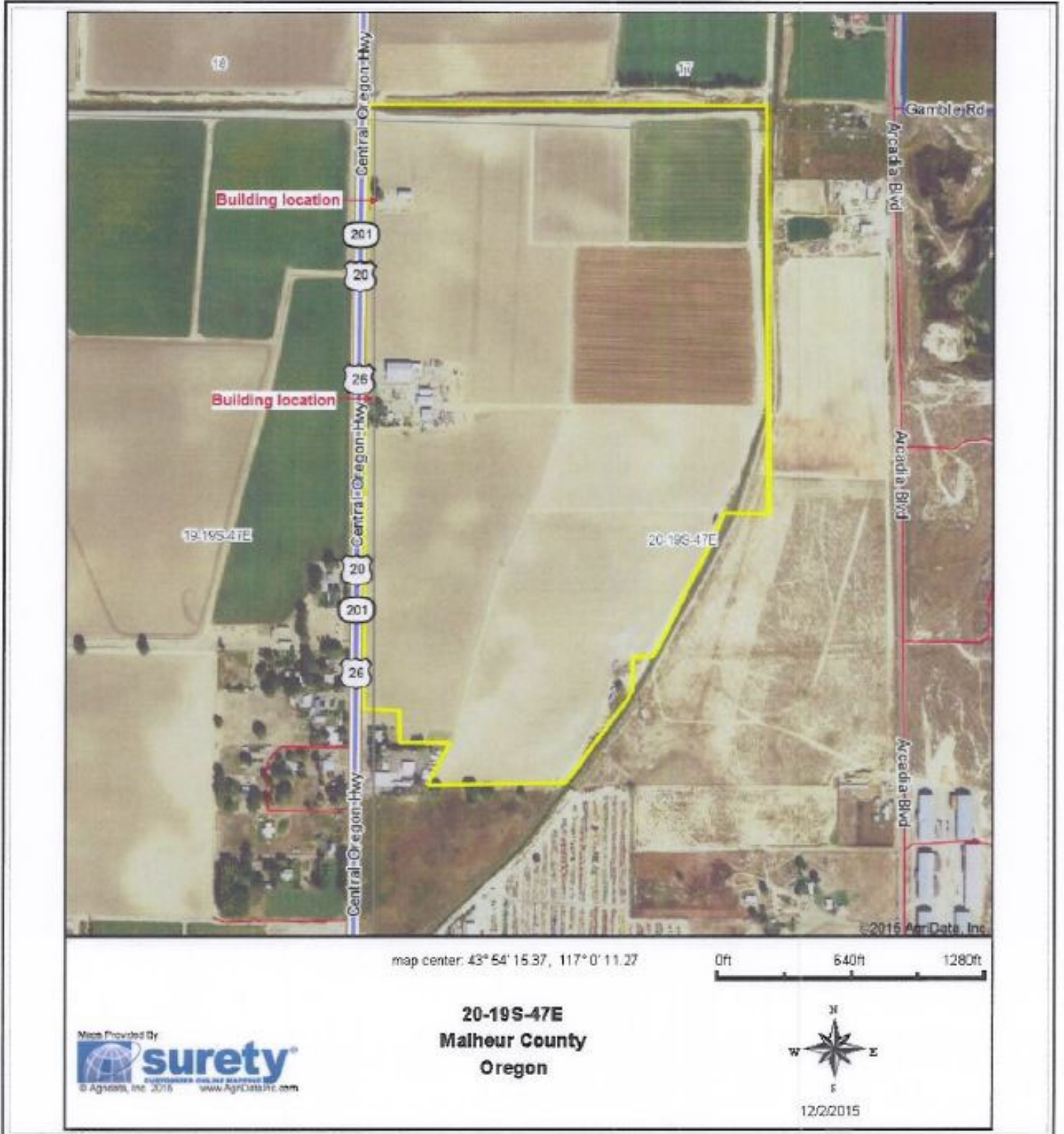


Index # 16OR045.001

Database # 904

Sale # 16001

Aerial



Index #	17OR045.012	Database #	871	Sale #	17012	Unimproved Sale
Grantor		Sales Price	2,000,000	Property Type	Irrig Crop	
Grantee		Other Contrib.	50,000	Primary Land Use	Irrigated Cropland	
Deeded Acres	297.52	Net Sale Price	1,950,000	Condition	Avg	
Sale Date/DOM	03/01/17 /	\$/Deeded Acre	6,554.18	Zoning	C-A1	
Prior Sale Date		Financing	Cash	Shape	Blocked	
Prior CEV Price		% Fin. Adj.		Topography	Level	
Analysis Code	T19	CEV Price	1,950,000	Marketing Time	Direct	
Source	Appraiser KB	SCA Unit Type	Acre	Soils	Class 2-4	
Motivation		Eff. Unit Size	297.52	Irr Type	Flood	
Highest & Best Use	Agricultural	SCA \$/Unit	6,554.18	Irr Source	Warm Springs ID	
Address	1500 Frontier Lane	Multiplier Unit				
City	Vale	Multiplier No.				
County	Malheur	Legal Access	Paved			
State/Zip	OR / 97918	Physical Access	Gravel	Year Verified	2017	
Region/Area/Zone	/ /	View	Typical	Tax ID/Recording	20170648	
Location	2 miles NE Vale	Utilities	Yes	Sec/Twp/Rge	22 / 18S / 45E	
Legal Description: Ref: #13894, Map: 18S4522, Tax Lot: #100						

### Land-Mix Analysis

Land Use	Ratios	Acres	\$/Acre	Unit Size	Unit Type	\$/Unit	Total Unit Value
Site	%	8.84	Ac. 6,250.00		X \$	= \$	55,250
Irr Crop	%	268.04	Ac. 6,250.00		X \$	= \$	1,675,250
Irr Crop B	%		Ac.		X \$	= \$	
Dry Crop	%		Ac.		X \$	= \$	
Pasture	%		Ac. 625.00		X \$	= \$	
Range	%		Ac.		X \$	= \$	
Other	%	20.64	Ac.		X \$	= \$	
	%		Ac.		X \$	= \$	
	%		Ac.		X \$	= \$	
	%		Ac.		X \$	= \$	
<b>Totals</b>		297.52	Ac. 5,816.42		X \$	= \$	1,730,500
<b>CEV Price \$</b>	1,950,000	<b>- Land Contribution \$</b>	1,730,500	<b>= Improvement Contribution \$</b>			219,500

### Income Analysis

Income Estimate Basis:		<input checked="" type="checkbox"/> Cash	<input type="checkbox"/> Share	<input type="checkbox"/> Owner/Operator	
Income Source	Units	Unit Measure	Stabilized Yield	Total Production	Cash/Share/Owner Income
<input type="checkbox"/> Actual <input checked="" type="checkbox"/> Estimated				Stabilized \$/Unit	Share %
				Gross Income	Income \$
Irr Crop	268.70	Acres	1.00	200.00	53,740
Improvements		Improvements Included in Land Rent	800.00 /mo	9,600 /yr	100
<b>Stabilized Gross Income = \$</b>					63,340
<b>Expense Items:</b>		<b>Expenses (cont.):</b>		<b>Expenses (cont.):</b>	
Real Estate Tax	\$ 6,075	Water Cost	\$ 4,266		\$
Insurance	\$ 1,675	Pump Cost	\$ 4,000		\$
Maintenance	\$ 837		\$		\$
Management	\$ 3,167		\$		\$
Total Expenses	20,019	/ Stabilized G.I.	63,340	= Expense Ratio	31.61 %
Net Income	43,321	/ CEV Price	1,950,000	= Cap Rate	2.22 %
<b>Total Expenses = \$</b>					20,019
<b>Net Income = \$</b>					43,321

<b>Index #</b> 17OR045.012	<b>Database #</b> 871	<b>Sale #</b> 17012
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### Improvement Analysis

	Impt. #1	Impt. #2	Impt. #3	Impt. #4	Impt. #5	Impt. #6	Impt. #7	Impt. #8	Impt. #9	Impt. #10
<b>Item:</b>										
Type	House	GP Building	Machine Shed	Grain Bins	GP Building	Hay Shed	Other			
Size	2,042	648	1,792	1,000	2,232	4,000	1			
Unit	Sq Ft	Sq Ft	Sq Ft	BU	Sq Ft	Sq Ft				
Utility	A	A	A	A	A	A				
Condition	A	A	A	F/A	A	A/G				
Age	24	16	16	16	16	2				
Remaining Life	36	24	24	24	24	38				
RCN/Unit	100.00	10.80	8.90	1.80	18.00	10.00	20,000.00			
RCN	204,200	6,998	15,949	1,800	40,176	40,000	20,000			
% Physical Depreciation	40	40	40	40	40	5				
RCN Remainder After Phys. Depr.	122,520	4,199	9,569	1,080	24,106	38,000	20,000			
% Functional Obsolescence										
RCN Rem. After Phys./Funct. Depr.	122,520	4,199	9,569	1,080	24,106	38,000	20,000			
% External Obsolescence										
Total Impt. Contribution	122,520	4,199	9,569	1,080	24,106	38,000	20,000			
Contribution \$/Unit	60.00	6.48	5.34	1.08	10.80	9.50	20,000.00			

Physical Depreciation 33 % Functional Obsolescence        % External Obsolescence        % Total Depreciation 33 %  
 Total RCN \$ 329,123 Total Improvement Contribution: \$ 219,474 Improvement As % of Price 11 %

**Comments**

The sale property is located at the northeast corner of Frontier Lane and Lagoon Drive, 2 miles northeast of Vale in Malheur County. The property consists of 297.52 acres dedicated to site, irrigated crop and other lands. The irrigated crop land is level in topography and is made up of six rectangular contiguous fields that are irrigated via concrete ditches. Irrigation water is supplied by Warm Springs Irrigation District and from the Malheur River via a lift pump. The irrigation district assesses the property for 107.2 acres but recognizes 136.7 acres as decreed water right. The typical allocation is 3.5 acre feet per assessed acre. The 2017 assessment was \$39/irrigated acre plus \$85 account fee. The total cost for district water was \$4,265.80. The Malheur River lift pump consists of a 30 HP Parma Water Lifter Pump and delivers approximately 2,500-3,000 GPM. The reported cost was \$28-32/acre per year or \$4,000 - \$4,500. The irrigation water was considered to be typical to above average for the area. Soils consist of silt loams ranging from Class2c-4s. Structural improvements include a house, GP buildings, machine shed, hay shed, grain bins and several other miscellaneous improvements. The improvements are well maintained and range from fair to good condition. The sale was a direct sale between buyer and seller. The parties had been involved in sale transactions in the past. The buyer grows onions and shallots and was seeking additional land for production and approached the seller about the property. The sellers offered the property for sale at \$2,000,000 and the buyer accepted the terms. This was a direct sale between buyer and seller. Two un-installed 1/4 mile pivots were included in the sale that the seller was planning on installing. The buyer sold the pivots and installed pipelines for an underground drip irrigation supply. The allocated value to the un-installed pivots is \$50,000.

Index # 17OR045.012

Database # 871

Sale # 17012

Aerial

### Aerial Map



map center: 43° 59' 19.79, -117° 11' 43.14



Maps Provided By:  
  
 CUSTOMIZED ONLINE MAPPING  
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**22-18S-45E**  
**Malheur County**  
**Oregon**



Field borders provided by Farm Service Agency as of 5/21/2008.

Index #	OR04517.002	Database #	872	Sale #	17002	Improved Sale	
Grantor		Sales Price	1,008,000	Property Type	Irrigated Cropland		
Grantee		Other Contrib.		Primary Land Use	Irrigated Cropland		
Deeded Acres	133.23	Net Sale Price	1,008,000	Sale Method	Private		
Sale Date/DOM	09/19/17 /	\$/Deeded Acre	7,565.86	Condition	Avg		
Prior Sale Date		Financing	Cash	Zoning	VUGA-I/C-A1		
Prior CEV Price		% Fin. Adj.		Shape	Irregular		
Analysis Code	Miller, Lesley T19	CEV Price	1,008,000	Listing Time	Not Listed		
Source	Appraiser	SCA Unit Type	Acres	Soils	Class 2c/e-4s		
Motivation		Eff. Unit Size	133.23	Irr Type			
Highest & Best Use	Agriculture	SCA \$/Unit	7,565.86	Irr Source	Private Surface		
Address	1497 Frontier Ln	Multiplier Unit		Location	1.5 mi W of Vale		
City	Vale	Multiplier No.		Source	NWFCS/AW		
County	Malheur	Legal Access	YES				
State/Zip	OR /	Physical Access	Paved				
Region/Area/Zone	V / /	View		Tax ID/Recording	20173776		
Location	East Vale	Utilities	Yes	Sec/Twp/Rge	21 / 18S / 45E		
Legal Description:	Ref #'s 13825 & 13823						

### Land-Mix Analysis

Land Use	Ratios	Acres	\$/Acre	Unit Size	Unit Type	\$/Unit	Total Unit Value
Site	%	5.00	Ac. 8,000.00		X \$	= \$	40,000
Irrigated Cropland	%	95.00	Ac. 8,000.00		X \$	= \$	760,000
Irrigated Cropland B	%		Ac.		X \$	= \$	
Dry Cropland	%		Ac.		X \$	= \$	
Pasture	%	33.23	Ac. 405.00		X \$	= \$	13,458
Rangeland	%		Ac.		X \$	= \$	
Other	%		Ac.		X \$	= \$	
	%		Ac.		X \$	= \$	
	%		Ac.		X \$	= \$	
	%		Ac.		X \$	= \$	
<b>Totals</b>		133.23	Ac. 6,105.67		X \$	= \$	813,458
<b>CEV Price \$</b>	1,008,000	<b>- Land Contribution \$</b>	813,458	<b>= Improvement Contribution \$</b>			194,542

### Income Analysis

Income Estimate Basis:		<input checked="" type="checkbox"/> Cash	<input type="checkbox"/> Share	<input type="checkbox"/> Owner/Operator	
Income Source	Units	Unit Measure	Stabilized Yield	Total Production	Cash/Share/Owner Income
<input type="checkbox"/> Actual <input checked="" type="checkbox"/> Estimated				Stabilized \$/Unit	Share %
				Gross Income	Income \$
Cropland Irrig	95.00	Acre	1.00	175.00	16,625
Improvements		Improvements Included in Land Rent	1,200.00 /mo	14,400 /yr	100
<b>Stabilized Gross Income = \$</b>					31,025
<b>Expense Items:</b>		<b>Expenses (cont.):</b>		<b>Expenses (cont.):</b>	
Real Estate Tax	\$ 3,047		\$		\$
Insurance	\$ 1,000		\$		\$
Maintenance	\$		\$		\$
Management	\$ 1,551		\$		\$
Total Expenses	5,598	/ Stabilized G.I.	31,025	= Expense Ratio	18.04 %
Net Income	25,427	/ CEV Price	1,008,000	= Cap Rate	2.52 %
<b>Total Expenses = \$</b>					5,598
<b>Net Income = \$</b>					25,427



<b>Index #</b> OR04517.002	<b>Database #</b> 872	<b>Sale #</b> 17002
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### Improvement Analysis

Replacement Cost

Improvement Analysis	Item:	Impt. #1	Impt. #2	Impt. #3	Impt. #4	Impt. #5	Impt. #6	Impt. #7	Impt. #8	Impt. #9	Impt. #10	
	Type	House	Lean to	Mach Shed	Manf House	Lean to	Other					
	Size	1,522	483	1,024	1,512	1,200	1					
	Unit	Sq Ft	Sq Ft	Sq Ft	Sq Ft	Sq Ft						
	Utility	A	A	F	A	A						
	Condition	A	A	F	A	A						
	Age	30	30	20	18	18						
	Remaining Life	30	30	20	32	32						
	RCN/Unit	100.00	16.00	16.00	65.00	16.00	30,000.00					
	RCN	152,200	7,728	16,384	98,280	19,200	30,000					
% Physical Depreciation	50	50	50	35	35							
RCN Remainder After Phys. Depr.	76,100	3,864	8,192	63,882	12,480	30,000						
% Functional Obsolescence												
RCN Rem. After Phys./Funct. Depr.	76,100	3,864	8,192	63,882	12,480	30,000						
% External Obsolescence												
Total Impt. Contribution	76,100	3,864	8,192	63,882	12,480	30,000						
Contribution \$/Unit	50.00	8.00	8.00	42.25	10.40	30,000.00						

Physical Depreciation 40 % Functional Obsolescence        % External Obsolescence        % Total Depreciation 40 %  
 Total RCN \$ 323,792 Total Improvement Contribution: \$ 194,518 Improvement As % of Price 19 %

Comments

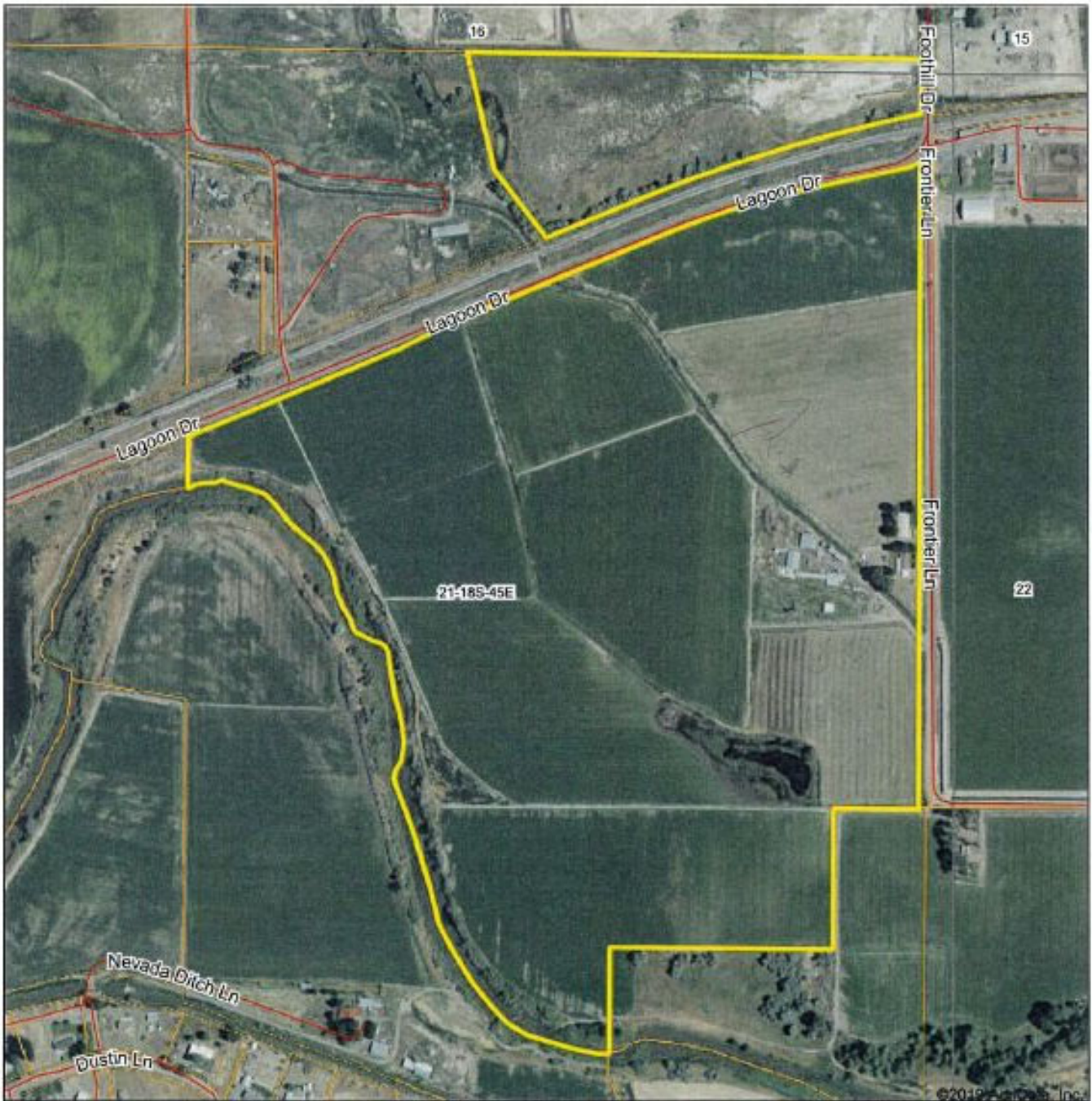
The sale property is an improved tract of irrigated crop ground that is located approximately 2 miles northeast of the town of Vale, in Malheur County, OR. Access is provided by Lagoon Dr., which bisects the northern portion of the property, and by Foothill Ln, which forms the majority of the eastern boundary. The lands of the sale property consist of approximately 95 acres of irrigated crop ground, approximately 33.23 of pasture ground, and approximately 5 acres of total site area that contains all of the improvements. The irrigated crop ground is broken up into 8 different fields that are irrigated by a combination of concrete ditches and gated pipe. These lands have a combination of Class II, III and IV soils that are capable of growing both cash and feed crops. Irrigation water is provided by a primary private right (41141) for 17 acres with water from the Malheur river (covers the southern most field), as well as by a supplemental right (27142) for 80 acres with water from the Malheur River that covers the remainder of the irrigated ground. There is no formal primary water right for these lands, although the property has historically been fully irrigated. The water master is aware of this situation, but is allowing the property owners to continue to fully irrigate the property for the time being. This situation was not known to the buyers during the acquisition process. The pasture ground consists of dry pasture lands that are primarily situated north of Lagoon Dr. The improvements are located along the western boundary of the property, and include: an average quality stick built home with an attached carport, an average quality manufactured home with an attached carport, a fair quality machine/livestock shed, and numerous older miscellaneous outbuildings that were included in the "other" category along with the typical site improvements. The sellers were long time area residents/farmers, and the buyer was a Canadian firm that was looking at constructing a mushroom facility on the property after purchasing it. The buyer felt like the purchase was on the strong side, but it reportedly fit their needs well. The property has railroad frontage on the north side of Lagoon Drive.

Index # OR04517.002

Database # 872

Sale # 17002

Aerial



Map Center: 43° 59' 29.05, -117° 12' 38.27



21-18S-45E  
Malheur County  
Oregon



6/13/2019



Index #	18OR045.006	Database #	902	Sale #	18006	Improved Sale	
Grantor		Sales Price	1,675,000	Property Type	Irrigated		
Grantee		Other Contrib.		Primary Land Use	Irr Crop		
Deeded Acres	227.76	Net Sale Price	1,675,000	Condition	Good		
Sale Date/DOM	08/09/18 / 295	\$/Deeded Acre	7,354.23	Zoning	C-A1		
Prior Sale Date		Financing	Conventional Loan	Shape	Blocked		
Prior CEV Price		% Fin. Adj.		Topography	Level		
Analysis Code	S67	CEV Price	1,675,000	Marketing Time	10 months		
Source	Seller / Appraiser	SCA Unit Type	Acres	Soils	Irr Class I		
Motivation	Open Market	Eff. Unit Size	227.76	Irr Type	Flood		
Highest & Best Use	Agriculture	SCA \$/Unit	7,354.23	Irr Source	Old Owyhee		
Address	3991 Clark Blvd	Multiplier Unit					
City	Ontario	Multiplier No.					
County	Malheur	Legal Access	Yes				
State/Zip	OR /	Physical Access	Yes	Year Verified	2018		
Region/Area/Zone	O / /	View		Tax ID/Recording	2018-3262		
Location	2 W Ontario	Utilities	Yes	Sec/Twp/Rge	13 / 18S / 46E		
Legal Description: Map 18S4613 TL: 100 Ref# 7515							

### Land-Mix Analysis

Land Use	Ratios	Acres	\$/Acre	Unit Size	Unit Type	\$/Unit	Total Unit Value
Site	%	3.00	Ac. 8,000.00		X \$	= \$	24,000
Irr Crop	%	187.00	Ac. 8,000.00		X \$	= \$	1,496,000
Irr Crop B	%		Ac.		X \$	= \$	
Dry Cropland	%		Ac.		X \$	= \$	
Pasture	%		Ac. 800.00		X \$	= \$	
Rangeland	%		Ac.		X \$	= \$	
Other	%	37.76	Ac.		X \$	= \$	
	%		Ac.		X \$	= \$	
	%		Ac.		X \$	= \$	
	%		Ac.		X \$	= \$	
<b>Totals</b>		227.76	Ac. 6,673.69		X \$	= \$	1,520,000
<b>CEV Price \$</b>	1,675,000	<b>- Land Contribution \$</b>	1,520,000	<b>= Improvement Contribution \$</b>			155,000

### Income Analysis

Income Estimate Basis:		<input checked="" type="checkbox"/> Cash	<input type="checkbox"/> Share	<input type="checkbox"/> Owner/Operator				
Income Source	Units	Unit Measure	Stabilized Yield	Total Production	Cash/Share/Owner Income			
<input type="checkbox"/> Actual <input checked="" type="checkbox"/> Estimated				Stabilized \$/Unit	Gross Income	Share %	Income \$	
Cash Rent - Crop	187.00	Acre	1.00	300.00	56,100	100	56,100	
Improvements	<input type="checkbox"/>	Improvements Included in Land Rent	800.00	/mo	9,600	/yr	100	9,600
<b>Stabilized Gross Income = \$</b>							65,700	
<b>Expense Items:</b>		<b>Expenses (cont.):</b>		<b>Expenses (cont.):</b>				
Real Estate Tax	\$ 5,793	Irr Water	\$ 4,828		\$			
Insurance	\$ 750		\$		\$			
Maintenance	\$ 750		\$		\$			
Management	\$ 3,285		\$		\$			
Total Expenses	15,406	/ Stabilized G.I.	65,700	= Expense Ratio	23.45 %	<b>Total Expenses = \$</b>	15,406	
Net Income	50,294	/ CEV Price	1,675,000	= Cap Rate	3.00 %	<b>Net Income = \$</b>	50,294	

<b>Index #</b> 18OR045.006	<b>Database #</b> 902	<b>Sale #</b> 18006
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### Improvement Analysis

Replacement Cost

Improvement Analysis	Item:	Impt. #1	Impt. #2	Impt. #3	Impt. #4	Impt. #5	Impt. #6	Impt. #7	Impt. #8	Impt. #9	Impt. #10	
	Type	House	Mach Sh	GP Bldg	Other							
	Size	2,569	1,200	1,140	1							
	Unit	Sq Ft	Sq Ft	Sq Ft								
	Utility	A	A	A								
	Condition	Fair	Fair	AVG								
	Age	28	20	12								
	Remaining Life	27	20	28								
	RCN/Unit	80.00	16.00	25.00	22,000.00							
	RCN	205,520	19,200	28,500	22,000							
	% Physical Depreciation	50	50	30								
	RCN Remainder After Phys. Depr.	102,760	9,600	19,950	22,000							
	% Functional Obsolescence											
RCN Rem. After Phys./Funct. Depr.	102,760	9,600	19,950	22,000								
% External Obsolescence												
Total Impt. Contribution	102,760	9,600	19,950	22,000								
Contribution \$/Unit	40.00	8.00	17.50	22,000.00								

Physical Depreciation 44 % Functional Obsolescence \_\_\_\_\_ % External Obsolescence \_\_\_\_\_ % Total Depreciation 44 %  
 Total RCN \$ 275,220 Total Improvement Contribution: \$ 154,310 Improvement As % of Price 9 %

Comments

The sale property is an improved tract of farm ground that is located in the Ontario Flat area of Malheur County, OR. The sale property is accessed by Butler Blvd and Clark Blvd, both of which are paved county roads that form the northern and eastern boundaries of the property, respectively. The sale property is composed of one tax lot, and has a total of 227.76 deeded acres. There were approximately 187 acres being irrigated at the time of the sale. These lands were broken up into 12 different fields that have all been leveled, and were being irrigated by a combination of dirt ditches, concrete ditches, and gated pipe. The soils on the irrigated crop ground are primarily Class I soils that are capable of growing all crops common to the area. Irrigation water is provided by the Old Owyhee Ditch Improvement District, with 195.9 acres assessed at a rate of \$150 for the first acre, and \$24 for each additional acre. The "other" lands are composed of ditches, roads, and waste/dry ground, and did not contribute value to the sale. The site area is situated in the northeast corner of the property, and contains an older average quality dwelling that has received some updating over the years, an average quality GP building, a fair to average quality machine shed, and several other older miscellaneous type outbuildings that were included in the "other" category along with the typical site improvements. The sellers were a family estate selling out for cash, and the buyers are a local area farming family. The property initially listed for \$1,900,000, and was reportedly only on the market for 2-3 months before it went pending at the purchase price.

Index # 18OR045.006

Database # 902

Sale # 18006

Aerial

