

**A REAL PROPERTY APPRAISAL REPORT OF TWO PROPERTIES
IMPROVED WITH A DECOMMISSIONED WATER TREATMENT FACILITY**

LOCATED AT:

**4651 & 4652 UTE HIGHWAY, LYONS
BOULDER COUNTY, COLORADO**

PREPARED FOR:

**THE TOWN OF LYONS
432 5TH AVENUE
LYONS, COLORADO 80540**

ATTEN: TOWN ADMINISTRATOR

AS OF:

**EFFECTIVE DATE: AUGUST 15, 2016
DATE OF REPORT: SEPTEMBER 9, 2016**

PREPARED BY:

**James D. Taylor-Colorado Certified General Appraiser
Front Range Appraisal, LLC
P.O. Box 1144, Longmont, Colorado 80502
720-937-2137**

Front Range Appraisal, LLC

James D. Taylor- Colorado Certified General Appraiser

Appraiser File: #FRA-1611

September 9, 2016

The Town of Lyons

432 5TH Avenue,

Lyons, Colorado, 80540

Attention: Town Administrator

Reference: A Real Property Appraisal Report of two properties improved with a Decommissioned Water Filtration Facility located at 4651 & 4652 Ute Highway, Boulder County, Colorado.

At the Town's request for appraisal services and the agreement executed July 22, 2016, which is included in the addendum of this report, Front Range Appraisal, LLC (James D. Taylor a Certified General Appraiser) has made a personal inspection of the referenced property and surrounding neighborhood. According to Boulder County Records, the subject property addressed as 4651 Ute Highway consists of a 6.45-acre parcel (281,033 square feet). The second subject property- 4652 Ute Highway- consists of a 3.33-acre parcel (145,182 square feet), both are zoned as "Agricultural" governed by rural Boulder County. Based on plans and information provided by Larry Wyeno P.E. Engineering Administrator- City of Longmont, the subject sites are improved with water filtration facilities decommissioned in 2006. Since that time, the subject has remained unused, unoccupied, and has had much of the electrical, plumbing, and all equipment removed making the facility inoperable. Based on my observation, both the subject sites at 4651 and 4652 Ute Highway and improvements have sustained damage and are in significant dis-repair.

The intended users of this report include The Town of Lyons, and their assigns. The intended use of this appraisal report is to aid the Town in the acquisition of the subject properties in accordance to the "Community Development Block Grant Disaster Recovery Program (CDBG-DR) requirements. As requested, this report has analyzed the Fee Simple Interest in the subject and provided an opinion of the market value of the subject "as is". Market value as requested, is defined on page 4 of this report.

This report has been written in accordance with the Uniform Standards of Professional Practice (USPAP) promulgated by the Appraisal Standards Board of the Appraisal Foundation with the intention of meeting the requirements of the 2016-2017 USPAP as they refer to the "appraisal report" (Standards Rule 2-2a). As such, the accompanying report, of which this letter is a part, contains pertinent discussions and explanations of the methods, variables, and the data used in arriving at the opinion of market value with additional information retained in the appraiser file. No hypothetical conditions or extraordinary assumptions were needed to complete the appraisal request, and none were used. This appraisal report is for real property and no personal property is included in the opinion of market value provided. The preparation and reporting of this appraisal analysis is also intended to meet The Town of Lyons and CDBG-DR requirements, the and the Interagency Appraisal and Evaluation Guidelines CFR 2010-42, December 10, 2010. The opinion of market value is subject to the Statements of Contingent and Limiting Conditions attached herein.

Front Range Appraisal, LLC

James D. Taylor- Colorado Certified General Appraiser

Final Opinion of Values

In my opinion, the Market Value of the Fee Simple Interest in the subject property located at 4651 Ute Highway, Boulder County, (Lyons) Colorado "As Is" assuming no environmental contamination and an exposure time of 12 months or less, as of August 15, 2016 was:

SIX HUNDRED THOUSAND DOLLARS

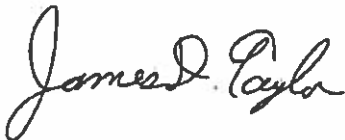
\$600,000 /

In my opinion, the Market Value of the Fee Simple Interest in the subject property located at 4652 Ute Highway, Boulder County, (Lyons) Colorado "As Is" assuming no environmental contamination and an exposure time of 12 months or less, as of August 15, 2016 was:

ONE HUNDRED NINETY-FIVE THOUSAND DOLLARS

\$195,000

Respectfully submitted,



James D. Taylor # CG40033066

Colorado Certified General Appraiser

Expires December 31, 2017

720-937-2137

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Addendum Includes
Engagement Letter, Subject County Records,
Comparable County Records

SUMMARY OF SALIENT FACTS

Subject property:	According to Boulder County Records, the subject property addressed as 4651 Ute Highway consists of a 6.45-acre parcel (281,033 square feet). The second subject property- 4652 Ute Highway- consists of a 3.33-acre parcel (145,182 square feet), both are zoned "Agricultural" governed by rural Boulder County. The subject sites are improved with water filtration facilities that were decommissioned in 2006. Since that time, the subject has remained unused, unoccupied, and have had much of the electrical, plumbing, and all equipment removed making the facility inoperable. Based on my observation, both the subject sites at 4651 and 4652 Ute Highway and improvements have sustained substantial damage and are in significant dis-repair.
Property Location:	The subject properties are approximately ¼ mile east of Highway 36 and both are located just east of Lyons in Rural Boulder County. More specifically, the subject identified as 4651 is on the north side of Ute Highway while 4652 is located on the south side of the highway.
Owner of Record:	According to the Boulder County Clerk and Recording Office, the City of Longmont owns the subject properties.
Legal Description:	<p>The subject properties are legally described as follows:</p> <p>4651 Ute Highway: TRACTS 2264A 2267A2 2272 20-3N-70 HYDRO PLANT ETC</p> <p>4652 Ute Highway: TRACTS 2259 & 2260 A HYDRO PLANT ETC 20-3N-70 3.43 ACS</p>
County Parcel Numbers:	120320100013 & 120320100009
County Account Numbers:	R0084874 & R0084876
Property Rights Appraised:	Fee Simple Estate
Three Year Sales Disclosure:	The last ownership transfers took place in May 1954 & August 1966 when the current owners -City of Longmont- purchased the properties.
Zoning:	The subject is located in an A-Agricultural zoning district governed by Boulder County. The subject's prior water treatment use and structures is a permitted use "as is". However, the land use is anticipated to change with a specific use not yet identified. Annexation and zoning changes by Lyons are expected in the future.

Flood Plain Status:	According to FEMA Flood Zone Mapping, Panel Number 08013C0253J, dated 12/18/2012, the subject at 4652 Ute Highway is in a flood hazard zone A which is within a 100-year flood hazard area. The subject at 4651 Ute Highway- on the north side of the Highway, is in flood hazard zone X and outside a 100-year flood hazard area.
Highest and Best Use:	The subject's existing municipal water filtration facility "as is" is physically and economically obsolete. A change of use is necessary to recognize a highest and best use within the A-Agricultural zoning district governed by Boulder County. Additionally, a cost to cure the physical obsolescence is required and is discussed later in the Highest and Best Use analysis.
Intended Users:	The intended users of this appraisal report is The Town of Lyons and assigns.
Intended Use:	The intended use of this appraisal report is to aid the Town in the acquisition of the subject properties in accordance to the "Community Development Block Grant Disaster Recovery Program (CDBG-DR) requirements.
Prior Appraisal Disclosure:	"I have performed no 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."
Competency Provision:	In accordance with the provisions of the 2016-2017 USPAP, James D. Taylor – a Colorado Certified General Appraiser, is competent to perform an appraisal of the property that is the subject of this appraisal analysis. He has completed a number of agriculturally and municipally zoned properties in Northern Colorado including Boulder County since 2003. During the appraisal process a number of resources have been utilized such as market participants, real estate brokers, property managers, and planners, to assist in gaining knowledge and competence in the subject area.
Extraordinary Assumptions & Hypothetical Conditions:	There are no "extraordinary assumptions" or "hypothetical conditions" required to complete this assignment and none were included in this report.

Lyon's Catastrophic Flooding

In September, 2013 the State of Colorado experienced extremely heavy rainfall along with catastrophic flooding. This resulted in major damage across a range of twenty-four counties, resulting in loss of life and causing more than 18,000 people to evacuate their communities. The Town of Lyons was hit hard by this event, causing considerable damage to property and belongings, and the towns safety was threatened. Economic and structural recovery continues to be the Towns top priority as it seeks to clean up the debris and the areas of Town most affected by the 2013 flood. Many homes, buildings, roadways, and landscapes have been altered, and all involved with the restoration, including property owners, the towns public works, administrative, and planning departments are working to mitigate losses, and improve the Town for the future.

The subject at 4652 Ute Highway is located along the StVrain Creek and was adversely affected by the flood. Additional information regarding the recovery and strategies to repair the damage from the flood is found on the Lyons Web Site.

EFFECTIVE DATE OF REPORT: August 15, 2016

DATE OF THE REPORT: September 9, 2016

Conclusion of Values Reported

Subject 4651 Ute Highway, Lyons, Boulder County		"As Is"
Cost Approach:		N/A
Income Approach:		N/A
Direct Sales Comparison Approach:		\$600,000

Subject 4652 Ute Highway, Lyons, Boulder County		"As Is"
Cost Approach:		N/A
Income Approach:		N/A
Direct Sales Comparison Approach:		\$195,000

The subject has not been inspected with respect to the existence of hazardous health or environmental substances, and the appraiser has made conditional assumptions with respect to the possible existence of hazardous substances. However, a letter provided by Larry Wyeno, a representative of the City of Longmont (the owner), indicates there is a "No Action Determination" status in place for the two subject properties included in this report. The determination letter indicates that based on reviews of prior environmental studies by the State of Colorado Department of Public Health and Environment, no action is required if used for the purposes such as commercial, residential, light industrial. A copy of said letter is included in the addendum of this report. Additionally, The Americans With Disabilities Act (ADA) became effective January 26, 1992. I have not made a specific compliance survey and analysis of the subject to determine whether or not it is in conformity with the requirements of the ADA.

Definitions

"Market Value"

The engagement for services requested the Market Value and the definition of Market Value as described in 12 CFR 323.2 is provided as follows and used in this report is as follows:

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

- 1. Buyer and seller are typically motivated;*
- 2. Both parties are well informed or well advised, and acting in what they consider their own best interests;*
- 3. A reasonable time is allowed for exposure in the open market;*
- 4. Payment is made in terms of cash in U.S. 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.¹*

"Fee Simple Interest" is defined as:

"Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."²

"Leased Fee Interest" is defined as:

"An ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the leased fee are specified by contract terms³ contained within the lease."

"Leasehold Interest" is defined as:

"The interest held by the lessee (the tenant or renter) through a lease transferring the rights of use and occupancy for a stated term under certain conditions."

¹ *Financial Institutions Reform, Recovery, and Enforcement Act, Title XI, 1989, Section 323.2 amended at 57 Fed. Reg. 9049, March 16, 1992; 59 Fed. Reg. 29501, June 7, 1994 & 12 CFR 323.2 - Definitions*

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

APPRAISAL SCOPE OF WORK

In a real property appraisal assignment, one of the most crucial factors in producing a credible report is identifying the problem to be solved. Based on the appraisal services request and agreement with the Town of Lyons, dated July 22, 2016 (included in addendum), it was determined that the purpose of this appraisal report would be to communicate an opinion of market value of the Fee Simple Interest in the subject "As Is". The intended use of this appraisal report is to aid the Town in the acquisition of the subject properties in accordance to the "Community Development Block Grant Disaster Recovery Program (CDBG-DR) requirements.

Data for this report has been gathered from county records, public and private secondary sources, knowledgeable real estate professionals, CoStar, MLS real estate listing associations, the appraisers' records, County officials, Burbach & Associates real estate survey, multiple secondary sources, and original data collection surveys. All data is confirmed, when possible, with one or more parties involved in transactions. In the valuation of the subject property, the following steps were completed.

1. Prior to acceptance of the assignment, the Appraiser has made a determination that he is in compliance with the Competency Provision of USPAP 2016-2017 and this report is prepared in accordance to meet the USPAP appraisal standards (2-2a). The Appraiser, however, has no expertise in the identification or assessment of environmental hazards, and the property is appraised as if none are present, while this may or may not be the case. This aspect is beyond the scope of the appraisal. It is noted, a determination letter (included in addendum) indicates that based on reviews of prior environmental studies by the State of Colorado Department of Public Health and Environment, "no action" is required if used for the purposes such as commercial, residential, light industrial.
2. The property was physically inspected August 15, 2016 which is considered the effective date of this report. The inspection included the exterior of the buildings and the subject's site. The interior was restricted as it is deemed "unsafe to enter". Based on my inspection, and conversation with the Owner Representative- Larry Wyeno, the property is a water treatment facility that was decommissioned in 2006. Since that time, the subject has remained unused, unoccupied, and has had much of the electrical, plumbing, and all equipment removed making the facility inoperable. Based on my observation, both the subject property sites- 4651 and 4652 Ute Highway and improvements have sustained damage and are in significant dis-repair. Since the previous use was specific to a water filtration/treatment facility, conversion/renovation of the property's existing structures is highly improbable as they contain a significant amount of infrastructure such as piping, filtering systems, and mechanical systems that are not found in a typical commercial, industrial or residential use. It is the opinion of the appraiser, the subject has reached its economic obsolescence. Therefore, a cost to demolish the subject's improvements/infrastructure "as is" is given strong consideration in developing a credible opinion of value of the subject as "vacant land".
3. There were no hypothetical conditions or extraordinary assumptions required for this report.
4. The Appraiser has analyzed effective market trends that will affect projected income or the absorption period, to the extent that they affect the value of the property.

5. An analysis was performed regarding the Highest and Best Use for the property.
6. The valuation method considered all three approaches to value but based on the most likely use as cured, this report utilizes the Direct Sales Comparison approach in developing a credible opinion of a market value "as is".
7. As applicable to the property in the appraisal process, market sales data has been collected from public records, real estate company resources, recorded deed transfers, the Boulder County Assessor, Iresis-MLS, and other commercial property data sites.
8. In consideration of the omitting the Cost Approach, the subject is being valued as vacant land Agricultural land in Boulder County. Vacant land appraisal analysis does not utilize the Cost Approach as there are no improvements on site in which to value or develop a replacement cost estimate. In this appraisal report, the current use of the subject "as is" is physically and economically obsolete and the cost to cure will result in vacant land.
9. There was an adequate amount of sales data in the Northern Colorado/Boulder County market area of similar type properties to develop a credible opinion of market value of the subject via the Direct Sales Comparison Approach and is presented in this report.
10. The Income Approach was also considered but there is no significant amount of supportable income data available for vacant land to develop a credible opinion of value based on the capitalized income stream. The Appraiser has used discretion in providing only pertinent sales data in a format that will allow the reader to follow the Appraiser's path to arriving at a value which is based solely on the Sales Comparison Approach.
11. To the extent possible, the Appraiser has reviewed and confirmed market data with public records, sellers, buyers, agents, or other related parties. It should be recognized by the user of the report that detailed data are not a matter of public record, and that parties concerned are under no compulsion to reveal any information to the Appraiser. Most often, this data is only offered verbally and the quality and extent of available data will vary depending on the source. Information, estimates and opinions furnished to the Appraiser were obtained from sources considered to be reliable and believed to be true and correct. However, the Appraiser can assume no responsibility for the accuracy of such data.
12. The appraisal of this property is specifically limited to the value in exchange of the real estate, and does not include the valuation of interests associated with the operation of the business(es), particularly those relative to going concern business value, or other intangibles. All references in the appraisal to "income" relate only to income derived from the rental or potential rental of the real estate. In the case of owner occupied property, this assumes an appraisal of the property "as if vacant". In the case of lease encumbered property, this relates to current rental revenues and expenses.
13. For the purpose of this report and based on client instructions I appraised the property "as is" to determine a Market Value of the Fee Simple Interest in the subject property. The Direct Sales Comparison Approach to value has been presented and reconciled into a final opinion of value by considering and including an estimate to cure the physical and economic obsolescence at the subject.

PROPERTY APPRAISED

The structural exteriors and sites of the subject properties were observed. The interior of the structures is deemed "Unsafe" and no interior inspection was made. This interior inspection restriction strongly supports the physical obsolescence noted. According to Boulder County Records, the subject property addressed as 4651 Ute Highway consists of a 6.45 acre parcel (281,033 square feet) and is on the north side of the Highway. The second subject property- 4652 Ute Highway- consists of a 3.33 acre parcel (145,182 square feet) and is on the south side of the Highway and has St Vrain Creek/river frontage. Both properties are zoned "Agricultural" by Boulder County.

The subject sites are improved with water filtration facilities that were decommissioned in 2006 and any conversion or renovation of the existing improvements is highly improbable and unfeasible. Therefore, as previously indicated, a change in use of the land and a use that is supported as a "permitted use" in the Agricultural zoning by Boulder County is considered the Highest and Best Use. Since the cost to cure the subject results in vacant land, the physical sizes of the improvements "as is" are not considered highly relevant in this analysis.

The estimated size of improvements, brief exterior descriptions, and photos are provided in the property description section of this report.

PROPERTY RIGHTS APPRAISED

The subject property is a decommissioned and abandoned water treatment facility. Based on my client's appraisal request and the intended use- to secure funding for acquisition, the Fee Simple property rights are being valued in this report "as is" at current market value levels.

SUBJECT'S PROPERTY TAXES

The subject is owned by a City in Boulder County, Longmont, as such, no property taxes have been assessed or paid. Since this report is based on a "Fee Simple" ownership and at current market levels, the land would have property taxes applied. The estimated per-square foot of land tax rate is provided below is based on comparable properties with a similar zoning. The mill levy is set at 94.578 and the County Web Site provides the following tax record.

Tax Account

Summary

Account ID: 10230474
Parcel Number: 12032010003
Owner: CITY OF LONGMONT
Address: 353 KIMBARK ST
City Address: 4901 UTE HWY (UNDEVELOPED VACANT LAND)
Legal: (TRACT 7 224A 20K24J 2272 JL-36 73 HYPERION PARK PLOT 11C)

Value

Area: 8.53 Acres
Assessed: 14,500,000
Actual: 15,120
Total: 15,120

The property of value due on this report is based on the 2015 property value assessment. For current year value visit the [Boulder County Assessment Site](#).

Statement Of Taxes Due

Account Number: 10230474
Assessment Year: 2015
Payment Type: ☐ Full ☐ Partial
Total Due: \$1,073.24

Update

Tax Account

Summary

Account ID: 10230474
Parcel Number: 12032010003
Owner: CITY OF LONGMONT
Address: 353 KIMBARK ST
City Address: 4901 UTE HWY (UNDEVELOPED VACANT LAND)
Legal: (TRACT 7 224A 20K24J 2272 JL-36 73 HYPERION PARK PLOT 11C)

Value

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Assessed: 14,500,000
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Total: 15,120

The property of value due on this report is based on the 2015 property value assessment. For current year value visit the [Boulder County Assessment Site](#).

Comparable Tax Rate Analysis

The comparable tax rates are calculated by using the reported Boulder County Land area for each of the properties listed below. The same unit of measure (Land size) is applied in determining the subjects tax rate "as is".

Address	Reported Land Size	2015 Property Taxes	Tax Rate/Acre
Parcel 12032010003, Boulder County Vacant Land	8.53 Acres	\$1,073.24	\$125.79/Acre
4901 Ute Highway, Lyons, Boulder County Vacant Land	42 Acres	\$7,983.90	\$190.09/Acre
4358 Hygiene Road, Longmont, Vacant Land	5.63 Acres	\$66.24	\$11.77/Acre
Range of Comparable Tax Rates		\$11.77/Acre - \$190.09/Acre	

Subject Tax Rate Conclusion:

The comparable tax rate range is for other vacant parcels of Boulder County Agricultural land in the near area of the subject. Overall, the first comparable is closest to the subject and its \$125/Acre rate for vacant land is a reasonably representative rate when compared to the subject's vacant land.

TRENDS AFFECTING PROPERTY VALUE

CITY AND REGIONAL DATA

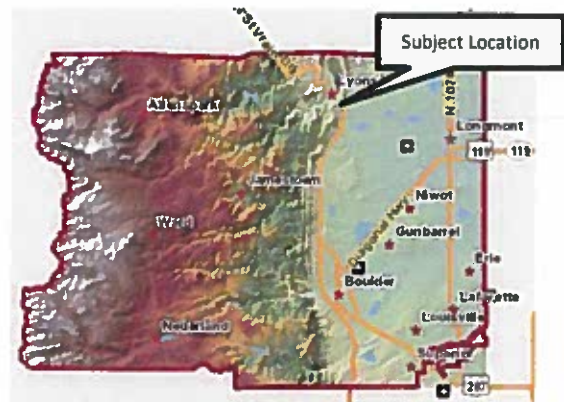
The dynamic nature of economic relationships within a market area has a direct bearing on real estate values and the long-term quality of a real estate investment. In the market, the value of a property is not based on the price paid for it in the past or the cost of its creation, but on what buyers and sellers perceive it will provide in the future. Consequently, the attitude of the market toward a property within a specific neighborhood or market area reflects the probable future trend of that area. Since real estate is an immobile asset, economic trends affecting its location quality in relation to other competing properties within its market area will also have a direct effect on its value as an investment.

It is critical to recognize that many factors impact upon an individual property's valuation, and that paramount among these are those factors external to the property boundaries. Often referred to as the **"four great forces"**, these factors are the **physical, economic, governmental, and social** climates, which form the fabric upon which the property value is created, modified, or destroyed. An examination of the historical aspects which impact upon the current economic trends, as well as the current and future trends of the economy, business cycle, population, financing, and taxes, must be examined in terms of the immediate significance and impact upon property values.

History and Government

Boulder County covers 750 square miles and was organized as one of the original counties of the Colorado Territory. The City of Longmont was founded in 1871 by members of the "Chicago Colony" who settled in the St. Vrain Valley. The City of Longmont derives its name from a combination of "Long" from Long's Peak, named after Major Stephen H. Long who explored the valley in 1820, and the "mont" from the French for Mountain. Longmont is governed by a Mayor-Council form of government. Six council persons are elected for staggered four year terms. A mayor is elected

at-large for a two year term and a full-time city manager is appointed. Longmont and Boulder County are located in the Denver Standard Metropolitan Statistical Area (SMSA) and are assisted by the Denver Regional Council of Government (DRCOG).



Lyons Colorado

The United States government had the boundary line to range 71 surveyed in 1870 and range 72 was surveyed in 1874. E.S. Lyon and his wife Adeline came to this area in 1880 from Putnam, Connecticut, following the advice of Mr. Lyon's doctor. In 1882 the town was platted and named (after E.S. Lyon) but it wasn't incorporated until 1891. Lyons is proud to claim the title of "The Double Gateway to the Rockies," as it is the junction of the North St. Vrain Highway 36- Ute Highway (66) and the South St. Vrain Highway 7 – either of which leads to Estes Park.

Lyons Colorado

Population:	2,033
Elevation:	5,374
County:	Boulder
Logo:	"Double Gateway to the Rockies"
Schools:	Lyons Elementary School Lyons Middle and Senior High School
Avg. Household Size:	2.32
Median Household Income:	\$65,656
Utilities:	Water – Provided by City of Longmont Electric – Provided by the Town of Lyons Gas – Provided by Xcel Energy Waste water – Provided by the Town of Lyons Telephone – Provided by Qwest Communications

Considering economic conditions, employment, and commerce, Lyons is often associated with its largest neighboring city of Longmont. Therefore, information regarding Longmont is also included in the regional analysis as it has significant influence in the area.

Longmont

Longmont is located on the eastern slope of the Rocky Mountains in Boulder County. Residents enjoy both the varied recreational activities of the mountains and the economic and cultural advantages of a major city. Longmont is fifteen miles northeast of the City of Boulder. The Diagonal Highway (Colorado 119) links the two cities. Denver lies approximately thirty-eight miles to the south of Longmont and is accessible via either U.S. 287 or Interstate Highway 25, the major north-south Interstate Highway through Colorado.

Population

Longmont has been one of the most rapidly growing cities in Colorado. U.S. Census Bureau figures showed an 1960 population of 11,500 and an 1970 population of 23,200, an increase of 102%. According to figures from the Denver Regional Council of Governments (DRCOG), Longmont's population by the U.S. Bureau of Census was 42,942 for 1980, an increase of 85% over the 1970 estimate. The 2000 Census indicated the population was 73,344 people and is currently estimated (2010 census) to be at 86,270. The population of Boulder County was estimated at 294,567 in 2010.

Educational Facilities

The St. Vrain Valley School District (RE-1J) serves Longmont and the nearby communities of Erie, Lyons, Mead, Hygiene, Frederick and Niwot with twenty elementary schools, six middle schools, three middle/senior high schools, four senior high schools, two alternative schools, and two charter schools. Recent budget shortfalls have negatively impacted the St. Vrain Valley School District which will be a significant challenge to overcome over the next few years.

Health and Medical

Longmont United Hospital, an accredited community hospital with 146 beds, serves Longmont and the surrounding municipalities. Professional Ambulance Service provides 24-hour service with three ambulances and a trauma cardiac care unit. Multiple healthcare clinics are located in and around Longmont ranging from Urgent Care and a low income Clinics -Saulad, and multiple family practices ranging to specialty practices in Orthopedics, Women's Health, Gastroenterology, Cancer, respiratory, Cardiology etc...

Parks and Recreation

Longmont has sixteen city parks which provide playgrounds, picnic facilities, tennis courts, baseball fields, wading pools and band shells. The city has both indoor and outdoor Olympic size swimming pools designed to serve more than a thousand bathers at a time. Sunset Park golf course is a public nine hole course, Twin Peaks is a public 18-hole course and Fox Hill Country Club provides an 18-hole course, tennis courts, swimming pool and a club house with a capacity of 200 to 250 people. The 220 acre Spring Valley municipal golf course is a recently completed course in the northeast portion of the City. Longmont is located fourteen miles east of Roosevelt National Forest and thirty miles east of Rocky Mountain National Park and Arapahoe National Forest.

Transportation

The Longmont Municipal (Vance Brand) Airport is located four miles west of downtown Longmont on Airport Road. The Denver International Airport is approximately forty miles from Longmont which is located in Adams County. Bus service is available, as is car rental service. Longmont's transportation needs are served by the Regional Transportation District (RTD) which provides regular bus service to Denver and Boulder and locally throughout Longmont. The Colorado and Southern Railroad (Burlington Northern) provide rail freight service. There are no passenger trains available.

Longmont Diagonal Rail Project/1st & Main Station Transit and Revitalization Plan

The Longmont Diagonal Rail Project is the Boulder County extension of the light rail project. This is the voter approved FasTracks mass transit system that will extend approximately 38 miles along the existing railroad right-of-way between Denver Union Station in Downtown Denver and Longmont (through Boulder). RTD's FasTracks program currently assumes an end-of-line station at 1st & Main in downtown Longmont. The US 36 Corridor project will enhance transit connections between Downtown Denver and the communities of Westminster, Broomfield, Louisville, Superior, Boulder, and Longmont. The project improvements will provide more options to commuters and others traveling along heavily congested US 36 that is expected to see a 49 percent increase in traffic by 2025.

Longmont has also seen significant amount of retail and office expansion with developments such as Harvest Junction in South Longmont, (the Ken Pratt Parkway expansion project)- the Clover Basin area (southwest Longmont) that includes big box stores such as Kohls, Sprouts, Target, Home Depot, multiple restaurants and Hotels, providing a lot more competition for Main Street businesses. The North Longmont- with the Super Wal-mart and other retail restaurants and retail strip centers redeveloped along Main Street also provides influence to the somewhat idling development in the Downtown area.

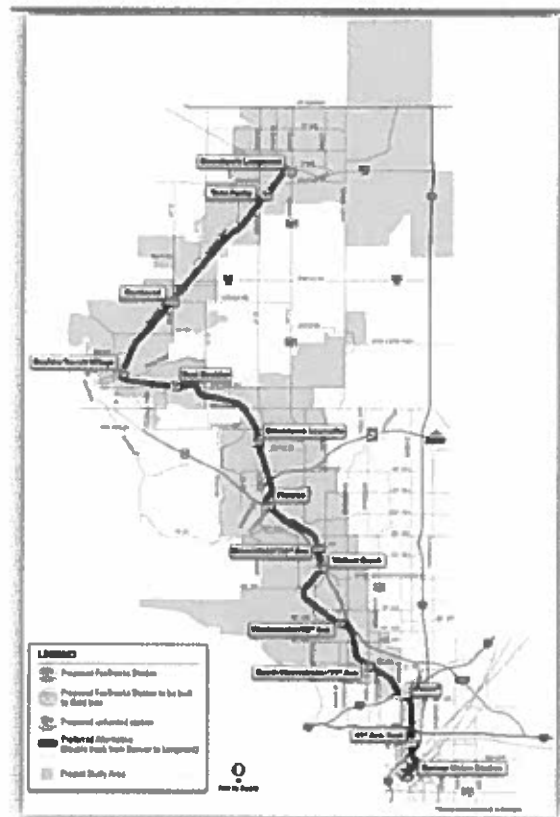
Since the passage of the FasTracks sales tax in 2004, the City of Longmont has been working with RTD to develop a plan for the proposed rail station at 1st & Main in downtown Longmont. This study has been undertaken by the City of Longmont partly in response to two ongoing activities of RTD.

First, RTD has designated up to \$17 million in early action FasTracks funds for land assembly and the construction of a Park-n-Ride and related facilities in downtown Longmont at the 1st & Main site. Both the City and RTD would like to initiate land assembly for the longer-term rail station and its Park-n-Ride that can be used in the interim years before rail service begins.

Second, the City is working with RTD to develop a new local transit service plan that would consolidate bus service at the new 1st & Main location as soon as possible to improve operational efficiencies for RTD and mobility services for the citizens of Longmont. The City of Longmont proposes to take advantage of the proposed RTD transit investment by preparing a plan for the redevelopment and revitalization of the area around the proposed station area.

However, it should be noted the new Transit Revitalization plan adopted by Longmont in June 2012 indicates a desired Fast Tracks station is near the 1st and Main Street intersection. The concept plan also includes the South Main Street area of Longmont and the subject area to have gentrification that includes mixed use residential and commercial properties along with pedestrian friendly walkways.

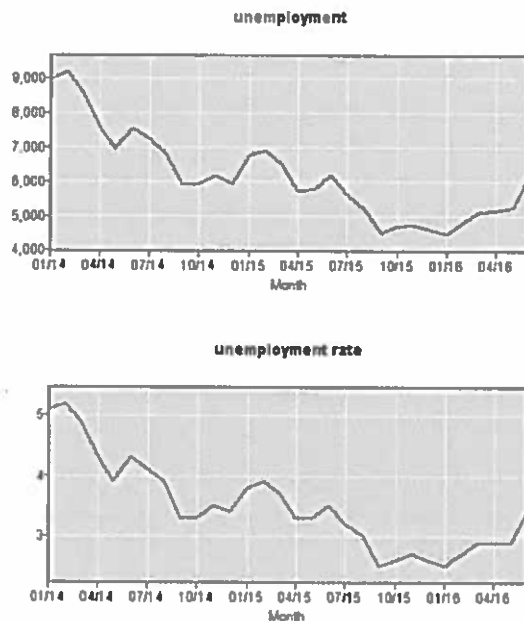
Transportation is one aspect affecting Longmont but as the Downtown area and other reaches of Longmont continues to be renewed, new business will continue to consider Longmont development as a factor and economic contributor for growth in the region. Boulder County is renewing and building a large development for the County near Coffman Street and 6th Avenue. A real key to any long term -continued growth, does rely heavily on office and industrial expansion. In Longmont both are occurring -slowly but surely absorbing vacant industrial properties.



RTD's FasTracks program includes the Northwest Rail line, which assumes an end-of-line station at 1st & Main in downtown Longmont

Employment and Unemployment

The national trend of unemployment rates which has been on a downward trend since 2011. However, the data should be met with some skepticism as the Economic Policy Institute, indicates the more accurate national unemployment rate is estimated around 7.4% or more. The work participation rate is at a 38 year low of 62.6% which is similar to the 1970s inflationary period.



As with unemployment rates in much of the nation, Boulder County has seen some increased rates since 2007, but have been consistently below the national and state averages. The National unemployment rate currently reported at 4.9% for July 2016. The June unemployment rate in the State of Colorado is estimated at 3.7%. The Boulder/Longmont market area is considered part of the Boulder Statistical area which indicates an unemployment rate at 3.4% as of June 2016. The unemployment trend in the Boulder Statistical Area over the last 18 months is presented on the graph on left and table below.

Employment/Unemployment Summary

Since 2008-2009 the national and state economies have seen declining conditions thru 2010 and into 2011. Many areas of the country and state have been seeing improvement in the jobs, housing, and business from 2011 to the present. All indications are that the overall economic conditions are still lagging behind the prime years of the 1990's and earlier 2000's as the job participation estimate (around 62.6%). Additionally, it is heavily considered by many prognosticators that the Affordable Health Care Act is having a profoundly negative impact on new hires, the expansion of part time work, and the stall in future business expansion. Its full implication in 2017 is looming for many businesses. In general, Longmont and the Boulder County market outperforms the national and state levels of employment and it is anticipated that trend will continue. But it may be functioning at a new normal level with higher unemployment and less economic growth going forward.

Year	Period	labor force	employment	unemployment	unemployment rate
2014	Annual	177043(R)	169807(R)	7236(R)	4.1(R)
2015	Jan	176911(R)	170135(R)	6776(R)	3.8(R)
2015	Feb	176641(R)	169743(R)	6898(R)	3.9(R)
2015	Mar	175990(R)	169493(R)	6497(R)	3.7(R)
2015	Apr	176223(R)	170494(R)	5729(R)	3.3(R)
2015	May	177242(R)	171471(R)	5771(R)	3.3(R)
2015	Jun	176534(R)	170360(R)	6174(R)	3.5(R)
2015	Jul	176283(R)	170649(R)	5634(R)	3.2(R)
2015	Aug	175806(R)	170613(R)	5193(R)	3.0(R)
2015	Sep	177693(R)	173191(R)	4502(R)	2.5(R)
2015	Oct	179043(R)	174364(R)	4679(R)	2.6(R)
2015	Nov	177291(R)	172569(R)	4722(R)	2.7(R)
2015	Dec	175051(R)	170442(R)	4609(R)	2.6(R)
2015	Annual	176726(R)	171127(R)	5599(R)	3.2(R)
2016	Jan	176236	171776	4460	2.5
2016	Feb	178422	173592	4830	2.7
2016	Mar	178746	173641	5105	2.9
2016	Apr	179570	174413	5157	2.9
2016	May	181345	176117	5228	2.9
2016	Jun	181433(P)	175230(P)	6203(P)	3.4

Longmont Employers

Primary contribution to the economic base in the Longmont area is made by the school system, high-tech computer/electronics companies, software services, light manufacturing, and agricultural products. Listed below are some of the top employers located in or near Longmont.

LONGMONT AREA TOP EMPLOYERS August 2013

Company Name	Product	Employees
St. Vrain Valley Schools	School District	3364
Longmont United Hospital	Regional Hospital	1265
Seagate Technology	Computer disk drives	1245
City of Longmont	City government	828
Intrado	911 Database & mapping services	793
DigitalGlobe	Satellite imagery	762
Amgen	Biopharmaceuticals	707
Federal Aviation Administration	Aviation control center	484
Crocs	Croc shoes	433
McLane Western	Grocery distribution center	362
Circle Graphics	Digital billboards	326
Longmont Clinic	Medical services	300
Dot Hill Systems Corp.	Fiber channel computer devices	250
GE Energy	Power generation & energy technology	250
Xilinx	Programmable Logic (Software Division)	240
PharMerica	Regional billing office	200
Measured Progress	Standardized test grading firm	200
Western Digital	Computer disk drives	185

The Longmont area has major manufacturing firms in the fields of computer equipment, electronic equipment, instruments and related products, fabricated metal products, machinery and other miscellaneous durable goods. Although the difficult economic conditions of the recent past have had an impact on the local economy, there are indications that there will be improvement in the near future.

Regional Summary

National and regional economic indicators showed that much of the U.S. was experiencing a recession thru 2002-2003. Residential and Commercial markets showed a recovery through 2004-2007 when property values appeared to be at a highpoint at which time the market appeared to again deteriorate. Towards the end of 2008, both the residential and commercial markets began a decline while the unemployment rate increased. Markets from mid 2010-2011 until present, have stabilized with rental rates staying the same and increasing as demand has improved. The large number of foreclosure activity seen in 2008-2010 has generally diminished and there is once again there is pent up demand for new housing-but until some of the existing inventory is absorbed the new construction activity will continue to struggle. There is new commercial construction ongoing as investors are entering the market for potential future expansion. Many projects are owner occupants that are capitalizing on the lower land prices and expanding business facilities. However, the multifamily market is expanding annually to try and keep up with demand. The vacancy rates are anticipated to remain lower and settle from the 3%-5% which is representative of a market in balance.

Regional Boulder Colorado Market Area



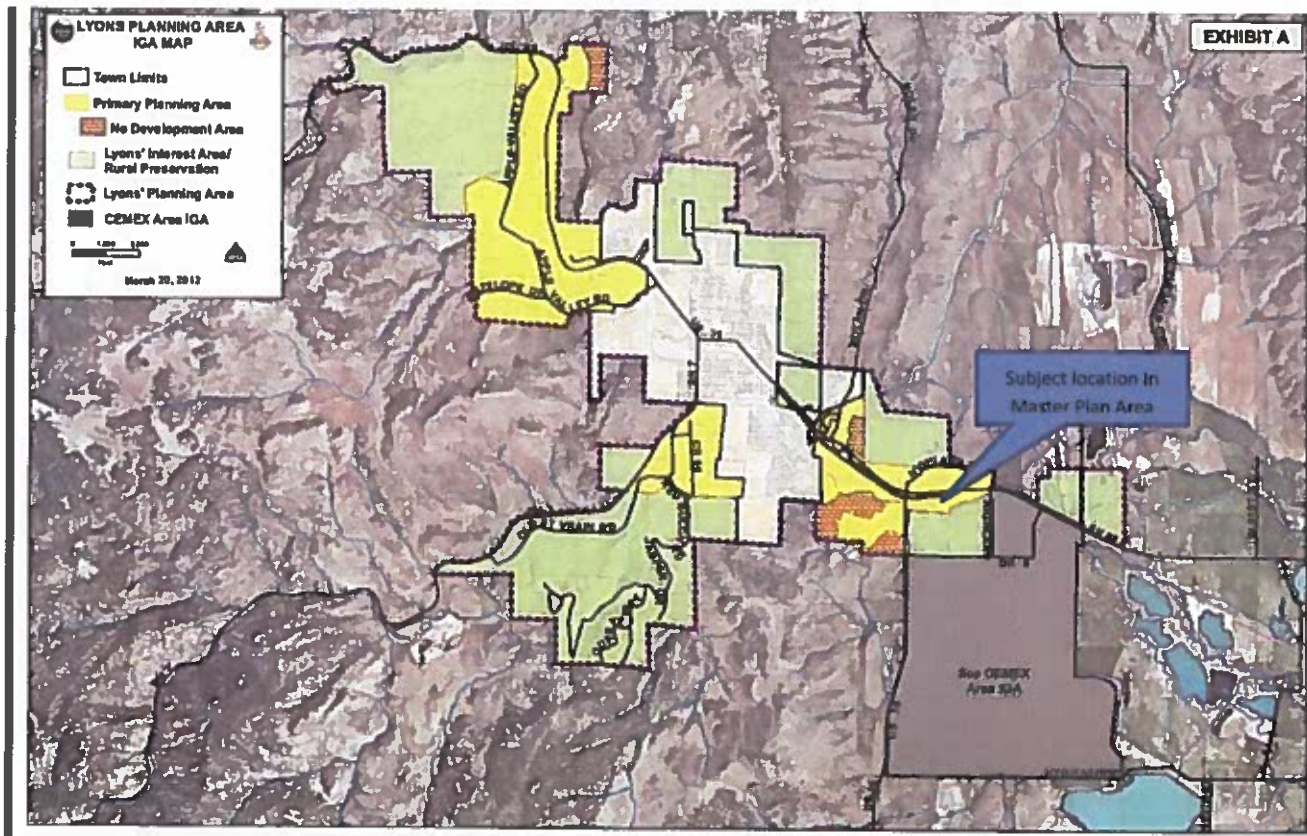
NEIGHBORHOOD DESCRIPTION

Definition

A neighborhood is defined as "a portion of a larger community, or an entire community, in which there is a homogeneous grouping of inhabitants, buildings or business enterprises." Natural boundaries - hills, ravines or streams often serve as neighborhood boundaries. Boundaries may also be established by man-made barriers - wide traffic arteries, different zoning boundaries, or type or age of building developments.

Boundaries

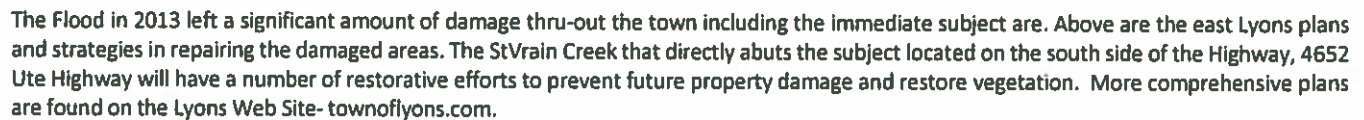
The neighborhood boundaries are considered to be the entire town of Lyons Colorado.



Areas in yellow include northwest and east of the Town borders today are targeted for future expansion and planning. The eastern area of the subject's location is not yet annexed into the Town of Lyons "as is", but is well within the future planning area.

Neighborhood Uses

The subject's entire Lyons neighborhood is best identified as an established urban commercial and residential area that functions as a municipality. As with any typical small town, it is dispersed with single family & attached residential, and commercial uses such as retail, office, schools, industrial, gas stations, restaurants, banks, parks, and service type business such as stone and greenhouse uses.



Summary and Relevance to the Subject

The subject neighborhood is in the eastern section of the Town Of Lyons that extends east past Highway 36. The subject location is in Rural Boulder County but is within a comprehensive plan area for future development. It has good linkage to downtown Lyons and the local highway network Highway 7 and Highway 66 leading to Longmont and Highway 36 that leads to Boulder and Estes Park to the West. Summer Estes Park tourism has a positive effect on the town as the town has thousands of cars passing thru on the way up to Estes. Considering the lower residential apartment vacancy rates, and the small town supply in Lyons, residential vacancy is relatively low and expected to remain that way for the foreseeable future.

All parts of Lyons have had and is having restoration projects, and overall, the neighborhood (Town) is in an expansion phase of the neighborhood life cycle. Much of the work being done is the result of the 2013 flood, but none the less, many infrastructure projects are underway that are improving the towns sewer, water, electrical lines. In conjunction, several streets have been rebuilt and paved.

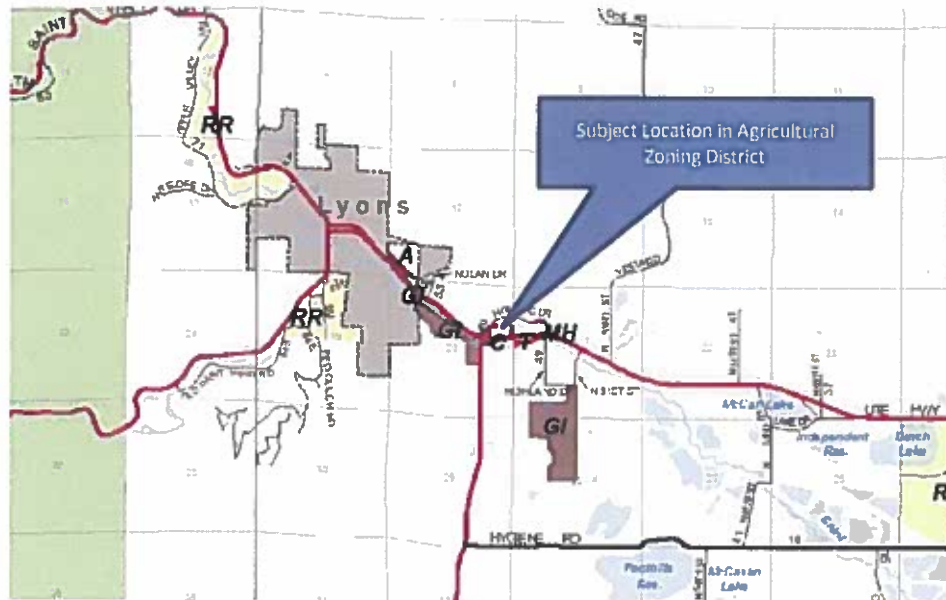
The value trends in many of the Northern Colorado areas including Lyons have been stabilizing to match pre-recession values in 2007, with many commercial sectors including the multi-family developments displaying appreciating values. In addition to the positive upswing in the values, the apartment living and rental properties in general are in good demand (low vacancy) as rents continue upward. Overall, with town improvements ongoing and the flood recovery still taking place, the demand for the Lyons area is expected to remain strong and continue as the overall economy continues to slowly rebound from the 2009-2010 recessionary conditions.

PROPERTY DESCRIPTION

Zoning

4-102 Agricultural (A) District A. Purpose: Rural areas where conservation of agricultural resources is of major value, and where residential development compatible with agricultural uses is allowed.

Boulder County Zoning Map



Principal Uses Permitted: Agri Business Uses; Agricultural Uses, very limited Commercial/Business Service- (Kennel); Community Uses, Forestry Uses, Industrial; Lodging; Mining uses; Retail; Residential, Public utilities/and Services. But as the zoning descriptions indicate many of the listed uses have a narrow range of allowed uses.

The Boulder County Planners allow alternate uses to accommodate commercial uses without having to change the base A zoning. However, it is unknown if or what specific uses would be approved making any potential use outside the -A zoning permitted uses is highly speculative. For example, a multi-family development would have strong development potential and be a feasible use based on current housing trends, but it is unlikely Boulder County would allow for such a development and a high density residential use. Therefore, this report analysis and valuation of the land is based on the use by right or permitted uses of the land current Agricultural zoning "as is". The subject was permitted to accommodate the previous water treatment use and would also allow for other municipal uses which are outlined in the addendum, but these uses typically do not represent a market related sale in fee simple ownership as a typical investor would not use the land for a Municipal use.

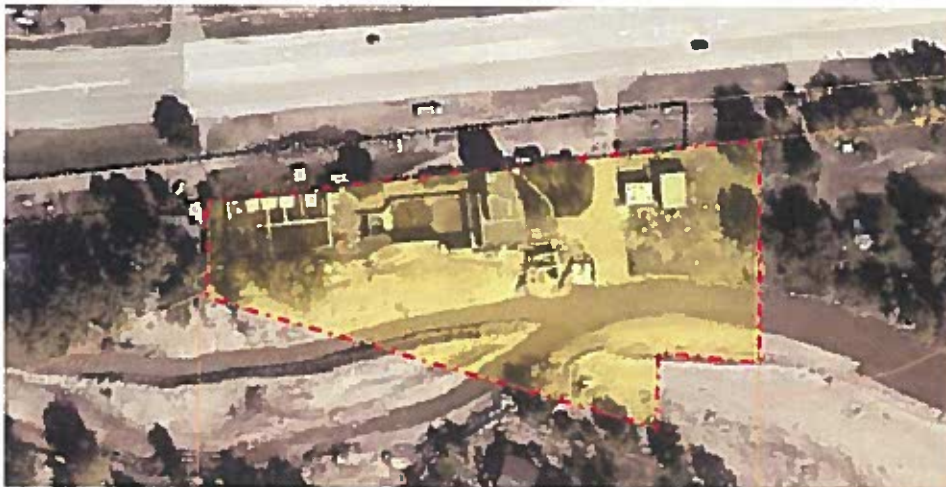
Subject Site Description

According to the Boulder County Assessors Records the subject is located in rural Boulder County and is identified as follows:

4651 Ute Highway: North of Highway, Parcel #120320100013, TRACTS 2264A 2267A2 2272 203N-70 HYDRO PLANT, Total Land- 6.45 Acres



4652 Ute Highway: South of Highway, Parcel #120320100009, TRACTS 2259 & 2260 A HYDRO PLANT ETC 20-3N-70 Totaling: 3.43 ACRES – However, based on the 2013 flood damage- and the river running thru the property, the actual buildable site is considered approximately 1/3 less than the legal description of 3.43 acres and indicates a buildable land area closer to 2.26 acres. However, the unbuildable area can be and most likely be allowed to meet any open space requirements in the developing process.



Subject Views- Boulder County Web Site

- Easements:** Normal rural ROW and utility easements of record are assumed to be present and no other unusual or adverse easements or encroachments were disclosed to the appraisers and the analysis assumes that the development will not be hindered by existing easements. However, 4652 (the south site) has a significant amount of land area not buildable based on the river frontage.
- Access:** Access to the subject sites is considered good from the Ute Highway/Highway 66 on the east side of Lyons. This also provides a direct route to Longmont east and the Downtown Lyons area and Rocky Mountain Park to the west.
- Topography:** The north site "as is" has two significant sentiment ponds that have earth type elevated mounds surrounding the ponds. The south site has a slope towards the river and the river bank. There will be a significant amount of fill and earthwork required to create a buildable site.
- Drainage:** The sites "as is" appears to have adequate drainage. However, the razing of the sites will require an engineered slope for planned drainage and are assumed will comply with all local and County engineered development standards and requirements.
- Soil & Subsoil & Environmental Conditions:** The subject has not been inspected with respect to the existence of hazardous health or environmental substances, and the appraiser has made conditional assumptions with respect to the possible existence of hazardous substances. However, a letter provided by Larry Wyeno, a representative of the City of Longmont (the owner), indicates there is a "No Action Determination" status in place for the two subject properties included in this report. The determination letter indicates that based on reviews of prior environmental studies by the State of Colorado Department of Public Health and Environment, no action is required if used for the purposes such as commercial, residential, light industrial. A copy of said letter is included in the addendum of this report.
- Parking:** Both the north and south subject properties are in significant disrepair and a specific number of parking spaces "as is" is unknown. It is assumed that the site had significant numbers to accommodate the need based on the use, meet the County parking requirements.

Site Improvements:

The sites are estimated to include more than 50,000 SF in asphalt paving, 20,000 SF of concrete flat work including sidewalks, multiple concrete water sentiment holding ponds and retaining walls. There is approximately 86,000 SF (more than 2 acres) of landscaping that includes trees, rock, trees, and grass.

The north site perimeter has a secure six-foot chain link fence and two manual gates for entry off of the Ute Highway. The south site has the northern most portion of the site fenced but the southern portion of the site is bordered by the river and portions of the site appears to be unfenced.

Based on the prior water filtration/treatment use, multiple types of infrastructure are also on site that includes large water piping, pumps, electrical lines, and mechanical gate systems for water flow & controls. It is reported many or all of the above grade infrastructure and equipment has been removed but in-ground infrastructure is still in place.

Based on my observation and inspection, the "as is" description and condition of the subject properties reflect the subject reaching their full physical and economic life and will required to be fully razed with the site rehabilitated for a change of use to occur. Discussions with the owner & and my client, indicates all site infrastructure, buildings, concrete tanks, and sediment ponds will be razed with the land scraped all debris hauled away and filled for a change of future use.

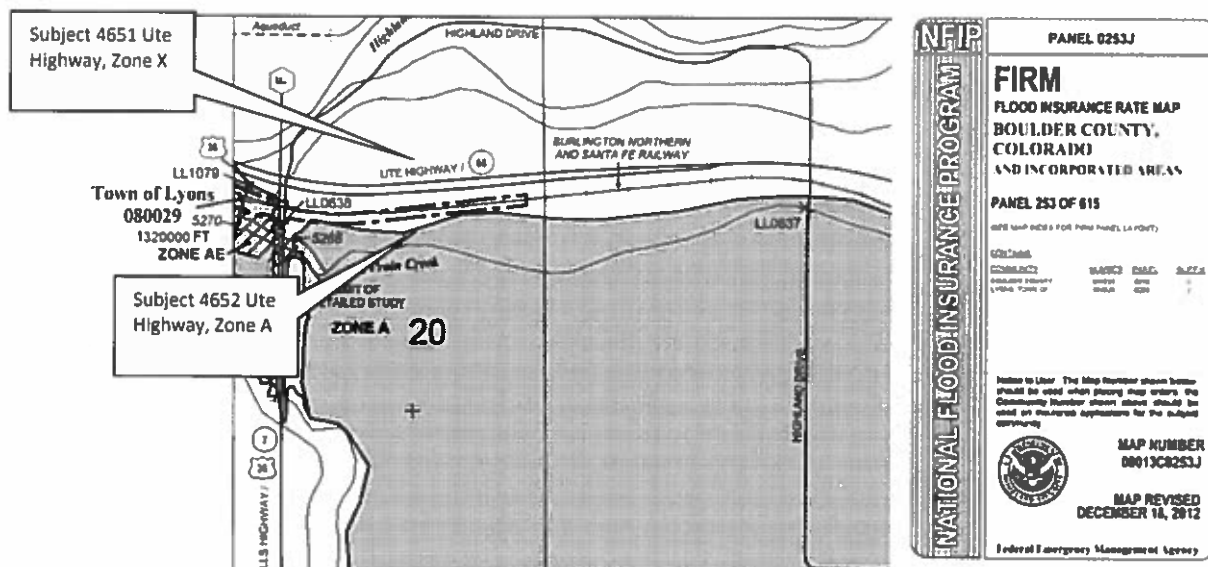
Utilities/Services:

Natural gas is provided by Xcel Energy. Longmont had provided electric to the site but it is unclear if that remains since the water plant has been decommissioned. Based on the site plans provided, both the North and South sites appear to have in ground septic/mound sewer system, and it is reported that both sites have individual wells for a water supply. There are a number of telecommunication vendors, including Century Link Communications that provide affordable phone service to the property.

Police: Boulder County Sheriff
Fire: Lyons Fire District

Flood Plain Status:

According to FEMA Flood Zone Mapping, Panel Number 08013C0253J, dated 12/18/2012, the subject at 4652 Ute Highway is in a flood hazard zone A which is within a 100-year flood hazard area. The subject at 4651 Ute Highway- on the north side of the Highway, is in flood hazard zone X and outside a 100-year flood hazard area. No specific flood insurance requirements were provided, nor any specific elevation or flood mitigation requirements were made known. In the opinion of the appraiser, there is question about the flood hazard status and requirements that may need to be addressed prior to structural improvements. A request for a current flood survey and certification may be warranted to clearly establish any elevation change or abutment requirements if 4652 Ute Highway is to be improved with a structure.



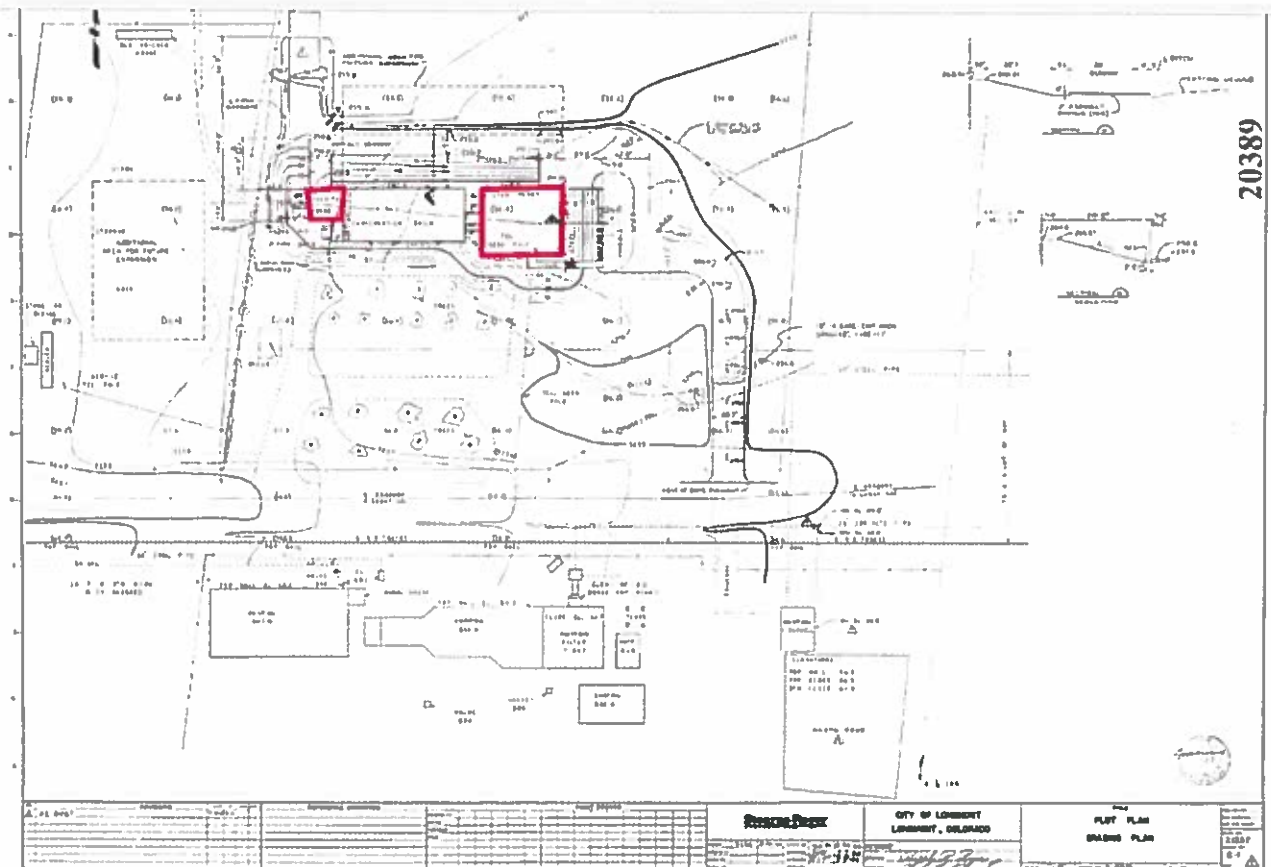
LEGEND	
	SPECIAL FLOOD HAZARD AREAS (SFHAs) SUBJECT TO INUNDATION BY THE 1% ANNUAL CHANCE FLOOD
The 1% annual chance flood (100-year flood), also known as the base flood, is the flood that has a 1% chance of being equaled or exceeded in any given year. The Special Flood Hazard Area is the area subject to flooding by the 1% annual chance flood. Areas of Special Flood Hazard include Zones A, AE, AH, AO, AR, AV, V, and VE. The Base Flood Elevation is the water-surface elevation of the 1% annual chance flood.	
ZONE A	No Base Flood Elevations determined.
ZONE AE	Base Flood Elevations determined.
ZONE AH	Flood depths of 1 to 3 feet (usually areas of parking); Base Flood Elevations determined.
ZONE AO	Flood depths of 1 to 3 feet (usually areas of parking); Base Flood Elevations determined. For areas of alternate use flooding, velocities are determined.
ZONE AR	Special Flood Hazard Areas formerly protected from the 1% annual chance flood by a flood control system that was subsequently destroyed. Zone AR indicates that the former flood control system is being restored to provide protection from the 1% annual chance or greater flood.
ZONE AV	Area to be protected from 1% annual chance flood by a Federal flood protection system under construction; no Base Flood Elevations determined.
ZONE V	Coastal Flood zone with velocity hazard (wave action); no Base Flood Elevations determined.
ZONE VE	Coastal Flood zone with velocity hazard (wave action); Base Flood Elevations determined.
	FLOODWAY AREAS IN ZONE AE
The floodway is the channel of a stream plus any adjacent floodplain area that must be kept free of encroachment so that the 1% annual chance flood can be carried without substantial increases in flood heights.	

Subject Improvement Description

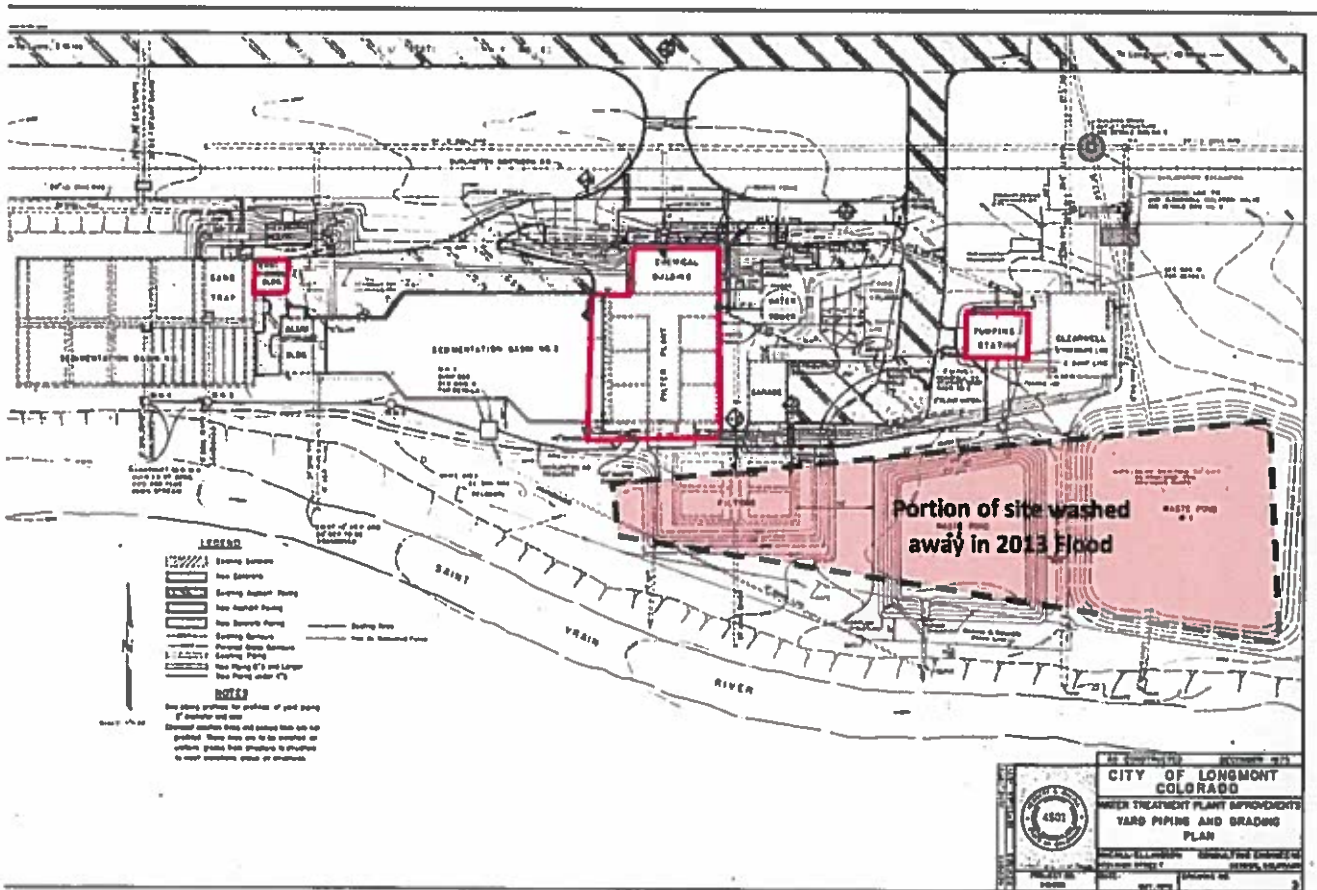
Since the subject structures on both the North and South sites have economic and non-curable physical obsolesce, both sites will have to be razed for any "change of land use" to take place, and the actual gross building area is somewhat irrelevant. However, the measurements were taken from architectural plans provided by the owner and provides a reasonable estimate of the total building area. The North site (4651) is improved two primary buildings both above and below grade. The larger "Filter Building" has approximately 8,640 SF. The smaller chemical building includes a building of 1,800 SF and totals approximately **10,440 SF** of structural improvements. The South site includes a pump-house of 1,600 SF; a 300 SF building, and the multi-story "primary filtration" building of 8,438 SF of GBA. It is estimated the subject's south site, includes **10,338 SF** of improvement structures- GBA.

Foundation:	Concrete slab on grade.
Structure:	Class C Average Quality Masonry
Exterior Walls:	The exterior of the multiple building includes stone veneer, concrete block, and stucco.
Interior:	The interior of the structures was not observed as they were deemed "Un-Safe".
Age:	According to Boulder County records, the subject's north site structures were built in 1966 and has an actual age of 50 years. Its effective age is estimated at the same which indicates total physical depreciation as the subject is considered to be a scrapping/razing property to prepare for a change in use. The South site (4652) was believed to have been built in the 1930's and has also reached its full economic and physical expectancy which will also be scrapped for a change of use to take place.
Quality and Condition:	Both the North and South sites and buildings are considered to reflect average quality construction but both are in below average condition and considered to have un-curable functional obsolescence.
Subject Summary:	The subject properties are truly representative of a defunct water treatment plant that was decommissioned in 2006. It is not feasible to renovate the property and the intended use is to scrape all improvements, fill and level the sites for a more productive use with a specific use not yet determined. For all practical purposes, the subject is fully depreciated and has no economic or physical life remaining.

The floor plan/sketch and representative photos of the subject "as is" displaying the type of construction and deterioration are provided as follows:



North Site Improvements -4651 Ute Highway has approximately 10,440 SF in masonry constructed buildings. The structures are outlined in red.



South Site Improvements -4652 Ute Highway has approximately 6,713 SF in masonry constructed buildings. The structures are outlined in red. In comparing the site plan with a recent overhead Boulder County Web Page photo on page 21, shows the portion of the site that was washed away.

Subject Photos

4651 Ute Highway



South Side Elevation



East Side and North Side Elevation



North and West Side Elevation/North Side of Sediment Holding Tank



West Side Elevation



Representative Photo of Structural Damage- Removed Equipment – Wiring Removed



Ceiling Damage- Significant Roof Failure



Concrete Sediment Holding Tank



Representative View of the On-site Sediment Ponds



Parking Lot/Entrance Drive -Physical Obsolescence

4652 Ute Highway- South Site



Primary South Filtration Building- Eastside Elevation



Looking from Parking Lot East Elevation- Significant Flood Damage to Site



Primary South Filtration Building- Northside Elevation



West Side Elevation – South Filtration Building



Chemical Building



South Site River Frontage /Area Designated for Restoration



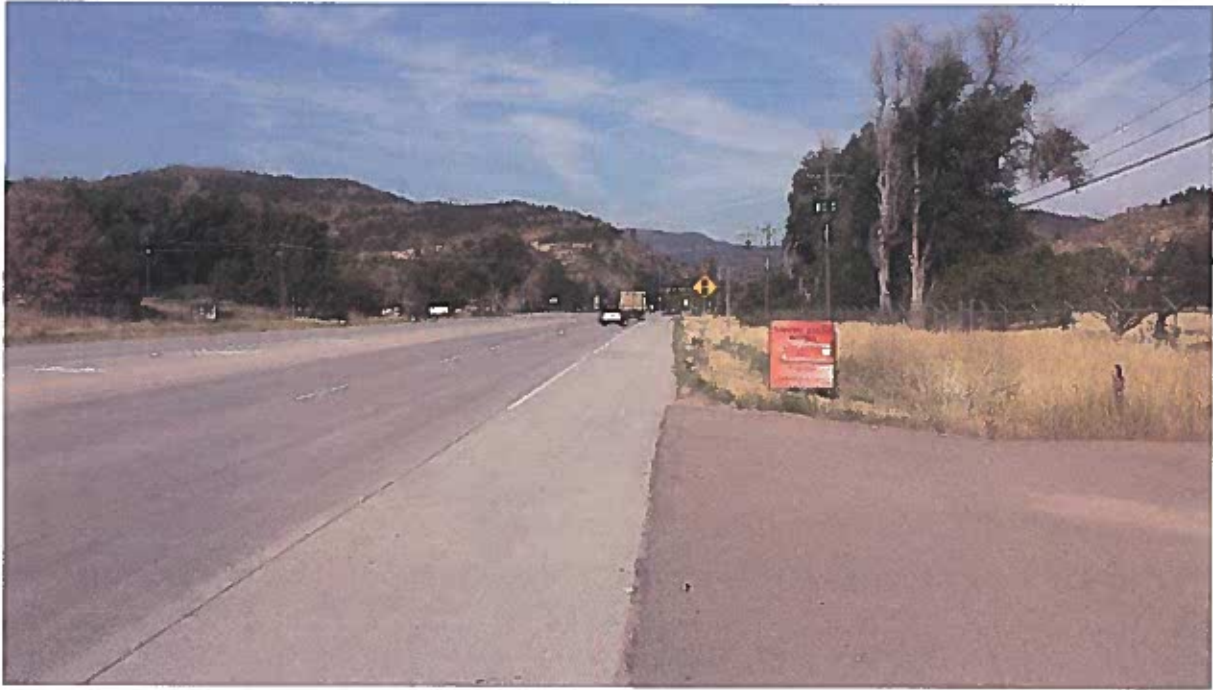
Damage from Flood- Washed Away Parking lot- and Structure/Restoration Area



Flood Damage South Side of Improvements



Removed Equipment/Infrastructure



Ute Highway Looking West



Ute Highway Looking East

HIGHEST AND BEST USE ANALYSIS

Highest and Best Use is defined as:

*"The reasonable probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value."*⁴

The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

Highest and Best Use - As Vacant

To determine the highest and best use of the subject site, the physically possible, legally permissible, and financially feasible alternatives have been considered.

Physically Possible

Both of the subject's sites are sufficiently sized to accommodate a number of uses. As Noted, FEMA Flood map panel 08013C0253J, dated 12/18/2012, indicates the subject at 4652 Ute Highway is in a flood hazard zone A which is within a 100-year flood hazard area. This site may have building location or size limitations because of the status along with elevation (fill dirt) requirements. The subject at 4651 Ute Highway- on the north side of the Highway, is in flood hazard zone X and outside a 100-year flood hazard area and will most likely allow for the full utilization of the site. Environmental reports provided to the appraiser indicated past potential contamination, but a recent communication from the State of Colorado indicates "No Action" required for a change in future use. Therefore, it is assumed that the site is free and clear of environmental or hazardous contaminants. Overall, the subject sites are physically possible for a number of potential developments.

Legally Permitted

The Boulder County Agricultural zoning – Use by Right, allows for a number of permitted uses primarily based on supporting an agricultural use. Each use would most likely require a Boulder County administration approval. A use that can capitalize on the good Ute Highway frontage and access is considered a reasonable highest and best use. An allowed retail and service use as described in the current zoning and are agricultural supported uses such as: Veterinarian Clinic, Agricultural supporting Farm Store, Equestrian Center, Greenhouse/Nursery, and Kennel would all fit that description. However other uses such as a Day Care, Group home, Lodging, Recreation uses area other allowed uses. In addition- a single family use – especially on the subject's South site utilizing the river frontage as a residential premium should also be considered. The allowed municipal uses such as utilities, public parks, fire-stations, utility services, are not considered a likely – market related use which establishes a market value. The public or municipal uses are not necessarily arms-length transactions, as they do not reflect entrepreneurial profit found in the market.

⁴The Dictionary of Real Estate Appraisal, 5th Edition, Appraisal Institute, 2010.

Financially Feasible

The aspect of financial feasibility relates to the supply and demand for real property in the local marketplace. The use that provides the highest rate of return among those that are financially feasible is the highest and best use providing it is physically possible and legally permitted. The subject is part of an established corridor of Ute Highway in Boulder County that leads into the Town Lyons. The Highway has been reconstructed/replaced in recent years making the subject location desirable for a consumer related business. While a single family residence is allowed – the highway exposure and noise may not be a highly desirable use and not recognize the location benefits. As with the public and municipality uses, those allowed may limit entrepreneurial profit and be recognized for its full profitability. Overall, the subject area competes well with the developed areas of Lyons, and a retail use supporting the agricultural zoning and business is considered to be the most productive as is. The larger lot sizes would allow for business that require a larger outside display area and also accommodate parking.

Maximally Productive

The maximally productive use of the site is to develop with an improvement that will provide the greatest return to the owner. A free standing agricultural retail/service business allowed within the Boulder County A- Zoning use that can fully utilize the prime Ute Highway exposure and site size is considered the most productive uses of the site as demand dictates development.

Highest and Best Use – “As Vacant”

The highest and best use of the subject property “as vacant” is to hold until there is sufficient demand to justify development for an allowed/approved Boulder County retail or service type use. approved zoning use. In the current market, a likely end-user would be an owner occupant interested in developing a business (owner/user) in the immediate area that supports the agricultural uses allowed. As the market continues to show a recovery, a second buyer could be a speculative developer interested in holding the property based on anticipation and developing the property based on demand and its potential income.

Highest and Best Use – “As Improved”

The subject is legally permitted to function as a water filtration facility by Boulder County but it has reached economic and physical obsolescence. The City of Longmont (Owner) utilized it for a water filtration facility for its population, but decommissioned the facility in 2006. The physical structures and infrastructure have significantly deteriorated and is no longer a highest and best use “as improved”. Additionally, there has been significant site damage caused by the 2013 Flood. Therefore, the land must be rehabilitated that will include scrapping the improvements and infrastructure, adding fill, and grading before its use can change.

Cost to Demolish the Sites

The Town of Lyons provided an estimated cost to demo the two subject sites. A copy of the bid is included in the addendum of this report. The bid originated in May-2007 and included the removal/burial of all infrastructure and resulted in two leveled parcels zoned as agricultural use in Boulder County. The cost to demo both water filtration sites was originally quoted at \$399,000 and a contractor familiar with the original bid –Eric, Garney Construction – 303-791-3600, provided his opinion that the demo costs would be 20% higher than the original 2007 bid. Without receiving a new bid via the seller or potential buyer- Town of Lyons, the opinion of the cost provided by a contractor that specializes in demolishing of similar water filtration plants, is considered the most reliable indication as to the cost to cure. That indicated the 2007 bid now equates to an estimated cost of \$480,000.

Highest and Best Use “As Improved” Conclusion

Overall, the most productive use of the subject is to scrape the existing sites, rehabilitate each site for a specific use or one that can utilize the good Highway exposure and maximize the current Boulder County Agricultural zoning.

SUMMARIZED MARKET ANALYSIS

As a general observation many of the national and regional real estate market sectors displayed declining values and demand from 2008-2010. However, 2011-2012 displayed a stabilization of rents while 2013 to present has seen increased demand across multiple sectors of the economy. Over much of the recessed period owner/users have been buying and selling properties with many sales based on their own needs. Rental rates for both industrial and retail uses have been stable and have shown increases over the past 18 -24 months as the economy is slowly recovering. Investors have not been highly involved with expansion over the last several years and have sought properties that were under financial stress, for anticipation of future gains. As the demand continues to drive down vacancy in the commercial sectors, expansion will take place.

The subject property does not fit the typical retail outlet as there are limitations placed on the land use by Boulder County. Retail that supports agriculture uses are allowed considering the site sizes, would allow for good yard display, for agricultural retail uses such as a farm supply store, equestrian supply, equipment sales yard, and service outlets such as veterinarian clinic or a Kennel. Properties in close proximity to the Ute Highway Corridor and the east/west Highways of 66 that leads to Longmont along with Highway 36 that leads directly to Boulder. Both Highways provide a desirable regional presence. A general retail market overview is presented from secondary sources: CBRE Xceligent, Sperry Van Ness, and CoStar market reports. The study area includes Longmont, Boulder and Boulder County areas.

Location	Overall Retail Vacancy	Retail Rental Rate \$/SF
CoStar		
Boulder	1.9%	\$24.39/SF
Longmont	6.7%	\$14.55/SF
CBRE		
Boulder	3.3%	\$20.17/SF Avg.
Sperry Van Ness		
Longmont & Surrounding Areas	7.8%	\$14.59/SF
Overall Averages	4.93%	\$18.42/SF Average

SOURCES: 2016-1st Q, Costar, Mid-year 2016 CBRE, July 2016- Sperry Van Ness

There is no specific secondary market data available for the Lyon Colorado market. The secondary data reports cover two influential areas of Longmont and the Boulder market. In general, the Boulder market is considered superior to both Longmont and the Lyons area and the data simple provides a market perspective as a competing market area for larger-retail yards that would be allowed under the A- zoning at the subject. Overall rental rates ranging from \$14.55- \$24.39/SF and average \$18.42/square foot annually on a triple net basis. The overall vacancy rates are estimated to range from 1.9% and 7.8% for retail space and average 4.93%. Both the average rent and vacancy rates are somewhat skewed because of the Boulder market stats. Overall, a commercial sector is generally in balance when vacancy is between 4 and 6% range. Longmont numbers are above market in large part to the retail expansion they have recently experienced at the Peaks at Longmont- outdoor mall, Harvest Junction and the Downtown Longmont developments. The longer trend of the commercial sectors- including retail- in the Northern Colorado Market has vacancy rates trending downward from 2009-2011 levels. Rental rates are slowly increasing as leases are being renewed.

Market Conditions and Market Participant Comments

The overall opinion of local and regional Real Estate Brokers: Travis Ackerman Wakefield Cushman, Thomas Bannigan, Avison Young, Jeremy Ballenger, CBRE, Denny Mintle- Keller Williams, have reported similar market conditions. A downturn in the overall commercial markets dating back to 2008 - 2009 with many of the declines leveling off in and around 2010 stabilizing conditions in 2011 with more activity in 2013 which increased to the present. Rental rates have set the lower end of the range during the down years and are currently seeing increases based on the shrinking supply and increased demand. The vacancy rates are the lowest in multiple years (3% - 12%) and in fact, Steve Kawulok (Sperry Van Ness) sees vacancy rates are at or below the pre-recession period in 2007.

Most brokers generally agree that owner/user commercial property sales are having a higher level of interest since there are more funding options available versus an investor that must provide a substantial amount of money down to purchase an income property. While multiple projects are in process in the greater Boulder County market area, the specific Lyons market is limited as to new development taking place. Overall, since the flood of 2013 Lyons has been in a state of recovery, and the current supply of commercial properties available generally meets demand. However, the Subject offers larger amounts of yard – which are somewhat limited in the immediate area and may be a significant influence in the future development of the subject as it has prime Ute Highway exposure.

VALUATION METHODOLOGY

The traditional appraisal process calls for three approaches to be used in estimating market value; the Cost Approach, the Income Approach, and the Sales Comparison Approach.

Cost Approach

The Cost Approach consists of estimating the current replacement cost or reproduction cost of existing improvements, subtracting accrued depreciation from all causes, and adding the estimated land value as though unimproved and available to be put to its highest and best use. When improvements are new or of a specialty nature and represent one of the highest and best uses of the property "as vacant", the Cost Approach is a reliable indicator of value.

Income Approach

The Income Approach uses anticipated future benefits of ownership discounted to present worth to estimate the value of a property. A typical future benefit is an expected stream of net income derived from market rental rates. The discount rate is market derived and represents the perceived value of money over time and compensation for investment risk. This is an effective valuation technique when there is an abundance of market income data and there is historical income information from the subject property.

Sales Comparison Approach

The Sales Comparison Approach, also known as The Market Data Approach, requires the collection and analysis of market data about properties similar to the subject property that has sold recently or is offered for sale. Information about similar properties is compared to the subject property with the greatest consideration going to the most similar properties that actually sold. This is a good value indicator when a number of similar properties have sold recently to compare with the subject.

Methodology Applied and Final Value Estimate

A final value estimate is derived by correlating indications from the approaches developed with the most weight being placed on the approach considered to provide the most reliable value indication. Vacant land appraisal analysis does not utilize the Cost Approach as there are no improvements on site in which to value or develop a replacement cost estimate. In this appraisal report, the current use of the subject "as is" is physically and economically obsolete and the cost to cure will result in vacant land. The Income Approach was also considered but there is no significant amount of supportable income data available for vacant land to develop a credible opinion of value based on the capitalized income stream. Therefore, after consideration to all three approaches to value, only the Sales Comparison Approach to value was developed.

SALES COMPARISON APPROACH

An indication of Market Value may be obtained by an analysis of comparable sales. Based on the principle of substitution, a prudent buyer would not pay more for the subject than the price required for a comparable substitute property. This approach is a good indication of value when there are a number of recent and similar sales to the subject property.

Land Value

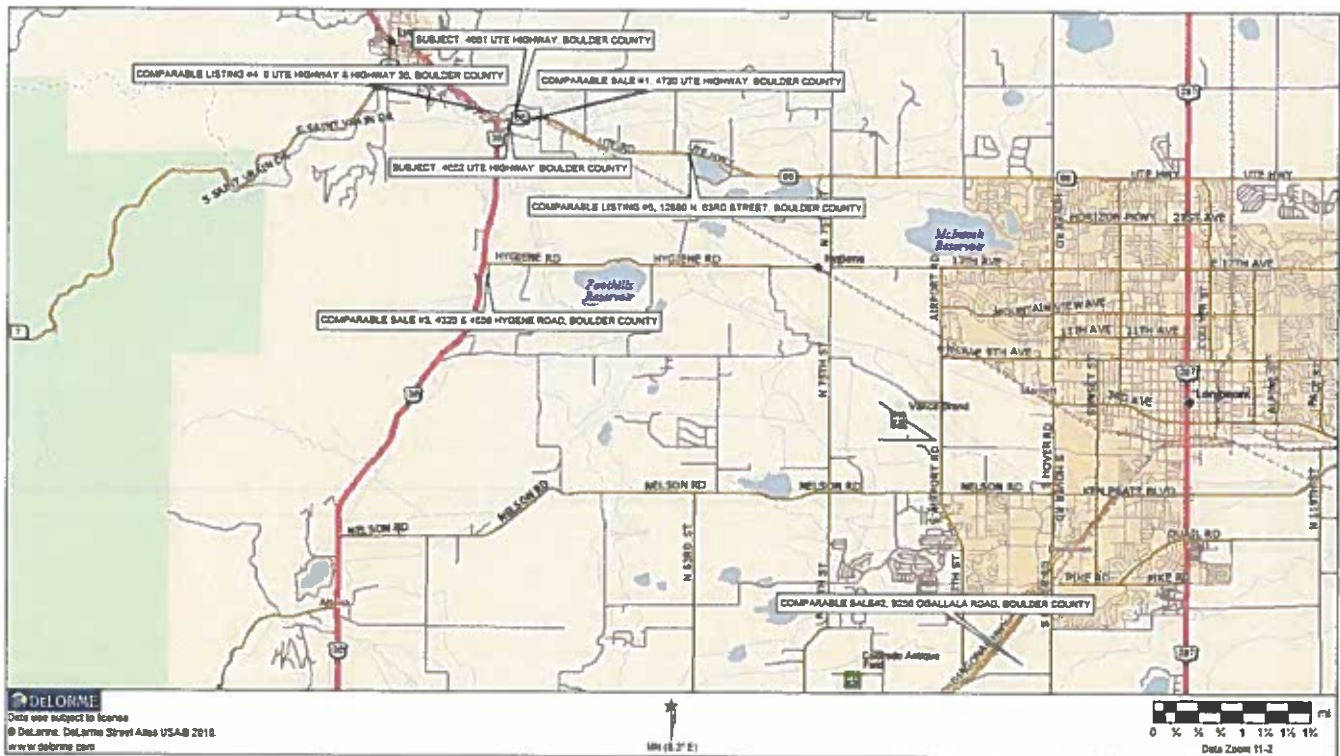
The comparable sales have been confirmed via brokers, buyers, or sellers, and considered to be a reasonable representative substitution of vacant land properties after demo of the subject has taken place (Highest and Best Use). A Sales Comparison Approach utilizes recent vacant land sales that have similar property characteristics -when compared to the subject, and derives a unit price that is applicable to the subject. The sales of vacant land parcels in Boulder Colorado has been surveyed in addition to the Lyons Colorado market. Overall, there is a limited number of highly similar Boulder County land sales in the immediate Lyons market zoned as Agricultural use. However, there is sufficient data to develop a reasonable indication of a market value utilizing the comparison approach. Both owner/users and investors are active in the vacant land market and the following survey provides vacant land sales that have a comparable agricultural zoning located in Boulder County.

Comparable Vacant Land Sales Survey

	Sale 1	Sale 2	Sale 3	Listing 4	Listing 5	Subject
Comparable Land Sales	4720 Ute Highway & 2875 Stone Canyon Rd. Boulder County	9255 Ogallala Road Boulder County	4558 & 4320 Hygiene Road Boulder County	Parcel # 120320100003 Boulder County	12800 North 63 rd Street Boulder County	4651 & 4652 Ute Highway Boulder County
Sale Date	5/2016	3/2015	5/2013	Active Listing	Active Asking	N/A
Sale Price	\$1,125,000 Allotted: \$750,000 & \$375,000	\$450,000	\$525,000	\$550,000	\$585,000	N/A
Site Size	227,347 SF & 2,290,403 SF (52 acres)	312,336 SF	714,069 SF	371,376 SF	128,746 SF	145,182 SF & 281,033 SF
Sale Price \$/SF	Allotted: \$3.30/SF \$0.16/SF	\$1.44/SF	\$0.74/SF	\$1.48/SF	\$4.54/SF	N/A
Water	Two Water Taps/Shares Left Hand	Well	Well	None	Water Tap	2 Water Wells & Taps
Sewer	Septic	None	To Be Replaced	None	Septic	Septic
Zoning	A- Boulder County	A – Boulder County	A- Boulder County	A- Boulder County	A Boulder County	A- Boulder County

As noted, the subject is appraised as vacant agricultural zoned land that can be developed but does have a limited number of “uses by right” as per Boulder County Zoning. Additionally, the potential Town of Lyons expansion- east along the Ute Highway corridor and potential annexation of the subject properties fuels speculation as to vacant land values. As previously noted, this report appraises the subject properties “as is”- which is prior to any annexation. While there are a limited number of highly similar agricultural zoned land sales in the immediate area, the most recent sale, comparable #1 provides a very current and reliable unit value indication of highly similar land when compared with the subject. There are sufficient similarities in the comparable sales to adequately consider their use, location, exposure, zoning, and size to develop a reasonable unit value estimate applicable to the subject. All sales were arm’s length transactions for cash or its equivalent and no adjustments are required for financing. A location map and information about the comparable sales are included as follows.

Comparable Sale Location Map



COMPARABLE SALE #1

Sale	# 1		
Location	4720 Ute Highway & 2875 Stone Canyon Rd.	Exposure	Ute Highway
City	Lyons	Parcel #	1203210-00-036 & 1203050-00-022
Sale Date	5/1/2016	Property Type	Stone Yard, Two Rental Houses & 52 Acre Quarry
Price	\$1,125,000 Allotted: \$750,000/227,347 SF Land \$375,000/52 Acres	Legal	Included in Addendum
Land/SF Price	Allotted: \$3.30/SF & \$0.16/SF	Grantor	Frances A. Phillips
Property Rights	Fee Simple & Leased Fee	Grantee	Blue Mountain Inc
Conditions Of Sale	\$0	Verification	Buyer, Raul Vasquez, 303-709-3795, MLS, County
Adjusted Price	Allotted: \$750,000 & \$375,000	Intended Use	Owner User/Annexation, Hold for Development
Expenditures After Sale	+\$250,000	DOM	N/A
Adjusted Price	Allotted: \$1,000,000 & \$375,000	Site Size	227,347 SF & 2,290,403 SF (52 acres)
Capitalized Rental Income	-\$320,000	Water	Two Water Taps
Adjusted Price	Allotted: \$680,000 & \$375,000	Sewer	One Septic
Land Area	227,347 SF & 2,290,403 SF (52 acres)	Zoning	Agriculture, Boulder
Adjusted SF Unit Price	Allotted: \$2.99/SF & \$0.16/SF	Improvement	Two Rental Houses
Financing	\$525,000 Down, \$600,000 Owner Finance at 5.25%	Fencing	Yes

This sale includes multiple elements that must be separated to reasonably determine a unit price for the land value included in Comparable Sale #1. This comparable sale was of a flag stone company- Phillips Stone and their quarry. The buyer, Raul Vasquez- provided detail information regarding the transaction and allotted value applied to each of the properties. The sales price of \$1,125,000 was allotted to \$750,000 for the 227,347 SF parcel (adjacent to the subject along Ute Highway), while \$375,000 was assigned to the 52-acre quarry on Stone Canyon Road. Other than extracting the sales price, the \$375,000 portion of the sale is irrelevant in this appraisal analysis.

Mr. Vasquez (Buyer) indicated that the inventory and equipment used at the quarry and retail site had little or no value as Raul owns a competing Stone Company- Blue Mountain Stone, and has significant inventory and all equipment necessary for successful operations. It was purchased as Agricultural zoned land but the buyer indicated his intention to annex into the Town of Lyons and hold for development within Lyons land use parameters. Multi family or a commercial use is most likely.

A second factor that must be examined is the expenditures after the sale. The site and improvements reflected deferred maintenance. Some requirements were due to structural age while other damage was the effects of the 2013 flooding. The buyer had to add fill, scape some improvements, and grade the entire parcel. He estimated \$250,000 in material, labor, and equipment costs to get to the leveled parcel today. Since the cost to cure the site was made available, this expenditure is added to the sales price allotted to the Ute Highway parcel and represents a five + acre vacant parcel of agricultural land fully cured, leveled and graded.

A third factor in this sale is the two, one-bedroom houses on site. One of the two units are utilized by the owner to house his Mother with the second utilized for one of his employees. The site includes two water taps and one septic system that serves both residential units. Since there is a strong demand for housing in Boulder County- and the Lyons market, a contributing value of the two residential units was estimated by capitalizing a reasonable Net Operating Income with a current capitalization rate. A brief survey found one bedroom houses rented from \$1,000 - \$1,200. Given the large yard, somewhat secluded area and accessible river, a rate at the \$1,200/month rate is chosen to apply to the subject units. Market level capitalization rates were found to range from 6% to 7.5% for attached housing. Given the strong rental market, a 6.5 % rate was applied to the comparable rental units NOI. The following abbreviated Income Capitalization table illustrates the derivation of the estimated contributory value of the subject's two units.

Residential Units	Market Rent					
	\$1,200/Month MG	x	2 Units		PGRI	= \$28,800
Vacancy & Collection				3.00%		(\$864)
EGI						\$27,936
Operating Expenses						
Taxes			Estimated	\$3,000		
Maintenance			Estimated	\$1,000		
Insurance			Estimated	\$1,000		
Management			6%	\$1,676		
Repairs Replacement Reserves			1%	\$279		
Miscellaneous			1%	\$279		
Total Operating Expenses				\$7,234		
Less 'Total Operating Expenses			26%			(\$7,234)
Net Operating Income (NOI)						\$20,702
VALUE ESTIMATE FROM DIRECT CAPITALIZATION						
Value =	NOI	÷	OAR			
=	\$20,702	÷	6.5%			
=	\$318,492		Capitalized Value			
	\$320,000		Rounded			

The \$320,000 capitalized amount equates to the value contributed to the sales price based on the residential improvements on site. This amount is subtracted from the adjusted sales price to derive the amount paid for the land as thou vacant -but leveled and graded which equates to \$2.99/SF of vacant land.

COMPARABLE SALE #2

Sale	# 2		
Location	9255 Ogallala Road	Exposure	Rural
City	Boulder County	Parcel #	1315200-00-058
Sale Date	3/1/2015	Property Type	Vacant Lot
Price	\$450,000	Legal	TOTAL 7AC M/L SW1/4 NE1/4 20-2N-69
Land/SF Price	\$1.44/SF	Grantor	Mckinster Edna E Trust
Property Rights	Fee Simple	Grantee	Scribner Robert & Lynn
Conditions Of Sale	\$0	Verification	Listing Broker, Kyle Scherr- Signature Realty 720-495-4846, MLS, County
Adjusted Price	\$450,000	Intended Use	Owner User/Home Site/Allows for Horses
Expenditures After Sale	\$0	DOM	561
Adjusted Price	\$450,000	Site Size	312,336 SF
Capitalized Rental Income	0%	Water	None
Adjusted Price	\$450,000	Sewer	None
Land Area	312,336 SF	Zoning	Agricultural - Boulder County
Adjusted SF Unit Price	\$1.44/SF	Improvement	None
Financing	Cash to Seller	Fencing	None

Comparable sale #2, is a parcel located near Highway 119 corridor, just west of the Longmont, but has no Highway 119 exposure and is accessed by a secondary street -Ogallala Road. The seven-acre parcel does not have any road frontage as the intended and permitted use is residential and agriculture use such as horses. It is larger than the subject, and there is no water or septic on site. Overall, this Boulder County parcel is zoned Agricultural but is significantly inferior when compared with the subject parcel.

COMPARABLE SALE #3

Sale	# 3		
Location	4558 & 4320 Hygiene Road	Exposure	Rural
City	Boulder County	Parcel #	1203320-00-019 & 1203320-00-016
Sale Date	5/1/2013	Property Type	Vacant Lot & One Residential Improved
Price	\$525,000	Legal	10.37AC M/L NE 1/4 32-3N-7D 5.629 ACS M/L NE 1/4 EAST OF HWY 7 32-3N-7D
Land/SF Price	\$0.74	Grantor	Downing Steven D Trust
Property Rights	Fee Simple	Grantee	Retzliff Oliver
Conditions Of Sale	\$0	Verification	Listing Brokerage, John-The KL Team, 303-444-3177, MLS, County
Adjusted Price	\$525,000	Intended Use	Owner/Residential
Expenditures After Sale	\$10,000	DOM	16 Days
Adjusted Price	\$535,000	Site Size	714,069
Market Conditions	10%	Water	Well, 7 Shares of Left Hand water- not in sales price
Adjusted Price	\$588,500	Sewer	None
Land Area	714,069 (262,071 SF & 451,998 SF)	Zoning	Agriculture, Boulder County
Adjusted SF Unit Price	\$0.82	Improvement	1,500 SF
Financing	Cash to Seller	Fencing	None

Comparable sale #3, includes two parcels located in the Highway 36 corridor, just south of the Lyons that sold in 2013. Improving market conditions indicate a 10% upward adjustment is warranted. While located alongside Highway 36, the topography minimizes any highway exposure. The broker indicated the smaller parcel is unbuildable as it is a buffer lot and development not allowed. It serves as open space for the Boulder County development requirements. The larger lot included approximately 10 acres and had an older house that was planning to be scraped -to make way for a new build. An estimate of \$10,000 was assigned the demo costs and added to the sales price. This comparable sale does not have any influential road frontage as the intended and permitted use is residential and agriculture use with access from a secondary road. It is significantly larger than the subject, and while there is a well for water, a new septic is required. Overall, this Boulder County parcel is zoned Agricultural, but is significantly inferior when compared with the subject parcel.

COMPARABLE LISTING #4

Active Listing	# 4		
Location	0 Ute Highway and Highway 36	Exposure	Rural
City	Boulder County	Parcel #	120320100003
Sale Date	N/A	Property Type	Vacant Lot
Asking Price	\$550,000	Legal	PT N OF DITCH IN SW 1/4 NE 1/4 20-3N-70 11 AC M/L
Land/SF Price	\$1.48/SF	Grantor	Ramey Ralph & Y Living Trus
Property Rights	Fee Simple	Grantee	N/A
Conditions Of Sale	\$0	Verification	Listing Broker- Nancy Dayton, 303-678-8231, MLS, County
Adjusted Price	\$550,000	Intended Use	Annexation/Residential Use
Expenditures After Sale	\$0	DOM	345 Days
Adjusted Price	\$550,000	Site Size	371,376 SF
Capitalized Rental Income	0%	Water	None
Adjusted Price	\$550,000	Sewer	None
Land Area	371,376 SF	Zoning	Agricultural, Boulder County
Adjusted SF Unit Price	\$1.48/SF	Improvement	N/A
Financing	N/A	Fencing	N/A

Comparable Listing #4, is a parcel located in the Ute Highway Corridor and in the northwest quadrant of the intersection of Highway 36 and Ute Highway just east of Lyons (near subject sites) and in Boulder County. The listing Agent – Nancy Dayton provided the information on the property and indicated access has been the biggest issue with the site and why it has not sold with a year period. An access easement agreement is now established with the neighboring parcel. However, the site is elevated well above the roadway and a commercial use is highly unlikely as it has no exposure or primary access. Based on the its most likely residential use, its larger size, lack of water or septic, a significant upward adjustment is justified.

**COMPARABLE LISTING #5**

Sale	Listing #5		
Location	12800 N. 63rd Street	Exposure	Ute Highway
City	Boulder County	Parcel #	1203220-00-017
Sale Date	N/A	Property Type	Vacant Lot
Price	\$585,000	Legal	PT BETWEEN MCCALL LAKE & ROAD IN SE1/4 SE1/4 22-3N-70 2.83 AC M/L
Land/SF Price	\$4.54	Grantor	Plum LLC
Property Rights	Fee Simple	Grantee	N/A
Conditions Of Sale	\$0	Verification	Listing Agent-Alexis Blakely, 720-300-3119 MLS, County
Adjusted Price	\$585,000	Intended Use	Owner/ Residential
Expenditures After Sale	\$0	DOM	85 Days
Adjusted Price	\$585,000	Site Size	128,746
Capitalized Rental Income	0%	Water	Water Tap
Adjusted Price	\$585,000	Sewer	Septic
Land Area	128,746	Zoning	A- Boulder County
Adjusted SF Unit Price	\$4.54	Improvement	Expanded Water Front- Peers
Financing	N/A	Fencing	None

Comparable Listing #5, is a parcel located along the south side of Ute Highway approximately two miles east of the subject in rural Boulder County. It is a water front property that has water taps and septic installed. Additionally, there is a peer system installed to better utilize the water front. The listing Agent – Alexis Blakely provided the information on the property and indicated the owner has spent up to \$200,000 on site improvements. However, she also acknowledged that the property is priced above market. The site is agriculturally zoned and it does have direct Ute Highway exposure. A use by right does include retail for an agricultural support based business. While it could be used for some sort of commercial venture, its most likely use is residential development. Based on the its most likely residential use, its smaller size, inclusion of water and septic, a downward adjustment in the list price is justified.

Comparable Vacant Land Analysis

Appraiser judgment and paired sale analysis was conducted to derive adjustments for the different characteristics as compared to the subject parcel. Consideration was given for market conditions, location, and size. Comparable #1 is the most relevant sale that provides good market evidence as to current market reactions for differences between comparable sales and the subject.

Time of Sale

Comparable sales #1 and #2 took place in 2016 & 2015 respectively. The market has remained relatively steady since the purchase of these two properties and no time of sale adjustments are warranted. Comparable #3, took place in 2013 and across most of the commercial and residential sectors, there have been property value increases. There is a lack of good paired sales that clearly identify a change in the immediate Lyons Colorado area, however, most northern Colorado markets have seen 10% to more than 30% increases over the last three-year period. Generally, the market supports a conservative 10% increase in property values since 2013 and therefore a 10% upward adjustment is made in the unit price of comparable #3. The active listings 4 - 5 are included for a current market perspective of current Boulder County- Agricultural zoned land in the neighborhood and no adjustment for time of sale is made.

Location

The subject is located in the Ute Highway corridor just east of Lyons Colorado and Highway 36. It has good accessibility and a location in the future Lyons Colorado expansion zone. Comparable #1, is adjacent to the subject on the east and has a highly similar access and location. Comparable sales #2 and #3 are zoned in Boulder County but have an inferior street-access and Highway corridor access which justifies a 10% upward adjustment. Comparable sales #4 and #5 are both located in the similar Ute Highway corridor just east of Lyons.

Exposure

The subject has direct Ute Highway exposure which justifies superior commercial uses. Comparable #1, is adjacent to the subject on the east and has a highly similar exposure, while #5 also has similar Ute Highway exposure. When compared with sale #1, Comparable sales #2, #3, and #4, are zoned in Boulder County but have significantly inferior highway exposure and are given a 50%-unit price adjustment for the inferior exposure.

Permitted Uses/Likely Uses

The subject "as is" is zoned Agriculture in Boulder County. Uses are limited, but permitted uses include retail uses such as a farm store, greenhouse, equestrian, or other agricultural supported uses. In the case of the subject, Ute Highway frontage is a significant factor of a likely use which is the case for Comparable #1, which is adjacent to the subject located at 4652 Ute Highway. On the other hand, while sales # 2 - #4 are also agricultural zoned, they all have significantly less exposure and inferior access making the most likely development residential in nature which displays an inferior market reaction in the unit prices paid. Therefore, comparable sales #2, #3, and #4 are given a 20% adjustment in the unit sales price for the planned residential use of the site versus the subject's most likely commercial use.

Size Differential

The subject includes two separate lots – 145,182 SF & 281,033 SF. For the purposes of the size analysis, the average size of the subjects two lots - 213,110 SF will be used for comparison. The typical market reaction is one based on the “economy of scale” whereas a smaller lot will typically sell at a higher unit price versus a larger lot. The most similar sized lot is comparable #1 that is 227,347 SF and no size adjustment was made. Comparable sales # 2, #3, and #4 are all larger than the subject and an upward adjustment in the unit prices is justified. Sale #3 is most significant and the market supports a 40% adjustment for size differences. Sales #2 was given a 5% adjustment and sale #4 was given a 10% adjustment for size differences. Comparable sale#5 is smaller than the subject’s average size lot and is given a downward adjustment for the size differential.

Site Improvements

The subject includes water well and taps for domestic water use and two separate septic systems, and secure site fencing. Comparable sale #1 also includes two water taps, a septic system and a partially fenced yard and is considered similar to the subject. Comparable sales #2 and #4 do not have any water or sewer in place and a 10% adjustment –(\$45,000 -\$55,000) has been added for the inferior site improvements when compared with the subject. Comparable #3 has a water well and tap in place but had to replace the septic system and a 5% adjustment was made in the unit price. Listing #5 has a water tap and septic system in place which is considered similar to the subject.

Comparable Land Sale Adjustment Grid

Comparable Land Sales	Sale 1	Sale 2	Sale 3	Listing 4	Listing 5	Subject
	4720 Ute Highway & 2875 Stone Canyon Rd.	9255 Ogallala Road	4558 & 4320 Hygiene Road	Parcel # 120320100003	12800 North 63 rd Street	4651 & 4652 Ute Highway
	Boulder County	Boulder County	Boulder County	Boulder County	Boulder County	Boulder County
Sale Date	5/2016	3/2015	5/2013	Active Listing	Active Asking	N/A
Sale Price	*Allotted: \$680,000	\$450,000	*\$535,000	\$550,000	\$585,000	N/A
Site Size	227,347 SF	312,336 SF	714,069 SF	371,376 SF	128,746 SF	145,185 SF & 281,034 SF (Average 213,110 SF)
Sale Price \$/SF	*Allotted: \$2.99/SF	\$1.44/SF	\$0.82/SF	\$1.48/SF	\$4.54/SF	N/A
Zoning	A - Boulder County	A - Boulder County	A - Boulder County	A - Boulder County	A - Boulder County	A - Boulder County
*adjusted on comparable profile sheets						
ADJUSTMENTS						
Location	0%	+10%	+10%	0%	0%	-
Exposure	0%	+50%	+50%	+50%	0%	-
Permitted-Likely Uses	0%	+20%	+20%	+20%	0%	-
Size (GSF)	0%	+5%	+40%	+10%	-15%	-
Water/Septic/Fence	0%	+10%	+5%	+10%	0%	-
Net Adjustment	0%	+95%	125%	+90%	-15%	-
Adj. Sale Price \$/SF	\$2.99/SF	\$2.81/SF	\$1.85/SF	\$2.81/SF	\$3.86/SF	-

**The Adjusted Unit Price of the Comparable Land Sales and Listings Ranged from:
\$1.85/SF - \$3.86/SF**

Vacant Land Value Conclusion

The two listings (#4 & #5) are not closed sales and no weight is given them since they only display current asking prices. The comparable sale #1 is by far the most reliable indicator of a market value of vacant land in the subject’s immediate Lyons Colorado market area. While sales #2 and #3 are valid Agricultural land sales, their intended residential use, inferior locations, and exposure, are significantly inferior to the subject and comparable #1-unit price.

Direct Sales Comparison Reconciliation

The different characteristics found in each of the sales were compared against one another to determine a market reaction and then adjusted when compared with the subject. Considering the available market data such as: sale date, land size, zoning, location, and site improvements, comparable sale #1 (\$2.99/SF) best represents a current unit value applicable to the subject. Considering the adjusted unit prices, sale #3 is most dissimilar in its size, exposure, and likely use. The adjusted unit price of Comparable #2 considers the elements of comparison and is reconciled at \$2.81/SF. A unit value in the range of \$2.81/SF to \$2.99/SF best represents the subject and based on the subject's location, size, and permitted use a unit price is rounded to a \$3.00/SF. The derived unit value is applied to the subject's lot as follows:

Subject Lots (As Vacant)	Size	Unit Value	Opinion of Vacant Land Value	Rounded
4651 Ute Highway, Boulder County	281,033 SF	\$3.00/SF	\$843,102	\$840,000
4652 Ute Highway, Boulder County	145,182 SF	\$3.00/SF	\$435,546	\$435,000

Cost to Cure

As discussed and presented in the Highest and Best Use Section of this report, the Town of Lyons provided an estimated cost to demo the two subject sites. The bid originated in May-2007 and included the removal/burial of all infrastructure and resulted in two leveled parcels zoned as agricultural use in Boulder County. The cost to demo both water filtration sites was originally quoted at \$399,000 and a contractor familiar with the original bid –Eric, Garner Construction – 303-791-3600, provided his opinion that the demo costs would be 20% higher than the original 2007 bid. Without receiving a new bid via the seller or potential buyer- Town of Lyons, the opinion of the cost provided by a contractor that specializes in demolishing of similar water filtration plants, is considered the most reliable indication as to the cost to cure. That indicated the 2007 bid now equates to an estimated cost of \$480,000. While the demo costs may or may not be distributed evenly for the purposes of this report, \$240,000 or half of the demo costs will be subtracted from the derived value of each separate parcel of land as follows:

4651 Ute Highway,	281,033 SF	\$840,000
Cost to Cure		-\$240,000
Subject North Site	"As Is"	\$600,000

4652 Ute Highway	145,182 SF	\$435,000
Cost to Cure		-\$240,000
Subject South Site	"As Is"	\$195,000

4651 Ute Highway, Boulder County

The Opinion of Market Value of the Fee Simple Interest in Subject Property,
Via Sales Comparison Approach "As Is"

Six Hundred Thousand Dollars
\$ 600,000

4652 Ute Highway, Boulder County

The Opinion of Market Value of the Fee Simple Interest in Subject Property,
Via Sales Comparison Approach "As Is"

One Hundred Ninety-Five Thousand Dollars
\$ 195,000

RECONCILIATION AND FINAL ESTIMATE OF VALUE

The prime function in the reconciliation section of the report is to consider the most reliable information presented in relation to its dependability of reflecting the probable actions of users and investors in the market. This appraisal report is based on the subject being two vacant lots- fully cured, and comparable with other vacant agricultural developable parcels. Since the land is vacant, the Cost Approach is not applicable -as there are no improvements. The Income approach could be applicable if leased, but a land lease would be required and there is a lack of published data regarding a viable market level land lease rates, making the Income Approach highly speculative and having low reliability. The indications of value based on the Sales Comparison developed in this appraisal report are summarized as follows:

Subject 4651 Ute Highway, Lyons, Boulder County	"As Is"
Cost Approach:	N/A
Income Approach:	N/A
Direct Sales Comparison Approach:	\$600,000

Subject 4652 Ute Highway, Lyons, Boulder County	"As Is"
Cost Approach:	N/A
Income Approach:	N/A
Direct Sales Comparison Approach:	\$195,000

Cost Approach

The Cost Approach is a good value indicator when the property is recently improved and there are a number of recent land sales in the area. In consideration of the omitting the Cost Approach, the subject is being valued as vacant land Agricultural land in Boulder County. Vacant land appraisal analysis does not utilize the Cost Approach as there are no improvements on site in which to value or develop a replacement cost estimate. In this appraisal report, the current improvements-decommissioned water filtration use of the subject is physically and economically obsolete and subtracting the cost to cure (demo current structures, level, and grade sites) will result in vacant land value "as is".

Income Approach

The Income Approach was also considered but there is no significant amount of supportable income data available for vacant land to develop a credible opinion of value based on the capitalized income stream. The Appraiser has used discretion in providing only pertinent sales data in a format that will allow the reader to follow the Appraiser's path to arriving at a value which is based solely on the Sales Comparison Approach.

Sales Comparison Approach

When similar properties have sold in the local market, the Sales Comparison Approach is a good value indicator. The approach included in this report provides relevant information about the reactions of buyers and sellers of vacant agricultural zoned land the local Boulder County and Lyons Colorado market. The highly similar comparable #1, is also the most recent sale and establishes a highly valid and credible unit value in the subject's immediate Ute Highway corridor. Making adjustments for the physical differences, a unit value of \$3.00/square foot is derived for the subject. The derived market unit value is highly reflective of the unit price paid/derived for comparable #1 analysis which is at \$2.99/SF. The comparable analysis also shows that Agricultural Zoned Boulder County residential use land reflects a significantly lower price/value when compared with the commercial type land use of comparable #1, which is well above the prices paid for residential use land.

Opinion Of Market Values

In my opinion, the Market Value of the Fee Simple Interest in the subject property located at 4651 Ute Highway, Boulder County, (Lyons) Colorado "As Is" assuming no environmental contamination and an exposure time of 12 months or less, as of August 15, 2016 was:

SIX HUNDRED THOUSAND DOLLARS

\$600,000

In my opinion, the Market Value of the Fee Simple Interest in the subject property located at 4652 Ute Highway, Boulder County, (Lyons) Colorado "As Is" assuming no environmental contamination issues and an exposure time of 12 months or less, as of August 15, 2016 was:

ONE HUNDRED NINETY-FIVE THOUSAND DOLLARS

\$195,000

ESTIMATED EXPOSURE TIME

The appraiser has examined and analyzed an appropriate exposure/marketing period for the subject, in accordance with USPAP Standards Rules 1 and 2. Exposure time is defined, according to the 2016 edition of the Uniform Standards of Professional Appraisal Practice, as:

*The estimated length of time the property interest being appraised would have been offered on the market prior to a hypothetical consummation of a sale at a market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market.*⁵

Exposure time is a period of time before the effective date of the appraisal. The subject property includes good quality improvements with an adequate amount of historical retail center sales over the past two years to provide a reliable indication of an exposure period. A search of vacant agricultural properties displayed that the days on market varied from 16 days to more than 500 days on market.

When priced with in market levels and considering the subject location, the exposure time required for an agricultural property as described as the subject, an exposure period of less than one year is considered a reasonable expectation.

⁵ 2014 Uniform Standards of Professional Appraisal Practice, The Appraisal Foundation, United States of America, Effective January 1, 2014

ESTIMATED MARKETING TIME

The estimated marketing time for the subject is based on the demand for similar properties in the local market. Marketing time is defined as:

The reasonable marketing time is an estimate of the time it might take to sell a property interest in real estate at the estimated market value level during the period immediately after the effective date of an appraisal.^{IBID}

The historic exposure period of vacant agricultural property sales provide a number of sales of less than and more than one year. Several factors must be considered in projecting the health of the market going forward including- its strength and the desirability of the property. Generally, the Boulder County Market has strong demand for agricultural properties that allow for some limited commercial uses. Conversations with brokers and property owners indicate the market has good demand and in my opinion the subject property provide desirable characteristics that are currently being sought out in the current market.

It is concluded that if priced with in the market levels a sale should take place within a reasonable amount of exposure to the market which is generally thought to be of one year or less.

CONTINGENT AND LIMITING CONDITIONS

(Appraisal Report)

The appraisal report has been made with the following contingent and limiting conditions:

1. This is a real property appraisal report that is intended to comply with the reporting requirements set forth under Standard Rule 2-2a of the Uniform Standards of Professional Practice for an Appraisal Report. As such, it may not include full discussions of the data, reasoning, and analyses that were used in the appraisal process but all pertinent data to develop the appraiser's opinion of value has been presented. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's files. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.
2. No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this report.
3. The property is appraised free and clear of any or all liens and encumbrances unless otherwise stated in this report.
4. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
5. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
6. All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
7. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
8. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in this report.
9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless nonconformity has been stated, defined, and considered in this appraisal.
10. It is assumed that all required licenses, certificates of occupancy or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value contained in this report are based.
11. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.

CONTINGENT AND LIMITING CONDITIONS – CONTINUED

12. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is not encroachment or trespass unless otherwise stated in this report.
13. The appraiser is not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation, radon gas, lead based paint, or other potentially hazardous materials may affect the value of the property. The appraiser's value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.
14. The appraiser herein by reason of this appraisal is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.
15. Any proposed improvements are assumed to be completed in a good workmanlike manner in accordance with the plans and specifications submitted.
16. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
17. The appraiser assumes that the reader or user of this report has been provided with copies of available building plans and all leases and amendments, if any, that pertain to the subject property.
18. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event, only with proper written qualification and only in its entirety.
19. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news sales, or other media without prior written consent and approval of the appraiser.
20. The Americans With Disabilities Act (ADA) became effective January 26, 1992. I have not made a specific ADA compliance survey. Non-compliance could have a negative effect on the value of the subject property. Since I have no direct evidence relating to this issue, I did not consider requirements of the ADA in estimating the value of the property.

CONTINGENT AND LIMITING CONDITIONS – CONTINUED

21. This appraisal has been prepared by an appraiser with extensive experience in the local market. There were no additional steps required to competently complete the attached appraisal report.
22. Photographs, maps, and exhibits contained in this report may be digital representations or enhancements and may not depict images to scale.
23. Liability of the Appraiser is limited to the elected fee for preparation of the appraisal. Front Range Appraisal, LLC, as well as any employee, agent or officer thereof, shall be completely indemnified against any and all losses, claims, damages liabilities, costs or expenses to which the recipient and/or third party user may become subject. There is no accountability or liability to any third party.

APPRAISER'S CERTIFICATION:

The following Certification statements are in addition to and may supersede any other Appraiser's Certification included or attached to this appraisal report. This Appraiser's Certification is compliant with the 2016-2017 Uniform Standards of Professional Appraisal Practice.

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

The statements of fact contained in this report are true and correct.

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.

I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

My engagement in this assignment was not contingent upon developing or reporting predetermined results.

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.

My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with Uniform Standards of Professional Appraisal Practice.

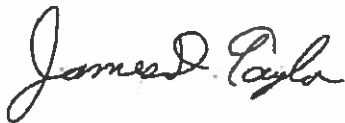
James D. Taylor made a personal inspection of the property that is the subject of this report.

No other person provided significant professional assistance to the appraisers signing this report.

"I have performed no 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."

ANALYSIS AND REPORT FORM:

This is a Real Property Appraisal Report. The data is presented in a summary format with more complete data contained in my files. The appraisal is based on the information gathered by the appraiser from public records, other identified sources, inspection of the subject property and neighborhood, and selection of comparable sales, listings, and/or rentals within the subject market area. The original source of the comparable described in the Data Source section of the market grid along with the source of confirmation, if available. The extent of the analysis applied to this assignment is stated in the body of the report under Valuation Methodologies and Procedures.



James D. Taylor #CG40033066
Colorado Certified General Appraiser
Expires 12/31/2017
720-937-2137
jim@frontrangeappraisal.net

APPRAISER QUALIFICATIONS
JAMES D. TAYLOR
COLORADO CERTIFIED GENERAL APPRAISER #CG40033066

Independent Fee Real Property Appraiser

Front Range Appraisal, LLC - Established 2009

P.O. Box 1144

Longmont, Colorado 80502 James D. Taylor, Owner

Rocky Mountain Appraisal Network, LLC - 2003 to 2009

P.O. Box 718

Longmont, Colorado 80502 Chet Buhrmann, Owner

Experience:

Real property appraisal experience evaluating Leased Fee and Fee Simple property rights since March 2003

Types of property appraised:

- | | |
|-----------------------|---|
| • Office | Single Tenant; Multi-Tenant |
| • Retail | Free Standing Single Tenant; Multi-Tenant Strip Center |
| • Industrial | Owner User; Multi-Tenant Income Producing |
| • Mixed Use | Residential-Retail |
| • Multi-Family | Apartments; Condominiums |
| • Warehouse | Cold Storage; Distribution; Self Storage & Condominiums |
| • Car Wash | Automatic Full Service; Tunnel Wash; Self Service |
| • Quick-Lube | Grease Monkey; Oil Can Henry's |
| • Restaurant | Dine In; Drive Thru Fast Food |
| • Vacant Land | Commercial- Residential Lots and Subdivision |

Areas Serviced:

Counties: Adams, Arapahoe, Boulder, Broomfield, Denver, Douglass, Jefferson, Larimer, and Weld

City-Towns: Ault, Aurora, Berthoud, Boulder, Brighton, Broomfield, Centennial, Commerce City, Denver, Estes Park, Fort Collins, Fort Lupton, Golden, Greeley-Evans, Lafayette, Longmont, Louisville, Loveland, Lyons, Mead, Northglenn, Parker, Wellington, Westminster

Appraiser Related Education:

January-2003 Real Property Appraising, 60 Hour Qualifying Education- Registered Appraiser
American Real Estate College

March-2003 15 Hour- USPAP Requirement
American Real Estate College

March-2005 Real Property Appraising, 15 Hour Qualifying Education- Licensed Appraiser
American Real Estate College

April-2006 Real Property Appraising, 30 Hour Qualifying Education- Certified Residential
American Real Estate College

August-2006 7 Hour USPAP Update
Center for Professional Education

October-2006 Real Property Appraising, 60 Hour Qualifying Education- Certified General
American Real Estate College

August-2008 7 Hour USPAP Update
Kaplan Professional Schools

April-2009 Evaluating Commercial Construction,
Appraisal Institute, Colorado Chapter-Denver

October-2009 Appraising in a Declining Market
Kaplan Professional Schools

November-2009 Appraising Policy Changes
Appraisal Institute, Colorado Chapter-Denver

December-2009 Valuing Energy Star Sustainable Buildings
Appraisal Institute, Colorado Chapter-Denver

May-2010 7 Hour USPAP Update
Kaplan Professional Schools

October-2012 30 Hr Sales Comparison Approach
Appraisal Institute, Colorado Chapter-Denver

November-2012 7 Hour USPAP Update
Kaplan Professional Schools

April-2013 30 Hour General Appraiser Income Approach/Part 1
Appraisal Institute, Colorado Chapter-Denver

January-2014 2014-2015 7-hour National USPAP Update Course
McKissock Professional Education Online

December-2015 Analyzing Operating Expenses
Appraisal Institute Education -Online

March-2016 2016 -2017 7-Hour National USPAP Update Course

License: Colorado Certified General Appraiser # CG40033066, Exp-12/31/2017

Colorado Department of Regulatory Agencies Division of Real Estate James D Taylor Certified General Appraiser	
CG 040033066	01/01/2016
License Number	Issue Date
Active	2/31/2017
License	Expiration
Verify this license at http://dora.colorado.gov/dre	
 Director: Marcia Waters	 Licensee Signature