

Appraisal Report of:

**Popelka Commerce Center Subdivision, 2nd Filing
Lots 3A-1A, 3A-4, 3A-5
Billings, Yellowstone County, Montana**

**Date of "As Is" Market Value: May 3, 2018
Date of Report: June 16, 2018**

For:

**Mr. Steve Zeier
SBURA Authorized Representative
3312 4th Avenue North
Billings, Montana 59101**

By:

**Thomas Appraisal Services, Inc.
David C. Thomas, MAI
175 North 27th Street, Suite 1220
Billings, Montana 59101
406-969-1504**



David C. Thomas, MAI
Commercial Real Estate

THOMAS
APPRAISAL
SERVICES, INC.

Barbara D. Thomas
Residential Real Estate

June 16, 2018

Mr. Steve Zeier
SBURA Authorized Representative
3312 4th Avenue North
Billings, Montana 59101

RE: Appraisal of Lots 3A-1A, 3A-4 & 3A-5, Popelka Commerce Center Subdivision,
in Billings, Montana.

Dear Mr. Zeier:

Pursuant to your request, I have prepared an appraisal of the above described property. The purpose of this appraisal is to estimate the market value of the encumbered surface rights of the fee interest. I have personally inspected the site valued in this report. I certify that I have no personal interest, present or contemplated, in the subject property and that this appraisal represents my opinion of the market value of the subject property.

As a result of my investigation, the final estimated "As Is" market value of the encumbered surface rights of the fee interest of the subject property, as of the date of last inspection, May 3, 2018, is: **\$890,000.**

This letter must remain attached to the report, which contains 42 pages plus related exhibits, in order for the value opinion set forth to be considered valid. Further, this letter of transmittal precedes the appraisal report further describing the property and containing the reasoning and most pertinent data leading to the final value estimates. Your attention is directed to the Assumptions and Limiting Conditions and Certification, which are considered usual for this type of assignment and have been included within the text of this report.

Sincerely,

THOMAS APPRAISAL SERVICES, INC.

By: David C. Thomas, MAI
Montana Certified General Appraiser #416

Enclosure: Appraisal Report

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Summary of Appraisal

Location: The subject consists of three lots that are located along Commerce Way, which is in southcentral Billings near King Avenue East and South Billings Boulevard.

Physical Address: TBD

Legal Description: Lot 3A-1A, Block 1, of Amended Plat of Lots 3A-1 & 3A-3, Block 1, Popelka Commerce Center Subdivision, 2nd Filing, in the City of Billings, Yellowstone County, Montana under Doc. #3766027, and Lots 3A-4 and 3A-5, Block 1, Popelka Commerce Center Subdivision, 2nd Filing, in the City of Billings, Yellowstone County, Montana under Doc. #3766524.

Tax ID Numbers:

3A-1A:	A31139
3A-4:	A35426
3A-5:	A35427

Type of Property: Vacant land.

Site: The three lots that comprise the subject property have a gross area of 10.137 acres (441,568 sf). After subtracting out access easements for Commerce Way, trail easements, and Suburban Ditch easements, the net developable area equates to 7.871 acres (342,869 sf). The individual lot sizes are as follows:

	<u>Gross</u>	<u>Net</u>
Lot 3A-1A:	159,671 sf	133,829 sf
Lot 3A-4:	196,029	154,208
Lot 3A-5:	85,868	54,832

All three lots have the EGC – Entryway General Commercial Zoning classification. These lots are currently vacant. It will be the owner/developers responsibility to buildout Commerce Way along its frontage with these lots and also to extend city water and sewer lines the length of Commerce Way.

Highest and Best Use: Development with a commercial use that does not require frontage along an arterial roadway but still needs to be close to arterial roadways.

Final “As Is” Market Value: \$ 890,000 (\$2.60/sf – net area)

Date of “As Is” Value: May 3, 2018

Date of Report: June 16, 2018

Estimated Marketing Period: 6 to 12 Months

CLIENT: Mr. Steve Zeier
SBURA Authorized Representative
3312 4th Avenue North
Billings, Montana 59101

APPRAISER: David C. Thomas, MAI,
Thomas Appraisal Services, Inc.
175 North 27th Street, Suite 1220
Billings, Montana 59101
(406) 969-1504

SUBJECT: Appraisal of Lots 3A-1A, 3A-4 & 3A-5, Popelka Commerce Center
Subdivision, in Billings, Yellowstone County, Montana.

INTRODUCTION:

This Appraisal Report is in a format similar to what formally was referred to as a summary report. As such, it presents only summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraisers' opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraisers' file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated below. The appraiser is not responsible for unauthorized use of this report.

PURPOSE OF THE APPRAISAL:

The purpose of this appraisal is to provide the appraisers' best estimate of the market value of the subject real property as of the effective date. *Market value* is defined by the federal financial institutions regulatory agencies as follows:

Market value means 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.

(Source: Office of the Comptroller of the Currency under 12 CFR, Part 34, Subpart C-Appraisals, 34.42 Definitions [f].)

INTENDED USE: The intended use of this appraisal is to assist the South Billings Urban Renewal Association in establishing the market value of the subject property for a pending purchase of the subject property.

INTENDED USERS: This appraisal report is prepared for the sole and exclusive use of the appraiser's client: South Billings Urban Renewal Association. Additional intended users include the City of Billings and Robert Popelka, who is the current owner of the subject property. No unnamed third parties are authorized to rely upon this report without the express written consent of the appraiser.

INTEREST VALUED: The encumbered surface rights of the fee interest in the above described real estate. Accordingly, this interest is less than the largely theoretical "fee simple" interest defined below:

Fee Simple Estate: 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.

The Dictionary of Real Estate Appraisal. 4th Edition: Appraisal Institute, 2002, p. 113.

EFFECTIVE DATE OF "AS IS" VALUE: May 3, 2018

DATE OF REPORT: June 16, 2018

APPRAISAL DEVELOPMENT AND REPORTING PROCESS

In preparing this appraisal, the appraiser:

- Inspected the subject site on May 3, 2018.
- Gathered information on comparable land sales and interviewed numerous local real estate Brokers and investors as to land values in the subject neighborhood.
- Contacted the City of Billings Public Works Department as to the required infrastructure for Popelka Commerce Center Subdivision, 2nd Filing.
- Confirmed and analyzed the data and applied the Sales Comparison Approach to value.

The Cost Approach and the Income Approach have not been developed in this analysis. Neither approach is commonly used in the appraisal of vacant land. The majority of my peers would not use these two approaches in the valuation of the subject property. All information necessary to present an appraisal that is not misleading to the intended user is contained in this report. Supporting documentation is contained in the appraisers' file.

GENERAL AREA ANALYSIS

The City of Billings, county seat of Yellowstone County, is located in the south central portion of Montana. More specifically, it is situated midway between Seattle, Washington and Minneapolis, Minnesota and approximately 550 miles northwest of Denver, Colorado. Billings is the largest city in Montana with a 2015 population estimate of 110,263 persons. This represents an increase of 8.2% over the 2010 census count of 101,876 persons. U.S. Census figures indicated that the 2015 population of Yellowstone County was 157,048, which represents an increase of 9.9% over the 2010 census count of 142,348 persons.

The City's economy is generally characterized as diverse. The Billings trade area includes 25 Montana counties and eight Wyoming counties and is considered one of the largest geographical trade areas in the nation. As such, the City serves as a major wholesale and retail trade center. Agriculture has also been a traditionally strong part of the Billings economy. Billings has the second largest livestock auction market in the nation and has always served as an important center for the growing and selling of such crops as wheat, barley, sugar beets, corn and oats.

The Billings medical community consists of two major hospitals, several group practices, surgical groups, the Northern Rockies Regional Cancer Treatment Center and the South Central Montana Regional Mental Health Center. These facilities contribute to making Billings the largest major medical center between Spokane and Minneapolis and north of Denver. Tourism and recreation also play an important role in Montana's economy. Billings' proximity to Yellowstone National Park, numerous ski resorts, and excellent hunting, fishing, camping and hiking opportunities make it a likely stop over point for the vacationer in this area.

In summary, the City of Billings is a viable metropolitan area with a diverse economy and a history of healthy, sustained growth. The growing viability of the community as a retail and wholesale trade center, the continued growth in the local medical community, and ever increasing levels of tourism all contributed to predictions by the University of Montana's Bureau of Business and Economic Research that Billings and Yellowstone County will likely be among the leaders in the state in population and economic growth over the next decade.

NEIGHBORHOOD ANALYSIS

The subject is located immediately north and west of the northwest corner of King Avenue East and South Billings Boulevard, in Billings, Montana. For the purposes of this analysis, the subject neighborhood is considered to be that area bounded by Interstate 90 to the south, Orchard Lane to the east, and Laurel Road to the north and west. This area is a mixture of retail, office, industrial, residential, and public uses.

The primary roadways in the neighborhood are considered to be King Avenue East and South Billings Boulevard. King Avenue East is an east-west arterial that travels through the center of the neighborhood. It provides access to the neighborhood from the commercial areas to the west and the residential areas to the east. South Billings Boulevard provides direct access to Interstate 90 and the areas south of the interstate and is a primary north-south arterial in south-central Billings. Laurel Road is a primary arterial linking downtown Billings to south and southwest Billings. Of these three roadways, Laurel Road has the highest traffic counts of around 18,000 to 20,000 vehicles per day (vpd); King Avenue East is second with around 10,000 vpd; and South Billings Boulevard is third with around 8,700 vpd.

The neighborhood is best described as being in the growth stage of its life cycle. The completion of the reconstruction of King Avenue East in 2002 is considered to be the catalyst that has sparked the growth in the immediate area. Numerous hotel/motel properties have been developed at the South Billings Boulevard/I90 interchange along with fast food restaurants such as McDonalds, Burger King, and Dairy Queen. Southgate Drive has been developed with motels, restaurants, and casinos.

The western third of the neighborhood is developed almost entirely with light industrial properties that need easy access to Interstate 90. The northern third of the neighborhood is developed with older residential housing, while the center of the neighborhood is

developed with Amend Park, which is a city owned and maintained park that has numerous soccer fields and other recreational areas that is used throughout the year. The eastern portions of the neighborhood (east of South Billings Boulevard and north of King Avenue East) is mostly older residential housing.

The two primary commercial developments east of South Billings Boulevard are Cabela's and Sam's Club. Cabela's has struggled at this location and the anticipated infill development that is generally associated with this retailer has not materialized. The pad sites adjacent to Cabela's remain vacant and available for purchase a full 10 years after Cabela's was constructed in 2008.

In summary, the subject neighborhood is a mixture of commercial, industrial, and residential development. The commercial, industrial, and public uses are for the most part newer while the residential areas are older and well established. There still remains patches of vacant land toward the south end of the neighborhood, which has been slow to develop, which is counter to other high profile retail locations which have seen strong growth over the past five years. This area is anticipated to see slow, steady growth into the future.

SITE ANALYSIS

The subject property consists of three separately identified lots located within the Popelka Commerce Center Subdivision. These lots are contiguous, however, because they have individual legal descriptions they are stand-alone parcels and need to be described individually. In its "as is" condition, the subject property is a single undeveloped tract, however, as per the Subdivision Improvement Agreement with the City of Billings for the Plat of Popelka Commerce Center Subdivision, Second Filing, dated August, 2014, Commerce Way is to be constructed upon development of these lots. Once Commerce Way is constructed, each lot will have frontage along this street, which is a private drive.

A quick explanation as to why there are two sizes shown below: gross and net. Gross acreage is the entire area of the site within the boundary lines. This includes all areas under easement, be they utility, access, trail, etc. The net acreage excludes the three following areas: access easements, trail easements, and ditch easements. I have concluded that these areas are undevelopable. They cannot be used as parking lot, storm water retention, building site, etc. Almost all properties have utility easements, therefore, these areas have been included in net developable acreage. These parameters have also been followed in determining the price per square foot for the comparable sales.

The following information is based on my physical inspection of the property on May 3, 2018, as well as information taken from public records and conversations/interviews with public officials.

Lot 3A-1A:

Location: This lot is located at the southwest corner of Southgate Drive and Commerce Way, in Billings, Montana. The south boundary line of this lot is approximately 130' north of King Avenue East.

Address: To Be Determined

Tax ID #: A31139

Legal Desc: Lot 3A-1A, Block 1, of Amended Plat of Lots 3A-1 & 3A-3, Block 1, Popelka Commerce Center Subdivision, Second Filing, in the City of Billings, Yellowstone County, Montana, under Document #3766027.

Size: 3.666 acres = 159,671 sf Gross Acreage

3.073 acres = 133,829 sf Net Acreage

As per the plat referenced above, the north, east and west boundary lines of this parcel extend to the center of the streets that form these boundary lines (Commerce Way & Southgate Drive). These easements (roadway and trail only), amount to 25,842 square feet, therefore, the net acreage amounts to 133,829 square feet. The calculations used to arrive at 25,842 sf are as follows, as taken from the above mentioned plat:

299.87' x 20' = 5,997 sf (west boundary line)

300.26' x 35' = 10,509 (east boundary line)

466.79' x 20' = 9,336 (north boundary line)

25,842 sf

Shape: Rectangular – please see the plat in the addenda that shows the shape of this site along with the road and trail easements mentioned above.

Frontages: 790'± along Commerce Way

280'± along Southgate Drive

Zoning: EGC – Entryway General Commercial

The purpose of the entryway general commercial zone is to provide a

specialized classification for hotels, restaurants and other tourist-related facilities near major highway interchanges.

Utilities: City water and sewer lines are currently located at the southwest corner and the northeast corner of this lot, in Commerce Way. Natural gas, electricity, telephone and fiber optic cable are readily available.

Access: This lot is accessed from Commerce Way via King Avenue East and South Billings Boulevard, and also from Southgate Drive via King Avenue East. Commerce Way has been extended northward from King Avenue East to the southern edge of this lot and has also been extended westward from South Billings Boulevard to the eastern edge of this lot. Southgate Drive is developed along the entire eastern boundary of this lot. As per the SIA with the City of Billings, it will be the owner/developers responsibility to develop the 50% of Commerce Way that fronts this lot at the time of development. Southgate Drive has been fully developed.

<u>R.E. Taxes:</u>	Assessed Land Value:	\$701,770	\$4.39/sf
	Assessed Building Value:	<u>22,920</u>	
	Total Assessed Value:	\$724,690	
	2017 Taxes:	\$ 15,807	\$0.10/sf

Of the total tax liability, \$4,110 represents SID #1354 which is paid in full in 2017. As such, the last payment on this SID will be made in May, 2018. The tax liability, therefore, is closer to \$11,697, which equates to \$0.073 psf.

Topography: This lot is flat and there are no distinguishing topographical features of note. Vegetation consists of tame grasses and weeds.

Adj. Land: The land adjacent to the south is developed with two fast food restaurants: Popeye's Louisiana Kitchen and Taco Bell. The land across Southgate Drive to the east is developed with the Ledgestone Hotel Billings. The land adjacent to the west and north is undeveloped and consists of the other two lots that are the subject of this report.

Flood Hazard: The subject is not located in an identified flood hazard area.

Lot 3A-4:

Location: This lot is located along the west and north sides of Commerce Way, adjacent to the north of Dairy Queen. A 30' wide "finger" extends southward to King Avenue East. For all intents and purposes, this lot is approximately 160' north of King Avenue East.

Address: To Be Determined

Tax ID #: A35426

Legal Desc: Lot 3A-4, Popelka Commerce Center Subdivision, Second Filing, in the City of Billings, Yellowstone County, Montana, under Document #3713010.

Size: 4.50 acres = 196,029 sf Gross Acreage
3.45 acres = 154,208 sf Net Acreage

As per the plat referenced above, the east and south boundary lines of this parcel extend to the center of Commerce Way (20' easement), which area is not available for development. I have also taken out the new trail easement

along the south side of the property. Finally, I have also deducted the easement area for Suburban Ditch. Suburban Ditch is not depicted on the survey referenced above. My estimate is based on aerial photography and measuring tools available via Google Maps. The total area of these easements amounts to 41,821 square feet (19,921 sf Commerce Way & trail – 21,900 sf Suburban Ditch), which leaves a net area of approximately 154,208 square feet. The calculations used to arrive at 41,821 sf are as follows, as taken from the above mentioned plat, and Google Maps:

$$\begin{aligned} 430.20' - 160.15' &= 270.05' \times 20.0' = 5,401 \text{ sf (east boundary line)} \\ &= 250 \text{ (est. size of corner)} \\ 270.07' \times 20.0' &= 5,401 \text{ (south boundary line)} \\ 730.0' \times 30.0' &= 21,900 \text{ (estimated size of ditch)} \\ 300.31' - 30.0' &= 270.31' \times 15.0' = 4,055 \text{ (new trail easement)} \\ 160.15' \times 30.06' &= \underline{4,814} \text{ ("finger")} \\ \text{Total Area:} &= \mathbf{41,821 \text{ sf}} \end{aligned}$$

Note: the length of the ditch is based on measurements taken from Google Maps using their “measure distance” tool.

Shape: “L” Shaped with a finger extending to King Avenue East – please see the plat and aerial photograph in the addenda that shows the shape of this lot along with the road and ditch easements mentioned above.

Frontages: 660' ± along Commerce Way
30' ± along King Avenue East

Zoning: EGC – Entryway General Commercial
The purpose of the entryway general commercial zone is to provide a specialized classification for hotels, restaurants and other tourist-related facilities near major highway interchanges.

Utilities: City water and sewer lines are currently located at the southeast corner of this lot in Commerce Way. Natural gas, electricity, telephone and fiber optic cable are readily available.

Access: This lot is accessed from Commerce Way via King Avenue East, Southgate Drive, and South Billings Boulevard. As per the SIA with the City of Billings, it will be the owner/developers responsibility to develop the 50% of Commerce Way that fronts this lot at the time of development.

<u>R.E. Taxes:</u>	Assessed Land Value:	\$221,681	\$1.13/sf
	Assessed Building Value:	<u>11,370</u>	
	Total Assessed Value:	\$233,051	
	2017 Taxes:	\$ 20,069	\$0.10/sf

Of the total tax liability, \$9,956 represents SID #1354 which is paid in full in 2017. As such, the last payment on this SID will be made in May, 2018. The tax liability, therefore, is closer to \$10,113, which equates to \$0.052 psf.

Topography: There lot slopes very gradually from west to east and north to south. As with Lot 3A-1A, the only vegetation is improved grasses and weeds. The distinguishing topographical feature on this lot is the Suburban Ditch, which diagonals through this lot beginning near the southwest corner and existing near the northeast corner. This ditch is not depicted on the Plat of Popelka Commerce Center Subdivision – 2nd Filing, however, in the SIA with the City of Billings, it specifically states that “the developer shall coordinate with the ditch company to relocate the ditch or put it underground if necessary.” The aerial photograph in the addenda shows the location of this ditch in relation to the property lines.

Adj. Land: The land adjacent to the south is developed with a Dairy Queen fast food restaurant. The land adjacent to the west and north is a city park commonly known as Amend Park. The land adjacent to the east is undeveloped and consists of the other two lots that are the subject of this report.

Flood Hazard: The subject is not located in an identified flood hazard area.

Lot 3A-5:

Location: This lot is located along the north side of Commerce Way. Similar to Lot 3A-4, a 60' wide "finger" extends eastward to South Billings Boulevard, which is simply an extension of Commerce Way. For all intents and purposes, the eastern boundary of this lot is located about 270' west of South Billings Boulevard.

Address: To Be Determined

Tax ID #: A35427

Legal Desc: Lot 3A-5 of Plat of Popelka Commerce Center Subdivision, Second Filing, in the City of Billings, Yellowstone County, Montana, under Document #3713010.

Size: 1.971 acres = 85,868 sf Gross Acreage
1.259 acres = 54,832 sf Net Acreage

As per the plat referenced above, a substantial portion of the south end of this lot consists of Commerce Way right-of-way, which amounts to 28,936 square feet. Along the east boundary of this parcel is a 15' wide trail

easement that amounts to 2,100 square feet of site area. After deducting these easement areas, the net area equates to 54,832 square feet. The calculations used to arrive at 25,842 sf are as follows, as taken from the above mentioned plat:

$$\begin{array}{rcl} 395.04' \times 60' & = & 23,702 \text{ sf (C. W. "finger")} \\ 261.72' \times 20' & = & 5,234 \text{ (south boundary line)} \\ 140.0' \times 15' & = & \underline{2,100} \text{ (trail easement)} \\ & & 25,842' \end{array}$$

Shape: Very Irregular – please see the plat in the addenda that shows the shape of this lot along with the road and trail easements mentioned above.

Frontages: 370'± along Commerce Way – developable area of site only
60' along South Billings Boulevard
50' along Southgate Drive

Zoning: EGC – Entryway General Commercial
The purpose of the entryway general commercial zone is to provide a specialized classification for hotels, restaurants and other tourist-related facilities near major highway interchanges.

Utilities: City water and sewer lines are currently located in Commerce Way at the east end of this lot. Natural gas, electricity, telephone and fiber optic cable are readily available.

Access: This lot is accessed from Commerce Way via South Billings Boulevard, Southgate Drive, and King Avenue East. Commerce Way has been extended westward from South Billings Boulevard to Southgate Drive. Southgate Drive has been extended northward to Commerce Way from

King Avenue West. As per the SIA with the City of Billings, it will be the owner/developers responsibility to develop the 50% of Commerce Way that fronts this lot at the time of development.

<u>R.E. Taxes:</u>	Assessed Land Value:	\$316,718	\$1.13/sf
	Assessed Building Value:	_____ 0	
	Total Assessed Value:	\$316,718	
	2017 Taxes:	\$ 11,749	\$0.14/sf

Of the total tax liability, \$4,472 represents SID #1354 which is paid in full in 2017. As such, the last payment on this SID will be made in May, 2018. The tax liability, therefore, is closer to \$7,277, which equates to \$0.085 psf.

Topography: As with the other two lots, this lot is essentially flat. There are several mature deciduous trees toward the northeast corner of the site. The remaining vegetation is tame grasses and weeds.

Adj. Land: The land adjacent to the south (west half of site) is undeveloped and is Lot 3A-1A of this report. The land adjacent to the south (east half of site) is developed with the Ledgestone Billings Hotel. The land adjacent to the east is developed with a light industrial use that is commonly known as Rocky Mountain Auto Body. The land adjacent to the north is part of Amend Park. The land adjacent to the west is undeveloped and is Lot 3A-4 of this report.

Flood Hazard: The subject is not located in an identified flood hazard area.

Hazardous or Toxic Materials:

A visual inspection of these three sites did not reveal any unusual soil conditions or hazardous waste materials that may be present on or under the site. I am not aware of a Phase I Environmental Assessment that has been made of the site; therefore, I cannot comment on actual soil conditions or the existence of hazardous wastes, if any, on/under the site. I am not an expert in detecting hazardous materials that may be present on/under the site, which materials may affect the value of the property.

The value estimate is predicated upon the assumption there is no such material on the property. Any such environmental risk discovered at a later date may require a revised estimate of value that may or may not be simply a reduction of the value by the estimated cost to cure the environmental condition. Properties known to have environmental risk may also carry a stigma in the marketplace that may or may not affect the value. If future soil tests should reveal the existence of any unusual soil conditions or hazardous wastes, we reserve the right to review and adjust this appraisal accordingly.

PROPERTY OWNERSHIP

The subject property is under the ownership of Popelka Enterprises, LLC. The Popelka family has owned this property for many years and was the developer of this subdivision in 2004. There have been no transfers of ownership of these three lots over the past five years.

The subject lots are listed for sale by Coldwell Banker Commercial of Billings. The current list price for each lot is as follows:

Lot 3A-1A:	\$7.00 psf	\$1,117,697		
Lot 3A-4:	\$3.25 psf	\$ 637,094		
Lot 3A-5:	\$3.50 psf	\$ <u>300,538</u>		
Combined Price:		\$2,055,329	=	\$4.65 psf (gross)
			=	\$5.99 psf (net)

Gross Acreage: 441,568 sf

Net Acreage: 342,869 sf

These lots have been available for purchase at this price since the subdivision was platted in mid-2014. As per Blaine Poppler with CBC, there is occasional interest in these lots, however, there have been no offers made on the lots **individually**, or as a group, at these prices. At this price, it would be the responsibility of the seller to finish development of Commerce Way through the remainder of the subdivision. The cost to finish construction of Commerce Way improvements (water, sanitary sewer, storm drain and street improvements) is estimated to be \$627,694 (as provided by Sanderson Stewart dated March 13, 2018 – copy contained in the addenda. This cost includes a 15% contingency fee and a 20% administration fee (admin. fee is calculated on the 15% contingency). This equates to \$1.83 psf ($\$627,694 / 342,869 \text{ sf} = \1.83) when allocated over net developable

acreage. When the estimated cost of completing these improvements is subtracted from the asking price, the "as is" asking price equates to \$4.16 psf ($\$5.99 - \$1.83 = \4.16) based on net acreage.

Additional costs also included in this estimate is the re-routing of Suburban Ditch, estimated to be \$88,939 (includes 15% contingency fee and 20% administration fee) and the piping of Suburban Ditch, estimated to be \$195,046 (same fees included).

There is currently a pending buy/sell agreement on all three lots by a single buyer. As per the signed Letter of Intent dated February 15, 2018, the buyer is South Billings Urban Renewal Association and/or permitted assigns. The purchased price is \$1,250,000 for all three lots. This equates to \$2.83 psf based on gross square footage ($\$1,250,000 / 441,568 = \2.83) and \$3.65 psf based on net square footage ($\$1,250,000 / 342,869 \text{ sf} = \3.65). At this agreed upon price, the buyer is purchasing the property in its "as is" condition. It will be the responsibility of the buyer to finish out development of Commerce Way, extend water and sewer lines under Commerce Way, and re-route/pipe Suburban Ditch, if that is so desired.

Based on the final estimate of value arrived at in this report, I have concluded that the pending sales price of \$1,250,000 is 27.2% above market. This is discussed in the Correlation Analysis and Final Value Estimate.

HIGHEST AND BEST USE

In estimating the site's highest and best use, legal controls, such as zoning, must be considered, along with investor attitudes and the financial feasibility of the alternative uses. Major types of real estate uses, consisting of agricultural, residential, recreational, industrial, commercial and public use, were considered. It is obvious that several of these uses can be immediately eliminated due to zoning restrictions or unsuitability of the site for such a use.

“As Vacant”:

As just mentioned in the previous section, the subject has been listed for sale as three separate lots since it was platted in 2014. It is my understanding that there have been no offers made over this period of time on any of these lots. Several conclusions can be drawn from the marketing history. The first and most obvious is that the asking price is likely above market. If the property has not sold, and no offers made on any of the lots over a period of about four years, the asking price is above market. The second take-away is that the market hasn't been able to define or identify what the ideal use of the property is. This is understandable given that the lots have no frontage along an arterial roadway and substantial infrastructure costs are necessary upon development.

I have identified five key issues that influence highest and best use. They are as follows: zoning, location, size (gross vs. net), Suburban ditch, and infrastructure. Following is a brief discussion of each issue and how it impacts highest and best use.

Zoning: The subject has the EGC zoning classification, which permits a fairly wide range of commercial uses. This classification is generally given to land near an interstate interchange. As stated in the definition, uses such as hotel/motel, restaurants, and tourist related businesses are the ideal uses, simply given the proximity to the interchange. A

fairly wide range of commercial uses are permitted under this classification and I have concluded that zoning is not an issue impacting highest and best use. In other words, almost all logical uses of the site would be permitted under this classification.

Location: The primary factor influencing the value of this property is its lack of frontage along an arterial roadway, which translates into location. Simply put, the subject does not have the exposure that is a key component in the siting of most retail properties, especially hotel/motel and restaurants. The lots in this subdivision that front King Avenue East and South Billings Boulevard have been developed with tourist related businesses: a convenience store, a hotel, and three fast food restaurants. The subject parcels, due to their lack of frontage have remained unsold and undeveloped.

It is interesting to note that Lot 3A-1A has been listed for sale at \$7.00 psf for about four years. The listing Broker had envisioned this lot being developed with a hotel, similar to the Ledgestone. In comparison, the lot that is now the location of My Place hotel sold in late 2013 for \$8.00 psf. This lot has excellent exposure from Interstate 90. Clearly hotel developers do not consider Lot 3A-1A as being financially feasible for this use at \$7.00 psf. During the development of this report, I spoke with a Broker who was pitching a lot in the South Billings Town Center project to a hotel developer. The developer wanted to look at other sites before making a decision but passes on Lot 3A-1A primarily because it lacks frontage/expose. Simply put, the location does not lend itself to this use.

In short, the subject's location (lack of frontage) relegates it to a secondary commercial use. One that does not need direct frontage but benefits from its proximity to an arterial and other high traffic retail uses.

Size: Gross Versus Net Acreage: As mentioned in site description, Commerce Way is a private street that has a perpetual access easement granted to the City of Billings. That portion of each site that is encumbered by access easements, trail easements, and ditch

easements, is not developable. While this does not necessarily impact use, most buyers will be keenly aware of how much land is useable. In the case of the subject, the ratio of useable to total is 0.78 to 1.0, which is quite low. This indirectly impacts value as the owner pays taxes on this area indefinitely. From a utility standpoint, each lot has sufficient useable area to meet the needs of a wide range of users/uses.

Suburban Ditch: Suburban Ditch is a major “scar” if you will on Lot 3A-4. It effectively cuts this lot in half and leaves the area to the north very compromised. This portion of the site is currently accessed via trail road that originates at Simpson Street to the north. Other than crossing the ditch, there is no legal access to the area north of the ditch and no culverts or bridges have been constructed on the ditch. As briefly mentioned in the site description, the ditch can be either relocated and left open or relocated and buried/piped, however, both options are very expensive. Based on the Sanderson Stewart quote, it would cost \$0.57 psf (net acreage over all three lots) to bury the ditch. This is feasible on land that is worth \$20.00 psf. It probably is not feasible on land that is worth \$2.50 psf.

The bottom line is that Suburban Ditch negatively impacts the utility of the northwest corner of the property. Given the amount of land available for development south of the ditch, the demand for the area north of the ditch is very low. It will likely be used as support area for any development south of the ditch.

Infrastructure: As stated in the SIA with the City of Billings, the developer is required to extend water and sewer lines the length of Commerce Way and also to finish construction of Commerce Way along its frontage with these lots. Based on the Sanderson Stewart cost estimate, dated March 12, 2018, these costs amount to \$1.83 psf of net useable acreage ($\$627,694 / 342,869 = \1.83). Generally speaking, most lots are purchased with all infrastructure in place. The buyer is acquiring a lot that is “shovel ready” so to speak. All potential purchasers of the subject property in its “as is” condition will have the added burden of completing infrastructure.

Although this does not preclude uses, it does impact value. All of the comparable sales used in this analysis were “shovel ready” sites, therefore, an adjustment was necessary to each sale to account for this expense.

Summary & Conclusion:

I have not been able to identify a single highest and best use for these three lots. The lack of frontage along an arterial roadway rules out uses such as hotel, fast food, convenience store, and most retail. The fact that the property has been listed for sale for four years with no offers being made is excellent support for this conclusion. Given the location, these sites lend themselves to commercial uses that do not require frontage but still need to be close to arterial roadways. Uses such as fitness centers, wholesalers, and light industrial come to mind. Given the substantial “off-site” improvement costs yet to be incurred, and the significant portion of the site that has limited utility, the value per square foot will be significantly lower than a comparable site that is shovel ready.

SALES COMPARISON APPROACH

The value of a property tends to be set by the cost of acquiring an equally desirable substitute property. Therefore, in the Sales Comparison Approach market data obtained from sales of properties with a reasonable degree of similarity to the subject property are analyzed and adjusted to arrive at a value indication. The reliability and similarity of comparable sales data tends to determine the reliability and accuracy of this approach.

Land Valuation

Four sales have been gathered that are considered relevant in the valuation of the subject site. These sales differ from the subject in various ways, i.e. location, time of sale, and physical characteristics. The dissimilarities are adjusted for by adding to the price of the comparable when it is inferior to the subject, and conversely, subtracting from the price of the comparable when it is superior to the subject. In practice it is very difficult to isolate each factor and accurately assess the amount of adjustment required. In most areas there is simply not sufficient data; thus, an appraiser must use subjective judgment in analysis. When analyzing data, several generalities can be applied:

1. Value tends to increase per unit of comparison as the size of the parcel decreases.
2. Value tends to increase with zoning density.
3. Value tends to increase as the distance to the main commercial center decreases.
4. Value tends to increase with amenities, such as views or desirable frontage.
5. Value tends to increase as site improvements increase.

Pertinent data concerning these sales are contained in the following chart. The subject is listed on the left-hand side for comparison purposes.

Land Sales Chart

Element:	Subject	Sale 1	Sale 2	Sale 3	Sale 4
Date of Sale:	N/A	03-2017	11-2016	09-2014	01-2013
Location:	King Ave. East & S. Billings Blvd.	SEC Lake Elmo Dr. & Hansen Ln.	King Ave. E., E. of S. Bllgs. Blvd.	S. Frontage Rd., E. of S. Bllgs. Boulevard	NEC King Ave. East & Calhoun Lane
Grantor:	N/A	Karen Boylan	S. Billings Center	H&E Equipment	Robert Medvec
Grantee:	N/A	PK Properties	Tekton Invest.	Kevin Hintt	Colt Comm.
H & B Use:	Commercial	Commercial	Commercial	Commercial	Commercial
Utilities:	Adjacent	Adjacent	Adjacent	Adjacent	Adjacent
Zoning:	EGC	CC	EGC	EGC	EGC
Size/SF:	342,869	338,196	653,400	245,678	185,052
Sales Price:	N/A	\$1,908,653	\$2,250,000	\$1,045,000	\$530,000
Price/SF:	N/A	\$5.64	\$3.44	\$4.25	\$2.86
Prop. Rights	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Financing:	Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller
Cond. Sale:	Typical	Typical	Typical	Typical	Typical
Market Cond.	Current	Similar	Inferior	Inferior	Inferior
Adjustment:		0	20%	25%	90%
Adj. Price/SF:	N/A	\$5.64	\$4.13	\$5.32	\$5.44
Infrastructure:	None	Superior	Superior	Superior	Superior
Adjustment:		-\$1.83	-\$1.83	-\$1.83	-\$1.83
Adj. Price/SF:		\$3.81	\$2.30	\$3.49	\$3.61
Location:	Average	Superior	Superior	Superior	Superior
Adjustment:		-25%	-20%	-25%	-20%
Zoning:	EGC	Similar	Equal	Equal	Equal
Adjustment:		0%	0%	0%	0%
Size/Sq. Ft.:	342,869	Similar	Inferior	Similar	Similar
Adjustment:		0%	30%	0%	0%
Net Adjust.:	N/A	-25%	10%	-25%	-20%
Adj. Price/SF:		\$2.86	\$2.53	\$2.62	\$2.89

The unit of comparison used in this analysis is price per square foot of net useable/developable acreage. A complete analysis of each sale, along with a plat map of each site, is located in the addenda.

Discussion of Sales:

Sale 1 is located at the southeast corner of Lake Elmo Drive and Hansen Lane in the Heights area of Billings. The south half of this site is adjacent to the west of Albertsons. At the time of sale, the property was developed with six older homes and numerous mature trees that were a mixture of cottonwood and Russian olive. Immediately after purchase, the buyer razed the houses and removed the trees to ready the site for redevelopment. This property consists of 13 legally described lots that range in size from 6,500 sf to 3.631 acres. The buyer has relisted the 100,000± sf adjacent to Albertsons at \$16.00 psf. The remainder of the parcel is being developed with 88 townhomes.

The property has extensive frontage along both Lake Elmo Drive and Hansen Lane. Lake Elmo Drive is classified as a “collector” street by the City of Billings and is mostly used as a connector between Main Street and Wicks Lane. Hansen Lane is a very lightly traveled street. Even though the property was developed with homes, redevelopment of the site will require extension of city services from the property line. The net useable area is slightly less than gross due to an access easement off of Hansen Lane that extends southward to Albertson.

This sale is superior to the subject in infrastructure and location and similar in the other elements of comparison.

Sale 2 is located along the south side of King Avenue East, approximately 625' east of South Billings Boulevard. This property is adjacent to the north and west of Cabela's. At the time of purchase, these lots were fully developed with streets and utilities and were "shovel ready". Also, all SID's had been paid by the seller. This was a speculative investment and the buyer had no specific use identified at the time of purchase. Cabela's has struggled at this location and marketing of these lots has been slow. Two of the smaller lots that front King Avenue East are reportedly under contract as of early May, 2018.

This property consists of nine legally identified lots that range in size from 34,245 sf to 3.894 acres. The site has 1,290 feet of frontage along King Avenue East and about 850' of frontage along the west bound off-ramp of Interstate 90. City water and sewer lines are available within the streets in the subdivision. The properties adjacent to the west include a My Place Hotel and a Burger King restaurant. The net developable area is about 1.6 acres smaller than gross due to the access and sidewalk easements that reduce the developable area of some of the lots.

This sale is superior to the subject in infrastructure and location, inferior in size, and equal in zoning.

Sale 3 is located along the south side of South Frontage Road, about 1/4th mile east of South Billings Boulevard. This site is across I90 and slightly east of Sale 2. Whereas Sales 1 and 2 have retail locations/highest and best uses, this property has a light industrial location/highest and best use. Subsequent to purchase the buyer constructed a shop/office building on a portion of the property for their use and sold a portion of the site to a light industrial retailer (Tacoma Screw Products). The property adjacent to the west is I State Truck Center while the property adjacent to the south is Auto Auction of Montana.

At the time of purchase, this site was shovel ready. City water and sewer lines were available in South Frontage Road. It has about 1,275 feet of frontage along South Frontage Road and also has excellent exposure to Interstate 90. This exposure certainly creates value in this site. The gross acreage and the net acreage are the same for this property.

This sale is superior to the subject in infrastructure and location and similar in the other elements of comparison.

Sale 4 is located at the northeast corner of King Avenue East and Calhoun Lane, which location is directly across King Avenue East from Sale 2. This property was developed with two older homes at the time of purchase, one of which was immediately razed. The other is occupied by the seller until the site is developed, as per a condition of sale. City water and sewer lines are available in King Avenue East and the gross and net acreage is the same.

The land adjacent to the east and north is developed with older single family housing. The land across Calhoun Lane is also developed with single family housing. This property has about 630 feet of frontage along King Avenue East and about 264 feet of frontage along Calhoun Lane. Calhoun Lane is classified as a “collector” street by the City of Billings.

I have concluded that this property is superior to the subject in infrastructure and location and similar in the other elements of comparison.

Transactional Adjustments Considered/Made to Sales:

No adjustments were necessary to any of the sales for property rights conveyed, financing terms, or conditions of sale. Several sales required adjustments for expenditures made immediately after purchase, however, these adjustments are reflected in the sales price in the chart (explained on sale write-up in addenda). Adjustments were made to Sales 2, 3 and 4 for market conditions. The support for this adjustment is as follows.

These sales occurred between January, 2013 and March, 2017. I have given Sales 2, 3 and 4 positive adjustments for market conditions as land values have definitely appreciated in these areas from the date of sale through early May, 2018.

Sale 4 occurred in January, 2013, which was toward the end of the downturn in land values as a result of the Great Recession. As of the date of this valuation, it would be almost impossible to find land within the city limits, connected to city services, selling for much less than \$5.00 psf. Sale 4 (plus another 1.35 acres) is currently listed for sale at \$6.00 psf with no offers made at this price. Based on conversations I've had with the listing Broker and others who are active in this area, I have given Sale 4 a 90% adjustment for market conditions, which places market value at \$5.44 psf. As support, Lots 4A and 5A in South Billings Town Center, which are directly across King Avenue East from this parcel, are currently under contract for \$11.36 psf (0.98 acres) and \$10.22 psf (0.79 acres), respectively. These are pad sites to Cabelas and should command much higher values, however, they provide excellent support for a 90% adjustment to this sale.

Sales 2 and 3 have been given 20% and 25% positive adjustments for market conditions, respectively. Once again, these adjustments are based on conversations with Brokers who are familiar with the area, and other sales retained in my files. No adjustment was made to Sale 1 for market conditions. Although this sale is over one year old, the market value has not changed materially over this period of time at this location.

Property Adjustments Considered/Made to Sales:

Infrastructure: The subject is being valued in its “as is” condition. As such, it will be the responsibility of the buyer to extend water and sewer lines the length of Commerce Way, and also finish construction of Commerce Way from where it currently terminates north of King Avenue West and west of South Billings Boulevard. As discussed previously, the estimated cost to complete these required improvements amounts to \$1.83 psf when allocated over net developable acreage.

None of the sales required infrastructure expenditures by the buyer after purchase. In other words, all streets were in place and water and sewer lines were available at the curb. In order to compare apples to apples, I have subtracted \$1.83 psf from each of the comparables to account for this expense at the subject property.

Location: All four sales have frontage along either a Principal Arterial (South Frontage Road), Minor Arterial (King Avenue East), or Collector (Lake Elmo Road & Calhoun Lane). The subject does not have frontage along a city street. Commerce Way is a privately owned subdivision road and will be lightly traveled, primarily by people needing to be at a property fronting this street. There would be little debate by any knowledgeable market participant that all four sales have a superior location to the subject property.

Of the four comparables, Sales 1 and 3 are considered to have the superior locations. Sale 1 has a good corner location in the Heights, adjacent to the west of Albertsons. This area does not have the stigma that often times attaches to properties in “south” Billings, which is where Sales 2 and 4 are located. Sale 3 is located along South Frontage Road (technically in south Billings, however, Interstate 90 is the line of demarcation in terms of stigma/value) and has excellent exposure and easy accessibility to Interstate 90. For these reasons, Sales 1 and 3 require a larger adjustment than Sales 2 and 4. Based on

conversations with Brokers, investors, and sales retained in my files, I have given Sales 1 and 3 a negative 25% adjustment for location and Sales 2 and 4 a negative 20% adjustment for location.

Zoning: The subject and Sales 2, 3 and 4 all have the EGC zoning classification. Sale 1 has the CC – Community Commercial classification. I have not made an adjustment to Sale 1 for zoning. In this instance these classifications are considered to be comparable and no adjustment is warranted.

Size: The unit of comparison used in this analysis is net developable area stated in square feet. As discussed previously, the subject has a net developable area estimated to be 342,869 square feet, or 7.87 acres. Sales 1, 3 and 4 have net areas of 7.76 acres, 5.64 acres, and 4.25 acres, respectively. The value per unit of comparison (acres, sq. ft., frontage, etc.) generally declines as the size increases, all other factors being equal. A comparison of these three sales does not suggest an adjustment is warranted within this size range.

Sale 2 has a net area of 15.0 acres, which is almost twice as large as the subject. A comparison of Sales 1, 3 and 4 to Sale 2 does suggest that an adjustment for size is warranted. After adjusting for location, the adjusted prices for Sales 1, 3 and 4 are \$2.86, \$2.62 and \$2.89 with an average of \$2.79 psf. The adjusted price for Sale 2 is \$1.84 psf. This suggests the adjustment due to location is 34.1% ($\$0.95 / \$2.79 = 0.3405$). Taking into consideration that other lessor factors could be influencing this difference, I have concluded to an adjustment of 30% to account for size to Sale 2.

Summary of Adjustments - Conclusion of Value:

The adjusted prices for the sales range from \$2.53 to \$2.89 psf, which is a fairly tight range. Primary consideration has been given to Sales 2, 3 and 4. These properties are all

located near the Interstate 90/South Billings Boulevard interchange and are similar to the subject in size. They required gross adjustments of 25%, 25% and 20%, respectively. Sale 1 is located in the Heights, is almost twice the size of the subject, and required a gross adjustment of 50%. Simply put, this sale has the least comparability to the subject. Sales 2, 3 and 4 suggest the market value of the subject should range between \$2.53 and \$2.89 psf. I have concluded to a value at the lower end of this range for the following two primary reasons.

Suburban Ditch: The land to the north of the ditch has less value than the land south of the ditch. Trying to allocate different values to these areas would be nothing more than speculation with no supporting data. By reconciling at the lower end of the range, this takes into consideration the limited utility the land north of the ditch has in relation to the land south of the ditch.

Infrastructure: The fact that the buyer is tasked with installing the necessary infrastructure is a negative in terms of marketability and ultimately valuation. By reconciling toward the lower end of the range, this gives consideration to the time and energy required on the buyers part to make these necessary improvements/expenditures. In a sense, it accounts for entrepreneurial profit.

Based on the information presented in this report, I have concluded to a market value of \$2.60 per square foot of net developable acreage for the subject property. The market value of the subject property is calculated as follows:

$$\begin{array}{rclclcl} 342,869 \text{ sf} & \times & \$2.60 \text{ psf} & = & \$891,459 \\ & & \text{Rounded to:} & & \mathbf{\$890,000} \end{array}$$

**CORRELATION ANALYSIS
AND
FINAL VALUE ESTIMATE**

The Sales Comparison Approach indicates the following value estimate for the subject property:

COST APPROACH:	Not Developed
SALES COMPARISON APPROACH:	\$890,000
INCOME APPROACH:	Not Developed

The Sales Comparison Approach is well supported by market data. This is the approach that almost all buyers and sellers of vacant land use when analyzing a property for potential acquisition or disposition. The four sales used in this approach are considered to provide excellent support for the final estimate of value. The strengths and weaknesses of each sale was discussed previously and restating these attributes is not necessary. What is productive is the comparison of the final estimate of value versus the agreed upon sales price.

The contract sales price between Popelka Enterprises and SBURA is \$1,250,000, or \$3.65 psf of net developable area. The asking price of the three lots, after subtracting for street and utility improvements, equates to \$1,427,635 ($\$2,055,329 - \$627,694 = \$1,427,635$), or \$4.16 psf. The pending sales price represents a 12.3% discount to asking price ($\$4.16 - \$3.65 = \$0.51$; $\$0.51 / \$4.16 = .1226$). My final estimate of value of \$2.60 psf equates to a discount of 37.5% ($\$4.16 - \$2.60 = \$1.56$; $\$1.56 / \$4.16 = .375$) from the asking price and a 28.8% ($\$3.65 - \$2.60 = \$1.05$; $\$1.05 / \$3.65 = .288$) discount from the pending sales price. I am the first to admit that my estimate of value is significantly lower than both asking price and pending sales price.

I consider this value to be justified. What is very telling is that no offers have been made on any of the parcels over the past four years (to the best of my knowledge) and the asking price has remained the same over this time frame. This suggests that market value is certainly more than 12.3% below asking price. If market value were only 12.3% below market, there would have been offers made on these parcels.

Another factor supporting my estimate is supply. Land Sales 2 and 4 are both back on the market available for purchase. This represents just over 19 acres of shovel ready lots, all having superior locations to the subject, available for purchase. The importance of supply cannot be overstated. Any buyer looking to purchase land in this immediate area has many options. In order to attract this buyer, the subject needs to be priced/valued accordingly. An example is Sale 4. This 5.60 acres is available for purchase at \$6.00 psf and the listing Broker reports no offers at this price. Assuming this property sells for my time adjusted value of \$5.44 psf and subtracting the \$1.83 psf in infrastructure costs necessary to the subject lots, this equates to \$3.61 psf. And, this lot has a much superior location to the subject. It just doesn't make sense that a buyer would pay \$3.65 psf for the subject when this lot could be purchased for \$3.61 psf.

In a nutshell, the subject has several major issues that have a negative impact on value. The supply of land in the immediate area is high and demand is relatively low. Taken together, it is my opinion the market value of the subject has to be substantially lower than the values of similar sites available for sale in close proximity.

Based on the analysis of the data and information presented in this report, the final “As Is” market value of the encumbered surface rights of the fee interest, as of the date of last inspection, May 3, 2018, is:

Eight Hundred Ninety Thousand Dollars
(\$890,000)

For the purposes of this analysis, a reasonable marketing period for the subject is estimated to be 6 to 12 months. This marketing period is based on a review of sales activity for similar types of property and assumes competitive pricing and competent marketing procedures.

CERTIFICATION

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

- the statements of fact contained in this report are true and correct.
- the reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my 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.
- the engagement in this assignment was not contingent upon developing or reporting predetermined results.
- the compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or 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.
- the analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- I have made a personal inspection of the property that is the subject of this report.
- no one provided significant real property appraisal assistance to the persons signing this certification.
- I have not appraised the subject property, nor supplied appraisal assistance to anyone appraising the subject property, within the past three years.

I further certify that the final estimated "As Is" market value of the encumbered surface rights of the fee interest, as of the date of last inspection, May 3, 2018, is: **\$890,000**. This appraisal was made in accordance with the Codes of Professional Ethics and the Standards of Professional Practice of The Appraisal Institute. The use of this report is subject to the requirements of The Appraisal Institute relating to review by their duly authorized representatives. As of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.

THOMAS APPRAISAL SERVICES, INC.



By: David C. Thomas, MAI
Montana Certified General Appraiser #416

QUALIFICATIONS/RESUME FOR DAVID C. THOMAS

Designation & Professional Affiliations

Member (MAI) The Appraisal Institute
Montana Certified General Appraiser #416

Business Address

Thomas Appraisal Services, Inc.	Phone:	406-969-1504
175 North 27 th Street, Suite 1220	Cell:	406-366-1159
Billings, MT 59101	E-Mail:	davethomas@thomasappraisalservices.com

Employment History

Independent Fee Appraiser... Thomas Appraisal Services, Inc.
Lewistown, MT... April 1993 to Present

Independent Contractor... Ferro Appraisal Services, Inc.
Great Falls, MT... April 1993 to December 1998

Independent Fee Appraiser... Pardue, Heide, Church, Smith and Waller of Brevard, Inc.
Titusville, Florida... September 1991 to February 1993

Education

Bachelor of Science, May 1989
Arizona State University, Tempe, Arizona
Double Major: Finance and Real Estate

Partial Listing of Clients

Basin State Bank of Lewistown	Metropolitan Mortgage & Securities
CB Richard Ellis/Metec Due Diligence	Montana Dept. of Fish, Wildlife, Parks
City of Billings	Montana Dept. of Transportation
Continental National Bank, Harlowton	State of Montana, Compensation Ins. Fund
Farm Credit Services	Stockman Bank of Montana
Fergus County Federal Credit Union	US Dept of Agriculture, Rural Development
ABN AMRO	US Dept. of Agriculture, NRCS
First Interstate Bank - Billings	Western Security Bank
First Bank of Lewistown	Wells Fargo Bank
JP Realty Inc., Hialeah, Florida	Wells Fargo Bank Public Finance
Judith Basin County	Yellowstone Bank
Lewistown Airport Authority	Numerous private investors, attorneys, & accountants.

Continuing Education Courses

2017 – Marketability Studies – Basic & Advanced Applications	Appraisal Institute
2016 - 7-Hour National USPAP Update Course	Appraisal Institute
2014 - General Appraiser Market Analysis & H. & B. Use	Appraisal Institute
2014 - Online Cool Tools New Technology for R.E. Appraisers	Appraisal Institute
2014 - 7-Hour National USPAP Update Course	Appraisal Institute
2014 - 2014 Montana Economic Outlook Seminar	University of Montana
2013 - Business Practices & Ethics	Appraisal Institute
2012 - Appraising the Appraisal: Appraisal Review	Appraisal Institute
2012 - 7-Hour National USPAP Update Course	Appraisal Institute
2011 - Advanced Spreadsheet Modeling for Valuation Appl.	Appraisal Institute
2010 - DCF Model: Concepts, Issues, Applications	Appraisal Institute
2010 - Using Spreadsheet Programs in Appraisals	Appraisal Institute
2010 - Valuation for Financial Reporting	Appraisal Institute
2010 - Standards of Professional Practice, Part C	Appraisal Institute
2009 - Business Practices & Ethics	Appraisal Institute
2008 - Office Building Valuation - Cont. Perspective	Appraisal Institute
2008 - Standards of Professional Practice, Part C	Appraisal Institute
2007 - Analyzing Distressed Real Estate	Appraisal Institute
2007 - Feas., Mark. Val., Timing: Option Value	Appraisal Institute
2007 - Effective Appraisal Writing	Appraisal Institute
2007 - Standards of Professional Practice, Part C	Appraisal Institute
2006 - Subdivision Valuation	Appraisal Institute
2006 - Code of Professional Ethics	Appraisal Institute
2006 - Standards of Professional Practice, Part C	Appraisal Institute
2005 - Scope of Work, Exp. Your Services	Appraisal Institute
2004 - Evaluating Commercial Construction	Appraisal Institute
2004 - Standards of Professional Practice, Part C	Appraisal Institute
2003 - Separating Real & Personal Property from Intangible Business Assets	Appraisal Institute
2003 - Uniform Stan. for Fed. Land Acquisitions	Appraisal Institute
2002 - Partial Interest Valuation - Undivided	Appraisal Institute
2002 - Standards of Professional Practice, Part C	Appraisal Institute
2001 - Partial Interest Valuation - Divided	Appraisal Institute
2001 - Passed Comprehensive Examination	Appraisal Institute
2001 - The Comprehensive Appraisal Workshop	Ted Whitmer, MAI Attorney
2000 - Advanced Applications	Appraisal Institute
2000 - Case Studies/Highest and Best Use	Appraisal Institute
2000 - Litigation Skills for the Appraiser	Appraisal Institute
2000 - Standards of Prof. App. Practice, Part C	Appraisal Institute
1999 - Nonres. Demo. Report Writing Seminar	Appraisal Institute
1999 - Highest and Best Use and Market Analysis	Appraisal Institute
1999 - Advanced Income Capitalization	Appraisal Institute
1999 - Standards of Professional Practice, Part B	Appraisal Institute
1999 - Analysis of Small Mixed Use Properties	Appraisal Institute
1998 - Advanced Sales Comp. & Cost Approaches	Appraisal Institute
1998 - Small Hotel/Motel Evaluation	Appraisal Institute
1998 - Report Writing and Valuation Analysis	Appraisal Institute
1998 - Standards of Professional Practice, Part C	Appraisal Institute
1997 - Timberland Valuation: General	Appraisal Institute
1997 - Understanding Limited Appraisals	Appraisal Institute

ASSUMPTIONS AND LIMITING CONDITIONS

This Appraisal Report, the Letter of Transmittal and the Certification of Value are made expressly subject to the following assumptions and limiting conditions, and any special limiting conditions contained in the report which are incorporated herein by reference.

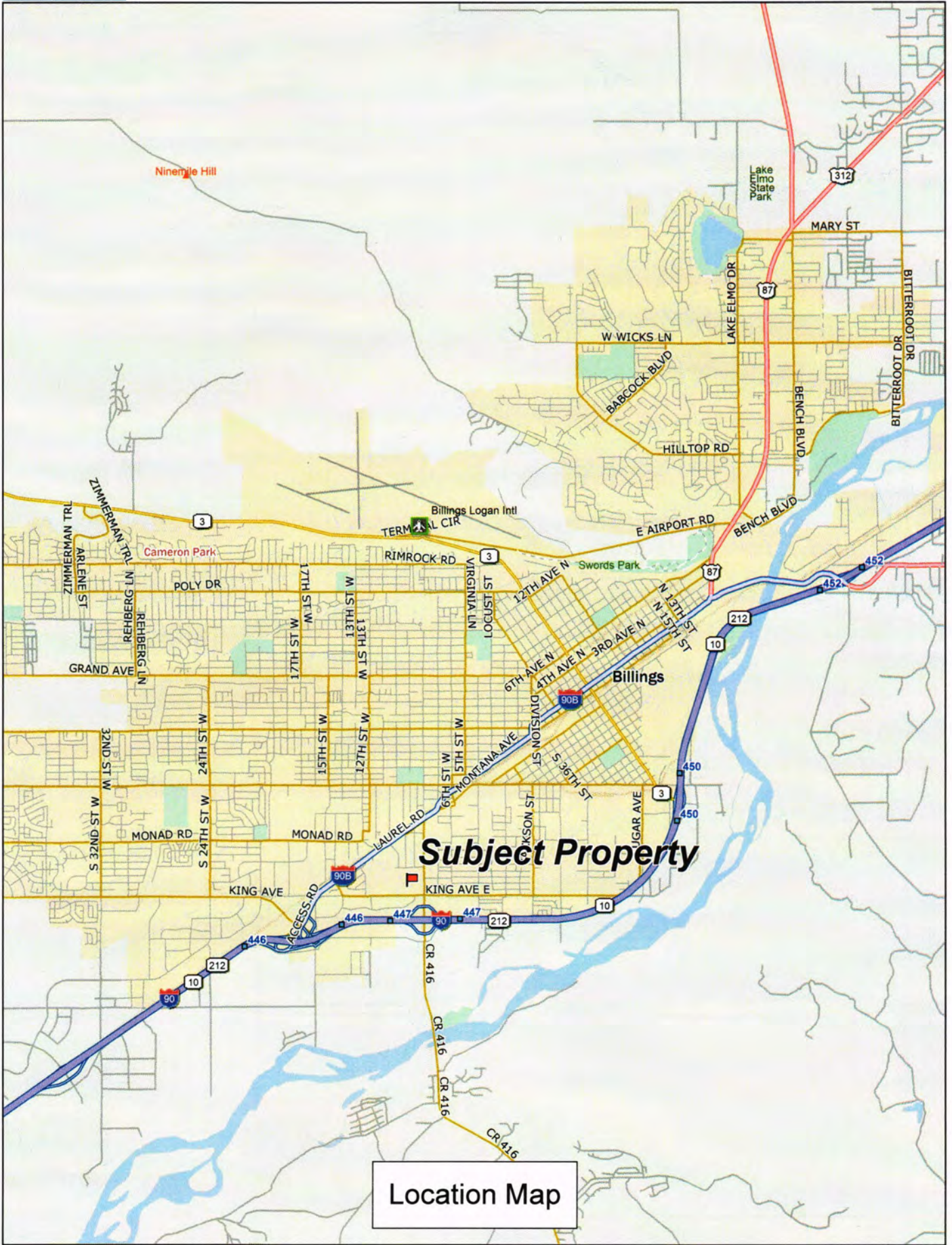
1. The legal description furnished is assumed to be correct. I assume no responsibility for matters legal in character nor do I render any opinion as to the Title, which is assumed to be good.
2. The sketch in this report is included to assist the reader in visualizing the property. I have made no survey of the property and assume no responsibility in connection with such matters.
3. No responsibility is assumed for accuracy of information furnished by work of others, the client, his designee or public records. I am not liable for such information, nor the work of possible subcontractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction or from affidavit or other source thought reasonable; all are considered appropriate for inclusion to the best of my factual judgment and knowledge. An impractical and uneconomic expenditure of time would be required in attempting to furnish unimpeachable verification in all instances, particularly as to engineering and market-related information. It is suggested that the client consider independent verification as a prerequisite to any transaction involving, sale, lease or other significant commitment of funds or subject property.
4. This appraisal has been prepared for the exclusive benefit of the client. It may not be used or relied upon by any other party. Any party who uses or relies upon any information in this report, without the preparer's written consent, does so at his own risk. Possession of this report, or a copy thereof, does not carry with it the right of publication, nor may it be used for any purpose by any but the applicant without the previous written consent of the appraiser or the applicant, and then only with proper qualification.
5. The contract for appraisal, consultation or analytical service is fulfilled and the total fee payable upon completion of the report. The appraiser or those assisting in preparation of the report will not be asked or required to give testimony in court or hearing because of having made the appraisal, in full or in part, nor engage in post appraisal consultation with client or third parties except under separate and special arrangement and at additional fee. If testimony or deposition is required because of any subpoena, the client shall be responsible for any additional time, fees and charges regardless of issuing party.

6. Subsurface rights (minerals and oils) were not considered in making this appraisal.
7. The appraisal is based on there being no hidden, unapparent, or apparent conditions of the property site, subsoil, nor toxic materials which would render it more or less valuable. No responsibility is assumed for any such conditions, nor for any expertise or engineering required to discover them.
8. All furnishings and equipment, except those specifically indicated and typically considered as a part of real estate, have been disregarded by this appraiser. Only the real estate has been considered.
9. The comparable sales data relied upon in this appraisal is believed to be from reliable sources; however, it was not possible to inspect the comparables completely, and it was necessary to rely on information furnished by others as to said data; therefore, the value conclusions are subject to the correctness and verification of said data.
10. The appraiser assumes no responsibility for any costs or consequences arising from the need or lack of need for flood hazard insurance. An Agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.
11. Neither all nor any part of the contents of this report shall be conveyed to any person or entity other than the appraiser's or firm's client, through advertising, solicitation materials, public relations, news, sales, or other media without the written consent and approval of the authors, particularly as to valuation conclusions, the identity of the appraiser or firm with which the appraiser is connected, or any reference to the Appraisal Institute. Further, the appraiser or firm assumes no obligation, liability, or accountability to any third party. If this report is placed in the hands of anyone but the client, the client shall make such party aware of all the assumptions and limiting conditions of the assignment.
12. The appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in this report; further that all applicable zoning, building and use regulations and restrictions of all types have been complied with unless otherwise stated in the report. Furthermore, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value estimate.

13. The appraiser reserves the right to re-evaluate statements, analysis, conclusions or any value estimate in the appraisal if facts become known that are pertinent to the appraisal process and which were unknown when the report was finished.
14. The liability of Thomas Appraisal Services, Inc., and its employees, and specifically David C. Thomas, is limited to the client and to the fee collected. Further, there is no accountability, obligations, or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraiser assumes no responsibility for any costs incurred to discover or correct any deficiencies of any type present in the property; physically, financially, economically or legally.

ACCEPTANCE OF, AND/OR USE OF THIS APPRAISAL REPORT BY THE CLIENT OR ANY THIRD PARTY CONSTITUTES ACCEPTANCE OF THE ABOVE CONDITIONS.

ADDENDA



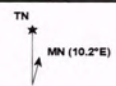
Subject Property

Location Map

Data use subject to license.

© DeLorme. DeLorme Street Atlas USA® 2010.

www.delorme.com



Scale 1 : 75,000



1" = 1.18 mi

Data Zoom 11-4



Typical View of Subject Property



Typical View of Subject Property



Typical View of Subject Property



View of Suburban Ditch



Suburban Ditch Near SWC of Lot 3A-4



Typical View of Subject Property



East Boundary of Lot 3A-5 Facing North



Commerce Way Facing East Toward South Billings Boulevard



Commerce Way Facing West Near Ledgestone Billings Hotel



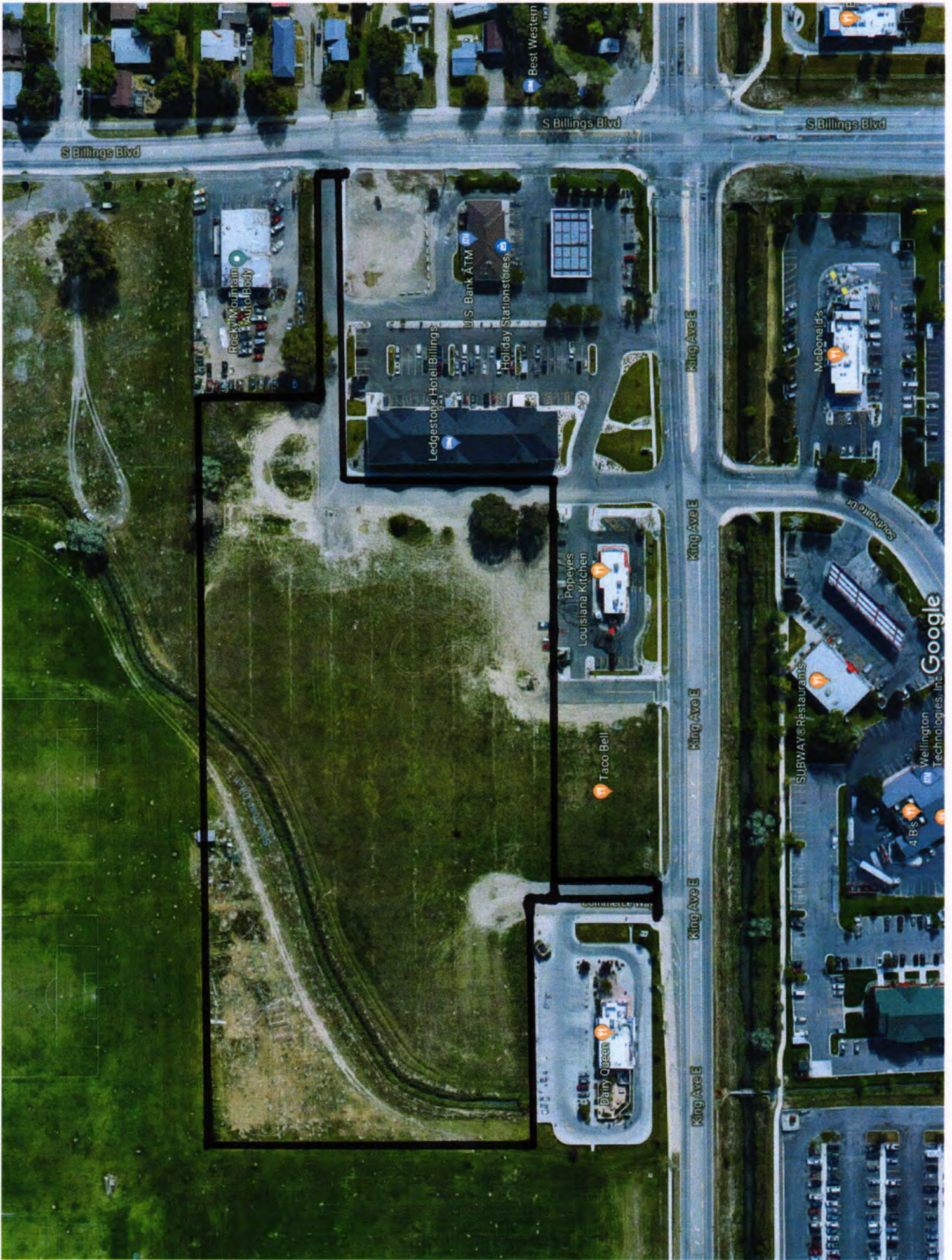
Southgate Drive Facing South From Commerce Way



Facing South From Center of Lot 3A-1A



Commerce Way Facing South Toward King Avenue East



AMENDED PLAT OF LOTS 3A-1 & 3A-3, BLOCK 1 POPELKA COMMERCE CENTER SUBDIVISION, SECOND FILING

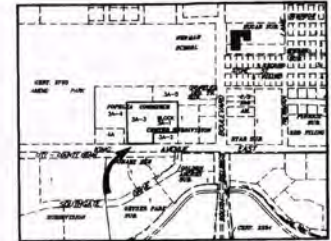
SITUATED IN THE SE1/4 OF SECTION 8, T. 1 S., R. 26 E., P.M.M.,
IN THE CITY OF BILLINGS, YELLOWSTONE COUNTY, MONTANA

PREPARED FOR : POPELKA ENTERPRISES, LLC.

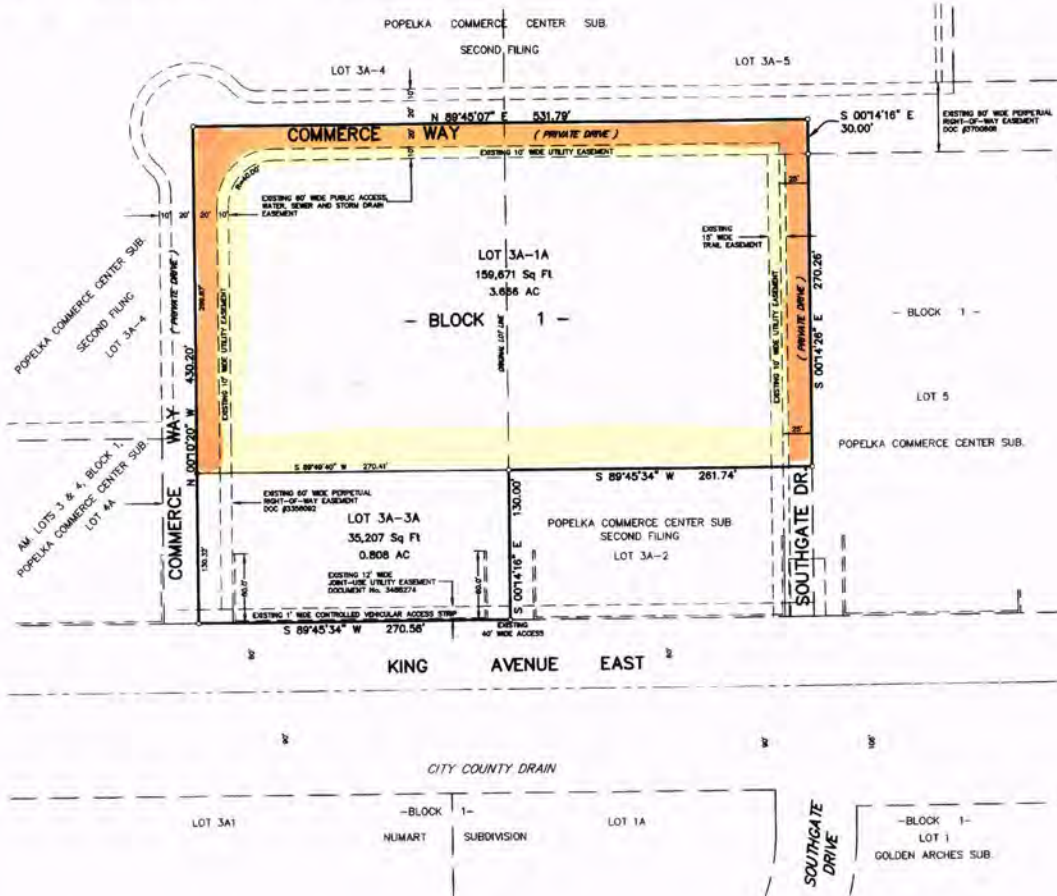
PREPARED BY : SANDERSON STEWART

NOVEMBER, 2015

BILLINGS, MONTANA



VICINITY MAP
NOT TO SCALE



THE BASIS OF BEARINGS:
PLAT OF POPELKA COMMERCE CENTER SUBDIVISION, SECOND FILING.

- FOUND SURVEY MONUMENT, REBAR WITH CAP MARKED "SANDERSON STEWART".
- SET "X18" REBAR AND CAP MARKED WITH THE LICENSE NUMBER OF THE UNDERSIGNED LAND SURVEYOR AND "SANDERSON STEWART".

PURPOSE OF SURVEY - BOUNDARY LINE RELOCATION

The undersigned hereby certifies that the purpose of this survey is to relocate the common boundary line between two adjacent lots within an existing platted subdivision.

This amended plat is exempt from review as a subdivision pursuant to Section 76-3-207(1)(d), M.C.A.

This survey is not subject to review by the Department of Environmental Quality pursuant to ARM 17.36.603(2)(x) & (y) for "a parcel that has a previous approval issued under Title 76, chapter 4, part 1, M.C.A."

Popelka Enterprises, LLC

By: Robert A. Popelka
Robert A. Popelka
Title: Managing Member

By: Patricia D. Sanford
Patricia D. Sanford
Title: Managing Member

STATE OF MONTANA }
County of Yellowstone }

On this 11 day of December, 2015, before me, a Notary Public in and for the State of Montana, personally appeared Robert A. Popelka and Patricia D. Sanford, known to me to be the persons who signed the foregoing instrument as Managing Members of Popelka Enterprises, LLC, and who acknowledged to me that they executed the same. Witness my hand and seal the day and year herein above written.

Signature of Notary



CERTIFICATE OF SURVEYOR

STATE OF MONTANA }
County of Yellowstone }

The undersigned, a Montana Registered Land Surveyor, declares that during the month of November 2015, a survey was performed under his supervision of a tract of land situated in the SE1/4 of Section 8, T. 1 S., R. 26 E., P.M.M., in the City of Billings, Yellowstone County, Montana, said tract being more particularly described as follows, to wit:

Lot 3A-1 and Lot 3A-3 in Block 1 of the Plat of Popelka Commerce Center Subdivision, Second Filing, according to the official plat thereof, on file in the office of the Clerk and Recorder of Yellowstone County, Montana, under Document No. 3713010, containing a grass area and a net area of 4.474 Acres or 194,678 Square Feet, subject to all assessments of record or apparent on the ground.

That the monuments found and set are of the character and occupy the positions shown hereon, that said survey and the plat hereof shows true and correct dimensions and that the plat conforms with the work on the ground.

SANDERSON STEWART
By: Peter B. Kropp
Montana Registration No. 8377-S
Date December 14, 2015

ERRORS AND OMISSIONS REVIEW

I hereby certify that I have examined the amended and foregoing plat for errors and omissions in computations and drafting.

By: Clay A. Davis 12/21/2015
Examining Land Surveyor Date

CERTIFICATE OF CITY ATTORNEY

This document has been reviewed by the City Attorney's office and is acceptable as to form.

Date: 12-24-15
Reviewed by: Christi Brooks

CERTIFICATE OF COUNTY TREASURER

I hereby certify that all real property taxes and special assessments have been paid per 76-3-811(1)(b)/76-3-207(3), M.C.A.

Date: 1-7-16
Yellowstone County Treasurer
By: Allyson
Deputy

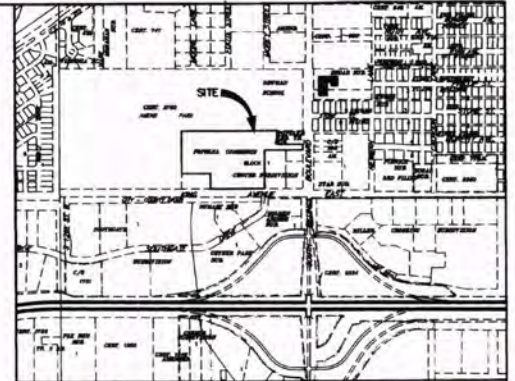
SP 3766027
12/21/2015 04:06:00 PM
BILLINGS, MONTANA

- Property Boundary - Access Easements

PLAT OF
POPELKA COMMERCE CENTER SUBDIVISION, SECOND FILING
 BEING LOT 3A, BLOCK 1, OF AMENDED PLAT OF LOTS 3 AND 4, BLOCK 1, POPELKA COMMERCE CENTER SUBDIVISION,
 SITUATED IN THE SE1/4 OF SECTION 8, T. 1 S., R. 26 E., P.M.M.,
 IN THE CITY OF BILLINGS, YELLOWSTONE COUNTY, MONTANA

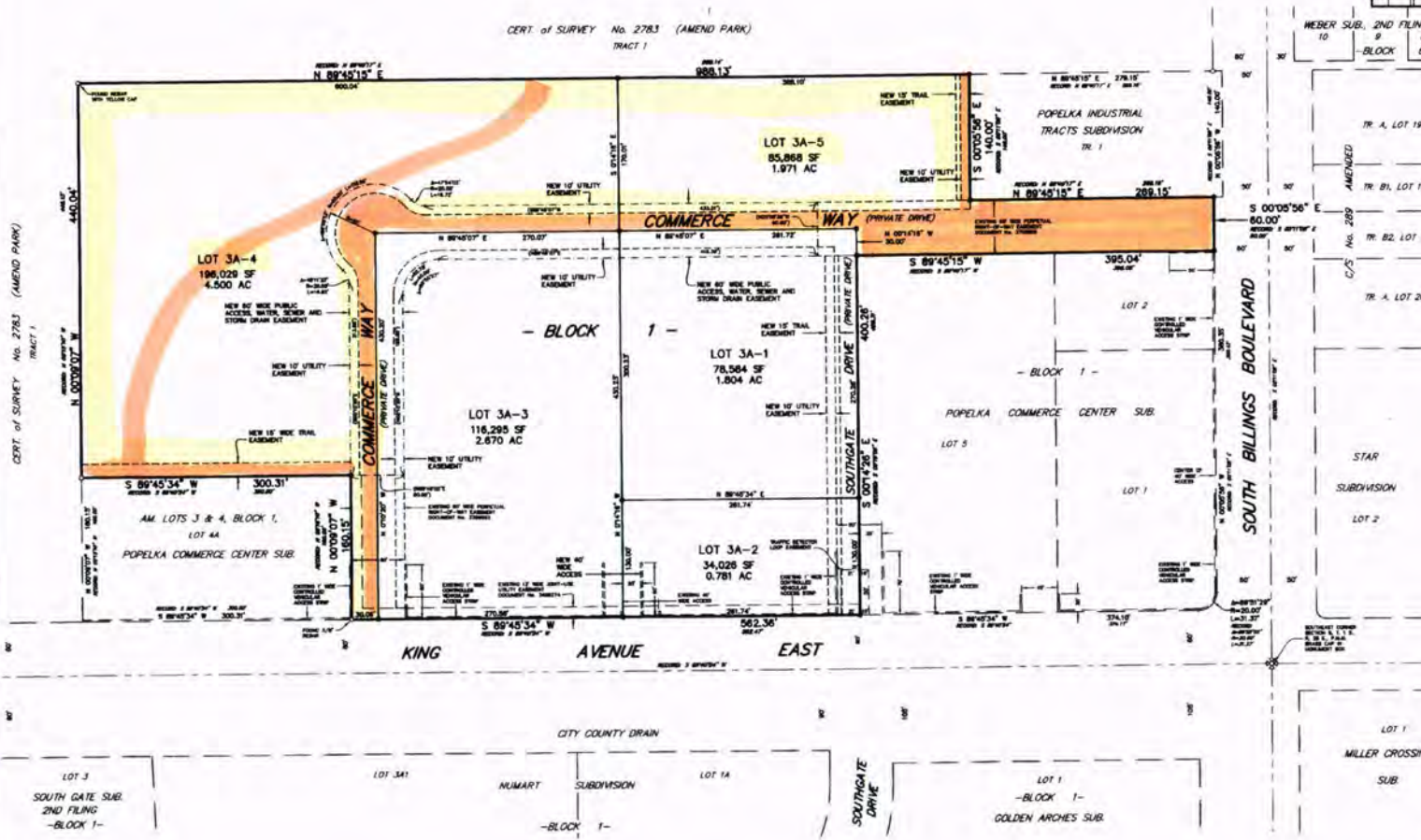
PREPARED FOR : POPELKA ENTERPRISES, LLC.
 PREPARED BY : SANDERSON STEWART

JUNE, 2014
 BILLINGS, MONTANA



VICINITY MAP
 NOT TO SCALE

CERT. of SURVEY No. 2783 (AMEND PARK)
 TRACT 1



THE BASIS OF BEARINGS FOR THIS SURVEY HAS BEEN DERIVED FROM GPS OBSERVATIONS AND IS BASED ON A NAD 83 LAMBERT CONFORMAL CONIC SINGLE PARALLEL - LOW DISTORTION PROJECTION FOR THE CITY OF BILLINGS, HAVING A POINT OF ORIGIN AT 40°47'00\" N LATITUDE AND 108°25'00\" W LONGITUDE WITH A SCALE FACTOR OF 1.000031. DISTANCES ARE GRID, INTERNATIONAL FEET, GRID TO GROUND CORRECTED FACTOR IS 1.000031. THE CONVERGENCE ANGLE AT THE SOUTHEAST CORNER OF SECTION 8 = -0°05'07\"

- FOUNDED SURVEY MONUMENT, REBAR WITH YELLOW CAP MARKED "ENGINEERING INC 9900LS", OR AS NOTED
- SET 5/8\" X 1/8\" REBAR WITH CAP MARKED WITH THE LICENSE NUMBER OF THE UNDERSIGNED LAND SURVEYOR AND "SANDERSON STEWART"

NOTE: ALL CURVES ARE TANGENT AND ALL PROPERTY LINES INTERSECTING CURVES ARE RADIAL UNLESS OTHERWISE NOTED.



SP 3713010
 SANDERSON STEWART

Property Boundary **Access, & Trail Easements Ditch**

NAI Business Properties

Commercial Real Estate Services, Worldwide.

February 15, 2018

Mr. George Warmer
Coldwell Banker Commercial
1215 24th St W
Billings, MT 59102

Re: Purchase of Lot 3A-1, Lot 3A-4, Lot 3A-5 of the Popelka Commerce Center Sub containing approx. 10.137 gross acres of land (See attached Exhibit "B") on King Avenue East (the "Property") in Billings, Montana.

Dear George,

South Billings Urban Renewal Association and/or permitted assigns to be identified in the definitive agreement ("Purchaser") is interested in acquiring this Property. We offer this non-binding letter of intent ("Letter of Intent") to purchase the Property under the following terms and conditions:

1. **Purchase Price:** ~~\$1,250,000.00 to \$2,919.00~~ or ~~\$2.83150~~ per square foot.
2. **Conditions of Closing:** The closing shall be conditioned upon Purchaser's approval or waiver of each of the following conditions within the Due Diligence Period.
 - a. Environmental, survey and geotechnical review and approval;
 - b. Property Documents (as defined below);
 - c. Due Diligence Review (as defined below);
 - d. Condition of title, Seller shall deliver good and marketable, insurable title at Closing, free and clear of all liens and encumbrances;
 - e. Approval of Purchaser's intended use for the Property from the City of Billings Planning and Community Services Department through the Zoning Clarification Request Form process. Purchaser to be responsible for this process and any associated fees.
 - f. Approval by the City of Billings of the Fiscal Year 2019 South Billings Urban Renewal Association budget request for funding of the purchase of the property utilizing South Billings Tax Increment Funds.
 - g. Approval of the expenditure of funds by the City of Billings at a regular city council meeting.
 - h. The source of funding for the purchase are in the form of South Billings Urban Renewal District Tax Increment Funds. As these funds are the responsibility of the City of Billings, city procurement policy must be followed in the acquisition of the property. This policy requires that any land acquisition be appraised by two separate licensed appraisers with a third reviewing for completeness. This policy requires that the purchase price in a future Purchase Sales Agreement be the lower of the negotiated purchase amount OR the

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appraised amount. Purchaser to be responsible for any fees associated with these appraisals required as a condition of closing. In the event the appraisal is less than the stated purchase price, Seller shall have the option whether to accept the price reduction or to terminate the agreement without liability.

3. **Property Documents:** Within fifteen (15) business days following the execution date of a purchase agreement ("the Definitive Agreement"), Seller shall deliver to Purchaser the following documents:
 - a. Copies of all easements, including reciprocal easements, encumbrances, ~~GEA documents, REA documents~~ and other agreements pertinent to the Property usage and restrictions.

In addition, Seller shall provide Purchaser with copies of any of the information identified on Exhibit "A" in its possession and control.

4. **Due Diligence Review:** Purchaser shall have a ~~one hundred ninety~~ one hundred ninety (1890) day due diligence period ("Due Diligence Period") commencing on the date the Definitive Agreement is executed, with the right to extend for one thirty (30) day period if Purchaser is diligently pursuing approval and permitting by state and local government agencies for intended use following receipt of the Property Documents, title commitment and survey to perform a comprehensive evaluation of the Property, including review and approval of all Property Documents, title commitment, survey, engineering and environmental reports, zoning, and approval and permitting by the state and local government agencies for the Purchaser's intended use.
5. **Condition of Property:** Seller shall deliver the Property in an "as is" condition.
6. **Closing:** Within thirty (30) days of the expiration date of the Due Diligence Period.
7. **Title Company:**

Mr. Dave Deming
First Montana Title
2737 Montana Ave
Billings, MT 59101
T: 406.248.3000
8. **Closing Costs:** Seller shall pay the following closing costs:
 - a. Seller shall pay for an ~~abstract for the property and all costs for a Standard Owner's Policy of Title Insurance with extended coverage and related endorsements;~~
 - b. Seller's legal;
 - c. Seller's wiring fees;
 - d. One-half (1/2) of title company escrow fee;
 - e. Any charges from Seller's lender, if any, resulting from loan pay-off;

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- f. Title search and exam fees;
- ~~g. Phase I environmental site assessment;~~
- ~~h.g. Purchaser shall be responsible for all other closing costs.~~

9. **Real Estate Advisors:** Seller's Advisor: George Warner- Coldwell Banker Commercial
Purchaser's Advisors Steve Zeler - NAI Business Properties

Seller and Purchaser acknowledge that they have had no dealings with any other advisor, broker or agent other than the above stated in connection with the proposed transaction. ~~Seller shall pay at closing Purchaser's Advisors an advisory fee in the amount of three percent (3.0%) of the Purchase Price.~~

10. **1031 Exchange:** Purchaser and Seller agree to cooperate with each other to complete a like-kind exchange under the rule IRC Section 1031 Exchange. Neither Purchaser nor Seller shall incur any additional liability or financial obligation as a consequence of Seller's or Purchaser's contemplated exchange.

11. **Binding Obligation:** This Letter of Intent is only intended as the basis for the preparation of ~~a~~ the ~~Definitive Agreement~~, which is subject to the Purchaser's and Seller's final review and approval. This Letter of Intent does not create a binding obligation or liability by either party on the terms and conditions outlined above or any other terms and conditions, unless and until the parties have entered into and executed a written definitive Agreement.

12. **Exclusivity:** Purchaser and Seller shall agree negotiate in good faith and to use their best efforts to execute a mutually agreeable Definitive Agreement ~~purchase agreement~~ within ~~thirty ninety~~ (90) business days after the full execution of this Letter of Intent, during which time the Seller, or its agents shall not offer or otherwise solicit the Property for sale or negotiate or accept any other offers for the sale or disposition of the Property.

Any controversy arising under this Letter of Intent or the Agreement shall be determined by reference to, and governed by, the laws of the State of Montana.

[SIGNATURES ARE ON THE FOLLOWING PAGE]

NAI Business Properties

Commercial Real Estate Services, Worldwide.

Please sign below to signify your agreement to the foregoing. This Letter of Intent shall be null and void if not signed by both parties on or before March 30, 2018. Upon receipt of a mutually executed Letter of Intent, Purchaser will draft a Purchase Sales Agreement for Seller's review.

Respectfully,

By: Carolyn Rukstad
~~Steven Zeier~~ Carolyn Rukstad

Its: Authorized Representative SEURA Board President

Date: 3-21-18

AGREED & ACCEPTED BY:

Seller: Popelka Enterprises LLC

By: Robert A. Popelka

Name: Robert A. Popelka

Its: Managing Member

Date: 3/19/18

NAI Business Properties

Commercial Real Estate Services, Worldwide.

EXHIBIT A

Seller shall provide Purchaser with copies of any of the following items currently in its possession and control:

1. A full set of filed plats ~~and any civil construction plans and specifications for the property.~~
2. Copies of all reciprocal easement agreements, operating easement agreements, ECR's, ~~and~~ declarations related to the development.
3. ~~Copies of any existing title policies with all exhibits.~~
4. ~~3.~~ Copies of any existing surveys, including most current ALTA.
5. ~~Copies of any existing environmental reports including phase I ESA's, and/or phase II ESA's, copies of existing geotechnical reports and soil testing reports and analysis.~~
6. ~~Copies of any and all permits and approvals from state and local government agencies, including site plan approvals, water, sewer, DOT or other road jurisdictions.~~

EXHIBIT B



Date: March 13, 2018
Project No.: 75028.14

**Engineer's Opinion of Probable Cost
for the
Remainder of Commerce Way Improvements
To Provide Water, Sanitary Sewer, Storm Drain and Street Improvements
Popalca Commerce Center Subdivision**

Schedule I: Utilities

Item No.	Quantity	Unit	Description	Unit Price	Subtotal
101	1	LS	Mobilization and Insurance	\$19,997.10	\$19,997.10
102	1	LS	Erosion Control	\$3,500.00	\$3,500.00
103	1	LS	Traffic Control	\$2,000.00	\$2,000.00
104	1	EA	Connect to Existing 8-inch Water Main	\$2,500.00	\$2,500.00
105	1	EA	Connect to Existing 12-inch Water Main	\$2,500.00	\$2,500.00
105	1	EA	8x12-inch Reducer	\$500.00	\$500.00
106	755	LF	12-inch Water Main	\$500.00	\$377,500.00
107	2	EA	12-inch Gate Valve	\$1,200.00	\$2,400.00
108	6	EA	12x12x6 inch Tee	\$750.00	\$4,500.00
109	1	EA	12-inch 90 degree Bend w/ Thrust Block	\$500.00	\$500.00
110	1	EA	Fire Hydrant Assembly	\$4,500.00	\$4,500.00
111	5	EA	6-inch Gate Valve	\$1,000.00	\$5,000.00
112	243	LF	6-inch Water Service	\$75.00	\$18,225.00
113	5	EA	6-inch Plug & Thrust Block	\$750.00	\$3,750.00
114	1	LS	4-inch Water & Fire Service/Manifold	\$3,500.00	\$3,500.00
115	1	EA	4-inch Gate Valve	\$750.00	\$750.00
116	1	EA	4-inch Plug and Thrust	\$750.00	\$750.00
117	1	LS	Connect to Existing 18-inch Storm Drain	\$2,500.00	\$2,500.00
118	791	LF	18-inch Storm Drain Pipe	\$60.00	\$47,460.00
119	80	LF	12-inch Storm Drain Pipe	\$50.00	\$4,000.00
120	210	LF	8-inch storm Drain Pipe	\$40.00	\$8,400.00
121	6	EA	48-inch Storm Drain Manhole	\$4,000.00	\$24,000.00
122	4	EA	Type B SDI	\$1,500.00	\$6,000.00
123	1	EA	18-inch Cap	\$750.00	\$750.00
124	6	EA	8-inch Cap	\$600.00	\$3,600.00
125	1	LS	Connect to Existing 8-inch Sewer Main	\$1,500.00	\$1,500.00
126	3	EA	48 inch Sanitary Sewer Manhole	\$4,500.00	\$13,500.00
127	775	LF	6-inch Sanitary Sewer Main	\$45.00	\$34,875.00
128	6	EA	8x8x6-inch Sewer Service Tee	\$150.00	\$900.00
129	1	EA	8-inch Sanitary Sewer Cap	\$100.00	\$100.00
130	220	LF	6-inch Sanitary Sewer Service	\$30.00	\$6,600.00
131	6	EA	6-inch Sanitary Sewer Cap	\$100.00	\$600.00

Schedule I Subtotal = \$255,257.10

Schedule II: Streets

Item No.	Quantity	Unit	Description	Unit Price	Subtotal
101	1	LS	Mobilization and Insurance	\$15,636.35	\$15,636.35
102	1	LS	Erosion Control	\$5,000.00	\$5,000.00
203	1850	CY	Underspread Excavation	\$8.00	\$14,800.00
204	1433	CY	1.5-inch Base Gravel (12-inch Section)	\$24.00	\$34,392.00
205	3764	SY	Asphalt Surface Course (3.5-inch Section)	\$16.00	\$60,224.00
206	1568	LF	Curb and Gutter	\$18.00	\$28,224.00
207	862	SF	6-inch Concrete Approach and Base Gravel	\$8.00	\$6,896.00
208	4703	SF	5' Wide Concrete Sidewalk (4" Thick) and Base Gravel (6" Thick)	\$7.00	\$32,921.00
209	1	EA	Road Closed Signage	\$1,500.00	\$1,500.00

Schedule II Subtotal = \$199,593.35

Alternative A: Suburban Ditch Piping Option

Item No.	Quantity	Unit	Description	Unit Price	Subtotal
301	1	LS	Mobilization and Insurance	\$11,079.53	\$11,079.53
302	1	LS	Erosion Control	\$2,500.00	\$2,500.00
303	1	LS	Remove Existing FETS	\$1,500.00	\$1,500.00
304	1	LS	Connect to Existing 30-inch RCP	\$2,000.00	\$2,000.00
305	890	CY	30-inch RCP	\$95.00	\$84,550.00
306	2	EA	60-inch Storm Drain Manhole	\$5,400.00	\$10,800.00
307	1	CY	30-inch FETS	\$515.00	\$515.00
308	1200	CY	Abandon Existing Ditch (Backfill, Compaction, Import)	\$22.00	\$26,400.00
309	1	LS	Seeding	\$2,000.00	\$2,000.00

Alternative A Subtotal = \$141,337.53

Alternative B: Re-Routing Open Suburban Ditch Option

Item No.	Quantity	Unit	Description	Unit Price	Subtotal
401	1	LS	Mobilization and Insurance	\$5,049.00	\$5,049.00
402	1	LS	Erosion Control/rip Rapp	\$10,000.00	\$10,000.00
403	1500	CY	Excavation of New Ditch	\$12.00	\$18,000.00
404	1200	CY	Abandon Existing Ditch (Backfill, Compaction, Import)	\$22.00	\$26,400.00
405	1	LS	Seeding	\$5,000.00	\$5,000.00

Alternative B Subtotal = \$64,449.00

Construction Subtotal with Alternative A = \$596,187.97
Construction Contingency = \$89,428.20
Construction Total with Alternative A Plus Contingency = \$685,616.17

Construction Subtotal with Alternative B = \$519,299.45
Construction Contingency = \$77,894.92
Construction Total with Alternative B Plus Contingency = \$597,194.36

Administrative Fees

Engineering and Construction Administration Services with Alternative A	20.00%	\$137,123.23
Engineering and Construction Administration Services with Alternative B	20.00%	\$119,438.87

Construction Total and Administrative Fees with Alternative A = \$822,739.40
Construction Total and Administrative Fees with Alternative B = \$716,632.23

Gross Area of Lots 3A-1, 3A-4, & 3A-5 (Acres) = 10.141
Construction Total and Administrative Fees with Alternative A (Cost/SF) = \$1.86
Construction Total and Administrative Fees with Alternative B (Cost/SF) = \$1.62

Notes:

Costs based on Sanderson Stewart concept drawing dated - 03/13/18

Mobilization and Insurance based on percentage of total schedule cost

Construction contingency

All items are complete and in place.

This estimate does not include extension of private utilities.

This estimate does not include any on-site agreements.

Sanderson Stewart cannot warrant that any opinions of probable cost provided by Sanderson Stewart will not vary from actual costs incurred by the client.

Sanderson Stewart has no control over the cost or availability of labor, equipment, materials, or over market conditions or the Contractor's method of pricing.

Sanderson Stewart makes no warranty, express or implied, that the bids or the negotiated cost of the work will not vary from Sanderson Stewart's opinion of probable cost.



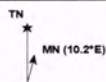
Subject Property

Land Sale Map - Sale 1

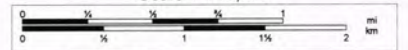
Data use subject to license.

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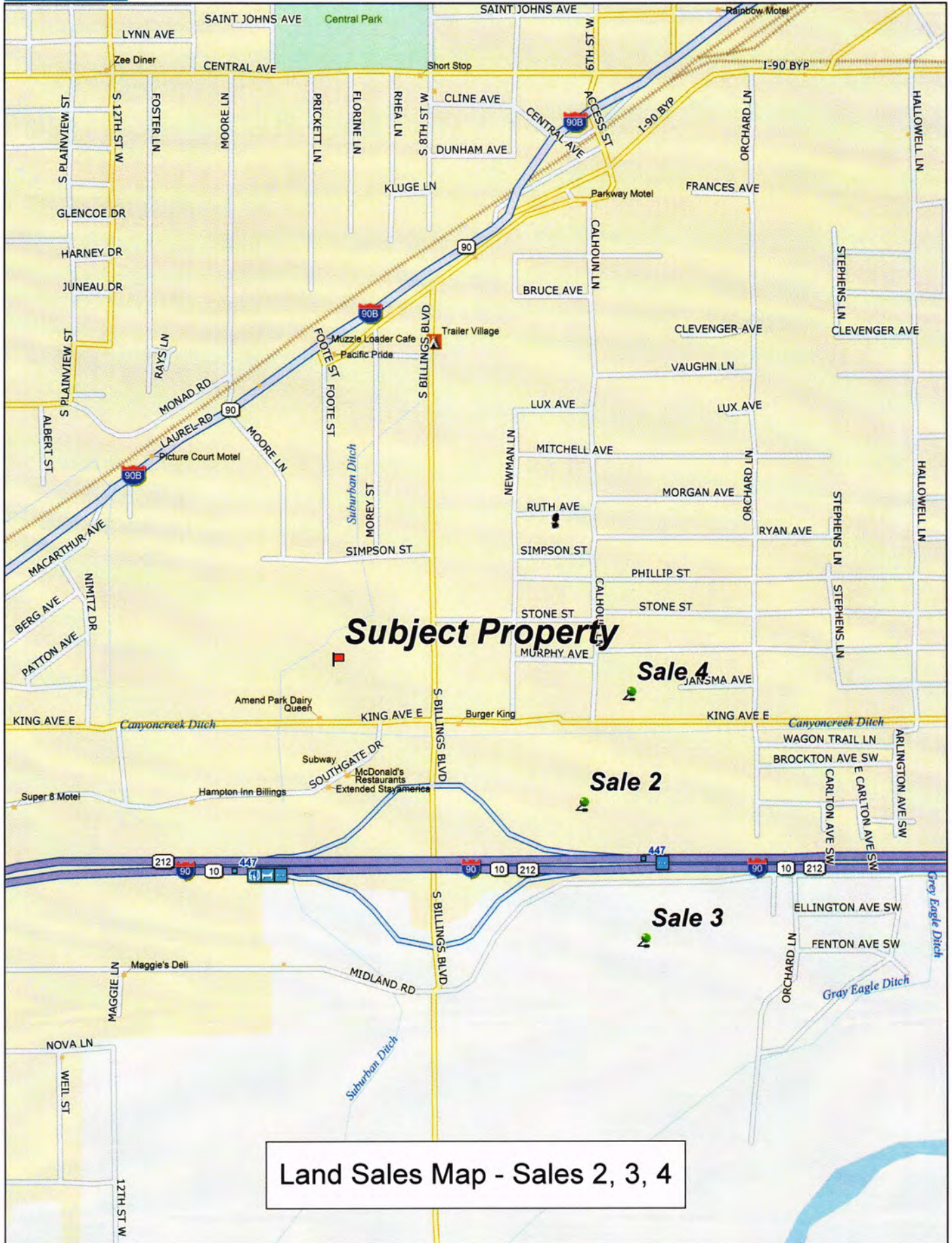
www.delorme.com



Scale 1 : 46,875



1" = 3,906.3 ft Data Zoom 12-1

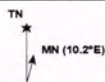


Land Sales Map - Sales 2, 3, 4

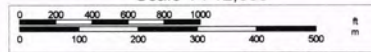
Data use subject to license.

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www.delorme.com



Scale 1 : 12,800



1" = 1,066.7 ft

Data Zoom 14-0

Land Sale 1

LOCATION: SEC of Lake Elmo Drive and Hansen Lane, in Billings, Yellowstone County, Montana.

LEGAL DESCRIPTION: Very lengthy legal retained in file. Partially located in Hansen Subdivision, COS #195, COS #3647, and COS #1917, in the City of Billings, Yellowstone County, Montana.

GRANTOR: Karen Boylan, etal

GRANTEE: PK Properties, LLC

REC. DOCUMENT: Trustee's Deeds #3809266, 3809267, 3809268
Warranty Deed #3809269

DATE OF SALE: March, 2017

DATE OF RECORDING: 03-24-2017

EXPOSURE TIME: Less than 1 year

SALES PRICE: \$1,757,653 + \$151,000 to raze existing improvements and trees.

TERMS OF SALE: Cash to Seller

CASH EQ. PRICE: \$1,908,653

PRICE/SF: \$5.55/sf - gross
\$5.64/sf - net

SITE DESCRIPTION: Size: 7.889 acres = 343,643 sf (Gross)
7.764 acres = 338,196 sf (Net)
Frontages: 700'+ along Lake Elmo Drive
490'+ along Hansen Lane
Depth: Varies
Shape: Irregular
Utilities: All city services readily available to the site.

ZONING: CC – Community Commercial

PROPOSED USE: See comments below.

CONFIRMED BY: David Thomas, MAI

CONFIRMED WITH: Blaine Poppler, Broker

COMMENTS: This property is adjacent to the west of the Albertsons grocery store on Main Street and extends northward to Hansen Lane. The seller developed the Albertsons store (not a part of this sale) in the early 1980's and leases the grocery store to Albertsons on a long term lease. A stipulation in the lease restricts the use of this land from being developed with any business that competes directly with Albertsons such as a grocery store, flower shop, bakery, pharmacy, etc. The buyer has relisted the 100,000± sf adjacent to Albertsons for \$16.00/sf. The remaining 243,643 sf is to be developed with 88 townhouse apartments by the purchaser.

At the time of sale, the property was developed with six older homes and numerous mature trees that were razed at a cost of \$151,000 as per Jerry Jones, Jones Construction.

The net acreage accounts for half of a 50' wide public access easement for an existing road that accesses Albertson's from Hansen Lane. This area is not developable by this property.

CERTIFICATE OF SURVEY No. 3647

BEING TRACT 1 OF C.O.S. #557, TRACT 2 OF C.O.S. #1862, TRACT B OF C.O.S. #1917 AND UNPLATTED LANDS WITHIN THE NE1/4 OF SECTION 27, T. 1 N., R. 26 E., P.M.M., IN THE CITY OF BILLINGS, YELLOWSTONE COUNTY MONTANA

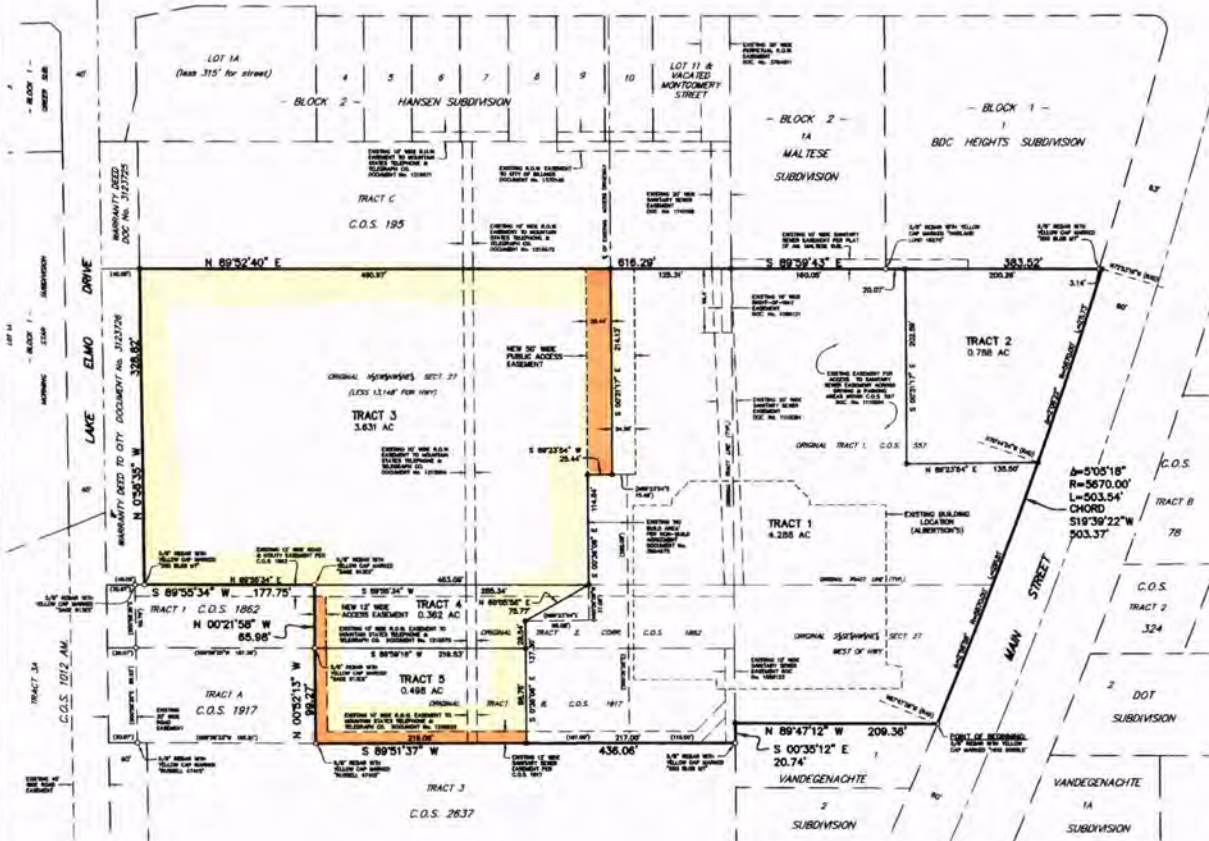
PREPARED FOR : POPELKA ENTERPRISES, LLC.

NOVEMBER, 2015

PREPARED BY : SANDERSON STEWART

BILLINGS, MONTANA

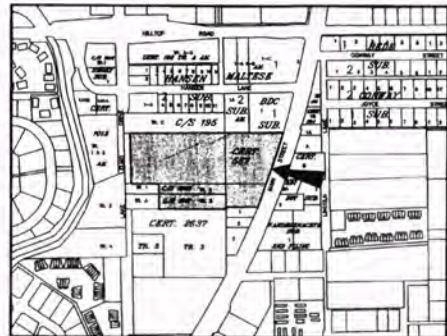
HANSEN LANE



BASIS OF BEARING: THE BASIS OF BEARINGS FOR THIS SURVEY HAS BEEN DERIVED FROM GPS OBSERVATIONS AND IS BASED ON A NAD 83 LAURENT CONFORMAL CONIC SINGLE PARALLEL LOW DISTORTION PROJECTION FOR THE CITY OF BILLINGS, HAVING A POINT OF ORIGIN AT 45°47'00" N LATITUDE AND 108°25'00" W LONGITUDE WITH A SCALE FACTOR OF 1.000151. DISTANCES ARE GRID, INTERNATIONAL FEET. THE GRID TO GROUND CONVERSION FACTOR AT NORTHEAST CORNER OF LOT 1 OF VANDEGENACHTE SUBDIVISION IS 1.0000017391; THE CONVERGENCE ANGLE IS -0°02'25".

○ FOUND SURVEY MONUMENT, AS NOTED

● SET 5/8" X 18" REBAR WITH CAP MARKED WITH THE LICENSE NUMBER OF THE UNDERSIGNED LAND SURVEYOR AND "SANDERSON STEWART"



CERTIFICATE OF SURVEYOR
 STATE OF MONTANA)
 County of Yellowstone) SS

The undersigned, a Montana Registered Land Surveyor, being first duly sworn, deposes and says that during the month of November, 2015, a survey was performed under his supervision of a tract of land situated in the NE1/4 of Section 27, T. 1 N., R. 26 E., P.M.M., in the City of Billings, Yellowstone County, Montana, said tract being more particularly described as follows, to wit:

PURPOSE OF SURVEY: BOUNDARY RETRACEMENT AND RELOCATION OF LOT LINES

The undersigned corner does hereby certify that the purpose of this survey is to retrace the outside boundary lines of Tract 1 of C.O.S. #557, Tract 2 of C.O.S. #1862, Tract B of C.O.S. #1917 and unplatted lands within the NE1/4 of Section 27, T. 1 N., R. 26 E., P.M.M., Yellowstone County, Montana and to relocate the common boundary line between these existing tracts.

Therefore this survey is exempt from review as a subdivision pursuant to Section 76-3-207(1)(a), M.C.A.

Pursuant to ARM 24.183.104(1)(b)(C), the area that is being removed from one tract of record and joined with another tract of record is not itself a tract of record. Said area shall not be available as a reference legal description in any subsequent real property transfer after the solid transfer associated with the certificate of survey on which said area is described, unless said area is included with or excluded from adjoining tracts of record.

This survey is not subject to review by the Department of Environmental Quality pursuant to ARM 17.36.005(2)(b)(i) & (j) for "a parcel that has a previous approval issued under Title 76, Chapter 4, Part 1, M.C.A."

POPELKA ENTERPRISES, LLC,
 a Montana limited liability company

By: *Robert G. Pope*
 Title: *Managing Member*

By: *Andrew D. Sanders*
 Title: *Managing Member*

STATE OF MONTANA)
 County of Yellowstone) SS

On this 21 day of October, 2015, before me, a Notary Public in and for the State of Montana, personally appeared Robert G. Pope, known to me to be the person who signed the foregoing instrument as Managing Member of POPELKA ENTERPRISES, LLC and who acknowledged to me that said corporation executed the same. Witness my hand and seal the day and year herein above written.

Notary Public in and for the State of Montana

STATE OF MONTANA)
 County of Yellowstone) SS

On this 20th day of October, 2015, before me, a Notary Public in and for the State of Montana, personally appeared Andrew D. Sanders, known to me to be the person who signed the foregoing instrument as Managing Member of POPELKA ENTERPRISES, LLC and who acknowledged to me that said corporation executed the same. Witness my hand and seal the day and year herein above written.

Notary Public in and for the State of Montana

Beginning at a point which is the northeast corner of Lot 1 of Vandegenachte Subdivision, recorded under Document No. 546878, records of Yellowstone County, Montana; thence, from said Point of Beginning, N 89°47'12" W along the north line of said Lot 1, a distance of 206.36 feet to the northeast corner of said Lot 1, a distance corner also being on the east line of Tract B of Certificate of Survey No. 1917, Document No. 1138071; thence S 00°35'12" E along said east line, a distance of 20.74 feet to the southwest corner of said Tract B; thence N 00°25'13" W along the west line of said Tract B, a distance of 89.27 feet to the northeast corner of said Tract B, said corner also being the southwest corner of Tract 2 of Corrected Certificate of Survey No. 1862, Document No. 1124505; thence N 00°21'58" W along the west line of said Tract 2, a distance of 85.98 feet to the northeast corner of said Tract 2, said corner also being the northeast corner of Tract 1 of said C.O.S. No. 1862; thence S 89°52'34" W along the north line of said Tract 1, a distance of 177.75 feet to a point on said north line that bears N 89°52'34" E a distance of 40.00 feet from the northeast corner of said Tract 1; thence, leaving said north line, a distance of 816.29 feet to the southeast corner of said Tract C, said corner also being the northeast corner of Tract 3 of Certificate of Survey No. 557, Document No. 587471; thence S 89°52'40" E along the north line of said Tract 1, a distance of 353.53 feet to the northeast corner of said Tract 1, said corner also being on the westerly right-of-way line, on a non-tangent curve to the right with a central angle of 5°02'18", a radius of 5670.00 feet and a length of 503.37 feet (chord bears S 19°32'22" W a distance of 503.37 feet) to the northeast corner of said Lot 1 of Vandegenachte Subdivision, said corner also being said Point of Beginning;

said described tract having a gross area and a net area of 9.987 acres.

That iron monuments of suitable size were set and occupy the positions shown therein, that said survey and the plat hereof show true and correct dimensions and that the plat conforms with the work on the ground.

SANDERSON STEWART
 By: *Andrew D. Sanders*
 Montana Registration No. 19772
 Date: October 21, 2015

PUBLIC ACCESS EASEMENT
 Document No. 3800854

CS 3800853
 11/23/2015 10:25 AM
 Notary Public in and for the State of Montana

CERTIFICATE OF COUNTY TREASURER
 I hereby certify that all real property taxes and special assessments have been paid for 76-3-811(1)(b) / 76-3-207(3), M.C.A.
 Date: 7 December 2016
 Yellowstone County Treasurer
 By: *Mona Bigday*
 Deputy

ERRORS AND OMISSIONS REVIEW
 I hereby certify that I have examined the annexed and foregoing plat for errors and omissions in computations and drafting.
 By: *Jack A. Stewart*
 Examining Land Surveyor
 Date: 01/14/2016

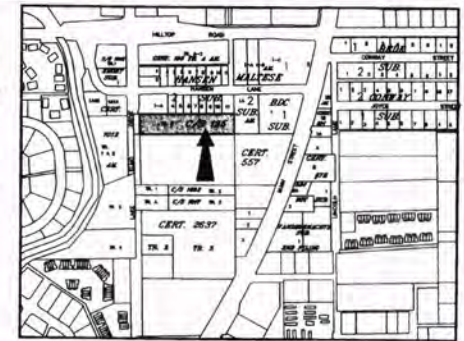
CERTIFICATE OF CITY ATTORNEY
 This document has been reviewed by the City Attorney's office and is acceptable as to form.
 DATED: 11-14-15
 Reviewed by: *[Signature]*

**AMENDED TRACT C OF
CERTIFICATE OF SURVEY No. 195**
SITUATED IN THE NE1/4 OF SECTION 27, T. 1 N., R. 26 E., P.M.M.,
IN THE CITY OF BILLINGS, YELLOWSTONE COUNTY MONTANA
PREPARED FOR : POPELKA ENTERPRISES, LLC. NOVEMBER, 2015
PREPARED BY : SANDERSON STEWART BILLINGS, MONTANA

BASIS OF BEARING: THE BASIS OF BEARINGS FOR THIS SURVEY HAS BEEN DERIVED FROM GPS OBSERVATIONS AND IS BASED ON A NAD 83 LAMBERT CONFORMAL CONIC, SINGLE PARALLEL, LOW DISTORTION PROJECTION FOR THE CITY OF BILLINGS, HAVING A POINT OF ORIGIN AT 45°17'00" LATITUDE AND 107°23'00" W LONGITUDE WITH A SCALE FACTOR OF 1.000515. DISTANCES ARE GRID, INTERNATIONAL FEET. THE GRID TO GROUND CORRECTION SCALE FACTOR AT THE SOUTHEAST CORNER OF TRACT C, C.O.S. #195 IS 1.0000018839. THE CONVERGENCE ANGLE IS -0°02'27".

○ FOUND SURVEY MONUMENT, REBAR WITH CAP MARKED "SANDERSON STEWART 18972LS", OR AS NOTED

■ SET 5/8" X 18" REBAR WITH CAP MARKED WITH THE LICENSE NUMBER OF THE UNDERGROUND LAND SURVEYOR AND "SANDERSON STEWART"



VICINITY MAP
NOT TO SCALE

PURPOSE OF SURVEY: RELOCATION OF COMMON BOUNDARY LINES

The undersigned hereby certifies that the purpose of this survey is to relocate the common boundary lines between a single lot within an existing platted subdivision and adjoining land outside a platted subdivision whereby TRACT C-2 as shown hereon will be forever merged with the adjacent Lot 11 in Block 2 of Hansen Subdivision and shall not be transferred as a separate parcel in the future.

Therefore, this amended plat is exempt from review as a subdivision pursuant to Section 76-3-207(1)(a), M.C.A.

Pursuant to ARM 24.1831104(1)(X)(C), the area that is being removed from one tract of record and joined with another tract of record is not listed a tract of record. Said area shall not be available as a reference legal description in any subsequent real property transfer after the initial transfer associated with the amended plat on which said area is described, unless said area is included with or excluded from adjoining tracts of record.

This survey is not subject to review by the Department of Environmental Quality pursuant to ARM 17.36.800(2)(X)(X) & (3) for "a parcel that has a previous approval issued under Title 76, Chapter 4, Part 1, M.C.A."

POPELKA ENTERPRISES, LLC,
a Montana limited liability company

By Robert A. Popelka Title Managing Member

By Thomas D. Sanjeff Title Managing Member

STATE OF MONTANA }
County of Yellowstone } ss

On this 21 day of October, 2016, before me, a Notary Public in and for the State of Montana, personally appeared Robert A. Popelka, known to me to be the person who signed the foregoing instrument as Managing Member, of POPELKA ENTERPRISES, LLC, and who acknowledged to me that said corporation executed the same. Witness my hand and seal the day and year herein above written.

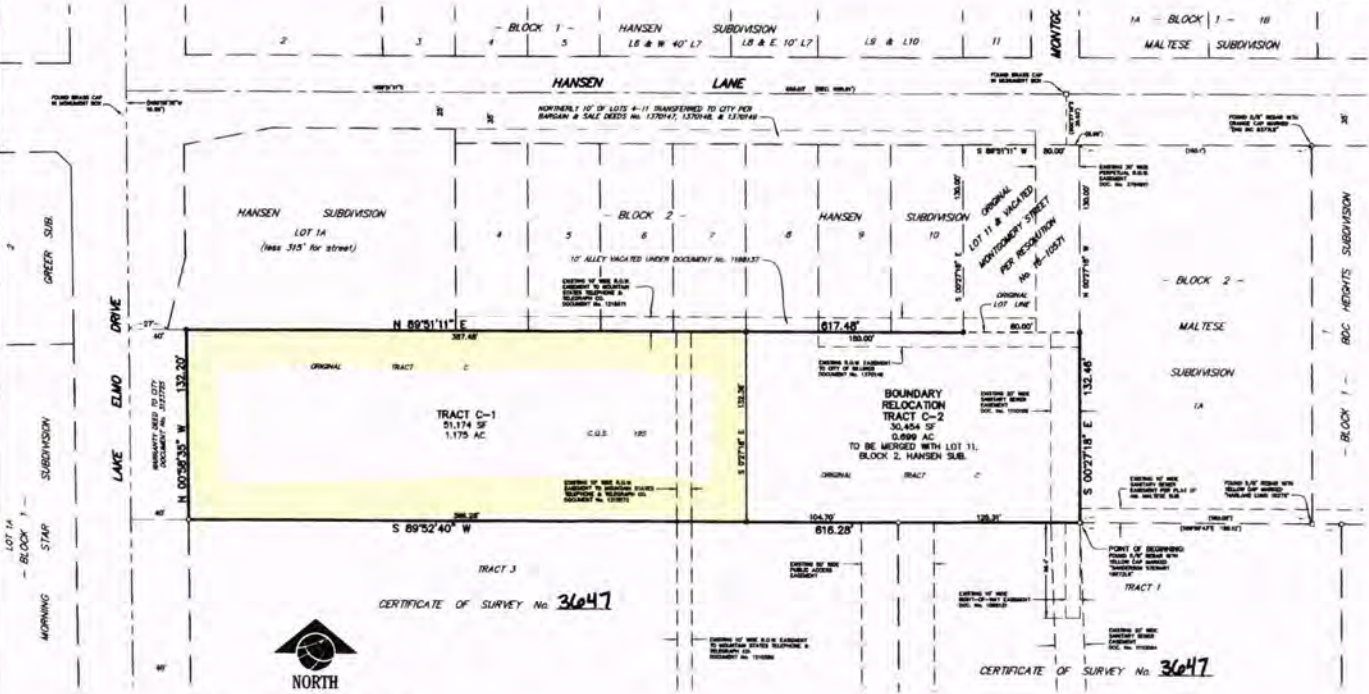
Thomas R. Gorman
Notary Public in and for the State of Montana



STATE OF MONTANA }
County of Yellowstone } ss

On this 21 day of October, 2016, before me, a Notary Public in and for the State of Montana, personally appeared Thomas D. Sanjeff, known to me to be the person who signed the foregoing instrument as Managing Member, of POPELKA ENTERPRISES, LLC, and who acknowledged to me that said corporation executed the same. Witness my hand and seal the day and year herein above written.

Thomas R. Gorman
Notary Public in and for the State of Montana



CERTIFICATE OF CITY ATTORNEY
This document has been reviewed by the City Attorney's office and is acceptable as to form.
DATED: 10/21/16
Reviewed by: [Signature]

ERRORS AND OMISSIONS REVIEW
I hereby certify that I have examined the amended and foregoing plat for errors and omissions in computations and drafting.
DATED: 11/14/2016
Examining Land Surveyor: [Signature] Date

CERTIFICATE OF COUNTY TREASURER
I hereby certify that all real property taxes and special assessments have been paid per 76-3-811(1)(b) / 76-3-207(3), M.C.A.
Date 27 December 2016
Yellowstone County Treasurer
By: Mona Bladuy
Deputy

RELATED SUBDIVISION PLAT
DOCUMENT No. 3800 856
CSA 3800855
SANDERSON STEWART



CERTIFICATE OF SURVEYOR
STATE OF MONTANA }
County of Yellowstone } ss

The undersigned, a Montana Registered Land Surveyor, being first duly sworn, deposes and says that during the month of November, 2015, a survey was performed under the supervision of a tract of land situated in the NE1/4 of Section 27, T. 1 N., R. 26 E., P.M.M., in the City of Billings, Yellowstone County, Montana, said tract being more particularly described as follows, to wit:

Beginning at a point which is the southeast corner of Tract C, Certificate of Survey No. 195, recorded under Document No. 447946, records of Yellowstone County, Montana; thence from said Point of Beginning, S 89°52'40" W along the south line of said Tract C, a distance of 812.28 feet to a point on the east right-of-way line of Lake Elmo Drive; thence N 03°26'35" W along said east right-of-way line, a distance of 132.20 feet to a point on the north line of said Tract C; thence N 09°51'11" E along said north line, a distance of 817.40 feet to the northeast corner of said Tract C; thence S 00°27'18" E along the east line of said Tract C, a distance of 132.46 feet to the southeast corner of said Tract C, said corner also being the Point of Beginning;

said described tract having a gross area and a net area of 1.874 acres (81,827 square feet).

That iron monuments of suitable size were set and occupy the positions shown thereon, that said survey and the plat hereon show true and correct dimensions and that the plat conforms with the work on the ground.

SANDERSON STEWART
By: [Signature] Montana Registration No. 18772LS Date: October 21, 2016



PLAT OF AMENDED LOTS 8, 9, 10, & 11, BLOCK 2,
HANSEN SUBDIVISION
 INCLUDING TRACT C-2 OF AMENDED TRACT C, CERTIFICATE OF SURVEY No. 195
 SITUATED IN THE NE1/4 OF SECTION 27, T. 1 N., R. 26 E., P.M.M.,
 IN THE CITY OF BILLINGS, YELLOWSTONE COUNTY MONTANA

PREPARED FOR : POPELKA ENTERPRISES, LLC.

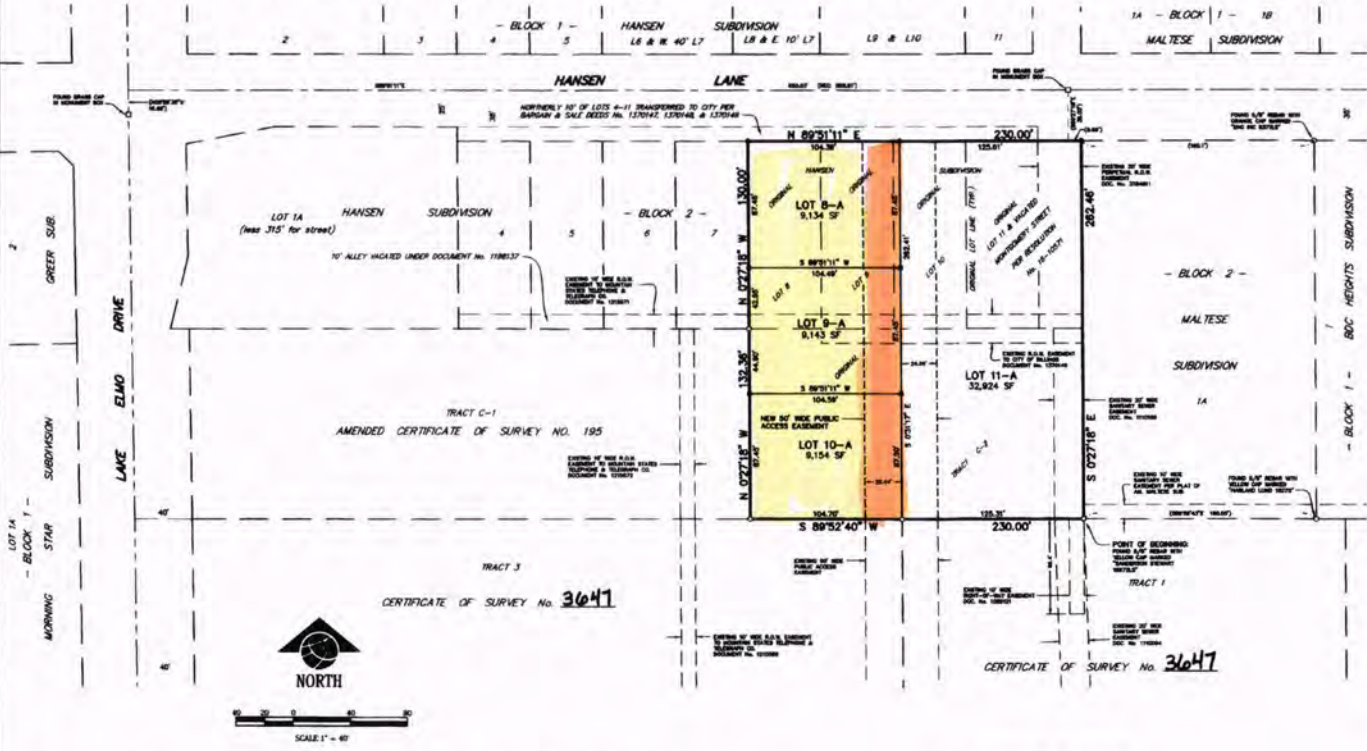
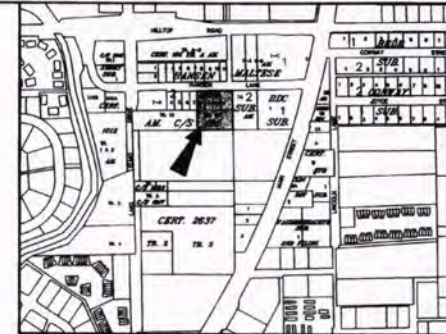
NOVEMBER, 2015

PREPARED BY : SANDERSON STEWART

BILLINGS, MONTANA

BASIS OF BEARING: THE BASIS OF BEARINGS FOR THIS SURVEY HAS BEEN DERIVED FROM GPS OBSERVATIONS AND IS BASED ON A NAD 83 LAMBERT CONFORMAL CONIC SINGLE PARALLEL, LOW DISTORTION PROJECTION FOR THE CITY OF BILLINGS, HAVING A POINT OF ORIGIN AT 45°47'00"N LATITUDE AND 108°25'00"W LONGITUDE WITH A SCALE FACTOR OF 1.0001915. DISTANCES ARE GRID, INTERNATIONAL FEET. THE GRID TO ORIGINAL COMBINED SCALE FACTOR AT THE SOUTHEAST CORNER OF TRACT C-2, A.M. C.O.S. #195 IS 1.000001859. THE CONVERGENCE ANGLE IS -0°02'27".

- FOUND SURVEY MONUMENT, REBAR WITH CAP MARKED "SANDERSON STEWART 18972LS", OR AS NOTED
- SET 5/8" X 18" REBAR WITH CAP MARKED WITH THE LICENSE NUMBER OF THE UNDERSIGNED LAND SURVEYOR AND "SANDERSON STEWART"



PURPOSE OF SURVEY: BOUNDARY RETRACEMENT AND RELOCATION OF LOT LINES

The undersigned owner does hereby certify that the purpose of this survey is to retrace the outside boundary of Tract C-2, Amended C.O.S. #195 and merged Lot 11, Block 2, Hansen Subdivision to provide material evidence not appearing on any map filed with the county clerk and recorder or contained in the records of the United States Bureau of land management. Therefore this survey is exempt from review as a subdivision pursuant to Section 76-3-404(1)(e), M.C.A.

Furthermore, the purpose of this survey is to relocate the common boundary lines between adjacent properties within a platted subdivision, the (O) or newer lots are being affected and no additional lots are being hereby created. Therefore this survey is exempt from review as a subdivision pursuant to Section 76-3-207(1)(c), M.C.A.

Pursuant to ARM 24.153.1104(1)(b)(c), the area that is being removed from one tract of record and joined with another tract of record is not itself a tract of record. Said area shall not be available as a reference legal description in any subsequent real property transfer after the initial transfer associated with the certificate of survey on which said area is described, unless said area is included with or excluded from adjoining tracts of record.

This survey is not subject to review by the Department of Environmental Quality pursuant to ARM 17.36.605(2)(b)(3) & (5) for a parcel that has a previous approval issued under Title 76, Chapter 4, Part 1, M.C.A.

POPELKA ENTERPRISES, LLC, a Montana limited liability company
 By: Robert A. Pope Title: Managing Member
 By: Richard D. Dwyer Title: Managing Member

STATE OF MONTANA }
 County of Yellowstone }
 On this 21 day of October, 2015, before me, a Notary Public in and for the State of Montana, personally appeared Robert A. Pope, known to me to be the person who signed the foregoing instrument as Managing Member, of POPELKA ENTERPRISES, LLC, and who acknowledged to me that said corporation executed the same. Witness my hand and seal the day and year hereat above written.

STATE OF MONTANA }
 County of Yellowstone }
 On this 21 day of October, 2015, before me, a Notary Public in and for the State of Montana, personally appeared Richard D. Dwyer, known to me to be the person who signed the foregoing instrument as Managing Member, of POPELKA ENTERPRISES, LLC, and who acknowledged to me that said corporation executed the same. Witness my hand and seal the day and year hereat above written.

Charles R. Quaresima
 Notary Public in and for the State of Montana

CERTIFICATE OF CITY ATTORNEY
 This document has been reviewed by the City Attorney's office and is acceptable as to form.
 DATED: 11-20-15
 Reviewed by: David Murch

ERRORS AND OMISSIONS REVIEW
 I hereby certify that I have examined the annexed and foregoing plat for errors and omissions in computations and drafting.
Janet A. Blum 11/10/2015
 Examining Land Surveyor Date

CERTIFICATE OF SURVEYOR
 STATE OF MONTANA }
 County of Yellowstone }
 The undersigned, a Montana Registered Land Surveyor, being first duly sworn, deposes and says that during the month of November, 2015, a survey was performed under his supervision of a tract of land situated in the NE1/4 of Section 27, T. 1 N., R. 26 E., P.M.M., in the City of Billings, Yellowstone County, Montana, being Lots 8, 9, 10, & 11, of Block 2, Hansen Subdivision, according to the official plat on file in the office of the Clerk and Recorder of Yellowstone County, Montana, under Document No. 3800955, and Tract C-2 of Amended Tract C of Certificate of Survey No. 195, as recorded in the office of the Clerk and Recorder of Yellowstone County, Montana, under Document No. 3800955. I said tract more particularly described as follows, to-wit:

Beginning at a point which is the southeast corner of Tract C-2 of Amended Tract C, Certificate of Survey No. 195; thence, from said Point of Beginning, S 89°52'40" W along the south line of said Tract C-2, a distance of 230.00 feet to the southwest corner of said Tract C-2; thence N 07°18' W along the west line of said Tract C-2, a distance of 132.36 feet to the northwest corner of said Tract C-2, said corner also being the southwest corner of Lot 8, Block 2, Hansen Subdivision; thence N 07°18' W along the west line of said Lot 8, a distance of 130.00 feet to a point on the southerly right-of-way line of Hansen Lane; thence N 89°31'11" E along said southerly right-of-way line, a distance of 230.00 feet to the northeast corner of Lot 1A, Block 2 of Mattee Subdivision; thence S 07°18' E along west line of said Lot 1A, a distance of 282.45 feet to the southwest corner of said Lot 1A, said corner also being the southeast corner of Tract C-2, the said Point of Beginning; said described tract having a gross area and a net area of 1,3855 acres 80,354 square feet.

That iron monuments of suitable size were set and occupy the positions shown thereon, that said survey and the plat hereat shows true and correct dimensions and that the plot conforms with the work on the ground.

CERTIFICATE OF COUNTY TREASURER
 I hereby certify that all real property taxes and special assessments have been paid per 76-3-811(1)(b)/76-3-207(3), M.C.A.
 Date 27 December 2016
 Yellowstone County Treasurer
 BY: Wade Bigbay
 Deputy

RELATED CERTIFICATE OF SURVEY
 DOCUMENT No.: 3800955
PUBLIC ACCESS EASEMENT
 DOCUMENT No.: 3800957

SP 3800856
 11/20/2015 10:24 AM
 SANDERSON STEWART



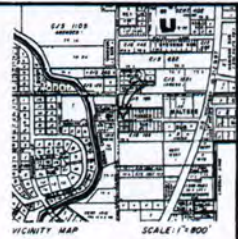
SANDERSON STEWART
 BY: Michael D. Stewart Montana Registration No. 18772LS Date: October 21, 2015



**AMENDED PLAT OF
LOTS 1, 2 AND 3, BLOCK 2, HANSEN SUBDIVISION
BEING LOTS 1, 2 AND 3, BLOCK 2
TOGETHER WITH VACATED ALLEY ADJACENT THERETO,
HANSEN SUBDIVISION, LESS HIGHWAY TAKING**

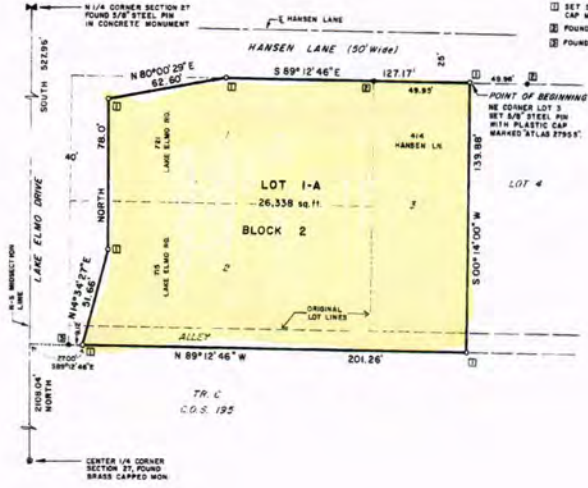
LOCATED IN THE NW 1/4 NE 1/4 SECTION 27, T.1N., R.26E., P.M.M.,
CITY OF BILLINGS, YELLOWSTONE COUNTY, MONTANA

FOR : EDWARD L. & JEAN A. McCORMICK
AND
RICHARD & DOROTHY POPELKA
BILLINGS, MONTANA
BY : ATLAS ENGINEERS INC.
BILLINGS, MONTANA
FEBRUARY, 1987



BASES OF BEARINGS
WEST BOUNDARY OF
HANSEN SUBDIVISION

- IRRECY MONUMENTS**
- SET 5/8" STEEL PIN WITH PLASTIC CAP MARKED AT L&S 2795.8'
 - FOUND 200# NAIL
 - FOUND 3/4" NPE



I HEREBY CERTIFY THAT THIS
TALLEN COUNTY, MONTANA
FILED April 6, 1987
BY James E. Hildebrand
DEPUTY

CERTIFICATE OF SURVEY

STATE OF MONTANA)
County of Yellowstone) ss.

THIS IS TO CERTIFY THAT James L. Hahn, a registered land surveyor, No. 2795 S, being first duly sworn, deposes and says that during the months of January and February, 1987, at the request of the owners and in conformance with Section 78-3-404, MCA, a survey was conducted and the hereto amended plat was prepared under his supervision of a certain tract of land being Lots 1, 2 and 3, Block 2 together with vacated alley adjacent thereto, Hansen Subdivision, less highway taking, located in the HANSEN Section 27, T.1N., R.26E., P.M.M., City of Billings, Yellowstone County, Montana, to hereinafter known as AMENDED PLAT OF LOTS 1, 2 AND 3, BLOCK 2, HANSEN SUBDIVISION, being bounded and described as follows, to-wit: beginning at the northeast corner of said Lot 3; thence 80°12'46"W on and along the east line of said Lot 3 and a southerly projection thereof a distance of 139.68 feet to a point on the south line of said vacated alley, said south line also being the south line of said Hansen Subdivision; thence 89°12'46"W on and along said south line of said Hansen Subdivision a distance of 201.26 feet to a point on the westerly line of Hansen Subdivision a distance of 139.68 feet to a point on the north line of said Hansen Subdivision; thence 89°12'46"W on and along said north line of said Hansen Subdivision a distance of 127.17 feet to a point on the north line of said Block 2; thence 89°12'46"E on and along said north line a distance of 127.17 feet to the point of beginning containing 26,338 square feet more or less.

James L. Hahn
Montana Registered Land Surveyor

STATE OF MONTANA)
County of Yellowstone) ss.

Subscribed and sworn to before me, a Notary Public for the State of Montana, this 17 day of MARCH, 1987.

Edwin F. Hildebrand
Notary Public for the State of Montana
Residing at Billings, Montana
My commission expires May 20, 1988



LANDOWNERS' STATEMENT

STATE OF MONTANA)
County of Yellowstone) ss.

We hereby certify that the purpose of this survey is to aggregate existing lots in a platted subdivision, fewer than six (6) lots are affected; no additional lots are hereby created and the lots are presently served by public water and sewer; therefore this survey is exempt from review by the Department of Health and Environmental Sciences pursuant to Chapter 16, Sub-Chapter 6 AEM, Rule 16.16.005 (2)(6).

Edward L. McCormick, Jr.
Richard Popelka

Jean Ann McCormick
Dorothy Popelka

STATE OF MONTANA)
County of Yellowstone) ss.

On this 17 day of MARCH, 1987, before me, a Notary Public for the State of Montana, personally appeared Edward L. McCormick, Jr. and Jean Ann McCormick a/k/a Jean A. McCormick, husband and wife, known to me to be the persons whose names are subscribed to the foregoing instrument and acknowledged to me that they signed same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal, the day and year first above written.

Edwin F. Hildebrand
Notary Public for the State of Montana
Residing at Billings, MT
My commission expires May 20, 1988

STATE OF MONTANA)
County of Yellowstone) ss.

On this 17 day of MARCH, 1987, before me, a Notary Public for the State of Montana, personally appeared Richard Popelka and Dorothy Popelka, husband and wife, known to me to be the persons whose names are subscribed to the foregoing instrument and acknowledged to me that they signed same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal, the day and year first above written.

Edwin F. Hildebrand
Notary Public for the State of Montana
Residing at Billings, MT
My commission expires May 20, 1988

CERTIFICATE OF REVIEW FOR ERRORS & OMISSIONS - CITY ENGINEER'S OFFICE

I hereby certify that I have reviewed the hereto amended AMENDED PLAT OF LOTS 1, 2 AND 3, BLOCK 2, HANSEN SUBDIVISION for errors and omissions in calculations or drafting on this 18 day of MARCH, 1987.

James L. Eldred

STATE OF MONTANA)
County of Yellowstone) ss. **1436167**

I hereby certify that the hereto amended AMENDED PLAT OF LOTS 1, 2 AND 3, BLOCK 2, HANSEN SUBDIVISION was filed for record in my office on 2-17-87 at 1:11 o'clock P.M.

James L. Eldred
Yellowstone County Clerk and Recorder
Deputy

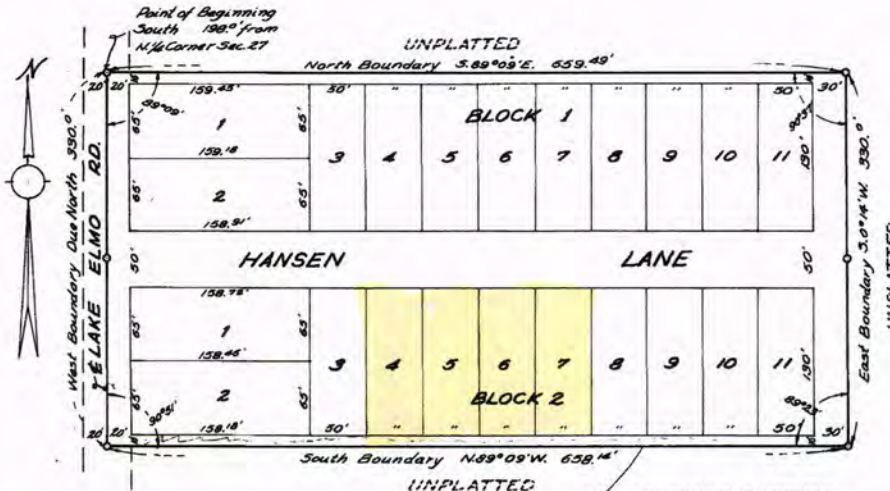
ACKNOWLEDGMENT OF EXEMPTION

STATE OF MONTANA)
County of Yellowstone) ss.

I occur in the use of the exemption from Department of Health and Environmental Sciences review cited above.

James L. Eldred
Environmental Health Section
Yellowstone City-County Health Department

**PLAT OF
HANSEN SUBDIVISION**
N.W.1/4 N.E.1/4 Section 27 T.1N., R.26E., M.P.M.
Plat & Survey by **Jack F. Mueller** — Land Surveyor
Scale: 1" = 80' Dec., 1948



CONSENT TO PLATTING BY MORTGAGEE

The undersigned, Paul O. Nilson, hereby consents to the platting of the tract of land herein described, included in a mortgage to the undersigned, and hereby releases from said mortgage all portions of the tract dedicated to the public.

IN WITNESS WHEREOF, the undersigned has caused this consent and release to be executed and acknowledged. This consent is made pursuant to Section 4986 of the Revised Codes of Montana of 1935, as amended by Chapter 20 of the Laws of the 28th Legislative Session of 1943.

Paul O. Nilson

STATE OF MONTANA } ss.
County of Yellowstone

On this 14th day of Dec in the year 1949, before me a Notary Public for the State of Montana, personally appeared Paul O. Nilson, known to me to be the person who signed the foregoing CONSENT TO PLATTING BY MORTGAGEE, and who being first duly sworn acknowledged to me that he signed the same. Witness my hand and seal the day and year herein above written.

Notary Public for the State of Montana
Residing at Billings, Montana
My commission expires 12/31/57

CERTIFICATE OF DEDICATION

1193137 tract plat
5/15/31

STATE OF MONTANA } ss.
County of Yellowstone

KNOW ALL MEN BY THESE PRESENTS: That Victor Hansen and Hazel C. Hansen, his wife, do hereby certify that they have caused to be surveyed, subdivided and platted into lots, blocks, roads, lane and alleys as shown by the plat and CERTIFICATE OF SURVEY herunto annexed the following described tract of land situated in the Northwest Quarter of the Northeast Quarter (NE1/4), Section Twenty-seven (27), Township One (1) North, Range Twenty-six (26) East, M.P.M. being more particularly bounded and described as follows: Beginning at a point on the North and South midsection line of said Section 27, 196 feet south of the North Quarter (NE1/4) corner; thence South 89° 09' East, 659.49 feet; thence South 0° 14' West, 330.0 feet; thence North 89° 09' West, 658.14 feet to the above mentioned North and South midsection line; thence North along the midsection line 330.0 feet to the point of beginning. The net acreage of the above tract exclusive of roads, lane and alleys is 3.63 acres. The above described tract is to be known as HANSEN SUBDIVISION and the land included in the streets, lane and alleys as shown on the said plat is hereby granted and donated to the use of the public forever.

Dated this 23rd day of Dec A.D. 1948.

Victor Hansen Hazel C. Hansen

STATE OF MONTANA } ss.
County of Yellowstone

On this 23 day of Dec in the year 1948, before me Victor Danvers a Notary Public for the State of Montana, personally appeared Victor Hansen and Hazel C. Hansen, his wife, known to me to be the persons who signed the foregoing CERTIFICATE OF DEDICATION and who acknowledged to me that they signed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

Victor Danvers
Notary Public for the State of Montana
Residing at Billings, Montana
My commission expires Sept 23/1949

CERTIFICATE OF SURVEY

STATE OF MONTANA } ss.
County of Yellowstone

Jack F. Mueller, a Land Surveyor, being first duly sworn, deposes and says that during the month of December 1948, he made a plat and survey of a certain tract of land to be known as HANSEN SUBDIVISION in accordance with the request of the owners thereof and in conformity with the provisions of Chapter 390 of the Revised Code of Montana, 1935, and amendments thereto; said subdivision, description of boundaries and dimensions being in accordance with the CERTIFICATE OF DEDICATION and as shown on the annexed plat; that 2" x 30" iron pipe monuments were set at all intersection points as indicated on the plat by a mark thus o; that the street lines conform with the adjacent platted areas; that the plat conforms with the work on the ground; and that the net area of the said platted tract is 3.63 acres.

Subscribed and sworn to before Frank Thompson a Notary Public for the State of Montana, this 21 day of Dec 1948.

Jack F. Mueller
Jack F. Mueller, Land Surveyor No. 3835
Frank Thompson
Notary Public for the State of Montana
Residing at Billings, Montana
My commission expires Jan 31/1951

CERTIFICATE OF APPROVAL

STATE OF MONTANA } ss.
County of Yellowstone

We hereby certify that we have examined the above plat of HANSEN SUBDIVISION and find that the net platted area is less than twenty acres, therefore no park reservations are required to be made within the tract. We find that the said plat conforms with the requirements of the laws of the State of Montana. It is the above approved and accepted.

IN WITNESS WHEREOF, we have hereunto set our hands and the seal of Yellowstone County, this 23 day of Dec A.D. 1948.

SEAL OF COUNTY COMMISSIONERS

Chas. E. Wiggins Chairman C. E. Fairland County Surveyor
W. H. Wiggins Commissioner Carl Knight County Clerk & Recorder
W. H. Wiggins Commissioner

448471

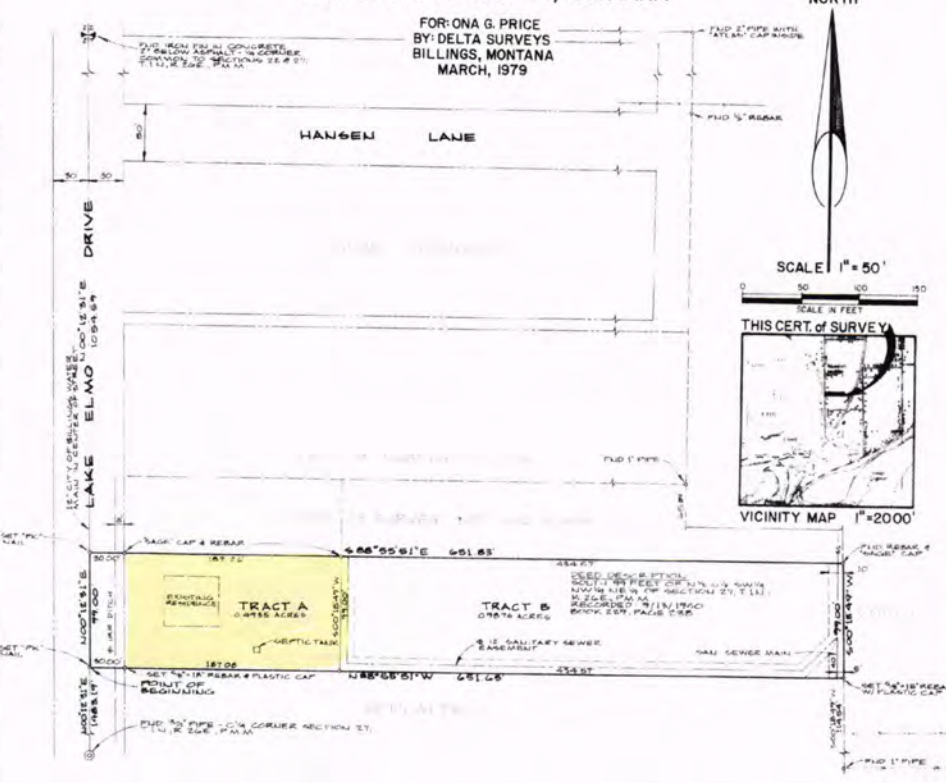
STATE OF MONTANA } ss.
County of Yellowstone

I hereby certify that the annexed plat of HANSEN SUBDIVISION was filed for record in my office on the 23 day of Jan A.D. 1949 at 11:50 o'clock A.M.

Carl Knight
County Clerk & Recorder
Frank Thompson

CERTIFICATE OF SURVEY NO. 1917
 LOCATED IN THE N1/2 S1/2 SW1/4 NW1/4 NE1/4 SECTION 27, T.1N., R.26E., P.M.M.
 YELLOWSTONE COUNTY, MONTANA

FOR: ONA G. PRICE
 BY: DELTA SURVEYS
 BILLINGS, MONTANA
 MARCH, 1979



CERTIFICATE OF SURVEY

STATE OF MONTANA
 COUNTY OF YELLOWSTONE

This is to certify that Gerald P. Russell, a Montana Registered Land Surveyor, Registration No. 4741-S, being duly sworn says that during the month of March, 1979, a survey was made under his supervision of a certain tract of land located in the SW 1/4 NW 1/4 NE 1/4 Section 27, T.1N., R.26E., P.M.M., Yellowstone County, Montana at the request of the owner and in conformity with the provisions of Senate Bill No. 208, Chapter 500, Montana Session Law of 1973 and House Bill No. 1017, Chapter 314, Montana Session Law of 1974, said tract being more particularly bounded and described as follows: Commencing at the (X) (Center one-quarter) corner of Section 27, T.1N., R.26E., P.M.M., Yellowstone County, Montana; Thence S89°12'31"W along the north-south mid-section line of said Section 27 a distance of 149.19 feet to the true Point of Beginning; Thence S89°12'31"W continued along said north-south mid-section line a distance of 99.00 feet; Thence S89°55'51"W a distance of 451.63 feet; Thence S08°18'47"W a distance of 99.00 feet; Thence S89°55'51"W a distance of 451.65 feet to the Point of Beginning, said tract containing 1.4411 gross acres and 1.4129 net acres.

I certify that the purpose of this survey is to create Tract B as an occasional sale, and that this exception complies with all conditions imposed upon its use; therefore this survey is exempt for review as a subdivision pursuant to 76-1-207 (d).

ON A G. PRICE

STATE OF MONTANA
 COUNTY OF YELLOWSTONE

Subscribed and sworn to before me, a Notary Public in and for the State of Montana, this 20th day of July, 1979.

SUBSTITUTION

Filed on _____ day of _____ 1979
 at _____ Document No. 1136070

STATE OF MONTANA
 COUNTY OF YELLOWSTONE

Subscribed and sworn to before me, a Notary Public in and for the State of Montana, this 20th day of July, 1979, at _____ o'clock _____ M.

SUBSTITUTION

Filed on _____ day of _____ 1979
 at _____ Document No. 1136071

STATE OF MONTANA
 COUNTY OF YELLOWSTONE

I hereby certify that the annexed plat was filed for record in my office on this _____ day of _____ 1979, at _____ o'clock _____ M.

6-26-79

Land Sale 2

LOCATION: Along the south side of King Avenue East, adjacent to the north and west of Cabela's, in Billings, Yellowstone County, Montana.

LEGAL DESCRIPTION: Lots 1 & 2, Block 1; Lots 3A, 4A, 5A and 6A, Block 1, of Amended Plat of Lots 3, 4, 5 & 6, Block 1, and Lots 8A-1, 9A-1 and 10A-1, of Third Amended, all in Miller Crossing Subdivision, in the City of Billings, Yellowstone County, Montana, under Document #'s: 3475747, 3512189, 3684842.

GRANTOR: South Billings Center, LLC

GRANTEE: Tekton Investments, LLC

REC. DOCUMENT: Warranty Deed #3799284

DATE OF SALE: November, 2016

DATE OF RECORDING: 12-15-2016

EXPOSURE TIME: Several years

SALES PRICE: \$2,250,000

TERMS OF SALE: Cash to Seller

CASH EQ. PRICE: \$2,250,000

PRICE/SF: \$3.11/sf - gross
\$3.44/sf - net

SITE DESCRIPTION: Size: 16.5895 acres = 722,639 sf (gross)
15.00 acres = 653,400 sf (net)
Frontages: 1,290'± along King Avenue East
850'± along I90 westbound exit ramp
Depth: Varies
Shape: Highly Irregular

Utilities: All city services readily available to each lot.

ZONING: EGC – Entryway General Commercial

PROPOSED USE: No firm uses at time of purchase. Speculative investment.

CONFIRMED BY: David Thomas, MAI

CONFIRMED WITH: Mike Walker, Broker

COMMENTS: This parcel is subdivided into nine separate, legally described parcels, as shown on the legal description above. All on-site improvements have been completed and these are shovel ready parcels. Also, all SID's associated with off-site improvements had been paid by the seller. This area is not highly desirable for commercial development. Cabela's has struggled at this location. The net area shown above excludes the areas dedicated to reciprocal access easements, which are private roadways within the subdivision.

These lots are currently listed for sale individually by Brian McDonald with NAI Business Properties. As per Mr. McDonald, two of the lots fronting King Avenue East are under contract as of May, 2018, one at \$11.36 psf and the other at \$10.22 psf. The interior lots are priced at \$8.00 psf.

3rd AMENDED - MILLER CROSSING SUBDIVISION, SECOND FILING

AMENDED PLAT OF AMENDED LOTS 7A, 8A, 9A & 10A, BLOCK 1 OF MILLER CROSSING SUBDIVISION, SECOND FILING

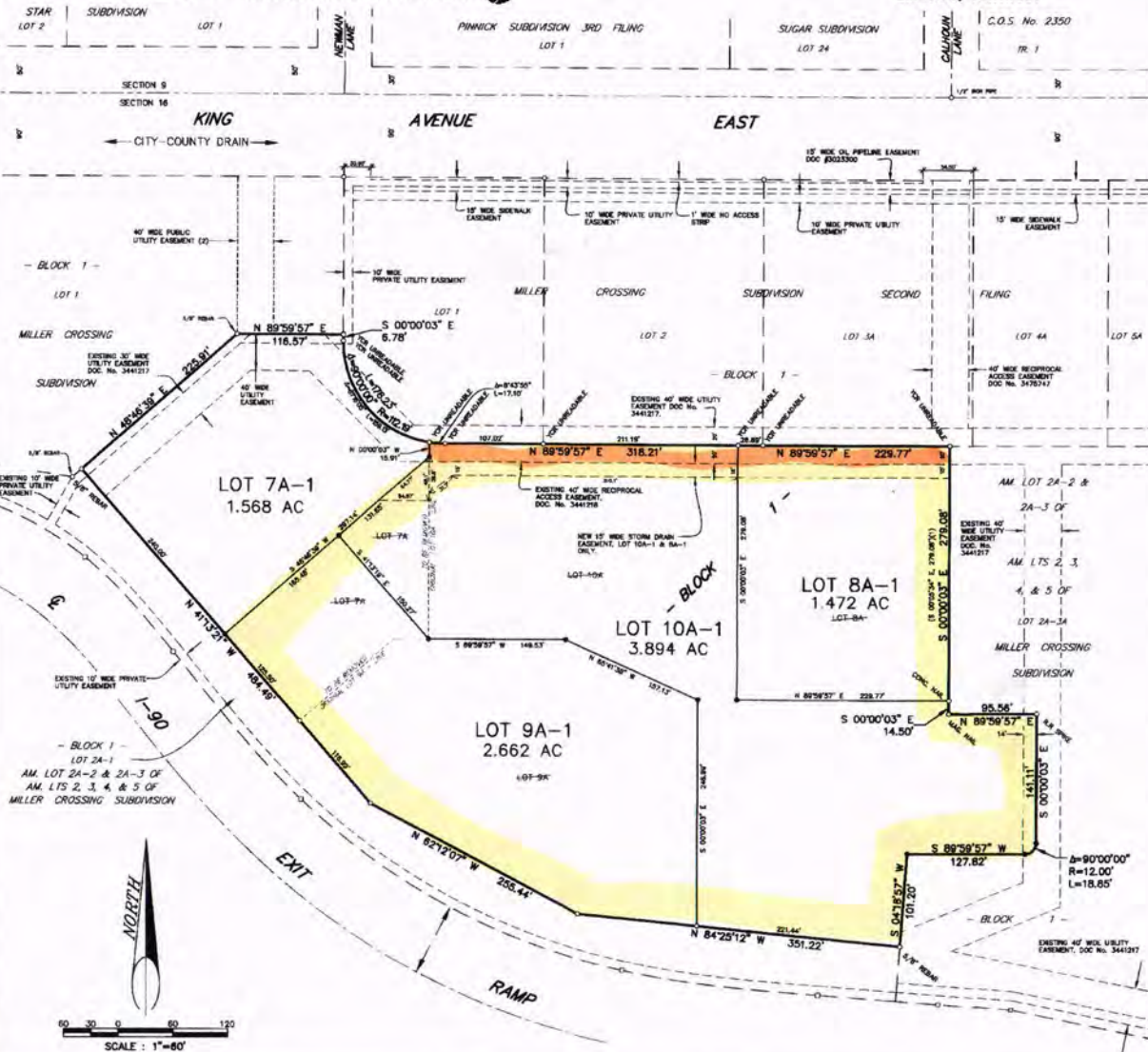
SITUATED IN THE NW1/4 OF SECTION 16, T. 1 S., R. 26 E., P.M.M.,
IN THE CITY OF BILLINGS, YELLOWSTONE COUNTY, MONTANA

PREPARED FOR : SOUTH BILLINGS CENTER, LLC

PREPARED BY : SANDERSON STEWART

JUNE, 2013

BILLINGS, MONTANA



BASIS OF BEARING: GEODETIC NORTH AT 45°47'00", 108°25'00" W. Convergence for this plot is -0°45'56" at the NW corner of Lot 8A (SEE NOTES).
 ○ FOUND SURVEY MONUMENT, REBAR & CAP MARKED "ENGINEERING INC", OR AS NOTED.
 ○ FOUND M.D.O.T. RIGHT-OF-WAY MONUMENT.
 ○ SET 5/8" X 18" REBAR WITH CAP MARKED WITH THE LICENSE NUMBER OF THE UNDERSIGNED LAND SURVEYOR AND "SANDERSON STEWART BILLINGS MT".
 YCR REBAR WITH YELLOW PLASTIC CAP.

PURPOSE OF SURVEY - RELOCATION OF COMMON BOUNDARY LINE.
 The undersigned corner of the hereby described tract of land, do hereby certify that the purpose of this survey is to relocate the common boundary line between adjoining properties and grant additional easements within a platted subdivision and no additional tracts are being hereby created.
 Therefore, this division of land is exempt from review as a subdivision pursuant to Section 78-3-207(1)(c), M.C.A.
 Furthermore, this survey is not subject to review by the Department of Environmental Quality pursuant to ARM 17.36.605(2)(b)(i) & (j) "a parcel that has a previous approval issued under Title 76, Chapter 4, part 1, MCA".



ERRORS AND OMISSIONS REVIEW
 I hereby certify that I have examined the annexed and foregoing plat for errors and omissions in computations and drafting.
 Date: 06/19/2013
 Examining Land Surveyor

CERTIFICATE OF CITY ATTORNEY
 This document has been reviewed by the City Attorney's office and is acceptable as to form.
 Date: 9-19-13
 Released by: [Signature]

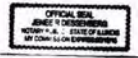
CERTIFICATE OF COUNTY TREASURER
 I hereby certify that all real property taxes and special assessments have been paid per 78-3-611(1)(b)/78-3-207(3), M.C.A.
 Date: September 23, 2013
 Yellowstone County Treasurer

NOTES
 Lots 7A, 8A, 9A & 10A are Benefit of and Subject To numerous assessments, including those per Document No. 3441225 TOGETHER WITH a perpetual right-of-way easement granted to the City of Billings by Document No. 3512196.
 This survey has been performed using precise GPS methods. The basis of this survey is a Low Distortion Projection (LDP) designed specifically for the City of Billings and surrounding area which is defined as follows:
 M763-BLGS-IT Lambert Conformal Conic, single parallel, having an Origin at 45°47'00"N latitude, 108°25'00" W longitude, a false NORTH of 50,000.00 (m) & false EAST of 200,000 (m), and a scale factor of 1.0001515. UNIT of measure is the International foot.
 All Bearing and Distances are measured unless noted otherwise. Record data is noted () per reference ().

REFERENCES
 (1) Amended Plat of Lots 7, 8, 9 & 10, Block 1 of MILLER CROSSING SUBDIVISION, SECOND FILING, Document No. 3512190.
 (2) MILLER CROSSING SUBDIVISION, SECOND FILING, Document No. 3475747.

SOUTH BILLINGS CENTER, LLC
 a Delaware limited liability company
 By: [Signature]
 Assistant Secretary

ACKNOWLEDGMENT
 STATE OF MONTANA)
 County of YELLOWSTONE)
 This instrument was acknowledged before me on September 19, 2013, (date) by South Billings Center, LLC (name of person) as Assistant Secretary (type of authority), i.e., officer, trustee, etc.) of SOUTHERN BILLINGS ASSOCIATES, LLC (name of corporation), a Delaware Corporation, its sole member of (see) SOUTH BILLINGS CENTER, LLC (see) South Billings Center, LLC (signature of notary public).



CERTIFICATE OF SURVEYOR
 The undersigned, a Montana Licensed Land Surveyor, states that during the month of June, 2013, a survey was performed by me or under my supervision of a tract of land situated in the NW1/4 of Section 16, T. 1 S., R. 26 E., P.M.M., in the City of Billings, Yellowstone County, Montana, said tract being more particularly described as follows, to wit:
 Lots 7A, 8A, 9A, and 10A, Block 1 of the Amended Plat of Lot 7, 8, 9 & 10 of Miller Crossing Subdivision, Second Filing, according to the office plat on file in the Office of the Clerk & Recorder of Yellowstone County, Montana under Document No. 3512190; said described tract containing a gross area and a net area of 8.588 acres ±.
 That the monuments found and set out of the character and occupy the positions shown hereon, that said survey and the plat hereof show true and correct dimensions and that the plat conforms with the work on the ground.
 SANDERSON STEWART
 By: [Signature]
 Montana Registration No. 15273 LS



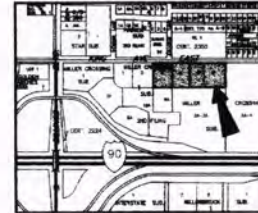
SP 3684842
 06/19/2013 12:08 PM

AMENDED PLAT OF LOTS 3, 4, 5, & 6, BLOCK 1 OF MILLER CROSSING SUBDIVISION, SECOND FILING

SITUATED IN THE NW1/4 OF SECTION 16, T. 1 S., R. 26 E., P.M.M.,
IN THE CITY OF BILLINGS, YELLOWSTONE COUNTY, MONTANA

PREPARED FOR : SOUTH BILLINGS CENTER, LLC
PREPARED BY : ENGINEERING, INC.
SCALE: 1"=50'

DECEMBER, 2008
BILLINGS, MONTANA



VICINITY MAP
NOT TO SCALE

PURPOSE OF SURVEY - RELOCATION OF COMMON BOUNDARY LINE
The undersigned corner of the hereby described tract of land, do hereby certify that the purpose of this survey is to relocate the common boundary line between 5 or fewer lots within a platted subdivision and no additional lots are being hereby created.

Therefore, this division of land is exempt from review as a subdivision pursuant to Section 76-3-207(1)(e), M.C.A.

Furthermore, this survey is not subject to review by the Department of Environmental Quality pursuant to 49M 17.26.602(2)(c) for "a parcel that has no existing facilities for water supply, wastewater disposal or solid waste disposal other than those previously approved by the reviewing authority".

SOUTH BILLINGS CENTER, LLC
a Delaware limited liability company
By SOUTH BILLINGS ASSOCIATES, LLC
a Delaware limited liability company

By: *Jeffrey M. Vittek*
its Executive Committee Member

STATE OF CALIFORNIA)
County of San Diego) ss

On April 23, 2009 before me, Dorcas S. Lewis, Notary Public, personally appeared Jeffrey M. Vittek who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: *[Signature]*
Signature of Notary Public



CERTIFICATE OF SURVEYOR

STATE OF MONTANA)
County of Yellowstone) ss

The undersigned, a Montana Registered Land Surveyor, being first duly sworn, deposes and says that during the month of December, 2008, a survey was performed under his supervision of a tract of land situated in the NW1/4 of Section 16, T. 1 S., R. 26 E., P.M.M., in the City of Billings, Yellowstone County, Montana, said tract being more particularly described as follows, to wit:

Lot 3, 4, 5, and 6, Block 1 of Miller Crossing Subdivision, Second Filing, according to the official plat on file in the Office of the Clerk & Recorder of said County, under Document No. 3475747; said described tract containing a gross area and a net area of 5.5855 acres.

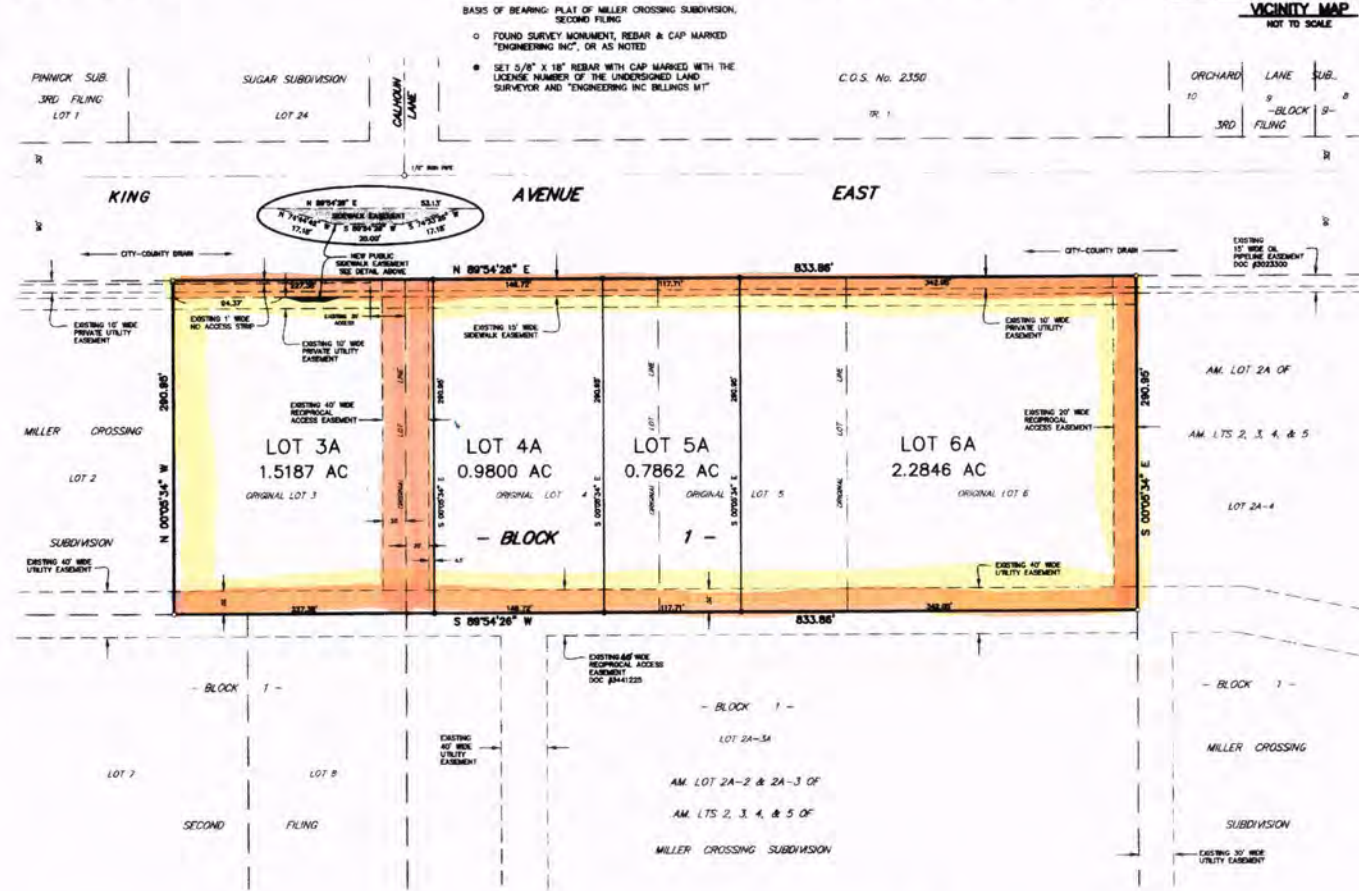
That the monuments found and set are of the character and occupy the positions shown hereon, that said survey and the plat hereof show true and correct dimensions and that the plat conforms with the work on the ground.

ENGINEERING, INC.

By: *[Signature]*
Montana Registration No. 8377-5

Subscribed and sworn to before me, a Notary Public in and for the State of Montana, this 23rd day of April, 2009.

[Signature]
Notary Public in and for the State of Montana
Private Notary Public - Commission
Residing at Billings, MT
My commission expires 5 Aug 2011



CERTIFICATE OF COUNTY TREASURER
I hereby certify that all real property taxes and special assessments have been paid per 76-3-611(1)(a)/76-3-207(3), M.C.A.
Date: 06-15-2009
Yellowstone County Treasurer
By: *[Signature]*
Deputy

CERTIFICATE OF CITY ATTORNEY
This document has been reviewed by the City Attorney's office and is acceptable as to form.
Date: 06-10-09
Reviewed by: *[Signature]*

ERRORS AND OMISSIONS REVIEW
I hereby certify that I have examined the annexed and foregoing plat for errors and omissions in computations and drafting.
[Signature]
Examining Land Surveyor
Date: 6-8-2009



**PLAT OF
MILLER CROSSING SUBDIVISION, SECOND FILING**
BEING LOT 2A-2A OF AMENDED PLAT OF LOTS 2A-2 & 2A-3, BLOCK 1 OF AMENDED
PLAT OF LOT 2A OF AMENDED LOTS 2, 3, 4, & 5, BLOCK 1, MILLER CROSSING SUBDIVISION
SITUATED IN THE NW1/4 OF SECTION 16, T. 1 S., R. 26 E., P.M.M.
IN THE CITY OF BILLINGS, YELLOWSTONE COUNTY, MONTANA

PREPARED FOR : SOUTH BILLINGS CENTER, LLC
PREPARED BY : ENGINEERING, INC.
SCALE : 1" = 100'

JUNE, 2008
BILLINGS, MONTANA
C.O.S. No. 2350
TR. 1

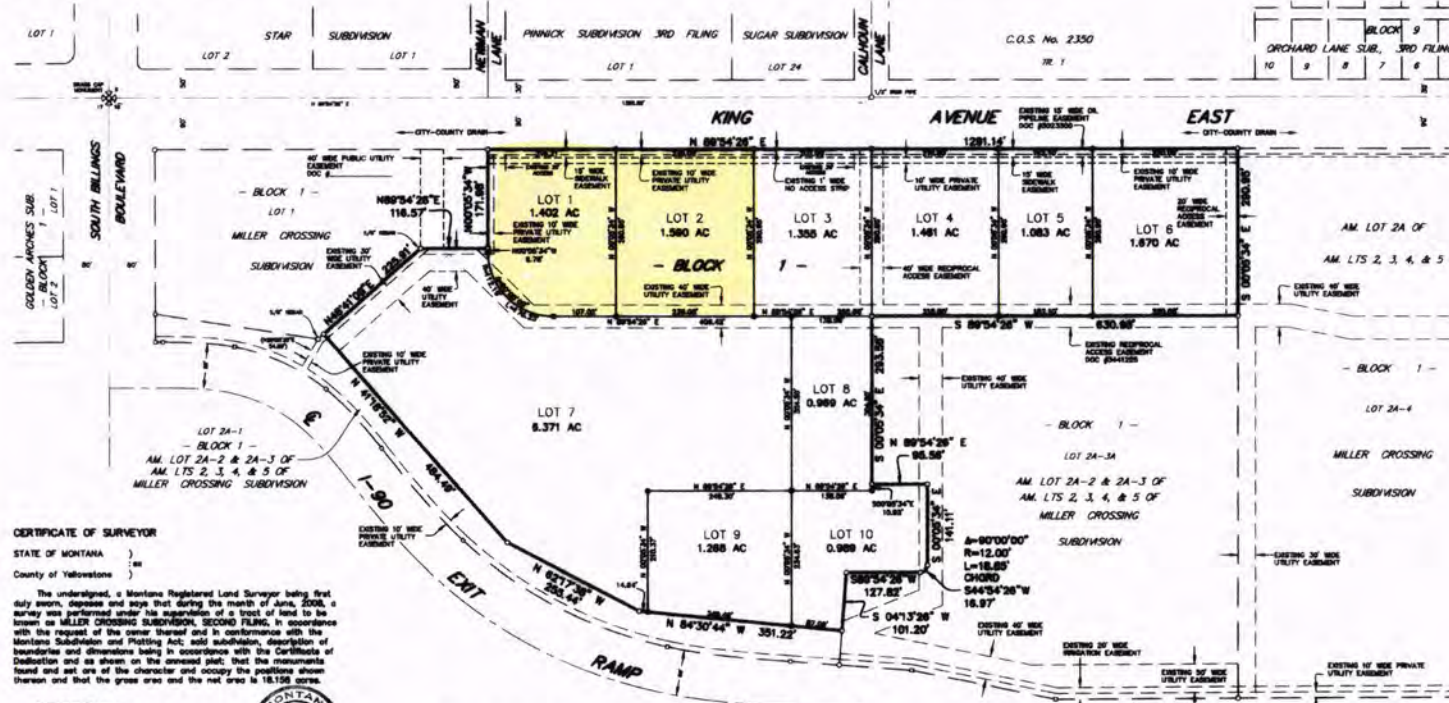


- BASIS OF BEARING: PLAT OF MILLER CROSSING SUBDIVISION
- FOUND SURVEY MONUMENT, MDOOT ALUM. CAPPED REBAR
- FOUND SURVEY MONUMENT, REBAR & CAP MARKED "ENGINEERING, INC.", OR AS NOTED
- SET 5/8" X 18" REBAR AND CAP MARKED WITH THE LICENSE NUMBER OF THE UNDERSIGNER LAND SURVEYOR AND "ENGINEERING INC BILLINGS MT."

NOTE: ACCESS TO LOTS 7, 8, 9, & 10 PROVIDED BY RECIPROCAL ACCESS EASEMENT, DOC #8441225



VICINITY MAP
NOT TO SCALE



CERTIFICATE OF SURVEYOR
STATE OF MONTANA)
County of Yellowstone)

The undersigned, a Montana Registered Land Surveyor being first duly sworn, deposes and says that during the month of June, 2008, a survey was performed under his supervision of a tract of land to be known as MILLER CROSSING SUBDIVISION, SECOND FILING, in accordance with the request of the owner thereof and in conformance with the Montana Subdivision and Platting Act, said subdivision, description of boundaries and dimensions being in accordance with the Certificate of Dedication and as shown on the annexed plat; that the monuments found and set are of the character and occupy the positions shown thereon and that the gross area and the net area is 18.158 acres.

ENGINEERING, INC.
By: *[Signature]*
Montana Registration No. 5377-5

Subscribed and sworn to before me a Notary Public in and for the State of Montana, this 22 day of July, 2008.

[Signature]
Notary Public in and for the State of Montana
Printed Name: *[Name]*
Residence: *[Address]*
My commission expires: *[Date]*



NOTICE OF APPROVAL
STATE OF MONTANA)
County of Yellowstone)

This plat has been approved for filing by the Yellowstone County Board of Planning and conforms to the recommendations of its Board.

7-3-08
Date: *[Date]*
President: *[Signature]*
Executive Secretary: *[Signature]*



CERTIFICATE OF CITY ENGINEER'S OFFICE

I hereby certify that annexed and foregoing plat conforms with Section 78-4-125(2)(d), M.C.A., for the removal of sanitary restrictions since the plat is to be a master planning area and said lots will be provided with municipal facilities for the supply of water and the disposal of sewage and solid waste.

IN WITNESS WHEREOF, I have annexed this CERTIFICATE OF APPROVAL, this 22 day of July, 2008.

[Signature]
City Engineer's Office

ERRORS AND OMISSIONS REVIEW

I hereby certify that I have examined the annexed and foregoing plat for errors and omissions in computations and drafting and find that said plat conforms with the requirements of the laws of the State of Montana, and that said plat conforms to the adjoining conditions and plats of the City of Billings already plotted as nearly as circumstances will permit.

[Signature]
Examining Land Surveyor
Date: 7-10-2008

CERTIFICATE OF CITY ATTORNEY

This document has been reviewed by the City Attorney's office and is acceptable as to form.

Date: 7-21-08
Reviewed by: *[Signature]*

SUBDIVISION IMPROVEMENT AGREEMENT

Document No. 317574B

CERTIFICATE OF COUNTY TREASURER

I hereby certify that all real property taxes and special assessments have been paid per 78-3-611(1)(b), 78-3-207(3), M.C.A.

Date: 7-30-08
Yellowstone County Treasurer:
By: *[Signature]*
Deputy

INTERSTATE 90

CERTIFICATE OF DEDICATION

STATE OF MONTANA)
County of Yellowstone)

KNOW ALL MEN BY THESE PRESENTS: That SOUTH BILLINGS CENTER, LLC, the owner of the following described tract of land, does hereby certify that it has caused to be surveyed, subdivided and plotted into lots, blocks and streets as shown on the annexed plat, said tract being situated in the NW1/4 of Section 16, T. 1 S., R. 26 E., P.M.M., in the City of Billings, Yellowstone County, Montana, said tract being more particularly described as follows, to-wit:

Lot 2A-2A of Amended Plat of lots 2A-2 & 2A-3, Block 1 of Amended Plat of Lot 2A of Amended Lots 2, 3, 4, & 5, Block 1, Miller Crossing Subdivision, according to the official plat on file in the Office of the Clerk & Recorder of Yellowstone County, Montana, under Document No. 3450790.

There is no park requirement for this commercial subdivision. The undersigned hereby grants unto all utility companies, as such are defined and established by Montana Law, and cedes dedication contracts, an easement for the location, maintenance, repair and removal of their lines over, under and across the areas designated on the plat as "UTILITY EASEMENT" to have and hold forever. Said tract to be known and designated as MILLER CROSSING SUBDIVISION, SECOND FILING; there is no public land dedication.

SOUTH BILLINGS CENTER, LLC
a Delaware limited liability company
By: SOUTH BILLINGS ASSOCIATES, LLC
a Delaware limited liability company, Member
By: *[Signature]*
its Executive Committee, its Member

STATE OF CALIFORNIA)
County of San Diego)

On July 1, 2008 before me, Douglas S. Lauer, Notary Public, personally appeared *[Signature]*, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct. I declare myself a Notary Public, a member of the State Bar of California, and a member of the State Board of Equalization.

WITNESS my hand and official seal.
Signature: *[Signature]*
Signature of Notary Public



CERTIFICATE OF CITY COUNCIL APPROVAL

STATE OF MONTANA)
County of Yellowstone)

We hereby certify that we have examined the annexed and foregoing PLAT OF MILLER CROSSING SUBDIVISION, SECOND FILING, and find that said plat conforms with the requirements of the laws of the State of Montana, and the requirements of the Yellowstone County Board of Planning. It is therefore approved and the dedication to public use of any and all lands shown on this plat as being dedicated to such use are accepted.

IN WITNESS WHEREOF, we have set our hands and the seal of the CITY OF BILLINGS, MONTANA, this 22nd day of July, 2008.

CITY OF BILLINGS, MONTANA
By: *[Signature]*
Attest: *[Signature]*
City Clerk



3475747
Page: 1 of 1
08/08/2008 07:27

Land Sale 3

LOCATION: Along south side of South Frontage Road, approximately 1/4th mile east of South Billings Boulevard, in Billings, Yellowstone County, Montana.

LEGAL DESCRIPTION: Lots 2 and 3, Block 1, of Willowbrook Subdivision, in the City of Billings, Yellowstone County, Montana, under Document #3178165.

GRANTOR: H & E Equipment Services, Inc.

GRANTEE: Kevin L. Hintt & Richard G. Anderson

REC. DOCUMENT: Warranty Deed #3719687

DATE OF SALE: September, 2014

DATE OF RECORDING: 09-29-2014

EXPOSURE TIME: Several Years

SALES PRICE: \$1,045,000

TERMS OF SALE: Cash to Seller

CASH EQ. PRICE: \$1,045,000

PRICE/SF: \$4.25/sf - gross
\$4.25/sf - net

SITE DESCRIPTION: Size: 5.64 acres = 245,678 sf (gross)
5.64 acres = 245,678 sf (net)
Frontages: 1,275'± along South Frontage Road
Depth: Varies
Shape: Approximately Rectangular
Utilities: City water and sewer lines available in South Frontage Road. Gas, electricity, phone also available.

ZONING: EGC – Entryway General Commercial

PROPOSED USE: This site has been developed with the Billings headquarters for Dick Anderson Construction, as well as a retail store known as Tacoma Screw.

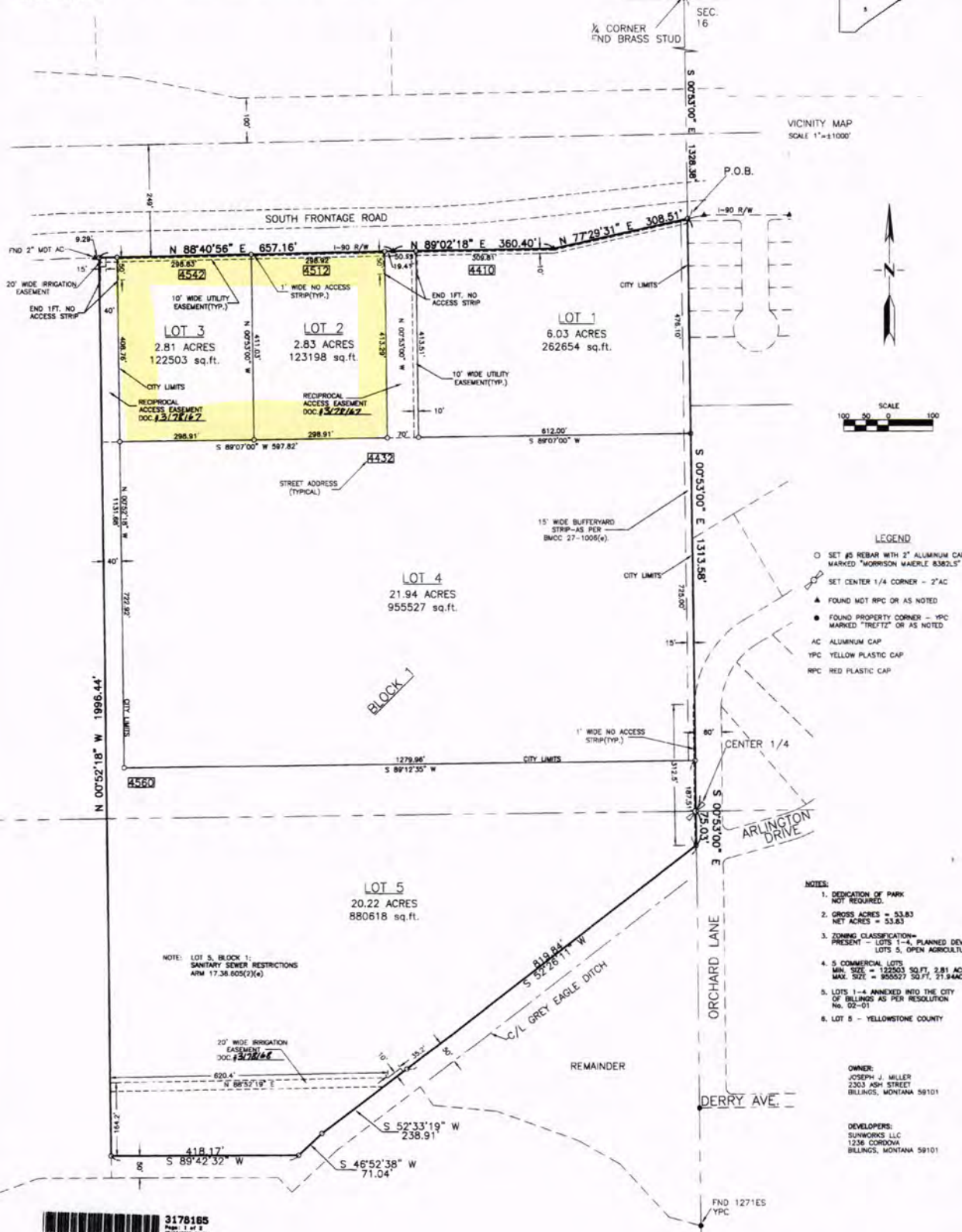
CONFIRMED BY: Steven Repac, Appraiser

CONFIRMED WITH: Blaine Poppler & George Warmer, Brokers

COMMENTS: This is the sale of two lots that front South Frontage Road immediately southeast of the Interstate 90/South Billings Boulevard interchange. This parcel had been listed for several years at the time of sale. The buyer (Dick Anderson Construction) is the purchaser of the former Hi-Tech Construction Company. This property is adjacent to the north of the Auto Auction facility and directly across I90 from Cabela's. About six months after purchasing this site, the buyer sold off the westernmost 75,751 square feet to Tacoma Screw Products, Inc.

PLAT OF WILLOWBROOK SUBDIVISION

LOCATED IN SE 1/4 NW 1/4 AND GOV'T. LOT 3 OF SECTION 16, T.1S., R.26E., P.M.M., YELLOWSTONE COUNTY, MONTANA MAY, 2002



VICINITY MAP
SCALE 1"=1/4 MILE



- LEGEND**
- SET #5 REBAR WITH 2" ALUMINUM CAP MARKED "MORRISON MAIERLE 8382LS"
 - SET CENTER 1/4 CORNER - 2" AC
 - ▲ FOUND NOT RPC OR AS NOTED
 - FOUND PROPERTY CORNER - YPC MARKED "TRETIZ" OR AS NOTED
 - AC ALUMINUM CAP
 - YPC YELLOW PLASTIC CAP
 - RPC RED PLASTIC CAP

- NOTES:**
1. DEDICATION OF PARK NOT REQUIRED.
 2. GROSS ACRES = 53.83
NET ACRES = 53.83
 3. ZONING CLASSIFICATION - PRESENT - LOTS 1-4, PLANNED DEVELOPMENT LOTS 5, OPEN AGRICULTURAL
 4. 5 COMMERCIAL LOTS
MAX. SIZE = 122503 SQ.FT. 2.81 ACRES
MAX. SIZE = 855027 SQ.FT. 21.94 ACRES
 5. LOTS 1-4 ANNEXED INTO THE CITY OF BILLINGS AS PER RESOLUTION No. 02-01
 6. LOT 5 - YELLOWSTONE COUNTY

OWNER:
JOSEPH J. MILLER
2303 ASH STREET
BILLINGS, MONTANA 59101

DEVELOPERS:
SUNWORKS LLC
1236 CORDOVA
BILLINGS, MONTANA 59101

NOTE: LOT 5, BLOCK 1:
SANITARY SEWER RESTRICTIONS
ARM 17.38.605(2)(4)

3178165
PLAT OF WILLOWBROOK SUBDIVISION
MAY 14, 2002

MORRISON MAIERLE, Inc. <small>Professional Land Surveyors</small>			
PROJECT NO. 3533-001-030-0220	DATE: May, 2002	PLAT OF WILLOWBROOK SUBDIVISION	
FIELD WORK: 05/05/02	SCALE: 1"=100'	1/4 SEC. 18	TOWNSHIP 15
DRAWN BY: JSS	CHECKED BY: GAP	38	RANGE 26E
CLIENT: SUNWORKS, LLC		18	28E
		YELLOWSTONE COUNTY	
		PRINCIPAL MERIDIAN, MONTANA	
		SHEET 1 OF 2	

H:\3533\001\WILLOWBROOK\3533-001-PLAT-14-11-02.DWG May/14/2002

Land Sale 4

LOCATION: NEC of King Avenue East and Calhoun Lane, in Billings, Yellowstone County, Montana.

LEGAL DESCRIPTION: Tract 1, COS No. 2350, in the City of Billings, Yellowstone County, Montana, under Document #1372518, with exception: part conveyed to City of Billings under Doc. #3467226.

GRANTOR: Robert Medvec

GRANTEE: Colt Communications LLC Money Purchase Pension Plan

REC. DOCUMENT: Warranty Deed #3654174

DATE OF SALE: January, 2013

DATE OF RECORDING: 01-24-2013

EXPOSURE TIME: Extended – Sold Without Representation

SALES PRICE: \$500,000 – plus \$30,000 to raze existing improvements by buyer.

TERMS OF SALE: Cash to Seller

CASH EQ. PRICE: \$530,000

PRICE/SF: \$2.86/sf - gross
\$2.86/sf - net

SITE DESCRIPTION: Size: 4.2482 acres = 185,052 sf (gross)
4.2482 acres = 185,052 sf (net)
Frontages: 630'± along King Avenue East
264'± along Calhoun Lane
Depth: 300'±
Shape: Approximately Rectangular
Utilities: All city services available.

ZONING: EGC – Entryway General Commercial

IMPROVEMENTS: A 924 sf 2 bed, 1 bath house built in 1925 and a 1,144 sf 3 bed, 1 bath house built in 1958.

PROPOSED USE: Speculative Investment

CONFIRMED BY: Steven Repac, Appraiser

CONFIRMED WITH: Robert Medvec, Grantor

COMMENTS: This site was about 2/3rds vacant at the time of purchase. The buyer razed the older home, however, as per the sale agreement, the buyer is living in the newer home until the site is developed. This property was originally listed for \$1.8M. There was no Broker representation in this transaction.

This property, along with the 1.352 acres adjacent to the north, is listed for sale at \$6.00 psf by Matt Robertson and Ethan Kanning with NAI Business Properties (as of May, 2018). This parcel has been for sale at this price for several years. Mr. Kanning reports about six calls per year on the parcel, however, at 5.6 acres it is simply too large for most users.

CERTIFICATE of SURVEY No. 2350

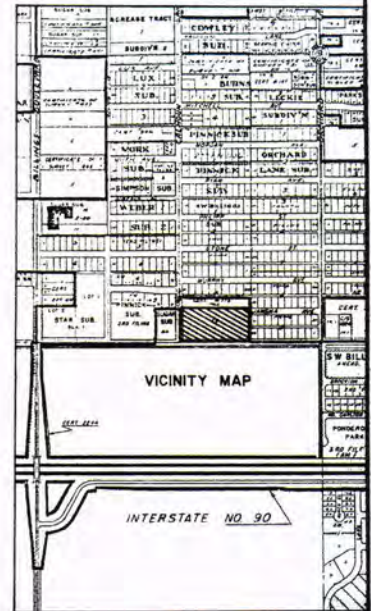
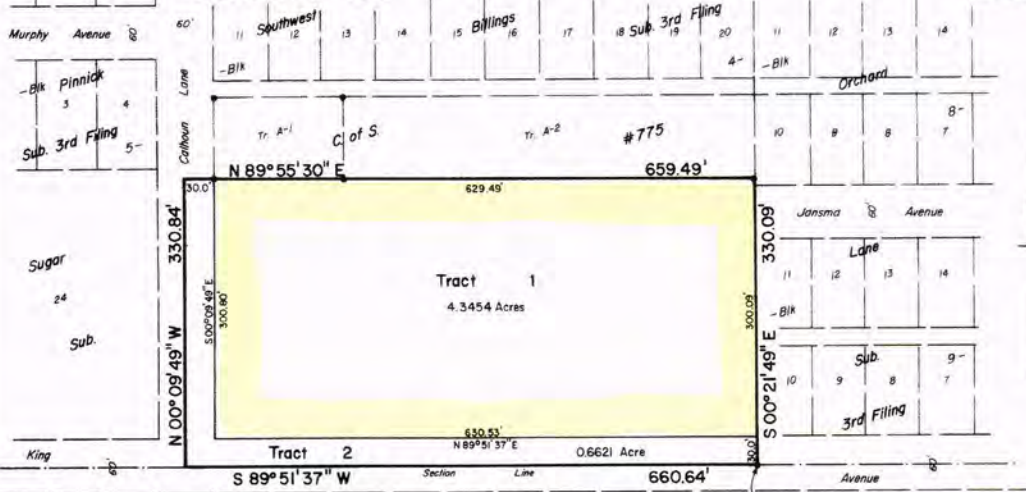
SITUATED IN THE S. 1/2 S.W. 1/4 S.E. 1/4 S.W. 1/4 OF SECTION 9, T. 1 S., R. 26 E., P.M.M.
YELLOWSTONE COUNTY, MONTANA

FOR: BEVERLY L. ANDERSON & DOROTHY E. MEDVEC
BY: *Sanderson/Stewart/Gaston* ENGINEERING, INC.

OCTOBER, 1985
BILLINGS, MONTANA

SCALE: 1"=100'

100 0 100 200



Basis of Bearing - the south line of C of S. # 775

Unplatted

POINT OF BEGINNING
Being S 89° 51' 37" W, 660.21' from
the S 1/4 corner of Section 9, T. 1 S.,
R. 26 E., P.M.M., a capped rebar.

found corners -
set corners -

CERTIFICATE OF SURVEY

STATE OF MONTANA } ss.
County of Yellowstone }

Robert L. Sanderson, PE, LS, Montana Registered Land Surveyor No. 3362-ES, being first duly sworn, deposes and says that during the month of October, 1985, a survey was made under his supervision of a tract of land situated in the S 1/2 SW 1/4 SE 1/4 of Section 9, T. 1 S., R. 26 E., P.M.M., said tract being more particularly described as follows, to-wit:

Beginning at a point which is S 89° 51' 37" W a distance of 660.21 feet from the S 1/4 corner of Section 9, T. 1 S., R. 26 E., P.M.M.; thence from said true point of beginning, along the south line of Section 9, S 89° 51' 37" W a distance of 660.64 feet, to a point on the centerline of Calhoun Lane; thence along said centerline, N 00° 09' 49" W a distance of 330.84 feet; thence along the south line of Certificate of Survey No. 775, N 89° 55' 30" E a distance of 659.49 feet, to the SE corner of said Certificate of Survey No. 775, which is also a point on the west line of Orchard Lane Subdivision, 3rd Filing; thence along said west line, S 00° 21' 49" E a distance of 330.09 feet, to the point of beginning, containing 5.0075 acres.

That iron monuments of suitable size were set at all intersection points as indicated on the plat by a mark thus; that said survey and the plat hereof shows true and correct dimensions, and that the plat conforms with the work on the ground.

Dated this 8th day of November, 1985.

Robert L. Sanderson
Robert L. Sanderson, PE, LS, Montana Registration No. 3362-ES

Subscribed and sworn to before me, a Notary Public in and for State of Montana, this 8th day of November, 1985.

Debbie Prange
Notary Public in and for the State of Montana
Residing at Billings, Montana
My commission expires March 16, 1988

SURVEYOR'S STATEMENT

The purpose of this survey is to retrace the exterior boundaries of an existing parcel, recorded in Book 836, Page 39 of the records of the clerk and recorder for Yellowstone County, Montana, and no division of land is hereby created.

Louis Lohr
Acknowledged by the Yellowstone County Sanitarian

STATE OF MONTANA } ss.
County of Yellowstone }

I hereby certify that this CERTIFICATE OF SURVEY was filed for record in my office on the 11-18-85 day of NOV 18 1985, A.D., 1985, at 10:51 AM.

MERRILL H. KLUNDI
County Clerk & Recorder
Deposited

CHECKED IN COUNTY SURVEYOR'S OFFICE

11-12-85 *JH*



David C. Thomas, MAI
Commercial Real Estate

**THOMAS
APPRAISAL
SERVICES, INC.**

Barbara D. Thomas
Residential Real Estate

March 30, 2018

Mr. Steve Zeier
SBURA Authorized Representative
3312 4th Avenue North
Billings, Montana 59101

RE: Appraisal of 3 lots in the Popelka Commerce Center Subdivision in Billings, Montana.

Dear Mr. Zeier:

This letter is in response to your request for an appraisal of three lots located in the Popelka Commerce Center Subdivision. As you explained, the South Billings Urban Renewal Association (SBURA) is interested in acquiring these three lots. The source of the funding is SBURA tax increment funds, which are subject to approval by the City of Billings city council. As such, an appraisal setting forth the fair market value of the fee simple estate of these three lots is required.

I am proposing to furnish the SBURA with an appraisal of these three lots for a fee not to exceed \$5,000. The delivery date will be no later than April 30, 2018. I will deliver the report in electronic format. No hard copies will be distributed to the client.

This report will be developed in accordance with the Codes of Professional Ethics and Standards of Professional Practice of the Appraisal Institute, and conform to the Uniform Standards of Professional Appraisal Practice (USPAP). This report is subject to the enclosed Assumptions and Limiting Conditions, which are incorporated herein by specific reference. Please understand that my report will not include an environmental assessment of the site that is the subject of this assignment.

If these terms are agreeable to you, please sign and return one copy of this letter to me as our agreement.

Sincerely,

David C. Thomas, MAI
Thomas Appraisal Services, Inc.

Steve Zeier, SBURA Authorized Representative

APPRAISAL REPORT

**Vacant Land
Popelka Commerce Center Subdivision
Block 1, Lots 3A-1A, 3A-4 and 3A-5
Billings, Montana**

APPRAISAL FOR: South Billings Urban Renewal Association
c/o Steve Zeier, SBURA Authorized Representative
430 South Billings Blvd.
Billings, MT 59101

APPRAISAL BY: Matt Bender
2320 3rd Avenue North
Billings, MT 59101
(406) 670-6841

EFFECTIVE DATE: April 18, 2018

DATE OF REPORT: April 30, 2018

Matt Bender

Certified General Real Estate Appraiser and Consultant
2320 3rd Avenue North
Billings, MT 59101
(406) 670-6841

April 30, 2018

South Billings Urban Renewal Association
c/o Steve Zeier, SBURA Authorized Representative
430 South Billings Blvd.
Billings, MT 59101

RE: Vacant Land
Popelka Commerce Center Subdivision
Block 1, Lots 3A-1A, 3A-4 and 3A-5
Billings, Montana

Dear Mr. Zeier:

As previously agreed to and appropriate for this appraisal, I hereby furnish you with an Appraisal Report on the above-referenced property located in Billings, Montana.

The purpose of this appraisal is to provide a supported opinion of the market value of the subject property that will aid in or support decisions related to purchasing the property. The property rights appraised are the fee simple estate. The value(s) reported in the Reconciliation and Certification of Value sections are subject to the Assumptions and Limiting Conditions contained in this report. The reader's attention is specifically directed to the Exceptional Assumptions and Limiting Conditions on page 14 of this report.

The narrative report that follows sets forth my value conclusions along with the identification of the property and summary discussions of pertinent facts about the area, the subject property, comparable data, the results of the investigation and analysis undertaken and the reasoning that form the basis of my opinion.

This report was prepared for and my professional fee billed to the client, the South Billings Urban Renewal Association (SBURA). The intended users are appropriate officials from SBURA, the City of Billings and Popelka Enterprises LLC only. **This report may not be distributed to or relied upon by other unintended users, persons or entities. Parties who receive a copy of this report as a consequence of disclosure requirements applicable to the appraiser's client do not become intended users of the report unless they are specifically identified by the appraiser at the time of the assignment. Any entity/person receiving a copy of this appraisal report from the client does not, as a consequence, become a party to the appraiser-client relationship. The appraiser is not obligated to discuss any aspect of this report with unintended users, entities or third parties nor is he responsible or liable for any unauthorized use of this report. Any use of this report other than the intended use stated in this report nullifies and voids the analysis and value estimate(s) provided herein.**

The report is in compliance with written and/or oral instructions from Steve Zeier, a SBURA authorized representative and conforms to the Uniform Standards of Professional Appraisal Practice (USPAP).

I trust you will find the information contained in this report useful for your needs. In the event you have any questions, please do not hesitate to contact the appraiser.



Matt Bender
Certified General Real Estate Appraiser
State Of Montana License No. REA-RAG-LIC-9279

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INTRODUCTION



**Popelka Commerce Center Subdivision, Block 1, Lots 3A-1A, 3A-4 and 3A-5.
Billings, Montana
Taken by Matt Bender on 4/18/2018**

SUMMARY OF SALIENT FACTS AND IMPORTANT CONCLUSIONS

Owner of Record:	Popelka Enterprises LLC P.O. Box 50126 Billings, MT 59105-0126
Property Address:	Commerce Way Billings, MT
Legal Description:	Popelka Commerce Center Subdivision, 2 nd Filing, Block 1 Lot 3A-1A, 3A-4 and 3A-5, City of Billings, Yellowstone County, State of Montana.
Area Economic Conclusions:	Typical occupancies include big-box retail, hotel/motel, restaurant, gas station/convenience stores, professional office, bar/lounge, church and a city park. There are also single and multi-family properties dispersed throughout the neighborhood. The commercial and residential structures reflect a wide mix of ages and design.
Type of Property:	Vacant Land.
Highest & Best Use:	As Vacant – hotel, tourist-related or recreational uses or additional surface parking for Amend Park.
As Improved	Not applicable at this point in time.
2017 Taxes:	Tax ID: A31139 – \$15,806.78 Tax ID: A35426 – \$20,069.12 Tax ID: A35427 – <u>\$6,714.93</u> Total – \$42,590.83
Zoning:	Entryway General Commercial (EGC). This site is also subject to easements with covenants and restrictions (Document # 3666528) filed with the Yellowstone County Clerk and Recorder on 5/3/2013.
Site Size:	10.137 Acres or 441,568 SF ±
Building Improvements:	None
Observation Date:	4/18/2018
Effective Date:	4/18/2018

Value Indication

Sales Comparison Approach

Direct Comparison:

\$1,250,000

TYPE OF APPRAISAL REPORT

Appraisal Report	Restricted Report
X	

Appraisal Report – A written report that is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the USPAP standards for an Appraisal Report. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated within this report. The appraiser is not responsible for unauthorized use of the report.

COMPETENCY STATEMENT

I, Matt Bender, have the education, knowledge, and experience to competently complete an appraisal of the subject property. Refer to the appraiser’s qualifications in the Addenda.

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to provide a supportable opinion of the market value estimate of the subject property as of the effective date of the appraisal.

INTENDED USE/USER OF THE APPRAISAL

This report was prepared for and my professional fee billed to the client, the South Billings Urban Renewal Association (SBURA). The intended users are appropriate officials from SBURA, the City of Billings and Popelka Enterprises LLC only. **This report may not be distributed to or relied upon by other unintended users, persons or entities. Parties who receive a copy of this report as a consequence of disclosure requirements applicable to the appraiser’s client do not become intended users of the report unless they are specifically identified by the appraiser at the time of the assignment. Any entity/person receiving a copy of this appraisal report from the client does not, as a consequence, become a party to the appraiser-client relationship. The appraiser is not obligated to discuss any aspect of this report with any unintended users, entities or third parties which are not stated as an intended user in this report nor is he responsible or liable for any unauthorized use of the report. Any use of this report other than the intended use stated in this report nullifies and voids the analysis and value estimate(s) provided herein.**

This appraisal was requested by Steve Zeier, representing SBURA. This appraisal has been completed to comply with USPAP and written/oral instructions from Steve Zeier.

SCOPE OF THE APPRAISAL

I discussed the assignment with the client and observed the site on 4/18/2018. In addition, I referenced Yellowstone County CAMA data.

I examined the subject's marketing area to determine the existing and proposed inventory as well as demand for and marketability of the subject property. Based on the location of the subject property, surrounding land use/trends and structural improvements, the highest and best use of the property as vacant land was determined. The subject property is vacant land, therefore the highest and best use as improved is not applicable.

I searched the local market for recent land sales in the community in addition to utilizing land sales from my database. The land sales were selected based on location and size; they were not selected on the sales price. I analyzed the land sale data and determined a land value.

The Cost Approach is a good indicator of the value when the improvements are new or relatively new, represent the highest and best use of the land or where there are few sales or limited lease data available. The subject property is vacant land with no structural improvements. The Cost Approach is not appropriate for this analysis. Therefore, a value opinion by the Cost Approach has not been included in this report.

There were no land rental rates of similar parcels identified. Therefore, a value indication was not attempted and a value opinion by the Income Capitalization Approach has not been included in this report.

Four land sales were identified and analyzed with respect to the subject property. A value estimate by the Sales Comparison Approach was reported.

DEFINITION OF MARKET VALUE¹

"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 are the consummation of a sale as of a specific date and the passing of title from seller to buyer under conditions whereby:

- buyer and seller are typically motivated;
- both parties are well informed or well advised and acting in what they consider their own best interests;
- a reasonable time is allowed for exposure in the open market;
- payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- the price represents the normal consideration for the property sold unaffected by special or creative financing or sale concessions granted by anyone associated with the sale.

PROPERTY RIGHTS APPRAISED

The property rights appraised are the fee simple estate.

NON-REALTY ITEMS

No personal property items, e.g., furniture, fixtures and equipment (FF&E) or other non-realty items have been included in the value estimates provided herein.

¹ Federal Register, Rules and Regulations, Volume 55, No. 165, page 34696.

ASSUMPTIONS AND LIMITING CONDITIONS

1. The effective date of value to which the opinions expressed in this report apply is set forth in the certification. The appraiser assumes no responsibility for economic or physical factors occurring at some later date that may affect the opinions stated herein.
2. No opinion is intended to be expressed for legal matters that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers, although such matters may be discussed in the report.
3. No opinion as to title is rendered. Data on ownership and the legal descriptions were obtained from sources generally considered reliable. Title is assumed to be marketable and free and clear of all liens and encumbrances, easements and restrictions except those specifically discussed in the report. The property is appraised assuming it to be under responsible ownership and competent management and available for its highest and best use.
4. An engineering survey has not been conducted by the appraiser. Except as specifically stated, data relative to size and area was taken from sources considered reliable.
5. The maps, plats, and exhibits included herein are for illustration only and used as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose.
6. No opinion is expressed as to the value of subsurface oil, gas, or mineral rights and that the property is not subject to surface entry for the exploration or removal of such materials except as expressly stated.
7. Testimony or attendance in court or at any other hearing is not required by reason of rendering this appraisal unless such arrangements are made a reasonable time in advance and at an additional fee.
8. A title report was not made available to the appraiser. The appraiser assumes no responsibility for such items of record not disclosed in a title report or by his normal investigation in the appraisal process.
9. 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.
10. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined and considered in this report.
11. It is assumed that all required licenses, certificates of occupancy, or other legislative or administrative authority from any local, state or national governmental, or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.

12. It is assumed that the utilization of the land and improvements are within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.
13. Unless otherwise stated in this report, the existence of hazardous material that may or may not be present on the property was not observed by the appraiser. The appraiser has no knowledge of the existence of such material on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as toxic waste, asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The 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. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
14. On January 26, 1992, the Americans with Disabilities Act (ADA) became effective. I have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since I have no direct evidence relating to this issue, I did not consider possible noncompliance with the requirements of the ADA in estimating the value of the property.
15. The appraiser **is not** a property inspector, general contractor, structural engineer, environmental specialist, plumber, electrician, roofer, pest control specialist, etc. A physical inventory of the subject property is required as part of the appraisal process in order to a) adequately describe the real estate in the appraisal report, b) develop an opinion of the highest and best use, and c) make meaningful comparisons in the valuation of the property, but it does not constitute an expert inspection of the property. In addition, the appraiser does not have professional expertise regarding deed restrictions, FEMA and zoning classifications. Zoning classification data is obtained from the City/County Planning and FEMA data is based on FEMA maps when available. The property inventory and appraisal do not guarantee that the property is free of defects including code violations. In order to fully and adequately determine the condition of the subject property, the client and/or parties involved with the property are encouraged to consult specialists in their respective fields of expertise. The appraiser makes no warranties, either expressed or implied.
16. The liability of Matt Bender is limited to the client and to the fee collected. **This report may not be distributed to or relied upon by other unintended users, persons or entities. Parties who receive a copy of this report as a consequence of disclosure requirements applicable to the appraiser's client do not become intended users of the report unless they are specifically identified by the appraiser at the time of the assignment. Any entity/person receiving a copy of this appraisal report from the client does not, as a consequence, become a party to the appraiser-client relationship. The appraiser is not obligated to discuss any aspect of this report with any unintended users, entities or third parties nor is he responsible or liable for any unauthorized use of this report. Any use of this report other than the intended use stated in this report nullifies and voids the analysis and value opinion(s) provided herein.** The appraiser assumes no

responsibility for any costs incurred to discover or correct any deficiencies of any type present in the property, physically, financially, economically or legally.

17. This appraisal report contains "trade secrets and commercial or financial information" which is privileged and confidential and exempt from disclosure under 5 U.S.C. 552 (b) (4). Disclosure of the contents of this report is governed by the Bylaws and Regulations of the Appraisal Institute. Neither all nor any part of the contents of this report shall be used for any purposes by anyone but the client specified in the report, nor shall it be conveyed by anyone to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser. Notify Matt Bender of any request to reproduce this appraisal in whole or in part.

EXCEPTIONAL ASSUMPTIONS AND LIMITING CONDITIONS

1. The State of Montana is a "nondisclosure" state and as such, sale prices of real estate are not publicly recorded, therefore, few centralized sources of sale prices for real estate transactions exist. In addition, no one associated with a real estate sale transaction is obligated to release or verify information. The client is hereby notified that it is possible there may be sales of comparable properties of which I have no knowledge and have not analyzed herein. The information presented herein has been gathered from sources deemed reliable and every effort has been made to insure its accuracy.
2. A Phase I Environmental report was not made available to the appraiser. The analysis and value(s) reported herein are null and void should such an environmental report disclose the presence of hazardous substances on or within the subject site. The client is urged to retain an expert in this field if desired.
3. The South Billings Urban Renewal Association agrees to indemnify and hold harmless, Matt Bender, Real Estate Appraiser and Consultant and employees from any and all claims for loss and liabilities of any nature whatsoever arising out of or related to this contract, the appraisal report, or use of this report for any other use by any unintended user.
4. The plat map of Popelka Commerce Center Subdivision Lot 3A-4 does not show an easement for the Suburban Ditch that runs through the parcel. However, the Amended and Restated Declaration of Covenants, Conditions, Restrictions, and Reciprocal Easements of the Popelka Commerce Center Subdivision specifically mention that there is an easement for the Suburban Ditch Company "across the development." The original Suburban Ditch easement was filed (Document #290603, Book 170, Page 483) with the Yellowstone County Clerk and Recorder on 3/1/1934. A copy of the easement is retained in the appraiser's work file. The client is urged to retain an expert in this field if desired.

REGIONAL LOCATION MAP



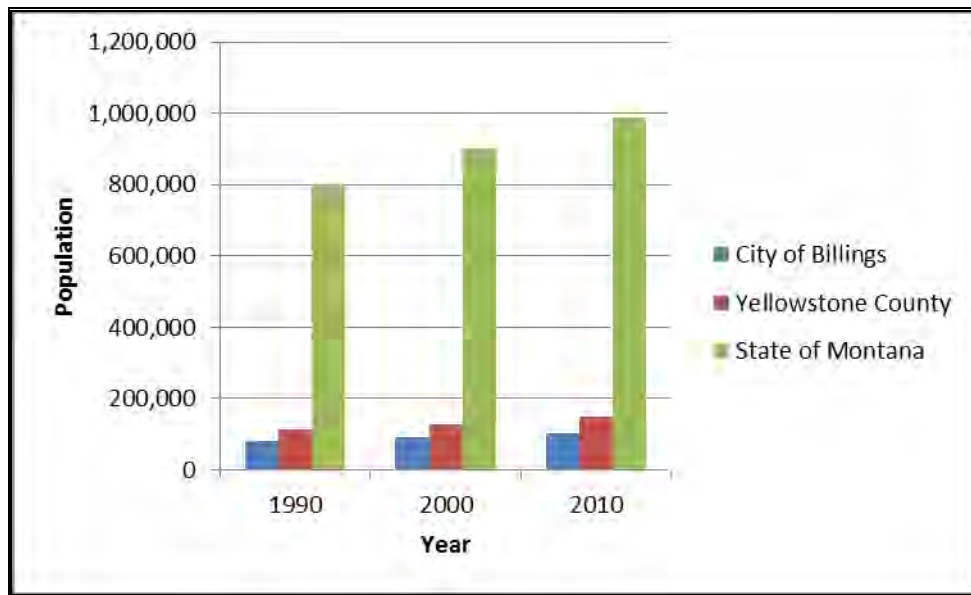
REGION/CITY DATA/TRENDS

The City of Billings, the county seat of Yellowstone County, is located in south-central Montana, midway between Seattle, Washington, and Minneapolis, Minnesota and 550 miles northwest of Denver, Colorado.

Billings is a transportation hub for Montana. Logan International Airport is Montana’s 2nd busiest air terminal. Greyhound Bus Lines, a transcontinental bus line, carries passengers between Billings and destinations throughout the United States. Burlington Northern and Montana Rail Link Railroads transport freight to and from the area; passenger rail service is not available. Interstate Highways 90 and 94 intersect at Billings and are supplemented by several other major highways. City buses and taxi services provide local and interurban service throughout the city.

Social Forces

Historical population statistics for Billings, Yellowstone County and Montana, according to the U.S. Census Bureau, are illustrated in the graph on the following page.



According to estimated census population figures from the U.S. Census Bureau, the Montana population increased by 2.60% from 2010 to 2013, Yellowstone County increased by 2.64% and Billings has increased in population by 2.46% over the same time period.

Economic Forces

Billings is Montana’s largest trade and service center and enjoys a diversified business economy for manufacturing, wholesale distribution, retailing, governmental agencies, medical, oil, gas and coal industries and agricultural related businesses. In addition, Billings has a modern regional shopping center located in the western portion of the community. Its department stores and specialty shops attract customers from all parts of the trade area.

Agriculture, tourism, and recreation also play a major role in the city’s and area’s economy.

While no one industry is believed to play a decisive role in the future of the city, the Billings economy receives positive impact from the development of oil, gas and coal reserves in eastern Montana, northeastern Wyoming and western North Dakota. In addition, Billings has received economic benefits from the mining activity at the Stillwater Mine located approximately 100 miles southwest of the community. There is renewed interest in coal mining in the Roundup area and the Stillwater Mining operations that could have an impact on the local economy.

The City of Billings has two general hospitals, the Billings Clinic and St. Vincent Hospital, which serve a large population in Montana and northern Wyoming.

Billings has numerous commercial banks, savings banks, and credit unions. There are public and private lower educational institutions that include parochial, elementary, middle and high schools with two four-year colleges and a number of vocational and trade schools that offer a wide variety of vocational and technical training.

The major employers in the Billings area according to the Census and Economic Information Center, Montana Department of Commerce are the Federal Government, the Billings Clinic, Billings School District #2, St. Vincent Hospital and Health Center, State of Montana, City of Billings, Better Business Systems, Yellowstone County, Wells Fargo Bank and First Interstate Bank.

Since 1995 the unemployment rate for Yellowstone County has consistently averaged about one percentage point below the state average and has remained well below the national average since at least 1989. The unemployment rate for February 2018 for the nation was reported to be 4.1%, 5.0% for Montana and 4.3% for Yellowstone County.

Governmental Forces

Billings has a council-manager form of government comprised of the mayor, ten council members, and a city manager. The City of Billings Police and Fire departments provide security and fire protection services. All utility services and public transportation are available.

There is a city/county planning department that governs new commercial and residential building developments.

Environmental Factors

The geography for Billings is a mix of plains and mountains. The city is situated 3,126 feet above sea level.

The climate is semi-arid with low year-round humidity with moderate annual precipitation and temperatures.

Trends

The economy is projected to keep expanding. Renewed interest in mining operations in the Roundup and Stillwater areas has some long-term employment growth potential.

The general retail market in the central business district is not as strong as in previous years. The trend has been towards specialty retail establishments. There are several street-level retail rental suites in the “prime” downtown area that are available for lease. There has been an increase in development activity with respect to renovation of existing facilities into mixed-use apartment, retail and/or office buildings as evidenced by the renovation of the Babcock Building located at the southwest corner of North Broadway and 2nd Avenue North and the renovation of the Northern Hotel located at the southeast corner of North Broadway and 1st Avenue North. In addition, a new Federal Courthouse located along 2nd Avenue North just east of North 27th Street, a Federal office building at 4th Avenue North and North 20th Street, a bank and office building at the northwest corner of North Broadway and 4th Avenue North and a public library at the southwest corner of 6th Avenue North and North Broadway have recently been

completed. The former Greyhound Bus Station located at the southwest corner of North 25th Street and 1st Avenue North has been renovated and converted into an entertainment venue. A new office/retail and parking garage have just been completed at the northeast corner of North Broadway and Montana Avenue.

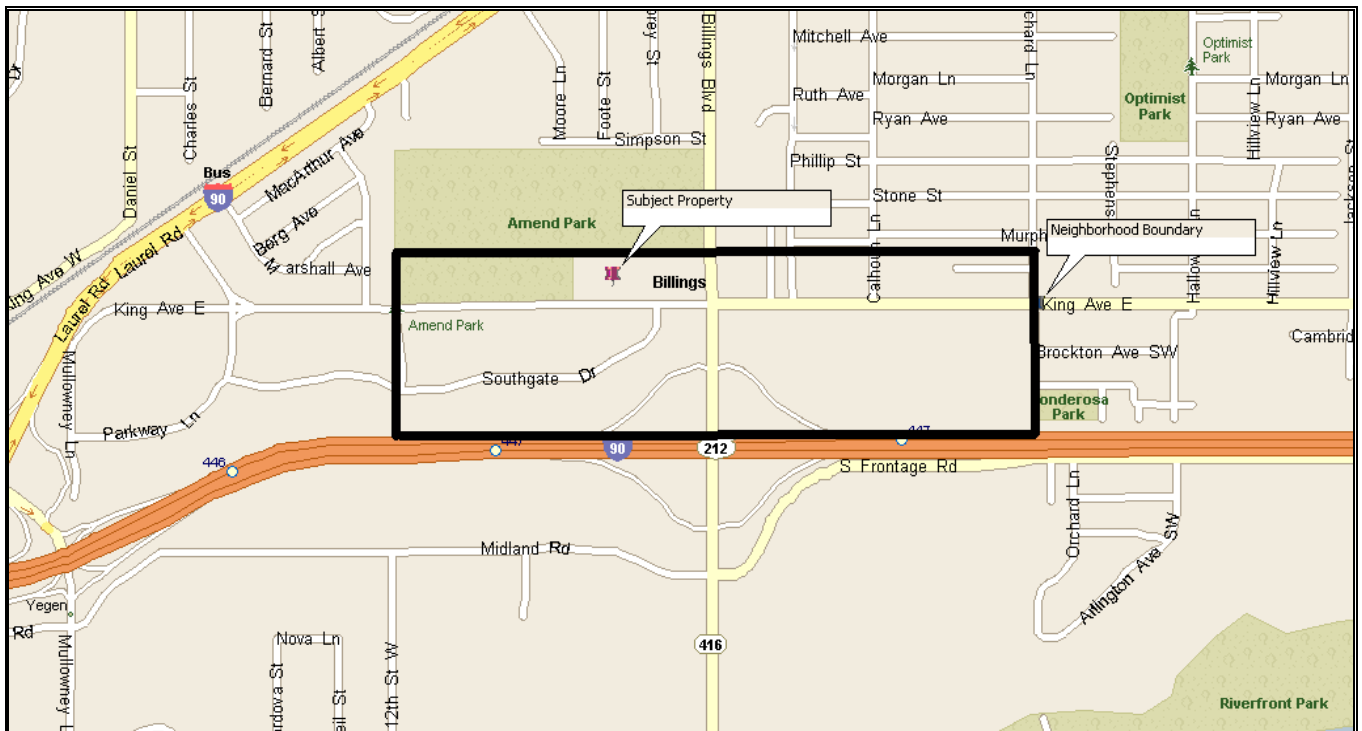
There has been sporadic commercial and residential development in the Billings Heights, Lockwood and west/southwest Billings areas. There continues to be strong retail development along King Avenue West in the Montana Sapphire Subdivision and around the Shiloh Road/I-90 Interchange in addition to an increase in new commercial development activity taking place in the TransTech Subdivision north of the Shiloh Road/I-90 Interchange.

The multi-family market has remained stable as additional supply has been added with vacancy rates reported to be in the range from 0% to 5%. Landlords and leasing agents report that apartment rental rates are increasing.

There was a slowdown in new single-family residential development including demand for homes at the upper end of the value range starting in spring/summer of 2008 and continues today. Tightening credit standards has also had an impact on demand. On the positive side, due to Bakken oil field activity in North Dakota and eastern Montana, housing demand in the community has been increasing along with activating new phases in existing subdivisions and kick-starting new ones resulting in an increase in new single-family residential home development. In addition, there has been an increase in demand for truck/trailer repair and service and demand for large warehouse/shop space to provide support services for Bakken oil drilling equipment and personnel.

Overall, the economic outlook for the immediate and foreseeable future for Billings and the general vicinity is positive. Household income and population are expected to grow at modest, sustainable rates.

NEIGHBORHOOD MAP



NEIGHBORHOOD DATA/TRENDS

The boundaries of the subject neighborhood are approximately 500' ± north of King Avenue East (N), Interstate 90 (S), Orchard Lane (E) and South 12th Street West (W). The subject property is located in the western half of the designated neighborhood and less than a mile away from the South Billings Boulevard/Interstate 90 Interchange.

Access to the neighborhood is provided from King Avenue East and Interstate 90 from the east and west, and South Billings Boulevard from the north and south. In addition, there are other east/west and north/south collector streets that provide access to the neighborhood.

Utilities include public water and sewer, natural gas, electricity, and telephone services. The utilities appear adequate to serve the needs of the various residential and commercial properties in the neighborhood.

Police and fire protection and public transportation are available.

Typical occupancies include big-box retail, hotel/motel, restaurant, gas station/convenience stores, professional office, bar/lounge, church, and a city park. There are also single and multi-family properties dispersed throughout the neighborhood. The commercial and residential structures reflect a wide mix of ages and design.

Trends

The neighborhood appears to be in the growth stage. The most recent commercial development in the neighborhood was the Taco Bell restaurant at 749 Commerce Way, the Comfort Suites hotel at 4908 Southgate Dr., the 4B's Restaurant at 4907 Southgate Dr., the My Place Hotel at 4770 King Ave. E. and the Popeyes Louisiana Kitchen at 750 Southgate Dr. Additionally, the former Geysers Park amusement center was renovated into an American Family Restaurant at 4910 Southgate Dr. Some of the early development in this area was supported by incentives from a tax increment district, but some recent developments have taken place without public money.

In conclusion, this area will provide good opportunities for retail, hotel/motel and restaurant operations desiring high visibility and convenient access to the interstate system.

PROPERTY DATA

TAX AND ASSESSMENT DATA

The Yellowstone County Assessor’s records for the subject property are illustrated in the table below. The taxes do not include any furniture, fixtures, and equipment (FF&E).

AD VALOREM TAX INFORMATION		
Code/Classification	Market Value	2017 Taxes
A31139		
Land Value	\$701,770	
Building Value	\$22,920	\$15,806.78
A35426		
Land Value	\$221,681	
Building Value	\$11,370	\$20,069.12
A35427		
Land Value	\$316,718	
Building Value	<u>\$0.00</u>	<u>\$6,714.93</u>
Total Value	\$1,274,459	\$42,590.83

Special Assessments

There is one special assessment for street improvements (SID # 1354) against the property. The SID payoff as of 4/18/2018 was \$9,269.15. The SID will be paid off in 2018.

The appraiser has no actual knowledge nor has received any notice of any other special assessments levied or about to be levied against all or any part of the subject property.

ZONING

The subject property is situated within the Entryway General Commercial (EGC) Zoning District. This site is also subject to easements with covenants and restrictions (Document # 3666528) filed with the Yellowstone County Clerk and Recorder on 5/3/2013. A copy of the easements with covenants and restrictions is retained in the appraiser’s work file.

On-site Parking

The subject property is vacant land. Therefore on-site parking requirements are not applicable.

SUBJECT PICTURES



Looking to the east from along the southern boundary of Lot 3A-5
Subject site at left center of photograph
Taken by Matt Bender on 4/18/2018



Looking to the west along the southern boundary of Lot 3A-5 from near the southeast corner of the lot
Subject site at right center of photograph
Taken by Matt Bender on 4/18/2018



Looking to the north along the eastern boundary of Lot 3A-5 from near the southeast corner of the lot
Subject site at left center of photograph
Taken by Matt Bender on 4/18/2018



Looking to the south along the eastern boundary of Lot 3A-5 from near the northeast corner of the lot
Subject site at right center of photograph
Taken by Matt Bender on 4/18/2018



Looking to the west along the northern boundary of Lot 3A-5 from near the northeast corner of the lot
Subject site at left center of photograph
Taken by Matt Bender on 4/18/2018



Looking to the east along the northern boundary of Lot 3A-4 from near the northwest corner of the lot
Subject site at right center of photograph
Taken by Matt Bender on 4/18/2018



Looking to the south along the western boundary of Lot 3A-4 from near the northwest corner of the lot
Subject site at left center of photograph
Taken by Matt Bender on 4/18/2018



Looking to the north along the western boundary of Lot 3A-4 from near the southwest corner of the lot
Subject site at right center of photograph
Taken by Matt Bender on 4/18/2018



Looking to the east along the southern boundary of Lot 3A-4 from near the southwest corner of the lot
Subject site at left center of photograph
Taken by Matt Bender on 4/18/2018



Looking to the west along the southern boundary of Lot 3A-1A from near the southeast corner of the Lot
Subject site at right center of photograph
Taken by Matt Bender on 4/18/2018



Looking to the north from along the eastern boundary of Lot 3A-1A near the southeast corner of the lot
Subject site at left center of photograph
Taken by Matt Bender on 4/18/2018



Looking to the south from along the eastern boundary of Lot 3A-1A near the northeast corner of the lot
Subject site at right center of photograph
Taken by Matt Bender on 4/18/2018

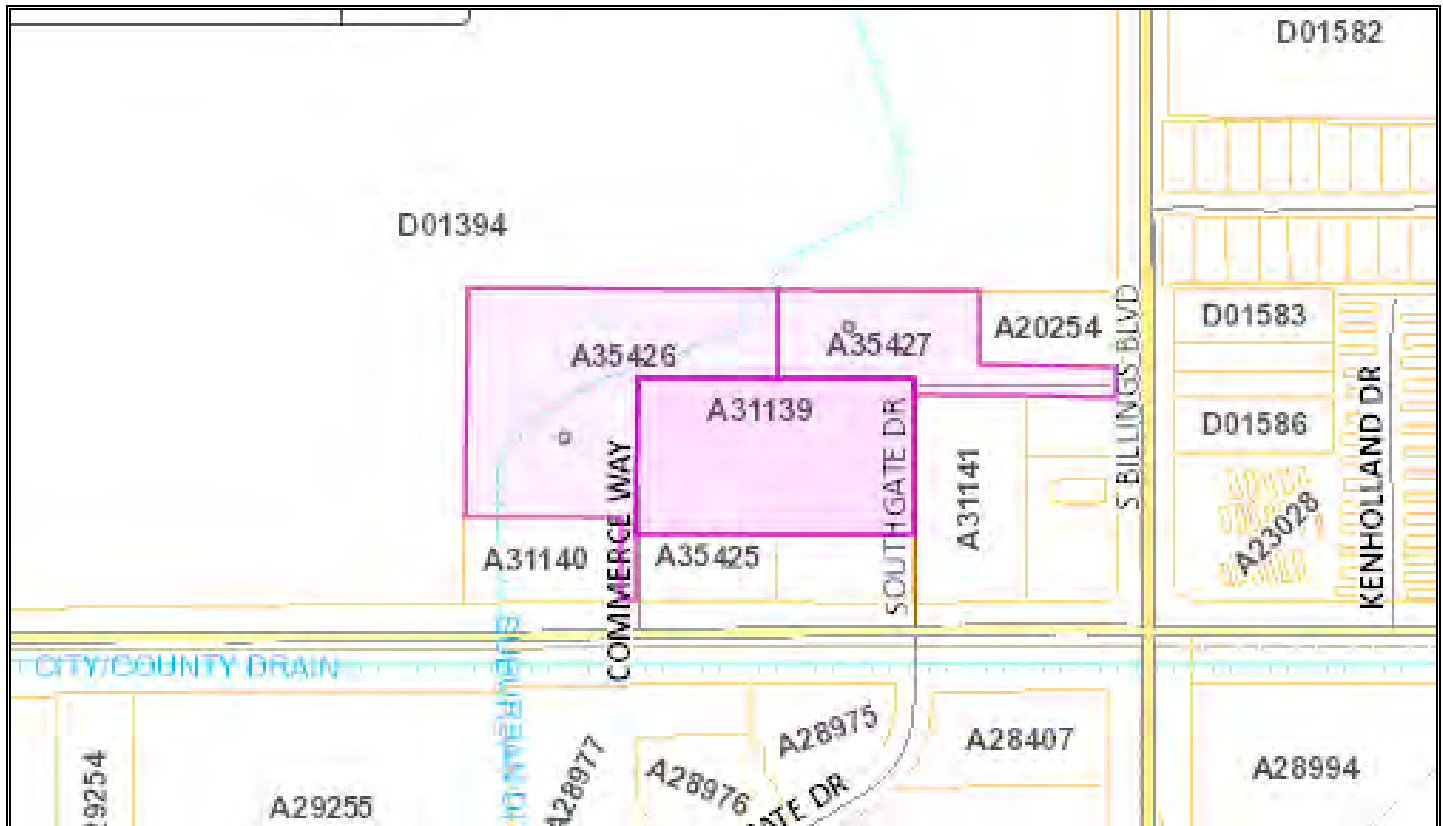


Looking to the southwest along the Suburban Ditch that runs through Lot 3A-4
Taken by Matt Bender on 4/18/2018



Cement culverts and other items located on the northern boundary of Lot 3A-5
Taken by Matt Bender on 4/18/2018

SITE MAP



Subject parcels outlined in purple.

The subject property is an irregularly shaped site made up of three parcels with a gross area of 441,568 SF±. Lot 3A-1A has a gross area of 159,671 SF ±. Lot 3A-4 has a gross area of 196,029 SF ±. This lot has an easement for a private drive that provides 60’ of frontage along the north side of King Avenue East. There is also a 30’ wide easement for the Suburban Ditch that runs through Lot 3A-4. Lot 3A-5 has a gross area of 85,868 SF ±. This lot has an easement for a private drive that provides 60’ of frontage along the west side of South Billings Boulevard.

King Avenue East and South Billings Boulevard have curb/gutters. The private drive that provides access to the site – Commerce Way – is paved with some curb/gutter. There is also paving and some curb/gutter on the private portion of Southgate Drive along the eastern boundary of the subject site.

Vehicular access to the property is from a Southgate Drive and Commerce Way off King Avenue East and Commerce Way off South Billings Boulevard.

The site is generally level and at grade with the adjacent roads and properties.

Public sanitary sewer and water, natural gas, electricity, and phone service are available.

According to FIRM Map No. 30111C1270E, the site is not situated within a designated flood zone. Yellowstone County is located within Seismic Zone 1.

The physical inventory of the subject site did not reveal any other visual easements and/or restrictions, encroachments, nuisances, hazards, detrimental influences or private deed restrictions that would impact site utilization or value.

HIGHEST AND BEST USE

In appraisal practice, the concept of highest and best use represents the premise upon which value is based. The four criteria the highest and best use must meet are 1) legal permissibility, 2) physical possibility, 3) financial feasibility and 4) maximum profitability. Highest and best use analysis involves assessing the subject as if vacant and as improved.

Vacant Land Highest and Best Use

The site is situated within the Entryway General Commercial (EGC) Zoning District. According to Billings City Code, this zoning district is designed to “provide a specialized classification for hotels, restaurants, and other tourist-related facilities near major highway interchanges.”

This site is also subject to easements with covenants and restrictions (Document # 3666528) filed with the Yellowstone County Clerk and Recorder on 5/3/2013. The easements with covenants and restrictions define how the property can be developed and maintained, but generally adhere to EGC Zoning District restrictions. The easement for the Suburban Ditch (Document #290063, Book # 170, Page 184) filed with the Yellowstone County Clerk and Recorder on 3/1/1934, is also mentioned in the covenants and restrictions. The covenants state the ditch can be relocated or enclosed with the approval of the Suburban Ditch Company. There are also easements that provide access to, and signage along, South Billings Boulevard and King Avenue East.

Refer to the following table for a summary of zoning requirements for properties situated in the EGC Zoning District:

Zoning Requirements	
EGC Zoning Classification	
Minimum Lot Area in Square Feet	20,000
Minimum Yard Requirements	
Adjacent Interstate right-of-way	25'
Adjacent any other right-of-way	25'
Adjacent to a residential zone	25'
Adjacent to non-residential zone	10'
Maximum Height	40'
Maximum Lot Coverage in Percent	50%

The subject site does not appear to be situated in a designated flood hazard zone.

The appraiser is not aware of any other private covenants, conditions or restrictions (CCR’s), nuisances, hazards or detrimental influences that run with the land. **A survey and the title report should be consulted for final determination.**

The subject parcel has a gross site area of 441,568 SF±. All utility services are available. Access to the site is from a Southgate Drive and Commerce Way off King Avenue East and Commerce Way off South Billings Boulevard. The soils have not been

independently researched and no opinion as to the suitability for any specific use has been rendered by the appraiser. In summary, there are no obvious physical deficiencies that preclude proper development of the site.

Surrounding improvements include a city park, a hotel, fast-food restaurants and an auto repair shop with vacant land dispersed throughout the area. The South Billings Boulevard/Interstate 90 interchange is less than a mile away from the subject site.

The subject site has convenient access from both King Avenue East and South Billings Boulevard. Additionally, there are easements for signage along those arterial streets that would provide some visibility. The subject site is located in close proximity to the interstate. The most recent commercial development in the area has been a Taco Bell restaurant at 749 Commerce Way, the Comfort Suites hotel at 4908 Southgate Dr., the 4B's Restaurant at 4907 Southgate Dr., the My Place Hotel at 4770 King Ave. East, the Popeyes Louisiana Kitchen at 750 Southgate Dr. and the America Family Restaurant at 4910 Southgate Dr.

Realtors familiar with the area report restaurant and retail uses would probably desire a location on an arterial, which the subject property lacks. Amend Park located to the north and west of the subject site draws a large number of visitors for games/events and lack of parking is a concern. Because the subject site lacks significant arterial frontage and abuts a large city park/recreational facility, it would be desirable for uses compatible with the park.

It is concluded that the maximally productive use of the subject sites as vacant may be for hotel, tourist-related or recreational uses or additional surface parking for Amend Park.

Improved Property Highest and Best Use

Not applicable at this point in time.

PROPERTY VALUATION

THE VALUATION PROCESS

The valuation process is a systematic procedure which involves defining the problem, taking a physical inventory of the subject property, conducting a highest and best use analysis, selecting, collecting and analyzing the necessary data, reconciling the value indications and reporting the final value estimate(s).

Appraisers usually consider three approaches to estimating the market value of real property, the Cost Approach, Income Capitalization Approach and the Sales Comparison Approach.

The Cost Approach assumes that an informed buyer would pay no more than the cost of developing a similar property with the same utility. This approach is applicable when the improvements are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there are limited or no sales or income/expense data from comparable properties.

The Income Capitalization Approach reflects the market's perception of a relationship between the potential income a property can generate and its market value. This approach converts the anticipated net operating income from the property into a value indication through capitalization. The methods used to determine a value indication are direct capitalization and/or a discounted cash flow analysis. This approach is generally used in appraising income-producing properties.

The Sales Comparison Approach assumes that an informed buyer would pay no more for a property than the cost of purchasing another existing property with the same utility. This approach is appropriate when there is an active market with sufficient and reliable data. The Sales Comparison Approach is less reliable in an inactive market or when estimating the value of a property for which no comparable data is available. The Sales Comparison Approach is often relied upon for owner-user properties.

Reconciliation of the various approaches utilized to determine a value indication of a property into a conclusion of value is based on an evaluation of the quality and quantity of data available for each approach and the applicability of each approach to the property being appraised.

Adjustments

Comparable land and building sales and rent comparables have been considered herein. Adjustments have been made reflecting anticipated market reaction to those items of significant variation between the subject and the comparable properties. If a significant item in the comparable property is superior to or more favorable than the subject property, a minus (-) adjustment is made thus reducing the indicated value of the subject. If a significant item in the comparable is inferior to or less favorable than the subject property, a plus (+) adjustment is made thus increasing the indicated value of the subject.

Specific dollar amounts or percentage adjustments have been utilized whenever possible. When specific adjustments can not be extracted from the available data, qualitative analysis was utilized in estimating the value of the subject property. Qualitative analysis is a technique used to develop a supportable or defensible opinion of value. It is appropriate when one or more elements of comparison are known to affect value, but data are insufficient to estimate a specific lump sum or percentage adjustment. It is not a shortcut to avoid the extraction of market-derived data.

VALUATION METHODS SELECTED

The following traditional valuation methods have been selected as being appropriate for estimating the defined value of the subject property.

Cost Approach		Income Capitalization Approach		Sales Comparison Approach	X
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LAND/SITE VALUATION

The sales comparison approach of estimating the value of the subject site will be utilized. The price per square foot of gross site area is the unit of comparison commonly used in the community for this property type and will be emphasized. Five sales of sites in the community were identified and analyzed

LAND SALE LOCATION MAP



Land Sale 1 is a corner site located at the corner of two private access roads just east of the Cabela’s parking lot south of King Avenue East and east of South Billings Boulevard. The buyer purchased the property as an investment has listed the property for lease for a “built to suit” property. This property has covenants and restrictions that limit uses.

Land Sale 2 is made up of nine lots that are located to the north and west of Cabela’s south of King Avenue East and east of South Billings Boulevard. The buyer purchased the lots as an investment and listed them for sale after the purchase. One lot (Land Sale 1) subsequently sold. This sale is subject to the same covenants and restrictions as Land Sale 1.

Land Sale 3 is an interior site located west of Land Sale 1. This site has frontage on the South Billings Boulevard/Interstate 90 Interchange westbound off-ramp, but no access. A My Place hotel has been developed on the site. This site is subject to the same covenants and restrictions as Land Sales 1 and 2.

Land Sale 4 is an interior site located just west of the intersection of King Avenue East and South Billings Boulevard, northwest of the South Billings Boulevard/Interstate 90 Interchange. A LedgeStone Hotel has been developed on the site.

Land Sale 5 is an interior site located southwest of the South Billings Boulevard/Interstate 90 Interchange. This site has frontage on the eastbound off-ramp, but no access. There is a 30' foot easement for the Suburban Ditch that runs through the property. This site was used to expand the adjacent Billings Police impound facility.

Refer to the following page for a direct comparison summary for the subject site:

Popelka Commerce Center Subdivision Lots 3A-1A, 3A-4 & 3A-5						
Summary Grid of Land Sales						
Item	Subject	Land Sale 1	Land Sale 2	Land Sale 3	Land Sale 4	Land Sale 5
Sale Price		\$481,000	\$2,250,000	\$546,000	\$500,000	\$600,000
Financing		Cash	Cash	Cash	Cash	Cash
Adjustment		\$0	\$0	\$0	\$0	\$0
Conditions of Sale		Normal	Normal	Normal	SIDs	Normal
Adjustment		\$0	\$0	\$0	\$22,375	\$0
Date of Sale	4/18/2018	9/22/2017	12/15/2016	9/2/2013	5/3/2013	2/22/2013
Adjustment		\$0	\$0	\$0	\$0	\$0
Adjusted Sale Price		\$481,000	\$2,250,000	\$546,000	\$522,375	\$600,000
Size	441,568 SF	64,124 SF	722,660 SF	68,259 SF	87,423 SF	99,225 SF
Sale Price Per SF Site Area		\$7.50 SF	\$3.11 SF	\$8.00 SF	\$5.98 SF	\$6.05 SF
DIRECT COMPARISON						
Location	Good	Similar	Similar	Similar	Similar	Similar
Adjustment		=	=	=	=	=
Zoning	EGC	Similar	Similar	Similar	Similar	Similar
Adjustment		=	=	=	=	=
Arterial Frontage	No	Similar	Superior	Similar	Superior	Superior
Adjustment		=	-	=	-	-
Ditch Easement	Yes	Superior	Superior	Superior	Superior	Similar
Adjustment		-	-	-	-	=
Size	441,568 SF	64,124 SF	722,660 SF	68,259 SF	87,423 SF	99,225 SF
Adjustment		(\$2.64 SF)	\$1.97 SF	(\$2.61) SF	(\$2.48) SF	(\$2.40) SF
Indicated \$/SF		\$4.86 SF	\$5.08 SF	\$5.39 SF	\$3.50 SF	\$3.65 SF

Adjustments

Financing – All of the sales were reported to be cash or cash equivalent transactions; no adjustments are warranted.

Conditions of Sale – There were \$22,375 in SIDs for curb/gutter and street improvements that the buyer assumed at the time of Land Sale 4; the SIDs will be added to the sale price. There were no conditions of sale that had an impact on the sale price for the other land sales; no adjustments are warranted.

Date of Sale – This item of adjustment is for time elapsed between the date of a sale and the date of valuation. The sales span a time frame from 2/22/2013 to 9/22/2017 or up to 62 months prior to the date of valuation. There are no land sales identified that suggest an upward adjustment for market conditions. Therefore, the land sales analyzed are assumed to reflect current market conditions.

Location – The subject site is located in close proximity to the South Billings Boulevard/Interstate 90 interchange with good access. All of the land sales are similar to the subject property with respect to location; no adjustments are warranted.

Zoning – The subject site is situated in the EGC zoning district. All of the land sales are similar to the subject property with respect to zoning; no adjustments are warranted.

Arterial Frontage – The subject parcel is an interior lot that is served by private access roads. Land Sales 2, 4 and 5 all have frontage on arterial streets, which is superior to the subject site; downward adjustments are warranted. Land Sales 1 and 3 are similar to the subject site with respect to arterial frontage; no adjustments are warranted.

Ditch Easement – The subject site has a 30' easement for the Suburban Ditch that runs through the property. Land Sale 5 also has a 30' easement for the Suburban Ditch, which is similar to the subject site; no adjustment is warranted. The remaining land sales are superior to the subject property with respect to ditch easements; downward adjustments are warranted.

Size – Smaller sites typically have higher square foot prices. Land Sale 2 is larger than the subject site; an upward adjustment is warranted. Land Sales 1, 3, 4 and 5 are smaller than the subject site; downward adjustments are warranted. Analysis of land sales in the area suggests an adjustment of \$0.000007 SF difference in size. The adjustment is calculated by taking the difference between the sale's site size and the subject's site size times \$0.000007 SF. Refer to the grid for the amount of adjustment for each land sale.

Final Correlation and Conclusion of Land Value:

The indicated adjusted value range is \$3.50 SF to \$5.39 SF with a mean of \$4.50 SF and a median of \$4.86 SF. Land Sales 1, 2 and 3 are in the upper half of the indicated range. These sales are all located near Cabela's and Sam's Club between King Avenue East and Interstate 90. While these sites are subject to covenants and restrictions in addition to zoning, it should be noted that most of those covenants and restrictions are designed limit uses that would be in competition with Cabela's and Sam's Club. These sites are superior with respect to interstate visibility and arterial access and were fully improved with utilities at the time of the sale. These sale are superior overall to the subject property. This suggests a value of less than \$4.86 SF.

Land Sales 4 and 5 are both in the lower half of the indicated range. Land Sale 5 is similar to the subject property with respect to the fact the Suburban Ditch runs through this sale. However, Land Sale 5 has arterial frontage and interstate visibility. This suggests a value less than \$3.65 SF. Land Sale 4 is the most similar sale with respect to location and is subject to the same zoning, covenants and restrictions as the subject property. But the Suburban Ditch does not enter this property. This suggests a value of less than \$3.50 SF.

It is not clear where the value of the subject property should fall. This property is unique because it's zoned Entryway General Commercial but lacks significant arterial frontage and has a ditch easement. A specific dollar or percentage adjustment for having

a ditch easement could not be extracted from the land sales. And although the ditch could be rerouted or enclosed, it would be an additional cost of development that would have some influence on land value.

The landowner has signed a Letter of Intent to sell the property to the South Billings Urban Renewal Association for \$1,250,000 or \$2.83 SF. An analysis of the land sales indicates a value of less than \$3.50 SF. Brokers on both sides of the proposed sale report the presence of the ditch was a key factor when they negotiated the sales price. Considering all the above, it is concluded that \$2.83 SF is reasonable and supports the negotiated sales price of \$1,250,000.

The estimated market value of the subject site is $441,568 \text{ SF} \times \$2.83 \text{ SF} = \$1,250,000 \text{ (R)}$.

COST APPROACH

The subject property is vacant land. Therefore a value opinion by the Cost Approach has not been included in this report.

INCOME CAPITALIZATION APPROACH

There were no sales of leased vacant sites similar to the subject property identified. Therefore, a value by the Income Capitalization Approach has not been included in this report.

SALES COMPARISON APPROACH

Direct Comparison

In this approach, the market value of the subject property is estimated by direct comparison analysis. Refer to the Land/Site Valuation section of this report.

HISTORY

The subject property is owned by Popelka Enterprises LLC. South Billings Urban Renewal Association signed a Letter of Intent dated 3/21/2018 to purchase the property for \$1,250,000.

Indication of Sale –

Sale Price	\$1,250,000
Land	441,568 SF
	$\$1,250,000/441,568 \text{ SF} = \underline{\$2.83 \text{ SF}}$

Analysis indicates that this purchase price appears to be reasonable and supportable.

EXPOSURE TIME

Exposure times for vacant land sales in this area of the community are limited. While the subject site could be developed with a stand-alone facility, assemblage with adjacent properties for expansion is possible. The subject parcel is situated near an interstate interchange and has convenient access. There is a limited number of vacant sites of this size available for development in this area of the community. Based on the current demand/supply for similar properties and the location subject property, the best estimate of a reasonable exposure period for the subject property assuming proper pricing and marketing may be at least 12 months.

CERTIFICATION OF VALUE

The undersigned certifies that to the best of my knowledge and belief,

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are my 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 I have no personal interest with respect to the parties involved.
- I have performed no appraisal 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.
- 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 analysis, opinions, and conclusions were developed and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
- I certify that to the best of my knowledge and belief, the reported analysis, opinions, and conclusions were developed, and this report has been prepared in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
- I certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I have completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.
- I have made a personal inspection of the property that is the subject of this report.
- No other person provided significant real property appraisal assistance to the person signing this certification.

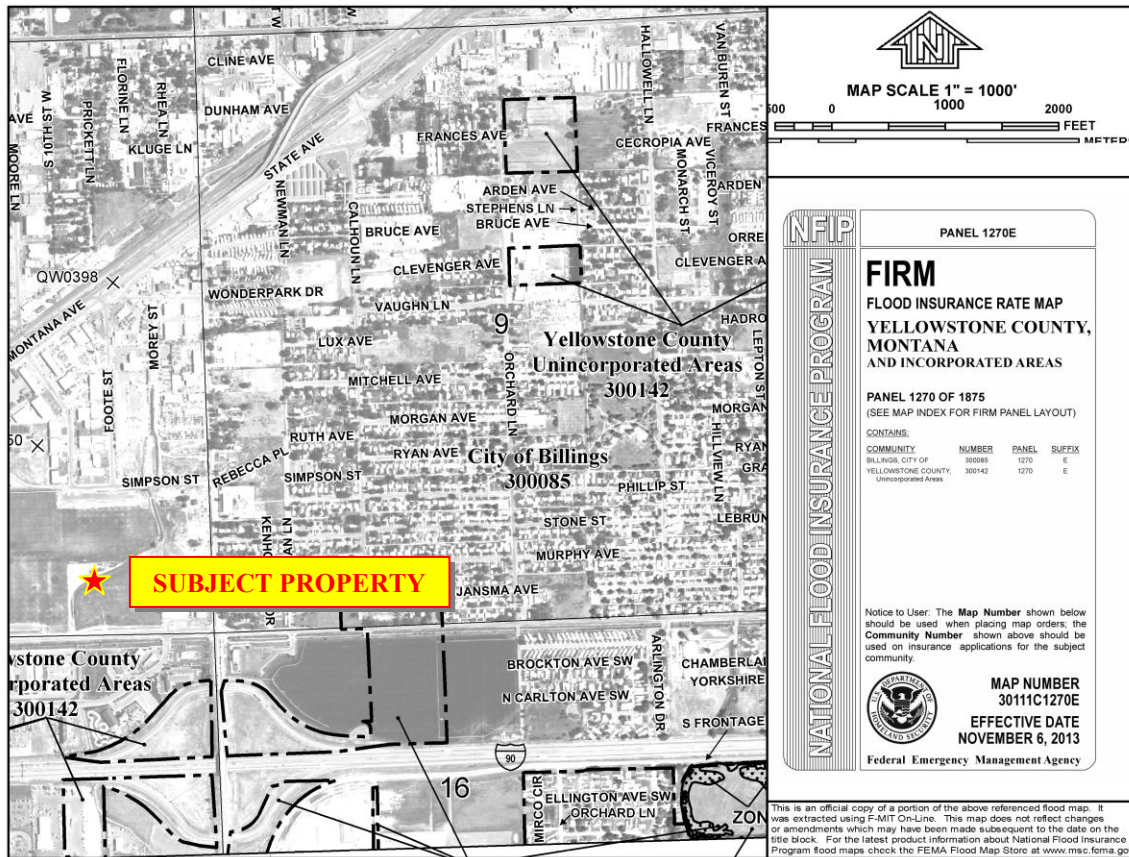
Respectfully submitted,



Matt Bender
Certified General Real Estate Appraiser
State Of Montana License No. REA-RAG-LIC-9279

ADDENDA

FLOOD MAP

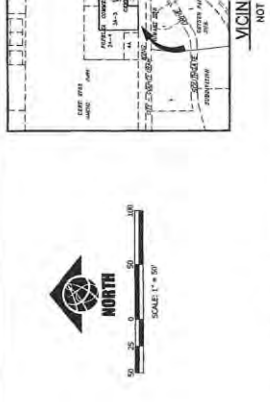


POPELKA COMMERCE CENTER SUBDIVISION, SECOND FILING

AMENDED PLAT OF LOTS 3A-1 & 3A-3, BLOCK 1
SITUATED IN THE SE1/4 OF SECTION 8, T. 1 S., R. 26 E., P.M.M.,
IN THE CITY OF BILLINGS, YELLOWSTONE COUNTY, MONTANA

PREPARED FOR : POPELKA ENTERPRISES, LLC.
PREPARED BY : SANDERSON STEWART

NOVEMBER, 2015
BILLINGS, MONTANA



THE BASIS OF BEARINGS:
PLAT OF POPELKA COMMERCE CENTER SUBDIVISION, SECOND FILING.
o FOUND SURVEY MONUMENT, REBAR WITH CAP MARKED "SANDERSON STEWA"
o UNDERGROUND LAND SURVEYOR AND "SANDERSON STEWART"

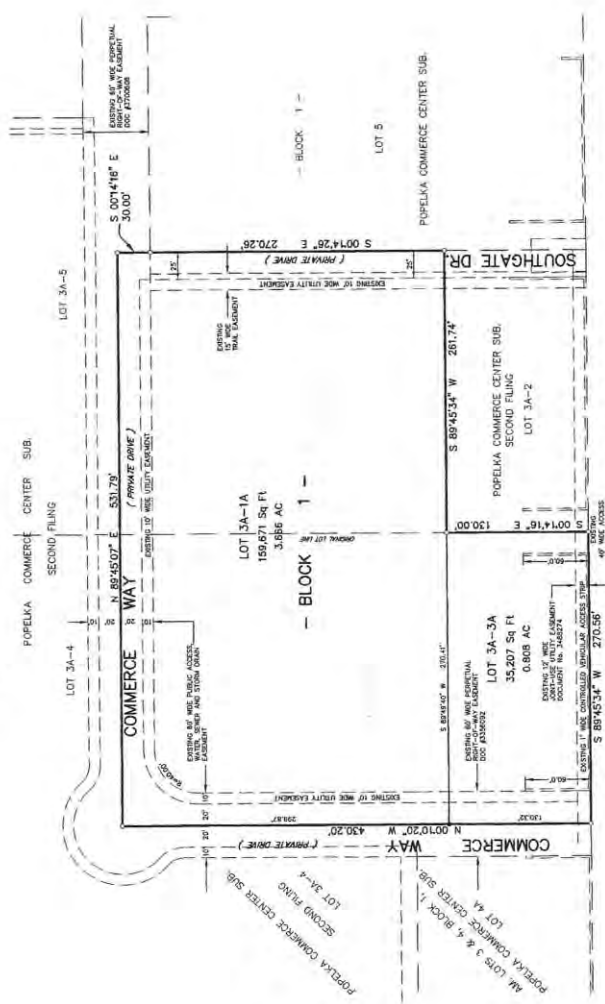
PURPOSE OF SURVEY - BOUNDARY LINE RELOCATION
The undersigned hereby certifies that the purpose of this survey is to relocate between two adjacent lots within an existing platted subdivision.

This amended plat is exempt from review as a subdivision pursuant to Section 17-26-0203(2)(i) & (j) for a parcel that has a previous approval issued under M.C.A.,
By: *Robert A. Popelka*
Title: *Managing Member*
Popelka Enterprises, LLC

By: *Robert A. Popelka*
Title: *Managing Member*
Popelka Enterprises, LLC

STATE OF MONTANA }
County of Yellowstone }
On this 14 day of December, 2015, before me, a Notary of Montana personally appeared Robert A. Popelka and Robert A. Popelka, who are acknowledged to me that they executed the above written instrument above written.

Robert A. Popelka
Signature of Notary
Notary Public for the State of Montana
My Commission Expires 12/31/2017
Notary Public License No. 00000000



CERTIFICATE OF SURVEYOR
STATE OF MONTANA }
County of Yellowstone }

The undersigned, a Montana Registered Land Surveyor, declares that during the course of the survey, I, Robert A. Popelka, P.L.M., in the City of Billings, Yellowstone County, Montana particularly described as follows, to wit:
Lot 3A-1 and Lot 3A-2 in Block 1 of the Plat of Popelka Commerce Center Subdivision, Second Filing, under document No. 3769027, containing a 1.5000 acre parcel of land, more or less, and 1/4 Acres of 1942/19 Square feet, subject to all easements of record.
That the monuments found and set one of the character and occupy the point in the ground.

By: *Robert A. Popelka*
Title: *Managing Member*
Montana Registration No. 8371-5
Date December 14, 2015

SANDERSON STEWART
By: *Robert A. Popelka*
Title: *Managing Member*
Montana Registration No. 8371-5
Date December 14, 2015

SP 3769027
STATE OF MONTANA
COUNTY OF YELLOWSTONE

CERTIFICATE OF COUNTY TREASURER
I hereby certify that all real property taxes due and payable for the year 2015 have been paid for Block 1-1036/78-2-207(C), M.C.A.
Date: 11-17-16
By: *Robert A. Popelka*
Title: *Deputy*

CERTIFICATE OF CITY ATTORNEY
This document has been reviewed by the City Attorney's office and is acceptable as to form.
Date: 11-30-15
Reviewed by: *Robert A. Popelka*

ERRORS AND OMISSIONS REVIEW
I hereby certify that I have examined the amended and resubmitted plat for errors and omissions in computations and bearings.
Date: 12/11/2015
Examining Land Surveyor: *Robert A. Popelka*

PLAT MAP LOT 3A-1A

APPRAISER'S QUALIFICATIONS

**Summary of Qualifications
Matthew L. Bender**

Certification

Montana Board of Real Estate Appraisers Certified General Appraiser, License No. REA-RAG-LIC-9279 awarded June 2017.

Professional Affiliations

Practicing Affiliate of Appraisal Institute

Work Experience

June 2017 to Present: Full-time independent fee appraiser doing business as Matt Bender, Real Estate Appraiser and Consultant.

March 2012 to March 2017: Appraiser Trainee working under the supervision of Mentor Appraiser George L. Simek.

February 2005 to January 2012: Assistant General Manager, Billings Mustangs Professional Baseball Club, Billings, Montana.

October 2003 to February 2005: Reporter, KTVQ-Television, Billings, Montana.

March 2003 to October 2003: Game producer for MLB.com, the official website of Major League Baseball.

August 1998 to August 2002: Sales/Customer Service for Ryan Distributing, Billings, Montana.

February 1995 to August 1998: Reporter, The Billings Gazette, Billings, Montana.

July 1993 to February 1995: Reporter, The Montana Standard, Butte, Montana.

Education

B.S. in Journalism, 1993, University of Oregon, Eugene, Oregon.

Real Estate Education

Appraisal Institute Courses –

Basic Appraisal Principles
Basic Appraisal Procedures
15-hour National USPAP Course
Business Practices and Ethics
Advanced Income Approach

General Appraiser Sales Comparison Approach
General Appraiser Market Analysis Highest & Best Use
General Appraiser Site Valuation & Cost Approach
General Appraiser Report Writing & Case Studies
Real Estate Finance, Statistics & Valuation Modeling

McKissock Courses –

General Appraiser Income Approach



Property Types Appraised/Reviewed

Warehouse
Multi-family
Subsidized Housing
Professional Office
Truck Service Shop
Restaurant/Casino

Retail
Service
Vacant Land
Airplane Hangar
Mini-Storage Warehouse

Veterinary Clinic/Kennel
Office/Shop/Warehouse
Office/Condominium
Office/Retail/Strip Center
Drive-through Bank

STATE CERTIFICATION

	State of Montana Business Standards Division Board of Real Estate Appraisers	This certificate verifies licensure as: CERTIFIED GENERAL APPRAISER
	License #: REA-RAG-LIC-9279	
	Status: Active	
Expiration Date: 03/31/2019		
MATTHEW LUKE BENDER 2320 3RD AVE N BILLINGS, MT 59101		
		 Montana Department of LABOR & INDUSTRY RENEW OR VERIFY YOUR LICENSE AT: https://ebiz.mt.gov/pd/

APPRAISAL REVIEW SUMMARY

<u>Subject of Appraisal Review Assignment:</u>	Lots in Popelka Commerce Subdivision adjacent Amend Park
<u>Location of Parcels:</u>	King Ave. East & So. Billings Boulevard, Billings, MT
<u>Property Legal Description:</u>	Lots 3A-1, Lot 3A-4, Lot 3A-5 of the Popelka Commerce Center Subdivision, in Sec. 8, T1S, R26E, Yellowstone County, MT. Containing 10.137 +/- gross acres
<u>Project Number(s):</u>	N/A
<u>Designation:</u>	So. Billings Urban Renewal District TIF
<u>Reviewer's Client & Intended Users:</u>	Steven Zeier, SBURA Authorized Representative
<u>Client Contact / Department:</u>	Steven Zeier, SBURA Authorized Representative NAI Business Properties 3312 4 th Avenue North, Billings, MT 59101
<u>Client Contact Phone Number:</u>	406-670-6969
<u>Intended User(s) of Review:</u>	SBURA, City of Billings
<u>Intended Use of Reviewer's Opinions and Conclusions:</u>	Quality control, audit, qualification, or confirmation of the appraiser's work product.
<u>Purpose of the Review Assignment:</u>	Determine if the appraisal is adequately supported and in compliance with all appropriate standards. This review does NOT require the development of the reviewer's opinion of value.
<u>Size of Acquisition Parcel(s):</u>	10.137 gross acres in fee interest
<u>Property Interest Appraised:</u>	Surface Rights of Ownership (Encumbered Fee)
<u>Concluded Value Estimate:</u>	\$890,000
<u>Effective Date of Work Under Review:</u>	03 May 18
<u>Date of the Report Under Review:</u>	07 Jun 18
<u>Effective Date of the Review:</u>	14 Jun 18

Appraiser's Name / Firm Name:

David C. Thomas, MAI
Thomas Appraisal Services, Inc.
175 No. 27th Street, Suite 1220
Billings, MT 59101

Reviewer / Firm Name:

Steven M. Repac, The Appraisal Group, Ltd.
1533 Clark Avenue, Billings, MT 59102
Montana Certified General Appraiser No. 58

SCOPE/EXTENT OF THE REVIEW PROCESS

When the term Appraisal Review is used herein it refers to the accompanying documentation. In reviewing the content and conclusions of the Appraisal Report, the reviewer completed the following specific procedures, which were considered necessary to produce a credible assignment:

PROCEDURE GUIDELINES	YES	NO
Reviewed the appraisal request form and engagement letter/contract.		X
Read the Appraisal Report prepared for the property.	X	
Inspected the subject property and surrounding market area.	X	
Inspected the comparable properties cited in the Appraisal Report (either on-the-ground or from aerial photos).	X	
Confirmed some/all of the comparable sales either through public records or a party with direct knowledge of the transaction.	X	
Conducted an independent market search to determine if additional transactions should have been considered within the Appraisal Report.	X	
Reviewed various methodologies applicable to this assignment for completeness.	X	
Math calculations were verified for the following:		
Cost Approach	N/A	
Sales Comparable Grids	X	
Cash Equivalencies and Present Worth Calculations	N/A	
Overall Adjustments	X	
Floor plans were reviewed:	N/A	
Area calculations were checked:	N/A	
The legal descriptions were reviewed and confirmed: (as far as possible)	X	

SUMMARY OF REVIEWER'S OBLIGATORY OPINIONS

1. The Reviewer's opinion as to the completeness of the report under review given the scope of work applicable in the assignment:

The appraiser appears to have sufficiently described the subject and the neighborhood area, developed a conclusion as to the Highest and Best Use of the parcel, and used all applicable approaches to value in the report. The appraiser does consider additional analysis for factors such as entrepreneurial incentive, construction contingency costs, a possible discount for a bulk sale and the possible impact that competitive lot listings have on the value of the subject property. The final report is considered to be an adequately completed appraisal.

2. The Reviewer's opinion as to the apparent adequacy and relevance of the data and the propriety of any adjustments to the data given the scope of work applicable in the assignment:

Sales data was used to bracket the subject property's salient characteristics; the bracketing appears to have been within "normal" or "typical" market parameters. The adequacy of the comparable sales is considered to be satisfactory given the few sales that share pertinent characteristics with the undeveloped subject platted lots. The comparable sales used in the report were considered among the best available at the time of the report. All adjustments to the sales appear plausible and were supported to the best extent possible by factual market evidence or secondary data.

3. The Reviewer's opinion as to the appropriateness of the appraisal methods and techniques used and develop the reasons for any disagreement given the scope of work applicable in the assignment:

The Sales Comparison approach was the only approach used in this report; it was considered to be appropriately developed and applied.

4. The Reviewer's opinion as to whether the analyses, opinions and conclusions in the report under review are appropriate and reasonable given the scope of work applicable in the assignment and develop the reasons for any disagreement:

It appears, from my study of the appraisal and the comparable sales used, that the analyses of the subject property are generally consistent with my observations for a completed task assignment. The conclusions of value by the appraiser seem to be appropriate and reasonable from my review.

5. Other pertinent information relating to this report:

None applicable.

6. Conclusions of Appraisal Report Under Review:

The appraiser initiates a fairly comprehensive search for appropriate sales data and in my opinion collects suitable sales data that is fitting and proper for the assignment. The appraiser bracketed the subject property with sales data that would seem apt for analysis. The conclusion of value for the subject property is thought to have been produced from correctly completed research and analyses. The appraiser does consider additional analysis for factors such as entrepreneurial incentive, construction contingency costs, a possible discount for a bulk sale and the possible impact that competitive lot listings have on the value of the subject property. This analysis has produced a credible result.

A. Status of the Reviewed Appraisal Report

This appraisal report has been recommended as the basis for the establishment of the amount believed to be just compensation.

This appraisal report has been accepted (meets all requirements, but not selected as recommended or approved).

This appraisal report was not accepted.

B. Summation of Concluded Value

Encumbered Fee Interest

	Gross <u>Acres</u>	<u>\$/Ac.</u>	<u>\$/Sq. Ft.</u>	<u>Total \$</u>
Proposed Acquisition:	10.137	\$ 87,797	\$2.02	\$890,000

Encumbered Fee Interest

	Net <u>Acres</u>	<u>\$/Ac.</u>	<u>\$/Sq. Ft.</u>	<u>Total \$</u>
Proposed Acquisition:	7.872	\$113,059	\$2.60	\$890,000

Final Concluded Value

\$890,000

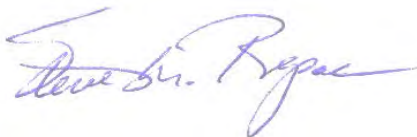
CERTIFICATION

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 assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property which is the subject of the work under review, and no personal interest with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of the work under review within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of the work under review or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in this review or from its use.
- My compensation for completing this assignment is not contingent upon the development or reporting of predetermined assignment results or assignment results that favors the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal review.
- My analyses, opinions, and conclusions were developed and this review report was prepared in conformity with the Appraisal Foundation's *Uniform Standards of Professional Appraisal Practice*, and complies with those areas of the *Uniform Appraisal Standards for Federal Land Acquisitions* that might require invocation of USPAP's Jurisdictional Exception Rule (see Scope of Work for details).
- I have [X] have not [] made a personal inspection of the property of the work under review.
- No one provided significant appraisal or appraisal review assistance to the person signing this certification.

⊛ ***I do not authorize the out-of-context quoting from, or partial reprinting of this Appraisal Review.***

⊛ ***Further, neither all nor any part of this Appraisal Review shall be disseminated to the general public by the use of the media for public communication without the prior written consent of the review appraiser signing this Appraisal Review.***



Date: 09 May 18

Steven M. Repac, MT. Certified General No. 58

APPRAISAL REVIEW SUMMARY

<u>Subject of Appraisal Review Assignment:</u>	Lots in Popelka Commerce Subdivision adjacent Amend Park
<u>Location of Parcels:</u>	King Ave. East & So. Billings Boulevard, Billings, MT
<u>Property Legal Description:</u>	Lots 3A-1, Lot 3A-4, Lot 3A-5 of the Popelka Commerce Center Subdivision, in Sec. 8, T1S, R26E, Yellowstone County, MT. Containing 10.137 +/- gross acres
<u>Project Number(s):</u>	N/A
<u>Designation:</u>	So. Billings Urban Renewal District TIF
<u>Reviewer's Client & Intended Users:</u>	Steven Zeier, SBURA Authorized Representative
<u>Client Contact / Department:</u>	Steven Zeier, SBURA Authorized Representative NAI Business Properties 3312 4 th Avenue North, Billings, MT 59101
<u>Client Contact Phone Number:</u>	406-670-6969
<u>Intended User(s) of Review:</u>	SBURA, City of Billings
<u>Intended Use of Reviewer's Opinions and Conclusions:</u>	Quality control, audit, qualification, or confirmation of the appraiser's work product.
<u>Purpose of the Review Assignment:</u>	Determine if the appraisal is adequately supported and in compliance with all appropriate standards. This review does NOT require the development of the reviewer's opinion of value.
<u>Size of Acquisition Parcel(s):</u>	10.137 gross acres in fee interest
<u>Property Interest Appraised:</u>	Surface Rights of Ownership (Encumbered Fee)
<u>Concluded Value Estimate:</u>	\$1,225,900
<u>Effective Date of Work Under Review:</u>	18 Apr 18
<u>Date of the Report Under Review:</u>	08 Jun 18
<u>Effective Date of the Review:</u>	14 Jun 18

Appraiser's Name / Firm Name:

Matthew L. Bender, Real Estate Appraiser No. 9279
Matt Bender Real Estate Appraiser & Consultant
2320 3rd Avenue North
Billings, MT 59101

Reviewer / Firm Name:

Steven M. Repac, The Appraisal Group, Ltd.
1533 Clark Avenue, Billings, MT 59102
Montana Certified General Appraiser No. 58

SCOPE/EXTENT OF THE REVIEW PROCESS

When the term Appraisal Review is used herein it refers to the accompanying documentation. In reviewing the content and conclusions of the Appraisal Report, the reviewer completed the following specific procedures, which were considered necessary to produce a credible assignment:

PROCEDURE GUIDELINES	YES	NO
Reviewed the appraisal request form and engagement letter/contract.		X
Read the Appraisal Report prepared for the property.	X	
Inspected the subject property and surrounding market area.	X	
Inspected the comparable properties cited in the Appraisal Report (either on-the-ground or from aerial photos).	X	
Confirmed some/all of the comparable sales either through public records or a party with direct knowledge of the transaction.	X	
Conducted an independent market search to determine if additional transactions should have been considered within the Appraisal Report.	X	
Reviewed various methodologies applicable to this assignment for completeness.	X	
Math calculations were verified for the following:		
Cost Approach	N/A	
Sales Comparable Grids	X	
Cash Equivalencies and Present Worth Calculations	N/A	
Overall Adjustments	X	
Floor plans were reviewed:	N/A	
Area calculations were checked:	N/A	
The legal descriptions were reviewed and confirmed: (as far as possible)	X	

SUMMARY OF REVIEWER'S OBLIGATORY OPINIONS

1. The Reviewer's opinion as to the completeness of the report under review given the scope of work applicable in the assignment:

The appraiser described the subject and the neighborhood area, developed a conclusion as to the Highest and Best Use of the parcel, and used the Sales Comparison approach to value in the report. However, the final report is not considered to be an example of a complete appraisal, due to the absence of consideration for factors such as entrepreneurial incentive, construction contingency costs, and a possible discount for a bulk sale that are pertinent to the conclusion of value.

2. The Reviewer's opinion as to the apparent adequacy and relevance of the data and the propriety of any adjustments to the data given the scope of work applicable in the assignment:

The adequacy of the comparable sales is considered to be satisfactory given the few sales that share pertinent characteristics with the undeveloped subject platted lots. The comparable sales used in the report were considered among the best available at the time of the report. Sales data was used to bracket the subject property's salient characteristics and the bracketing appears to be within "normal" or "typical" market parameters; however, the adjustments to the sales do not reflect consideration for factors such as entrepreneurial incentive, construction contingency costs, and a possible discount for a bulk sale.

3. The Reviewer's opinion as to the appropriateness of the appraisal methods and techniques used and develop the reasons for any disagreement given the scope of work applicable in the assignment:

The appraisal methods and techniques used in this report are not considered to be fully developed and applied. No consideration is given to factors such as entrepreneurial incentive, construction contingency costs, and a possible discount for a bulk sale, and the final reconciliation of value does not reflect consideration for the affect that competitive properties (economic supply and demand) might have on the value of the subject property.

4. The Reviewer's opinion as to whether the analyses, opinions and conclusions in the report under review are appropriate and reasonable given the scope of work applicable in the assignment and develop the reasons for any disagreement:

It appears, from my study of the appraisal and the comparable sales used, that the analysis of the subject property generally stops short of a completed task assignment. Because the considerations of factors such as entrepreneurial incentive, construction contingency costs, a possible discount for a bulk sale and the availability of competitive lots for sale were not explored or analyzed the overall conclusion of value by the appraiser does not appear credible.

5. Other pertinent information relating to this report:

None applicable.

6. Conclusions of Appraisal Report under Review:

The appraiser initiates a fairly comprehensive search for appropriate sales data and in my opinion collects suitable sales data that is fitting and proper for the assignment. The appraiser bracketed the subject property with sales data that would seem apt for analysis. In appraisals of platted but undeveloped land however, additional analysis should be undertaken to consider factors such as entrepreneurial incentive, construction contingency costs, a possible discount for a bulk sale and the possible impact that competitive lot listings have on the value of the subject property. The absence of consideration for these factors erodes the credibility of the overall report.

A. Status of the Reviewed Appraisal Report

This appraisal report has been recommended as the basis for the establishment of the amount believed to be just compensation.

This appraisal report has been accepted (meets all requirements, but not selected as recommended or approved).

This appraisal report was not accepted.

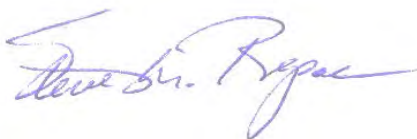
CERTIFICATION

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 assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property which is the subject of the work under review, and no personal interest with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of the work under review within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of the work under review or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in this review or from its use.
- My compensation for completing this assignment is not contingent upon the development or reporting of predetermined assignment results or assignment results that favors the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal review.
- My analyses, opinions, and conclusions were developed and this review report was prepared in conformity with the Appraisal Foundation's *Uniform Standards of Professional Appraisal Practice*, and complies with those areas of the *Uniform Appraisal Standards for Federal Land Acquisitions* that might require invocation of USPAP's Jurisdictional Exception Rule (see Scope of Work for details).
- I have [X] have not [] made a personal inspection of the property of the work under review.
- No one provided significant appraisal or appraisal review assistance to the person signing this certification.

⊗ ***I do not authorize the out-of-context quoting from, or partial reprinting of this Appraisal Review.***

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Steven M. Repac, MT. Certified General No. 58

Date: 14 Jun 18