

MARKET RENT SURVEY



Jamestown Reservoir Cabin Sites Stutsman County, North Dakota

SUBMITTED TO

Steve Murphy, Review Appraiser
Office of Valuation Services
1340 Financial Blvd., Reno, NV 89502

IVIS: PROJECT / CASE NUMBERS

R14023 / 00065188

EFFECTIVE DATE OF VALUE

October 6, 2014

DATE OF REPORT

December 11, 2015

SUBMITTED BY

Charles LaFlamme, MAI
Adam Bradshaw
Office of Valuation Services
2180 Harvard Street, Suite 380
Sacramento, CA 95815



United States Department of the Interior

Office of Valuation Services

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Sacramento, CA 95815

December 11, 2015

Steve Murphy, Review Appraiser
Office of Valuation Services
1340 Financial Boulevard
Reno, NV 89502

Re: Market Rent Survey
Jamestown Reservoir Cabin Sites
Stutsman County, ND

Dear Mr. Murphy:

Per the request of the Bureau of Reclamation (Reclamation) via the Office of Valuation Services, we have prepared this **market rent survey**.

The **purpose** of this survey was to gather sufficient information to opine a base market rent conclusion (rental valuation) for Reclamation's cabin and trailer sites as identified and located along Jamestown Reservoir in Stutsman County, North Dakota. The **intended use** is to assist Reclamation in establishing cabin site rents for use in issuing new permits for the cabin sites. Cabin sites are rented for terms of five years and paid annually. Cabin sites permits are issued for year-round recreational use.

The **client** is the Office of Valuation Services and the **intended users** are the Office of Valuation Services and the Bureau of Reclamation. There are no other authorized users of this report.

This report conforms to the Uniform Standards of Professional Appraisal Practice (USPAP) as well as the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute. The analyses and conclusions are subject to the assumptions and limiting conditions described in this report. The appraisers inspected the subject property on October 6, 2014, the effective date of value for this market rent survey.

We have concluded that the annual market rent as of the effective date of value for sites surrounding Stutsman Reservoir and better, described herein, is **\$6,700 per cabin site for those sites designated for year-round use and \$3,650 per cabin site for those designated for seasonal use**.

Respectfully submitted,

Adam Bradshaw

Charles W. Laflamme, MAI

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SUMMARY OF SALIENT FACTS & CONCLUSION

IVIS Number	00065188
Agency Case ID	R14023
Property Address	T 140 N, R 64 W, SEC 1, 2, 11, 12 and T 141 N 63W, SEC 31, 5 TH PM.
County	Stutsman County, ND
Assessor's Parcel Number	No APN assigned; property administrated by the Bureau of Reclamation
Property Owner	The U.S.A., administrated by the Bureau of Reclamation
Property Description	The Jamestown Reservoir Market Survey focuses on 71 cabin sites located on Reclamation land surrounding Jamestown Reservoir. Cabin sites are issued for either year-round or seasonal use. Cabin sites are leased on terms not to exceed 5 years; permit fees must be paid annually.
Purpose of the Appraisal	The purpose of this market rent survey was to gather sufficient data from housing options similar to the cabin sites at Jamestown Reservoir in order to estimate an annual rent for the typical cabin sites.
Client	The client is the U.S. Department of the Interior, Office of Valuation Services.
Intended User	The intended users are OVS and Reclamation on behalf of the United States of America.
Intended Use	The intended use is to assist Reclamation in establishing a new annual rental rate for renewing the permits of each of the 71 cabin sites surrounding the reservoir.
Effective Date of Report	October 6, 2014
Date of Report	December 11, 2015
Extraordinary Assumptions	None
Hypothetical Conditions	None
Market Rent Opinion	
Each Seasonally Rented Cabin Site	\$3,650 per year
Each Cabin Site Rented For Year-Round Use	\$6,700 per year

INTRODUCTION

IDENTIFICATION OF THE PROPERTY

The 71 cabin sites that surround Jamestown Reservoir, located in Stutsman County, North Dakota, comprise the subject of this report. The cabin sites are geographically congregated into three separate cabin areas along the reservoir: Cabin Area “B” is located along the east side of the reservoir and Cabin Areas “A” and “C” are located along the west side of the reservoir. The cabin sites are currently available for either year-round or seasonal occupancy via five year permits issued by the Stutsman County Park Board (from here on referred to as “the Park Board”).

The choice of whether a given cabin site is designated for year-round or seasonal occupancy is that of the permittee occupying the given site; however, the choice is a conditional one: Article 25 of the cabin site permit indicates a **one-time** option for a permittee occupying a year-round site to change the site’s designation to seasonal use. The article then states that “a permittee who exercises the one time option for a year round permit may elect to revert to a seasonal permit once,” i.e. a permittee can’t continually change the permitted site’s designation from year to year based upon the preferences of the permittee at different points in time.¹ 2014 per annum fees for both seasonal and year-round use of cabin sites remained unchanged from 2013; year-round use of a cabin site cost \$2,840 while seasonal use was \$1,420.

Reclamation and the Park Board are parties to Management Agreement Number 02-LM-60-5659, which assigns to the Park Board the administration of the development, management, operation, and maintenance of lands and recreation facilities at Jamestown Reservoir—including the cabin sites. Cabin site permits call for an annual fee to be paid for the exclusive use of the individual cabin sites; the Management Agreement stipulates, in accordance with

¹ The sole incentive—and benefit—for an annually authorized permittee to become an seasonally authorized permittee appears to be monetary; the benefits derived from annual use are identical to those derived from seasonal use in all aspects except for allowable months of occupancy and the annual price for such occupancy. It follows that the only thing discouraging a seasonal user from becoming an annual user is added cost associated with the permit fee.¹

federal regulations, that the annual fees must reflect market value. Permittees remit payments to Stutsman County.

Regarding the use of the fees, Article 10, Section B of the Management Agreement says:

Revenues collected by the Park Board through recreation user fees at Jamestown Reservoir in excess of the Park Board's expenditures at Jamestown Reservoir shall be paid to Reclamation within 90 days after the end of the Park Board's fiscal year. However, if so requested by the Park Board, Reclamation may direct the Park Board that such excess revenues be carried over for expenditure by the Park Board in subsequent years for the purpose of future development of Jamestown Reservoir in accordance with approved development plans or the RMP [ostensibly, Resource Management Plan].

PURPOSE OF THE APPRAISAL

The purpose of this survey was to collect sufficient information to estimate an annual market rent for the typical cabin site located along Jamestown Reservoir as of the effective date of our analysis and under the terms of permit given to us by Reclamation.

INTENDED USE OF THE APPRAISAL

The opinion of the typical annual market rent is meant for use by Reclamation as a basis for their determination of permit fees for the 71 individual cabin sites.

CLIENT IDENTIFICATION

The client is the Office of Valuation Services.

INTENDED USER(S)

The intended user is the Office of Valuation Services and the Bureau of Reclamation on behalf of the United States of America.

EFFECTIVE DATE OF VALUE

The Jamestown Reservoir was physically inspected by the appraisers on October 6, 2014. The effective date of the opinion of value is October 6, 2014, which was the date when the analysis

was undertaken. The date of the report is December 11, 2015, the date that the report was published.

LEGAL DESCRIPTION

Not Applicable

INTEREST APPRAISED

Possessor interest by virtue of an annual use permit

OWNER OF RECORD

The owner of record is the United States of America; the fee simple interest is administrated by the Bureau of Reclamation. The 71 permitted cabin site occupants hold permittee owner interests in their respective sites.

DEFINITIONS

Market Rent

The Office of Valuation Services (OVS) has opined that the appropriate definition for use in market rental determinations for rights-of-way (ROWs) is the definition of market rent as found in the Dictionary of Real Estate Appraisal as follows:

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the specified lease agreement including term, rental adjustment and revaluation, permitted uses, use restrictions, and expense obligations; the lessee and lessor each acting prudently and knowledgably, and assuming consummation of the lease contract as of a specified date.²

Market Value

The Office of Valuation Services (OVS) has opined that the appropriate definition for use in market rental determinations for rights-of-way (ROWs) is the definition of market rent as found in the Dictionary of Real Estate Appraisal as follows:

² The Dictionary of Real Estate Appraisal, Appraisal Institute, 5th Edition

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the specified lease agreement including term, rental adjustment and revaluation, permitted uses, use restrictions, and expense obligations; the lessee and lessor each acting prudently and knowledgeably, and assuming consummation of the lease contract as of a specified date.

Fee Simple Estate

Fee simple estate, as used in this report is absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by governmental powers of taxation, eminent domain, police power and escheat.

EXTRAORDINARY ASSUMPTIONS

None

HYPOTHETICAL CONDITIONS

None

JURISDICTIONAL EXCEPTIONS

None

ASSIGNMENT CONDITIONS

The report is expressly subject to the following assumptions and/or limiting conditions:

- In this analysis, we assume conditions in which the property would be available for lease under prevailing market conditions.
- We assume the cabin sites are under responsible ownership and competent management. Furthermore, there are no hidden or undisclosed conditions of the land or of the improvements that would affect market rent.
- We assume that the subject property is not affected by any adverse environmental conditions that would have an impact on the market rent analysis. Adverse environmental conditions unknown to us could impact the final rent conclusion.
- The conclusions stated in the appraisal apply only as of the date of valuation and no representation is made as to the effect of subsequent events.
- Although we conducted cursory inspection of the subject property, we did not conduct a formal survey of the property and assume no responsibility in connection with such matters. The spatial data, including sketches and/or surveys included in this report, have been supplied by Reclamation and are assumed to be correct.
- We are not responsible for considerations requiring expertise in other fields, including but not limited to: legal descriptions and other legal matters, geologic considerations such as soils and seismic stability, engineering, or environmental and toxic contaminants.
- We assume the property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations, and codes, unless otherwise noted in this appraisal.
- All facts set forth in this report are true and accurate to the best of our knowledge. However, it should be noted that the appraisal process inherently requires information from a wide variety of sources. The appraiser has relied on information provided by other individuals and in good faith believes that information to be reliable. We do not accept responsibility for erroneous information provided by others.
- Our analyses, opinions and conclusions are defined by the Scope of Work as defined herein.
- Neither all nor any part of this report, or copy thereof, shall be used for any purpose by anyone but the client and intended users specified in the report without my written consent. This report was prepared for the client's use at their sole discretion within the framework of the intended use stated in this report. Its use for any other purpose or use by any party not identified as an intended user of this report is beyond the scope of work of this assignment.

CERTIFICATION

We certify that, to the best of our 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 our personal, impartial, and unbiased professional analyses, opinions, and conclusions;
- we have no present or prospective interest in the appraised property and no personal interest with respect to the parties involved;
- we have performed no services, as appraisers 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;
- we have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
- our compensation or status with the Department of the Interior is not contingent on an action or event resulting from the analyses, opinions, or conclusions in the report or from its use;
- our compensation or status with the Department of the Interior for completing this assignment is not contingent upon the development or reporting of predetermined assignment results or assignment results that favors the Department of the Interior or any other governmental agency, the attainment of a stipulated result, or this occurrence of a subsequent event directly related to the intended use of this report;
- our analyses, opinions and conclusions were developed, and the report was prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP);
- we personally inspected the subject property on October 6, 2014;
- no one provided significant appraisal assistance to us in the completion of this assignment;
- the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives (Charles Laflamme);
- as of the date of this review report, I (Charles Laflamme) have completed the continuing education program for designated members of the Appraisal Institute;
- the report analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute (Charles Laflamme);
- Charles Laflamme is a State Certified General Real Estate Appraiser licensed by the State of California (License No. AG002325)
- Adam Bradshaw is a State of Georgia Licensed Real Estate Appraiser (License No. 355805)

Charles W. Laflamme, MAI

Adam Bradshaw

PERMIT SYNOPSIS

This report involves the estimation of an appropriate fee to be paid on an annual basis for individual cabin sites at Jamestown Reservoir. The cabin fees are subject to the terms of permits issued by the Stutsman County Park Board (the Park Board), which administrate the cabin sites for Reclamation.

A redacted cabin site permit was obtained from the Stutsman County Park Board. The permit indicated, and a Park Board representative confirmed that the annual fee for seasonal use in 2013 and 2014 was \$1,420; the annual fee for year-round use was \$2,840. Although the redacted permit indicated a term of five years, Section B of Article 5 says that “the Park Board may increase the annual permit fee to reflect current fair market values for similar properties... by accepting [the] permit, the permittee waives all rights to protest or appeal increases in fees established by the Park Board.” Additionally, Section D of Article 5 stipulates that “additional costs incurred by the Park Board and/or Reclamation associated with administering [the] permit... may be reimbursable and payable by the permittee.” A \$100 administration fee payable once per five year term—this fee covering NEPA (National Environmental Policy Act) compliance, annual field reviews, reviewing requests to construct buildings, decks, erosion control structures, etc.—is due on the date the permittee signs the permit; the administration fee is assessed only upon renewal or initial signing of the permit, i.e. once every five years.

The basic terms/conditions of a permit upon which our analysis is based is as follows:

Issuer – Cabin site permits are issued by the Park Board (under Management Agreement No. 02-LM-60-5659, entered into by Reclamation and the Park Board); the Park Board administers the site program—among other responsibilities—for Reclamation.

Permittee – To be identified

Term of Permit – **Cabin site permits** are issued on terms not to exceed five years beginning from the date indicated on the permit. A Seasonal permit allows for occupancy of the cabin site and/or the buildings on it from April 1st through October 31th but does not allow any occupancy of the site or buildings on it from the 1st of November through the 31st of March. A

year-round permit allows for occupancy of the cabin site and the buildings on it anytime during the year.

Purpose of Permit – Maintaining a cabin site for either seasonal or year-round personal use— whichever is specified by the permit. Permits are not intended in any way to cause development that will increase local government or state expenditures.

General – The permittee’s rights under the permit are limited, are not guaranteed in perpetuity, and in constructing any improvement to a cabin site, the permittee assumes the risk that he or she may eventually be required to remove his or her improvements and vacate the premises if his or her cabin site is needed for other purposes. Permits do not convey title to the land being used by individual permittees. Cabins and other private improvements at Jamestown Reservoir are permitted on public lands in designated areas. The shoreline and access to the shoreline will at all times be open to the public and the permittee will not restrict such access. The permittee must recognize and honor the right of access of the public, neighboring permittee, and their guests along established roadways and trails which may cross the permitted site. Permittees assume all risks associated with their use of federal land at Dickinson Reservoir. Individual permits **may be terminated or subjected to other dispositional alternatives** under any of the following conditions:

- 1) At the expiration of the term as provided in Article 5; or,
- 2) Upon expiration or termination of the existing management agreement (MOU/Contract No. 14-06-1040) between Reclamation and the Park Board, and failure of Reclamation and the Park Board to enter into a new management agreement whereby the Park Board, as Reclamation’s managing partner, administers certain Jamestown Reservoir lands and facilities for recreational, wildlife and associated purposes; or,
- 3) If the permitted lot is needed for any of the following project purposes, with termination to be effective on December 31 of any year with notice served 90 days in advance except in emergency situations:
 - a. All rights-of-way heretofore acquired or initiated or hereafter required for highways, railroads, irrigation works, or any other purpose;
 - b. The right at all times to take from said lands material for the construction, operation, and maintenance of Reclamation project works;

- c. The right at all times to continue construction, operation, and maintenance of any Reclamation project works now or hereafter required to be located on said lands;
 - d. The right of the officers, agents, employees, licensees, and permittees of Reclamation at any and all times, and without notice to the Permittee, to have ingress into, passage over, and egress from all of said lands, for the purpose of exercising, enforcing, and protecting the rights reserved by this article and for enforcing any and all provisions of the permit;
 - e. There is reserved a right-of-way along all section lines or other practical routes heretofore or hereafter established by authority of the United States or the State of North Dakota for public access to and use of the shoreline of the reservoir;
 - f. There is reserved the right to conduct studies of stream- or reservoir-related flooding and Safety of Dams investigations on the permitted premises, and to modify or terminate the permit or implement any measures deemed necessary to comply with Federal, State, or local flood plain management regulations or to otherwise correct flooding or Safety of Dams problems; or,
- 4) On the failure of the permittee to pay a full amount owed by the due date, or associate origination fee after the first notice, as provided in Article 4; or,
 - 5) If ownership of the dwelling passes to another person and an assignment has not been approved as provided in Article 8; or,
 - 6) If the cabin and appurtenances are demolished, or destroyed or severely damaged and the permittee elects not to replace or repair the same as provided in Article 13. l.; or,
 - 7) If the property taxes for the cabin site are not paid every year by the 15th of April; or,
 - 8) At any time on the mutual agreement of all parties to the permit; or,
 - 9) If the permittee refuses to allow review or inspection as provided for in Article 11: or,
 - 10) After failure of the permittee to observe any of the terms of the permit.
 - 11) The Permittee will be permitted 60 days after expiration or termination of the permit to remove any improvements or other private property thereon, subject to the provisions of Articles 8 and 13f, and restore the premises to a condition satisfactory to the Park Board and Reclamation. Removal of such improvements or other property and restoration of the premises are the responsibility of the Permittee. It is agreed that all nonpermanent improvements or other property not removed within the 60-day period will thereafter be considered abandoned and will automatically become the property of the United States and subject to

disposal under Federal regulations. Any removal of such improvements or other property and restoration work remaining will be performed by the United States and the Permittee is liable for all costs therefore.

12) A refund of the annual permit fee will be allowed only if this Permit is canceled for project purposes and will be prorated based upon time used.

13) If there is a failure to pay when due any and all assessed or billed costs related to the design, construction, or maintenance of a wastewater collection system.

Description of Authorized Use of Land Permitted - The cabin sites may be occupied continuously on either a year-round or seasonal basis in accordance with the terms of the respective permits.

Permit Rates and Administrative Fees – In consideration for use of a cabin site, seasonal and year-round permittees of the cabin sites currently pay the Park Board respective annual fees of \$1,420 and \$2,840 per site. Permittees are responsible for all of the utility expenses that they respectively incur, including any paid to servicing utility companies, when appropriate, individually. Besides site permit fees and utility expenses, cabin site permittees also pay real estate taxes; however, since federal lands cannot be taxed, permittees are assessed taxes on their own real estate only. The effective tax rate for real property in the reservoir area was 0.95% in 2014.

Transfer of Permit, Assignments and Subleases – The transfer, assignment, or subleasing of cabin site permits are subject to the following provisions:

- a. The permit and the rights and privileges granted hereunder may not be sold, bartered, assigned, transferred, or used as collateral by the permittee.
- b. The permitted site or private property located thereon may not be subleased.
- c. [omitted from most recent version of cabin site permit]
- d. The permittee may have interest in or control of only one cabin site in the Great Plains Region of the Bureau of Reclamation, inclusive of sites located on tracts leased to organized groups.
- e. The permit may not include more than one officially staked site, and no more than one cabin is allowed per permit.
- f. The permit may not be held in the name of a corporation. In the event that the permit is held in the name of a trust, the name and address of the legally responsible person for the trust, as well as the name(s) and addresses of all trust beneficiaries, must be provided at the time this permit is executed.

AREA, CITY & NEIGHBORHOOD DATA

The Jamestown Reservoir is located in Stutsman County, North Dakota, just north of the town of Jamestown. The U.S. Census Bureau estimated Stutsman County's 2014 population at 21,129, a 0.1% increase from 2010 figures. The growth is only marginal but defies what appears to have been a long and slow trend of population loss: The population, annually rising and falling by incremental measures, has fallen off from the 21,841 inhabitants it had at the beginning of the millennium; furthermore, the 2013 number reflected a net population loss of 10.3% since 1970. Jamestown, with a population just short of fifteen and a half thousand, is the largest town within the county. It too showed only a 0.1% growth in population since the 2010 census.³ Despite the loss in population, the number of jobs within the county has steadily increased as 563 jobs were added from the year 2000 through 2013.

The movement in population and job numbers is open to interpretation and does not leave much room for projection. However, discussions with local participants in the real estate market revealed growth expectations that tack towards the optimistic. This has been spurred, namely, by the expectation of new industry within the county: A nearby ethanol plant was being constructed 10 miles east of Jamestown as of the effective date, a fertilizer plant was expected to be built within the same vicinity in the not-too-distant future and there were nebulous rumors being floated—perhaps fueled by speculation and/or optimism—of other industrial projects coming to the area.

The final extent to which the realized or un-realized projects have on the local economy remains to be seen. The housing market corroborates the tempered optimism though as single family residential permits showed increase from 2011 through 2014, with the most notable increases occurring in 2013 and 2014; the 33 permits issued for new single family residences in

³ "State & County QuickFacts" United States Census Bureau. Web. <http://www.quickfacts.census.gov/qfd/states/>.
16 June 2015.

2013 was a jump of 15 over those issued in 2012.⁴ 2014 year saw further increase, with 43 permits being issued.⁵

AREA CONCLUSION

Although the economy and housing market of North Dakota have experienced substantial growth in recent years, the growth has primarily come from the west: Petroleum mining in the west has been the impetus of the growth but Stutsman County has neither the underlying geological formations nor the geographical proximity to those places that do to support projections of precipitous growth. Nevertheless, Jamestown's location on an interstate and a rail line to an area of increasing commerce and robust industrial activity (Western North Dakota) may afford Jamestown some opportunity for growth. Speculation aside, the economy in Jamestown appears stable with short term room for limited growth. Real estate activity in Jamestown is limited but shows a pattern of stability and slow growth.

⁴ "Building Permits" **United States Census Bureau**. Web. <http://www.censtats.census.gov/bldg/bldgprmt.shtml>. 16 June 2015.

⁵ "Area Summary: Stutsman County Area Profile" **Labor Market Information Center, Job Service North Dakota**. Web. 16 June 2015.

PROPERTY DESCRIPTION

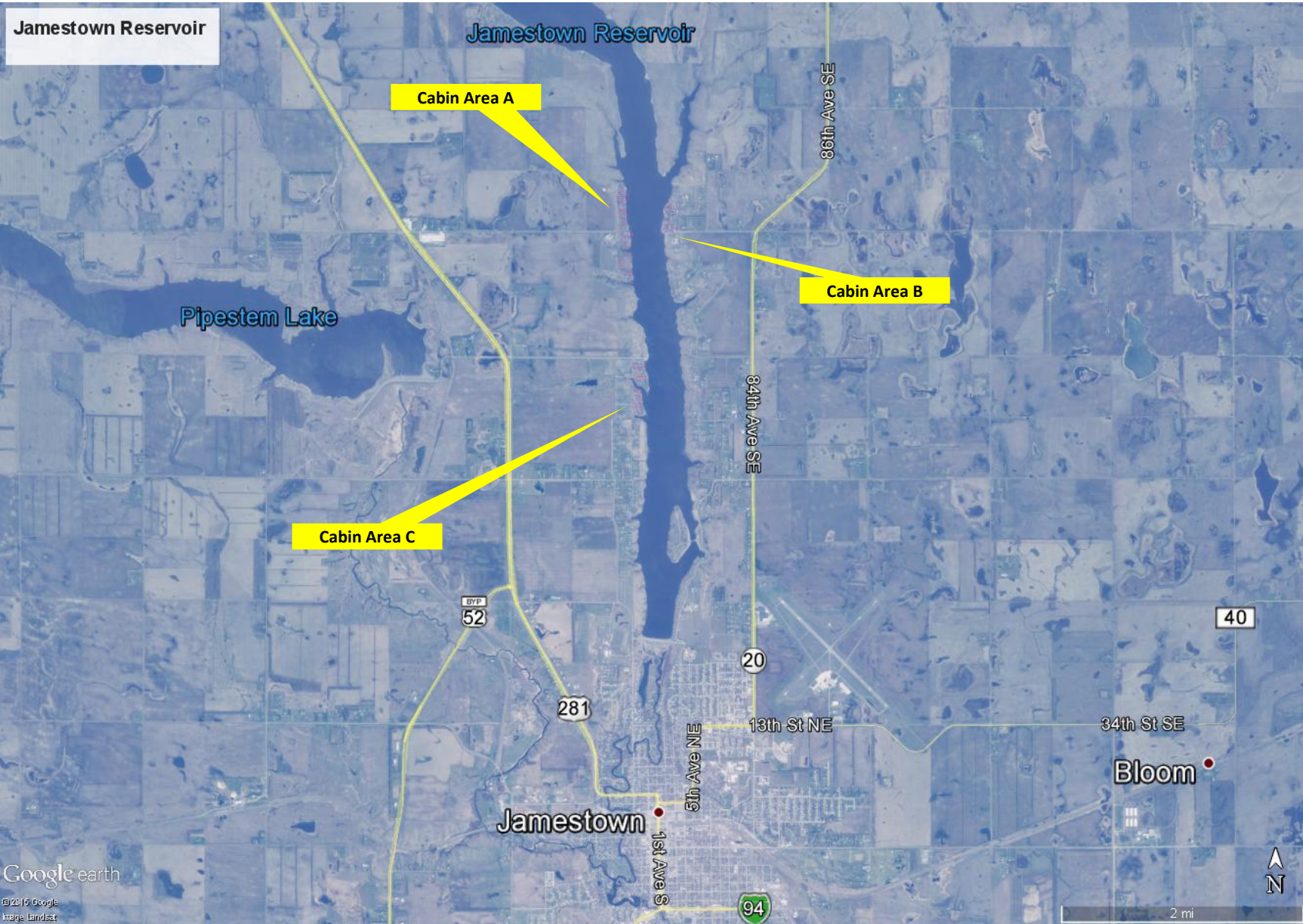
The market survey focuses on the 71 cabin sites that surround Jamestown Reservoir. 32 of the sites are currently permitted for year-round use while the remaining sites are permitted for seasonal occupancy only. All of the cabin sites are currently permitted; there are no cabin sites currently available for permit. The permits are congregated in three separate areas surrounding the reservoir; Cabin Area “B” is located along the east side of the reservoir and Cabin Areas “A” and “C” are located along the west side of the reservoir. Roads offer access to the cabin sites: Other than the northernmost sites in Cabin Area A, the cabin sites face groomed graveled roads; the northernmost sites in Cabin Area A front a paved road. It is implied in Article 10 of the cabin site permit that individual site boundaries are delineated by markers and monuments on site. The cabin sites’ respective survey boundaries are represented in red on the aerial photography included further on in this section of the report.

The cabin sites along Jamestown Reservoir individually encompass about an acre but some are as large as 1.7 acres. Most sites are rectangular in shape with typical widths meeting or exceeding 100’. The frontage of most sites along the reservoir is concomitant with their individual widths. Site lengths typically meet or exceed 300’ but there are a couple exceptions among the few irregularly shaped lots. Except for the shore line, the topography of most sites is characterized by gentle to moderately sloping topography rising from the reservoir side of the individual lots. Depending on the water level of the reservoir, there is typically some fine material making up a narrow “beach” that fronts the reservoir. The fine material, however, is still mixed with gravel and is located at the bottom of the slopes that descend to the reservoir. Further, the slopes of some lots are covered with rip rap to deter erosion problems along the shoreline.

The cabins occupying the sites Permitted are generally small to moderately sized ramblers or manufactured homes sitting atop poured foundations. There are also some two story homes. Besides the principal/recreational residences on each site, many sites have other improvements such as garages and storage sheds. The Park Board specifies what types of improvements can be made on the cabin sites and outlines some restrictions to improvements—namely the allowable sizes of respective improvements—in Article 13 of the permit. The construction of

docks is also permissible, contingent upon Park Board approval, and many permittees have docks on their sites.

Permittees are responsible for the payment of all expenses incurred through the use of their respective cabin sites. Permittees pay for electrical service and rural water service individually. Additionally, cabin site permittees must maintain their respective septic systems and have them inspected regularly. Further, permittees are responsible for county taxes that are assessed upon the real property occupying their respective sites. As of 2014, the effective tax rate on the real property for the area surrounding Jamestown Reservoir was 0.95%.









SCOPE OF THE ASSIGNMENT

We have inspected the subject property to the extent necessary to understand the property and the position of its cabin sites within the local market but have relied on Reclamation and the Stutsman Park Board for certain property information, tenancy information, expenses—if available, and other information pertinent to the subject. Assumptions regarding the analysis are noted in the section labeled “Assignment Conditions”.

This assignment involves analysis of pertinent market factors in order to opine market rent for the Bureau of Reclamation’s cabin sites located around Jamestown Reservoir. The valuation problem is to solve for current market rent for the typical cabin site as previously identified under the conditions set forth in the permit. A Highest & Best Use Analysis was not necessary as the assignment instructions were to estimate market rent of the sites as they exist subject to the terms of the license agreement or permit. Because the objective of this assignment is a market rent analysis, the development of the Cost Approach, Sales Comparison, and Income Approaches to value are not pertinent, and therefore were not undertaken.

SUMMARY OF APPRAISAL PROBLEMS

The appraisal problem is opining market rent for cabin sites along a recreational reservoir where there are few to no similar comparable sites within the subject region. Many of the subject’s cabin sites benefit from atypical views and water frontage along a reservoir. The terms upon which the permits are issued are not conventional either: Permits are issued on 5 year terms and paid for annually in one up-front payment. Some of the cabins allow year-round use while others allow for only seasonal—6 months—of use. Additionally, holders of seasonal permits are allowed to change the site’s use terms to allow for year round residence with the caveat that such a change in the permit terms—as well as one reversion to previous terms—can be enacted only one time.⁶

⁶ Article 25 of a representative Jamestown Reservoir Cabin Site Permit, Sponsored by Stutsman County Park Board and provided by Reclamation: Page 18. A copy of the permit is included in the addenda.

Renting a subject site for the purpose of year-round use, i.e. permanent residence, might be considered similar to renting a site in a mobile home park because of use terms. For sites that are inhabited seasonally and are, thus, ostensibly used primarily for recreational use, RV Parks—of which many only operate seasonally—might seem appropriate candidates with which to compare rental rates. However, according to the terms of the subject’s permit(s), neither motor homes, nor mobile homes, nor RVs are to be used as either year-round or seasonal dwellings along Jamestown Reservoir.⁷ The exclusion of motor homes, mobile homes, and RV’s may have been intended for aesthetic purposes but it effectively invalidates any potential comparison of the subject sites to RV parks or mobile home parks.⁸ (Mention of manufactured homes is conspicuously absent from the prohibitive permit clause.) Subject sites will not, therefore, be compared to sites in either mobile home parks or RV parks.

Permittees of both seasonal use and year-round use sites are responsible for procuring and maintaining their own utility services and are also charged with the responsibility of maintaining the appearance of their respective sites. Further, they each pay county taxes upon their improvements. With the level of responsibility assigned to permittees comes some autonomy regarding site use: Subject to approval and conditions outlined in the permits, permittees are allowed to build improvements on cabin sites with the understanding that such improvements may have to be moved at a later date.

The intended use of this report is to establish market value for rent. The uses, allowances, and responsibilities assigned to permittees, however, defy lease terms within the market area. Indeed, the likeness to home-ownership which the subject site’s market terms connote is corroborated by tenant behavior and the uses facilitated by Reclamation and the Park Board. Market value represents values based upon, or contingent upon, market terms; in this case, the

⁷ Article 13, Clause P, Cabin Site Permit for Jamestown Reservoir, Stutsman County, ND.

⁸ Many single-wide or double-wide manufactured homes occupy trailer sites—even cabin sites—along other Reclamation-administrated reservoirs within the Dakota’s Region. Because the permit terms of the sites they occupied did not specifically prohibit RV’s and mobile homes, however, RV parks and mobile home parks provided what sometimes proved to be valuable points of comparison for rent analyses.

dichotomy between the actual use of the cabin sites and the fact that they are leased out on atypical terms will be rectified utilizing opined site value and a market rate of return.

The methodology normally used to solve this valuation problem would be to undertake a survey of similar sites along other lakes or reservoirs within the region in order to ascertain rents/leases charged and their associated terms of rent/lease. This methodology was not employed inasmuch as no reservoirs or lakes were identified, other than Reclamation facilities, which had cabin sites available for lease. An alternate methodology would be to survey rents in RV and mobile home parks. However, neither RVs nor mobile homes qualify as cabins on the sites—in fact, are prohibited from being used as seasonal, long-term, or permanent dwellings on the sites.

The subject cabin sites are adjacent to an urban area (Jamestown, ND) and conditionally allow year round occupancy. Given these considerations, the methodology relied upon was a rental analysis based upon a rate of return applied against the value of a vacant residential lot, to wit, sales of vacant residential lots in the area were sought out, as was a reasonable rate of return that would be required for the rental of the same, and then the rate of return was applied to the lot value yielding a return in dollars which is an indication of the annual market rent.

MARKET DATA OVERVIEW

The subject's cabin sites are rented for annual use on five-year terms. Rent is paid on a per annum basis. Some cabin sites allow for year-round use while some allow for seasonal occupation only. As noted earlier, seasonal users have one opportunity to change the terms of occupation. Such a provision is atypical—if not unheard of—in the private market, as are many of the previously discussed conditions of the lease. Vacant residential lots compare similarly to the subject sites except in terms of tenancy; vacant lots are typically either bought or sold in residential markets—not leased, as the subject sites are. Nevertheless, the sales that have occurred within the subject area provide what proves to be the most reliable and relevant market data for the subject type and will provide datum from which a market rental rate can be extracted.

VACANT RESIDENTIAL TRACT SALES

County records and multiple listing services were searched for properties which might prove comparable to the subject's cabin sites. In all cases, the search for sales extended back at least three years prior to the effective date. Parties to the sales were contacted in an attempt to confirm the price and ascertain any conditions to the sales. Sales were screened for comparability to the subject; location, size, date, and plausibility of veracity were all considered. Sales of unimproved tracts within close proximity to a body of water were those that bore the most similarity to the subject.

Sales chosen for final analysis and reconciliation of a typical subject sites' values were selected based on an elemental comparison to determine which sales were most similar to a typical subject site. Elements of comparison for vacant and unimproved residential and recreational lots will be discussed later in the report.

CABIN SITE RENT ANALYSIS

The value—and ultimately the rent—of cabin sites surrounding Jamestown Reservoir depend upon the market value of a fee simple interest in the estate of the respective cabin sites. As previously mentioned, Jamestown Reservoir is adjacent to Jamestown, a city in North Dakota. The subject cabin sites are not remote recreation lots as would be expected when the term cabin site is used and as was found among other reservoir assignments we undertook this year. The sites are better described as rural suburban lots with lake-frontage and lake access. In order to estimate the market value of the typical subject site as if it were a legal lot held in fee simple estate, the sales comparison approach was employed.

THE SALES COMPARISON APPROACH

The **sales comparison approach** is an appraisal procedure in which market value estimate is predicated upon prices paid in actual market transactions of similar properties. It involves analyzing recent sales of residential homesites for the purpose of deriving an indication of value. The sales comparison approach attempts to account for differences in value as a function of dissimilarities in like properties. The following section outlines and expounds upon elements of comparison and value used in the analysis of the subject sites' market values.

ELEMENTS OF COMPARISON FOR VACANT RESIDENTIAL/RECREATIONAL TRACTS

The adjustment summary grid contains the relevant value elements of each sale for use in a comparative evaluation of the subject property. Since our method of calculating market rent for the subject sites relies on a rate of return applied to the value of those sites in fulfilling their current use, a highest and best use analysis is not applicable; the use of the subject's sites as year-round recreational lots—which equates to residential lots considering their current predominant use as residences—is considered when estimating value. Consequently, the elements of comparison affecting residential development are of the most importance to the sales comparison analysis and will have the greatest effect on value. Elements of comparison for consideration include property rights, financing, size, market conditions, location and frontage.

When unable to account for differences in elements using quantitative adjustments, qualitative comparison was employed. A comparable sale's element received no adjustment, denoted by "0", when the subject's corresponding element was similar. Dissimilarity between corresponding elements was represented as superior (-) or inferior (+). Lesser degrees of dissimilarity were represented by "0+", denoting slightly inferiority; or by "0-", denoting slight superiority. Greater degrees of dissimilarity were represented by extra minus or plus symbols when deemed appropriate.

Not all elements of comparison which typically distinguish value required adjustment; in some cases the subject and all the comparables shared uniform characteristics. In other cases the market recognized no value difference between the respective characteristics exhibited by properties with differing characteristics. The following subsections expound upon the elements of comparison considered for the sales comparison analysis.

UNIT OF COMPARISON

Recent sales within the region suggest that vacant residential/recreational lots are being valued by buyers on a per-lot basis. This was corroborated by accounts from the respective grantees of multiple comparable sales. It is typical for lots that have a highest and best use of residential/recreational to be valued on a site by site basis. Lot sizes for residential homes in and around Jamestown vary but the bulk of vacant properties that are considered comparable to the subject and have transacted within the last few years—preceding the effective date—ranged from about one to ten acres in size. A majority of the latter possessed from one to three acres. Although the subject sites fall towards the lower end of that range, typical site size is enough so that the influence on value is likely nominal and pales in comparison to property characteristics such as setting. The per lot basis is by no means exclusive of the possibility that lots possessing superior size may be considered superior when compared to otherwise identical smaller properties but, among subject lots, discrepancies in size did not warrant qualitative adjustments in the opinion of the appraisers.

Time (Market Conditions)

Thirteen conveyances of similarly sized vacant residential tracts occurring within the three years prior to the effective date were confirmed that seemed to have credibility. Most of the properties were alike in almost every way except the dates upon which they conveyed. These sales were examined in order to determine possible trend(s) in market conditions. Paired sales analyses were used to examine time trends indicated between conveyances of properties thought to be the most like each other. The datum representing 12 of the 13 sales was also looked at collectively using the least squares method for a numerical description of appreciation or depreciation in terms of time over the three years that preceded the effective date of the appraisal; ultimately, however, the reliability indicated by the least squares method was not considered sufficient.

The following pair of sales sits side by side in a subdivision that lies east of Jamestown Reservoir. Neither property held any significant advantage over the other in terms of property characteristics or financing.

Assessor's Parcel No.	03-4370230	03-4370220
Location	Hoggarth Bro.'s 3 rd Subdivision Stutsman County, ND	Hoggarth Bro.'s 3 rd Subdivision Stutsman County, ND
Size	2.00 Acres	2.01 Acres
Sale Date	June 2014	October 2013
Price	\$ 51,600	\$ 43,850
Price Adjustment for Date		+ \$ 7,750 ≈ 2.06% per month

The sales on the following page also sit adjacent to each other and are also east of the lake. The properties are on Hoggarth Street. The more recently conveyed property also fronts 31 ½ Street Southeast on one side. Sometimes corner lots are not deemed as desirable by potential purchasers and thus generate less demand; however, in this instance the corner lot sold for more than its adjacent counterpart that had sold 8 months earlier. The comparison will, then, still yield an adjustment for time but the adjustment may be understated if there was a discount for the corner layout.

Assessor's Parcel No.	03-4370330	03-4370220
Location	Hoggarth Street, east of Jamestown Reservoir	Hoggarth Street, east of Jamestown Reservoir
Size	2.33 Acres	2.26 Acres
Sale Date	June 2013	October 2012
Price	\$ 33,000	\$ 30,700
Price Adjustment for Date		+ \$ 2,300 ≈ 0.91% per month

As shown above, the latter comparison did not yield near the amount of appreciation that the former did. One possible reason has been discussed; another possible reason for the difference in indicated adjustments is because the time periods of the paired sales do not overlap. It is possible that both are representative but it also possible that, given the limited amount of similar vacant residential tracts conveyed within the market area, either or both pairs diverge from the specific but unknown adjustment that would best describe the array of recent and viable sales gathered from within the market area.

Neither of the two paired sales covers the months from June 2013 to October 2013. By comparing the June 2013 sale used in the previous analysis with a property that conveyed in October, 2013, a time adjustment can be achieved for the time period between the two. The following two properties are very similar and are, in fact, located across the street from each other.

Assessor's Parcel No.	03-4370310	03-4370330
Location	Hoggarth Street, east of Jamestown Reservoir	Hoggarth Street, east of Jamestown Reservoir
Size	2.00 Acres	2.33 Acres
Sale Date	October 2013	June 2013
Price	\$ 33,000	\$ 33,000
Price Adjustment for Date		\$ 0 (0%)

According to the two sales represented in the table above, the time period between June and October 2013 did not necessitate an adjustment.

The following pairs the oldest and the most recent sale of vacant residential tracts that were confirmed and considered plausible. The older sale has a size advantage: It is 2.89 acres versus the more recent sale's 2.00 acres. However, the older sale is located on a corner whereas the other is in a slightly more desirable mid-block location. In order to compensate for what

markets usually perceive as a less desirable location, corner lots are often afforded extra size by their designers. For the purpose of this comparison, we will consider these properties as equals.

Assessor's Parcel No.	03-4370260	03-4370230
Location	Hoggarth Bro.'s 3 rd Subdivision Stutsman County, ND	Hoggarth Bro.'s 3 rd Subdivision Stutsman County, ND
Size	2.89 Acres	2.00 Acres
Sale Date	April 2012	June 2014
Price	\$ 35,000	\$ 51,600
Price Adjustment for Date		\$ 16,600 ≈ 1.50% per month

The oldest and most recent sales yield an appreciation rate of 1.5% per month.

After considering the strength of the model and the respective results of the analyses that compared similar properties, the 1.5% monthly appreciation from the fourth paired sales—which examined the oldest and most recent sales—analysis was chosen for use in the sales comparison approach.

Size

In the Stutsman County sales surveyed for this analysis, no distinguishing trends correlating size and price were observed in residential lots individually encompassing between one and three acres (vacant lot sales of under an acre are only to be found within a city context in Stutsman County; very few residential sites encompassed more than three acres). The lots used for the sales comparison approach analysis within this report did not exhibit much variation in size between each other but were, individually, larger than most of the subject sites.

As mentioned earlier, the unit of comparison for properties of this type is the parcel; as long as the size of a given parcel is not so small that it diminishes other characteristics—e.g. privacy, the ability to lawfully build, frontage along a water feature, etc., size is not a primary concern given the narrow range of sizes—relative to that representing the overall residential market—represented by lots considered comparable to a typical subject cabin site. The lack of effect size has on price within the market area is borne out by the body of vacant residential tracts that have conveyed in recent years. Size is represented in the summary adjustment chart but does not weigh into the final value reconciliation.

Location

Location was given consideration in the elemental comparison between the subject and the similar properties used in the sales comparison approach. The locational differences between the subject and those properties, however, were not considered worthy of adjustment.

Lot Layout and Setting

In residential and recreational markets, frontage along bodies of water is highly sought after and demands a premium. There have been no lake front sales along any of the Dakota Area Reclamation-administrated reservoirs in recent years for the simple fact that most of the land surrounding the reservoirs is owned by Reclamation. Within Stutsman County, the past few years have had only one conveyance of a property that is truly lake-front. Another comparable property possessed some frontage along a small tributary leading into Jamestown Reservoir and provided a view of the reservoir. The latter lot's layout is such that it does not face the body of the reservoir. The former lot commanded a premium for frontage while it appears that the latter lot did not.

The individual cabin sites along Jamestown Reservoir possess varying amounts of reservoir frontage. In some residential markets, frontage along water bodies weighs so heavily into price that the amount of frontage correlates directly with the prices paid; prices may even be expressed as price per foot of frontage. The conveyance of only one lake-fronting parcel within the subject's market area in recent years, however, allows neither the unit value to be based on frontage nor a quantitative adjustment to be deduced from frontage. Lot layout and setting will therefore be accounted for qualitatively with special attention paid to the amount of frontage possessed by the subject and comparable sales.

SALES COMPARISON ADJUSTMENT CHART

	Subject	1	2	3	4
County	Stutsman County, ND	Stutsman County, ND	Stutsman County, ND	Stutsman County, ND	Stutsman County, ND
APN		03-4370230	03-4350012	03-4370340	84-1360010
Sale Price		\$ 51,600	\$ 45,000	\$ 30,700	\$ 100,000
Cost to Cure Site Condition		NA	NA	NA	\$ 5,000
Effective Sale Price		\$ 51,600	\$ 45,000	\$ 30,700	\$ 105,000
Month of Sale	Effective Date	June 2014	May 2013	October 2012	July 2013
Time Adjustment	(October 2014)	\$ 0	\$ 9,610	\$ 13,186	\$ 18,685
Time Adjusted Price		\$ 51,600	\$ 54,610	\$ 43,886	\$ 123,685
Setting & Layout	All lots are lake-front; typical lots have ~100' of frontage	Rectangular lot on cul-de-sac with no exceptional frontage or views	Rectangular lot that fronts a minor, seasonal, tributary to Jamestown Reservoir. The lot has views of the reservoir, which is only a short walk away.	Rectangular mid-block lot with no exceptional frontage or views	Rectangular lot with about 175' of frontage on a non-reclamation lake (Spiritwood)
		+(+)	+	+(+)	-
Size	0.7 to 1.7	2.01 acres	2.10 acres	2.26 acres	2.51 acres
		0	0	0	0
Overall Indicator		Inferior +(+)	Inferior +	Inferior +(+)	Superior -
Indication(s) of Value		> \$51,600	> \$54,610	> \$43,886	< \$ 123,685

SUMMARY OF COMPARABLE SALES

Comparable Sale 1

This 2.01 acre property sold in May of 2013 for \$45,000. The lot is located in a slowly developing neighborhood on the east side of Jamestown Reservoir. This particular lot is located on a short cul-de-sac off of Hoggarth Drive. This lot has no unusual views and does not front any highly sought after features. ***Despite the size advantage the property has over typical subject sites, the property conveyed in Sale 1—at market adjusted price of \$51,600—is considered inferior for its lack of exceptional frontage and views.***

Comparable Sale 2

Comparable Sale 2's 2.1 acre property sold in May, 2013 for \$45,000. The time adjusted price is \$54,610. This property is located on the east side of Jamestown Reservoir. The property has a view of the reservoir and, in fact, is less than a few hundred feet from where the reservoir intercepts a minor, seasonal, tributary that flows parallel to and not far from the lot's northwest boundary. Although the reservoir can be reached by foot, the lot has no frontage, per se; for instance, unless the reservoir was kept at flood levels the owner of the property could not build a dock on the water. Still, the parcel's northwest boundary abuts the narrow strip of federal land surrounding the reservoir so there is no threat of future development impeding the parcel's view of the reservoir.

Although Comparable Property 2 boasts good views and proximity to Jamestown Reservoir, the property is considered inferior to the subject sites for its lack of reservoir frontage.

Comparable Sale 3

Sale Property 3 conveyed for \$30,700 in October, 2012. The time adjusted price is \$43,886. Property 3 is a mid-block parcel located east of Jamestown Reservoir. The site has neither views of nor frontage on the reservoir; the lot is nearly 1000' feet from the reservoir's east shore and two undeveloped lots sit between Property 3 and the reservoir. The site was purchased in order to build upon and a home occupied the site as of the effective date. The parcel is 2.26 acres.

Although the site boasts ample size, it possesses nothing exceptional in the way of views or frontage. Compared to the subject sites, the property sold in Sale 3 is inferior.

Comparable Sale 4

Comparable Property 4's 2.51 acres sold in July of 2013 for \$100,000. This parcel was one of six encompassed by "Jack's View", a plat west of Spiritwood Lake. Per the grantee, this particular lot is the best of the six; the other five lots share a small frontage on the lake that can be used for access while this lot has almost 200' of private frontage. The other lots were not listed as of the effective date because the owner thought prices might rise with the passing of time. The grantee thought that the price he paid was a little high but he wanted a lot with good frontage so he was willing to "overpay". The grantee indicated that upon purchase of the lot he immediately spent another \$5,000 to have the electric service lines moved. The former layout of the electric lines was prohibitive to building. ***The cost-to-cure and time adjustments yielded an effective price of \$123,685 for Property 4. Superior frontage renders Comparable Sale 4's property superior to the subject sites along Jamestown Reservoir.***

LAND VALUE RECONCILIATION AND CONCLUSION

Based upon elements of comparison considered desirable for recreational and residential home sites, only Sale 4 proved superior. The property of Sales 1 and 3 were inferior while that of Sale 2 was considered slightly inferior. The market value for a given subject site, as indicated by the quantitative and qualitative sales comparison represented in the adjustment summary chart, lies between \$54,610 and \$123,685.

Specific values of Jamestown Reservoir's sites depend upon the merit(s) of the individual lots being assigned value. Of the comparable sales, only Sale 4 conveyed lake front property. This is of note because frontage traditionally demands a premium. Sale 4's effective price of \$123,685 capped the indicated value range. The disparity between the sale prices of Sale 4 and Sale 2—the comparable sale with the next highest effective price—made it apparent that the market recognizes a significant premium for lake/reservoir frontage. Because Sale 4's property possesses more shoreline than any of the subject sites, Sale 4's property is considered superior to any of the subject sites. The simple fact that a given subject sites possess the distinguishing feature—lake frontage—that sets Sale 4 apart from its peers, however, points to a typical subject site having a value nearer to the price of Sale 4 than to inferior Sales 1, 2, or 3.

A typical subject site along Jamestown reservoir possesses 100', more or less, of water frontage. So, typically, a given subject site possesses significantly less lake frontage than the property conveyed in Sale 4. The fee simple market value for individual subject sites can therefore be assumed to be lower than the adjusted price of Sale 4. Because the typical subject site is inferior to Sale 4 and it is by in large setting, i.e. less frontage, that renders the subject site inferior, a frontage adjustment derived from Sale 4 would overestimate the market effect of frontage if premised solely upon a presence or absence basis. However, the range of values indicated by the comparable sales examined thus far is too broad to reliably estimate a value via further qualitative analysis. In hopes of procuring a further indicator of value, property sales from neighboring areas within the region were examined for frontage features and concomitant changes in price.

Because no other recent sales of lake front property were found among similar markets within the region, sales of properties possessing other premium-demanding frontages were sought. Such sales proved sparse as well but the July 1st, 2014 sale of a property possessing golf course frontage in Fall River County, SD compared similarly to the sale of another Fall River property in all notable elements of comparison except setting (the latter sale, though providing views, lacked premium frontage). A comparison between the two properties is represented in the chart below. Please note that the 2.17% per month market conditions adjustment—denoted by “Time Adjustment” in the chart on the following page—represents the time adjustment appropriate for the Fall River County market during the period spanning that from which the following two sales were taken; the 1.5% per month market conditions adjustment reflected in the earlier Sales Comparison Adjustment Chart was supported by and derived from data taken from Jamestown Reservoir’s local market only.⁹

⁹ The following table represents sales of similar semi-rural properties within Fall River County, South Dakota. The market showed that properties purchased for recreational and residential purposes within Fall River County were priced and purchased on a per lot basis, not a per acre basis. The effect of lot sizes on their respective sale prices proved to be tertiary; larger lots showed increased prices to the extent that an increase in acreage accentuated more important features like setting and potential to further divide the property. The prices of semi-rural properties within Fall River County are not necessarily absolved of all effects relating to size. In the case of the two sales compared in the chart below, however, the limited potential effect of size is further mitigated by economies of scale; the half acre advantage that the older sale has is not much considering that the smaller of the lots is still two acres. Further, the larger lot size affords no advantages in setting or potential division over the smaller lot.

Assessor’s Parcel No.	65290-00200-018-00	65201-00000-005-00
Grantee	Cummings, Keaton & Megan	Daubenberger, David & A.
Size	1.97 acres	2.56 acres
Sale Date	June 4, 2014	September 26, 2013
Price	\$27,900	\$23,500
Price Adjustment for Date		+ 4,400 ≈ 2.17% per month

The adjustment yielded from the comparison of similar sales was approximately 2.17% per month over a period of 8 months. For the purpose of adjusting for residential market conditions to sales within Fall River County, South Dakota, a time adjustment of 2.17% per month was relied upon.

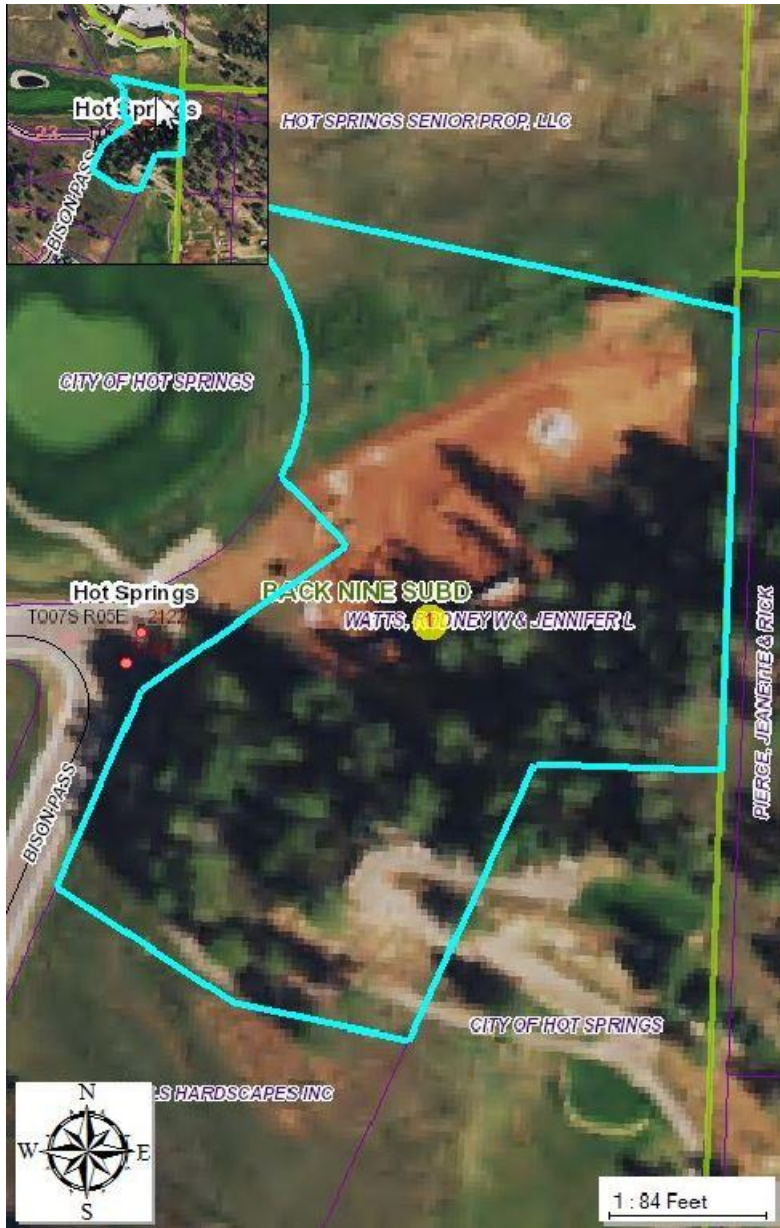
Assessor's Parcel No.	65120-00100-003-00	75112-00000-000-10
Grantee	Barker, Michael D.	Watts, Rodney & Jennifer
Size	5.47 acres	5.43 acres
Sale Date	October 2014	July 2014
Price	\$30,000	\$85,000
Time Adjustment (2.17% per mo.)		\$ 6,995
Adjusted Price	\$30,000	\$78,005
Lot Setting	Excellent views	Excellent views with lots of golf course frontage
Adjustment for Lack of High Demand Frontage	\$48,005 (160%)	
Total	\$78,005	\$78,005

Since the sale in the first column occurred in the latter half of October and since the sale in the second column occurred on the first of July, the time adjustment was applied over four months. The time adjusted price for the property with frontage was \$78,005. This represented a \$48,005 or 160% premium over the non-frontage property. It is important to note that the premium recognizes the value over and above a lot that, although lacking premium, is already considered a desirable lot for its excellent views; a lesser lot—for instance, one without a view—would likely give indication of a greater premium since its selling price would likely be lower.

The frontage premium indicated by the comparison of Sales 2 and 4, taken from the Sales Comparison Adjustment Chart, proved to be even greater. On the following chart, Sale 2 is adjusted to reflect the market conditions of Sale 4, after which, a premium is deduced.

Assessor's Parcel No.	84-1360010	03-4350012
Grantee	Hildebrand, Jason & Sabrina	Foster, Brian
Size	2.51 acres	2.10 acres
Price	\$100,000	\$45,000
Cost to Cure Site Condition	\$ 5,000	
Effective Sale Price	\$105,000	\$45,000
Sale Date	July 2013	May 2013
Time Adjustment (1.5% per mo.)		\$1,360
Time Adjusted Price	\$105,000	\$46,360
Lot Setting	Lot with 175' of frontage along a non-reclamation lake (Spiritwood)	Lot fronts a tributary to Jamestown Reservoir and has lake views
Adjustment for Lack of High Demand Frontage		\$58,640 (126%)
Total	\$105,000	\$105,000

The premium derived from the Stutsman County comparable sale was \$56,640 or 126%--a larger numeral adjustment and smaller percentage adjustment than the correlating



adjustments indicated by the Fall River County sales. While the frontage property in the Fall River County comparison possesses ample frontage, the layout of the lot is such that a portion of its frontage provides no real benefit to its owner (see picture). Since some of the property's frontage forms the boundary of an irregularly shaped, unbuildable portion of the property, it is unlikely that the market recognized any added value for a superior amount of frontage.

Although the premium indications make clear that the simple presence or absence of frontage along a highly desired feature has a significant impact on property value, there is a substantial discrepancy between the indicated premiums. The premium derived from the property possessing an inferior

Assessor's Parcel No. 75112-00000-000-10 in Fall River County, SD. The property fronts the rough around one of the golf course's greens near the top of the picture. The brown earth bisecting the property forms a north facing slope. The dark green immediately north of the slope is the location of a depression bisecting the property—terrain that, in its present state, is unsuited for building. This, combined with the irregular shape of the property boundary as it approaches the northwest corner, diminishes the potential added benefit of excess frontage. Using the scale in the picture, it can be deduced that the property possesses around 100' of "effective" frontage.

amount of effective frontage was less than the premium derived from the Stutsman County

lake-fronting property; \$48,005 for the former and \$56,640 for the latter.

Both the premium indicated by the Fall River County properties and the premium indicated by the Stutsman County properties were derived by comparing frontage properties with properties that, although lacking frontage, possessed highly desirable settings—mainly denoted by excellent views. In order for either frontage adjustment to maintain credibility, they must be applied in a manner consistent with how they were derived: The frontage adjustment must be added to the market value of a property that has excellent views. Comparable Sale 2, the least inferior of the comparable sales chosen for comparison to the typical subject site, seems the most appropriate for reconciliation because it has desirable views possessed by neither Sale 1 nor Sale 3. The time adjusted price of Comparable Sale 2 was \$54,610. If the larger frontage premium of \$56,640 is added to the value of Sale 2, the resulting value for a typical cabin site is \$111,250; adding the smaller indicated premium, \$48,005, to Sale 2's value results in a \$102,615 value for a typical cabin site.

In an effort to narrow the range of value for a typical cabin site along Jamestown Reservoir, frontage properties were looked at in Dickinson, North Dakota. Dickinson is in Stark County, ND and is almost 200 miles west of the subject sites. As of the effective date of this appraisal, Stark County's market area was booming and residential properties within the market area expectedly and consistently fetched more than identical counterparts might have in Stutsman County—the market area of our subject. Frontage properties conveyed within Stark County are considered superior for their market context. The two properties listed below are located near the Dickinson Reservoir, one fronting a golf course and the other separated from the same golf course by a body of water (not Dickinson reservoir, however).

APN	26-4028-04110-000	26-4027-04102-100
Cash Equivalent Sale Price	\$ 110,000	\$ 100,000
Date of Sale	November 1, 2014	August 1, 2014
Adjustment	0	0
Adjusted Sale Price	\$ 110,000	\$ 100,000
Size	0.85 Acres	0.94 Acres
Setting	Golf Course Frontage	Water/Golf Course Frontage
Final Indication of Value	\$ 110,000	\$ 100,000

In the case of the Dickinson lots, the lot with more frontage—roughly 300 feet total frontage—sold for \$10,000 less than the other property. The property that sold for \$110,000 had roughly the same amount of frontage as a typical cabin site along Jamestown Reservoir, about 100'. The latter property conveyed about three months later and, although efforts at quantifying a market conditions adjustment within Dickinson's booming but volatile market proved dubious, the selling price may have benefitted from a rise in value over that short time. Regardless, the latter's sale price of \$110,000 is lower than the value resulting from adding the larger of the previously calculated premiums to the value of Comparable Sale Property 2. The Dickinson properties conveyed in a superior market so it makes sense that their values would fall either above or in the upper end of the range that was previously determined using frontage premiums. The Stark County property that conveyed on August 1, 2014, however, comes in just below our previously indicated range. This does not invalidate the range but it does inform that a typical cabin site's value should fall towards the lower end of the range. A value of \$103,000 lies within the range of values resulting from our frontage premium adjust, falls well below the greater of the two cited conveyances within Stark County, and is close enough to the lesser of the Stark County conveyances to maintain plausibility. **Having given consideration to all factors, including the local market and where that market sits within a regional market context, it is our opinion that the market supports a value of \$103,000 for a typical reservoir-fronting property along Jamestown Reservoir.**

VACANT LOT – RATE OF RETURN ANALYSIS

A rate of return is an interest rate that expresses the relationship between rent (income) and the corresponding land value (capital). The appraiser undertook a search to find current leases of ground in the area of the subject as well as of the States of Wyoming, North Dakota and South Dakota. No transactions were found.

The rate of return on capital is analogous to the yield rate or the interest rate earned or expected to be earned on the capital asset. It is often compared to a bond which carries an interest or coupon rate. It differs from an Income rate (Overall rate) which is a return **on** and **of** capital. In the case of the subject, the capital asset is the vacant residential site, the annual

rent earned on that site from a lease or in this case a license agreement is the yield/interest/coupon rate. It is expressed as a percentage.

Valuation theory holds that the rate of return is influenced by several factors:

- The rates of return earned by comparable properties in the past;
- the degree of perceived risk;
- market expectations regarding future inflation, and;
- the prospective rates of return for alternate investments (opportunity costs).

In the case of the subject, the value of the capital asset (lot) is solved for; similarly the rate of return on the capital asset is estimated and the application of the rate of return to the value of the capital asset yields an estimate of rent (return expressed in annual dollars).

As previously stated, the appraiser undertook a search to find current leases of residential lots or other land types in the area of the subject as well as of the States of Wyoming, North Dakota and South Dakota from which a rate of return could be derived. No transactions were found. The valuers therefore had to rely on other indications to develop a rate conclusion.

Another way to get a handle of the appropriate rate of return, given the lack of lease comparables, is to look at returns of alternate investment vehicles. The following table lists rates of returns for many basic investment instruments.

Instrument	3rdQuarter 2014	3rd Quarter 2013
Prime Rate	3.20%	3.25%
US 30-year Bonds	3.39%	3.76%
Moody's Aaa Bonds	4.12%	4.54%
Corporate Baa Bonds	4.69%	5.42%
Mortgage Loan Rates	4.12%	4.46%

The subject sites will be rented on a five year basis but with renewals and is considered by the appraisers to be on a long term basis. A long term land lease coupon rate is generally compared to long term bond rates hence the bond rates in the table above. This is because land is generally considered a low risk investment as it is a fixed asset in its natural state. The lowest risk of the long term investments is the 30 year federal government bonds (considered

risk free) at 3.39% (down from 3.76% in 2013); the highest is the Corporate Baa bonds at 4.69% down from 5.42% in 2013. All of the long term rates are down significantly from their levels in 2013. The trend in the rates over the last year reflects market perceptions in inflation or the lack thereof. The risk associated with the subject as an investment instrument would probably be closer to the mortgage loan rate at 4.12%.

Another method of solving for a rate indication involves build-to-suit properties. A rule of thumb for build-to-suit properties is that an investor would want two points over his cost of funds to do a build-to-suite deal. The 4th quarter 2014 report of “Investor Survey” published by RealtyRates.com show permanent financing rates (avg.) ranging from 5.0% for apartment properties to a high of 6.82% for special purpose properties. They reported rates for 11 property types, the types most similar to the subject are probably Special Purpose and RV/MHP properties. Interest rates for Special Purpose properties ranged from a low of 3.61% to a high of 14.42% with the average at 6.82%. Interest rates for the RV/MHP properties ranged from a low of 3.39% to a high of 10.64% with the average rate at 6.07%. Add two points to these indications (avg.) and the interest rate on a build-to-suite deal would range from 8.82% to 8.07%. Since the subject is a residential property I also added two points to the mortgage interest rate of 4.1% which yields an indication of 6.1%.

The last indication we looked at is a national survey of discount rates for land leases. The survey was taken from the aforementioned Investor Survey. The survey involved 11 property types. The data from the survey is in the table following.

Property Type	Min.	Max.	Avg.
Apartments	5.08%	10.86%	7.50%
Golf	5.61%	16.42%	9.71%
Health Care/Senior Housing	5.61%	12.23%	7.95%
Industrial	5.39%	10.86%	7.62%
Lodging	5.61%	16.18%	8.30%
Mobile Home/RV Park	5.39%	13.14%	8.57%
Office	5.39%	10.86%	7.88%
Restaurant	6.39%	16.44%	9.22%
Retail	5.17%	12.23%	7.75%
Self-Storage	5.47%	10.88%	8.71%
Special Purpose	6.35%	18.43%	9.32%
All Properties	5.08%	16.44%	8.32%

The survey showed minimum, maximum and the average of the data set. The minimums ranged from 5.08% to 6.39%, the maximums from 10.86% to 18.43%. The two property types that are most similar to the subject are RV/MHP and Special Purpose. These ranged from 5.39% to 6.35% on the minimum and 13.14% to 18.43% on the maximum side. The averages for the two were 8.57% to 9.32%, respectively. The average return on all of the properties was 9.32%.

Corporate bond rates are currently ranging from 4.12% to 5.42%, down a half a point from last year, the build-to-suite scenario yielded rate indications from 6.07% to 6.82%. The survey on discount rates for ground leases had indications from 8.57% to 9.32% (it should be noted that these discount rates reflect a return on and of the asset and are not coupon rates). Rates that reflect a return on and of the asset would necessarily be higher than a rate that would reflect just a return on the asset). The overall range then 4.12% to 9.32%, given everything, we have concluded that six and a half percent (6.5%) is a reasonable interest or coupon rate to base the rental calculation on.

RECONCILIATION AND CONCLUSION OF SITE RENTS

An annual rent of \$6,695—say \$6,700—results from multiplying the 6.5% rate of return to the estimated site value of \$107,500. This rent assumes 12 months occupancy—not the 6 months that the seasonal tenants occupy their respective sites. Assuming a uniform rent throughout the year, 6 months of use would be worth \$3,350. The six months during which seasonal tenants occupy their respective sites are likely to be the months with the highest demand for sites within the private market but this alone does not justify a discounted rate for the other six months. The rate and term chosen for this appraisal are based upon long-term land rent. The rate of 6.5%, in the case of recreational properties, would represent the total annual return from rates that are wont to vary with demand throughout the year. It is possible—even plausible—that a six month rate of around \$3,350 for seasonal tenants is on the low end; raising the rate for seasonal tenants would not benefit year-round tenants, however, because the annual rate of return—the sum of off-season rents and seasonal rents—necessarily totals 6.5%.

Since the six months that seasonal tenants are allowed to occupy their respective cabins are typically those months exhibiting the highest demand for sites among private parks; and since private parks frequently offer steep discounts during slow months and/or charge premiums during peak season; the halved portion of annual rent, allocated for six prime months of use, is likely low. In addition, this six month rate reflects none of the benefits that seasonal tenants derive from the six months of “non-use”—namely, storage.

The estimation of site rent for a seasonal site’s non-use months presents a quandary. Seasonal use along a lake implies recreational use. In the recreational market, the value of 6 months off-season storage for an RV or trailer is estimated to be about \$300. The conditions of the site use permits, however, allow neither RVs nor trailers to occupy the long term sites along Jamestown Reservoir. The rates of market area trailer parks—which typically allow manufactured homes and mobile homes—are about \$200 per month and do not vary with season or occupancy. Seasonal storage of a manufactured home or mobile home at a trailer park is rarely—if ever—done. In part this is, perhaps, because transport and set-up costs would prove cost prohibitive. Indeed, the prohibitive cost of transport informs how a seasonal tenant of a site at a trailer park

would likely handle a six month absence from his or her site: The tenant would simply pay for the structure's occupancy of the site despite the fact that the structure itself would not be occupied. This behavior can not necessarily be assumed to be true of seasonal recreational tenants who are typically in RV parks, however, as their site rent is higher and they vacate their sites with regularity (annually). Neither do the seasonal tenants of recreational sites derive any added use-value of their unoccupied structures above and beyond what tenants of mobile home parks derive from theoretical unoccupied months at their residences. Following this reasoning, and with the caveat that seasonal storage of a manufactured home or permanent structure is unprecedented, the off-season storage of recreational "residences"—RVs—will be used as a guide for non-seasonal non-use of a recreational home, i.e. storage.

In the recreational market, the value of 6 months off-season storage for an RV or trailer is estimated to be about \$300. Although this figure is based upon the storage of RVs or trailers—neither of which is allowed to be the main structure occupying the subject's cabin sites, it is being used as the closest comparable rent within the market area. In terms of behavior, the in-place off-season storage of a tenant's "mobile" and recreational residence on the site to which he or she will return during the recreational season, the off-season storage of RVs or trailers at RV parks provides the market's closest comparable use. Adding \$300 for six months of in-place recreational residence storage—\$50 per month—to the value assigned for six months of seasonal rent results in a value of \$3,650.

In conclusion, it is our opinion that the market supports an annual site permit fee of \$6,700 for year-round use of an unimproved cabin site along Jamestown Reservoir and \$3,650 for seasonal use of an unimproved cabin site.

EXHIBITS & ADDENDA

SUBJECT PHOTOS



Looking east at a cabin in the northern portion of Cabin Area C. The "cabin" is fairly typical of the cabins in this area. Jamestown Reservoir is seen in the background. The cabin has lake access.



Looking east at a cabin occupying a cabin spot in Cabin Area C of Jamestown Reservoir. This shot is taken not far from Jamestown-3.



This shot was taken looking south at the Jamestown Reservoir from a point near the eastern termination of 31st St. SE, Cabin Area C.



This picture was taken from a spur off of West Lakeside Road in Cabin Area A, Jamestown Reservoir. The shed and the truck pictured sit on Lot 40.



This picture was taken looking northeast from the northern section of Cabin Area A, Jamestown Reservoir. The mounded dirt looks like the beginnings of an addition on to the "cabin". A deck can be seen in the background (not a dock).



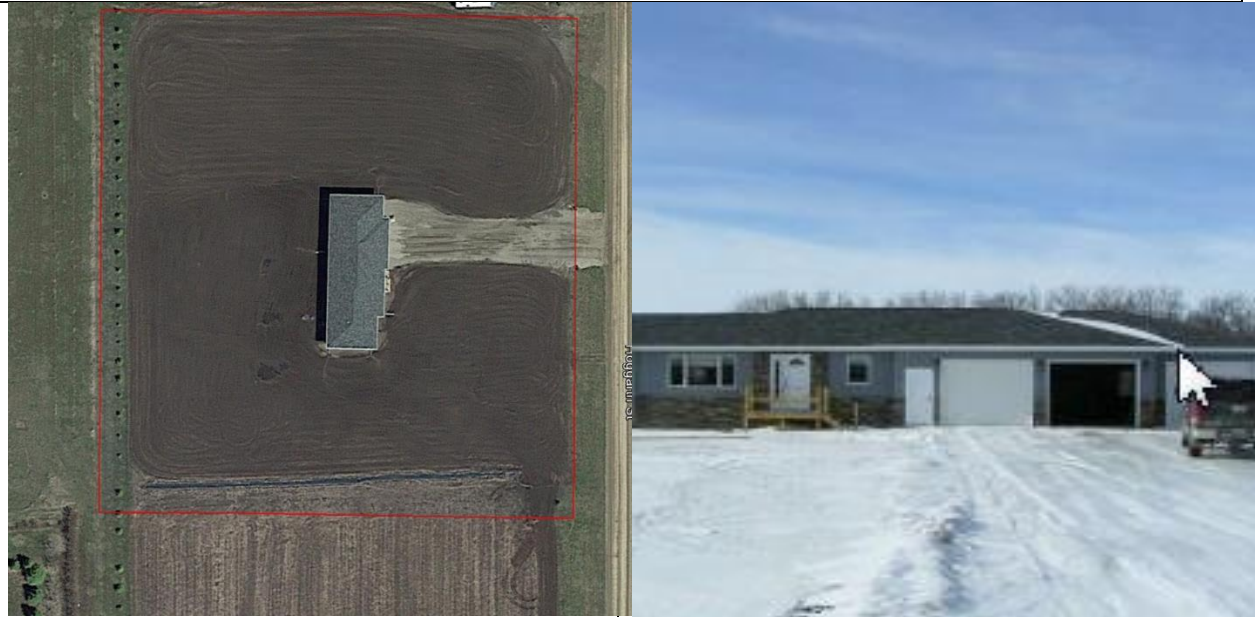
This is the view looking north-north-east across Jamestown Reservoir from a point in the northern portion of Cabin Area A. The white railing in the background offers access to a little dock.

COMPARABLE SALES DATA SHEETS**Comparable Sale 1**

Property Type	Vacant Residential
County	Stutsman County, ND
APN	03-4370230
Grantee	KP Home Builders LLC
Grantor	Priscilla Kungel
Price	\$ 51,600
Sale Date	June 25, 2014
Size	2.01 Acres
Location	East of Jamestown Reservoir, the property's address is 3116 Hoggarth Drive, Jamestown, ND 58401; The tax parcel is described as Lot 23 of Hoggarth Brothers 3 rd Subdivision
Notes	Priscilla Kungel purchased the already subdivided tract known as Hoggarth Brothers Third Subdivision, of which this parcel is part of, almost nine years ago. Following purchase, she put in roads, power, water, and natural gas. She did not put all the lots of the subdivision for sale immediately; in fact, she has withheld a few of the lots from the listings even now. As of the effective date, a total of 8 lots were left un-purchased within the subdivision; five were for sale.

Comparable Sale 2

Property Type	Vacant Residential
County	Stutsman County, ND
APN	03-4350012
Grantee	Brian Foster
Grantor	Mary Chabot
Price	\$ 45,000
Sale Date	May 14, 2013
Size	2.10 Acres
Location	East of Jamestown Reservoir, the tax parcel is described as Lot 12 of the Hoggarth Brothers Subdivision
Notes	<p>This lot has a view of the reservoir. The lot is near the water and is fronted by Reclamation land.</p> <p>This property was never listed. The grantee had called about an adjacent property but it had already been purchased. The grantor of the lot that the grantee called about told him that this particular lot might be for sale (by a different owner). The grantee, Foster, called and the parties agreed to the price indicated.</p>

Comparable Sale 3

Property Type	Vacant Residential
County	Stutsman County, ND
APN	03-4370340
Grantee	Nathan Rathjen
Grantor	Priscilla Kungel
Price	\$ 30,700
Sale Date	October 9, 2012
Size	2.26 Acres
Location	East of Jamestown Reservoir, the tax parcel is described as Lot 34 of Hoggarth Brothers 3 rd Subdivision
Notes	<p>Priscilla Kungel purchased the already subdivided tract known as Hoggarth Brothers Third Subdivision, of which this parcel is part of, almost nine years ago. Following purchase, she put in roads, power, water, and natural gas. She did not put all the lots of the subdivision for sale immediately; in fact, she has withheld a few of the lots from the listings even now. As of the effective date, a total of 8 lots were left un-purchased within the subdivision; five were for sale.</p> <p>The grantee indicated that the lot's size, location, and presence of utilities were all appealing.</p>

Comparable Sale 4

Property Type	Vacant Residential
County	Stutsman County, ND
APN	84-1360010
Grantee	Jason & Sabrina Hildenbrand
Grantor	Jon Schlenker
Price	\$ 100,000
Sale Date	July 17, 2013
Size	2.51 Acres
Location	Located on the west side of Spiritwood Lake, the tax parcel is described as Lot 1 of Jack's View on Spiritwood Lake.
Notes	This lot is one of six lots in a plat known as Jack's View. According to the grantee, this lot was the only one with private lake access. This lot has almost 200' of lake frontage and includes the right to build a dock. The other five lots share a small frontage that can be used for access. The grantor pulled the other lots from listing following the grantee's purchase. Purportedly they are still for sale but the grantor thought he might make more money by hanging onto the lots for a while. The grantee had to spend \$5,000 to move the electrical service; the original service ran across the lot in a way that was prohibitive to possible building layouts.

CABIN SITE PERMIT

STUTSMAN COUNTY PARK BOARD
 CABIN SITE PERMIT
 JAMESTOWN RESERVOIR
 STUTSMAN COUNTY, NORTH DAKOTA

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STUTSMAN COUNTY PARK BOARD

CABIN SITE PERMIT
JAMESTOWN RESERVOIR
STUTSMAN COUNTY, NORTH DAKOTA

This Permit was granted on the ____ day of _____, 2015, by the Stutsman County Park Board (Park Board) to:

Name: Robert J Schilling

Address: _____, the “Permittee”. In consideration of the rents and covenants herein specified, the parties mutually agree as follows:

1. GENERAL

Jamestown Reservoir is under the jurisdiction of the Bureau of Reclamation (Reclamation) Dakotas Area Office, Bismarck, North Dakota. The lands within the reservoir boundaries are Federal lands which are open to the public for recreational use. Under a management agreement between Reclamation and the Park Board, the Park Board administers a cabin site permit program which allows a Permittee to maintain a private cabin on Federal lands. Cabin site permits may be obtained from the Park Board and are issued on a case by case basis. Any Permittee issued a permit for a cabin site on Federal lands must obey the provisions of this Permit. Although the Park Board administers the Federal lands at Jamestown Reservoir on behalf of Reclamation, Reclamation has responsibility and jurisdiction over all of the Federal lands at Jamestown Reservoir. Consistent with its legislative authority, Reclamation may take actions that may be inconvenient, costly, or adverse to the Permittee. These actions may or may not be consistent with or approved by the Park Board. The Permittee’s rights under this Permit are limited, are not guaranteed in perpetuity, and may be canceled at any time to meet the needs of the United States or the Park Board. This Permit does not convey title to the land being used by the Permittee. By signing this Permit, the Permittee assumes all risks associated with their use of Federal land at Jamestown Reservoir. Cabins and other private improvements at Jamestown Reservoir are permitted on public lands in designated areas. Permittees are allowed to construct improvements on permitted cabin sites subject to the terms and conditions of this Permit. The cabin site permit program is designed to generate fair market value revenue for the Park Board.

In accordance with 43 CFR Part 21, the cabin site permit program may be wholly or partially discontinued if the Park Board or Reclamation determines that the public need for the area has

grown to a point where continued cabin use is no longer in the public interest. In such an event, or if the cabin site is needed under emergency conditions, Permittees may be required to vacate the cabin site and remove their improvements.

2. NOTICE

- a. The Permittee will provide the Stutsman County Auditor's (Auditor) office with an address for service of notice, correspondence, and service of process to the Permittee. The Permittee will provide this address in writing. It is the Permittee's responsibility to update this address. The Permittee will provide updates to the Auditor's office in writing. The Auditor's office will file every address update. The Auditor's office will mail notice to the last address received in writing in the Auditor's office.
- b. The Permittee agrees that any notice mailed by the Auditor's office or the State's Attorney's office to the last address referred to in paragraph "2. a." above constitutes notice and / or service of process under this Permit and the law. The Permittee agrees that further notice by publication, personal service by sheriff, personal service of summons and complaint, certified mail with return receipt or other type of service is not needed to qualify as notice or service for administrative or litigation matters stemming from or related to this Permit. However, service made by the formal methods of personal service, service by mail, service by sheriff, and notice by publication will also be valid if done in accord with the rules of procedure of the State of North Dakota.
- c. The Permittee agrees that as to materials sent by the Park Board to the Permittee, notice and /or service of process are, for matters stemming from or related to this Permit, accomplished on the fifth calendar day following mailing of the notice, summons and complaint, or correspondence to the last address provided in writing to the Stutsman County Auditor's Office by the Permittee.

3. DESCRIPTION AND AUTHORIZED USE OF LAND PERMITTED

Subject to the conditions hereinafter set forth, the Park Board agrees to allow the Permittee, for the purpose of locating one (1) single-family habitable dwelling, use on the following described cabin site Lot 64 West side, Jamestown Reservoir (NW1/4 of 12-140-64) Cabin Area C, as shown on the attached drawing/map (Exhibit "A"), containing _____ acres, more or less, subject to the exceptions, reservations, and provisions of this Permit.

4. EXCLUSIONS

The following are excluded from the Permit:

- a. All rights-of-way heretofore acquired or initiated or hereafter required for highways, railroads, irrigation works, or any other purpose;
- b. The right at all times to take from said lands material for the construction, operation, and maintenance of Reclamation project works;
- c. The right at all times to continue the construction, operation, and maintenance of any Reclamation project works now or hereafter required to be located on said lands;

- d. The right of the officers, agents, employees, and licensees of the Park Board and Reclamation to have ingress into, passage over, and egress from all of said lands, for the purpose of exercising, enforcing, and protecting the rights reserved by this Article and for enforcing any and all provisions of this Permit, or for any other purpose deemed necessary by the Reclamation or the Park Board.
- e. There is reserved a right-of-way along all section lines or other practical routes heretofore or hereafter established by authority of the United States or the State of North Dakota for public access to the shoreline of the reservoir.
- f. There is reserved the right to conduct studies of stream or reservoir-related flooding and Safety of Dams investigations on the permitted premises, and to modify or terminate this Permit or implement any measures deemed necessary to comply with Federal, State, or local hazardous waste and flood plain management regulations or to otherwise correct flooding or Safety of Dams problems.

5. PERMIT RATES AND ADMINISTRATIVE FEES

The Permittee shall pay to the Park Board a permit origination fee, an annual permit fee, and administrative fees as follows:

- a. The Permittee shall pay to the Park Board an initial permit fee of \$100 (covering the term of the permit specified in Article 6) due on the date the Permittee signs this Permit to cover the Park Boards costs of preparing, issuing, and administering this Permit.
- b. The Permittee shall pay to the Park Board an annual permit fee on or before December 1st of each year, as a permit fee for the following permit year. The 2016 annual permit fee shall be \$1,420 for a seasonal permit or \$2,840 for a year-round permit. Annual permit fees will be due and payable on or before December 1 for each year of the permit. During the term of this Permit, the Park Board may increase the annual permit fee to reflect current fair market values for similar properties. The determination of fair market value is made at the discretion of the Park Board or Reclamation, and is based on standard federally approved appraisal practices. Although fees may decrease it is more likely they will increase. By accepting this Permit, the Permittee waives all rights to protest or appeal increases in fees established by the Park Board or Reclamation.
- c. If any annual permit fee is not received by December 31 of the year before the year for which they are being applied, a late notice will be mailed to the Permittee's address on record with the Stutsman County Auditor's office and a \$100 penalty will be assessed. Failure to pay the permit fee and penalty within 30 days of the date of the late notice is grounds for termination of this Permit.
- d. Additional costs incurred by the Park Board and/or Reclamation associated with administering this Permit, at their discretion, may be reimbursable and payable by the Permittee.
 - (1) Additional Park Board-incurred costs may be associated with the Permittee's building construction and cabin site development activities, off-site shoreline

development activities, general cabin area services, etc. Payment by the Permittee for reimbursement of extraordinary Park Board incurred costs shall be made to the Park Board as stipulated in the billing notice.

- (2) Additional Reclamation-incurred costs may be associated with Permittee's cabin site activities requiring oversight activities, National Environmental Policy Act (NEPA) compliance and National Historic Preservation Act (NHPA) compliance. Payment by the Permittee for reimbursement of additional Reclamation-incurred costs shall be made to the Park Board as stipulated in the billing notice.
- (3) Failure to fully pay all costs assessed under either subparagraph one or two just above, within 60 days of notice is grounds for termination of the permit without pre-deprivation hearing. If the Park Board moves to terminate the permit, notice of the termination will be mailed to the Permittee's address on file with the Auditor's office.

6. TERM OF PERMIT.

The term of this Permit shall be for a period not to exceed 5 years beginning on the date hereof and continuing until **December 31, 2020**, inclusive, unless sooner terminated as herein provided. Thereafter, any permits, upon issuance at the discretion of the Park Board, will be for a period not to exceed 5 years. All provisions of this Permit will be null and void upon termination and any subsequent permit for the site may be subject to different provisions.

- a. The Park Board will notify the Permittee concerning permit renewal 60 days prior to expiration of this Permit.
- b. The Park Board and Reclamation may amend any subsequent permit to reflect or include all applicable regulations, current policy, fair market value, etc.
- c. The right of the Park Board to issue a new permit is subject to denial by Reclamation if such exercise is determined not to be in the public interest or national security, inclusive of Safety of Dams and Flood Plain Management requirements.

7. TRANSFER OF PERMIT, ASSIGNMENTS, AND SUBLEASES

The transfer, assignment, and subleasing of cabin site permits are subject to the following provisions:

- a. This Permit and the rights and privileges granted hereunder may not be sold, bartered, devised, assigned, transferred, or used as collateral by the Permittee.
- b. The permitted site or private property located thereon may not be subleased.
- d. The Permittee may have interest in or control of only one cabin site in the Great Plains Region of the Bureau of Reclamation, inclusive of sites located on tracts leased to organized groups.
- e. This Permit may not include more than one officially staked site, and no more than one cabin is allowed per permit.
- f. This Permit may not be held in the name of a Corporation. In the event the Permit is held in the name of a Trust, the name and address of the legally responsible person for the Trust,

as well as the name(s) and addresses of all Trust beneficiaries, must be provided at the time this Permit is executed.

8. SALE, REMOVAL OR TRANSFER OF DWELLING OR ASSOCIATED PRIVATE PROPERTY

All sales, transfers, assigns, removal, demolition, or other disposal of the cabin and associated property and improvements are subject to the following:

- a. The Park Board must be advised by the Permittee at least 30 days prior to finalization of any action covered by this article.
- b. This Permit terminates upon the sale or transfer of ownership of the cabin unless the cabin is removed and replaced with another cabin. Transfer of cabin ownership between co-permittees does not terminate the permit.
- c. The Permittee must inform prospective buyers of the cabin or associated private property that the sale does not include this Permit, that the permit is terminated when the cabin or associated private property is sold and that prospective buyers must apply to the Park Board for another permit.
- d. Improvements to the land including trees, shrubs, turf, septic systems, vault toilets, wells, retaining walls, permanent masonry stairways leading to the waterfront, waterfront facilities, and other similar improvements, (the dwelling and directly associated improvements excepted), become fixed property and must remain with the lot, unless their removal is approved or required by the Park Board. Improvements remaining with the cabin site become the property of the United States, with no reimbursement being given to the Permittee for such improvements subject to the provisions of Article 16.f.(11). The Permittee will clean up and dispose of all hazardous materials on the cabin site. If the cabin site contains any hazardous materials, trash, rubbish, or debris, after the Permittee vacates the site, the Permittee is fully liable for clean up and disposal and all associated costs.

9. PUBLIC ACCESS

Access by the public to and through the permitted area will be governed by the following:

- a. The shoreline, and access to the shoreline will at all times be open to the public and the Permittee will not restrict such access nor will the Permittee post or construct any signs that restrict or give the impression of restricting public shoreline access.
- b. Permittee will recognize and honor the right of access of the public and neighboring permittees along established roadways, trails and lot lines which may cross the permitted site.
- c. Permittee is not required to allow public parking within the permitted site but the Permittee is required to allow the general public access across the permitted site.

10. BOUNDARIES

The permitted site boundary survey and related markers are Federal property and are not to be disturbed. It is the responsibility of the Permittee to protect these monuments and notify the Park

Board if any are removed or damaged or appear to be endangered by human or natural processes. Any monuments damaged, defaced, disturbed, removed, or concealed by the Permittee, or by negligence on the part of the Permittee, shall be corrected by an approved licensed land surveyor at the expense of the Permittee. The Permittee will not expand any of his/her facilities, improvements, or structures onto another Permittees cabin site. The Park Board may, after application by one or more of the parties involved, approve construction of shared waste disposal systems or other utility systems.

11. REVIEWS AND INSPECTIONS

The Park Board, Reclamation and other official personnel may at all reasonable times and during reasonable daylight hours have full access to the above described permitted site including but not limited to the cabin and outbuildings thereon for the purpose of inspecting for compliance with or enforcement of the terms of this Permit, inspecting for compliance with or enforcement of county, state, or Federal laws and/or regulations, examining and inspecting the conditions thereof, or for exercising any of the rights or powers reserved to the Park Board and the United States under the terms, conditions, and provisions of this Permit. Access to the cabin or outbuildings must be based on consent of the Permittee or reasonable suspicion that a violation has recently, is at the time, or is about to occur.

12. SANITATION AND WASTE DISPOSAL

Sanitation and waste disposal within and for the permitted site shall be in accordance with the following provisions:

- a. The Permittee shall provide for disposal of domestic sewage and other waste and litter resulting from the Permittee's use of the permitted site. All sanitary facilities including sewage and disposal, garbage disposal, must comply with all Federal, State, and local laws, rules, regulations, zoning ordinances, building codes, etc.
- b. Permitted sites shall be kept free of debris, garbage, trash, and any other unsightly objects. Garbage shall be stored in covered containers until it is removed from public lands to state approved waste disposal sites. Refuse shall not be burned or deposited in or near refuse containers provided by the Park Board for public use within public recreation sites.
- c. (1) All existing sewage disposal systems and facilities shall be inspected. The inspection will be conducted by the Central Valley District Health Unit (CVH), *or* a professional engineer (as defined in 2003 version of North Dakota Century Code section 43-19.1-02(8)) and then approved by CVH. The purpose of the inspection is to ensure that CVH's "Rule and Regulation No#2" and/or North Dakota Administrative Code chapter 62-03.1-03 *Private Sewage Disposal Systems* (or successive rules or codes) on waste water disposal are being met and to ensure that untreated effluent is not going into the reservoir.
- (2) If a system is found to be inadequate, the Permittee shall develop a corrective action plan that is acceptable to and approved by the Park Board and CVH. The

Permittee will have 120 days, from the date of inspection, to bring the sewage disposal system into compliance. During the 120 day period, the Permittee is not excused from compliance with the plumbing code, CVH rules, or environmental law.

- (3) All expenses for inspections and achieving compliance are the responsibility of the Permittee. An inspection of the sewage disposal system by the CVH or another entity acceptable to both the Park Board and the CVH is required every five years and prior to the issuance of a new permit or transfer of an existing permit.
- d. No raw or insufficiently treated sewage, solid waste, or other refuse shall be dumped into the reservoir or released at a location where such could be deposited in the reservoir or on associated public lands.
- e. Vault toilets and/or holding tanks shall be pumped, as necessary, at the end of the recreation season, or prior to November 1, to prevent pollution during potential flooding of the reservoir.
- f. Plans for constructing new or modifying existing sanitary facilities shall be in accordance with local codes (including township zoning ordinances) and submitted to the Park Board and Reclamation in accordance with this Permit. Permittees are advised that permission to construct or modify facilities is not guaranteed.

13. CONSTRUCTION, MAINTENANCE, AND SITE DEVELOPMENT REQUIREMENTS

Construction, replacement, maintenance, and modification of the permitted site, structures, and appurtenances shall be subject to the following:

- a. All construction, improvements, or alterations to the permitted site and structures, other than emergency maintenance, must be in compliance with state and local building codes and approved in writing by an authorized Park Board and Reclamation representative prior to initiation of the construction and/or site development. Before submitting the plans to the Park Board for approval, the Permittee shall consult the township zoning ordinances, if any, and determine that the Permittee's plan will comply with the township's ordinances.
- b. The Project Application form (Exhibit B) and written requests for building construction and site development activities, along with detailed plans and a schedule for completion, must be submitted by the Permittee to the Park Board at least 60 days prior to the start of the proposed construction / work activity. Note: The Project Application form will be submitted to the Bureau of Reclamation by the Park Board for review and approval prior to final approval by the Park Board.
- c. The application shall also include: Pertinent information regarding off-site construction activities associated with providing utility services, constructing roads, etc. Note: Borrow material shall not be taken from the cabin site area or from any other Federal lands at Jamestown Reservoir.
- d. The Permittee shall be responsible for obtaining all state or county building permits

- prior to construction, and such permits as are necessary for utility crossings, road crossings, etc. A copy of all such permits shall be provided to the Park Board before approved construction activities begin.
- e. National Environmental Policy Act (NEPA) compliance and National Historic Preservation Act (NHPA) compliance are required for all building construction and site development activities. The NEPA and NHPA compliance shall cover activities on the permitted site and adjacent public lands associated with providing electrical power, domestic water, sewage disposal, telephone service, etc.,. The Bureau of Reclamation is the agency responsible for assuring NEPA and NHPA compliance for activities on Jamestown Reservoir lands. The Permittee is advised that such compliance can be time consuming and costly to the Permittee. The Permittee is encouraged to contact Park Board in advance of any anticipated activities that will require NEPA and NHPA compliance.
- The Permittee shall be particularly alert in land disturbing activities to take all reasonable and necessary precautions to protect and preserve historic, prehistoric, archaeological, and paleontologic sites and resources. Should such sites or resources be discovered during land disturbing activities, the Permittee shall immediately suspend work within the vicinity of the sites or resource, and notify the Park Board. Reclamation will promptly have the area inspected to determine its significance and the appropriate actions to follow (salvage, test excavation, etc., and resumption of operations). All objects found or salvaged from public lands are the property of the United States government and will be turned over to Reclamation. The Permittee will be responsible for mitigating any damage to affected resources.
- f. (1) As-built drawings of building construction and/or site development activities shall be submitted to the Park Board upon completion of construction and/or site development.
- (2) Development or construction that varies from the submitted drawings is grounds for termination of this Permit.
- (3) Failure to comply with either subparagraph one or two just above are grounds for termination of this Permit without pre-deprivation hearing. If the Park Board moves to terminate this Permit, notice of the termination will be mailed to the Permittee's address on file with the Auditor's office.
- g. Building construction shall be consistent with sound building practices and with the general standards and guidelines set forth below. Existing cabins will be exempt from the standards and guidelines specified in 2), 3), 4) and 5) below, until such time as the cabin is replaced for any reason. No expansion will be allowed for existing cabins or associated structures such as sheds, garages, etc. over the maximums specified herein.
- (1) Only one (1) single family dwelling will be permitted on each lot, regardless of the lot size.
- (2) The top view size of any cabin (including attached garage, carport, enclosed deck/porch, etc.) shall not exceed 1700 square feet.

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- (3) Cabins shall have no more than 2 levels (e.g. main floor and basement, main floor and second floor, etc.)
 - (4) Two-level cabins shall have no more than a maximum combined floor space of 2000 square feet, excluding attached garages.
 - (5) Garages (attached and detached) shall have no more than a maximum floor area of 800 square feet, and shall only be a single story. Sheds or other building structures shall have no more than a maximum floor area of 144 square feet.
 - (6) All cabins, garages, storage sheds, and other building structures shall be constructed with the lowest floor being above elevation 1454.0 feet.
 - (7) Design and construction of cabins, garages, and associated facilities shall be such that the cabin, garage, or facility can be readily moved off the site in the event the Permit is terminated.
 - (8) All buildings shall be constructed in conformance with applicable state and local building codes. Furthermore, the Park Board may require cabins or appurtenances, or other improvements to be engineered by a certified engineer. Proof of compliance as evidenced by a signed inspection certificate from an authorized state or local building inspector must be provided to the Park Board for each cabin permitted on Federal lands.
 - (9) Should Permittees elect to create an architectural review committee, then all building applications must be submitted to and approved by the committee before being submitted to the Park Board.
- h. Construction, restoration, repair, or replacement of the cabin or appurtenances shall be subject to such additional or revised Federal, state and local standards and policies as may be promulgated during the term of this Permit.
 - i. Cabin site permits are not issued in perpetuity, and in constructing any improvement on a permitted site, the Permittee assumes the risk that they may eventually be required to remove their improvements and vacate the site.
 - j. The dwelling and appurtenances must be kept free of fire and explosion hazards and must conform to applicable Federal, State and local fire and safety codes. All fires must be contained, and extinguished prior to leaving the area; and, the Permittee shall take all reasonable precautions to prevent or suppress grass or woodland fires. The Park Board may take additional measures necessary to reduce or prevent fire hazards, or control the use of fireworks or other explosive materials.
 - k. The Permittee shall not cut or damage any trees or otherwise disturb the natural vegetation located inside or outside the permit site nor shall trees or shrubs be planted or other permanent landscaping be conducted inside or outside the boundaries of the permit site without the prior written approval by the Park Board.
 - l. If the cabin and appurtenances are demolished or so destroyed as to make repair and restoration impractical, this Permit and all of the rights of the Permittee hereunder shall terminate as provided below, unless however, the Permittee notifies the Park Board in writing within 60 days of such action or knowledge of such action, that the cabin and appurtenances will be replaced. If the dwelling which is demolished or

damaged is to be rebuilt, restored, or repaired, this Permit shall not terminate, provided the Permittee agrees to restore or rebuild the same in accordance with plans and specifications consented to by the Park Board, at Permittee's sole expense, within 180 days from the date when the damage occurred, excluding any time when work was prevented by causes beyond Permittee's control.

If the dwelling is not to be restored or rebuilt as aforesaid, the Permittee agrees to remove, at Permittee's expense, and within 60 days after damage or destruction, all debris from the land and restore said land to conditions similar to its original or natural appearance, as determined by the Park Board.

- m. The cabin and appurtenances must comply with applicable local, State, and Federal flood plain regulations.
- n. The Permittee shall maintain the premises and improvements thereon in a good state of repair.
- o. All newly constructed or replacement cabins, or appurtenances, shall be adequately anchored by use of deadmen, foundation anchor bolts, or other approved devices.
- p. Motor homes, mobile homes, or other recreation vehicles (RV's) may not be used as seasonal, long-term, or permanent dwellings or storage units.

14. PERMISSIBLE OFF-SITE SHORELINE DEVELOPMENT

Permittees may be allowed on a case by case basis to construct, operate and maintain four shoreline developments outside the legal boundaries of their permitted site, subject to the provisions of this Permit, and provided that developments are reviewed and approved and permitted in writing by the Park Board before they are constructed. Permissible developments are: boat docks and lifts; water systems using reservoir water; bank stabilization and erosion control structures (retaining walls), subject to NEPA compliance and Corps of Engineers 404 permits, and single access route from the permitted site to the reservoir shoreline.

A Project Application form shall be submitted by the Permittee to the Park Board and prior written approval is required by the Park Board before any work commences.

a. Boat Docks and Lifts

Permittees may install docks and/or lifts for safe docking of Permittee's boats/water craft.

- (1) Docks must be maintained in a manner so they are readily visible above the surface of the water. In lieu of flotation or in combination with a flotation system, a wheeled dock is acceptable. For new construction, or when existing docks are repaired or replaced, flotation must be encapsulated. Steel barrels may not be used for flotation. Docks may extend no more than 30 feet into the reservoir water, or 1/3 of the distance across the cove, whichever is less. Anchorage shall be of a type appropriate for the site specific conditions and shall be designed to resist forces imposed by winds up to at least 70 mph.
- (2) All boat docks and lifts must have the cabin lot number placed on the structure in a manner making them visible from the water, with lettering at least 4 inches

high.

- (3) The docks are private property and cabin site permittees are not required to make their docks available for public use.
- (4) All docks placed in the reservoir by the Permittee shall be subject to additional or modified standards for construction, operation, maintenance, and removal that may be developed by the Park Board and/or Reclamation.

b. Reservoir Bank Stabilization / Erosion Control Structures.

Bank stabilization shall be accomplished with rock riprap or other approved materials.

Broken pieces of concrete, old car bodies and tires are not authorized for bank stabilization.

- (1) Erosion control structures, including retaining walls, will only be permitted where the Park Board and Reclamation determines that such a structure is needed to protect improvements within the permitted site and will not have adverse environmental impacts on the resources. The Permittee shall assume all risk resulting from erosion, seepage, and flooding of their site and the only erosion protection Reclamation will provide will be for those areas necessary to protect project facilities, structures and improvements. All erosion control structures must be engineered or adhere to design standards that the Park Board may develop.
- (2) The Permittee shall obtain a "404 Permit" from the Corps of Engineers prior to conducting bank stabilization activities or constructing erosion control structures below elevation 1429.8.

c. Water Systems Using Reservoir Water.

Subject to obtaining a water service contract from the Bureau of Reclamation and the proper payment of fees thereof for the use of reservoir water, water systems may be installed to supply reservoir water to the cabin site for irrigation purposes (i.e. watering lawn, trees, gardens, etc.). Waterlines may extend no more than 30 feet into the reservoir water. The location of submersible pumps and intake waterlines which are suspended from a float, etc. to keep them off the bottom of the reservoir must be clearly marked.

- (1) All water system electrical facilities shall be installed according to requirements of the National Electrical Code and will require an electrical inspection and certification by a state certified master electrician. A copy of the "electrical wiring certificate", which is to be completed by the electrician, shall be provided by the Permittee to the Park Board. The record of inspection and approval of the reservoir-supplied water system will be included in the cabin site permit file.
- (2) All existing water system electrical facilities, from the pump up to and including the first electrical disconnect located on the permitted cabin site/lot, shall be inspected by a certified master electrician and be in compliance with the National Electrical Code within 1 year of the effective date of this Permit. A copy of the electrical wiring certificate shall be provided by the Permittee to the Park Board.
- (3) Groundwater (well) systems are only permitted inside the cabin lot boundary.

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- (4) The Permittee is advised they need to comply with State water board permitting requirements as may be necessary, prior to drilling any new wells within the cabin site area. A copy of any required permits shall be submitted to the Park Board before drilling commences.
 - (5) All water obtained directly from the reservoir is considered project water. Such use is permissive only and conveys no water right to the user. Neither the Park Board nor Reclamation warrants the quality of the water for domestic use, assumes no liability for water used for such purposes, and is under no obligation to construct or furnish water treatment facilities.
- d. Shoreline Access Structures/Facilities**
- Permittees may be allowed to construct and maintain a single access to the reservoir shoreline outside the boundaries of their permitted site, provided such route is determined by the Park Board to be safe access to the shoreline. Access routes may include stairways to cross steep terrain.

15. MISCELLANEOUS CONDITIONS

The Permittee shall comply with each of the following conditions:

- a. No illegal activity shall occur or be allowed on the cabin site.
- b. The Permittee shall comply with state and Federal laws and Department of the Interior regulations relating to fishing, hunting, protection of cultural (archeological) resources, and control of plant and animal pests.
- c. Neither the United States nor Stutsman County assumes responsibility for damage caused by or to the cabin appurtenances or improvements authorized by this Permit, or to the property used or stored in connection therewith, resulting from reservoir fluctuations or from any authorized action.
- d. The use of herbicides, fungicides, insecticides, pesticide, or any other similar substances, shall be in accordance with all provisions of Federal and State pesticide laws and amendments thereto. No "restricted-use" chemical shall be used.
- e. The Permittee assumes full responsibility for any and all liability arising out of or in any way connected with the Permittee's use and maintenance of the cabin or appurtenances, or improvements and agrees to indemnify and save harmless the United States or its agents and assignees and the Stutsman County Park Board, its officers and associates from any and all such liability.
- f. The Permittee shall not inflict, cause to be inflicted, or willfully allow any damage, destruction, defacement, or waste of facilities or resources within the area.
- g. This Permit creates no vested property right. Neither the Park Board nor Reclamation is providing public land to private individuals for use as their primary or sole place of residence. The Park Board is not responsible for providing year-round services such as: law enforcement, fire protection, snow plowing, or any form of road maintenance.
- h. (1) A Seasonal permit allows for occupancy of the cabin site and/or the buildings on it from April 1st through October 31th but does not allow any occupancy of the site or buildings on it between the 1st of November through the 31st of

March. A year-round permit allows for occupancy of the cabin site and the buildings on it any time during the year.

- (2) Occupancy means any of the following activities: remaining on the property for more than 8 hours at a time, living at the cabin site regardless of whether the person living there has another dwelling off the cabin site, staying at the cabin site over night regardless of whether the person has another dwelling off the cabin site, sleeping at the cabin site regardless of whether the person has another dwelling off the cabin site, or eating at and / or using any sewage disposal system on the cabin site.
- (3) Occupying a seasonal cabin site or the buildings on it at any time between the 1st of November and the 31st of March is grounds for termination of the permit. The occupancy need not be persistent, continuous, or repeated to constitute grounds for termination or lesser dispositional alternative specified in Article 171. If the Park Board moves to terminate the permit, notice of the termination will be mailed to the Permittee's address on file with the Auditor's office.
 - i. No part of the premises herein described shall be used for commercial pursuits of any nature.
 - j. Discharging a firearm on a cabin site, a road adjacent to one, or on the shoreline adjacent to a site is prohibited.
 - k. Watchdogs and other animals shall be confined to the Permittee's site and shall be controlled in a way that causes no nuisance or danger.
 - l. Except for the four kinds of permissible off-site shoreline developments listed in Article 14 (boat docks and lifts, reservoir bank stabilization / erosion control structures, water systems using reservoir water, and shoreline access structures/facilities), any surface disturbing activity conducted by a Permittee, or their agent, outside the legal boundaries of their permitted site is prohibited and will be considered trespass. Any structure or activity not specifically approved by the Park Board will be considered trespass. Any unauthorized structures or improvements may be removed by the Park Board if the Permittee fails to remove such structures or improvements after due notice. All costs associated with such removal will be billed to the Permittee.
 - m. Off-site vehicle parking and storage is prohibited.
 - n. All cabins site numbers shall be clearly posted and visible from the road.

16. TERMINATION OF PERMIT

Reclamation has delegated authority to terminate permits to the Park Board.

- a. Obligations of the Permittee and prohibited conduct and conditions are expressed throughout this Permit. In some instances, a statement to the effect that failure to fulfill the obligation or commission of the prohibited act is grounds for termination is included in the same paragraph as the obligation or prohibition. Whether that is specified in close proximity to the obligation or prohibition, failure to accomplish any

obligation expressed in this Permit or commission of any conduct prohibited under this Permit constitutes grounds to terminate (or for any other dispositional alternative specified in Article 171) this Permit. The conditions listed in subsection "b" below are not the only grounds for termination of this Permit. Permit termination is a Park Board option for violation of any condition or prohibition listed in this Permit.

- b. This Permit may be terminated, (or any other dispositional alternative specified in Article 171) and all of the rights of the Permittee hereunder shall cease, and the Permittee shall quietly and peaceably deliver to the United States possession of the premises under any of the following conditions:
- (1) At the expiration of the term as provided in Article 5; or,
 - (2) Upon expiration or termination of the existing management agreement (MOU/Contract No. 14-06-1040) between Reclamation and the Park Board, and failure of Reclamation and the Park Board to enter into a new management agreement whereby the Park Board, as Reclamation's managing partner, administers certain Jamestown Reservoir lands and facilities for recreational, wildlife and associated purposes; or,
 - (3) If the permitted lot is needed for any project purpose as provided in Article 3a through 3f, with termination to be effective on December 31 of any year with notice served 90 days in advance, except in emergency situations; or,
 - (4) On the failure of the Permittee to pay a full amount owed by the due date, or associate origination fee after the first notice, as provided in Article 4; or,
 - (5) If ownership of the dwelling passes to another person and an assignment has not been approved as provided in Article 8; or,
 - (6) If the cabin and appurtenances are demolished, or destroyed or severely damaged and the Permittee elects not to replace or repair the same as provided in Article 13. 1.; or,
 - (7) If the property taxes for the cabin site are not paid every year by the 15th of April; or,
 - (8) At any time on the mutual agreement of all parties to this Permit; or,
 - (9) If the Permittee refuses to allow review or inspection as provided for in Article 11; or,
 - (10) After failure of the Permittee to observe any of the terms of this Permit.
 - (11) The Permittee will be permitted 60 days after expiration or termination of the permit to remove any improvements or other private property thereon, subject to the provisions of Articles **8 and 13f**, and restore the premises to a condition satisfactory to the Park Board and Reclamation. Removal of such improvements or other property and restoration of the premises are the responsibility of the Permittee. It is agreed that all nonpermanent improvements or other property not removed within the 60-day period will thereafter be considered abandoned and will automatically become the property of the United States and subject to disposal under Federal regulations. Any removal of such improvements or other property and restoration work remaining will be

- performed by the United States and the Permittee is liable for all costs therefore.
- (12) A refund of the annual permit fee will be allowed only if this Permit is canceled for project purposes and will be prorated based upon time used.
- (13) If there is a failure to pay when due any and all assessed or billed costs related to the design, construction, or maintenance of a wastewater collection system.

17. HEARING PROCESS

- a. Reclamation has delegated authority to terminate permits to the Park Board.
- b. Reference in this section to **days or dates** by which an act must be conducted refer to calendar days; not business days.
- c. The Chairman of the Park Board may **extend a deadline** if prior to the deadline sought to be extended a party or a board member files a written request for extension with the Auditor, and mails or faxes it to the opposing party, all Park Board members, the Auditor, and the State's Attorney. The request must contain the basis for the requested extension. The Chairman may only extend a deadline for good cause and must provide written notice of the decision to extend, or the denial thereof, to all Park Board members, the Auditor, the State's Attorney, and the Permittee.
- d. The Chairman of the Park Board may **continue a hearing** for good cause if prior to the hearing sought to be continued a party or a board member files a written request for a continuance with the Auditor, and mails or faxes it to the opposing party, all Park Board members, the Auditor, and the State's Attorney. The request must contain the basis for the requested continuance. The Chairman may only continue a hearing for good cause and must provide written notice of the decision to extend, or the denial thereof, to all Park Board members, the Auditor, the State's Attorney, and the Permittee.
- e. **NO INDEPENDENT INVESTIGATION OR DATA COLLECTION.** Once a notice of termination has been mailed to a Permittee, the independent activities of each and every Park Board Member are limited as follows. No Board member should base any decision pertaining to violation or disposition on information that has not been provided to every member of the Board, the Permittee, and the State's Attorney in time to allow rebuttal. A Park Board member is expressly prohibited from conducting any independent inquiry or investigation. Park Board members are not to seek out information on their own. Every Park Board member is forbidden from receiving unsolicited information offered to the Park Board member. Park Board members are expressly forbidden from discussing any case pending before the Board with any person besides the Auditor, another Park Board member, or the State's Attorney. No Park Board member will discuss the case with any other Permittee, law enforcement officer, or citizen who wishes to offer an opinion or information on the case. Such persons will be directed by the Park Board member to convey the information they have to the Sheriff or his designated Deputy. The Sheriff will ensure that any information the Sheriff collects will be presented to the Auditor who shall promptly distribute it to every member of the Board, the Permittee, and the

- State's Attorney. Any and all information on the case considered by any Board Member should be published to both parties sufficiently prior to any hearing to allow reasonable time for rebuttal. The Park Board may, by motion passed by a majority of the Board at an open meeting, instruct the County Park Superintendent or the Stutsman County Sheriff to investigate one or more specific issues. The results of that investigation will be submitted to the Board, the Permittee, the Auditor, and the State's Attorney in a written *report*. Every party with standing must be given a reasonable time to submit written rebuttal to any material disclosed to him.
- f. **PRELIMINARY DETERMINATION.** If the Park Board determines that an obligation in this Permit has not been satisfied or that prohibited conduct or a condition prohibited by this Permit has taken place, a majority of a quorum of the Park Board may make a preliminary determination that termination is in order. This preliminary decision can and usually would be made in a summary proceeding at which only the Park Board's representative or associates would address the Board. At this summary proceeding, whether the Permittee will be allowed to address the Board is up to the Chairman of the Park Board. According to North Dakota Century Code section 44-04-20(2), if time and circumstances allow for listing the item in the agenda for the Park Board meeting, the public notice will contain a reference to a preliminary determination regarding termination of the permit for cabin site 64 W.S..
- g. **NOTICE OF TERMINATION.** After the Park Board makes a preliminary determination for termination, the Secretary of the Park Board shall provide a written notice of intent to terminate to the Permittee. The notice of intent to terminate will contain the following.
- i. Specific notice of the allegations including listing each and every condition or obligation of the Permit alleged to have been violated.
 - ii. Provision of specific notice that if the Permittee wants a hearing on the allegation(s), the Permittee must deliver a written request for a hearing to the Auditor's office within 40 days of the mailing of the Park Board's notice.
 - iii. Provision of notice that failure to deliver written request for a hearing to the Auditor's office within 40 days of the Auditor's mailing of the notice of intent to terminate to the Permittee constitutes waiver of the right to a hearing and admission of the allegations in the pre-termination notice.
 - iv. Provision of notice of opportunity to cure for those violations which are amenable to cure and/or specification of any alleged violation that is not subject to cure. If there is an allegation of a violation that is amendable to cure, then the Permittee will be informed that the Permittee has 30 days from the date of the notice of the violation to cure the alleged violation(s). If there is an allegation of a violation that is amenable to cure, the Permittee will be notified that the Permittee has 40 days from the date on the notice of termination to file a request for a hearing.
 - v. Provision of notice that all materials the Permittee wishes the Board to consider must be presented to the Board with the Permittee's initial response

to the notice of termination including but not limited to a list of witnesses by name, address and phone number and a summary of their testimony; and a list of exhibits and copies thereof.

- vi. Provision of notice that no material will be considered by the Board at the termination hearing if the material has not been disclosed in the Permittee's initial reply to the notice of termination. Provision of notice that although the Chairman of the Board may allow leave to amend initial responses, there is no guarantee leave to amend will be granted.
- h. **PERMITTEE'S RESPONSE TO NOTICE OF TERMINATION**

The Permittee must provide a written response within 40 days of the date on the notice of termination or make a written request for extension in accord with paragraph 17 c above. The Permittee's response must contain the following.

 - i. If represented by legal counsel, the response must identify the lawyer.
 - ii. A rebuttal to each of the allegations the Permittee denies and an admission to each allegation the Permittee does not deny.
 - iii. A list of witnesses, by name, address, phone number, and summary of testimony for each witness.
 - iv. A list of exhibits the Permittee plans to offer and a copy of each exhibit.
- i. **SETTING DATE FOR HEARING OR FINAL DISPOSITION**
 - i. If the Permittee fails to deliver a written request for a hearing to the Auditor within 40 days of the date on the notice of termination, there will be no hearing on the issue of whether the violations were committed. The violations are deemed admitted by the failure to timely file a request for a hearing. Once the date for filing a request for hearing has passed, the Auditor shall schedule the case for disposition at the next regularly scheduled meeting of the Park Board. If the Chairman of the Park Board determines the nature of the violation necessitates final disposition sooner than the next regularly scheduled Park Board Meeting, the Chairman may direct the Auditor to schedule a special meeting of the Park Board. (See however, special requirements of NDCC 11-28-04 and Stutsman County State's Attorney's opinion 03-032-SA, Park Board, Special Meeting, Quorum & Voting.)
 - ii. If the Permittee delivers a request for a hearing to the Auditor within 40 days of the date on the notice of termination, the Auditor will promptly furnish a copy of the Permittee's response to each Park Board member and the State's Attorney. The State's Attorney may, within 5 days of the Permittee's filing of a response and in accord with the provisions of paragraph 16 c above, request leave of the Chairman of the Park Board to amend the list of witnesses or list of exhibits. The Chairman will provide written notice of the decision granting or denying leave to amend to all Park Board members, the Auditor, the State's Attorney, and the Permittee. If leave to amend is granted the Chairman will specify a deadline for filing the amendments. If the State's Attorney does file and amendments within the time allotted by the Chair, the Permittee may in turn

request leave to amend. If the Permittee requests leave to amend, the Chair of the Park Board will rule on the request and publish the ruling to each member of the Park Board, the State's Attorney, and the Permittee. If the Permittee's request to amend is granted the Chairman's ruling must specify a date by which the amendments must be filed. Failure of either party to file amendments in time will result in exclusion of any material not timely filed. After each party has had one opportunity for leave to amend, no further requests for leave to amend will be entertained. No undisclosed witness, exhibit, or statement will be considered at the hearing. Within ten days of the Chair's last deadline for amendment, the Auditor will schedule the allegations for hearing before the Park Board.

- j. HEARING ON ALLEGATIONS. The hearing will be held at an open meeting of the Park Board and recorded on audio tape. The Chairman of the Park Board will preside over the hearing. The Park Board may move to retain a private attorney from Park Board funds to act as Referee at the hearing instead of the Chairman. If an attorney is hired to referee, the Referee's rulings on the admission of evidence will not be final. The State's Attorney or his designee will represent the Park Board. The Permittee may be represented by counsel or represent him or herself. The burden of proving the allegations is on the Park Board. The standard of proof is a preponderance of the evidence. The Chairman (or the Referee) will control the admission of testimony and exhibits. The Chairman may limit the State's Attorney and the Permittee to a reasonable amount of time, witnesses, and exhibits on the basis of relevance and accumulation. The Chairman may allow opening and closing statements. The Chairman may request guidance from the State's Attorney regarding procedure and admission of evidence.
- k. FINDINGS. Once presentation of evidence and closing statements (if any) are complete, the Park Board will make a finding on each and every allegation regarding whether it was proven. Findings must be based solely on evidence formally submitted to the board in the filings or at the hearing. The Board is free to judge weight and credibility of witnesses and evidence. For example, although hearsay may be admitted, the weight attributed to it is up to the Board. The findings will be noted in writing by the Secretary of the Park Board. Once the findings have been made, noted, and published, the Park Board will enter into the disposition phase.
- l. DISPOSITIONAL ALTERNATIVES. If the Park Board finds that one or more of the allegations was supported by a preponderance of the evidence, the Park Board shall select from among the following alternatives for disposition. The Park Board and the Permittee may agree upon a dispositional alternative not enumerated below provided it is not in contravention of the law.
 - (1) Terminate the permit.
 - (2) If the Permittee has come into compliance with the terms of the permit, the Board may refrain from terminating the permit
 - (3) If the Permittee has come into compliance with the terms of the permit, the

Board may refrain from terminating the permit and impose an administrative monetary sanction. If the Permittee has not come into compliance with the terms of the permit but it appears that the Permittee has the will and capability to do so, the Board may suspend the Permittee's privileges of recreational use for a specified time but preserve the Permittee's privileges of ingress and egress sufficient to cure the deficiency. If the Board suspends with further opportunity to cure, the Board may impose an administrative monetary sanction. If the Board chooses to impose an administrative monetary sanction, the sanction is limited to \$10,000 in addition to the expenses appurtenant to curing. The Board may require payment of the sanction in one lump sum or devise a reasonable payment plan. Any monetary sanction imposed shall be set out in writing and become a condition of the permit. Failure to pay the sanction on time is grounds for termination. Any monetary sanction must be reasonably related to the violation committed. Factors that may be considered in determining the reasonable relation of the penalty to the infraction include but are not limited to the severity of the infraction, the intent of the Permittee, damages, ability to remedy, cost of investigation and prosecution of the violation, general deterrence, and specific deterrence.

18. COVENANT AGAINST CONTINGENT FEES

The Permittee warrants that no person or selling agency has been employed or retained to solicit or secure this Permit upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial agencies maintained by the Permittee for the purpose of securing business. For breach or violation of this warranty, the Park Board shall have the right to annul this Permit without liability or in its discretion to require the Permittee to pay, in addition to the Permit fee, the full amount of such commission, percentage, brokerage, or contingent fee.

19. OFFICIALS NOT TO BENEFIT

No Member of or Delegate to Congress or Resident Commissioner of the Bureau of Reclamation shall be admitted to any share or part of this contract or to any benefit that may arise here from. This restriction shall not be construed to extend to this contract if made with a corporation or company for its general benefit.

20. SUCCESSORS IN INTEREST OBLIGATED

The provisions of this Permit shall apply to and bind the assigns of the United States, and the heirs, executors, administrators, and assigns of the Permittee.

21. NO PROPERTY RIGHT CREATED

This Permit grants no vested property right but affords only a limited license to occupy the land, pending a greater public use. Therefore, the process due to a permit holder is less than the process due to a lease holder. Privileges granted under this Permit are strictly limited by the

terms and conditions contained herein. Notice is complete when made under the procedures of Article 2. Any decision of the Park Board to terminate a permit is final when approved by the Board.

22. WAIVER OF RIGHT TO APPEAL

By signing this Permit the individual whose name appears below agrees to accept all terms of this Permit, and further agrees to waive all rights to protest or appeal any of the terms, conditions or provisions contained herein.

23. FAILURE TO ENFORCE DOES NOT CONSTITUTE WAIVER

The Park Board's waiver of an infraction of this Permit by the Permittee is not waiver of future compliance, and any provision waived, as well as other provisions of this Permit, remain in full force and effect. The Park Board and or Reclamation are not precluded from future exercise of a right or remedy (including but not limited to termination) or the exercise of any other right or remedy by a single or partial exercise of a right or remedy.

24. SEVERABILITY

If any term of this Permit is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and provisions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if this Permit did not contain the particular term or provision held to be invalid.

25. ONE OPTION TO REVERT TO SEASONAL

A Permittee who exercises the one time option for a year round permit, may elect to revert to a seasonal permit once. To revert to a seasonal permit, the year round permit holder should, when paying the coming year's permit fee, make payment for the seasonal fee and accompany the payment with a letter bringing to the attention of the Park Board the fact that the Permittee is thereby exercising the one time option to revert to a seasonal permit.

IN WITNESS WHEREOF, the parties hereunto subscribed their names as of the date first-above written.

STUTSMAN COUNTY PARK BOARD

By: _____

Title: Chairman_____

For: Stutsman County Park Board_____

Date: _____

I have read this Permit and understand its provisions. I know that it is an important document concerning the place I use for recreation. I realize I may consult with an attorney and either have done so or made a choice to refrain from consulting a lawyer.

PERMITTEE

By:_____

(Print Name)

_____ Date: _____

(signature)

By:_____

(Print Name)

_____ Date: _____

(signature)

(Address) **ATTENTION!** This is THE SOLE ADDRESS to which the Park Board will provide notice relative to all actions pertaining to this permit. If you need to change this address, you must do so in writing and send the writing to the Auditor's office at 511 2nd Ave. SE, Jamestown, ND indicating the reason you send the different address and cabin site to which it applies. See Notice, section 2 a, above.

Seasonal Permit

Year-round Permit

JAMESTOWN RESERVOIR
PROJECT APPLICATION

For recreation and land management projects administered by the Stutsman County Park Board

APPLICANT'S NAME:
ADDRESS:
TELEPHONE (with area code):

PROJECT LOCATION: (Specify lot number, cabin area and/or legal description)

ATTACH COPY OF LOCAL BUILDING PERMIT IF REQUIRED

PROJECT DESCRIPTION: (Specify the type of project / facility requested, quantities, **dimensions (including number of stories or levels)**, license number(s) of boat(s) to be docked (if this application is for a boat dock/lift), off-site utilities required, etc.). Provide plans and specifications below or on a separate sheet(s).

TYPE AND SOURCE LOCATION OF ANY OFF-SITE BORROW MATERIAL: e.g. rock, gravel, topsoil (Note: Contact the Park Board for sources approved from a cultural resources standpoint.)

PROJECT SCHEDULE: (Proposed project initiation date, anticipated completion date, etc.) **NOTE: APPLICATION IS VALID FOR ONE YEAR AFTER APPROVAL DATE.**

I hereby request authorization for the above-described project and agree that work on the project will not commence until approval is obtained by the Stutsman County Park Board and Bureau of Reclamation.

(Applicant's Signature) (Date)

APPROVAL: The applicant is hereby approved to construct and /or develop the project as above-described and as shown on any attached plans, subject to the rules and regulations of the Stutsman County Park Board and the Bureau of Reclamation associated with Jamestown Reservoir lands and waters.

STUTSMAN COUNTY PARK BOARD

BUREAU OF RECLAMATION

BY _____

By _____

TITLE

TITLE

DATE

DATE

NOTES AND SPECIAL CONDITIONS:

Exhibit AC@
JAMESTOWN RESERVOIR
CABIN SITES AUTHORIZED FOR YEAR-ROUND/12-MONTH OCCUPANCY

Year-round occupation of cabin sites on Jamestown Reservoir lands is allowed only for those owners who currently hold a permit for year-round occupancy. Cabin sites which may be permitted for year-round occupancy are as follows: [Redacted]

APPRAISER QUALIFICATION

Charles W. LaFlamme, MAI

Actively engaged as a real estate analyst and consulting appraiser since 1974.

Review Appraiser - Office of Valuation Services - Department of the Interior

1750 Howe Ave., Ste. 210

Sacramento, CA 95825

(916) 566-7022

charles_laflamme@ost.doi.gov

Professional Background

Owner - North Valley Land Services, Chico, CA (2002-09)

Independent appraiser – Sacramento, CA (1998-02)

Owner - Urban Pacific Services Corp, Newport Beach/Irvine, CA (1982-98)

Staff Appraiser - Foreman, Thompson & Associates/REAN, Newport Beach, CA (1975-82).

Staff Appraiser - State Mutual Savings, Newport Beach, CA (1973-75)

Educational Activities

BA Degree, Business and Economics, Chapman University (1976)

Certificate, Suburban Agriculture, Sierra College (2002)

Has successfully completed the following courses:

SREA 101 - An Introduction to Appraising Real Property

SREA 201 - Principals of Income Property Appraisal

AIREA II - Urban Property

AIREA VI - Investment Analysis

AIREA VIII - Litigation Analysis

AI - Valuation of Conservation Easements

AI - Uniform Appraisal Standards of Federal Land Acquisitions

AI - Advanced Market Analysis and Highest & Best Use

AI – Review Theory - General

IRWA Skills of Expert Testimony

IRWA Course 101, Sec. 3 Real Estate Acquisition Law

IRWA Course 901 Engineering Plan Development

IRWA Course 902 Property Descriptions

IRWA Course 802 Legal Aspects of Easements

ASFMRA Ranch Appraisal I & II

Also has taken numerous graduate courses in business, finance, mathematics and statistics, and attended seminars in valuation problems, real estate economics, and mineral economics.

Licenses and Certifications

MAI member of the Appraisal Institute, Certificate No. 6585 (1982)

Certified General RE Appraiser, California - Bureau of RE Appraisers - AG002325 Exp. 2/2016

Professional Work

Member, Assessment Appeals Board, Sacramento County (2000-2002)

Past President - Sacramento-Sierra Chapter - Appraisal Institute (2010)

Chair, Region 1 - National Board of Directors – Appraisal Institute (2012-2014)

Expert Testimony

Superior Court - Orange County, Los Angeles County, Butte County

Federal Bankruptcy Court - Orange County, Los Angeles County, Sacramento County

Adam Bradshaw

Appraiser Trainee
401 W. Peachtree St. NW, Ste. 1705
Atlanta, GA 30308
(404) 526-0091
adam_bradshaw@ios.doi.gov

Professional Background

State of Georgia Registered Real Property Appraiser (No. 355805)
Appraiser Trainee – Department of Interior, Office of Valuation Services (Sep. 2013 – Present)

Educational Activities

BA Degree, English, Washington State University (2011)
AAS Civil Engineering Technology, Walla Walla Comm. College (2000)

Has successfully completed the following courses:

Comparative Analysis, Appraisal Institute (AI), 2013
Basic Appraisal Principles, AI, 2013
Basic Appraisal Procedures, AI, 2013
15-Hour National USPAP, AI, 2013
Residential Report Writing & Case Studies, McKissock Institute, 2013
Best in Business Ethics, American Society of Farm Managers & Rural Appraisers (ASFMRA), 2014
Sales Comparison Approach, ASFMRA, 2014
Market Analysis/Highest & Best Use, ASFMRA, 2014
Cost Approach, ASFMRA, 2014
Income Approach 1, AI, 2015
Income Approach 2, AI, 2015
Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA), ASFMRA, 2015



Appraisal Review Report

Review of

A Market Rent Survey for typical cabin sites, situated around the Jamestown Reservoir in Stutsman County, North Dakota, with year-round and seasonal uses.

Review for

U.S. Bureau of Reclamation
Attention: Alex Morgan
Great Plains Region
2021 4th Avenue, North
Billings, Montana 59101

Date of Value

October 6, 2014

Date of Review

December 14, 2015

Reviewer(s)

Steven G. Murphy
Office of Valuation Services



United States Department of the Interior

AS-Policy Management and Budget
Office of Valuation Services
1340 Financial Boulevard
Reno, Nevada 89502

Transmittal

IVIS Number: P14023 **Date:** December 14, 2015

Agency Case ID: 00065188 / Jamestown Reservoir Cabin Site Market Rent Survey

To: U.S. Bureau of Reclamation
Attention: Alex Morgan
Great Plains Region
2021 4th Avenue, North
Billings, Montana 59101

Subject: Appraisal Review
A Market Rent Survey for typical cabin sites, situated around the Jamestown Reservoir in Stutsman County, North Dakota, with year-round and seasonal uses.

My review report concerning the appraisal of the above captioned property follows this letter, comprised in these sections:

Executive Summary	4
Review Scope of Work	5
Review Analysis	7
Review Conclusion	12

This appraisal involves the estimation of annual market rent for the cabin sites found around Jamestown Reservoir in Stutsman County, North Dakota. The rent estimate was prepared by Adam Bradshaw and Charles W. LaFlamme, MAI of the Office of Valuation Services. The rents opined are reflective of the terms in permit agreements that are associated with the sites.

The cabin sites are on federal lands that adjoin the Jamestown Reservoir. The reservoir and the land surrounding the reservoir are administered by the Bureau of Reclamation on behalf of the United States of America. The cabin sites are not legal lots, rather are sites defined by site plans and which are used by permittees in accordance to the terms of a permit agreement, which include the annual payment of a permit fee / rental.

As the intended use of the assignment results was to opine to a current market rent for a typical cabin site with year-round use and a current market rent for a typical cabin site with seasonal use, specific property rights were not appraised. Further, the assignment was not based on any extraordinary assumptions or hypothetical conditions.

Based on my review dated December 14, 2015, I **APPROVE** the appraisal for your use. The appraisers concluded to an annual cash equivalent market rental rate as of October 8, 2015 of \$6,700 for those cabin sites designated for year-round use and \$3,650 per cabin site for those designated for seasonal use.



Steven G. Murphy

Executive Summary

	Appraisal
Appraiser(s)	Adam Bradshaw and Charles W. LaFlamme, MAI, appraisers with the Department of the Interior’s Office of Valuation Services
Property Owner	United States of America, as administered by the Bureau of Reclamation
Property Appraised	None; the assignment was to opine to an annual rental for the typical year-round use cabin site and also the typical seasonal use cabin site located on land adjoining the Jamestown Reservoir.
Real Property Interest	As specific individual cabin sites were not part of the assignment, a specific real property interest was not appraised. The annual rents opined are characteristic of a Permit Agreement.
Extraordinary Assumptions	None
Hypothetical Conditions	None
Highest & Best Use	Not applicable – valued per the terms of the permit agreement
Date of Value	October 6, 2014
Market Rental Value	The appraisers opined to an annual rent of \$6,700 for those cabin sites designated for year-round use and \$3,650 per cabin site for those designated for seasonal use.

Review of the Appraisal

Client	U.S. Bureau of Reclamation Attention: Alex Morgan Great Plains Region 2021 4th Avenue, North Billings, Montana 59101
Intended User(s)	The U.S. Bureau of Reclamation’s Great Plains Region (Reclamation) and the Office of Valuation Services (OVS), both on behalf of the United States.

Intended Use	To establish a current annual rental / permit fee for a typical year-round and a typical seasonal cabin site situated around the Jamestown Reservoir. Reclamation intends to use the assignment results to establish the current annual permit fee for each of the 71 cabin sites surrounding the reservoir that are under the jurisdiction of Reclamation.
Date of Review	December 14, 2015
Review Conclusion	APPROVE

Review Scope of Work

Regulatory Compliance	My review development and this review report comply with: <ol style="list-style-type: none">1. USPAP, Standard 32. OVS Valuation Policy Manual (602 DM 1)
Purpose of the Assignment	This review concludes the appraisal report's credibility by analyzing the <ol style="list-style-type: none">1. Completeness of the material presented within the applicable scope of work2. Accuracy, adequacy, and relevance of the data and propriety of adjustments to the data3. Appropriate appraisal methods and techniques4. Appropriateness and reasonableness of the analysis, opinions, and conclusions5. Current usefulness to the intended users of my review report
Extent of Review	<p><i>Appraisal Report:</i> The reviewer's opinion about the quality of the work under review encompasses the completeness, adequacy, relevance, appropriateness, and reasonableness of the data and analyses presented based on the assignment's scope of work, purpose of the assignment, regulatory reporting requirements, and the valuation definition relied upon. Relative to these parameters, the review appraiser received a first submission of the appraisal report on November 30, 2015, with a reading of the report and items identified for discussion with the appraisers on the same day. On December 11, Chuck LaFlamme and review appraiser further discussed the appraisal and the final report was submitted for review on December 11. This review report was finalized on December 14, 2015.</p> <p><i>Subject Property:</i> The extent of the review process concerning the subject assignment primarily consisted of reviewing of all the materials provided for the assignment. In addition, the review appraiser viewed</p>

the subject Jamestown Reservoir and the areas surrounding the Reclamation cabin sites via the Google Earth aerial application.

Market Research: The primary market research performed by the reviewer for the assignment consisted of the review of the market rental survey report and the reviewing of the property specific materials provided by the Reclamation. In addition, to the extent reasonable, the reviewer viewed the residential lot comparables through Google Earth aerial photographs. The reviewer did not inspect the Jamestown Reservoir cabin sites nor the lot comparables and did not otherwise verify any of the non-subject information presented in the work under review or research any additional data relating to the assignment.

**Limiting
Conditions**

- I do not authorize the out-of-context quoting from, or partial reproducing of, this review report.
- I base this review report on information and data contained in the market rental survey report.
- I assume that the data contained in the market rental survey report are factual and accurate.
- I reserve reconsidering my review conclusions should information become available that contradicts the data relied on in the market rental survey report.

**Extraordinary
Assumptions** None.

**Hypothetical
Conditions** None.

**Consult with
Appraiser** *Instructions:* The level of consulting with the appraisers relative to the assignment problem was based on the assignment instructions in the Statement of Work. In addition, the review appraiser was available to answer questions from the appraisers during the course of the review process.

Pre-Work Meeting: Due to the relative straightforward nature of the rental survey assignment, a pre-appraisal meeting was not performed; the appraisers worked in tandem to establish credible assignment results.

Requests for Revision: On November 30, 2015 the appraisal report was submitted to OVS for review and items of clarification were shared with the appraisers for consideration in a final report the same day. On December 11, the final appraisal report was submitted to the review appraiser for final review.

Review Analysis

Certification Adequate

All USPAP certification items are present.

Limiting Conditions Adequate

The general assumptions and limiting conditions are generally appropriate to the assignment. The extraneous qualifications did not detract from the credibility of the assignment results.

Extraordinary Assumptions Not applicable

The intended use of the assignment was to opine to a current annual rent for cabin sites situated around the Jamestown Reservoir. In that no specific property was appraised and to the extent that current market data was relied on, no extraordinary assumptions were deemed applicable to the assignment.

Hypothetical Conditions Not applicable

Scope of Work Adequate

The scope of work necessary for a credible assignment results is generally subjective to the appraisers and it is sometimes difficult to ascertain unless the appraisers specifically provide in detail concerning what due diligence was and was not undertaken. Relative to scope of work for the subject assignment, certain scope activities were cited, but said was somewhat generic in nature, requiring the overall scope of work to be gleaned from the references of other due diligence performed elsewhere in the report. Overall, based on the complexity of the assignment problem and the due diligence that is evident from within the report, the scope of work for the assignment was adequate.

Client Adequate

OVS was appropriately identified as the client for the appraisal assignment.

Intended Users Adequate

Reclamation and OVS were appropriately identified as the intended users of the appraisal report. No other intended users of the appraisal

report were identified.

Intended Use Adequate

The assignment results will be used by Reclamation to establish to establish the current annual permit fee for each of the 71 cabin sites surrounding the Jamestown Reservoir. The intended use of the market rent survey report by OVS is to review for compliance with the requirements set in the assignment's SOW. The report and its opinions of market rent are not intended for any other use or purpose.

Date of Value DEFICIENT

The subject assignment reflects an October 6, 2014 date of value that is well beyond 30 days of the date of the first report submission of October 28, 2015. However, due to the nature and intended use of the assignment results, the date of value is acceptable by the Reclamation intended user.

Date of Report Adequate

The date of the report reasonably corresponds to the final date of the last revision of the report per the requirements of USPAP.

Definition of Market Rental Value DEFICIENT

The introductions to the definition of market rent references the determination of right-of-ways, which are not relevant to the assignment. However, in that the definition of market rent is appropriate, this deficiency does not detract from the credibility of the assignment results.

Property Rights Appraised Not applicable

As specific individual cabin sites were not part of the assignment, a specific real property interest was not appraised. The annual rents opined are characteristic of a Permit Agreement.

Summary of Appraisal Problems Adequate

A specific Summary of the Assignment Problem was not presented, however, the report sufficiently identifies the assignment problem through the various descriptions provided in other sections of the report.

Legal Description Not applicable

Specific cabin sites were not appraised; the assignment consists of a market rent survey for a typical cabin site around the Jamestown Reservoir with year-round and seasonal uses.

Contact with Owner Not applicable

Specific cabin sites were not appraised; the assignment consists of a market rent survey for a typical cabin site with a year-round use and with a seasonal use.

Property Inspection Adequate

The Adam Bradshaw and Charles LaFlamme inspected a sampling of the cabin sites around the Jamestown Reservoir on October 6, 2014.

Location and Neighborhood Adequate

Property Description Adequate

Legal and Physical Access Adequate

Use, Rent, and Sale History and Analysis Adequate

Tax Assessment Analysis Not applicable

Zoning and Land Use Restrictions Not applicable

Other Adequate

The market rental survey report reasonably summarized the characteristics of the Reclamation cabin sites and provided a credible market overview.

Valuation

Highest and Best Not applicable

Use Estimate

Comparable Rentals Selection Adequate

The report draws to the intended users' attention that there was a dearth of comparable rental data in the market to analyze and that no comparables with identical characteristics to the Jamestown Reservoir cabin sites were identified. Accordingly, the appraisal had to rely on an alternative methodology to establish a credible annual market rental rate. Specifically, the analyses expanded the search outside the subject's immediate neighborhood with a selection of four comparable residential lot sales. Then opining to a residential lot value, a reasonable rate of return was applied to establish an indication of the annual market rent applicable to the typical subject cabin site. Although the comparables considered had varying physical characteristics when compared to the Jamestown Reservoir cabin sites, the comparables were considered to be the most relevant available for the assignment.

Comparable Rentals Description Adequate

Adjustment Characteristics Adequate

The appraisal reasonably considered the primary factors that influenced the rental fees charged by the comparable properties.

Adjustment Methodology Adequate

Due to the limitations of the available market data, there were limited matched paired analyses to obtain adjustments. Otherwise, the appraisal methodology relied on used the available data to the extent possible and ultimately employed a bracketing technique. Although the overall adjustment methodology employed seemed somewhat contrived and definitely qualitative, the technique is a reasonable methodology when insufficient comparable rentals are available. Essentially the analyses relied on the limited market data available in conjunction with the appraisers' experience and judgment.

Unit of Measurement (GBA/NRA/UA) Selection Adequate

Expense Basis Adequate

(NNN, Full Service, Gross, etc.) Although not specifically cited, the analyses clearly inferred the characteristics of the rent per year conclusion.

Lease Terms Adequate

Conditions of Lease Adequate

Tenant Improvement Allowance Not applicable

Market Conditions Adequate

Location Adequate

Physical Characteristics Adequate

Economic Characteristics Adequate

Use Adequate

Other Adequate

The analyses presented reasonably took each of the comparables into consideration and correlated their lot characteristics to a typical cabin site. Then, given no rental data for residential lots being identified in the market, the appraisal reasonably relied on a rate of return applied against the value of a vacant residential lot to determine an indication of the annual market rent. A credible adjustment was applied to account for the difference between a year-round rent and a seasonal rent.

Rental Value Reconciliation Adequate

In the final analyses, the appraisal reasonably established an annual rental per cabin site for year-round use and for seasonal use. The appraisal considered the characteristics of the adjustments made to each comparable as well as considered the weighing of the market rate indicators to opine to the respective annual market rental conclusions.

Review Conclusion

Completeness and Accuracy of the Material Presented

In developing an opinion about the completeness of the material under review, the initial rental survey report submitted included a few items needing clarifications. Such items required the reviewer to discuss the issues with the appraisers to obtain clarification and as appropriate, the enhancement to the report to facilitate understanding and completeness. To the clarifications required, the appraisers were responsive to the discussion and desiring to improve the quality and clarity of the work product. Overall, given the nature of the assignment problem and the scope of work performed, it is the reviewer's opinion that the completeness of the material under review is reasonable for use by Reclamation.

Adequacy and Relevance of the Data and Propriety of Adjustments

It is the reviewer's opinion that relative to the constraints of the market, the data contained in the rental survey report was adequate and relevant to solving the assignment problem. However, it is also the reviewer's opinion that enhancements to the adjustment and rate discussions could benefit intended users' understanding relative to the assignment process. Still, the assignment analyses presented appeared to conform to the appraisers' peers' perspectives and as such, the analyses were deemed credible for use.

Overall, it is the reviewer's opinion that the adjustments were reasonable relative to establishing the propriety and credibility of the adjustments made or not made. In addition, the reviewer is of the opinion that the assignment reasonably relied on qualitative and bracketing considerations such that the adequacy and relevance of the data and propriety of adjustments were reasonable.

Appropriateness of Appraisal Methods and Techniques

All the cabin sites located around the Jamestown Reservoir are considered lakefront properties and clearly benefit from the immediate proximity to the reservoir. Although the use of the sites are for both year-round and seasonal occupancy, no private lakes were encountered where similar annual use rental sites could be found that were considered market driven. Accordingly, the appraisers had to rely on an alternative methodology to establish a credible annual market rental rate. Specifically, the analyses expanded the search outside the subject's immediate neighborhood with a selection of four comparable residential lot sales. Then opining to a residential lot value, a reasonable rate of return was applied to establish an indication of the annual market rent applicable to the typical subject cabin site (with an adjustment to reflect the difference between an year-round use and a seasonal use). Although the comparables considered had varying physical characteristics when compared to the Jamestown Reservoir cabin sites, the comparables were considered to be the most relevant available for the assignment.

Overall, the method and technique applied to form the opinions of market rental value was deemed credible and indicative of the market in the analyses of properties similar to the subject assignment. As such, it is the reviewer's opinion that the methods and techniques used in the

report were sufficient to reasonably support the opinions of market rental value for the intended use of the report.

Appropriateness and Reasonableness of the Analysis, Opinions, and Conclusions

The rental survey analyses performed was deemed relevant and adequate to form the opinion of market rent for the subject assignment; the analyses performed were both applicable and relevant to the assignment. The method and technique applied were found to be indicative of the market in the analyses of cabin sites and as such, it is the reviewer's opinion that the methods and techniques used were sufficient to reasonably support the market rentals opined for the intended use of the report.

Date of Review Report

December 14, 2015

Reliability of Value Conclusion as of the Date of Review Report

Overall, the work under review is deemed to be credible as of the date of this review report and may be relied on and used by Reclamation.

Conclusion

APPROVE

Final Comments

- This review report recognizes that perfection is impossible to attain and competency does not require perfection. Errors and clarification items discovered in the accompanying appraisal report were generally minor in nature and did not impact the overall reliability of the analyses presented. Accordingly, the intended users of this review report and the corresponding appraisal report should be aware that the reports may contain some uncorrected calculations, incorrect verbiage, and typographical errors.
- This review document is an integral part of, and should be included with each copy of the appraisal report retained by the U.S. Bureau of Reclamation or any other agency of the United States Government. The information, opinions, and conclusions presented in this review document, if different than those cited in the appraisal report, should be relied on over those expressed in the appraisal report.

Reviewer's 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 reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions of the appraiser.
- I have no present or prospective interest in the property that is the subject of this work under review and no personal interest with respect to the parties involved. Although the United States Department of the Interior is my employer, I am acting without prejudice towards that party.
- I have no bias with respect to the property that is the subject of this report or to the parties involved in this assignment.
- My engagement on 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 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 analysis, opinions, and conclusions were developed and this review report was prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
- 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 a three-year period immediately preceding acceptance of this assignment.
- No one provided me significant appraisal review assistance.
- I have not made a personal inspection of the subject of the work under review.
- I have not made a personal inspection of the comparables cited in the work under review.
- I have not verified the factual data presented in the work reviewed.
- As of the date of the report, I have completed the continuing education program of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to the review by its duly authorized representatives.
- The reported analyses, opinions, and conclusion were developed, and this report has been prepared in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.



December 14, 2015

Steven G. Murphy

Reviewer Qualifications

Steven G. Murphy

Professional Experience

- Review Appraiser, Office of Valuation Services - Department of the Interior
Reno, Nevada
May 2010 to Present
- Appraiser, Appraisal Services Directorate - Department of the Interior
Reno, Nevada
August 2004 to April 2010
- Manager, RERA Support - Bank of America, Real Estate Risk Assessment
Pleasant Hill, California
October 1998 to July 2004
- Manager, Quality Assurance & Audit - Bank of America, Commercial Appraisal Services
Pleasant Hill, California
April 1992 to September 1998
- Regional Manager, Southeast / Hawaii - Bank of America, Commercial Appraisal Services
Pleasant Hill, California
November 1996 to March 1998
- Regional Manager, Northern California & Nevada - Bank of America, Commercial Appraisal Services
Sacramento, California
March 1991 to March 1992
- Team Leader - Bank of New England Appraisal Department
Boston, Massachusetts
May 1990 to February 1991
- Appraiser, Various Appraisal Shops
Washington, DC, San Francisco, California, Medford, Oregon
July 1979 to April 1990

Licenses and Certifications

State License:

- Certified General Appraiser - Nevada (License No. A.0006037-CG)

Professional Certification:

- MAI, Appraisal Institute (No. 8324)

Education

Bachelor of Arts in Business Administration, Fort Lewis College, Durango, Colorado

STATEMENT OF WORK (SOW) Office of Valuation Services

Agency Case ID: [N/A]

IVIS Number: [R13025/00040506]

- Appraiser Instructions:**
1. Perform and complete a Market Rent Survey of residential/recreational lots similar to those located at the Jamestown Reservoir located in Stutsman County, North Dakota. The survey should only consider the rental data of unimproved land. The rent survey will be used to aid the Bureau of Reclamation in determining a yearly fee for the seasonal recreational lots surrounding the Jamestown Reservoir. These lots are currently being managed by the Bureau of Reclamation of the Dept. of Interior, USA.
 2. The Office of Valuation Services review appraiser for this appraisal assignment will provide contacts for this assignment as needed.

SECTION 1 – SUBJECT IDENTIFICATION & GENERAL INFORMATION

Identification:	<i>Project Name</i>	Jamestown Reservoir
	<i>Location</i>	Stutsman County, North Dakota
	<i>Acreage</i>	3 acre or less sites
	<i>Number of Parcels</i>	72 mixed seasonal sites
	<i>Property Type</i>	Recreational/Residential Sites
	<i>Case Type</i>	Market Rent Survey

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

Intended Users: The market survey will be used by the Bureau of Reclamation on behalf of the United States of America.

Intended Use: The intended use of the analysis is to research the local rental market and report it in a summary manner. This data will assist the Bureau of Reclamation in determining a yearly use fee for the recreational sites surrounding the Jamestown Reservoir. It is not intended for any other use.

SECTION 2 – APPRAISAL REQUIREMENTS & INSTRUCTIONS

- Appraisal Standards:** Uniform Standards of Professional Appraisal Practice (USPAP).
- Extraordinary Assumptions:** None.
- Hypothetical Conditions:** None
- Jurisdictional Exceptions:** None
- Property Inspection:** The appraiser must inspect the subject property area and all of the market properties used in survey, unless the OVS Review Appraiser has approved other conditions in writing.
- This is a USPAP compliant report. The portions of USPAP that apply generally to appraisal practice include the DEFINITIONS, PREAMBLE, CONDUCT, MANAGEMENT, and CONFIDENTIALITY sections of the ETHIC RULE, the COMPETENCY RULE, and the JURISDICTIONAL EXCEPTION RULE. (USPAP: Advisory Opinion 21)
- The appraiser will be required to attend a pre-work meeting with the assigned OVS Review Appraiser, and/or other agency representative, and other interested parties.
- Controversies/Issues:** Should other controversies or issues be identified by the appraiser during the course of the assignment, the OVS Review Appraiser identified in Section 3 of this document must be immediately notified. The following issues have been identified:
- Legal Instructions:** None.

Special Appraisal Instructions:

1. The appraiser may not communicate assignment results to any party except OVS until authorized to do so in writing by OVS.
2. Any communication (verbal or written) with the Client Agency (Bureau of Reclamation) shall include the assigned OVS Review Appraiser.

General Appraisal Requirements & Instructions:

1. The appraiser must hold a valid license as a Certified General Appraiser for the jurisdiction in which the subject property is located. (Valid credentials include those obtained directly from the jurisdiction, those issued under a reciprocity agreement, and/or those characterized as “temporary” under the jurisdiction’s licensing and certification statutes.)
2. The OVS Statement of Work must be included within the Addenda to the appraisal report.
3. This appraisal assignment does not need to comply with UASFLA. It must conform to USPAP.
4. This is a market survey as directed under USPAP (AO 21).
5. Color photographs and maps of comparable properties shall be included in the appraisal report. OVS will accept aerial photographs for comparable properties, unless the aerial photographs do not accurately represent the property as of the date of inspection. The appraiser must photograph any unusual property features from the ground.
6. The report will be reviewed for compliance with the terms of this Statement of Work. Any findings of inadequacy will require clarification and/or correction.
7. The appraiser shall consider the Market Survey and all DOI internal documents furnished to the appraiser to be confidential. Refer all requests for information concerning the appraisal to the OVS Review Appraiser. While the public is not an intended user of the appraisal report, the Freedom of Information Act (FOIA) and Agency policy may result in the release of all or part of the appraisal report to others.
8. OVS will not normally accept custody of confidential information. Should appraiser find it necessary to rely on confidential information, he/she will contact the OVS Review Appraiser for instructions. The Review Appraiser will view the information and provide further instruction to the appraiser regarding handling and storage of the confidential information.
9. If including any proprietary information in the appraisal, appraiser must gain concurrence from OVS Review Appraiser and deliver the proprietary information in a separate binder.

SECTION 3 – PERFORMANCE & SUBMISSION REQUIREMENTS

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

The Target Period of Performance for the delivery of the initial appraisal report to the OVS Review Appraiser is 60 calendar days from the Date of Award. Contractors must provide the appraisal services within the performance period specified, and/or otherwise state an alternative Period of Performance with justification.

Deliverable/Task Schedule:

REQUIRED DELIVERABLES	DELIVERY DATE
Pre-Work Meeting	Not required
Initial Report	60 Days, or less
Review Period	15 Days
Final Market Survey Report	30 Days after Initial Report Delivery

Provided Subject Property Exhibits:

The following Subject Property Exhibits will be provided as attachments to the solicitation:

1. Sample market survey report
2. Location Map
3. Aerial Photo / Overlay
4. Copy of typical site permit