



Livingston City Commission Agenda

February 02, 2016

6:30 PM

City – County Complex, Community Room

1. Call to Order

2. Roll Call

3. Moment of Silence

4. Pledge of Allegiance

5. APPOINTMENT OF APPLICANT TO FILL COMMISSIONER SEAT

DISCUSS / APPROVE / DENY -- FILLING VACANCY ON COMMISSION AND COMMISSION APPOINTMENT OF APPLICANT TO VACATED SEAT

6. SWEARING IN FOR NEW COMMISSIONER

SWEARING IN FOR NEW COMMISSIONER

7. NEW ROLL CALL

8. Consent Items

A. CONSENT - Approve minutes from regular commission meeting of 1.19.16 Page 4

B. CONSENT - Ratify Claims 2nd Half Jan 2016 Page 8

C. CONSENT - Approve Bills and Claims 2nd Half January Page 10

9. Proclamations

10. Scheduled Public Comment

11. Public Hearings

12. Ordinances

13. Resolutions

- A. RESOLUTION NO. 4634 -- A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF LIVINGSTON, MONTANA, AUTHORIZING THE CITY MANAGER TO SIGN A FACILITIES AND REAL PROPERTY USE AGREEMENT WITH LIVINGSTON BASEBALL ASSOCIATION.**
Page 17

14. Action Items

- A. DISCUSS / APPROVE / DENY -- CITY'S PURCHASE OF PROPERTY FROM DURGAN'S, LLC, AND REQUEST FOR AUTHORIZATION TO ALLOW CITY MANAGER TO SIGN NECESSARY CLOSING DOCUMENTS**
Page 13
- B. DISCUSS / APPROVE / DENY -- ELECTION OF LIVINGSTON CITY COMMISSION CHAIRPERSON AND VICE CHAIRPERSON**
Page 148
- C. DISCUSS / APPROVE / DENY -- CHAIRPERSON'S APPOINTMENT OF CITY COMMISSIONERS TO ADVISORY BOARDS AND COMMISSIONS**
- D. DISCUSS / APPROVE / DENY -- CHAIRPERSON'S ASSIGNMENT OF SEATS AT COMMISSION TABLES**
Page 150

15. City Manager Comment

16. City Commission Comments

17. Public Comments

Individuals are reminded that public comments should be limited to items over which the City Commission has supervision, control, jurisdiction, or advisory power (MCA 2-3-202).

18. Adjournment

Calendar of Events

Supplemental Material

Notice

- **Public Comment:** The public can speak about an item on the agenda during discussion of that item by coming up to the table or podium, signing-in, and then waiting to be recognized by the Chairman. Individuals are reminded that public comments should be limited to items over which the City Commission has supervision, control, jurisdiction, or advisory power (MCA 2-3-202).
- **Meeting Recording:** An audio and/or video recording of the meeting, or any portion thereof, may be purchased by contacting the City Administration. The City does not warrant the audio and/or video recording as to content, quality, or clarity.
- **Special Accommodation:** If you need special accommodations to attend or participate in our meeting, please contact the Fire Department at least 24 hours in advance of the specific meeting you are planning on attending.

Backup material for agenda item:

A. CONSENT - Approve minutes from regular commission meeting of 1.19.16

MINUTES

Livingston City Commission

January 19, 2016

6:30 p.m.

City- County Complex, Community Room

1. Call to Order
 2. Roll Call
 - Bennett, Hoglund, Friedman and Sandberg were present.
 3. Moment of Silence
 4. Pledge of Allegiance
 5. Consent Items (00:02:30)
 - A. CONSENT - Approve minutes from regular Commission meeting 1.5.16
 - B. CONSENT - Approve Bills and Claims 1st Half of January 2016
 - C. CONSENT - Approve 2nd Quarter Pledged Securities Report
 - D. CONSENT - Approve Adam Stern application to Planning Board
 - Friedman made a motion to pass Consent Items A-D. Hoglund seconded.
 - All in favor, motion passed 4-0.
 6. Proclamations
 7. Scheduled Public Comment
 - Bennett made a motion to follow Scheduled Public Comment A with Addendum Action Item E. All in favor.
 - A. **MONTANA DEPARTMENT OF TRANSPORTATION (MDT) PRESENTATION CONCERNING RECOMMENDED SPEED LIMIT NEAR HOSPITAL (00:04:30)**
 - Danielle Bolin from Montana Department of Transportation made comments (00:05:00)
- Action Item E: DISCUSS / APPROVE / DENY -- CITY COMMISSION COMMENTS ON PROPOSED SPEED LIMIT NEAR HOSPITAL (TO BE SENT TO MONTANA TRANSPORTATION COMMISSION (MTC) FOR CONSIDERATION AT MTC'S JANUARY 2016 MEETING) (00:44:04)**
- Donna Hemingson made comments (00:46:26)
 - Harry Coffman made comments (00:48:02)
 - Michelle Becker made comments (00:51:02)
 - Warren Mabie made comments (00:56:10)

- Bob Jovick made comments (01:02:58)
- Jeff Dickerson made comments (01:04:04)
- Danielle Bolin made comments (01:07:30)
- Sandberg made a motion to submit a letter to Montana Department of Transportation requesting a 45 mile per hour speed limit from the bridge to Swingley Road and placing appropriate signage along the route.
- Bennett amended the motion to include all the above and appropriate signage, arrows, and road markings along the route. Sandberg seconded.
 - All in favor, motion passed 4-0.

B. JEFF DICKERSON FROM THE LIVINGSTON YOUTH SOCCER ASSOCIATION WITH A PROJECT UPDATE ON THE FIELDHOUSE AT NORTHSIDE PARK (01:20:03)

8. Public Hearings

9. Ordinances

10. Resolutions

A. RESOLUTION NO. 4631 -- A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF LIVINGSTON, MONTANA, AUTHORIZING THE CITY MANAGER TO SIGN THE FEDERAL GRANT APPLICATION DOCUMENTS NECESSARY FOR RUNWAY, TAXIWAY AND APRON IMPROVEMENT PROJECTS AT MISSION FIELD. (01:27:04)

- Kerry LaDuke made comments (01:27:42)
- Friedman made a motion to pass Resolution No. 4631. Hoglund seconded.
 - All in favor, motion passed 4-0.

B. RESOLUTION NO. 4633 -- A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF LIVINGSTON, MONTANA, AUTHORIZING THE CITY MANAGER TO SIGN THE FIRST AMENDMENT TO REAL PROPERTY BUY-SELL AGREEMENT WITH DURGAN’S, LLC. (01:32:02)

- Friedman made a motion to pass Resolution No. 4633. Hoglund seconded.
 - All in favor, motion passed 4-0.

C. RESOLUTION NO. 4632 -- A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF LIVINGSTON, MONTANA, GRANTING A WAIVER OF ALL IMPACT FEES FOR THE LIVINGSTON YOUTH SOCCER ASSOCIATION (LYSA) FIELD HOUSE PROJECT. (01:33:03)

- Friedman made a motion to pass Resolution No. 4632. Hoglund seconded.
 - All in favor, motion passed 4-0.

11. Action Items

A. DISCUSS / APPROVE / DENY -- DEADLINE BY WHICH ALBEMARLE / GUEST HOUSE PROJECT MUST BE COMPLETED TO RECEIVE REIMBURSEMENT FUNDS APPROVED AT 1/05/16 CITY COMMISSION MEETING (01:38:42)

- Manny Goetz made comments (01:43:23)
- Hoglund made a motion to approve setting a deadline for completion of project by 12/31/16 to receive reimbursement of funds approved at 01/05/16 City Commission Meeting. Friedman seconded.
 - Motion passed 3-0. (Sandberg abstained.)

B. DISCUSS / APPROVE / DENY -- PROPOSAL FOR THE CITY TO PROVIDE 50% OF THE FUNDS NECESSARY FOR A NEW CLERK / RECORDER FOR THE AIRPORT BOARD (PARK COUNTY WILL PROVIDE THE OTHER 50% OF NECESSARY FUNDING) (01:46:56)

- Commission requested clarification of agreement before moving forward.

C. DISCUSS / APPROVE / DENY -- REVIEW CITY COMMISSION VACANCY APPLICATIONS FOR MINIMUM QUALIFICATIONS REQUIRED BY LAW (01:53:09)

D. DISCUSS / APPROVE / DENY -- PRODUCE LIST OF QUESTIONS FOR LIVINGSTON CITY COMMISSION VACANCY APPLICANTS (01:55:33)

- Cheryl McGlaughlin made comments (02:15:04)
- Dan Durgan made comments (02:15:38)

12. City Manager Comment (02:19:56)

13. City Commission Comments

- Sandberg made comments (02:21:09)
- Friedman made comments (02:21:28)
- Bennett made comments (02:22:48)

14. Public Comments

- Warren Mabie made comments (02:24:00)
- Jill Mabie made comments (02:26:11)

15. Adjournment (02:27:32) 8:55 p.m.

Backup material for agenda item:

CONSENT - Ratify Claims 2nd Half Jan 2016

01/15/16
12:22:06

CITY OF LIVINGSTON
Claim Approval by Fund, Account
For the Accounting Period: 1/16

Page: 1 of 1
Report ID: AP100Z

For doc #s from 27431 to 27432, Operating Cash

Fund	Department Name (Account)	Vendor #/Name	Description	Amount
1000 GENERAL	460449 ADMINISTRATIVE SERVICES	3576 BARKMAN, ASHLEY	Skate Night Staff Oc	240.00
1000 GENERAL	460449 ADMINISTRATIVE SERVICES	3575 ROOPE, KYRA	Skate Night Staff Oc	250.00
			Total for Fund:	490.00
			Total:	490.00

Backup material for agenda item:

C. CONSENT - Approve Bills and Claims 2nd Half January

01/26/16
12:11:53

CITY OF LIVINGSTON
Claim Approval by Fund, Account
For the Accounting Period: 2/16

Page: 1 of
Report ID: AP100Z

For doc #s from 27433 to 27536, Operating Cash

Fund	Department Name (Account)	Vendor #/Name	Description	Amount
1000 GENERAL	323030 DOG LICENSES	999999 TIETZ, JULIA	Refund 2016 Dog Lic	15.00
1000 GENERAL	351033 PARKING	682 CENTRON SERVICES	Parking ticket colle	106.74
1000 GENERAL	410360 CITY JUDGE	2608 STATE OF MONTANA - ITSD	33% Video Conferenci	109.27
1000 GENERAL	410360 CITY JUDGE	329 WOOD, WENDY	Pro Tem Judge 10/23	180.00
1000 GENERAL	410530 AUDITING	3348 AMATICS CPA GROUP	FY 14-15 Audit Compl	1,100.00
1000 GENERAL	410550 ACCOUNTING	225 FIRST INTERSTATE BANK	Safety Deposit box	25.00
1000 GENERAL	411030 PLANNER	162 CENTURYLINK	Planning dept	76.55
1000 GENERAL	411030 PLANNER	3387 J & H, Inc.	Copier	12.91
1000 GENERAL	411100 CITY ATTORNEY	70 MONTANA LEGISLATIVE	2015 MCA - Full Set	350.00
1000 GENERAL	411100 CITY ATTORNEY	2823 WEST PAYMENT CENTER -	Law information Dece	262.44
1000 GENERAL	411100 CITY ATTORNEY	2823 WEST PAYMENT CENTER -	Information Charges-	262.44
1000 GENERAL	411230 FACILITY MAINTENANCE	1658 KONE INC.	37% Elevator Maint	285.55
1000 GENERAL	411230 FACILITY MAINTENANCE	102 INDUSTRIAL TOWEL	Rug Maintenance	21.94
1000 GENERAL	411230 FACILITY MAINTENANCE	147 LIVINGSTON UTILITY	City/County Complex	99.92
1000 GENERAL	411230 FACILITY MAINTENANCE	147 LIVINGSTON UTILITY	City Finance Office	66.29
1000 GENERAL	411230 FACILITY MAINTENANCE	151 NORTHWESTERN ENERGY	37% Facility	8.06
1000 GENERAL	411230 FACILITY MAINTENANCE	151 NORTHWESTERN ENERGY	37% Facility	2,680.15
1000 GENERAL	411230 FACILITY MAINTENANCE	98 GRAYBEAL'S ALL SERVICE	Thermostat adjustmen	68.00
1000 GENERAL	411230 FACILITY MAINTENANCE	102 INDUSTRIAL TOWEL	Rug Maintenance	37.70
1000 GENERAL	411230 FACILITY MAINTENANCE	3023 RICK'S REFRIGERATION,	37% Quarterly Mainte	176.86
1000 GENERAL	411230 FACILITY MAINTENANCE	2613 US BANK	City/County Building	18,869.42
1000 GENERAL	411230 FACILITY MAINTENANCE	2613 US BANK	City/County Building	478.99
1000 GENERAL	411300 CENTRAL COMMUNICATIONS	3440 CHARTER COMMUNICATIONS	PW Internet	888.63
1000 GENERAL	411700 CENTRAL STORES	1783 J & H OFFICE EQUIPMENT	Canon Copier	275.29
1000 GENERAL	411700 CENTRAL STORES	1783 J & H OFFICE EQUIPMENT	Late fee	27.53
1000 GENERAL	411700 CENTRAL STORES	250 INSTY-PRINTS	Name Plate	17.50
1000 GENERAL	411700 CENTRAL STORES	1783 J & H OFFICE EQUIPMENT	Canon Copier	183.53
1000 GENERAL	411700 CENTRAL STORES	2426 GRANITETCS, INC	ESET renewal 1 yr	629.35
1000 GENERAL	411700 CENTRAL STORES	3353 STORY DISTRIBUTING	Diesel Fuel 421 gal	660.47
1000 GENERAL	411700 CENTRAL STORES	3353 STORY DISTRIBUTING	Diesel Fuel 368 gal	526.67
1000 GENERAL	411700 CENTRAL STORES	2426 GRANITETCS, INC	Cabling Wireless AP	822.00
1000 GENERAL	420100 OPERATING ACCOUNT	294 CHAPPELL'S BODY SHOP,	Car Wash credit	30.00
1000 GENERAL	420100 OPERATING ACCOUNT	728 BRIDGER COMMUNICATIONS	Hand held radio micr	295.80
1000 GENERAL	420100 OPERATING ACCOUNT	3455 INDUSTRIAL COMM & ELEC OF	Portable radio repai	381.00
1000 GENERAL	420100 OPERATING ACCOUNT	250 INSTY-PRINTS	Business cards, vict	155.49
1000 GENERAL	420100 OPERATING ACCOUNT	250 INSTY-PRINTS	Business cards, vict	149.85
1000 GENERAL	420100 OPERATING ACCOUNT	738 SIRCHIE	Evidence gathering s	111.00
1000 GENERAL	420100 OPERATING ACCOUNT	642 MONTANA LAW ENFORCEMENT	Basic - Sullivan & H	250.00
1000 GENERAL	420100 OPERATING ACCOUNT	642 MONTANA LAW ENFORCEMENT	Lodging , Meals	2,750.00
1000 GENERAL	420100 OPERATING ACCOUNT	642 MONTANA LAW ENFORCEMENT	Taser training	90.00
1000 GENERAL	420100 OPERATING ACCOUNT	2669 WATSON, GEORGE W., PHD	Return to Duty Evalu	1,400.00
1000 GENERAL	420400 OPERATING ACCOUNTS	26 LIVINGSTON ACE HARDWARE -	Fasteners	3.00
1000 GENERAL	420400 OPERATING ACCOUNTS	26 LIVINGSTON ACE HARDWARE -	Pushbroom	18.99
1000 GENERAL	420400 OPERATING ACCOUNTS	26 LIVINGSTON ACE HARDWARE -	Wax ring	7.18
1000 GENERAL	420400 OPERATING ACCOUNTS	662 L.N. CURTIS & SONS	Replacement knob	31.88
1000 GENERAL	420400 OPERATING ACCOUNTS	1068 HEIMAN INC.	Wheel Chock holder	120.55
1000 GENERAL	420400 OPERATING ACCOUNTS	3496 COFFMAN, BEN	Reimbursement	8.25
1000 GENERAL	420400 OPERATING ACCOUNTS	2666 MUNICIPAL EMERGENCY	SCBA Battery holder	235.00
1000 GENERAL	420400 OPERATING ACCOUNTS	1390 KEN'S EQUIPMENT REPAIR,	2 Batteries	452.00
1000 GENERAL	420403 BUILDING INSPECTION	162 CENTURYLINK	Building Dept	153.89
1000 GENERAL	430950 ROAMING OPERATING	147 LIVINGSTON UTILITY	Parks Garb & Cemeter	219.94
1000 GENERAL	430950 ROAMING OPERATING	151 NORTHWESTERN ENERGY	Cemetery	16.74

For doc #s from 27433 to 27536, Operating Cash

Fund	Department Name (Account)	Vendor #/Name	Description	Amount
1000 GENERAL	430950 ROAMING OPERATING	151 NORTHWESTERN ENERGY	Arcs & Posts	278.73
1000 GENERAL	430950 ROAMING OPERATING	151 NORTHWESTERN ENERGY	G st Park	155.45
1000 GENERAL	430950 ROAMING OPERATING	151 NORTHWESTERN ENERGY	Concession	20.00
1000 GENERAL	430950 ROAMING OPERATING	151 NORTHWESTERN ENERGY	Softball	9.32
1000 GENERAL	430950 ROAMING OPERATING	151 NORTHWESTERN ENERGY	Soccer	1.43
1000 GENERAL	430950 ROAMING OPERATING	151 NORTHWESTERN ENERGY	229 River	8.05
1000 GENERAL	430950 ROAMING OPERATING	151 NORTHWESTERN ENERGY	Mike Webb	7.59
1000 GENERAL	430950 ROAMING OPERATING	151 NORTHWESTERN ENERGY	616 River	7.59
1000 GENERAL	430950 ROAMING OPERATING	2 A-1 MUFFLER, INC.	Shocks & Bushings	240.00
1000 GENERAL	430950 ROAMING OPERATING	54 GATEWAY OFFICE SUPPLY	Supplies	85.96
1000 GENERAL	430950 ROAMING OPERATING	468 LIVINGSTON FIRE SERVICE,	CC fire extinguisher	245.35
1000 GENERAL	430950 ROAMING OPERATING	468 LIVINGSTON FIRE SERVICE,	Cemetery fire exting	38.40
1000 GENERAL	430950 ROAMING OPERATING	957 RESPOND SYSTEMS	CC first aid	98.10
1000 GENERAL	460430 PARKS OPERATING	162 CENTURYLINK	Park Dept	101.15
1000 GENERAL	460430 PARKS OPERATING	26 LIVINGSTON ACE HARDWARE -	Sockets	31.99
1000 GENERAL	460430 PARKS OPERATING	26 LIVINGSTON ACE HARDWARE -	Supplies	57.57
1000 GENERAL	460430 PARKS OPERATING	26 LIVINGSTON ACE HARDWARE -	Supplies	45.81
1000 GENERAL	460430 PARKS OPERATING	26 LIVINGSTON ACE HARDWARE -	Fasteners	1.08
1000 GENERAL	460430 PARKS OPERATING	26 LIVINGSTON ACE HARDWARE -	Fasteners	6.36
1000 GENERAL	460430 PARKS OPERATING	26 LIVINGSTON ACE HARDWARE -	Supplies	34.55
1000 GENERAL	460430 PARKS OPERATING	26 LIVINGSTON ACE HARDWARE -	Ice Melt	33.98
1000 GENERAL	460430 PARKS OPERATING	26 LIVINGSTON ACE HARDWARE -	Tools & Supplies	256.80
1000 GENERAL	460430 PARKS OPERATING	26 LIVINGSTON ACE HARDWARE -	Batteries	129.00
1000 GENERAL	460430 PARKS OPERATING	26 LIVINGSTON ACE HARDWARE -	Bolt	9.99
1000 GENERAL	460430 PARKS OPERATING	63 HOUSE OF CLEAN	Supplies	224.47
1000 GENERAL	460430 PARKS OPERATING	776 KENYON NOBLE	Concrete	22.14
1000 GENERAL	460430 PARKS OPERATING	3040 PRO RENTALS & SALES, INC.	Bobcat	11.22
1000 GENERAL	460430 PARKS OPERATING	26 LIVINGSTON ACE HARDWARE -	Fasteners	3.04
1000 GENERAL	460430 PARKS OPERATING	776 KENYON NOBLE	Ratchet straps	15.99
1000 GENERAL	460430 PARKS OPERATING	776 KENYON NOBLE	Fir Kd	8.80
1000 GENERAL	460430 PARKS OPERATING	776 KENYON NOBLE	Supplies	99.15
1000 GENERAL	460449 ADMINISTRATIVE SERVICES	999999 CUMMINS, HEATHER	Skate nite 20 hrs x	200.00
1000 GENERAL	460449 ADMINISTRATIVE SERVICES	162 CENTURYLINK	Civic Center	98.94
Total for Fund:				38,792.76
2300 COMMUNICATIONS/DISPATCH	420160 DISPATCH/COMMUNICATIONS	1783 J & H OFFICE EQUIPMENT	Canon Copier	91.76
2300 COMMUNICATIONS/DISPATCH	420160 DISPATCH/COMMUNICATIONS	3333 KING COUNTY FINANCE	EMD on line subscrip	180.00
2300 COMMUNICATIONS/DISPATCH	420160 DISPATCH/COMMUNICATIONS	3449 LEAF	Lease Kyocera Copier	27.60
Total for Fund:				299.36
2400 LIGHT MAINTENANCE	420100 OPERATING ACCOUNT	151 NORTHWESTERN ENERGY	I90 & 89S	7.48
2400 LIGHT MAINTENANCE	420100 OPERATING ACCOUNT	151 NORTHWESTERN ENERGY	600 W Park	95.73
2400 LIGHT MAINTENANCE	420100 OPERATING ACCOUNT	151 NORTHWESTERN ENERGY	412 W Callender	109.84
2400 LIGHT MAINTENANCE	420100 OPERATING ACCOUNT	151 NORTHWESTERN ENERGY	C & D & Lewis	37.44
2400 LIGHT MAINTENANCE	420100 OPERATING ACCOUNT	151 NORTHWESTERN ENERGY	1100 W Geyser	8.61
2400 LIGHT MAINTENANCE	420100 OPERATING ACCOUNT	151 NORTHWESTERN ENERGY	900 W Geyser	11.59
2400 LIGHT MAINTENANCE	420100 OPERATING ACCOUNT	151 NORTHWESTERN ENERGY	132 S B	229.12
2400 LIGHT MAINTENANCE	420100 OPERATING ACCOUNT	151 NORTHWESTERN ENERGY	E st & Alley	65.73
2400 LIGHT MAINTENANCE	420100 OPERATING ACCOUNT	151 NORTHWESTERN ENERGY	18 W Park	129.95
2400 LIGHT MAINTENANCE	420100 OPERATING ACCOUNT	151 NORTHWESTERN ENERGY	F & G & Callender	59.28

For doc #s from 27433 to 27536, Operating Cash

Fund	Department Name (Account)	Vendor #/Name	Description	Amount
2400 LIGHT MAINTENANCE	420100 OPERATING ACCOUNT	151 NORTHWESTERN ENERGY	D & E & Callender	84.57
2400 LIGHT MAINTENANCE	420100 OPERATING ACCOUNT	151 NORTHWESTERN ENERGY	M & N & Callender	92.26
2400 LIGHT MAINTENANCE	420100 OPERATING ACCOUNT	151 NORTHWESTERN ENERGY	School Flasher Park	8.06
2400 LIGHT MAINTENANCE	420100 OPERATING ACCOUNT	151 NORTHWESTERN ENERGY	N 7 & Montana & Chin	67.52
2400 LIGHT MAINTENANCE	420100 OPERATING ACCOUNT	151 NORTHWESTERN ENERGY	N 2 & Montana & Chin	104.34
2400 LIGHT MAINTENANCE	420100 OPERATING ACCOUNT	151 NORTHWESTERN ENERGY	Glenn Addn	108.58
2400 LIGHT MAINTENANCE	420100 OPERATING ACCOUNT	151 NORTHWESTERN ENERGY	105 W Park	69.20
2400 LIGHT MAINTENANCE	420100 OPERATING ACCOUNT	151 NORTHWESTERN ENERGY	320 N Main	20.95
2400 LIGHT MAINTENANCE	420100 OPERATING ACCOUNT	151 NORTHWESTERN ENERGY	114 W Summitt	41.40
2400 LIGHT MAINTENANCE	420100 OPERATING ACCOUNT	151 NORTHWESTERN ENERGY	110 S B	198.44
2400 LIGHT MAINTENANCE	420100 OPERATING ACCOUNT	151 NORTHWESTERN ENERGY	330 Bennett SL	106.56
2400 LIGHT MAINTENANCE	420100 OPERATING ACCOUNT	151 NORTHWESTERN ENERGY	112 S B	124.61
2400 LIGHT MAINTENANCE	420100 OPERATING ACCOUNT	151 NORTHWESTERN ENERGY	202 S 2	31.85
Total for Fund:				1,813.11
2500 STREET MAINTENANCE	430220 FACILITIES/CITY SHOP	147 LIVINGSTON UTILITY	Street Shop	49.80
2500 STREET MAINTENANCE	430220 FACILITIES/CITY SHOP	151 NORTHWESTERN ENERGY	406 Bennett	574.06
2500 STREET MAINTENANCE	430220 FACILITIES/CITY SHOP	162 CENTURYLINK	City Shops 50%	29.36
2500 STREET MAINTENANCE	430240 STREET DEPARTMENT	26 LIVINGSTON ACE HARDWARE	Batteries	14.99
2500 STREET MAINTENANCE	430240 STREET DEPARTMENT	3293 BLACKFOOT COMMUNICATIONS	Internet	50.00
2500 STREET MAINTENANCE	430240 STREET DEPARTMENT	3387 J & H, Inc.	Copier	12.91
2500 STREET MAINTENANCE	430240 STREET DEPARTMENT	2863 KIMBALL MIDWEST	Supplies	21.21
2500 STREET MAINTENANCE	430240 STREET DEPARTMENT	2830 LEHRKIND'S COCA-COLA	Water	1.75
2500 STREET MAINTENANCE	430240 STREET DEPARTMENT	2830 LEHRKIND'S COCA-COLA	Water	31.00
2500 STREET MAINTENANCE	430240 STREET DEPARTMENT	3040 PRO RENTALS & SALES, INC.	Repairs on Bobcat	422.30
2500 STREET MAINTENANCE	430240 STREET DEPARTMENT	1814 SPECIAL LUBE	Oil Change	60.00
2500 STREET MAINTENANCE	430240 STREET DEPARTMENT	3390 TD&H ENGINEERING, INC	B15-107	3,962.98
2500 STREET MAINTENANCE	430240 STREET DEPARTMENT	3390 TD&H ENGINEERING, INC	B15-081	2,492.25
2500 STREET MAINTENANCE	430240 STREET DEPARTMENT	533 T & E THE CAT RENTAL	Cutting Edge & Suppl	528.00
2500 STREET MAINTENANCE	430240 STREET DEPARTMENT	3472 UTILITIES UNDERGROUND	811	10.99
2500 STREET MAINTENANCE	430240 STREET DEPARTMENT	2437 O'REILLY AUTOMOTIVE, INC	Supplies	15.17
2500 STREET MAINTENANCE	430240 STREET DEPARTMENT	14 SHOPKO STORES, LLC	Supplies	34.47
2500 STREET MAINTENANCE	490500 DEBT SERVICE PAYMENTS	2613 US BANK	2013 Street Project	19,420.82
2500 STREET MAINTENANCE	490500 DEBT SERVICE PAYMENTS	2613 US BANK	2013 Street Project	1,917.57
Total for Fund:				29,649.63
2820 GAS TAX	430240 STREET DEPARTMENT	2904 FISHER SAND AND GRAVEL	Sanding Material	3,149.18
Total for Fund:				3,149.18
4099 RAILROAD CROSSING LEVY	411850 RAILROAD UNDERPASS	3580 CV APPRAISAL SERVICES,	Appraisal - Dugran L	3,000.00
Total for Fund:				3,000.00
5210 WATER OPERATING	343021 METERED WATER SALES	2510 MAVERICK REALTY	Refund overpayment M	103.33
5210 WATER OPERATING	343021 METERED WATER SALES	999999 HOLDORF, LARISSA	Refund overpayment	43.00
5210 WATER OPERATING	430515 WATER SERVICES	151 NORTHWESTERN ENERGY	40 Water Tower	50.03
5210 WATER OPERATING	430515 WATER SERVICES	151 NORTHWESTERN ENERGY	B st Well	1,102.51
5210 WATER OPERATING	430515 WATER SERVICES	151 NORTHWESTERN ENERGY	200 E Reservoir	115.93
5210 WATER OPERATING	430515 WATER SERVICES	151 NORTHWESTERN ENERGY	56 Water Tower	566.64

For doc #s from 27433 to 27536, Operating Cash

Fund	Department Name (Account)	Vendor #/Name	Description	Amount
5210 WATER OPERATING	430515 WATER SERVICES	151 NORTHWESTERN ENERGY	D & Geyser	1,619.25
5210 WATER OPERATING	430515 WATER SERVICES	151 NORTHWESTERN ENERGY	Finch	135.88
5210 WATER OPERATING	430515 WATER SERVICES	26 LIVINGSTON ACE HARDWARE	- Supplies	24.97
5210 WATER OPERATING	430515 WATER SERVICES	26 LIVINGSTON ACE HARDWARE	- Spray Paint	24.54
5210 WATER OPERATING	430515 WATER SERVICES	26 LIVINGSTON ACE HARDWARE	- Batteries	7.99
5210 WATER OPERATING	430515 WATER SERVICES	54 GATEWAY OFFICE SUPPLY	UPS	12.61
5210 WATER OPERATING	430515 WATER SERVICES	54 GATEWAY OFFICE SUPPLY	UPS	12.08
5210 WATER OPERATING	430515 WATER SERVICES	3387 J & H, Inc.	Copier	12.91
5210 WATER OPERATING	430515 WATER SERVICES	776 KENYON NOBLE	Wood	44.65
5210 WATER OPERATING	430515 WATER SERVICES	3578 NW HYDRO TECH	Parts & Supplies	2,050.00
5210 WATER OPERATING	430515 WATER SERVICES	2437 O'REILLY AUTOMOTIVE, INC	Oil	11.98
5210 WATER OPERATING	430515 WATER SERVICES	16 PARISI WESTERN PLUMBING &	Supplies	17.00
5210 WATER OPERATING	430515 WATER SERVICES	1814 SPECIAL LUBE	Oil Change	40.00
5210 WATER OPERATING	430515 WATER SERVICES	3390 TD&H ENGINEERING, INC	B15-081	2,492.25
5210 WATER OPERATING	430515 WATER SERVICES	3472 UTILITIES UNDERGROUND	811	10.99
5210 WATER OPERATING	430520 FACILITIES/CAPITAL OUTLAY	162 CENTURYLINK	Utility billing	76.87
5210 WATER OPERATING	430520 FACILITIES/CAPITAL OUTLAY	295 BLACK MOUNTAIN SOFTWARE,	Cass Certifications	33.33
5210 WATER OPERATING	430520 FACILITIES/CAPITAL OUTLAY	147 LIVINGSTON UTILITY	Utility Shop	119.92
5210 WATER OPERATING	430520 FACILITIES/CAPITAL OUTLAY	151 NORTHWESTERN ENERGY	330 Bennett	379.51
5210 WATER OPERATING	430520 FACILITIES/CAPITAL OUTLAY	3390 TD&H ENGINEERING, INC	B15-107	9,687.29
5210 WATER OPERATING	490500 DEBT SERVICE PAYMENTS	2613 US BANK	2010 Water Main Proj	7,647.00
5210 WATER OPERATING	490500 DEBT SERVICE PAYMENTS	2613 US BANK	2010 Water Main Proj	433.69
Total for Fund:				26,876.15
5310 SEWER OPERATING	430620 FACILITIES	162 CENTURYLINK	Utility billing	76.87
5310 SEWER OPERATING	430620 FACILITIES	295 BLACK MOUNTAIN SOFTWARE,	Cass Certifications	33.33
5310 SEWER OPERATING	430620 FACILITIES	147 LIVINGSTON UTILITY	Utility Shop	89.96
5310 SEWER OPERATING	430620 FACILITIES	151 NORTHWESTERN ENERGY	330 Bennett	379.51
5310 SEWER OPERATING	430620 FACILITIES	162 CENTURYLINK	City Shops 12%	7.05
5310 SEWER OPERATING	430625 SEWER SERVICES	151 NORTHWESTERN ENERGY	800 W Cambridge	27.09
5310 SEWER OPERATING	430625 SEWER SERVICES	151 NORTHWESTERN ENERGY	3 Rogers	22.42
5310 SEWER OPERATING	430625 SEWER SERVICES	151 NORTHWESTERN ENERGY	200 E Reservoir	12.05
5310 SEWER OPERATING	430625 SEWER SERVICES	151 NORTHWESTERN ENERGY	900 River	131.22
5310 SEWER OPERATING	430625 SEWER SERVICES	151 NORTHWESTERN ENERGY	1011 River	25.51
5310 SEWER OPERATING	430625 SEWER SERVICES	151 NORTHWESTERN ENERGY	Monroe	455.57
5310 SEWER OPERATING	430625 SEWER SERVICES	151 NORTHWESTERN ENERGY	Crawford	27.08
5310 SEWER OPERATING	430625 SEWER SERVICES	151 NORTHWESTERN ENERGY	Alpenglow	499.59
5310 SEWER OPERATING	430625 SEWER SERVICES	151 NORTHWESTERN ENERGY	2800 E Park	170.25
5310 SEWER OPERATING	430625 SEWER SERVICES	26 LIVINGSTON ACE HARDWARE	- Spray Paint	4.59
5310 SEWER OPERATING	430625 SEWER SERVICES	26 LIVINGSTON ACE HARDWARE	- Supplies	30.97
5310 SEWER OPERATING	430625 SEWER SERVICES	3574 HD Supply Waterworks, LTD	Sewer Repair Couplin	40.48
5310 SEWER OPERATING	430625 SEWER SERVICES	3387 J & H, Inc.	Copier	12.90
5310 SEWER OPERATING	430625 SEWER SERVICES	776 KENYON NOBLE	Wood	52.59
5310 SEWER OPERATING	430625 SEWER SERVICES	2437 O'REILLY AUTOMOTIVE, INC	Supplies	40.27
5310 SEWER OPERATING	430625 SEWER SERVICES	1814 SPECIAL LUBE	Oil Change	60.00
5310 SEWER OPERATING	430625 SEWER SERVICES	3390 TD&H ENGINEERING, INC	B15-081	2,492.24
5310 SEWER OPERATING	430625 SEWER SERVICES	3472 UTILITIES UNDERGROUND	811	10.99
5310 SEWER OPERATING	430630 COLLECTION AND	3574 HD Supply Waterworks, LTD	Manhole Kit	1,257.60
5310 SEWER OPERATING	430630 COLLECTION AND	3574 HD Supply Waterworks, LTD	Suipplies	622.39
5310 SEWER OPERATING	430630 COLLECTION AND	3390 TD&H ENGINEERING, INC	B15-107	3,962.98
5310 SEWER OPERATING	430640 SEWER TREATMENT PLANT	162 CENTURYLINK	Sewer Plant	169.84

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CITY OF LIVINGSTON
Claim Approval by Fund, Account
For the Accounting Period: 2/16

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Fund	Department Name (Account)	Vendor #/Name	Description	Amount
5310 SEWER OPERATING	430640 SEWER TREATMENT PLANT	147 LIVINGSTON UTILITY	Sewer Palnt	323.51
5310 SEWER OPERATING	430640 SEWER TREATMENT PLANT	151 NORTHWESTERN ENERGY	316 Bennett WWTP	7,918.29
5310 SEWER OPERATING	430640 SEWER TREATMENT PLANT	3293 BLACKFOOT COMMUNICATIONS	Internet	49.99
5310 SEWER OPERATING	430640 SEWER TREATMENT PLANT	424 ENERGY LABORATORIES, INC.	B15121894	102.00
5310 SEWER OPERATING	430640 SEWER TREATMENT PLANT	100 HACH COMPANY	Junction Box & Poly	5,832.00
5310 SEWER OPERATING	430640 SEWER TREATMENT PLANT	2830 LEHRKIND'S COCA-COLA	Water	25.05
5310 SEWER OPERATING	430640 SEWER TREATMENT PLANT	957 RESPOND SYSTEMS	WWTP first aid	103.46
5310 SEWER OPERATING	430640 SEWER TREATMENT PLANT	2610 RPM SALES	Shaft/Bearing Module	304.05
5310 SEWER OPERATING	490500 DEBT SERVICE PAYMENTS	2613 US BANK	2010 Sewer Main Proj	7,087.00
5310 SEWER OPERATING	490500 DEBT SERVICE PAYMENTS	2613 US BANK	2010 Sewer Main Proj	401.94
Total for Fund:				32,862.63
5410 SOLID WASTE	430820 FACILITIES	162 CENTURYLINK	Utility billing	76.86
5410 SOLID WASTE	430820 FACILITIES	162 CENTURYLINK	Scale house	99.00
5410 SOLID WASTE	430820 FACILITIES	295 BLACK MOUNTAIN SOFTWARE,	Cass Certifications	33.34
5410 SOLID WASTE	430820 FACILITIES	147 LIVINGSTON UTILITY	Street Shop	49.81
5410 SOLID WASTE	430820 FACILITIES	147 LIVINGSTON UTILITY	Utility Shop	63.97
5410 SOLID WASTE	430820 FACILITIES	151 NORTHWESTERN ENERGY	406 Bennett	574.05
5410 SOLID WASTE	430820 FACILITIES	151 NORTHWESTERN ENERGY	408 Bennett Scale	105.15
5410 SOLID WASTE	430820 FACILITIES	151 NORTHWESTERN ENERGY	408 Bennett TS	766.75
5410 SOLID WASTE	430820 FACILITIES	151 NORTHWESTERN ENERGY	330 Bennett	379.50
5410 SOLID WASTE	430820 FACILITIES	3387 J & H, Inc.	Copier	12.90
5410 SOLID WASTE	430820 FACILITIES	162 CENTURYLINK	Ciy Shops 38%	22.30
5410 SOLID WASTE	430830 COLLECTION/MAINTENANCE	10 MOBILE REPAIR & WELDING,	Floor Aprons	239.42
5410 SOLID WASTE	430830 COLLECTION/MAINTENANCE	957 RESPOND SYSTEMS	TS first aid	223.39
5410 SOLID WASTE	430830 COLLECTION/MAINTENANCE	2889 SETCO	Backhoe tires	910.97
5410 SOLID WASTE	430830 COLLECTION/MAINTENANCE	84 A & I DISTRIBUTORS	55 Gal DEF	175.90
5410 SOLID WASTE	430870 CUSTOMER ACCTG/COLLECTION	3293 BLACKFOOT COMMUNICATIONS	Internet	49.99
Total for Fund:				3,783.30
5510 AMBULANCE SERVICES	420730 AMBULANCE OPERATING ACCT	2662 BOUND TREE MEDICAL, LLC	Drug case	103.99
5510 AMBULANCE SERVICES	420730 AMBULANCE OPERATING ACCT	2662 BOUND TREE MEDICAL, LLC	Patient supplies	77.68
5510 AMBULANCE SERVICES	420730 AMBULANCE OPERATING ACCT	1396 WESTERN DRUG	Patient supplies	62.38
5510 AMBULANCE SERVICES	420730 AMBULANCE OPERATING ACCT	402 ALPINE ELECTRONICS RADIO	Office supplies	45.97
5510 AMBULANCE SERVICES	420730 AMBULANCE OPERATING ACCT	3069 BILLINGS CLINIC TRAINING	CPR recert	42.00
5510 AMBULANCE SERVICES	420730 AMBULANCE OPERATING ACCT	22 ALL SERVICE TIRE &	2 tires for M3 & rot	438.00
5510 AMBULANCE SERVICES	420730 AMBULANCE OPERATING ACCT	55 LIVINGSTON HEALTH	Patient supplies	42.05
5510 AMBULANCE SERVICES	420730 AMBULANCE OPERATING ACCT	2662 BOUND TREE MEDICAL, LLC	Patient supplies	257.79
5510 AMBULANCE SERVICES	420730 AMBULANCE OPERATING ACCT	2662 BOUND TREE MEDICAL, LLC	Patient supplies	24.79
5510 AMBULANCE SERVICES	420730 AMBULANCE OPERATING ACCT	26 LIVINGSTON ACE HARDWARE -	Electrical supplies	95.79
5510 AMBULANCE SERVICES	420730 AMBULANCE OPERATING ACCT	2662 BOUND TREE MEDICAL, LLC	Patient supplies	103.95
5510 AMBULANCE SERVICES	420730 AMBULANCE OPERATING ACCT	2662 BOUND TREE MEDICAL, LLC	Patient supplies	293.62
5510 AMBULANCE SERVICES	420730 AMBULANCE OPERATING ACCT	61 TERRELL'S OFFICE	Maintenance control	100.80
5510 AMBULANCE SERVICES	420730 AMBULANCE OPERATING ACCT	61 TERRELL'S OFFICE	Quarterly	60.00
5510 AMBULANCE SERVICES	420730 AMBULANCE OPERATING ACCT	61 TERRELL'S OFFICE	Nov. Billing	30.00
5510 AMBULANCE SERVICES	420730 AMBULANCE OPERATING ACCT	61 TERRELL'S OFFICE	Dec. Billing	30.00
5510 AMBULANCE SERVICES	420730 AMBULANCE OPERATING ACCT	3069 BILLINGS CLINIC TRAINING	CPR Recet	30.00
5510 AMBULANCE SERVICES	420730 AMBULANCE OPERATING ACCT	2276 BIG BEAR ELECTRIC, LLC	Electrical work - Pl	4,766.81

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CITY OF LIVINGSTON
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Fund	Department Name (Account)	Vendor #/Name	Description	Amount
			Total for Fund:	6,605.62
7910 PAYROLL FUND	212970 FLEX PLAN BENEFITS PAY	2751 EDMISTON, KATHRYN	Flex Account	58.06
7910 PAYROLL FUND	212970 FLEX PLAN BENEFITS PAY	958 HARRINGTON, KEVIN	Flex Account	34.69
7910 PAYROLL FUND	212970 FLEX PLAN BENEFITS PAY	3010 EMANUAL, ANDREW	Flex Account	494.20
7910 PAYROLL FUND	212970 FLEX PLAN BENEFITS PAY	3577 MONTGOMERY, MELODY	Flex Account	51.39
7910 PAYROLL FUND	212970 FLEX PLAN BENEFITS PAY	3496 COFFMAN, BEN	Flex Account	333.28
7910 PAYROLL FUND	212970 FLEX PLAN BENEFITS PAY	3496 COFFMAN, BEN	Child Care	2,568.00
7910 PAYROLL FUND	212970 FLEX PLAN BENEFITS PAY	1550 MALCOTT, EILEEN	Flex Account	114.19
7910 PAYROLL FUND	212970 FLEX PLAN BENEFITS PAY	1901 HARRIS, JOSEPH E.	Flex Account	178.76
7910 PAYROLL FUND	212970 FLEX PLAN BENEFITS PAY	3579 SULLIVAN, PATRICK	Flex account	239.84
			Total for Fund:	4,072.41
			Total:	150,904.15

Backup material for agenda item:

- A. RESOLUTION NO. 4634 -- A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF LIVINGSTON, MONTANA, AUTHORIZING THE CITY MANAGER TO SIGN A FACILITIES AND REAL PROPERTY USE AGREEMENT WITH LIVINGSTON BASEBALL ASSOCIATION.**

Livingston City Commission
LEGISLATIVE ACTION SUMMARY
Resolution No. 4634

Date of First Consideration / Status: February 2, 2016

Purpose of Legislation: To authorize the City Manager to execute the Facilities and Real Property Use Agreement attached to Resolution No. 4634 as Exhibit A.

Statutory Authority / Reference: Mont. Code Ann. § 7-3-304(9)

Background: The City of Livingston (the City) owns real property located adjacent to Miles Park, which real property consists of baseball and softball fields and improvements located on or near the baseball and softball fields. The City and the Livingston Baseball Association (LBA) have entered into agreements in the past whereby the City granted LBA the right to use the baseball and softball fields and the associated improvements in connection with LBA’s youth baseball and softball programs. The parties desire to enter into a new agreement covering the availability and use of the baseball and softball fields and the improvements that defines their respective rights, duties, and obligations with respect to the property, all as more specifically described in the Facilities and Real Property Use Agreement attached to Resolution No. 4634.

Fiscal Impact: N/A

Regulatory Impact (local): The City will be required to ensure LBA is complying with the terms and conditions of the Facilities and Real Property Use Agreement.

Attachments: Facilities and Real Property Use Agreement

RESOLUTION NO. 4634

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF LIVINGSTON, MONTANA, AUTHORIZING THE CITY MANAGER TO SIGN A FACILITIES AND REAL PROPERTY USE AGREEMENT WITH LIVINGSTON BASEBALL ASSOCIATION.

WHEREAS, the City owns real property located adjacent to Miles Park, which real property consists of baseball and softball fields and improvements located on or near the baseball and softball fields;

WHEREAS, the City and the Livingston Baseball Association (LBA) have entered into agreements in the past whereby the City granted LBA the right to use the baseball and softball fields and the associated improvements in connection with LBA’s youth baseball and softball programs; and

WHEREAS, the City and LBA desire to enter into a new agreement covering the availability and use of the baseball and softball fields that defines their respective rights, duties, and obligations with respect to the property, all as more specifically described in the Facilities and Real Property Use Agreement attached hereto and incorporated herein as Exhibit A.

NOW, THEREFORE, BE IT RESOLVED, by the City Commission of the City of Livingston, Montana, as follows:

The City Manager is hereby authorized to enter into the Facilities and Real Property Use Agreement attached hereto and incorporated herein as Exhibit A.

PASSED AND ADOPTED by the City Commission of the City of Livingston, this _____ day of February, 2016.

JAMES BENNETT - Chairman

ATTEST:

APPROVED AS TO FORM:

LISA HARRELD
Recording Secretary

ERIK COATE
City Attorney

FACILITIES AND REAL PROPERTY USE AGREEMENT

THIS FACILITIES AND REAL PROPERTY USE AGREEMENT (this “Agreement”) is entered into as of the latest date set forth by a signature below (the “Effective Date”), by and between the **CITY OF LIVINGSTON** (the “City”), a municipal corporation and political subdivision of the State of Montana, with its principal office located at 414 East Callender Street, Livingston, Montana 59047, and **LIVINGSTON BASEBALL ASSOCIATION** (“LBA”; and sometimes together with the City, the “Parties”), with its principal office located at _____, Livingston, Montana 59047.

RECITALS:

- A. The City owns the real property depicted and described on **Exhibit A**, as well as the improvements located on and attached to the said real property (the improvements and the real property are collectively referred to in this Agreement as the “Baseball / Softball Fields”). The Baseball / Softball Fields are located adjacent to Miles Park, City of Livingston, Montana.
- B. The City and LBA have entered into agreements in the past whereby the City has granted LBA the right to use the Baseball / Softball Fields in connection with LBA’s youth baseball and softball programs.
- C. The Parties desire to enter into a new agreement covering the availability and use of the Baseball / Softball Fields that defines their respective rights, duties, and obligations with respect to the property, all as more specifically described below.

NOW, THEREFORE, in consideration of the mutual covenants set forth in this Agreement, and for other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the Parties agree as follows:

- 1. Incorporation of Recitals. The above recitals are true and correct and are incorporated into this Agreement as if fully set forth in this Paragraph 1.
- 2. Grant. The City hereby grants LBA use of the Baseball / Softball Fields on the terms and conditions set forth in this Agreement.
- 3. Term. LBA shall have the right to use the Baseball / Softball Fields under this Agreement from 12:00 a.m. on March 1 of each calendar year until 11:59 p.m. on August 15 of each calendar year. This Agreement shall remain in full force and effect for a period of ten (10) years, unless terminated sooner pursuant to Paragraph 20 below.

4. Fee. In exchange for the use granted in this Agreement, LBA agrees to pay to the City, without demand, the sum of one and no/100 Dollars (\$1.00) on or before March 1 of each calendar year this Agreement remains in effect.
5. Use. LBA shall use and occupy the Baseball / Softball Fields for baseball, softball, T-ball, and related events. LBA shall comply with all the sanitary laws, ordinances, rules and orders of appropriate governmental authorities affecting the cleanliness, use and preservation of the Baseball / Softball Fields during the term of this Agreement.
6. Alterations. LBA shall make no alterations to the Baseball / Softball Fields or construct any building or make other improvements at the Baseball / Softball Fields without prior written consent from the City's Public Works Director. All alterations, changes, and improvements built, constructed, or placed on or at the Baseball / Softball Fields by LBA, with the exception of fixtures removable without damage to the premises and moveable personal property, shall, unless otherwise provided by written agreement between City and LBA, be the property of City and remain on or at the Baseball / Softball Fields at the termination of this Agreement.
7. Other Users. LBA acknowledges, understands and agrees that during the term of this Agreement other activities and events may be held in or on the Baseball / Softball Fields pursuant to other Facilities and Real Property Use Agreements entered into by and between the City and third parties. As discussed elsewhere in this Agreement, however, all users of the Baseball / Softball Fields will be required to schedule events through the City's Parks & Recreation Department to ensure there are no conflicts in scheduling. LBA further agrees to conduct its activities in a way that does not interfere with other users.
8. Scheduling Specific Activities and Events. As noted in Paragraph 7 above, the City may enter into Facilities and Real Property Use Agreements with third parties for the Baseball / Softball Fields, which agreements may allow third parties to use the Baseball / Softball Fields during the term of this Agreement. Such being the case, and in order to make the Baseball / Softball Fields available to a wide range of people in the community, LBA and the other users will be required to coordinate with the City's Parks & Recreation Department (specifically, the Recreation Manager, who can be reached at (406) 222-8155) to schedule dates and times it will require use of the Baseball / Softball Fields. The City's Parks & Recreation Department will reasonably attempt to accommodate all users' wishes with respect to dates and times, and LBA understands and acknowledges its assistance, flexibility and understanding in that venture will be necessary to accomplish a harmonious relationship between the City, LBA, and other users.
9. Condition of Baseball / Softball Fields. LBA acknowledges it has examined the Baseball / Softball Fields, including the grounds and all buildings and improvements, and agrees

they are in good order and repair, and in a safe, clean and usable condition as of the Effective Date. LBA acknowledges there is no heat in the buildings and only cold water, excepting the concessions stand, which has both heat and hot water.

10. No Warranties or Representations. The City makes no warranties or representations other than those contained in this Agreement, and the City makes no warranties or representations as to the suitability of the Baseball / Softball Fields for LBA's proposed use or uses.
11. Restroom Facilities. In the event the permanent restroom facilities are inoperable during those times LBA is utilizing the Baseball / Softball Fields, LBA shall be responsible for the furnishing and placement of adequate portable toilet units at the Baseball / Softball Fields. LBA shall not be responsible for placement of portable toilet units during periods in which no organized activities or events are scheduled.
12. Dangerous Materials. LBA shall not keep or have on or at the Baseball / Softball Fields any article or thing of a dangerous, flammable, or explosive character that might unreasonably increase the danger of fire at the Baseball / Softball Fields or that might be considered hazardous or extra hazardous by any responsible insurance company. For this reason, the City will perform a fire inspection of all LBA occupied premises as often as is deemed necessary by the City.
13. Inspection. LBA agrees that the City's authorized employees, agents, contractors, and the like may enter the Baseball / Softball Fields at reasonable times to perform necessary work, maintenance and/or inspections and to make sure LBA is complying with this Agreement.
14. Utilities. The City shall be responsible for water, sewer, and electrical service costs associated with the irrigation of the Baseball / Softball Fields, electrical service costs associated with lighting, and any other utility costs.
15. Concessions. The City will provide no concession services. LBA shall be responsible for operation of any and all concessions in the Baseball / Softball Fields during LBA uses and events. Concessions shall include all food and beverage items as well as any other products or goods to be sold or served during LBA uses and events. If LBA contracts with a third party to provide concessions, the person or entity hired shall carry insurance at the limits stated in Paragraph 25 below, and such policies of insurance shall name the City as an additional insured.
16. Regular Cleaning. LBA shall clean up the Baseball / Softball Fields, including the playing fields, parking lots, and areas contiguous to the playing fields on a regular basis and deposit all litter and aggregates into appropriate litter collection receptacles provided by the City.

In addition, LBA shall be responsible for cleaning any and all concession and support buildings and restrooms it utilizes as often as is necessary to provide clean and sanitary facilities for public use.

17. Hired Services. LBA may utilize professional maintenance personnel with appropriate skills and equipment to perform the necessary maintenance and cleaning work required by this Agreement. All such professional maintenance personnel shall carry insurance at the limits stated in Paragraph 25 below, and such policies of insurance shall name the City as an additional insured. LBA members and volunteers may be used to perform functions that do not require specialized equipment, knowledge or skill.
18. Additional Obligations. The Parties agree to any additional rights, duties, and obligations detailed and described in **Exhibit B** to this Agreement.
19. Vacating. Upon termination of this Agreement, LBA shall peaceably vacate the Baseball / Softball Fields and remove its employees, agents, contractors, guests and invitees and their property from the Baseball / Softball Fields so that the Baseball / Softball Fields are in the same condition (ordinary wear and tear excepted) as at the Effective Date. LBA agrees to reimburse City for any expense City incurs in repairing any damage caused by LBA. Any property or items belonging to LBA or its employees, agents, contractors, guests or invitees remaining in or on the Baseball / Softball Fields after termination of this Agreement shall be deemed abandoned and may be disposed of by City as it sees fit in its sole and absolute discretion.
20. Termination. Either the City or LBA may terminate this Agreement prior to expiration of its term by providing the other party with fourteen (14) days prior written notice. However, during the time of year LBA is actually using the Baseball / Softball Fields (i.e., from 12:00 a.m. on March 1 through 11:59 p.m. on August 15), the City may only terminate this Agreement if, in its reasonable opinion, LBA or its employees, agents, contractors, guests or invitees fail to comply with a material term of this Agreement. In the event either party is required to terminate this Agreement, the terminating party shall not be liable in any way for any lost profits or incidental, indirect, special, or consequential damages incurred by the non-terminating party, even if the terminating party is aware of the possibility of such damages.
21. Compliance with Law. LBA and its employees, agents, contractors, guest and invitees shall comply with applicable federal, state, local and municipal laws, codes, ordinances, rules and regulations, including but not limited to fire, building safety and health codes applicable to the use of the Baseball / Softball Fields. LBA and its employees, agents and contractors shall obtain and maintain all permits, licenses and authorizations required by governmental and quasi-governmental agencies.

22. No Joint Venture. Nothing in this Agreement shall be construed as creating any employment, agency, partnership or joint venture relationship between the Parties.
23. Indemnification and Hold Harmless. LBA shall indemnify the City, its officers, agents and employees against any and all claims or demands of any kind or nature arising out of LBA's performance of this Agreement, the use of the Baseball / Softball Fields and the conditions existing upon said property as of the Effective Date. LBA shall, at its own expense, defend the City in any litigation, pay all attorney's fees, damages, court costs or other expenses that may arise out of such litigation of claims incurred in that connection and satisfy and cause to be discharged those judgments, as may be obtained against the City, its officers, employees or agents.
24. Liaison. The City's point of contact with respect to this Agreement is the Public Works Director, who can be reached at (406) 222-5667. LBA's point of contact with respect to this Agreement is Todd Wester, who can be reached at (406) 223-6980.
25. Insurance. LBA shall be responsible for maintaining in full force and effect, at its sole cost and expense, all insurance coverage required by law. In addition, LBA shall be responsible for maintaining in full force and effect, at its sole cost and expense, and shall provide the City with a certificate of insurance showing the City as an additional insured on, insurance coverage as follows:
- 25.1 A comprehensive public liability insurance policy, including automobile coverage, insuring against loss and for damages for personal injury or death and/or property loss, damage or destruction arising out of or in connection with the performance of this Agreement by LBA, its officers, agents and employees with the minimum liability limit of \$750,000.00 per claim and \$1,500,00.00 for each occurrence.
- 25.2 Fire, Casualty and Property loss insurance on the premises in the minimum amount of \$500,000.00 with a loss payable provision to the City.
- 25.3 City and LBA hereby mutually release the other from liability for all claims arising out of the use and occupation of the Baseball / Softball Fields which are covered by said insurance.
26. Notice. Any and all notices under this Agreement shall be in writing and shall be deemed duly given on the date actually received (or on the date delivery is refused) and shall be delivered by hand-delivery, delivered by Federal Express, UPS or another recognized and reputable overnight delivery service, addressed as follows:

If to City, to: Public Works Director
 330 Bennett Street
 Livingston, Montana 59047
 Telephone: (406) 222-5667

If to LBA, to: Todd Wester
 President -- Livingston Baseball Association

 Livingston, Montana 59047
 Telephone: (406) 223-6980

27. Non-Discrimination. The Parties agree and understand that the Baseball / Softball Fields shall not be used in any manner that would discriminate against any person or persons on the basis of sex, marital status, age, physical or mental handicap, race, creed, religion, color, or national origin.
28. Assignment. LBA may not assign this Agreement without the express written consent of the City.
29. Counterparts. This Agreement may be executed in counterparts, each of which shall be considered an original of this Agreement and all of which, collectively, shall constitute but one Agreement.
30. Authority. Each person executing this Agreement on behalf of a corporation, LLC, partnership, or other non-human entity represents that he/she is duly authorized to enter into this Agreement on behalf of such entity.
31. Merger / Integration. This Agreement contains the entire agreement among the Parties. There are no promises, agreements, conditions, undertakings, warranties, or representations, oral or written, expressed or implied among them other than as set forth in this Agreement. This Agreement is intended by the Parties to be an integration of all prior or contemporaneous promises, agreements, conditions, negotiations, and undertakings between the Parties.
32. Amendment. This Agreement may not be amended, altered, modified, changed or waived unless such amendment, alteration, modification, change or waiver is in writing and is signed by all of the parties to be charged thereby. No oral amendment, alteration, modification, change or waiver of any of the terms or conditions of this Agreement shall be legal, valid, effective and/or enforceable against any party.

33. Survival. The terms and provisions of this Agreement shall survive any termination of this Agreement.
34. Governing Law. This Agreement shall be governed by and interpreted under the applicable laws of the state of Montana, without regard to any conflicts of law principles.
35. Severability. If any term or condition of this Agreement shall be determined by any court of competent jurisdiction to be invalid, illegal or unenforceable, the remaining terms and conditions of this Agreement shall continue to be valid, legal and enforceable in all respects.
36. Interpretation. The paragraph headings used herein are for reference and convenience only and shall not enter into the interpretation of this Agreement. Whenever herein the singular number is in use, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders, and vice versa, as the context shall require. The language used in this Agreement shall be deemed to be the language chosen by the Parties to express their mutual intent and no rule of strict construction or interpretation shall be applied against any party on the grounds that such party was the “drafter” of this document nor shall any such principal of interpretation or construction be utilized to resolve any alleged ambiguity.
37. Exhibits. All exhibits referenced in this Agreement are made a part of this Agreement.
38. Computation of Time. In computing a period of days for performance or payment, the first day of the period shall be excluded and the last day of the period shall be included. If the last day of any such period is a Saturday, Sunday or federal holiday, the period shall extend to include the next day that is not a Saturday, Sunday or federal holiday. Any performance or payment that must be taken or made on a particular day must be taken or made prior to 5:00 p.m. on the day in question. All references to time shall be to local time in Livingston, Montana.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the latest date set forth by a signature below.

CITY OF LIVINGSTON

LIVINGSTON BASEBALL ASSOCIATION

 Lisa Lowy
 Interim City Manager

 Todd Wester
 President

EXHIBIT B

[The Parties Additional Rights, Duties and Obligations]

1. LBA’s Additional Maintenance Responsibilities. In addition to the responsibilities set forth in the Agreement, LBA shall:
 - 1.1 Hold a clean-up of the Baseball / Softball Fields every spring;
 - 1.2 During each year of its use of the Baseball / Softball Fields, provide the City with a comprehensive list of all maintenance, improvement, and construction activities LBA intends to undertake and complete for that year;
 - 1.3 During each year of its use of the Baseball / Softball Fields, provide the City with a list of capital improvements LBA desires to be completed at the Baseball / Softball Fields so the City can consider including the desired capital improvements in its Capital Improvements Plan (CIP);
 - 1.4 Maintain the concession building, restrooms, support buildings, playing fields, bases, mounds, and dugouts as is necessary for its uses;
 - 1.5 Provide playing field layout and marking as is necessary for its uses;
 - 1.6 Provide for the mowing of the playing fields not otherwise provided for herein or in the Agreement as is necessary for its uses; and
 - 1.7 In early spring, provide one weed spraying per season along fence lines, infields, outfields, curb lines, and walkways.

2. The City’s Additional Maintenance Responsibilities. In addition to the responsibilities set forth in the Agreement, the City shall do all of the following:
 - 2.1 Irrigate the Baseball / Softball Fields as is necessary to maintain healthy playing surface turf;
 - 2.2 Mow all grass areas in the Baseball / Softball Fields ball field playing areas during the growing season, as needed and consistent with historical maintenance practices;
 - 2.3 Control weed growth on the Baseball / Softball Fields public use areas, including along fences, curb lines and walkways at least once per season;

- 2.4 Provide one weed spraying along the field fence lines per season;
 - 2.5 Maintain all city sewer lines, city water lines, and all underground electrical lines (excluding those related to the scoreboard and concession stand), electrical services, and asphalt entrances and adjacent streets;
 - 2.6 Maintain and pump the septic and grey-water tanks for the permanent bathrooms and concession building at such times as the City deems necessary and appropriate;
 - 2.7 Empty the dumpsters serving the Baseball / Softball Fields; and
 - 2.8 Turn on water lines and plumbing in the spring upon LBA's request and drain and disconnect the same in the fall as appropriate to protect plumbing systems from damage that may be caused by freezing. (Please note the City requires a one week notice to turn on/off the water system.)
3. Naming Opportunities. LBA shall have the option to establish naming and memorial contribution opportunities and to name and designate field spaces, buildings, and other structures and amenities at the Baseball / Softball Fields in recognition of charitable contributions. However,
- 3.1 LBA shall not name any feature after a corporation, organization, or product detrimental to the health and welfare of children, including but not limited to alcohol or tobacco products or producers, gaming organizations, or purveyors of pornography; and
 - 3.2 LBA shall be responsible for recognizing and maintaining those names and designations during the duration of the Agreement; and
 - 3.3 No naming shall become permanent unless and until such naming has been approved by the Livingston City Commission.

Backup material for agenda item:

- A. DISCUSS / APPROVE / DENY -- CITY'S PURCHASE OF PROPERTY FROM DURGAN'S, LLC, AND REQUEST FOR AUTHORIZATION TO ALLOW CITY MANAGER TO SIGN NECESSARY CLOSING DOCUMENTS**

Appraisal Report

Of Real Property

Durgan's LLC Property
101 Star Rd.
Livingston, MT 59047
Real Property Component

Prepared For:

Ms. Jessie Hogg,
City of Livingston
110 S. B St.
Livingston, MT 59047

Assignment Reference:



Date of Observation:	01/12/2016
Date of Report:	01/15/2016
Date(s) of Value:	01/12/2016



C V APPRAISAL SERVICES, INC.
REAL PROPERTY ECONOMICS

SECTION I – Introduction



Offices in Bozeman and Savage, Montana providing coverage throughout Montana, North Dakota, Wyoming, Hawai'i and the Rocky Mountain West.

91 Morgan Creek Ln.
Bozeman, MT 59718
Tel + 1 406.556.1000
chris@cvasinc.com

Letter of Transmittal

Advisory January 15, 2016

Consulting

Economic Analysis Ms. Jessie Hogg,
City of Livingston
Feasibility Study 110 S. B St.
Livingston, MT 59047

Forecasting

RE: **Durgan's LLC Property**
101 Star Rd.
Livingston, MT 59047

Forensic Analysis

Litigation Support

Market Studies Dear Ms. Hogg;

Research At your request, I have prepared an appraisal report of the above referenced property located in Livingston, Park County, Montana. The purpose of this appraisal was to form a current opinion of market value of the subject's fee simple interest, as-is.

Valuation

The subject of this appraisal is the real property component of an existing commercial building composed of an office, garage and basement apartment component. County records indicate the structure was built in 1974. The ground floor offices are 1,731 square feet, the garage is 720 square feet and the basement apartment is 1,695 square feet. The building improvements are supported by a 21,432 square foot N-C zoned site.

The reader of this report is encouraged to review all of the assumptions and limiting conditions found within this appraisal report. This appraisal was performed subject to all of these assumptions and limiting conditions. Any use of this appraisal report represents a full agreement and adherence to any and all assumptions and limiting conditions included.

The intended use of this appraisal report is to assist the intended user with potential acquisition analysis. The appraisal is intended only for the use of the intended user identified in this report and the use also identified. No other use

or users are authorized or allowed and no responsibility is accepted by the appraiser for any other use or users.

All applicable research and valuation analyses have been applied and a visual observation of the existing subject property along with physical measurements that were made by the appraiser. The letter of transmittal is accompanied by an appraisal report which is reported as an Appraisal Report as defined by Uniform Standards of Professional Appraisal Practice (USPAP) under Standards Rule 2-2, 2014-2015 Edition. The information contained in this report is specific to the needs of the client and for the intended use as stated in this report.

Opinions stated in this report are based on my interpretation of an assemblage of data obtained from the observation of the subject, the comparable sales and other gathered data. The value opinion rendered is subject to the general assumptions and limiting conditions found within this report.

Your attention is directed to the assumptions and limiting conditions sections of this report. Acceptance of this appraisal report constitutes a full and binding agreement with these conditions and assumptions. This letter of transmittal must remain attached to the report, which contains (117) pages including related exhibits, for the value opinion set forth to be considered valid. The report, in its entirety, including any and all assumptions and limiting conditions, is an integral part of, and inseparable from this letter.

After analyses of data collected during the preparation of this appraisal report, an opinion of market value was formed as follows:

MARKET VALUE OPINION(S)			
Appraisal Premise	Interest Appraised	Date of Value	Value Opinion
As-Is, Current	Fee Simple	January 12, 2016	\$250,000
Data Compiled by Christopher C. Seeve			

Further, the estimated market exposure period necessary for the subject to achieve this value under current market conditions is as follows:

EXPOSURE PERIOD ESTIMATE(S)			
Appraisal Premise	Interest Appraised	Date of Value	Exposure Period
As-Is, Current	Fee Simple	January 12, 2016	≈6-12 Months
Data Compiled by Christopher C. Seeve			

The appraisal report that follows sets forth the most pertinent and meaningful data gathered, techniques used and logic followed leading to the reconciled value opinion. Analysis performed and opinions or conclusions were developed in concordance with guidelines and recommendations set forth in the Uniform

Standards of Professional Appraisal Practice (USPAP) and the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

I hope I have been of assistance to you and appreciate the opportunity to serve your needs. Don't hesitate contacting me with any questions you may have or if I can be of further assistance to you. Thank you.

Sincerely,

A handwritten signature in dark ink, appearing to read "Christopher C. Seeve". The signature is written in a cursive style with several overlapping strokes.

Christopher C. Seeve
01/15/2016

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Introduction of the Subject Property



North elevation, 01/12/2016, CCS.



South and west elevations, 01/12/2016, CCS.

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.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions and conclusions were developed and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).
- I have made a personal observation of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person or people signing this certification.
- I have not appraised the subject nor performed any other services 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.
- The reported 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.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I, Christopher C. Seeve, have completed the Standards and Ethics Education Requirements for Candidates for Designation of the Appraisal Institute.



Christopher C. Seeve
01/15/2016

Executive Summary

SUBJECT PROPERTY			
Subject Name/Type	Durgan's LLC Property		
Address	101 Star Rd. Livingston, MT 59047		
Owner(s) of Record	Durgan's LLC		
PARTIES TO THE APPRAISAL			
Client	City of Livingston		
Intended User(s)	City of Livingston		
Intended Use(s)	To assist the client in establishing an opinion of current market value of the subject for proposed acquisition analysis.		
ASSUMPTIONS/CONDITIONS			
Extraordinary Assumptions	None		
Hypothetical Conditions	None		
REPORT TYPE/INTEREST APPRAISED/COMPONENT(S) OF VALUE			
Report Type	Appraisal Report		
Interest Appraised	Fee Simple		
Component(s) of Value	Real Property Only		
Premise(s)	As-Is, Current		
SALIENT DATES			
Date of Observation	01/12/2016		
Date of Report	01/15/2016		
Date(s) of Value	01/12/2016		
SUBJECT QUANTIFICATIONS ABSTRACT			
Site Area	0.49 Acres	21,432 Sq. Ft.	
Improvement Type	Office with attached garage and basement apartment		
Improvement Quantifications	4,146 sq. ft. of gross building area		
Zoning	N-C; Neighborhood Commercial		
Site Coverage	8.08%		
HIGHEST & BEST USE			
As Though Vacant	Hold for future development		
As Improved	Continued current use at stabilized occupancy		
VALUE OPINIONS			
Approach	Premise	Overall \$	\$/Sq. Ft. of GBA
Cost Approach	As-Is, Current	\$255,000	\$61.51
Sales Comparison Approach	As-Is, Current	\$250,000	\$60.30
Income Approach	As-Is, Current	\$240,000	\$57.89
Reconciled Value Opinion	As-Is, Current	\$250,000	\$60.30

SECTION II – Premises of the Appraisal Assignment

General Assumptions

Acceptance of and/or use of this report, either portions of or in its entirety, constitutes acceptance of the following general assumptions. Our liability extends only to the stated client, not to subsequent parties or users of the report. This appraisal report has been made with the following general assumptions:

- No responsibility is assumed for the legal description provided or for matters pertaining to the legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated or disclosed.
- The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
- Responsible ownership and competent property management are assumed.
- The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
- All engineering studies are assumed correct. The plot plan(s) and illustrative material in this report are included only as a visual aid to the reader.
- No legal description or ownership data were provided by the client. Information obtained at the office of the Park County Clerk and Recorder was used to ascertain the physical dimensions and size of the property and its ownership. Should other data subsequently obtained prove this information to be inaccurate, it may be necessary for this appraisal to be adjusted.
- It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
- It is assumed that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.
- It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless any non-conformity has been identified, described, and considered in the appraisal.
- It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or

private entity or organization have been or can be obtained or renewed for any use on which the opinion of value contained in this report is predicated.

- It is assumed that the use of the land and improvements (if any) is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
- Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, and other potentially hazardous materials on or in the property that would cause a loss in value is unknown. Should one or more detrimental substance be found that would affect value, the results and findings of this appraisal are nullified and the appraiser has the right to amend and re-report based on the new findings. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The intended user is encouraged to retain an expert in this field if desired.
- The forecasts, projections, and/or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and continued current economic conditions. These forecasts are, therefore, subject to change with future conditions.
- All opinions, estimated, data, and statistics provided by others in the course of this appraisal are assumed correct. An assumption has been made that the sources are reliable, but no responsibility has been inferred for their accuracy.
- The Americans With Disabilities Act (ADA) became effective January 26, 1992. The appraiser(s) have not made a specific compliance survey or analysis of the property to determine whether or not it is in conformity with ADA requirements. The possibility exists that a compliance audit of the subject property would reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative impact upon the value of the property. Since the appraiser(s) have no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the subject property.

General Limiting Conditions

Acceptance of and/or use of this report, either portions of or in its entirety, constitutes acceptance of the following general limiting conditions. Our liability extends only to the stated client, not to subsequent parties or users of the report. This appraisal report has been made with the following general limiting conditions:

- Any allocation of the total value estimated in this report between the land and the improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
- Possession of this report, or a copy thereof, does not carry with it the right of publication.
- The appraiser, by reason of this appraisal, is not required to give further consultation or testimony or to be in attendance in court with reference to the property in question unless arrangements have been previously made. If the appraiser is subpoenaed pursuant to a court order, the client agrees to compensate the appraiser at our regular per diem rate plus expenses for any and all hearings, trials, meetings, depositions, and related travel and preparation time.
- Neither all nor any parts of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or any media without the prior written consent and approval of the appraiser. Quoting from and partial reprinting of this report are expressly prohibited. The omission or change of any part of this appraisal report without prior written authorization invalidates the entire report.
- Any opinions of value provided in the report apply to the entire subject property, and any proration or division of the total into fractional interests will invalidate the opinion of value, unless such proration or division of interests has been set forth in the report.
- All files, work papers and documents developed, obtained and prepared in connection with this assignment are the property of C V Appraisal Services, Incorporated. Information, estimates and opinions are verified where possible, but cannot be guaranteed.
- By any use of, or reliance upon this appraisal, the liability of the appraiser, appraisers and/or appraisal firm for any aspect of this appraisal is limited to the amount collected as a fee for performing the appraisal.

- Appraisals are based on the data available at the time the assignment is completed. Amendments/modifications to appraisals based on new information made available after the appraisal was completed will be made, as soon as reasonably possible, for an additional fee.
- It is important for the reader to understand that the value opinion rendered is reflective only of the subject real property, i.e., land and building. Not included are any business enterprise/goodwill value, going concern, furniture, fixtures, personal property, equipment or other related items as part of this assignment.

Extraordinary Assumption(s)

Extraordinary assumptions are defined as:

“An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser’s opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. An extraordinary assumption may be used in an assignment only if:

- It is required to properly develop credible opinions and conclusions;
- The appraiser has reasonable basis for the extraordinary assumptions;
- Use of the extraordinary assumption results in a credible analysis, and;
- The appraiser complies with the disclosure requirements set forth in USPAP for extraordinary assumptions”¹.

In this case, no extraordinary assumptions were used.

¹ (Dictionary of Real Estate Appraisal, 4th Edition, 2002)

Hypothetical Condition(s)

Hypothetical conditions are defined as:

“That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal or economic characteristics of the subject property, or about conditions external to the property, such as market conditions or trends, or about the integrity of data used in an analysis. A hypothetical condition may be used in an assignment only if:

- Use of the hypothetical condition is clearly required for legal purposes, for purposes of reasonable analysis, or for purposes of comparison;
- Use of the hypothetical condition results in a credible analysis, and;
- The appraiser complies with the disclosure requirements set forth in USPAP for hypothetical conditions”².

Hypothetical conditions are used when certain factors are known to be false, but are presumed true for analytical purposes. No hypothetical conditions were used.

² (Dictionary of Real Estate Appraisal, 4th Edition, 2002)

Identification of the Appraisal Problem

Client Identification	City of Livingston 110 S. B St. Livingston, MT 59047
Intended User(s)	City of Livingston 110 S. B St. Livingston, MT 59047
Intended Use(s)	To assist the client in establishing an opinion of current market value of the subject for proposed acquisition analysis.
Objective of the Appraisal Assignment	Opinion of market value of the subject's fee simple interest, as-is.
Property Rights Appraised	The client's engagement letter requested a value opinion of the subject's fee simple interest.
Components of Value	Real property only; no other components were specifically requested.
Type of Value	Market Value as defined in <i>The Dictionary of Real Estate Appraisal</i> .

Definition of Market Value

The objective of the appraisal assignment is an opinion of market value. The definition of market value used in conjunction with this appraisal assignment is as follows:

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

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

³ (Dictionary of Real Estate Appraisal, 4th Edition, 2002) as provided by 12 C.F.R. Part 34.42(g); 55 *Federal Register* 34696, August 24, 1990, as amended at 57 *Federal Register* 12202, April 9, 1992; 59 *Federal Register* 29499, June 7, 1994

Ownership Rights & Relationships

(Fee Simple, Leased Fee, and Leasehold Relationships & The Bundle of Rights)

In the case when market rents equal contract rents then the following relationship typically holds true;

- $V_{\text{LEASED FEE}} = V_{\text{FEE SIMPLE}}$

If market rents are less than contract rents then typically;

- $V_{\text{LEASED FEE}} \geq V_{\text{FEE SIMPLE}}$ and $V_{\text{LEASEHOLD}}$ is positive

If market rents are greater than contract rents then typically;

- $V_{\text{LEASED FEE}} \leq V_{\text{FEE SIMPLE}}$ and $V_{\text{LEASEHOLD}}$ is negative

When discussing real property ownership and interests, the bundle of rights concept should be understood. The concept of the bundle of rights in regards to property ownership is often compared to a "bundle of sticks". Each individual stick within the bundle represents a separate right or interest inherent in property ownership. Each individual right may be separated from the bundle by means of sale, lease, mortgage, donation, or some other means of transfer. A complete bundle of rights includes the following:

- The right to sell an interest;
- The right to lease an interest;
- The right to occupy the property
- The right to mortgage an interest;
- The right to give an interest away.

In theory, the most complete form of ownership is fee simple which is equivalent to ownership of the complete bundle of rights or sticks. It should be noted that the fee simple interest is subject to the four powers of government which are taxation, eminent domain, police power, and escheat.

As an example of varying degrees of property ownership, an owner of a property severs the bundle of rights by leasing the property to a tenant. By leasing the property, in exchange for the collection of rental income plus the reversionary right, the owner has given up their right to occupy. The fee simple interest becomes a leased fee interest. Conversely, the tenant now has a leasehold interest. It is important to note that terms and prevailing market reaction to these terms may cause the sum of values of the leased fee and leasehold interests to be different than the fee simple value as if no lease was in existence.

Definition of Real Property Estates for the Appraisal Assignment

For valuation purposes in this report, three estates are defined below.

- *Market value of the **fee simple estate** to an owner-user is the worth to this type of buyer via the sales comparison approach. Income generation is not an important factor to this buyer. Property suitability for the buyer's own use is the primary purchasing criteria. Occupancy and lease-up costs are not relevant for this type of real property.*
- *The **fee simple estate** for a multi-tenant facility is different from the one immediately above. A different interpretation is appropriate for a building designed to generate real estate rental income like a shopping center or apartment building. This estate for this type property is defined as the worth to the most probable buyer assuming the property is already leased to a level of stabilized occupancy at normal market terms including market rent. Lease-up costs are assumed already paid.*
- *Market value of the **leased fee estate** is defined as the worth of real property to its current owner as encumbered by terms specified in one or more leases.*
- *Lastly, a **leasehold estate** is defined as one tenant's interest in real property as defined by a lease.*

These definitions are crucial concepts in the valuation for all real property. In this case, fee simple interest was appraised. As a fee simple interest was requested, I researched and formed an opinion of market rents for the subject to ascertain which relationship exists; $V_{LF} \approx V_{FS}$, $V_{LF} > V_{FS}$, or $V_{LF} < V_{FS}$.

Scope of Work

According to the Uniform Standards of Professional Appraisal Practice, it is the appraiser's responsibility to determine the appropriate scope of work⁴. Scope of work can be defined as:

"The amount and type of information researched and the analysis applied in an assignment. Scope of work includes, but is not limited to the following:

- The degree to which the property is inspected or identified;
- The extent of research into physical or economic factors that could affect the property;
- The extent of data research, and;
- The type and extent of analysis applied to arrive at opinions or conclusions⁵.

A shortened summary of scope of work could be what the appraiser did and didn't do during the course of the appraisal process.

Subject Identification

I gathered pertinent and relevant subject property information from the client, current owner, public records and physical observation of the subject. Property was identified by physical address, legal description and county assessor's records.

Subject Observation

I observed the existing subject property on the morning of January 12, 2016. Existing building quantifications were obtained and calculated from physical measurement with a fiberglass tape. Site area quantifications were obtained from county Assessor records, recorded plat maps and Montana Cadastral/GIS.

The observation of the subject by an appraiser should not be confused with an inspection performed by a licensed and qualified building inspector.

Research Parameters

Subject's market area was defined by analysis of physical and economic linkages, interviews with various market participants and published reports.

Analysis Type & Extent

I collected and analyzed the appropriate data by use of appropriate and generally accepted appraisal methodology to arrive at reasonable and supported value opinions. Methodology of each approach was further discussed in its appropriate section.

⁴ (USPAP, 2014)

⁵ (Dictionary of Real Estate Appraisal, 4th Edition, 2002)

**Approaches
Performed**

The cost, sales comparison and income approaches were performed. Further discussion of each approach was provided in their respective sections.

SECTION III – Presentation of Data

General Market & Neighborhood Data

Real property values are influenced and affected by the interaction and relationships between four basic forces that direct human activity. These four forces are;

1. Social trends
2. Economic circumstances
3. Governmental controls and regulations
4. Environmental conditions

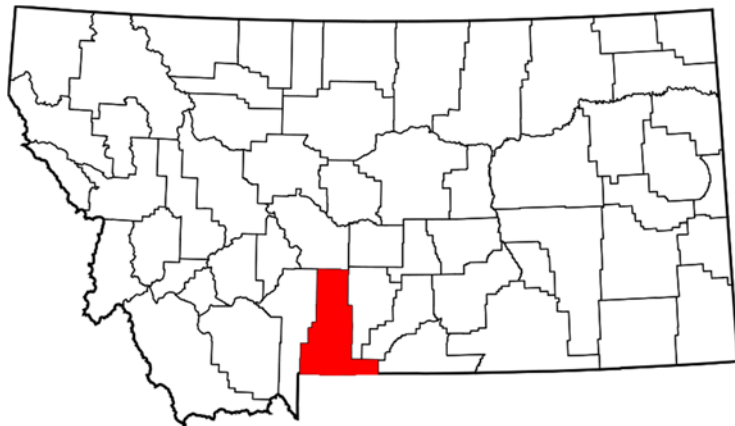
Interaction between these four forces influences the value of all real estate in the market. General area and neighborhood data will be analyzed in regards to these four market forces.

Generally, southwest Montana constitutes the region or general market area. In this case, a smaller portion of southwest Montana also makes up the defined subject neighborhood in which the subject property interacts with comparable and competing properties. Similar market influences act upon each other within the defined subject neighborhood. In this case, I have condensed the general market area and the defined neighborhood discussion into one section as they are one in the same areas. Emphasis of the discussion will be placed on Madison, Gallatin, and Park Counties. Primary emphasis was placed on southern Park and Gallatin Counties as they contain entrances to Yellowstone National Park.

A brief summarization of the general market and neighborhood data were provided. An overview of the above referenced forces were summarized.

Social Trends

Located in southwest Montana, Bozeman/Gallatin County is one of four rapidly growing areas in Montana; Missoula/Bitterroot Valley, Billings/Yellowstone County, and Flathead being the other three "growth centers". Much of the rest of Montana is experiencing a stable or declining population, but these three areas are experiencing expanding



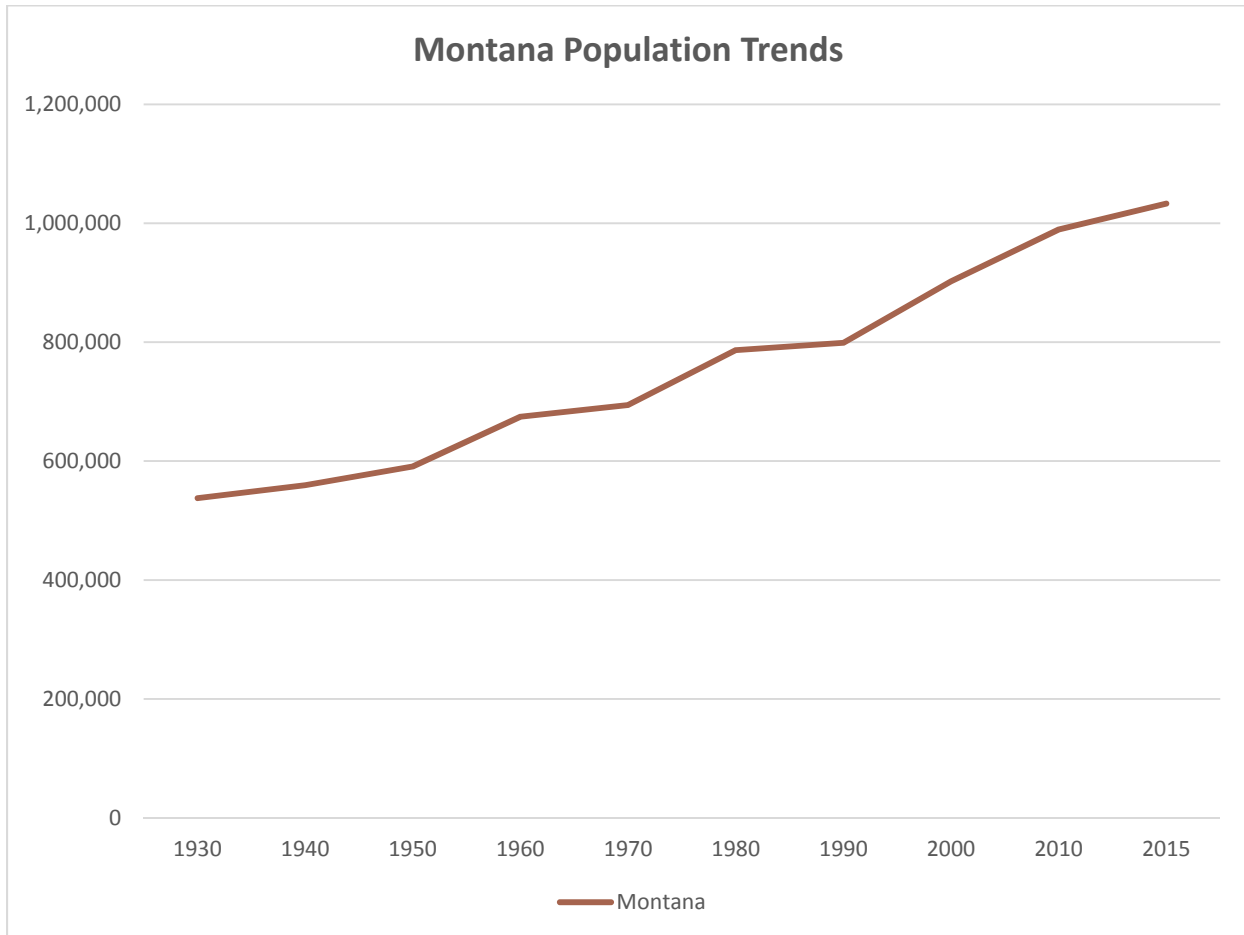
populations because of the appealing ecosystems and lifestyles the mountainous areas offer. People are drawn to the Gallatin Valley for many outdoor recreational pursuits. World class

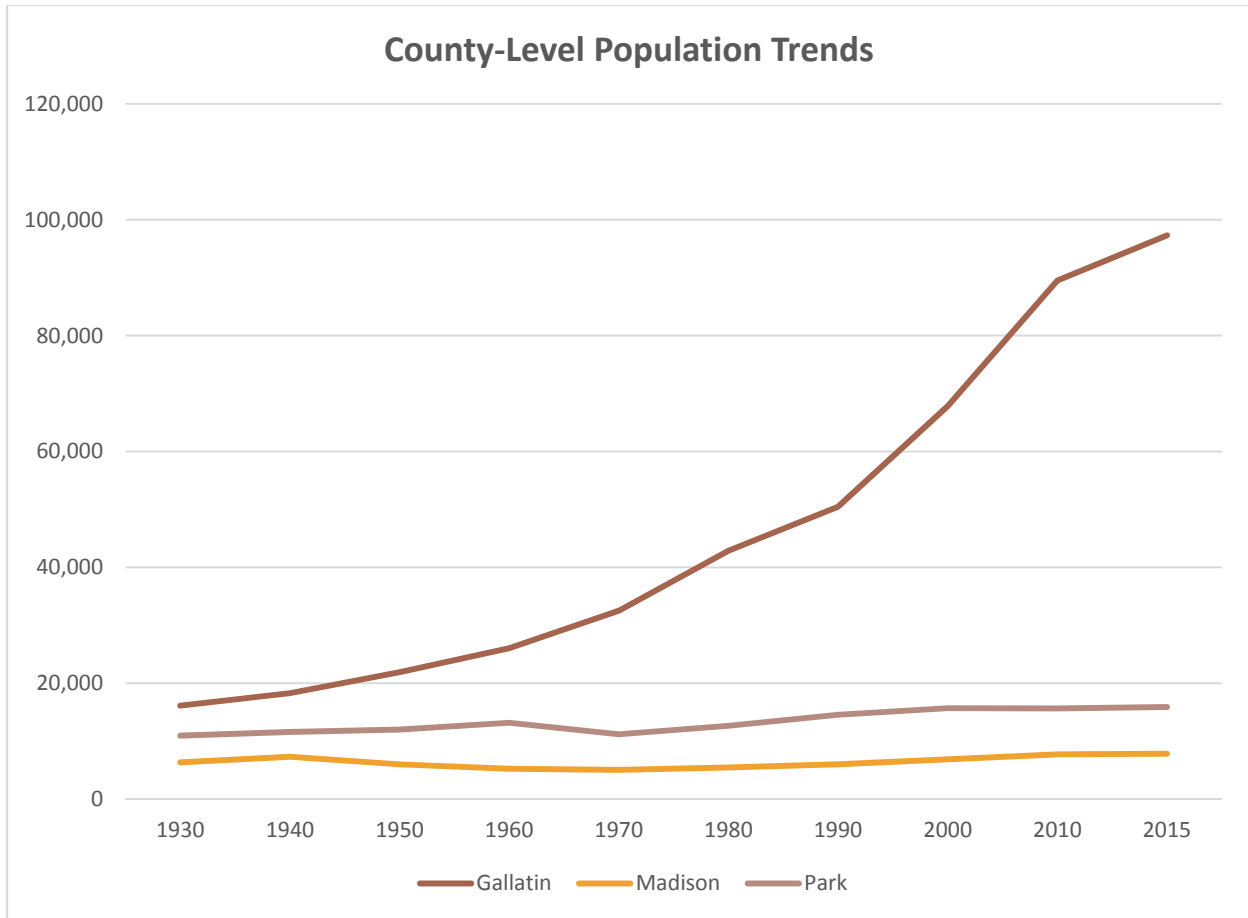
trout fishing, access to two major ski areas, hiking and hunting are popular past-times. Population of Gallatin County from 2000 to 2004 has grown from 68,278 to 75,637. This is roughly a 2% per year increase. Estimated population in 2007 was 87,243 which grew to an estimated 89,824 in 2008 equating to a 2.96% growth rate. Gallatin County's growth actually ranked it 98th out of the top 100 fastest growing counties in the nation.

Population trends of Gallatin County, Madison County, Park County, and Montana are as follows:

Population Trends										
	1930	1940	1950	1960	1970	1980	1990	2000	2010	2013
Montana	537,606	559,456	591,024	674,767	694,409	786,690	799,065	902,195	989,414	1,015,165
Gallatin County	16,124	18,269	21,902	26,045	32,505	42,865	50,463	67,831	89,513	92,614
Madison County	6,323	7,294	5,998	5,211	5,014	5,448	5,989	6,851	7,691	7,733
Park County	10,922	11,566	11,999	13,168	11,197	12,660	14,562	15,694	15,636	15,567

The following graphs depict population trends throughout the same area.





The majority of the area's population is concentrated around Bozeman, Ennis, and Livingston. Many smaller communities also dot the landscape.

The majority of Gallatin County's population is centered at Bozeman, the county seat. The remaining population is spread over other communities such as Big Sky, West Yellowstone, Gallatin Gateway, Belgrade, Amsterdam, Manhattan, Four Corners, and Three Forks.

Bozeman is home to numerous local, regional, state and federal government offices. Bozeman Deaconess Hospital provides medical care to the immediate area with more extensive care facilities in Billings. It is also home to Montana State University, Montana's land grant institution. MSU offers a full realm of university curriculums and is one of two primary providers of higher education in Montana, the other being the University of Montana in Missoula. The University has seen expansion recently as student enrollments continue to swell and new buildings are erected. Agriculture, Engineering, Economics, Accounting, Business and Nursing are Montana State University's more popular majors. Taxpayers and legislators have been generous with their confidence in higher education in Montana and this has dramatically improved the Bozeman economy. However, as national and regional economies have been in a recessed condition, budgeted cuts have been applied to the University's ledgers.

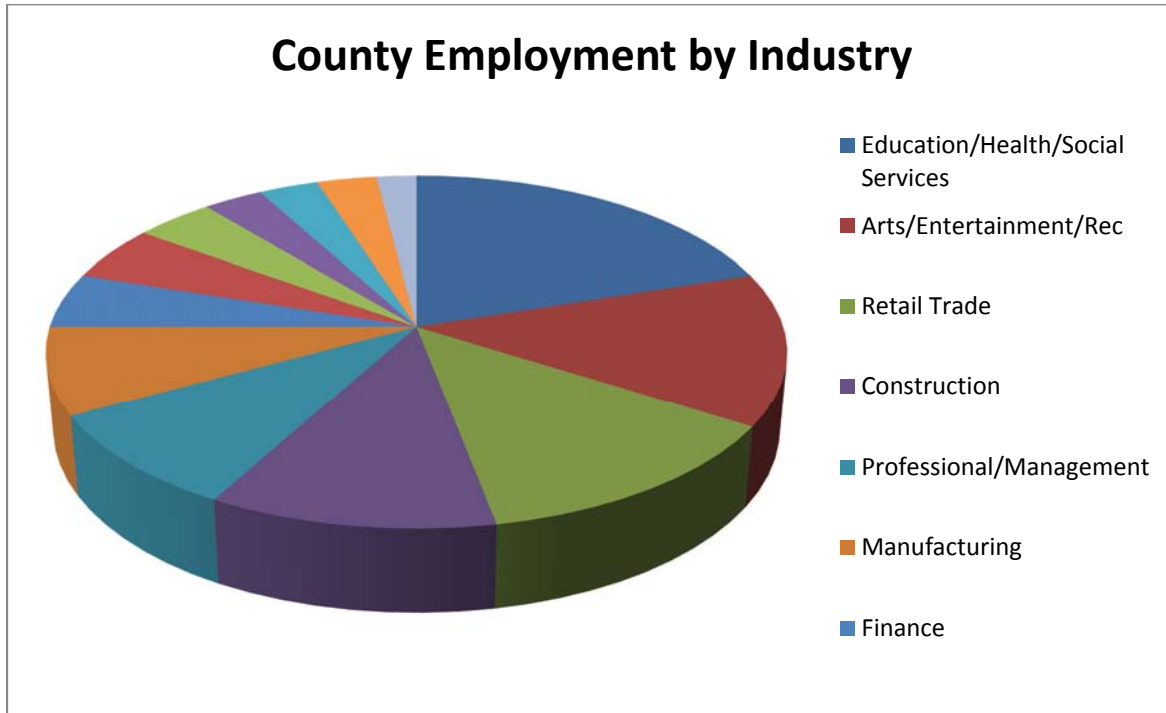
People buying real estate in this area are influenced by the spectacular scenery, recreational opportunity, cultural and shopping facilities and relaxed lifestyle. With the technological advent of Internet technology, people can move here and still retain employment anywhere in the country. These influences affect not only residential property, but commercial property as well.

Many visitors to the area use Bozeman as a basing point for their excursions. Several major airlines have regularly scheduled service to Gallatin Field. Gallatin Field is the seventh busiest passenger airport in the Pacific Northwest. Despite a weakened national and global economy, Gallatin Field actually saw growth in enplanements in 2009. In 2009, Gallatin Field serviced 691,276 passengers with 347,051 enplanements which was 1.3% higher than 2008.

Enplanements have grown at a compounded annual rate of 4.52% since 2000 outperforming all Montana commercial airports. Despite economic challenges, Gallatin Field is going ahead with a major expansion project to boost the facilities capacity to 1,500,000 passengers per year. Interstate 90 also passes through Bozeman for auto travel. There are various bus services also stopping in Bozeman.

Economic Circumstances

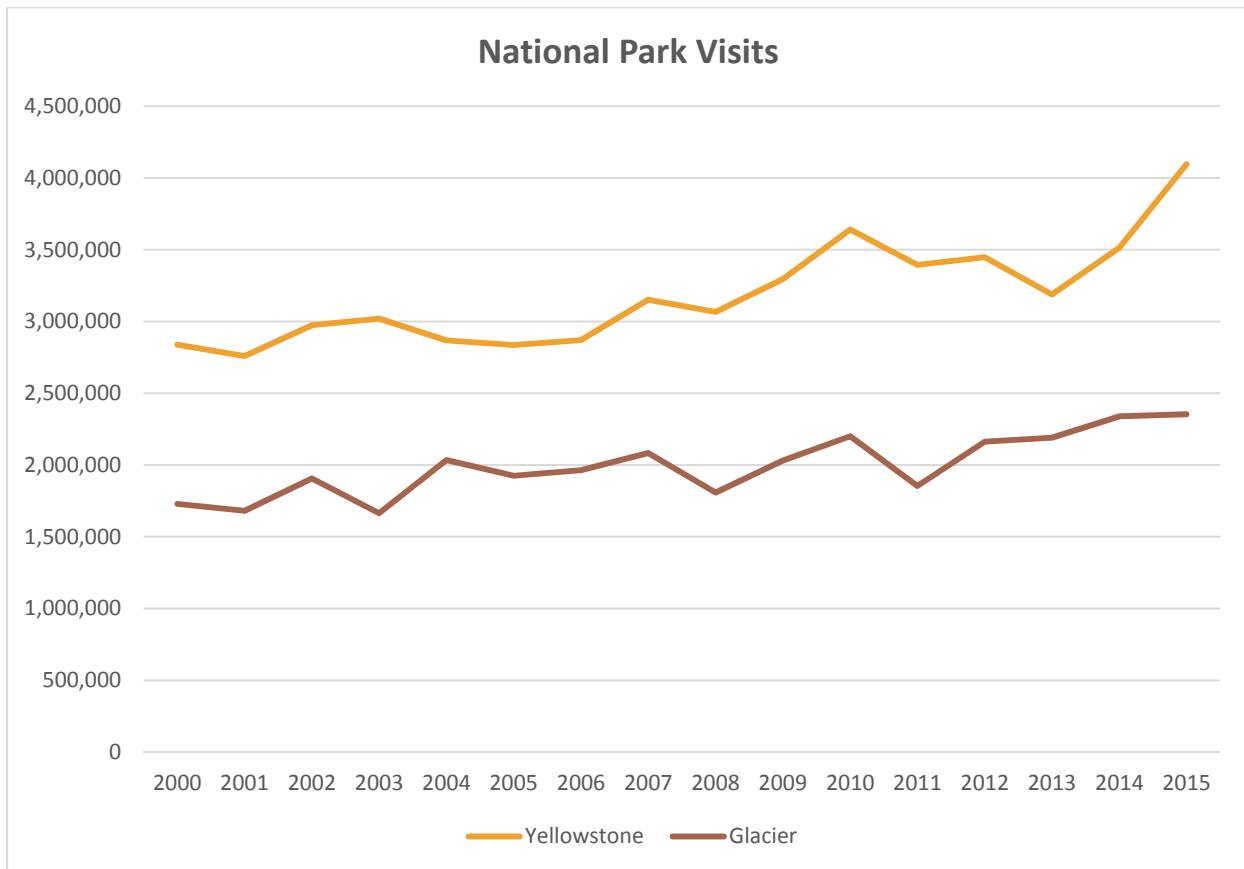
Several components comprise the regional economic base. They include but are not limited to; recreation and tourism, real estate, technology, manufacturing, construction, retail and agriculture.



Recreation and tourism are a major draw to the area. Bozeman has “back door” access to Yellowstone National Park and to Big Sky Resort, originally created in the 1970’s as a coalition of big business. Livingston, through Gardiner, is also one of the primary entrance points to Yellowstone Park.

The number of visitors to Yellowstone Park has experienced relatively constant growth over the past five years. Several mountain ranges and rivers run through Gallatin and Park Counties drawing many outdoor enthusiasts.

The following chart tracks the numbers of visitors to Montana's two largest national parks:



Big Sky Resort is located about 40 miles south of Bozeman and has expanded dramatically over the past ten to 12 years. New lodges and ski lifts and runs have created new interest amongst vacationers anxious to escape city traffic jams and high anxiety lifestyles. They have bought condominiums, vacation homes and land in the Bozeman/Big Sky and surrounding area and large developments have sprung up in once mountainous landscapes. This was happening at a rapid rate and the result is increased payoffs for builders, developers and brokers capitalizing on tourism.

According to a recent study, Gallatin County is home to around 90 high-tech businesses. This relatively high number can most likely be attributed to the access to Montana State University and the high quality of life experienced in Gallatin County.

Manufacturing is another vital component of the Gallatin County economy. There are over 180 manufacturing companies in the county. Access to transportation such as Interstate 90 and various trucking firms, Montana RailLink, and Gallatin Field makes transportation of manufactured goods possible. Manufacturing employment appears only moderately affected by the current recession. This suggests there may not be the large number of layoffs experienced in the recession of 2001.

Agriculture also continues to play a role in the Gallatin County economy. According to the 2007 Agricultural Census there were 1,074 farms in the county occupying 708,728 acres of land. Potatoes, hay, barley, oats and wheat are the principle crops grown. Cattle, sheep and horses are also grown in the county.

Numerous banks, credit unions and savings & loan institutions provide financial support to new subdivisions, businesses and consumers. Most lenders offer both conventional and FHA-VA financing on homes with interest rates of between 6%-9%. Commercial rates vary as do terms and conditions depending on the lender and borrower. However, numerous commercial loans are made for expanding and new business.

The top 20 private employers in the three counties are (listed in alphabetical order):

TOP 20 PRIVATE EMPLOYERS OF GALLATIN COUNTY, MONTANA

<ol style="list-style-type: none"> 1. Albertson's 2. Bozeman Deaconess Hospital 3. Community Food Co-op 4. Costco 5. First Security Bank 6. Gibson Guitar 7. Kenyon Noble Lumber & Hardware 8. Lowes 9. Martel Construction 10. McDonald's 	<ol style="list-style-type: none"> 11. Murdoch's Ranch & Home 12. Reach, Inc. 13. Ressler Motors 14. RightNow Technologies 15. Rosauers 16. Target 17. Town & Country Foods 18. Town Pump 19. Wal-Mart 20. Zoot Enterprises
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SOURCE: <http://www.ourfactsyourfuture.org/?PAGEID=67&SUBID=154>

TOP 10 PRIVATE EMPLOYERS OF MADISON COUNTY, MONTANA

<ol style="list-style-type: none"> 1. A M Welles, Inc. 2. Big Sky Resort 3. Madison Foods 4. Madison Valley Hospital 5. Moonlight Basin Ranch 	<ol style="list-style-type: none"> 11. R L Winston 12. Ruby Valley Hospital 13. Yellowstone Club 14. Yellowstone Mine 15. YMC Public Safety & Privacy, Inc.
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SOURCE: <http://www.ourfactsyourfuture.org/?PAGEID=67&SUBID=154>

TOP 10 PRIVATE EMPLOYERS OF PARK COUNTY, MONTANA

1.	Albertson's	11.	Livingston Healthcare
2.	Best Western Mammoth	12.	Montana's Rib & Chop House
3.	Chico Hot Springs	13.	Mountain Sky Guest Ranch
4.	Church Universal & Triumphant	14.	PrintingForLess.com
5.	Livingston Health & Rehab	15.	Town & Country Foods

SOURCE: <http://www.ourfactsyourfuture.org/?PAGEID=67&SUBID=154>

Despite the diversified economic base enjoyed throughout the subject neighborhood, it was not immune to the recessionary effects of 2008 and 2009. Housing and real estate bubbles were largest in Gallatin County with Big Sky and Bozeman leading the way. Correlated collapse in the construction industry and real estate (both sales volume and values) were particularly severe in Gallatin and surrounding counties including Park and Madison.

Recessions on the global, national, regional, and local levels restricted non-resident travel. With employment and disposable incomes being drastically cut, the majority of the population was not travelling as much. Non-resident travel constitutes roughly 15% of the region's economic base.

Another factor which could stall growth is a two year pay freeze for state workers. Montana State University and other governmental agencies constitute about 40% of Gallatin County's economic base.

Unemployment rates tend to fluctuate with seasonal activity. However, it appears trends are stable to slightly declining.

National, regional, and local recessionary influences have affected real estate prices in the area as well. Single family home prices appear to have peaked in 2006 to 2007 and have been steadily declining. Sale activity has also gradually declined. This trend also appears to have affected land sales. Demand for recreational properties has greatly declined along with the general economy.

Hobby ranch and sporting properties are requiring much longer exposure times and are often selling at substantial discounts to what they may have sold for in previous years.

Pairing sale and listing data is one method to ascertain and quantify changes in market conditions. Discussion will follow in the cost and sales comparison approaches.

Governmental Controls and Regulations

Property taxes are assessed by each county to fund public schools and other public agencies. Montana has an income tax but no sales tax as of this date. Property taxes have been increasing steadily over the years.

Each city, if it chooses, has its own zoning ordinance. There are no countywide zoning regulations, however each county has a planning and/or growth board.

Environmental Conditions

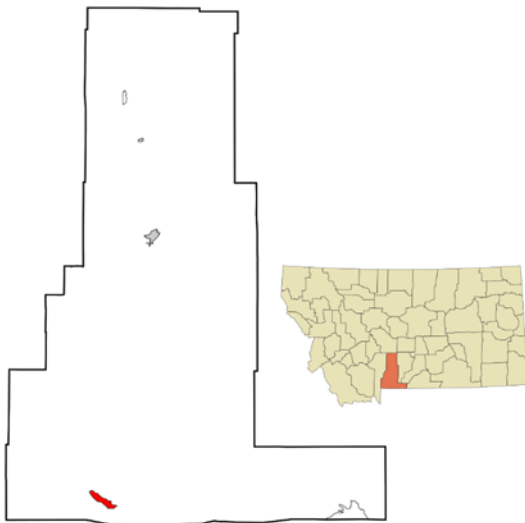
Southwest Montana is a land of extremes. Terrain consists of low river valleys and high plains to rugged mountain peaks. Numerous rivers, creeks, and streams drain the surrounding mountain ranges. These environmental factors are the major draw to the area. The mountains and rivers offer endless recreational activities including world class skiing, trout fishing, and white water rafting.

Conclusion

Southwest Montana is one of Montana's growth centers. The numerous amenities of the area are a major attraction to people trying to escape more populated and congested areas of the county. Population has been steadily growing.

Agriculture, forestry, education, and social services are the significant components of the economy. Technological advances are allowing people to work from their homes anywhere in the country and people are choosing to relocate to southwest Montana. Outdoor recreational opportunities, health care facilities, and a slower pace complement the quality of life. Growth trends are expected to continue into the foreseeable future while development will likely slow until excess inventory of all property types can be absorbed and an overall improvement in the general economy is experienced.

Livingston, Gardiner and Yellowstone National Park



The subject is located within the City of Livingston. Livingston is located on Interstate 90 and is the point of access to Montana Highway 89 which leads to Gardiner and ultimately to Yellowstone National Park's north entrance. Gardiner is the locus of the defined subject neighborhood and I felt it was worth briefly summarizing Gardiner and its relation to the adjacent Yellowstone National Park.

Gardiner is a small town with a population of 875 located at the main entrance to Yellowstone National Park. The primary source of employment and economic benefit in the area is Yellowstone Park.

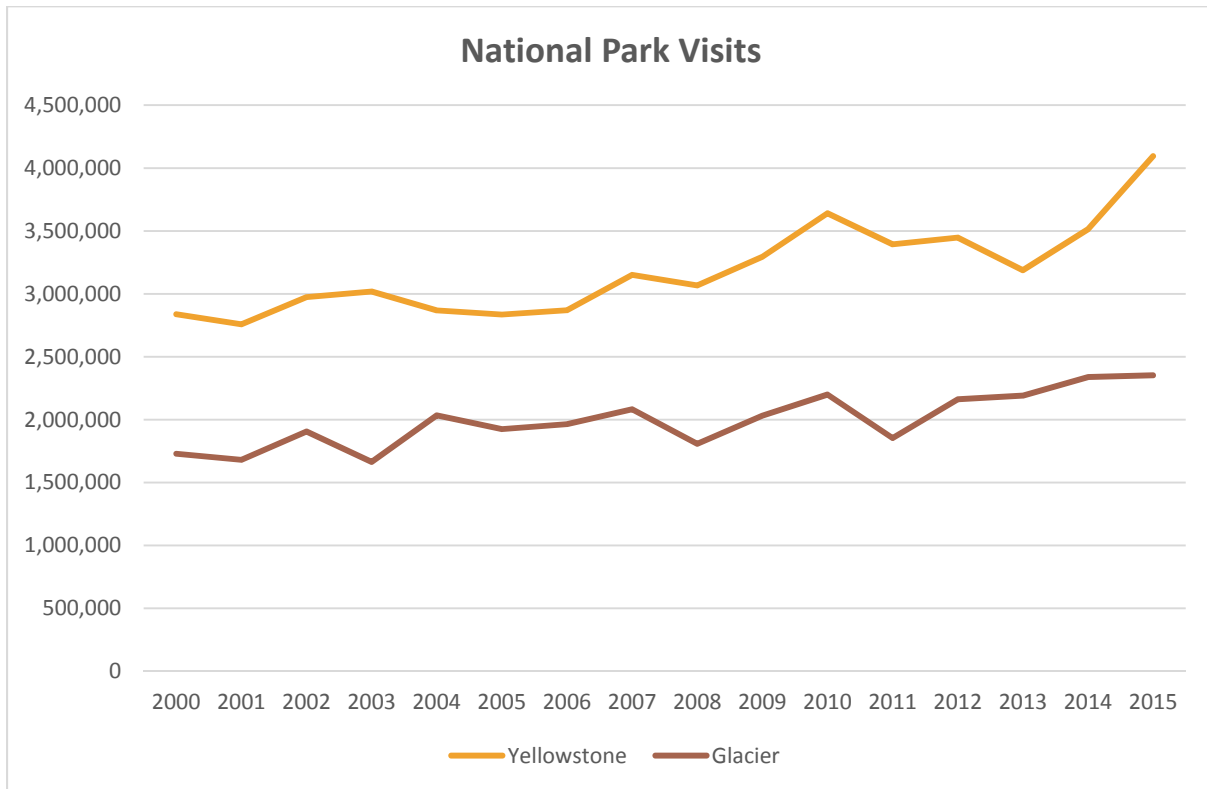
According to local history, Gardiner was named after a fur trapper that worked in the area from 1830 to 1831 named Johnson Gardner (*sic*). Gardner's Fork, later Gardiner River and Gardner's Hole were named after him as well.

In 1871, during the Hayden Geological Survey, the team passed through the area and met two men, J.C. McCartney and H.R. Horr that had laid a claim on 320 acres and established a small ranch and bathhouse on the Mammoth terraces. They eventually established a primitive hotel at Mammoth and maintained operation until evicted when the park was established in 1872.

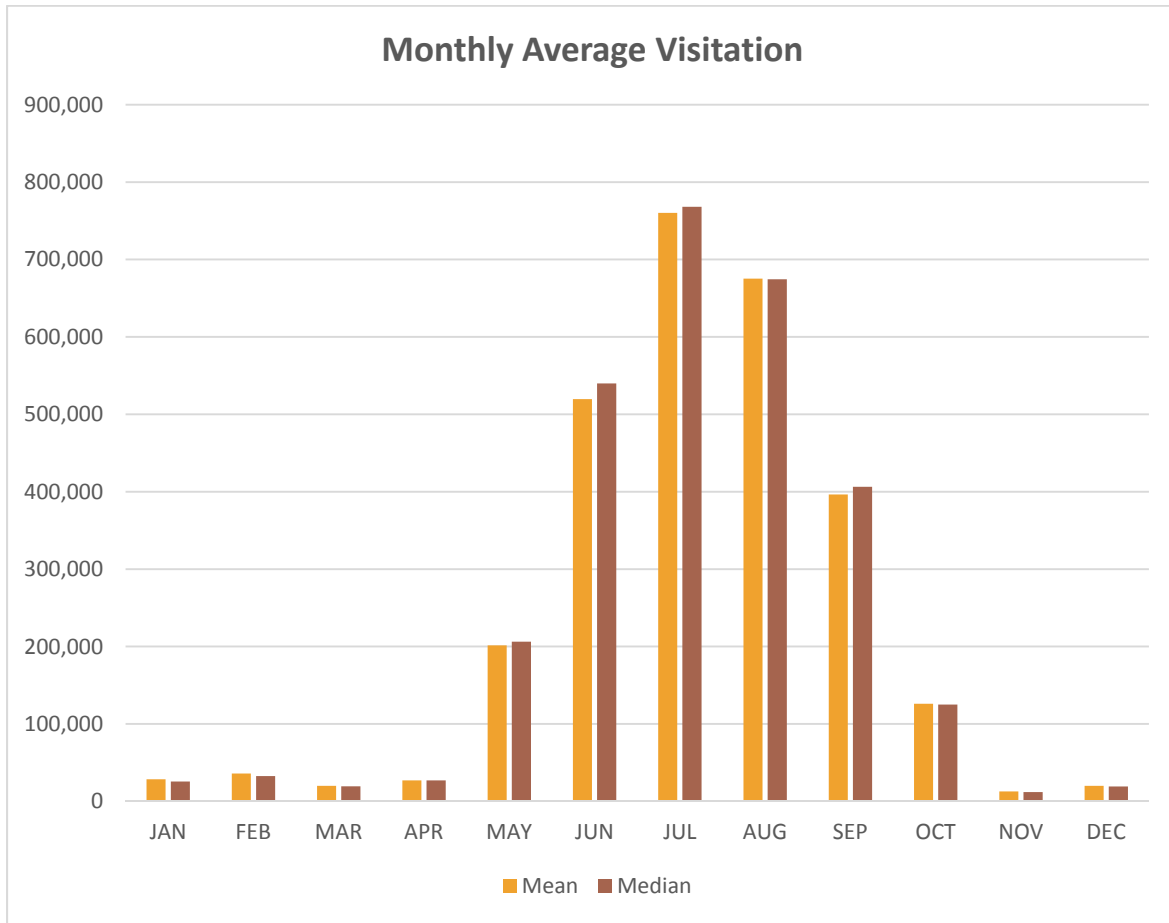


As indicated above, the Park's main north entrance is located just south of Gardiner. With the establishment of the park in 1872, the town grew into a support area for tourists viewing the park.

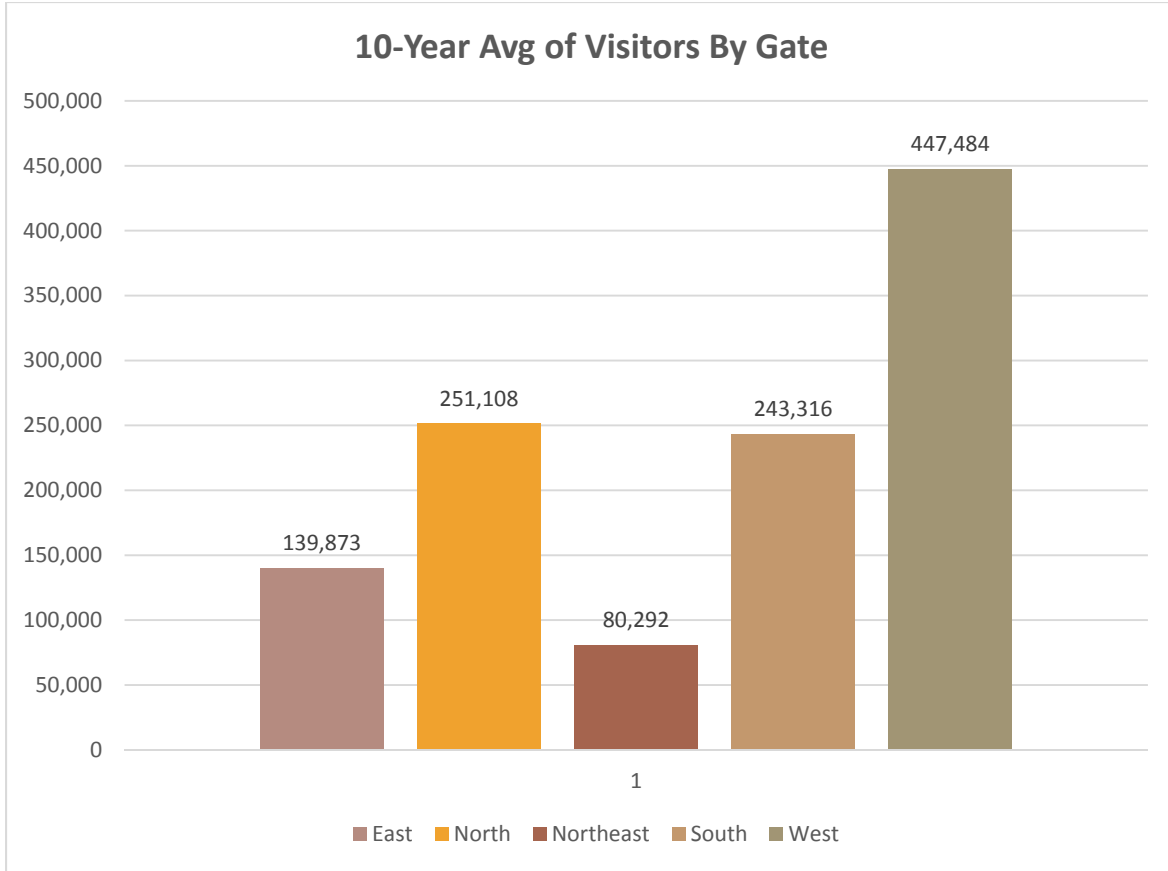
The following statistics were obtained from the National Park Service regarding Yellowstone National Park:



Typically, June, July and August experience the highest number of visitors with November and December being the slowest months. The following distribution graph illustrates mean and median park visitations, by month, since 1976:



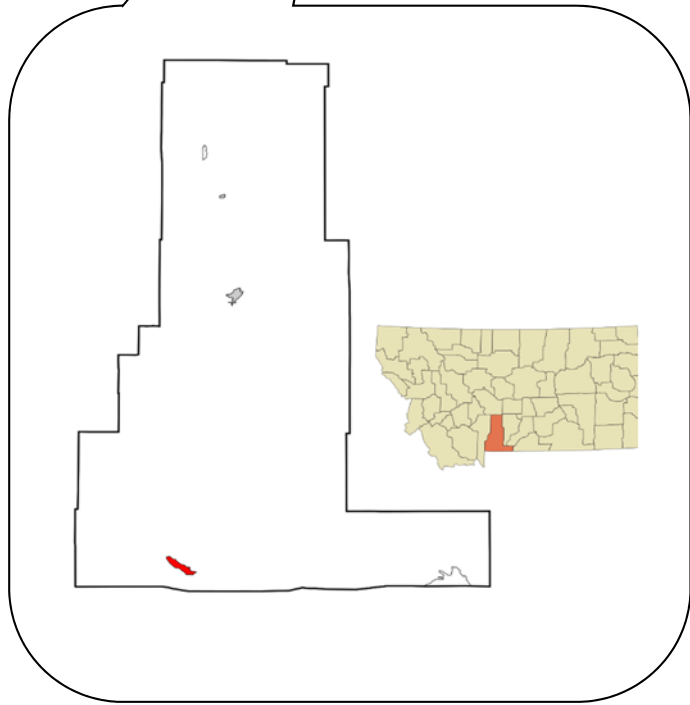
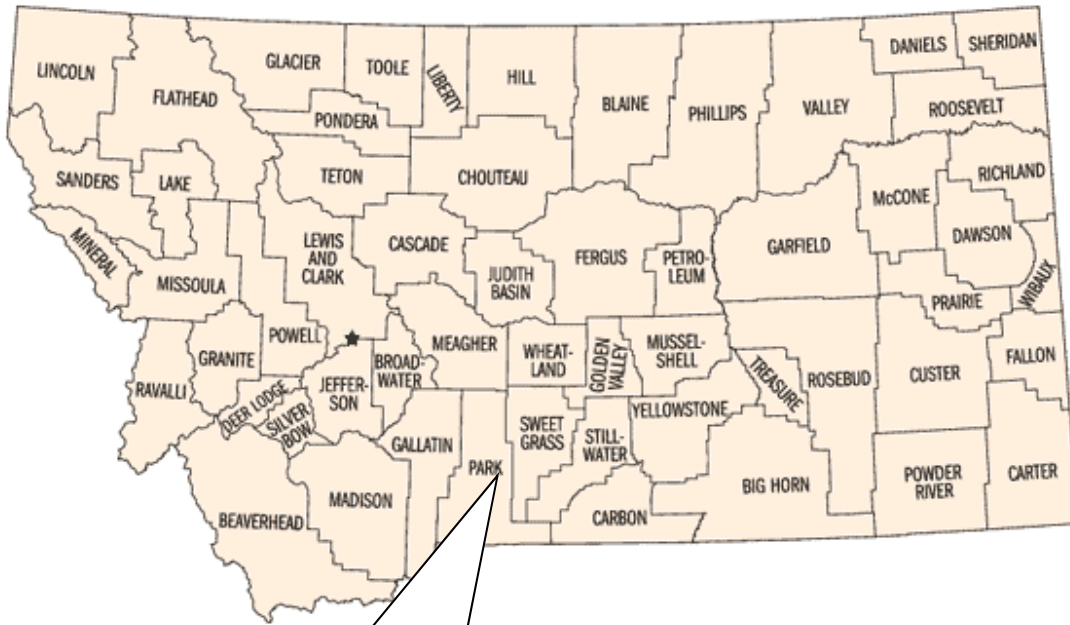
Gardiner is located at the main gate of Yellowstone National Park. Statistics are maintained detailing total traffic through specific gates into the Park. Visitor numbers were segregated by the gates entered through and totaled for a year. I averaged the entrance numbers per gate over the past 10 years and the results were displayed on the following graph:



The north gate, located at Gardiner, is the second most heavily used entrance behind the West gate at West Yellowstone. This entrance is easily accessed taking Highway 89 south from Livingston and Interstate 90.

Gardiner continues to be a popular basing point for visitors to Yellowstone National Park. With the relatively limited lodging choices within the park and ever increasing visitor numbers, communities skirting the park entrances typically capitalize on the tourism industry. Livingston is the access point and gateway to the Park via its proximity along Interstate 90.

General Market Area & Neighborhood Maps



Subject Property

Legal Description

Commercial Tract No. 2 of Plat No. 58A, an amended plat of Lot C in Block 2 of the Star Addition No. 1 to the City of Livingston, Park County, Montana, according to the official plat thereof on file and of record in the office of the County Clerk and Recorder of Park County, Montana.

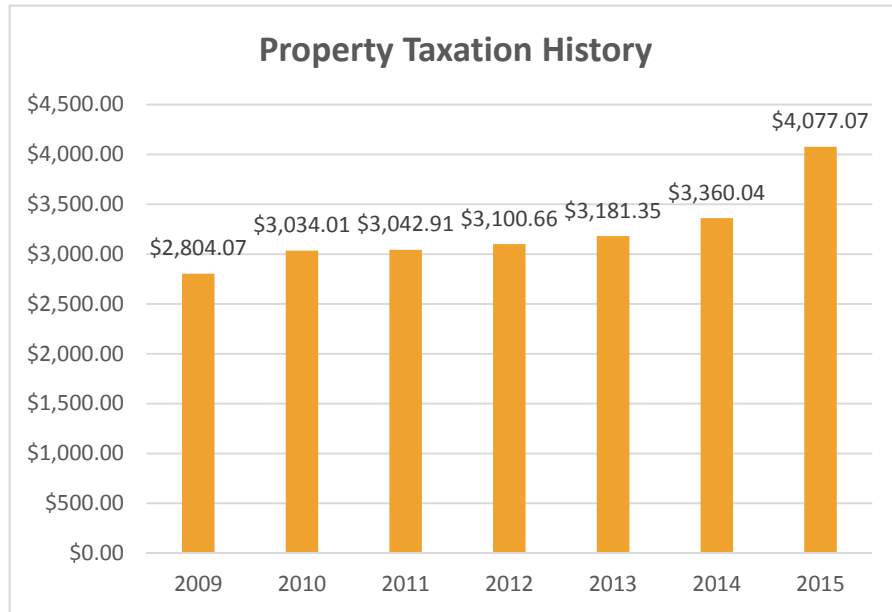
Physical Address(es)

101 Star Rd.
Livingston, MT 59047

Taxes/Assessments

APN	2015 Land	2015 Building	2015 Full	2015 Taxes
26770	\$112,682	\$143,318	\$256,000	\$4,077.07

As of the effective date, the subject property taxes were current. The following subject property tax history was obtained from the Park County Treasurer's website:



Recorded Ownership/History

Parcel ID 26770
 Owner Durgan's LLC
 Grantor Bank of the Rockies
 Document 386822
 Recording Date 05/06/2015
 Consideration \$127,000
 Source Park County Clerk & Recorder; Dan Durgan
 The preceding ownership transfer was the most recent noted in the ownership records of the Park County Clerk & Recorder. The current owner purchased the subject from a local bank that had obtained the subject as part of a foreclosure proceedings. According to the current

owner, he paid \$127,000 for the subject property. The subject had been previously listed by ERA Landmark Western Land for \$159,900 in 2012 and for \$299,000 in 2014; both listings had expired.

Parcel ID	26770
Grantee	Bank of the Rockies, N.A.
Grantor	Joel E. Guthals (Trustee)
Document	Trustee's Deed 373089
Recording Date	10/02/2012
Consideration	\$617,670.98
Source	Trustee's Deed

The preceding is a summary of the next most recent transfer of ownership facilitated by a trustee's deed. No other ownership transfers were recorded within the preceding three year period.

Flood Data

Flood Panel	30067C0590C
Date	10/18/2011
Flood Zone	X
FEMA Special Flood Hazard Definition	No Areas determined to be outside the 500 year floodplain determined to be outside the 1% and 0.2% annual chance floodplain.



It is difficult to ascertain whether the topography and physical features surrounding the subject suggest readily observable flood hazards. No readily observable evidence of recent flooding activity was noted. However, I did not perform an independent flood or environmental

Census Tract

300051-0004.00

Zoning

The subject is located within the City of Livingston zoning district and is found within the N-C, Neighborhood Commercial, zoning district. The purpose if the Neighborhood Commercial district is to primarily provide for community retail services, office facilities or convenience retail development⁶.

Density requirements are summarized in Table 30.42 of the City of Livingston Zoning Code. Those requirements were provided below:

Minimum Lot Size	N/A
Minimum Front Yard	20 feet
Minimum Side Yard	0 feet
Min. Side Adjacent to Street	10 feet
Minimum Rear	0 feet
Maximum Building Height	27 feet
Parking Requirement	Depends on building improvement type and use.



Easements & Restrictions

Typical utility easements were noted on the recorded plat maps. However, a full title search was not performed or commissioned in

⁶ (City of Livingston Zoning Code)

Contracts & Listings

regard to this appraisal. No guarantee is made to the presence and/or nature of easements encumbering the subject property.

The recorded plat map shows a 10 foot wide utility easement bordering the subject's northern and eastern edges. A 20 foot wide sewer easement crosses the subject site's southern end diagonally from northwest to southeast. Estimated area of the easement is 0.041 acres.

Leases

To the best of my knowledge, the subject is not actively listed or marketed for sale. However, I was provided with an unsigned real property purchase agreement that indicates the current owner is selling the subject to the City of Livingston for \$250,000. As was indicated, the purchase contract was not executed with signatures nor was it dated.

To the best of my knowledge, there are currently no leases encumbering the subject property.

Surrounding Uses



- North Low-Density Residential
- East Low-Density Residential/Unimproved Commercial Land
- South Railroad/Low-Intensity Commercial/Industrial
- West Low-Density Residential

Environmental

During my current subject observation, I did not specifically note items that could be cause for potential environmental concern. However, as indicated elsewhere in this appraisal report, I am not an expert in

environmental contamination or associated matters. The client is advised to retain the services of an expert in this field if they deem necessary.

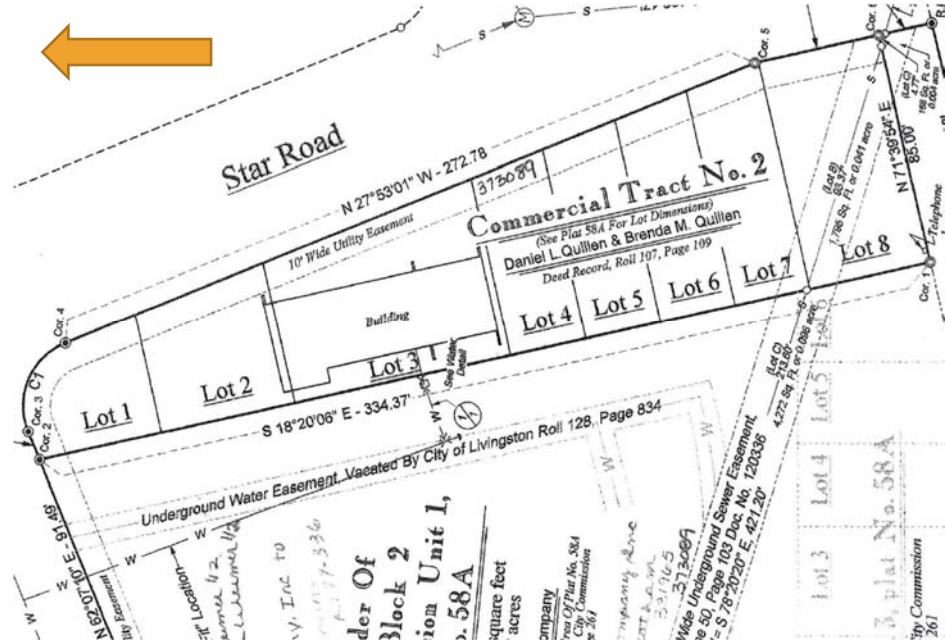
I was not provided with a Phase I environmental survey in conjunction with this appraisal assignment. I made the specific assumption that no environmental contamination was present as of the effective date.

Environmental contamination can adversely impact real property values and marketability. Should it be found that the subject is contaminated to the point that value is affected, I reserve the right to amend the report accordingly.

Subject Site

Number of Parcels 1

Site Area



Parcel	Acres	Square Feet
26770	0.49	21,432

The preceding subject site area was obtained from Montana Cadastral/GIS and the Park County Assessor's Office. The subject site consists of a single taxable parcel that was created through the combination of eight individual adjacent lots. The preceding site area quantification is reflective of the entire subject site.

Shape

The overall shape is irregular. The site is rather long from north to south and narrow from east to west.

Street Frontage

The subject fronts, and is exposed to primarily Star Road. A very short distance of the subject's northerly edge fronts Sun Avenue.

Ingress/Egress

The subject site is evidently accessed along Sun Avenue. The building improvement has an overhead garage door that is accessed by Star Road.

Topography

The subject site is slightly sloping from north to south.

Soils	A soils analysis for the site has not been provided. It is a specific assumption that the subject site has adequate soils conditions to support its highest and best use.	
Visibility	The subject generally has good visibility from Star Road and Sun Avenue.	
Water/Sewer	Water	City of Livingston
	Sewer	City of Livingston
Utilities	Electricity	Electric service is provided by Northwestern Energy. Lines are underground.
	Natural Gas	Natural gas is provided by Northwestern Energy.
	Telephone/Data	Telephone and data services are provided by Century Link with underground service lines.
Summary	<p>The subject site is a rather irregularly-shaped tract that was created through the combination of eight individual lots. Topography is slightly sloping from north to south and the subject is bordered by Star Road and Sun Avenue.</p> <p>The site's rather long and narrow shape along with utility and sewer easements would necessitate careful planning to develop any improvement. Any building improvement would need to be designed and sited to maximize the site's attributes while taking into consideration the existing utility and sewer easements.</p>	

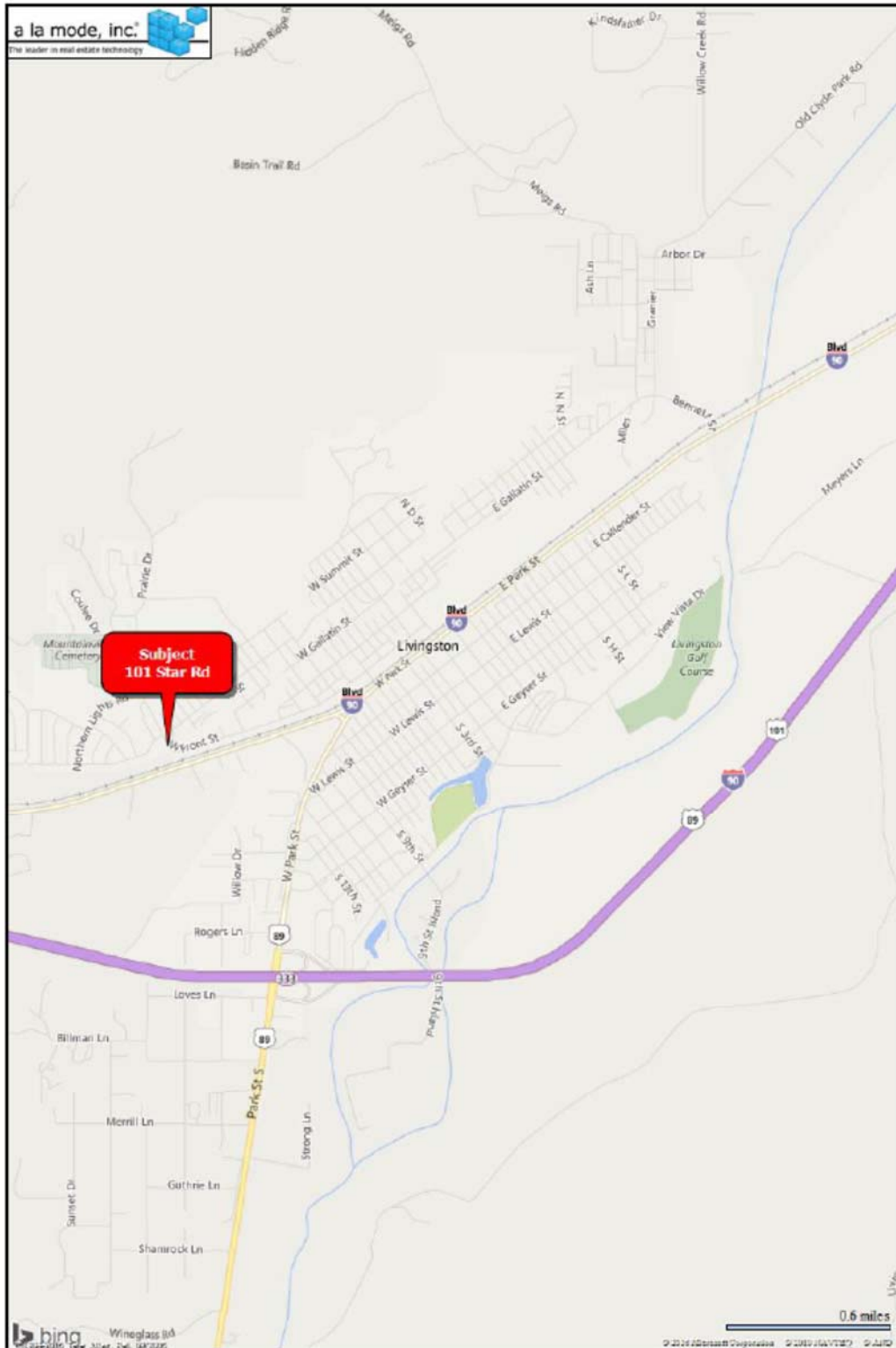
Subject Improvements

Property Type	Office with attached garage and basement apartment.		
Number of Buildings	1		
Number of Stories	1 with basement		
Tenant Spaces	1		
Gross Building Area	Office Space	1,731 Sq. Ft.	41.75%
	Attached Garage	720 Sq. Ft.	17.37%
	Basement Apartment	1,695 Sq. Ft.	40.88%
	Total Existing GBA	4,146 Sq. Ft.	100.00%
Construction Type	Class C		
Components	Foundation	<p>The subject foundation consists of a full basement under the office portion of the building with a reinforced slab supporting the garage. It was assumed the foundation structures were of reinforced concrete.</p> <p>The basement has been finished into a two bedroom, two bathroom apartment. The finishes and fixtures of this space appear original to the building and there are no windows present in any of the rooms.</p>	
	Wall/Roof	<p>The structural exterior walls consist of concrete cinder blocks. The roof is a flat structure with steel support beams.</p>	
	Wall Cover	<p>The exterior walls consist of exposed concrete block that has been painted. The building has very few exterior windows.</p>	
	Roof Cover	<p>It was assumed the roof was covered in rolled asphalt and was in average condition. I was not able to access the subject roof, but the interior ceilings did not suggest major leaks. The roof is skirted with a sloped apron covered in cedar shingles. In many places, the nails fastening the shingles to the roof appear to be coming loose. The roof is skirted with metal gutter troughs and downspouts in fair condition.</p>	

Floor Covering	The main floor office area has carpeted floor coverings while the restrooms are vinyl. The garage has an exposed concrete floor. The basement apartment has a mixture of vinyl/linoleum, carpeting and exposed concrete.						
Interior Walls	The ground floor office space walls are covered in painted drywall. The garage has drywall covered walls, however, it was not taped or painted. The basement walls consist primarily of faux wood paneling along with some drywall. A fireplace in the living room has an exposed rough-hewn stone surround.						
Ceilings Lighting	Ceilings consist of suspended acoustic tiles. Lighting appears adequate and consists of fluorescent fixtures suspended within the ceiling tiles.						
HVAC	The building is heated with a natural gas fired forced air system. There is also an air conditioning unit outside the west side of the building that appears in fair to poor condition, however, the building owner said he did have it running this summer and it blew cold air.						
Electrical	Electrical service is assumed adequate for the building's current operation.						
Plumbing	Plumbing fixtures were considered adequate for the subject's current operation. Fixtures primarily consisted of two restrooms and a conference room with wet-bar on the ground floor and two bathrooms and kitchen in the basement.						
Restrooms	Two restrooms are available in the ground floor offices.						
Security	No central security systems were noted.						
Elevators	The building is not serviced by an elevator.						
Condition	The subject building improvements appear in fair to average condition given their age.						
Age	<table border="0" style="width: 100%;"> <tr> <td style="padding-right: 20px;">Actual Age</td> <td>42 years</td> </tr> <tr> <td>Effective Age</td> <td>35 years</td> </tr> <tr> <td>Remaining Economic Life</td> <td>60-65± years</td> </tr> </table>	Actual Age	42 years	Effective Age	35 years	Remaining Economic Life	60-65± years
Actual Age	42 years						
Effective Age	35 years						
Remaining Economic Life	60-65± years						
Parking/Yard Area	Parking consists of a small gravel area along the building's northerly elevation. A large yard area exists to the south elevation of the						

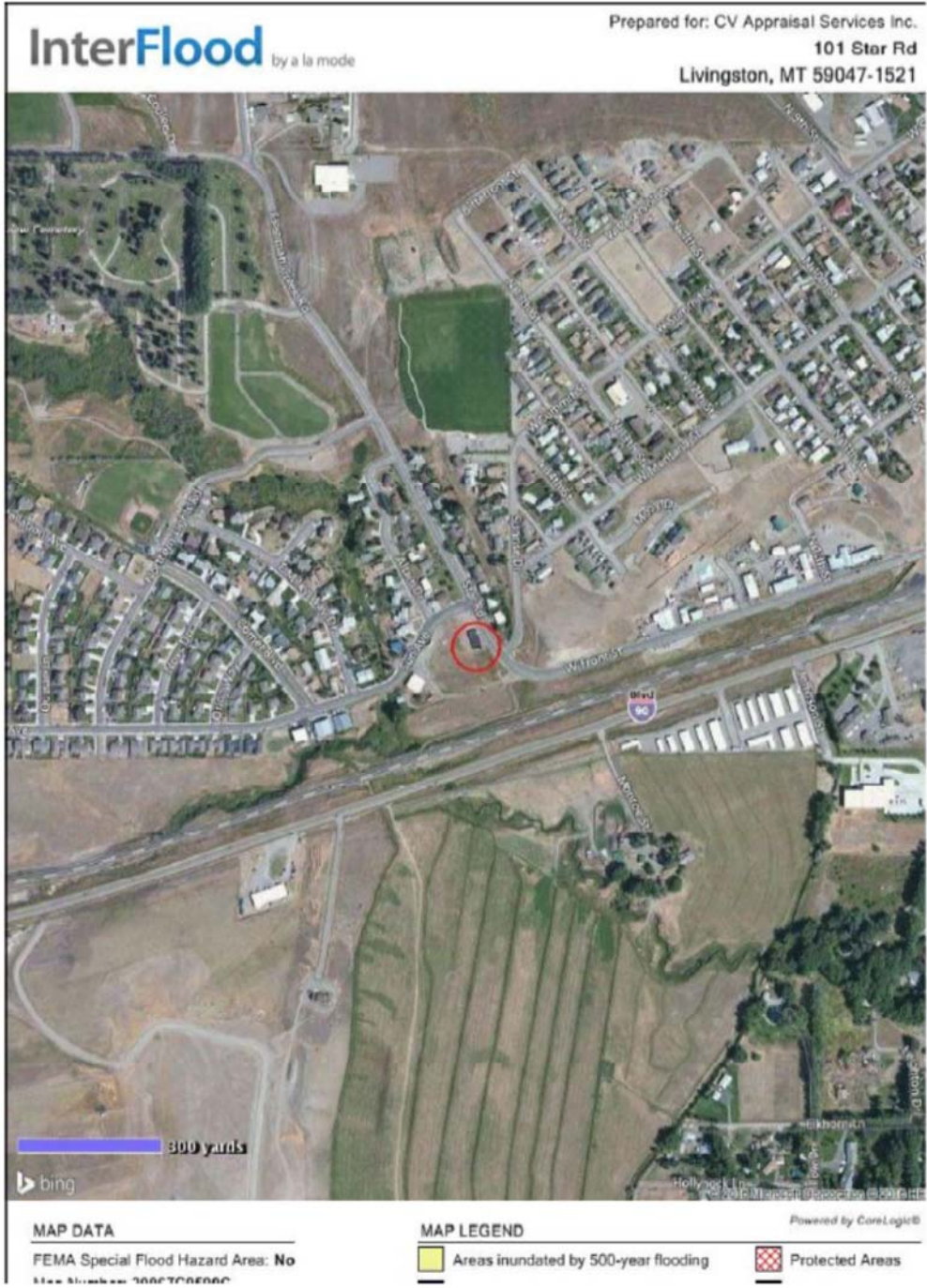
	building improvement. Given the site's relatively long and narrow configuration, there is little to no room along the building's east and west elevations.	
Site Coverage	Site Coverage	8.08%
	Land to Building Ratio	12.38 : 1
Other Improvements	No other significant improvements were noted.	
Summary	<p>The subject building improvement consists of an older office-type facility of Class C construction. Reportedly, the building was originally constructed in 1974 as a television repair shop with the owner building the basement as his living quarters as well. The most recent previous owner was a local bank that took possession of the property on a foreclosure proceeding. The prior owner had purchased and intended to convert into a facility to manufacture prints of his artwork.</p> <p>The exterior of the building is showing signs of physical deterioration and depreciation. Some of the soffit and fascia material appears to be detaching while some of the nails fastening the cedar shingles to the roof appear to be coming out as well. In terms of functionality, the basement apartment lacks any windows or an egress leading directly outside. The above grade office space also has very few windows. Also, the basement apartment appears in original condition to the building with no significant updating done over the years.</p>	

Location Map

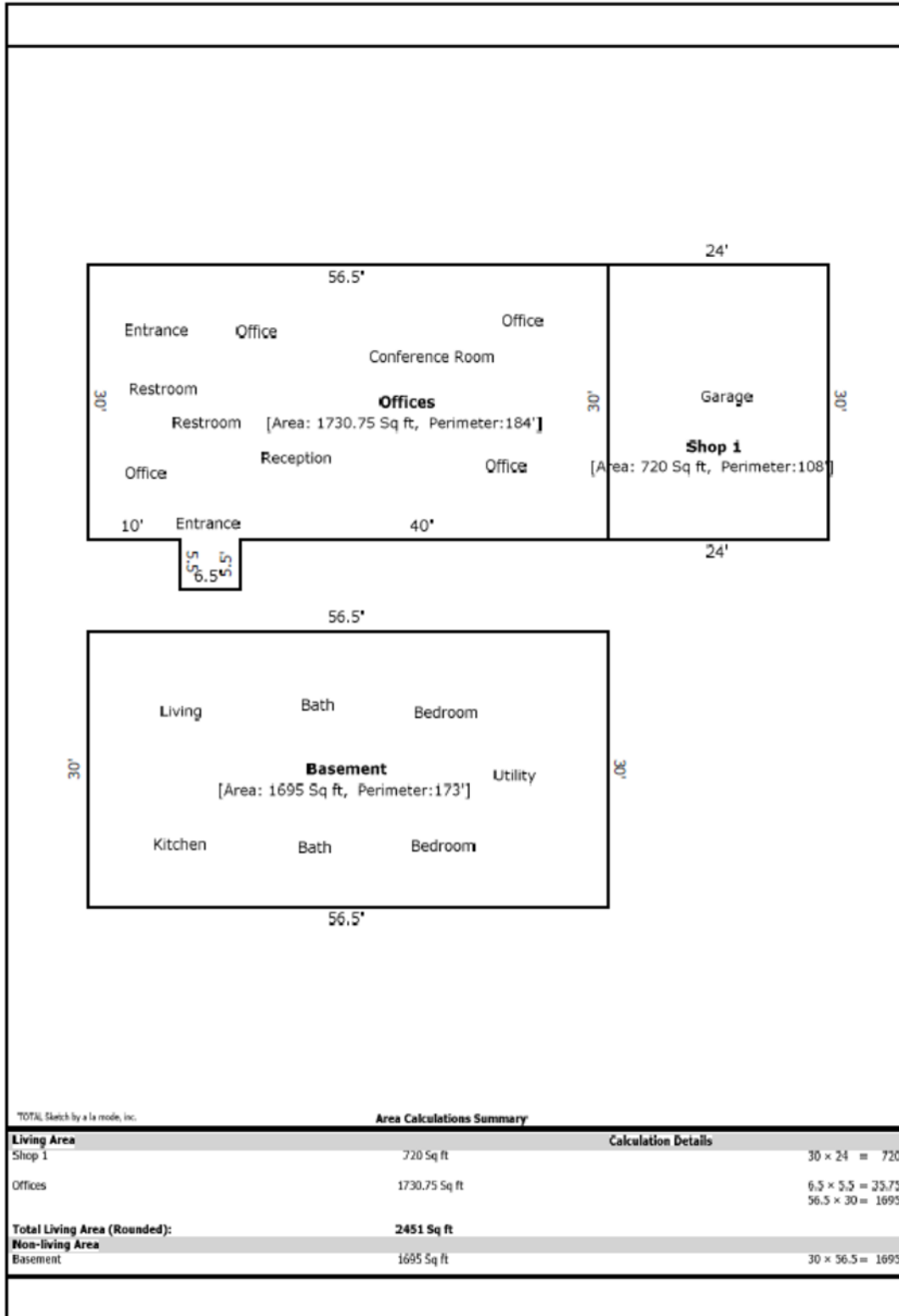


Flood Map

Page 1 of 1



Building Square Footage



Subject Photos



East and south elevation.



East elevation facing Star Road.



North elevation facing Sun Avenue.



West elevation.



West and south elevation.



Soffit close-up.

Photos taken by Christopher C. Seeve on 01/12/2016.

Subject Photos



Soffit and chimney close-up.



Cedar roof apron close-up.



Deteriorating window casing.



A/C unit.



Subject site looking south.



Star Road looking north.

Photos taken by Christopher C. Seeve on 01/12/2016.

Subject Photos



Sun Avenue looking west.



Reception area.



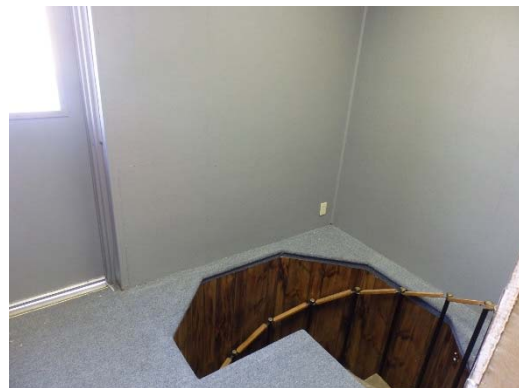
Restroom 1.



Restroom 2.



Private office.



Entry with staircase to basement.

Photos taken by Christopher C. Seeve on 01/12/2016.

Subject Photos



Conference room.



Office.



Office.



Attached garage.



Basement kitchen.



Basement living room with fireplace.

Photos taken by Christopher C. Seeve on 01/12/2016.

Subject Photos



Basement bathroom 1.



Basement room.



Basement room.



Basement bathroom 2.



Basement room.

Photos taken by Christopher C. Seeve on 01/12/2016.

SECTION IV – Analysis of Data & Conclusions

Highest & Best Use

Highest and best use is the reasonably probable and legal use of vacant land or an improved property which is physically possible, appropriately supported, financially feasible and that results in the highest value. The four criteria that highest and best use must meet are legal permissibility, physical possibility, financial feasibility and maximum productivity.⁷

The four tests can be further analyzed:

1. **Physical Possibility.** To what use(s) is the site physically adaptable?
2. **Legal Permissibility.** What uses are permitted by zoning and other legal restrictions or governances?
3. **Financial Feasibility.** Which physically possible and legally permissible use will produce a net return to the owner of the site?
4. **Maximally Productive.** Among the feasible uses, which use will produce the highest net return, i.e., the highest present worth?

In theory, highest and best use applies to the land element of the property. Improvement value is contributory; the value they add to the land. An improved property will continue in its current use until the land as though vacant, minus demolition and disposal costs, is more valuable than the property as improved.

The subject has been tested using the four criteria of highest and best use; legally permissible use, physically possible use, feasible use and maximally productive use. The test was applied to the land, as though vacant, and the property as improved.

In the analysis of highest and best use of land, as though vacant, a series of questions are first posed. The answers may lead to conclusions regarding highest and best use of the property, as though vacant, and finally, highest and best use as improved. The first question is as follows:

- Should the land be developed or left vacant?

If it is found that the land should be developed and not left vacant, a second question is posed:

- What kind of improvements should be constructed?

It is now possible to analyze the highest and best use of the property as improved. The third question posed is:

- Should the existing improvements on the property be maintained in their current state or should they be altered in some manner to make them more valuable?

⁷ (Dictionary of Real Estate Appraisal, 4th Edition, 2002)

Theoretically, as long as the value of a property, as improved, exceed the value of the underlying land, as though vacant, the highest and best use remains as improved. However, in cases of redevelopment, an investor or developer may purchase an improved property and remove the improvements even if they contribute to the overall value of the property. In that case, the developer is interested in the underlying land and does not want to wait for the value of the improvements to reach zero.

Highest and best use, as though vacant, and as improved will now be discussed.

Highest & Best Use, As Though Vacant

Physical Possibility

There are numerous potential uses for the land as if vacant. Subject site is located on the west side of Livingston in an area transitioning from commercial to residential. It has a location where the Frontage Road turns north into Star Road. Site is slightly sloping from north to south, however, there does not appear to be enough slope to impede development. The subject site does have a rather irregular shape that is long and narrow. Any potential development of the site would have to be undertaken in a manner to best utilize the subject's irregular shape.

Legal Permissibility

The subject is located within the jurisdiction of the City of Livingston Neighborhood Commercial zoning district. Any use in accordance with current zoning code should be legally permissible. Any potential use in accordance within these zoning guidelines should be legally permissible. This zoning district tends to suggest neighborhood-type commercial uses.

Financial Feasibility

If a use is legally permissible and physically possible and is income producing, the analysis of financial feasibility concentrates on uses generating the highest return after operating expenses and other financial obligations. In this case, it is likely the most financially feasible use of the subject site, assuming it were vacant and unimproved, would be to hold for future development.

Maximally Productive

The maximally productive use of the subject, assuming it were vacant and unimproved, would likely be to hold for future development.

Highest & Best Use, As Improved

Physical Possibility

The subject consists of an existing mixed-use office building with an attached garage and basement apartment. As of the effective date the subject building improvements were unoccupied.

A potential physically possible use of the subject would be to continue its office use. The addition of additional windows in the office space would allow for some natural lighting. Also, it would likely be necessary to add some egress windows in the basement bedroom spaces of the apartment. An alternative use would be to convert the building to some other use such as retail.

Legal Permissibility

Again, any use within accordance with private, local, state, or federal restrictions or regulations would be legally permissible. It was a specific assumption that the current use is legally permissible as the subject has been under its current configuration for a number of years.

Financial Feasibility

The criteria of financial feasibility are met if any and all costs associated with the current use of the site can be exceeded from revenues generated on the site. The above mentioned costs include any debt service and an allowance for profit.

Financial feasibility would likely be reached upon achieving stabilized occupancy of the subject.

Maximally Productive

Once the first three criteria for highest and best use are met, the maximally productive use can be determined. Typically, once physically possible, legally permissible and financially feasible are met by the same use, maximally productive is the same.

Summary

In this case, continued current use of the subject, at stabilized occupancy, is likely its highest and best use. At this current time, it does not generally appear that a higher overall value could be achieved by the subject site, as vacant.

The Valuation Process

The appraisal process is an orderly procedure of gathering information from the market which will lead to an opinion of value. There are three recognized approaches to forming an opinion of market value which can be applied when appraising real property. These approaches are:

- Cost Approach
- Sales Comparison Approach
- Income Capitalization Approach

Each approach to value is included or omitted based on its applicability to the specific property and/or property type being valued along with the quantity and quality of available information.

Cost Approach

The cost approach is based on the principles of substitution, contribution and supply and demand. The cost approach estimates the replacement new or reproduction costs of improvements, estimates and deducts all forms of depreciation (physical, functional and economic obsolescence) and adds the opinion of site value as derived from market data.

Sales Comparison Approach

The sales comparison approach analyzes various units of comparison between the subject and other properties that have recently sold or are actively listed. These units of comparison are then applied to the subject and conclusions can be drawn about its value based on comparison to similar properties. The sales comparison approach is based primarily on four principles; supply and demand, substitution, balance and externalities.

Income Approach

The income approach normally calculates income and expenses associated with the subject property. The appraiser compares his or her findings about the subject with income and expenses of similar properties and draw conclusions about the value of the subject based on income it generates.

The basic tenant of the income capitalization approach is the conversion of future benefits into a present value by capitalization of income. This conversion is accomplished by use of capitalization and yield rates.

In this case, all three approaches were used.

Site Value, As Though Vacant

As a first step in performing the cost approach, an opinion of market value of the site as-though-vacant was developed. This is an important step because land is said to have value while improvements contribute to overall value.

Developing a site value opinion can be accomplished by a number of methods. In this case, the sales comparison approach was used.

Site Valuation Steps

- Obtain and research sales, listings, options and offers data.
- Note any similarities or differences between the subject and comparable data.
- Determine the highest and best use of each comparable.
- Determine what unit of comparison best explains market behavior.
- Make adjustments to reflect differences between the comparable and subject.
- Form an opinion of market value of the subject.

Effort was made to find sales of vacant, comparable sites in the area to form an opinion of market value of the site, as vacant. Given the lack of sale activity regarding unimproved commercial tracts in Livingston, it was necessary to expand the search to surrounding communities.

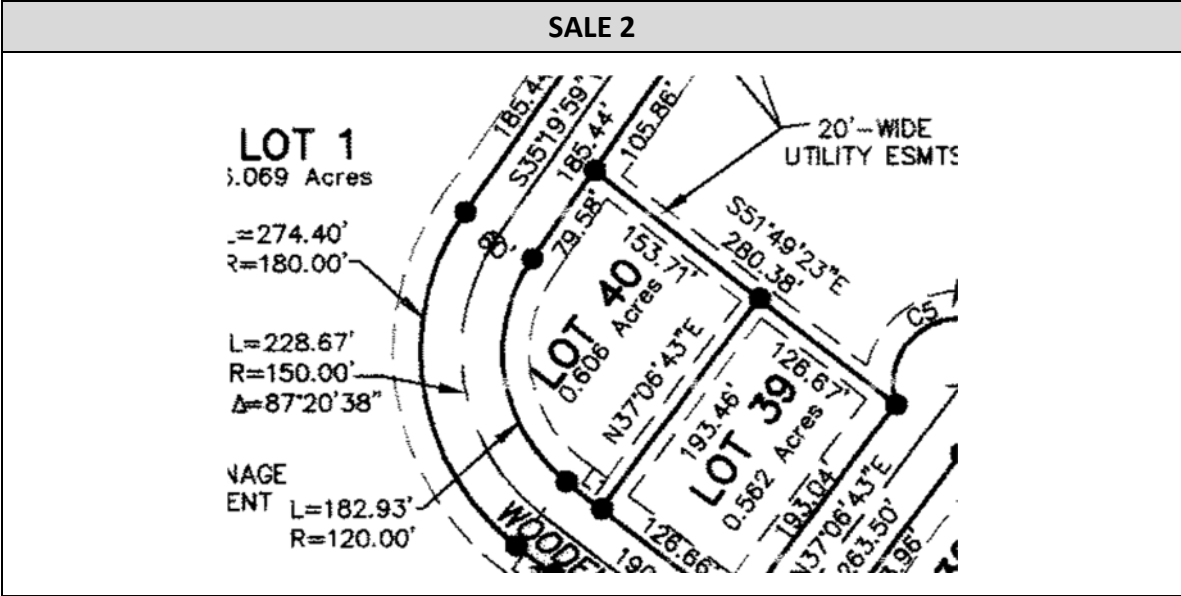
The following parameters were used in searching for comparables.

Market Parameters	Time Period:	Since January 2014.
	Transaction Types:	Closed or pending sales; active listings.
	Property Rights:	Fee simple interest.
	Location:	Surrounding Livingston.
	Site Size:	Less than 1 acre.
	Zoning:	No particular parameter.

The following contains a brief summarization of the comparables and the logic and reasoning used to form a value opinion of the subject site as vacant.

VACANT SITE COMPARABLES SUMMARY					
Comp	Location	D.O.S.	Price	Size SF	\$/SF
S	101 Star Rd, Livingston	-	-	21,432	-
1	Lot 1 Canyon View Dr, Livingston	05/15	\$55,000	43,996	\$1.25
2	Lot 40 Wooden Shoe, Manhattan	12/15	\$118,985	26,239	\$4.53
3	TBD Cherry Dr, Bozeman	10/15	\$120,000	14,418	\$8.32
4	235 McLeod St, Big Timber	05/15	\$46,000	4,182	\$11.00
Mean				22,209	\$6.28
Med				20,329	\$6.43

SALE 1			
PROPERTY INFORMATION			
LOCATION	TBD Canyon View Dr	SALE PRICE	\$55,000
CITY	Livingston	DATE OF SALE	05/01/2015
COUNTY/ST	Park, MT	FINANCING/TERMS	Cash to Seller
TAX ID	D386817	PROPERTY RIGHTS	Fee Simple
GRANTOR	Carter	SOURCE	MLS #201512
GRANTEE	Dale Bush	DOCUMENT	386817
LEGAL DESCRIPTION	Parcel 1 of COS 2202 (Acreville).		
PHYSICAL DATA			
ACREAGE	1.01	ACCESS	County View Dr.
SQUARE FOOTAGE	43,996	UTILITIES	To property
SHAPE	Irregular	WATER & SEWER	Community H2O; Septic
TOPOGRAPHY	Mostly Level	IMPROVEMENTS	None
ZONING	County		
FRONTAGE	County View Dr.		
CALCULATIONS			
OVERALL \$ / ACRE	\$54,455	IMPROVEMENT \$/ACRE	\$0
OVERALL \$/ SF	\$1.25	IMPROVEMENT \$/ SF	\$0.00
NOTES			
One of three lots for sale along Canyon View Drive near its intersection with Billman Lane. Community water system is available, but a private septic system would be needed. Original list price of \$55,900 suggested a sale to list ratio of 98.39%. Property was on the market for 186 days.			



PROPERTY INFORMATION

LOCATION	TBD Wooden Shoe Ln	SALE PRICE	\$118,985
CITY	Manhattan	DATE OF SALE	12/22/2015
COUNTY/ST	Gallatin, MT	FINANCING/TERMS	Cash to Seller
TAX ID	REE46386	PROPERTY RIGHTS	Fee Simple
GRANTOR	RM Properties, LLC	SOURCE	MLS #200510
GRANTEE	AH Kimpton & Sons	DOCUMENT	2533745
LEGAL DESCRIPTION	Lot 40 of the Farmstead Sub, a PUD, situated in the S/2 of Section 10, Township 1 North, Range 3 East, PMM, Town of Manhattan, Gallatin County, Montana.		

PHYSICAL DATA

ACREAGE	0.61	ACCESS	Wooden Shoe Ln
SQUARE FOOTAGE	26,239	UTILITIES	Onsite
SHAPE	Irregular	WATER & SEWER	Municipal
TOPOGRAPHY	Level	IMPROVEMENTS	None
ZONING	L-1		
FRONTAGE	Wooden Shoe Ln		

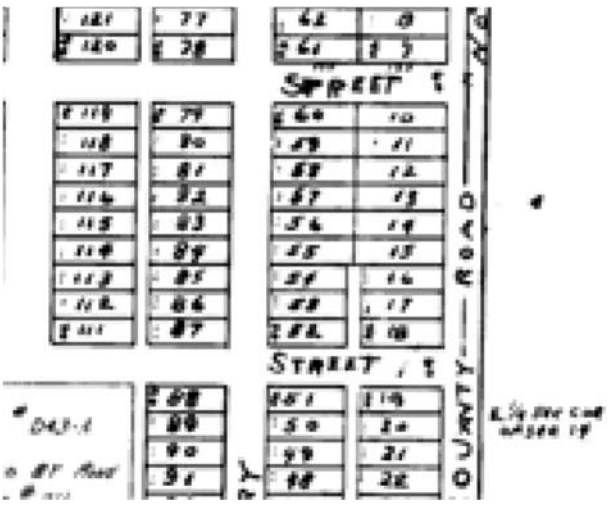
CALCULATIONS

OVERALL \$ / ACRE	\$196,345	IMPROVEMENT \$/ACRE	\$0
OVERALL \$/ SF	\$4.53	IMPROVEMENT \$/ SF	\$0.00

NOTES

Sale of an unimproved commercial parcel in Manhattan just across the street from the new Stockman Bank. Property sold for its full listing price and was on the market for 482 days.

SALE 3



PROPERTY INFORMATION

LOCATION	TBD Cherry Dr.	SALE PRICE	\$120,000
CITY	Bozeman	DATE OF SALE	10/09/2015
COUNTY/ST	Gallatin, MT	FINANCING/TERMS	Cash to Seller
TAX ID	RGF67832	PROPERTY RIGHTS	Fee Simple
GRANTOR	Edith Randall	SOURCE	MLS #205469
GRANTEE	Peter Harris	DOCUMENT	2527289
LEGAL DESCRIPTION	Lots 54-56 of Rainbow Subdivision of Bozeman Hot Springs Tract, Gallatin County, Montana.		

PHYSICAL DATA

ACREAGE	0.33	ACCESS	Cherry Dr.
SQUARE FOOTAGE	14,418	UTILITIES	Onsite
SHAPE	Rectangle	WATER & SEWER	Community System
TOPOGRAPHY	Level	IMPROVEMENTS	None
ZONING	Mixed Use		
FRONTAGE	Cherry Dr.		

CALCULATIONS

OVERALL \$ / ACRE	\$362,538	IMPROVEMENT \$/ACRE	\$0
OVERALL \$/ SF	\$8.32	IMPROVEMENT \$/ SF	\$0.00

NOTES

Sale of an unimproved parcel zoned Mixed Use in the Four Corners Community just off Highway 191. Property has electrical and natural gas utilities and a community water and sewer system are located in Cherry Drive. Property sold for its full listing price and was on the market for 33 days.

SALE 4			
PROPERTY INFORMATION			
LOCATION	235 McLeod St	SALE PRICE	\$46,000
CITY	Big Timber	DATE OF SALE	05/08/2015
COUNTY/ST	Sweet Grass, MT	FINANCING/TERMS	Cash to Seller
TAX ID	1C00853	PROPERTY RIGHTS	Fee Simple
GRANTOR	Faw	SOURCE	MLS #202372
GRANTEE	Bartelt Management	DOCUMENT	153363
LEGAL DESCRIPTION	Lot 11 & 92.9' of the S/2 of Lot 12, Block 24 Big Timber Original Townsite, Sweet Grass County, Montana.		
PHYSICAL DATA			
ACREAGE	0.10	ACCESS	McLeod
SQUARE FOOTAGE	4,182	UTILITIES	Onsite
SHAPE	Rectangle	WATER & SEWER	City
TOPOGRAPHY	Level	IMPROVEMENTS	None
ZONING	N/A		
FRONTAGE	McLeod St		
CALCULATIONS			
OVERALL \$ / ACRE	\$479,167	IMPROVEMENT \$/ACRE	\$0
OVERALL \$/ SF	\$11.00	IMPROVEMENT \$/ SF	\$0.00
NOTES			
Sale of unimproved lot in downtown Big Timber along McLeod Street. Original list price of \$49,000 suggests a sale to list price ratio of 93.88%. Property was on the market for 1,401 days.			

Comparable Location Map



Units of Comparison

Typically, in the case of smaller unimproved parcels the most often used unit of comparison is price per square foot or price per acre depending on the size of the property. In this case, I felt that price per square foot was most appropriate.

Quantitative and Qualitative Analysis

Using the sales comparison approach relies on analysis of properties with similar characteristics of that of the subject. Comparative techniques used in the sales comparison approach are fundamental to the valuation process. Since no two properties are the same, adjustments are necessary to form an opinion of value.

Adjustments for differences in a variety of property characteristics are made to comparable sales chosen from the market area. Not all adjustments can be made with mathematical and statistical accuracy. An attempt to arrive at as narrow of a range as possible is made to bracket a final opinion of value.

Quantitative adjustments are made by paired sale analysis, statistical/regression analysis, sale/resale pairing, or other quantifiable methods. A brief description of paired sale analysis is pairing two sales that are similar except for one characteristic. The difference in sales prices can then be attributed to that specific characteristic.

When quantitative differences are unable to be determined, the sales can be compared qualitatively to the subject. Qualitative analysis is performed through relative comparison and ranking analysis. This method is particularly useful as it reflects imperfections in the nature of real estate economics and often mimics actions of market participants, i.e., buyers and sellers.

Implementing relative comparison and ranking analysis involves analyzing comparable sales to make determinations whether characteristics of the comparables are similar, inferior, or superior to the subject. A grid, or array, of the comparables is presented. The characteristics to be compared can be broken out and listed along with their ranking. The subject is placed in the grid in accordance with its rank among the group of sales.

In this case, I chose both quantitative and qualitative techniques. Adjustments were derived through various methods including, paired sale data, statistical analysis, regression analysis, published cost data, or cost comparables. Transactional adjustments were first applied followed by property adjustments.

Transactional Adjustments

Property Rights Conveyed

The first in the series of adjustments is for property rights. In this case, I did not find evidence to support an adjustment for property rights. Each comparable sold in fee simple estate or its equivalent.

Financing

In this case, to the best of my knowledge each of the comparable sales was purchased with cash, conventional financing, or its equivalent. No unusual or abnormal financing was reported. No adjustment to any of the comparable sales was required.

Conditions of Sale

In this case, no adjustments were required for conditions of sale as to the best of my knowledge each of the sales were arms-length transactions. No adjustment was required.

Expenditures Immediately After Purchase

In this case, no adjustments were required for expenditures immediately after purchase.

Market Conditions

As market conditions change over periods of time, adjustments become necessary to reflect inflation or depreciation in prices. Anecdotal evidence suggests appreciating market conditions. However, I was not able to quantify an adjustment with a high degree of reliability. Each of the comparables were relatively recent and likely were reflective of current market conditions.

Property Adjustments**Location**

Given the relative lack of recent sales of unimproved commercial tracts within the City of Livingston, it was necessary to expand the scope of the search, geographically. The most logical extension of the search lead to choosing comparables in Big Timber, Bozeman and Manhattan.

I located one sale just south of the City of Livingston along Highway 89 which was the closest, geographically, to the subject. The second sale was located in the Town of Manhattan just off Interstate 90 and across the street from the new Stockman Bank. The third sale was located in the Four Corners Community west of Bozeman near Bozeman Hot Springs and just off Highway 191. The final comparable was located in downtown Big Timber along McLeod Street.

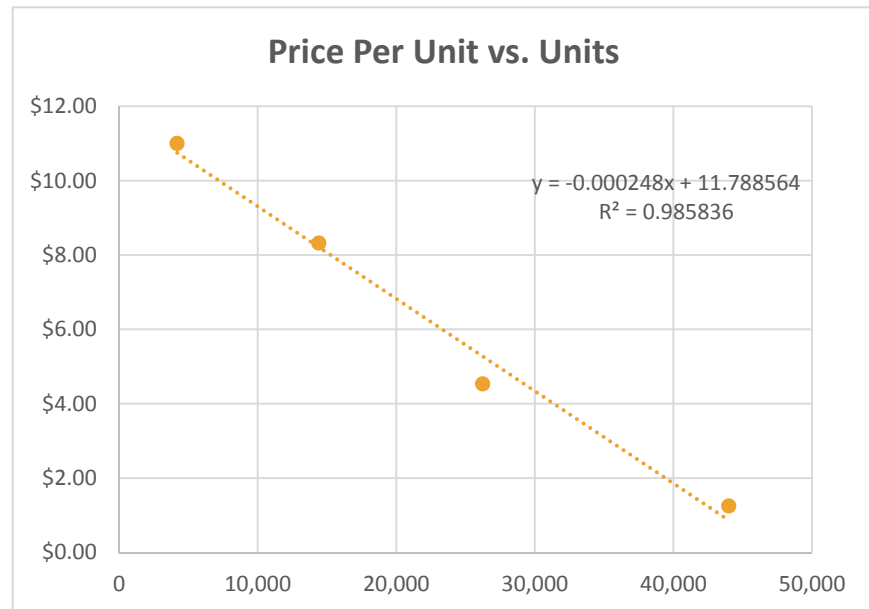
In this case, I was not able to quantify an adjustment with a great deal of reliability. Although the comparables differ in geographical location, they are all located within similarly reasonable distances of population centers or areas of commercial activity. Therefore, no adjustment was applied.

Exposure

No adjustment was reconciled for exposure.

Size

The comparables were graphed in an effort to determine whether a relationship exists between size and adjusted price per square foot:



In this case, an inverse relationship appears to exist. As the number of units increases, price per unit decreases. A trend line was added and a formula was calculated for the trend line. The R^2 of 0.9858 suggests that 98.58% of the variation in price per square foot is attributable to differing size.

Based on the trend line formula and pairing of the sales, I reconciled an adjustment of \$0.00025 for every square foot difference.

Services

Access to similar services were available, therefore, no adjustment was applied.

Once the adjustments were extracted and derived, they were summarized on an adjustment grid.

Sales Comparison Approach Analysis Grid - As Though Vacant					
Property	Subject	Comp 1	Comp 2	Comp 3	Comp 4
Type	-	Unimproved Land	Unimproved Land	Unimproved Land	Unimproved Land
Name	Durgan's Property	Parcel 1 COS 2202	L40 Farmstead Sub	L54-56 Rainbow	L11B24 Big Timber
Address	101 Star Rd	TBD Canyon View Dr	TBD Wooden Shoe	TBD Cherry Dr	235 McLeod St
City	Livingston	Livingston	Manhattan	Bozeman	Big Timber
State	MT	MT	MT	MT	MT
Sale Price	None	\$55,000	\$118,985	\$120,000	\$46,000
Sale Date	None	May-15	Dec-15	Oct-15	May-15
Description					
Gross Land Area, SF	21,432	43,996	26,239	14,418	4,182
Location	Livingston City	Acreville	Manhattan	Four Corners	Big Timber
Topography	SI Slope	Level	Level	Level	Level
Zoning	NC	County	L1	MU	N/A
Services Description	Municipal	Com H2O/Priv Septic	Municipal	Municipal	Municipal
Unadjusted Sale Price					
Per SF		\$1.25	\$4.53	\$8.32	\$11.00
Analysis					
Property Rights adjustment per sf	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Financing Terms adjustment per sf	-	Cash	Cash	Cash	Cash
Conditions of Sale adjustment per sf	-	Similar	Similar	Similar	Similar
Expenditures After Sale adjustment per sf	-	-	-	-	-
Market Conditions adjustment per sf	-	\$0 \$0.00	\$0 \$0.00	\$0 \$0.00	\$0 \$0.00
Adjusted Unit Price per sf		\$1.25	\$4.53	\$8.32	\$11.00
Physical					
Exposure (Front or rear)		\$0.00	\$0.00	\$0.00	\$0.00
Location		\$0.00	\$0.00	\$0.00	\$0.00
Size		\$5.53	\$1.20	-\$1.75	-\$4.31
Services		\$0.00	\$0.00	\$0.00	\$0.00
Per AC					
		\$6.78	\$5.73	\$6.57	\$6.69
Mean Adjusted \$/Sf	\$6.44				
Median Adjusted \$/Sf	\$6.63				

SITE VALUE ANALYSIS

COMP	Sq.Ft.	Adj. \$/Sq.Ft.	SUBJECT SF	INDICATED SUBJECT V _o
1	43,996	\$6.78	21,432	\$145,309
2	26,239	\$5.73	21,432	\$122,805
3	14,418	\$6.57	21,432	\$140,808
4	4,182	\$6.69	21,432	\$143,380
Mean				\$138,076
Median				\$142,094

Qualitatively, I felt the subject should be represented toward the lower end of the range and reconciled a rounded value opinion of \$125,000 which equates to \$5.83 per square foot.

Therefore, based on my investigations, studies and analysis performed, and subject to the general assumptions and limiting conditions contained within this report, an opinion of market value of the subject, as-thought-vacant, was reconciled as:

MARKET VALUE OPINION(S) (SITE VALUE AS IF VACANT)			
Appraisal Premise	Interest Appraised	Date of Value	Value Opinion
As-Vacant, Current	Fee Simple	January 12, 2015	\$125,000
Data Compiled by Christopher C. Seeve			

Cost Approach

The cost approach is a set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive, deducting depreciation from the total cost and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised.⁸

The cost approach is primarily based on the principle of substitution – that a prudent and rational person would pay no more for a property than the cost to construct a similar and competitive property, assuming no undue delay in the process.

Applied Process

- Form an opinion of the land value according to its highest and best use. The sales comparison approach is typically used.
- Estimate the replacement cost of the building and site improvements.
- Estimate the physical, functional and/or external depreciation accrued to the improvements.
- Sum the depreciated value of the improvements with the value of the land for a final value opinion.

An opinion of market value of the site, as-though-vacant was formed in the preceding section. It is now necessary to estimate depreciated replacement cost new of the existing and proposed improvements.

Replacement Cost Sources

- Marshall Valuation Service
- Cost comparables
- Local and regional contractor estimates
- Actual cost estimates

The building is an older structure being over 40 years old. In this case, I relied upon data obtained from Marshall Valuation Service to estimate the subject's replacement cost new.

The aforementioned cost estimates include hard and soft cost items, however, no allowance for entrepreneurial incentive was included. As the subject's fee simple interest is being valued, I felt it theoretically inappropriate to include an entrepreneurial incentive estimate as fee simple values typically don't have entrepreneurial incentive included and owner-occupants typically don't build a facility expecting to walk into equity.

⁸ (Appraisal Institute, 2002)

Depreciation was estimated based on review of sales of comparable properties within the subject market area. Overall sale prices, replacement cost estimates along with estimates of underlying land value were used to estimate depreciation. In this case, I reconciled a rate of depreciation of 1.55% per year of actual age based on the depreciation comparables.

The cost approach was performed and summarized on the grid found on the following page:

DEPRECIATION EXTRACTION

Property:	Matts Butcher Shop	Holiday Station	
	105 Rogers Ln	1019 W Park St	
	Livingston	Livingston	
1	Sale Price	\$212,000	\$130,000
2	Square Feet	4,706	1,424
3	Price/Square Foot	\$45.05	\$91.29
Adjust For			
4	Property Rights		
5	Financing Terms		
6	Conditions of Sale		
7	Buyer Expenditures		
8	Non-realty Items		
9	Total Adjustments	\$0	\$0
10	Adjusted Price	\$212,000	\$130,000
Land			
11	Square Footage	21,127	6,273
12	Value/SF	5.92	11.00
13	Land Value	\$125,000	\$69,003
14	Remainder to Improvements	\$87,000	\$60,997
Cost of Improvements			
15	Per Square Foot	\$88.47	\$125.00
16	Amount	\$416,340	\$178,000
Depreciation			
17	In Dollars	\$329,340	\$117,003
18	As Percent	79.10%	65.73%
19	Percent Good	20.90%	34.27%
20	Age	44	50
21	Percent per Year	1.80%	1.31%
22	Indicated Economic Life	55.62	76.07

Summary of Cost Approach**Building Replacement Cost New (RCN)**

	Office	Basement				Totals
Building						
Cost/SF GBA	\$73.69	\$33.46				
HVAC	\$14.78	\$14.78				
Total Base Cost/Unit	\$88.47	\$48.24				
Cost Multipliers						
local	0.95	0.95				
current	0.99	0.99				
area	1.08	1.00				
stories	0.90	0.90				
indirect costs	1.08	1.08				
Adjusted Cost/Unit	\$101.60	\$58.68				
Building GBA	2,451	1,695				
Parking Spaces						
Total Building RCN	\$249,025	\$99,454				\$348,479

Site Improvements

	Sitework			
Applicable Site Area	1			
Site Prep and Improvements	\$20,000.00			
Total	\$20,000		\$0	\$20,000

Total RCN of Improvements	\$368,479
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Entrepreneurial Profit			
RCN	\$368,479		
Estimated Profit Percentage	0%		
Estimated Entrepreneurial Profit	\$0		\$0

Total RCN of Improvements	\$368,479
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Depreciation

Physical Depreciation			
Curable			
Incurable		Accrued	
RCN		\$368,479	
Depreciation Percentage		65%	
Total Incurable		(\$239,511)	
Total Physical Depreciation			(\$239,511)

External Obsolescence**Depreciated Replacement Cost of Improvements**

Adjustments		
Plus Site Value		\$125,000
Concluded Replacement Cost Estimate		\$128,968
Cost Approach		\$253,968
Rounded to nearest \$5K.		\$255,000

Source: Marshall Valuation Services

The cost approach was performed subject to the general assumptions and limiting conditions contained herein. The cost approach was summarized in the following table:

MARKET VALUE OPINION(S) COST APPROACH			
Appraisal Premise	Interest Appraised	Date of Value	Value Opinion
As-Is, Current	Fee Simple	January 12, 2016	\$255,000
Data Compiled by Christopher C. Seeve			

Sales Comparison Approach

The sales comparison approach is a set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land or land being considered as though vacant. It is the most common and preferred method of land valuation when an adequate supply of comparable sales is available.⁹

Generally, comparable sales are reviewed and analyzed in terms of physical similarities and differences, terms of sale, seller and buyer motivations, market conditions and physical characteristics. This approach is of added value when there are large numbers of comparable sales or sale data available. However, the approach is considered to be less applicable in situations of limited sales or sale data.

The sales comparison approach is largely based on the following principles:

Substitution	Competition
Anticipation	Externalities
Contribution	Opportunity Costs
Balance	Supply
Change	Demand


Using the sales comparison approach typically involves various units of comparison. One of the first steps in the sales comparison approach is to determine the appropriate unit of comparison to measure. Each property appraised must be analyzed to determine the appropriate unit of comparison.


Market Parameters	Time Period:	Since January 2013.
	Transaction Types:	Closed or pending sales.
	Property Rights:	Leased fee or fee simple interest.
	Location:	Livingston, Bozeman & surrounding area.
	Building Size:	I set no particular parameters on building size. Rather, I researched properties with similar or potentially similar uses.


The client requested an opinion of market value of the subject real property. I researched the local market for sales of office, warehouse, retail and mixed use facilities. The comparable sales included in the analysis were further discussed on the following pages followed by their


⁹ (Appraisal Institute, 2002)


analysis. The sales comparison approach was used to develop an opinion of market value of the subject in it's as-is state.


Comparable Sale 1			
Sale Data			
Property Type	Office	Property Rights	Fee Simple
Property Name	State Farm	Financing	Cash to Seller
Address	407 W. Park St.	Conditions of Sale	Arm's Length
City	Livingston	Contract Date	06/18/2015
State, Zip Code	MT, 59047	Closing Date	07/10/2015
Tax ID	5390	Sale to List Ratio	85.43%
Grantor	Charles F & Elaine Shelton	Days on Market	668
Grantee	Mark Allan Luce	Sale Price	\$85,000
Document Type	Warranty Deed	\$/SF GBA	\$60.24
Document Number	387800	Source	MLS #200366
Recording Date	07/10/2015	Confirmed With	Ernie Meador
Legal Desc.	Lot 9 in Block 58, of the Original Townsite to the City of Livingston, Park County, Montana, according to the official map or plat thereof on file and of record in the office of the County Clerk and Recorder, Park County, Montana.		
Site Data			
Land Area (AC/SF)	0.08	3,267	Frontage 1 W. Park St.
Topography	Level		Frontage 2 -
Utilities	Underground		Zoning HC
Water/Sewer	Municipal		
Improvement Data			
Improvement 1:		Improvement 2:	
Construction Type	Class D	Construction Type	Office
1st Floor Office	819	58.04%	
2nd Floor Office	592	41.96%	-
Gross Building Area	1,411	100.0%	Gross Building Area
No. of Stories	1		No. of Stories
Year Built	1900		Year Built
Quality of Construction	Average		Quality of Construction
Condition	Average/Dated		Condition
Interior Finish	Office		Interior Finish
HVAC	FWA		HVAC
Overall GBA	1,411	Site Coverage	25.07%
		Land to Building	3.99 : 1
		Parking	Surface/Asphalt
Financial Data (Pro Forma)			
Potential Gross Income	-	Insurance	-
Vacancy & Collection Loss	-	Other Expenses	-
Effective Gross Income	-	Net Operating Income	-
Professional Management 4%	-	Indicated OAR	-
Real Estate Taxes	-		
Notes			
Sale of an old single unit dwelling that has for many years been as a professional office housing a State Farm insurance branch. The ground floor is demised into a reception area with private offices and a kitchen. Many of the finishes appear rather dated. The building also has an unfinished stone foundation basement with rather low ceilings.			
Image(s)			
			

Comparable Sale 2			
Sale Data			
Property Type	Gas Station/Convenience Store	Property Rights	Fee Simple
Property Name	Holiday Station	Financing	Cash to Seller
Address	1019 W. Park St.	Conditions of Sale	Arm's Length
City	Livingston	Contract Date	01/29/2015
State, Zip Code	MT, 59047	Closing Date	04/23/2015
Tax ID	20330	Sale to List Ratio	54.39%
Grantor	Gasparro Enterprises, LLC	Days on Market	174
Grantee	BVA2, LLC	Sale Price	\$130,000
Document Type	Warranty Deed	\$/SF GBA	\$91.29
Document Number	386629	Source	MLS #200169
Recording Date	04/23/2015	Confirmed With	Ernie Meador
Legal Desc.	The N/2W/2 of Lot 16 & the fractional portion of Lots 17 & 18 lying in the W/2W/2 of Block 1 of the Park Addition to the Original Townsite of the City of Livingston & Tract A of COS No. 97 on file in the office of the Park County Clerk & Recorder.		
Site Data			
Land Area (AC/SF)	0.14	6,273	Frontage 1 W. Park St.
Topography	Level		Frontage 2 S. 11 th St.
Utilities	Underground		Zoning HC
Water/Sewer	Municipal		
Improvement Data			
Improvement 1:		Improvement 2:	
Construction Type	Class C	Construction Type	Office
1st Floor	1,424	100.0%	Office
Gross Building Area	1,424	100.0%	Gross Building Area
No. of Stories	1		No. of Stories
Year Built	1965		Year Built
Quality of Construction	Average		Quality of Construction
Condition	Fair-Average		Condition
Interior Finish	Conv. Store		Interior Finish
HVAC	CFA		HVAC
Overall GBA	1,424	Site Coverage	22.70%
		Land to Building	4.41 : 1
		Parking	Surface/Asphalt
Financial Data (Pro Forma)			
Potential Gross Income	-	Insurance	-
Vacancy & Collection Loss	-	Other Expenses	-
Effective Gross Income	-	Net Operating Income	-
Professional Management 4%	-	Indicated OAR	-
Real Estate Taxes	-		
Notes			
Sale of a former gas station/convenience store with West Park Street frontage. The sale included the canopy, pumps and display shelving, however, no allocation was apparently made. Purchased by adjacent property owner and is actively being marketed for lease. Condition of storage tanks is unknown.			
Image(s)			
			

Comparable Sale 3			
Sale Data			
Property Type	Street Retail	Property Rights	Fee Simple
Property Name	Whiting Motors	Financing	Cash to Seller
Address	215 W. Park St.	Conditions of Sale	Arm's Length
City	Livingston	Contract Date	01/22/2015
State, Zip Code	MT, 59047	Closing Date	03/05/2015
Tax ID	5610	Sale to List Ratio	78.72%
Grantor	Jon S & Mary N Whiting	Days on Market	22
Grantee	2SM, LLC	Sale Price	\$185,000
Document Type	Warranty Deed	\$/SF GBA	\$61.67
Document Number	387060	Source	MLS #202477
Recording Date	05/21/2015	Confirmed With	Ernie Meador
Legal Desc.	Lot 5 in Block 60 of the Original Townsite of the City of Livingston, Park County, Montana.		
Site Data			
Land Area (AC/SF)	0.08	3,267	Frontage 1 W. Park St.
Topography	Level		Frontage 2 -
Utilities	Overhead		Zoning CBD
Water/Sewer	Municipal		
Improvement Data			
Improvement 1:		Improvement 2:	
Construction Type	Class C	Construction Type	Office
1st Floor	1,500	50.0%	
Basement	1,500	50.0%	
Gross Building Area	3,000	100.0%	Gross Building Area
No. of Stories	1 w base		No. of Stories
Year Built	1910		Year Built
Quality of Construction	Average		Quality of Construction
Condition	Average		Condition
Interior Finish	Retail Store		Interior Finish
HVAC	CFA		HVAC
Overall GBA	3,000	Site Coverage	45.91%
		Land to Building	2.18 : 1
		Parking	Surface/Asphalt
Financial Data (Pro Forma)			
Potential Gross Income	-	Insurance	-
Vacancy & Collection Loss	-	Other Expenses	-
Effective Gross Income	-	Net Operating Income	-
Professional Management 4%	-	Indicated OAR	-
Real Estate Taxes	-		
Notes			
Sale of a street retail building that adjoins two other buildings on either side. There is a small parking space at the rear of the building. Square footage consists of 1,500 square feet of ground level retail with an unfinished basement used for storage.			
Image(s)			
			

Comparable Sale 4			
Sale Data			
Property Type	Clinic/Multi-Tenant Office	Property Rights	Fee Simple
Property Name	Zoe Care	Financing	Cash to Seller
Address	817 W. Park St.	Conditions of Sale	Arm's Length
City	Livingston	Contract Date	01/17/2014
State, Zip Code	MT, 59047	Closing Date	02/28/2014
Tax ID	4925	Sale to List Ratio	99.07%
Grantor	Stella, LLC	Days on Market	241
Grantee	Youth Dynamics, Inc	Sale Price	\$212,900
Document Type	Warranty Deed	\$/SF GBA	\$123.21
Document Number	381009	Source	MLS #190740
Recording Date	02/28/2014	Confirmed With	Mark Pesa
Legal Desc.	Lots 5 and 6 in Block 54 of the Original Townsite of Livingston, Park County, Montana.		
Site Data			
Land Area (AC/SF)	0.10	4,182	Frontage 1 W. Park St.
Topography	Level		Frontage 2 -
Utilities	Overhead		Zoning HC
Water/Sewer	Municipal		
Improvement Data			
Improvement 1:		Improvement 2:	
Construction Type	Class D	Construction Type	Office
Clinic/Office	1,728	100.0%	-
-	-	-	-
Gross Building Area	1,728	100.0%	Gross Building Area
No. of Stories	1		No. of Stories
Year Built	2005		Year Built
Quality of Construction	Average		Quality of Construction
Condition	Average		Condition
Interior Finish	Clinic/Office		Interior Finish
HVAC	FWA/CAC		HVAC
Overall GBA	1,728	Site Coverage	41.32%
		Land to Building	2.42 : 1
		Parking	Surface/Minimal
Financial Data (Pro Forma)			
Potential Gross Income	-	Insurance	-
Vacancy & Collection Loss	-	Other Expenses	-
Effective Gross Income	-	Net Operating Income	-
Professional Management 4%	-	Indicated OAR	-
Real Estate Taxes	-		
Notes			
Sale of a freestanding office facility on West Park in Livingston. Reportedly, the building was vacant and actively listed for some time as the seller was not willing to drop his price. However, it sold relatively quickly once the price was dropped to a more reasonable level. Purchaser was an owner occupant.			
Image(s)			
			

Comparable Sale 5							
Sale Data							
Property Type	Retail	Property Rights	Fee Simple				
Property Name	Matt's Butcher Shop & Deli	Financing	Cash to Seller				
Address	105 Rogers Ln.	Conditions of Sale	Arm's Length				
City	Livingston	Contract Date	03/21/2013				
State, Zip Code	MT, 59047	Closing Date	07/26/2013				
Tax ID	27806	Sale to List Ratio	92.37%				
Grantor	Eloise M. Davies	Days on Market	252				
Grantee	Nicknromy, LLC	Sale Price	\$212,000				
Document Type	Warranty Deed	\$/SF GBA	\$45.05				
Document Number	377843	Source	MLS #185266				
Recording Date	07/26/2013	Confirmed With	Bruce Lay				
Legal Desc.	Tract B of Amended Subdivision Plat No. 256, according to the official plat thereof on file and of record in the office of the Clerk and Recorder of Park County, Montana.						
Site Data							
Land Area (AC/SF)	0.49	21,127	Frontage 1	Rogers Ln.			
Topography	Level		Frontage 2	Highway 89			
Utilities	Underground		Zoning	Highway Commercial			
Water/Sewer	Well & City Sewer						
Improvement Data							
Improvement 1:				Improvement 2:			
Construction Type	Class D			Construction Type	Office		
Retail	4,706	100.0%		Office	-		
Gross Building Area	4,706	100.0%		Gross Building Area	-		
No. of Stories	1			No. of Stories	-		
Year Built	1972			Year Built	-		
Quality of Construction	Average			Quality of Construction	-		
Condition	Average			Condition	-		
Interior Finish	Retail			Interior Finish	-		
HVAC	FWA/CAC			HVAC	-		
Overall GBA	4,706	Site Coverage	22.27%	Land to Building	4.49 : 1	Parking	Surface Asphalt
Financial Data (Pro Forma)							
Potential Gross Income	-			Insurance	-		
Vacancy & Collection Loss	-			Other Expenses	-		
Effective Gross Income	-			Net Operating Income	-		
Professional Management	-			Indicated OAR	-		
Real Estate Taxes	-						
Notes							
Sale of a retail property in Livingston near the Interstate 90/Park Avenue exit. Current owner purchased to occupy with Matt's Butcher Shop and Deli.							
Image(s)							
							

Comparable Sale 6							
Sale Data							
Property Type	Retail		Property Rights	Fee Simple			
Property Name	Way Out West Building		Financing	Contract For Deed			
Address	104 Centennial Dr.		Conditions of Sale	Arm's Length			
City	Livingston		Contract Date	12/16/2014			
State, Zip Code	MT, 59047		Closing Date	02/02/2015			
Tax ID	27776		Sale to List Ratio	89.50%			
Grantor	Tomandcarol, LLC		Days on Market	627			
Grantee	Flourishing Oak, LLC		Sale Price	\$488,245			
Document Type	Warranty Deed		\$/SF GBA	\$79.47			
Document Number	385676		Source	MLS #190196			
Recording Date	02/03/2015		Confirmed With	Dennis Hardin			
Legal Desc.	Lot 3 of Centennial Subdivision, Subdivision Plat No. 104, according to the official plat thereof on file and of record in the office of the Clerk & Recorder of Park County, Montana.						
Site Data							
Land Area (AC/SF)	1.12	48,831	Frontage 1	Centennial Dr.			
Topography	Level		Frontage 2	Highway 89			
Utilities	Underground		Zoning	HC			
Water/Sewer	Municipal						
Improvement Data							
Improvement 1:		Improvement 2:					
Construction Type	Class D		Construction Type	Office			
Retail	6,144	100.0%	Office	-			
-			-				
Gross Building Area	6,144	100.0%	Gross Building Area				
No. of Stories	1		No. of Stories				
Year Built	1994		Year Built				
Quality of Construction	Average		Quality of Construction				
Condition	Average		Condition				
Interior Finish	Average Retail		Interior Finish				
HVAC	FWA/CAC		HVAC				
Overall GBA	6,144	Site Coverage	12.58%	Land to Building	7.95:1	Parking	Asphalt
Financial Data							
Potential Gross Income	-	Insurance	-				
Vacancy & Collection Loss	-	Other Expenses	-				
Effective Gross Income	-	Net Operating Income	-				
Professional Management	-	Indicated OAR	-				
Real Estate Taxes	-						
Notes							
Sale of a freestanding retail facility on the south end of Livingston. Property was sold on a contract for deed, however, the terms were not disclosed. Original listing indicated owner financing available at 20% down, 5 year balloon, 5.5% amortized over 20 years. Spaces of 3,772 sf, 1,200 sf, 2,339 sf and 6,144 sf were also listed for lease at \$10 + \$2.20 NNN prior to the closed sale. Building was in average condition and of average quality of construction.							
Image(s)							
							

Comparable Location Map



Units of Comparison

Regionally, in the case of general commercial properties such as the subject, the most typical unit of comparison is price per square foot of gross building area.

Quantitative and Qualitative Analysis

Using the sales comparison approach relies on analysis of properties with similar characteristics of that of the subject. Comparative techniques used in the sales comparison approach are fundamental to the valuation process. Since no two properties are the same, adjustments are necessary to form an opinion of value.

Adjustments for differences in a variety of property characteristics are made to comparable sales chosen from the market area. Not all adjustments can be made with mathematical and statistical accuracy. An attempt to arrive at as narrow of a range as possible is made to bracket a final opinion of value.

Quantitative adjustments are made by paired sale analysis, statistical/regression analysis, sale/resale pairing, or other quantifiable methods. A brief description of paired sale analysis is pairing two sales that are similar except for one characteristic. The difference in sales prices can then be attributed to that specific characteristic.

When quantitative differences are unable to be determined, the sales can be compared qualitatively to the subject. Qualitative analysis is performed through relative comparison and ranking analysis. This method is particularly useful as it reflects imperfections in the nature of real estate economics and often mimics actions of market participants, i.e., buyers and sellers.

Implementing relative comparison and ranking analysis involves analyzing comparable sales to make determinations whether characteristics of the comparables are similar, inferior, or superior to the subject. A grid, or array, of the comparables is presented. The characteristics to be compared can be broken out and listed along with their ranking. The subject is placed in the grid in accordance with its rank among the group of sales.

In this case, I chose both quantitative and qualitative techniques. Adjustments were derived through various methods including, paired sale data, statistical analysis, regression analysis, published cost data, or cost comparables. Transactional adjustments were first applied followed by property adjustments.

Transactional Adjustments

Property Rights Conveyed

The first in the series of adjustments is for property rights. In this case, I did not find evidence to support an adjustment for property rights. Each of the comparables appeared to be sold in their fee simple estates.

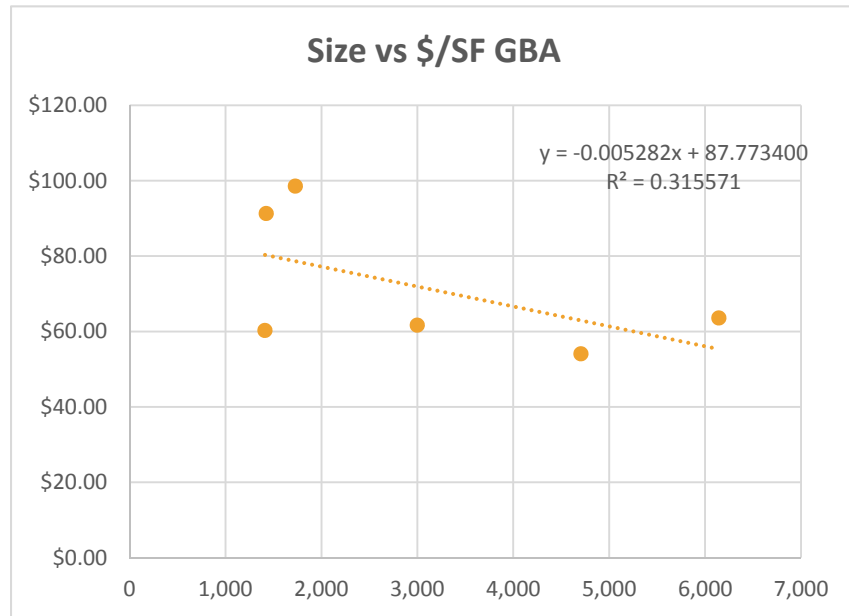
Financing	In this case, to the best of my knowledge each of the comparable sales was purchased with cash, conventional financing, or its equivalent. No unusual or abnormal financing was reported. No adjustment to any of the comparable sales was required.
Conditions of Sale	In this case, no adjustments were required for conditions of sale as to the best of my knowledge each of the sales were arms-length transactions. No adjustment was required.
Expenditures Immediately After Purchase	In this case, no adjustments were required for expenditures immediately after purchase.
Market Conditions	As market conditions change over periods of time, adjustments become necessary to reflect inflation or depreciation in prices. In this case, Comparable 5 was adjusted upward 20%.

Property Adjustments

Age/Condition	Actual ages of the comparables varied from 11 years to approximately 116 years. The subject's actual age is 42 years. I was not able to reconcile a per-year adjustment based on actual ages. Instead, I adjusted the comparables based on condition. In this case, Comparables 4 and 6 were adjusted downward 20% to reflect superior condition.
Location	The subject and comparables are located throughout the City of Livingston. I was not able to quantify an adjustment for any locational differences.
Quality of Construction	No adjustments were applied for quality of construction.
Site Area	Site areas and coverages varied by property. However, I was not able to reliably quantify an adjustment.
% Basement	Approximately 59.12% of the subject's gross building area is found in its basement. I was able to locate only one comparable that also had basement square footage. The remaining comparables lacked any basement area. In this case, I was not able to quantify an adjustment. Rather, this category was analyzed qualitatively.
Building Area	Oftentimes, all things being equal, when the number of units increases, dollars per unit decreases, and vice versa. Ideally,

comparable sales that bracket the subject square footage can be located. In this case, I was able to locate comparables that bracketed the subject's square footage.

The comparables were graphed in an effort to quantify any relationship that might exist:



In this case, when a trend line was added, the indicated R^2 was 0.3156 which suggests a relatively low degree of confidence in the model. Therefore, no adjustments were applied.

Once the adjustments were extracted and derived, they were summarized on an adjustment grid.

Sales Comparison Approach Analysis Grid - AS IS							
Property	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6
Type	Pre-School	Office	Gas Station	Retail	Office	Retail	Retail
Name	Durgan's Property	State Farm	Holiday Station	Whiting Motors	Zoe Care	Matts Butcher Shop	Way Out West
Address	101 Star Rd	407 W Park St	1019 W Park St	215 W Park St	817 W Park St	105 Rogers Ln	104 Centennial Dr
City	Livingston	Livingston	Livingston	Livingston	Livingston	Livingston	Livingston
State	MT	MT	MT	MT	MT	MT	MT
Sale Price (V _o)	\$250,000	\$85,000	\$130,000	\$185,000	\$212,900	\$212,000	\$488,245
Recording Date	-	July 10, 2015	April 23, 2015	November 25, 2014	February 28, 2014	July 26, 2013	February 3, 2015
Description							
Gross Building Area	4,146	1,411	1,424	3,000	1,728	4,706	6,144
% Above Grade	59.1%	100.0%	100.0%	50.0%	100.0%	100.0%	100.0%
Year(s) Built	1974	1900	1965	1910	2005	1972	1994
Site Area SF	21,432	3,267	6,273	3,267	4,182	21,172	48,831
Site Coverage	8.08%	25.07%	22.70%	45.91%	41.32%	22.27%	12.58%
Indicated R _o	-	-	-	-	-	-	-
Unadjusted Sale Price							
Per Square Foot	-	\$60.24	\$91.29	\$61.67	\$123.21	\$45.05	\$79.47
Analysis							
Property Rights adjustment	Fee Simple 0.00%	Fee Simple 0.00%	Fee Simple 0.00%	Fee Simple 0.00%	Fee Simple 0.00%	Fee Simple 0.00%	Fee Simple 0.00%
Financing Terms adjustment	Similar 0.00%	Similar 0.00%	Similar 0.00%	Similar 0.00%	Similar 0.00%	Similar 0.00%	Similar 0.00%
Conditions of Sale adjustment	Similar 0.00%	Similar 0.00%	Similar 0.00%	Similar 0.00%	Similar 0.00%	Similar 0.00%	Similar 0.00%
Expenditures After Purchase adjustment	N/A 0.00%	N/A 0.00%	N/A 0.00%	N/A 0.00%	N/A 0.00%	N/A 0.00%	N/A 0.00%
Market Conditions adjustment	Similar 0.00%	Similar 0.00%	Similar 0.00%	Similar 0.00%	Similar 0.00%	Similar 20.00%	Similar 0.00%
Cumulative		0.00%	0.00%	0.00%	0.00%	20.00%	0.00%
per square foot	\$0.00	\$60.24	\$91.29	\$61.67	\$123.21	\$54.06	\$79.47
Physical							
Non-realty Components adjustment		Similar 0.00%	Similar 0.00%	Similar 0.00%	Similar 0.00%	Similar 0.00%	Similar 0.00%
Age/Condition adjustment		Similar 0.00%	Similar 0.00%	Similar 0.00%	Superior -20.00%	Similar 0.00%	Superior -20.00%
Location adjustment		Similar 0.00%	Similar 0.00%	Similar 0.00%	Similar 0.00%	Similar 0.00%	Similar 0.00%
Quality of Construction adjustment		Similar 0.00%	Similar 0.00%	Similar 0.00%	Similar 0.00%	Similar 0.00%	Similar 0.00%
Site adjustment		Similar 0.00%	Similar 0.00%	Similar 0.00%	Similar 0.00%	Similar 0.00%	Similar 0.00%
% Basement adjustment		Superior 0.00%	Superior 0.00%	Similar 0.00%	Superior 0.00%	Superior 0.00%	Superior 0.00%
Building Area adjustment		Smaller 0.00%	Smaller 0.00%	Smaller 0.00%	Smaller 0.00%	Smaller 0.00%	Larger 0.00%
Cumulative		0.00%	0.00%	0.00%	-20.00%	0.00%	-20.00%
Per Square Foot		\$60.24	\$91.29	\$61.67	\$98.56	\$54.06	\$63.57
Unadjusted Price Per Square Foot							
Mean	\$76.82						
Median	\$70.57						
Adjusted Price Per Square Foot							
Mean	\$71.57						

Once the adjustments were applied, the comparables were reviewed qualitatively in comparison to the subject.

Comparable 1 is the sale of an old single unit residential dwelling that was used for many years as an insurance office. Physically, this property would be considered rather similar to the subject as it shows some deferred maintenance to the exterior and the interior is rather dated.

It does have an inferior site area and site coverage percentage, but is much smaller in overall square footage. These two factors may net each other out. Overall, this property would rate as similar when compared to the subject.

Comparable 2 is the sale of an old gas station/convenience store along West Park Street. The building is a concrete block structure similar to the subject, but lacking a basement. It also still has the canopy, fuel dispensers and evidently the tanks. As with Comparable 1, it exhibits an inferior site area and site coverage, but has a much smaller overall gross building area. Overall, this property would rate as superior to the subject.

Comparable 3 is the sale of a former automotive part supply store. This building is very similar to the subject in that it is a Class C structure that also has a basement component. However, it does have an inferior site coverage and site area, but is smaller than the subject. Overall, this comparable would rate as similar to the subject.

Comparable 4 is the sale of a good quality and newer office building located along West Park Street. This property exhibits a much smaller site and inferior site coverage, but is smaller, newer and in much superior condition to the subject. Overall, this comparable would rate as superior to the subject.

Comparable 5 is the sale of a free standing retail building of a similar age to the subject. Overall, this comparable is physically most similar to the subject. However, it is the oldest sale having transacted in July 2013 which required a rather large adjustment. Overall, this comparable would rate as similar to the subject.

Comparable 6 is the sale of a free standing retail building south of the I-90 interchange. It is a newer structure that is larger, has all of its square footage above grade and is found on a larger site. Overall, this comparable would rank as superior to the subject.

The comparables were summarized on the following table:

**Sales Comparison Approach, As-Is
Market Data Array for Relative Comparison Analysis**

Element of Comparison	Subject	1	2	3	4	5	6
Adjusted Sale Price	-	\$85,000	\$130,000	\$185,000	\$170,312	\$254,406	\$390,574
\$/SF GBA	-	\$60.24	\$91.29	\$61.67	\$98.56	\$54.06	\$63.57
Interest T.I.	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Age/Actual	42	116	50	106	11	44	22
SF GBA	4,146	1,411	1,424	3,000	1,728	4,706	6,144
Site Size	21,432	3,267	6,273	3,267	4,182	21,127	48,831
Location	-	Similar	Similar	Similar	Similar	Similar	Similar
Condition	-	Similar	Similar	Similar	Superior	Similar	Superior
Quality of Construction	-	Similar	Superior	Similar	Similar	Similar	Similar
Building Size	-	Smaller	Smaller	Smaller	Smaller	Similar	Larger
Site Coverage or Coverage	-	Inferior	Inferior	Inferior	Inferior	Similar	Similar
Non-Realty	-	Similar	Similar	Similar	Similar	Similar	Similar
Overall Comparability	-	Similar	Superior	Similar	Superior	Similar	Superior

Comparable Sales Ranking, As-Is

Sale	Adj \$/SF GBA	Overall Comparability	Mean	Median
4	\$98.56	Superior		
2	\$91.29	Superior		
6	\$63.57	Sl. Superior	\$84.47	\$91.29
Subject				
3	\$61.67			
1	\$60.24	Inferior		
5	\$54.06	Inferior	\$58.66	\$60.24

Based on the preceding ranking analysis, a potential range of value opinions was reflected as:

Comparable	\$/SF GBA	Subject GBA	Indicated V _o
3	\$61.67	4,146	\$255,684
5	\$54.06	4,146	\$224,133
Reconciled	\$60.30	4,146	\$250,000

The reconciled value opinion of the subject by the sales comparison approach was summarized on the following table and is subject to the general assumptions and limiting conditions contained herein:

MARKET VALUE OPINION(S) SALES COMPARISON APPROACH			
Appraisal Premise	Interest Appraised	Date of Value	Value Opinion
As-Is, Current	Fee Simple	January 12, 2016	\$250,000

Data Compiled by Christopher C. Seeve

Income Approach

The income approach is a set of procedures through which an appraiser derives a value indication for an income-producing property by converting its anticipated benefits (cash flows and reversion) into property value. This conversion can be accomplished in two ways. One year's income expectancy can be capitalized at a market-derived capitalization rate or at a capitalization rate that reflects a specified income pattern, return on investment, and a change in value of the investment. Alternatively, the annual cash flows for the holding period and the reversion can be discounted at a specified yield rate.¹⁰

Direct Capitalization Steps

- Develop the subject's potential gross income (PGI) through analysis of the subject's actual historic income and/or an analysis of competitive current market income rates.
- Estimate and deduct vacancy and collection losses to develop the Effective Gross Income (EGI).
- Develop and subtract operating expenses to derive the Net Operating Income (I_0).
- Develop the appropriate capitalization rate (R_0).
- Divide the net operating income by the capitalization rate for an estimate of market value through the income approach.

Yield Capitalization Steps

- Select an appropriate projection period.
- Forecast all future cash flows or cash flow patterns (including reversion).
- Choose an appropriate Yield Rate (Y_0).
- Convert future benefits into present value by discounting each annual future benefit or by developing an overall rate that reflects the income pattern, value change and yield rate using one of the various yield capitalization formulas available.

Income Capitalization Methodology

Direct capitalization was used to convert an estimate of net operating income generated through potential leasing of the entire area of the building improvements based on market derived rates. Research indicated that local investors and market participants typically rely on a direct capitalization method or variation thereof such as analyzing income multipliers when basing their decisions.

The subject was unoccupied as of the effective date. It was necessary to locate comparable rental properties for analysis to form an opinion of market rent. In order to protect the confidentiality of the lessor and lessees' I presented the comparable lease data in a summary

¹⁰ (Appraisal Institute, 2002)

grid while the datasheets were retained in the work file. As the majority of commercial properties in Livingston appear to be owner-managed, locating verifiable rent comparables often proves difficult at best.

EXTRACTED INDICATORS ANALYSIS

Property	Year Built	GBA	% Office/Ret	Lease Term	Lease Date	\$/SF/Year	Expense Basis	Escalations
9th Street Island 19th Street Island Dr Livingston, MT	1967-2010	2,800	100.00%	12	Apr-15	\$11.79	Gross	None
Callender & B 125 Callender St Livingston, MT	1905	5,250	100.00%	Varies	Varies	\$7.31	Gross	None
Zoe Care 817 W Park St Livingston, MT	2006	1,728	100.00%	N/D	N/D	\$11.11	Gross	None
Lone Mountain Pawn 81720 Gallatin Rd Bozeman, MT	1977	4,000	100.00%	60	Apr-14	\$8.50	NNN	None
RANGE	LOW	1,728	100.00%	12	Apr-14	\$7.31		
	HIGH	5,250	100.00%	60	Apr-15	\$11.79		
MEAN		3,445	100.00%	36	Sep-14	\$9.68		
MEDIAN		3,400	100.00%	36	Sep-14	\$9.81		

Based on the preceding rent comparables, a range of market rents of \$7.31 to \$11.79 was indicated. The subject has approximately 1,731 square feet of finished office area with an additional 720 square feet of garage/storage area.

As in the sales comparison approach, I employed an adjustment grid to reflect differences between the subject and rent comparables. Discussion of the adjustments and the grid follow:

Transactional Adjustments

Conditions of Lease

Rent comparables were negotiated in the open market; none require an adjustment.

Expense Basis

Comparables 1, 2 and 3 are gross leases while comparable 4 is a NNN lease. According to the selling broker, the NNN charges total \$0.70 per square foot.

Concessions

To the best of my knowledge, no adjustments were necessary.

Market Conditions

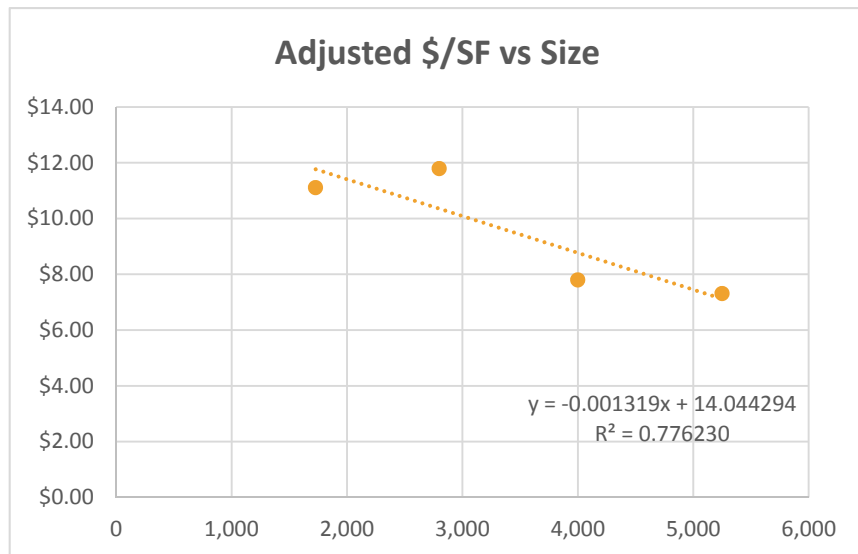
As market conditions change over periods of time, adjustments become necessary to reflect inflation or depreciation in prices. I felt each of the comparables was recent enough to not warrant an adjustment.

Property Adjustments

Location

In this case, I was not able to quantify an adjustment for location.

Site Area	In this case, I was not able to quantify an adjustment for differing site area.
Age/Condition	Although each of the comparables had varying actual ages, they appeared qualitatively in similar condition. Therefore, no adjustment was applied.
Quality of Construction	Each of the comparables and subject exhibited similar quality of construction. No adjustment was applied.
Building Size	Oftentimes, all things being equal, when the number of units increases, dollars per unit decreases, and vice versa. Ideally, comparable sales that bracket the subject square footage can be located. In this case, I was able to locate comparables that bracketed the subject's square footage.



Pairings were made along with a regression analysis and a possible relationship between size and square footage was found. In this case, I reconciled an adjustment rate of 0.012% per square foot and applied it to the comparables.

Once the adjustments were extracted and derived, they were summarized on an adjustment grid.

Lease Comparable Analysis Grid - As Completed					
Property	Subject	Comp 1	Comp 2	Comp 3	Comp 4
Type	Office	Office	Office	Office	Retail
Name	Durgan's Property	9th Street Island	Callender & B St	Zoe Care	Lone Mountain Pawn
Address	101 Star Rd	1 9th Street Island Dr	125 Callender St	817 W Park St	81720 Gallatin Rd
City	Livingston	Livingston	Livingston	Livingston	Bozeman
State	MT	MT	MT	MT	MT
Lease Rate/OA	-	\$11.79	\$7.31	\$11.11	\$8.50
Type of Lease	-	Gross	Gross	Gross	NNN
Lease Date	-	Apr-15	Varies	N/D	Apr-14
Description					
Unit Size	2,451	2,800	5,250	1,728	4,000
Location	Livingston	Livingston	Livingston	Livingston	Bozeman
Condition	Average	Average	Good	Good	Average
Services Description	Municipal	Private	Municipal	Municipal	Municipal
Age	1974	1967-2010	1905	2,006	1977
Unadjusted Rate					
Per Square Foot	-	\$11.79	\$7.31	\$11.11	\$8.50
Analysis					
Conditions of Lease adjustment per s.f.	-	Similar 0.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%
Expense Basis adjustment per s.f.	-	Similar 0.0%	Similar 0.0%	Similar 0.0%	NNN -8.2%
Concessions adjustment per s.f.	-	Similar 0.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%
Market Conditions adjustment per s.f.	-	- 0.0%	- 0.0%	- 0.0%	- 0.0%
Adjusted Unit Rate per square foot	\$0.00	\$11.79	\$7.31	\$11.11	\$7.80
Physical					
Location		0.0%	0.0%	0.0%	0.0%
Site Area		0.0%	0.0%	0.0%	0.0%
Condition		0.0%	0.0%	0.0%	0.0%
Building Size		4.2%	33.6%	-8.7%	18.6%
Adjusted Rate					
Per Square Foot	\$0.00	\$12.28	\$9.77	\$10.15	\$9.25

Mean Adjusted \$/SF	\$10.36
Median Adjusted \$/SF	\$9.96

In this case, I reconciled an opinion of market rents of \$10.00 per square foot per year for the subject ground floor.

Regarding the basement apartment, I researched the Livingston market for one and two bedroom apartments that are rented or advertised for rent. Rental rates ranged from \$475 to \$675 per month. In this case, I reconciled an effective rental rate of \$500 per month for the subject apartment unit.

Vacancy & Collection Loss

Based on research of the local office rental market, vacancy and collection loss rates of 5% to 15% were suggested. Given the subject property type, I reconciled toward the middle of the range at 10%.

Operating expenses were next estimated. Expense items deducted include professional management of 3% of effective gross income, property taxes, hazard insurance, utilities, repairs and maintenance and replacement reserve allowance of 5% of effective gross income.

Income Projection - As Is				
Suite	Units	Income Type	Rental Rate/Unit	Income Annualized
Ground	2,451	\$/Unit/Year	\$10.00	\$24,510
Bst	1	\$/Mo	\$500.00	\$6,000
Potential Gross Income				\$30,510
Vacancy & Collection Loss				\$3,051
Effective Gross Income				\$27,459
Vacancy & Collection Loss				10.00%

Income Summary & Expense Projection - As Is				
Income			Amount	Per Unit
Effective Gross Income			\$27,459	\$6.62
Expenses	Type	% or \$	Amount	Per Unit
Management	% EGI	3.0%	\$824	\$0.20
Property Taxes	\$/SF	\$0.18	\$4,077	\$0.98
Insurance	\$/SF	\$0.25	\$1,037	\$0.25
Utilities	\$/SF	\$0.25	\$1,037	\$0.25
Repairs & Maintenance	\$/SF	\$0.25	\$1,037	\$0.25
Replacement Reserves	% EGI	5.0%	\$1,373	\$0.33
Net Rentable	4,146		Total Expenses	\$9,383
			Expense Ratio as % of EGI	34.17%
			Net Operating Income	\$18,076
				\$4.36

Capitalization Rate Development

Several methods can be used to develop a capitalization rate. The capitalization rate is the factor that converts the stabilized net operating income into a present value. It is the ratio of net operating income to value or sale price. The formula for calculating a capitalization rate from a sale is:

$$I_0 \div V_0 = R_0$$

Local sales of professional office space were reviewed to extract a capitalization rate. The sales used in the analysis were summarized on the following chart:

Market Extraction

I located leased fee sales of office properties in the Bozeman market. It was necessary to extend the search as I was not able to locate any within the Livingston market. A summary of those sales were provided below:

Extraction of Capitalization Rates			
Property	Io	Vo	Ro
509 S. 22 nd Ave, Bozeman	\$45,767	\$700,000	6.54%
1910 N. 22 nd Ave, Bozeman	\$81,977	\$1,200,000	6.83%
1819 S. 22 nd Ave, Bozeman	\$211,753	\$2,185,000	9.69%
102 S. 19 th Ave, Bozeman	\$60,750	\$900,000	6.75%

Based on the preceding leased fee sales, an overall capitalization rate ranging from 6.54% to 9.69% was suggested. In this case, I reconciled on a rate in the 7.50% to 8.00% range.

Band of Investment**Capitalization Rate Variables**

Mortgage Interest Rate	4.75%
Loan Term	20 Years
Loan To Value Ratio	70%
Debt Coverage Ratio	1.25
Equity Dividend Rate	7.00%

Band of Investment Analysis

Mortgage Constant	Loan Ratio	Contributions
0.077546835	x 70.0%	= 5.43%
Equity Dividend Rate	Equity Ratio	
7.00%	x 30%	= 2.10%
Band of Investment Capitalization Rate		= 7.53%

DCR Analysis**Debt Coverage Ratio Analysis**

Debt Coverage Ratio x Loan to Value Ratio x Mortgage Constant						
1.25	x	70.0%	x	0.07755	=	0.06785
Debt Coverage Ratio Capitalization Rate						= 6.79%

Investor Survey

I research the third quarter 2015 PwC Real Estate Investor Survey regarding overall office capitalization rates. Current mean rate was indicated as 6.07% which was a 4 basis point decrease from the second quarter 2015. Survey rates ranged from 3.50% to 9.00%.

I felt the market derived rates were most well supported. They did appear generally supported by the other methods as well. Based on the estimated net operating income of \$18,076 and a capitalization rate ranging from 7.50% to 8.00% an opinion of market value by the income approach was derived as follows:

Io	Ro	Vo	Vo / Sq. Ft. GBA
\$18,076	7.50%	\$241,013	\$58.13
\$18,076	8.00%	\$225,950	\$54.50
Rounded	7.53%	\$240,000	\$57.89

In this case, I reconciled a market value opinion of \$240,000 by the income approach which seems reasonable and well-supported. The reconciled value opinion of the subject by the income approach was summarized on the following table and is subject to the general assumptions and limiting conditions contained herein:

MARKET VALUE OPINION(S) INCOME APPROACH			
Appraisal Premise	Interest Appraised	Date of Value	Value Opinion
As-Is, Current	Fee Simple	January 12, 2016	\$240,000
Data Compiled by Christopher C. Seeve			

Reconciliation

After observing the subject property, gathering pertinent data, and performing the necessary analysis, an opinion of market value was formed. The value opinions formed in the three approaches were:

MARKET VALUE OPINION(S) COST APPROACH			
Appraisal Premise	Interest Appraised	Date of Value	Value Opinion
As-Is, Current	Fee Simple	January 12, 2016	\$255,000
Data Compiled by Christopher C. Seeve			

MARKET VALUE OPINION(S) SALES COMPARISON APPROACH			
Appraisal Premise	Interest Appraised	Date of Value	Value Opinion
As-Is, Current	Fee Simple	January 12, 2016	\$250,000
Data Compiled by Christopher C. Seeve			

MARKET VALUE OPINION(S) INCOME APPROACH			
Appraisal Premise	Interest Appraised	Date of Value	Value Opinion
As-Is, Current	Fee Simple	January 12, 2016	\$240,000
Data Compiled by Christopher C. Seeve			

Final reconciliation analyzes each approach to determine its strengths and weaknesses. A final value opinion is formed that is supported by the approaches. Final reconciliation reviews each approach by the appropriateness of each approach, the accuracy of data for each approach, the quantity of data for each approach and the quality of data for each approach.

Cost Approach

The first approach performed was the cost approach. As an initial step, an opinion of market value of the underlying subject site, as-though-vacant was formed. Comparable sales of unimproved parcels were located and analyzed to arrive at an opinion of market value. Next, the contributory value of the depreciated replacement cost of the subject improvements were added.

Sales Comparison Approach

Next, the sales comparison approach was performed. Improved comparable sales were located and included in the analysis to form a value opinion of the subject's fee simple interest, as-is. In this case, I chose to analyze the comparable sales quantitatively and qualitatively. Adjustments were derived through paired sale analysis, sale:resale pairing, or statistical regression analysis. Once the quantifiable adjustments were applied, the sales were reviewed qualitatively.

Income Approach

The income approach was also performed; direct capitalization was used. The local market was researched for comparable leased office, retail and/or mixed-use properties and an opinion of

market rent was formed. Once an opinion of market rent was formed, vacancy and expenses were deducted and the resultant net operating income estimate was capitalized by a market derived capitalization rate.

Reconciliation

In this case, I weighted the sales comparison approach most heavily. I felt this approach was the best supported by market data. I felt the other two approaches were also well-supported, however, not as much as the sales comparison approach. Once the analysis was complete, an opinion of market value of the subject was reconciled subject to the general assumptions and limiting conditions found herein.

MARKET VALUE OPINION(S)			
Appraisal Premise	Interest Appraised	Date of Value	Value Opinion
As-Is, Current	Fee Simple	January 12, 2016	\$250,000
Data Compiled by Christopher C. Seeve			

Exposure Time & Marketing Period

A distinction must be drawn between exposure time and marketing period. First, the definitions of each were reviewed.

According to the *Dictionary of Real Estate Appraisal* (4th Edition, Appraisal Institute, Chicago, 2002) page 105 exposure time can be defined as:

Exposure Time –

1. *The time a property remains on the market.*
2. *The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market. Exposure time is always presumed to occur prior to the effective date of the appraisal. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. Exposure time is different for various types of real estate and value ranges and under various market conditions. (Appraisal Standards Board of The Appraisal Foundation, Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions")*

Market value estimates imply that an adequate marketing effort and reasonable time for exposure occurred prior to the effective date of the appraisal. In the case of disposition value, the time frame allowed for marketing the property rights is somewhat limited, but the marketing effort is orderly and adequate. With marketing the property rights is so severely limited that an adequate marketing program cannot be implemented. (The Report of the Appraisal Institute Special Task Force on Value Definitions qualifies exposure time in terms of the three above-mentioned values.)¹¹

According to the *Dictionary of Real Estate Appraisal* (4th Edition, Appraisal Institute, Chicago, 2002) page 175 marketing time can be defined as:

Marketing Time –

1. *The time it takes an interest in real property to sell on the market subsequent to the date of an appraisal.*
2. *Reasonable marketing time is an estimate of the amount of time it might take to sell an interest in real property at its estimated market value during the period*

¹¹ (Appraisal Institute, 2002)

immediately after the effective date of the appraisal; the anticipated time required to expose the property to a pool of prospective purchasers and to allow appropriate time for negotiation, the exercise of due diligence, and the consummation of a sale at a price supportable by concurrent market conditions.

3. *Marketing time differs from exposure time, which is always presumed to precede the effective date of the appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time.)¹²*

To provide support for my estimate of exposure time and marketing period, I reviewed recent sales of commercial properties within the general market area. I also interviewed local real estate market participants such as real estate brokers, property managers, property owners/investors, developers, and other real property appraisers.

In this case, it appears the majority of actual sales take approximately six to 12 months to sell. It is estimated that the normal exposure time and marketing period in the market area of the appraised property for a property such as the subject are greater than six months given existing market conditions as of the date of the appraisal. Estimate was based on review of comparable sales and interviews with local real estate professionals.

¹² (Appraisal Institute, 2002)

Qualifications of the Appraiser

Christopher C. Seeve
C V Appraisal Services, Inc.
 91 Morgan Creek Ln
 Bozeman, MT 59718
 406-556-1000
 chris@cvasinc.com

Education	<p>1999-2001: Montana State University – Bozeman, Montana</p> <ul style="list-style-type: none"> • Bachelors of Science Degree – Agricultural Economics <ul style="list-style-type: none"> ◦ Emphasis in quantitative economic analysis, food policy, and agricultural finance <p>1996-1998: University of North Dakota, Williston – Williston, North Dakota</p> <ul style="list-style-type: none"> • Associate of Applied Science Degree – Agri-Business Management <p>1996: Savage Public Schools – Savage, Montana</p>
Memberships	<p>American Society of Farm Managers and Rural Appraisers – Assoc. Member Appraisal Institute – Associate Member International Right of Way Association – Montana Chapter</p>
Experience	<p>2005-Present: Independent Real Property Appraiser, General Practitioner</p> <ul style="list-style-type: none"> • Montana Certified General Appraiser #808 • Wyoming Certified General Appraiser #931 • North Dakota Certified General Appraiser #CG-2801 • Hawaii Certified General Appraiser #925 • Land, Agricultural, Commercial, Industrial, Special-Use, and Residential Appraisal. General Economic Analysis. • Working towards MAI designation through Appraisal Institute, ARA designation through ASFMRA and SR/WA designation through IRWA. Nearing completion of MAI designation with one requirement remaining. • Extensive appraisal experience and database regarding all property types <p>2003-2005: Big Sky Western Bank, Bozeman, Montana</p> <ul style="list-style-type: none"> • Real Estate Lender • Construction finance <p>Lifetime: Family Farming and Ranching Operation – Savage, Montana</p> <ul style="list-style-type: none"> • All aspects of operations of working, diversified farm and ranch • Commercial cow-calf, feedlot, diversified irrigated and dryland farming • 4th generation Montanan
Courses Completed	<p>American Society of Farm Managers and Rural Appraisers</p> <ul style="list-style-type: none"> • Principles of Rural Appraisal – A10(I) • Valuation of Conservation Easements • UASFLA – “The Yellow Book”, Uniform Appraisal Standards for Federal Land Acquisitions <p>Appraisal Institute</p> <ul style="list-style-type: none"> • 15 Hour National USPAP Course • Basic Appraisal Procedures • Basic Income Capitalization • General Applications • Report Writing and Valuation Analysis • Highest and Best Use & Market Analysis

	<ul style="list-style-type: none"> • Advanced Income Capitalization • Advanced Cost and Sales Comparison Approaches • Advanced Applications • Others upon request 						
Seminars Attended	<p>Appraisal Institute</p> <ul style="list-style-type: none"> • Subdivision Valuation • Appraising From Blueprints and Specifications • Professional's Guide to the URAR • National 7 hr. USPAP Update • Others upon request <p>McKissock</p> <ul style="list-style-type: none"> • Nuts & Bolts of Green Buildings for Appraisers • Residential Report Writing • Residential Appraisal Review • Appraising Industrial & Flex Buildings • Applications of Regression Analysis • Appraisal of Assisted Living Facilities • Appraisal of Fast Food Facilities • Appraisal of Ground Leases • Appraisal of Self Storage Facilities • Others Upon Request 						
Property Types	<table border="0"> <tr> <td>Commercial</td> <td>Industrial</td> </tr> <tr> <td>Special-Purpose</td> <td>Multi-Family</td> </tr> <tr> <td>Agricultural</td> <td>Residential</td> </tr> </table>	Commercial	Industrial	Special-Purpose	Multi-Family	Agricultural	Residential
Commercial	Industrial						
Special-Purpose	Multi-Family						
Agricultural	Residential						
References	<p>Ms. Kami Sevier – Stockman Bank Ms. Alyse Doran – First Security Bank Mr. Brock Romine – First International Bank & Trust Mr. Paul Dovenbarger, MAI – Wells Fargo Bank Dr. Gary Brester – Montana State University Mr. Sandy Ferraro – RE/MAX Others upon request</p>						
Clients Served	<p>First Interstate Bank First Security Bank Bremer Bank Yellowstone Bank First International Bank & Trust Wells Fargo Bank Alaska Growth Capital Stockman Bank Morrison & Maierle North Dakota NRCS Various attorneys, government agencies, individuals, and companies for estate planning and acquisition analysis Others upon request</p>						

Licenses

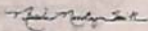
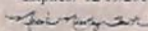
State of Montana
Business Standards Division
Board of Real Estate Appraisers

This certificate verifies licensure as:
CERTIFIED GENERAL APPRAISER

License #: REA-RAG-LIC-808
Status: Active
Expiration Date: 3/31/2016

CHRISTOPHER CRAIG SEEVE
91 MORGAN CREEK LN
BOZEMAN, MT 59718

RENEW OR VERIFY YOUR LICENSE AT
<https://ebiz.mt.gov/pol/>

To us Rem Th Th To ve	WYOMING CERTIFIED APPRAISER BOARD License Number: 931 CHRISTOPHER C SEEVE CERTIFIED GENERAL APPRAISER C.V. APPRAISAL SERVICES, INC 91 MORGAN CREEK LN BOZEMAN, MT 59718 Issued: 12/20/2014 Expires: 12/19/2016  Nicole Novotny Smith Ex. Dir	cycle
	WYOMING CERTIFIED APPRAISER BOAR License Number: 931 CHRISTOPHER C SEEVE CERTIFIED GENERAL APPRAISER RENEWAL, EDUCATION FUND, REG RECEIVED: \$ 500.00 Issued: 12/20/2014 Expires: 12/19/2016  Nicole Novotny Smith Ex. Dir	

LICENSE NUMBER	EXPIRATION DATE
CGA - 925	12/31/2017

STATE OF HAWAII DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
CERTIFIED GENERAL APPRAISER



CHRISTOPHER C SEEVE
91 MORGAN CREEK LN
BOZEMAN MT 59718

(SIGNATURE OF LICENSEE) 

**North Dakota Real Estate
Appraiser Qualifications and Ethics Board**

This is to certify that: **Christopher C. Seeve**

*Is fully qualified in the State of North Dakota as a:
Certified General Appraiser*

Permit Number: CG-2801
Date of Issuance: 01/01/16
Expiration Date: 12/31/16
Unless sooner suspended or revoked, as provided by law.


Appraiser Signature

SECTION V – Addenda

AGREEMENT FOR PROFESSIONAL VALUATION SERVICES

Appraisal Assignment

DATE OF AGREEMENT: 12/10/2015

PARTIES TO AGREEMENT:

Client:

City of Livingston
Attn: Ms. Jessie Hogg
City of Livingston
110 S B St
Livingston, MT 59047
406-823-8003

Appraiser:

Christopher C. Seeve
C V Appraisal Services, Inc.
91 Morgan Creek Ln.
Bozeman, MT 59718
Tel 406-558-1000
chris@cvasinc.com

Client hereby engages Appraiser to complete an appraisal assignment as follows:

PROPERTY IDENTIFICATION

Commercial Tract No. 2 of Plat No. 58A, an amended plat of Lot C in Block 2 of the Star Addition No. 1 to the City of Livingston, Park County, Montana, according to the official plat thereof on file and of record in the office of the County Clerk and Recorder of Park County, Montana.

PIN: 28770

Purported Address: 101 Star Rd.
Livingston, MT 59047

PROPERTY TYPE

Commercial tract improved with small office building.

INTEREST VALUED

Fee simple

INTENDED USERS

Client only.

Note: No other users are intended by Appraiser. Appraiser shall consider the intended users when determining the level of detail to be provided in the Appraisal Report.

INTENDED USE

To assist Client in establishing current market value of the subject property for proposed acquisition.

Note: No other use is intended by Appraiser. The intended use as stated shall be used by Appraiser in determining the appropriate Scope of Work for the assignment.

TYPE OF VALUE

Market value as defined in *The Dictionary of Real Estate Appraisal* published by the Appraisal Institute

DATE OF VALUE

Current

ADDITIONAL PROPERTY TO BE VALUED

None.

HYPOTHETICAL CONDITIONS, EXTRAORDINARY ASSUMPTIONS

None anticipated, however, it is possible that either/or could be encountered.

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Agreement for Professional Valuation Services

ANTICIPATED SCOPE OF WORK

Site visit:

Interior and exterior observation, on-site.

Valuation approaches:

Sales comparison approach / Cost approach / Income approach – Direct capitalization / Income approach – yield capitalization

Note: Appraiser shall use and/or omit all approaches necessary to develop a credible opinion of value.

APPRAISAL REPORT

Report option:

Written Appraisal Report

Form or format:

Narrative

CONTACT FOR PROPERTY ACCESS, IF APPLICABLE (PLEASE PROVIDE)

PROPERTIES UNDER CONTRACT FOR SALE

If the property appraised is currently under contract for sale, Client shall provide to Appraiser a copy of said contract including all addenda.

ADDITIONAL DOCUMENTATION

Client agrees to provide Appraiser with the documentation as indicated in Appendix A to this Agreement. Such documentation will be provided by (_____)

DELIVERY DATE

Prior to January 15, 2016.

DELIVERY METHOD

E-mail

NUMBER OF COPIES

ELECTRONIC COPIES

PAYMENT TO APPRAISER

Not to exceed \$3,000.

PAYMENT DUE DATE

Appraiser shall invoice Client for services rendered pursuant to this Agreement based upon the fees specified in this Agreement. Appraiser's invoices are considered due upon receipt by Client and shall be deemed delinquent if not paid within 15 days of the date of Appraiser's invoice.

WHEN APPRAISER'S OBLIGATIONS ARE COMPLETE

Appraiser's obligations pursuant to this Agreement are complete when the Appraisal Report in the form specified in this Agreement is delivered to Client pursuant to this Agreement. Appraiser agrees to be responsive to Client's legitimate inquiries regarding the contents of the report after delivery.

CONFIDENTIALITY

Appraiser shall not provide a copy of the written Appraisal Report to, or disclose the results of the appraisal prepared in accordance with this Agreement to, any party other than Client, unless Client authorizes, except as stipulated in the Confidentiality Section of the Ethics Rule of the Uniform Standards of Professional Appraisal Practice (USPAP).

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Agreement for Professional Valuation Services**USE OF EMPLOYEES OR INDEPENDENT CONTRACTORS**

Appraiser may use employees or independent contractors at Appraiser's discretion to complete the assignment, unless otherwise agreed by the parties. Notwithstanding, Appraiser shall sign the written Appraisal Report and take full responsibility for the services provided as a result of this Agreement.

SERVICES NOT PROVIDED

The fees set forth in this Agreement apply to the appraisal services rendered by Appraiser as set forth in this Agreement. Unless otherwise specified herein, Appraiser's services for which the fees in this Agreement apply shall not include meetings with persons other than Client or Client's agents or professional advisors; Appraiser's deposition(s) or testimony before judicial, arbitration or administrative tribunals; or any preparation associated with such depositions or testimony. Any additional services performed by Appraiser not set forth in this Agreement will be performed on terms and conditions set forth in an amendment to this Agreement, or in a separate agreement.

TESTIMONY AT COURT OR OTHER PROCEEDINGS

Unless otherwise stated in this Agreement, Client agrees that Appraiser's assignment pursuant to this Agreement shall not include Appraiser's participation in or preparation for, whether voluntarily or pursuant to subpoena, any oral or written discovery; sworn testimony in a judicial, arbitration or administrative proceeding; or attendance at any judicial, arbitration or administrative proceeding relating to this assignment.

CHANGES TO AGREEMENT

Any changes to the assignment as outlined in this Agreement shall necessitate a new Agreement. The identity of the Client, intended users, or intended use; the date of value; type of value; or property appraised cannot be changed without a new Agreement.

CANCELLATION

Client may cancel this Agreement at any time prior to Appraiser's delivery of the Appraisal Report upon written notification to Appraiser. Client shall pay Appraiser for work completed on assignment prior to Appraiser's receipt of written cancellation notice, unless otherwise agreed upon by Appraiser and Client in writing.

GOVERNING LAW AND JURISDICTION

This Agreement shall be governed by the law of the state in which Appraiser's office as specified in this Agreement is located, exclusive of that state's choice of law rules. The parties agree that any legal proceeding brought by either party to interpret or enforce this Agreement, or to enforce an arbitration award entered pursuant to this Agreement, shall be brought in a state or federal court having jurisdiction over the location of Appraiser's office as specified in this Agreement, and the parties hereby waive any objections to the personal jurisdiction of said court.

APPRAISER INDEPENDENCE

Appraiser cannot agree to provide a value opinion that is contingent on a predetermined amount. Appraiser cannot guarantee the outcome of the assignment in advance. Appraiser cannot ensure that the opinion of value developed as a result of this Assignment will serve to facilitate any specific objective of Client or others or advance any particular cause. Appraiser's opinion of value will be developed competently and with independence, impartiality and objectivity.

NOTICES

Any notice or request required or permitted to be given to any party shall be given in writing and shall be delivered to the receiving party by: a) registered or certified mail, postage prepaid; (b) overnight courier, such as Federal Express, United Parcel Service or equivalent; or (c) hand delivery. The address for delivery of any notice shall be the address for the party as specified in this Agreement, or at such other address as party may designate by written notice to the other party in conformance with this paragraph. Unless otherwise specified herein, notice shall be effective the date it is postmarked or given to a third party for delivery to the receiving party, whether or not the receiving party signs for or accepts delivery of such notice.

NO THIRD-PARTY BENEFICIARIES

Nothing in this Agreement shall create a contractual relationship between Appraiser or Client and any third party, or any cause of action in favor of any third party. This Agreement shall not be construed to render any

Agreement for Professional Valuation Services

person or entity a third party beneficiary of this Agreement, including, but not limited to, any third parties identified herein.

OWNERSHIP OF WORK PRODUCT

The possession of the Appraisal Report, or any copy or portion thereof, by Client or any third party does not include or confer any rights of publication or redistribution of the Appraisal Report other than to such persons or entities identified in this Agreement who shall be advised in writing of Appraiser's rights under this Agreement prior to their receipt of the Appraisal Report. All rights, title and interest in (1) any data gathered by Appraiser in the course of preparing the Appraisal Report (excluding any data furnished by or on behalf of Client) and (2) the content of the Appraisal Report prepared pursuant to this Agreement shall be vested in Appraiser. Subject to the foregoing, Client shall have the right to possess a copy of the Appraisal Report and to disclose the report to Client's attorneys, accountants or other professional advisors in the course of Client's business affairs relating to the property that is the object of the Appraisal Report, provided that such attorneys, accountants or advisors are advised in writing of Appraiser's rights under this Agreement prior to receipt of such Appraisal Report.

MEDIATION & ARBITRATION

In the event of a dispute concerning the subject matter of this Agreement, the parties shall in good faith attempt to resolve such dispute by negotiation between the parties' principals, or, if such negotiation is unsuccessful, by mediation conducted by a third-party mediator. If such mediation results in an impasse, the parties shall submit their dispute to binding arbitration. Such mediation or, if necessary, binding arbitration shall be conducted pursuant to the mediation procedures or the commercial arbitration rules of the American Arbitration Association. Any arbitration shall be conducted in the city in which Appraiser's office as specified herein is located. The parties shall share equally the costs of any mediation. In the event of binding arbitration, the arbitrators shall, in addition to any relief appropriate to be awarded to the prevailing party, enter an award in favor of the prevailing party for that party's costs of the arbitration, including the party's reasonable attorneys' fees and arbitration expenses incurred in prosecuting or defending the arbitration proceeding. Subject to the right of the prevailing party to recover its share of the costs of the arbitration services pursuant to the arbitrator's award, the costs of the arbitration services shall be borne equally by the parties. If the prevailing party seeks judicial confirmation of any arbitration award entered pursuant to this Agreement, the court shall, in addition to any other appropriate relief, enter an award to the prevailing party in such confirmation proceeding for its reasonable attorneys' fees and litigation expenses incurred in confirming or successfully opposing the confirmation of such an award.

SPECIAL OR CONSEQUENTIAL DAMAGES

Neither party shall under any circumstances be liable to the other party for special, exemplary, punitive or consequential damages, including, without limitation, loss of profits or damages proximately caused by loss of use of any property, whether arising from either party's negligence, breach of the Agreement or otherwise, whether or not a party was advised, or knew, of the possibility of such damages, or such possibility was foreseeable by that party. In no event shall Appraiser be liable to Client for any amounts that exceed the fees and costs paid by Client to Appraiser pursuant to this Agreement.

ASSIGNMENT

Neither party may assign this Agreement to a third party without the express written consent of the other party, which the non-assigning party may withhold in its sole discretion. In the event this Agreement is assigned by mutual consent of the parties, it shall become binding on the assigning party's permitted assigns.

SEVERABILITY

In the event any provision of this Agreement shall be determined to be void or unenforceable by any court of competent jurisdiction, then such determination shall not affect any other provision of this Agreement and all such other provisions shall remain in full force and effect.

CLIENT'S DUTY TO INDEMNIFY APPRAISER

Client agrees to defend, indemnify and hold harmless Appraiser from any damages, losses or expenses, including attorneys' fees and litigation expenses at trial or on appeal, arising from allegations asserted against Appraiser by any third party that if proven to be true would constitute a breach by Client of any of Client's obligations, representations or warranties made in this Agreement, or any violation by Client of any federal, state or local law, ordinance or regulation, or common law (a "Claim"). In the event of a Claim, Appraiser shall promptly notify Client of such Claim, and shall cooperate with Client in the defense or settlement of any Claim. Client shall have the right to select legal counsel to defend any Claim, provided

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Agreement for Professional Valuation Services

that Appraiser shall have the right to engage independent counsel at Appraiser's expense to monitor the defense or settlement of any Claim. Client shall have the right to settle any Claim, provided that Appraiser shall have the right to approve any settlement that results in any modification of Appraiser's rights under this Agreement, which approval will not be unreasonably withheld, delayed or conditioned.

CLIENT'S REPRESENTATIONS AND WARRANTIES

Client represents and warrants to Appraiser that (1) Client has all right, power and authority to enter into this Agreement; (2) Client's duties and obligations under this Agreement do not conflict with any other duties or obligations assumed by Client under any agreement between Client and any other party; and (3) Client has not engaged Appraiser, nor will Client use Appraiser's Appraisal Report, for any purposes that violate any federal, state or local law, regulation or ordinance or common law.

EXTENT OF AGREEMENT


This Agreement represents the entire and integrated agreement between the Client and Appraiser and supersedes all prior negotiations, representations or agreements, either written or oral. This Agreement may be amended only by a written instrument signed by both Client and Appraiser. This Agreement includes the following Appendices, which are incorporated into, and made a part of this Agreement:

- Appendix A: Extraordinary Assumptions and Hypothetical Conditions
- Appendix B: Information Request
- Other documents as follows

EXPIRATION OF AGREEMENT

This Agreement is valid only if signed by both Appraiser and Client within 5 days of the Date of Agreement specified.

By Appraiser:



 (Signature)

 CHRISTOPHER C. SEEVE
 (Printed name)

 12/10/2015
 (date)

By Client:

 (Signature)

 (Printed name)

 (date)

4

Please return to:
Guardian Title Inc.
504 E. Callender
Livingston, MT 59047
15-20133

386822 Fee: \$28.00 Page(s): 4
Park County, MT Recorded 5/6/2015 At 3:56 PM
Denise Nelson, Clk & Rcdr By JB PS Return To:
GUARDIAN TITLE, INC. 504 E CALLENDER ST
LIVINGSTON, MT 59047

SPECIAL WARRANTY DEED

FOR A VALUABLE CONSIDERATION, the receipt of which is acknowledged, **BANK OF THE ROCKIES, N.A.**, of P.O. Box 709, White Sulphur Springs, MT 59645, the Grantor, hereby grants unto **DURGAN'S LLC**, a Montana limited liability company, of 1218 Ridgeview Trail, Livingston, MT 59047, the Grantee, real property situated in Park County, Montana, more fully described as follows:

Commercial Tract No. 2 of Plat No. 58A, an amended plat of Lot C in Block 2 of the Star Addition No. 1 to the City of Livingston, Park County, Montana, according to the official plat thereof on file and of record in the office of the County Clerk and Recorder of Park County, Montana.

For information purposes only, the property address is purported to be:
101 Star Rd., Livingston, MT 59047

TO HAVE AND TO HOLD unto the Grantee, its successors and assigns, forever, **SUBJECT TO THE FOLLOWING:**

- a. Unpatented mining claims, any reservations and exceptions in patents or in acts authorizing the issuance thereof from the United States or the State of Montana, whether or not shown on the public record.
- b. Any right, title or interest of any person in any water rights, ditch rights, claims to water or ditch rights, minerals, mineral rights, mineral reservations or related matters, subsurface and surface substances, including but not limited to coal, lignite, oil, gas, uranium, and other hydrocarbons, sand, gravel or other common variety materials, whether or not shown by the public record.

- c. All building, use, zoning, sanitary, floodplain and environmental covenants, conditions, regulations, resolutions, plats, and restrictions.
- d. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, encumbrances, or other facts, rights, interests, claims, or any other facts which would be disclosed by a correct survey, inspection of the real property, or inquiry of persons in possession thereof.
- e. Easements, claims of easements, rights of way, or possessory interests of record or which could be ascertained by physical inspection of the premises, and any county road right of way whether or not of record.
- f. Liens or encumbrances, or claims thereof, which are not shown of record.
- g. County road rights-of-way, not recorded and indexed as a conveyance of record in the office of the Clerk and Recorder pursuant to Title 70, Chapter 21, M.C.A., including, but not limited to any right of the Public and the County of Park to use and occupy those certain roads and trails.
- h. Taxes and assessments for 2015 and subsequent years.
- i. The effect of all terms, conditions and provisions contained in the Contract, with grantor R. R. Weimer and Margaret A. Weimer and grantee Park Electric Co- Operative Inc., dated November 28, 1959, and recorded February 15, 1960, in Volume 38 of Miscellaneous, Page 82, Park County, Montana.
- j. The effect of all terms, conditions and provisions contained in the Declaration of Covenants, Restrictions and Easements, dated April 16, 1960, and recorded April 18, 1960 at 11:25 a.m., in Volume 38 of Miscellaneous, Page 173, record of Park County, Montana.
- k. The effect of all terms, conditions and provisions contained in the Star Subdivision, Unit 1, Plat No. 58, recorded June 7, 1960, as Document #84950, record of Park County, Montana.
- l. The effect of all terms, conditions and provisions contained in the Right of Way Easement, with grantor The Star Land Company and grantee Montana Power Company, dated November 21, 1961, and recorded January 9, 1962 at 1:15 p.m., in Volume 40 of Miscellaneous, Page 188, Park County, Montana.

m. The effect of all terms, conditions and provisions contained in the Recorder's Plat No. 58A, dated May 24, 1973, and recorded June 5, 1973 at 3:00 p.m., as Document #128309, record of Park County, Montana.

n. The effect of all terms, conditions, provisions, and/or easements contained in the: Warranty Deed, with Grantor Star Land Company, and Grantee Danny Stephen Richards, dated March 39, 1973, and recorded June 6, 1973 at 11:20 a.m., on Roll 5, Page 287, record of: Park County, Montana.

o. The effect of all terms, conditions and provisions contained in the Revised Declaration of Covenants, Restrictions and Easements, dated May 8, 1978, and recorded September 6, 1978 at 10:25 a.m., on Roll 23, Page 867, record of Park County, Montana.

p. The effect of all terms, conditions and provisions contained in the Amended Declaration of Covenants, Restrictions, and Easements, dated March 14, 1994, and recorded March 22, 1994 at 4:08 p.m., on Roll 99, Page 1315, record of Park County, Montana.

q. The effect of all terms, conditions and provisions contained in the Agreement Releasing Restrictive Covenants and Preserving Easements of The Star Land Subdivision to the City of Livingston, dated April 1994, and recorded May 9, 1994 at 11:23 a.m., on Roll 100, Page 1446, record of Park County, Montana.

r. The effect of all terms, conditions and provisions contained in the Order, dated February 18, 1998, and recorded February 20, 1998 at 8:53 a.m., on Roll 127, Page 261, record of Park County, Montana.

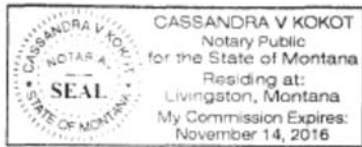
EXCEPT with reference to the items a. through r. set forth immediately above, this deed is given with the usual covenants expressed in Section 30-11-110, Montana Code Annotated.

DATED this 4th day of May, 2015.

BANK OF THE ROCKIES, N.A.
By: [Signature]
Its: President

STATE OF MONTANA)
 : ss
County of Forest Park)
 Park Co

This instrument was acknowledged before me on the 4th day of May, 2015, by Michael E. Grove, as President of **BANK OF THE ROCKIES, N.A.**, on behalf of said Bank.



STATE OF Montana
COUNTY OF Park
This 4th day of May, 2015, before me, the undersigned, a Notary Public in and for said State, personally appeared Michael E. Grove known to me and/or identified to me on the basis of satisfactory evidence to be the person(s) whose name is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same.
[Signature]
Notary signature

REALTY TRANSFER RECEIVED

Copy of the subject's purchase agreement was retained in the work file.

Backup material for agenda item:

**B. DISCUSS / APPROVE / DENY -- ELECTION OF LIVINGSTON CITY COMMISSION
CHAIRPERSON AND VICE CHAIRPERSON**

- The City Commission shall annually elect a chair and a vice chair at the first meeting in January to serve until the next chair and vice chair are elected.

Code of Ordinances, City of Livingston, Montana § 2-14(A).

(Note – This action was delayed until February 2016 because of the vacant seat.)

- Chairman. The presiding officer of the City Commission shall be the Chairman who shall preserve strict order and decorum at all meetings of the Commission. The chairman shall assign each Commission member to a seat at the Commission table, as he or she may deem appropriate. The Chairman shall state, or cause to be stated, every motion coming before the Commission, announce the decision of the Commission on all subjects, and decide all questions of order, subject, however, to an appeal to the Commission at large, in which event a majority vote of the Commission shall govern and conclusively determine such question of order.

Code of Ordinances, City of Livingston, Montana § 2-14(B).

- Vice Chairman. In the Chairman's absence or in the case of the Chairman's inability to act, the Vice Chair shall be designated by the Commission to perform the duties of the Chairman.

Code of Ordinances, City of Livingston, Montana § 2-14(C).

Backup material for agenda item:

**D. DISCUSS / APPROVE / DENY -- CHAIRPERSON'S ASSIGNMENT OF SEATS AT
COMMISSION TABLES**

- The City Commission shall annually elect a chair and a vice chair at the first meeting in January to serve until the next chair and vice chair are elected.

Code of Ordinances, City of Livingston, Montana § 2-14(A).

(Note – This action was delayed until February 2016 because of the vacant seat.)

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