

***AN APPRAISAL OF ±177 ACRES LOCATED IN THE WEST ½ NORTHWEST ¼,
LYING WEST OF RAILROAD, SECTION 16, TOWNSHIP 8 NORTH, RANGE 3
WEST, JEFFERSON COUNTY, MONTANA – SALE #709***

DATE OF VALUATION

July 1, 2014

**FOR
MONTANA DEPARTMENT OF NATURAL RESOURCES AND
CONSERVATION TRUST LAND MANAGEMENT DIVISION
1625 ELEVENTH AVENUE, HELENA, MT 59620**

***ELKHORN APPRAISAL SERVICES
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8/15/2014

Montana DNRC Trust Land Management Division
c/o John Grimm
P.O. Box 201601
Helena, MT 59620-1601

RE: ±177 acres of land located in the West ½ Northwest ¼, Lying West of Railroad, Section 16, Township 8 North, Range 3 West, Jefferson County, Montana

Dear John:

In accordance with the contract with the Department of Natural Resources and Conservation, Trust Land Management Division, I have made the necessary inspection and analysis to appraise the above referenced property. The attached report provides the essential data, and detailed reasoning employed in my final value estimate.

I have appraised the property as a whole, owned in fee simple and unencumbered. I assume no responsibility for matters that are legal in nature nor do I render any opinion as to title.

The property being appraised consists of ±177 acres of vacant land located between the communities of Clancy and Jefferson City, Jefferson County, Montana, along the west side of Interstate 15.

The value reported is qualified by certain definitions, assumptions and limiting conditions, hypothetical condition and certification, which are set forth within the attached report. This appraisal report is intended to conform to the Uniform Standards of Professional Appraisal Practice and State of Montana, DNRC reporting requirements.

Based on my analysis, the market value of the subject property, as set forth, documented and qualified in the attached report under conditions prevailing on July 1, 2014 was:

Six Hundred Fifty Thousand Dollars

\$650,000*

*This value is subject to the Hypothetical Conditions on page 8.

I direct your attention to the data, discussions and conclusions which follow.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "G. A. Thornquist", with a small "87" written below the first name.

Gregory A. Thornquist
Montana State Certified
General Real Estate Appraiser
License # REA-RAG-LIC-867
8/15/2014

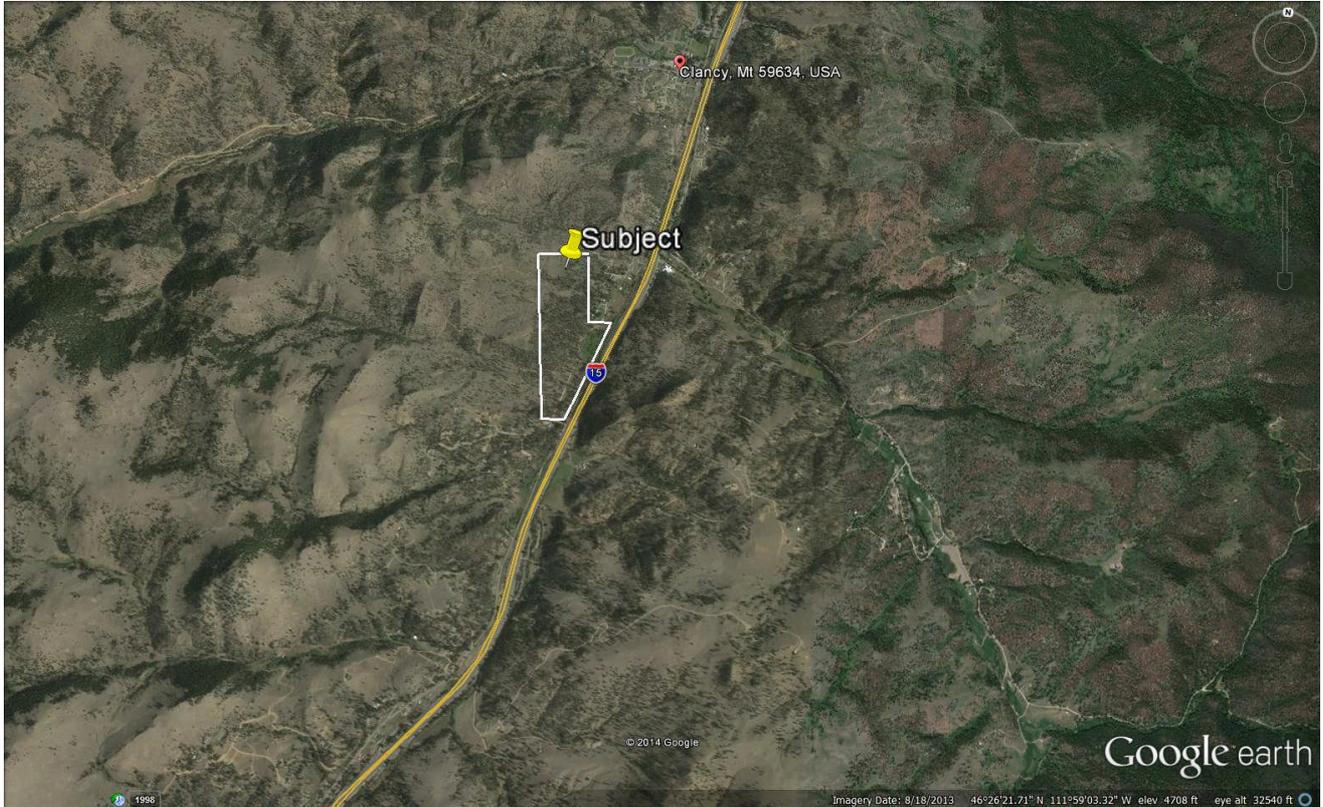
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Addenda

- Settlement
- Grant of Roadway Access Easement
- Appraisers Qualifications
- Appraisal License

SUBJECT PROPERTY PHOTOGRAPH



Above photo illustrates the approximate location of the subject
(Not to scale)

SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

<i>PURPORTED OWNER:</i>	State of Montana
<i>PROPERTY TYPE:</i>	Vacant land
<i>LOCATION OF PROPERTY:</i>	This property is located approximately 1 mile south of Clancy, Montana and along the west side of Interstate 15.
<i>SITE:</i>	±177 acres
<i>PROPERTY RIGHTS APPRAISED:</i>	Fee Simple
<i>ZONING:</i>	None
<i>PRESENT USE:</i>	Vacant with no existing lease
<i>HIGHEST AND BEST USE:</i>	Residential subdivision development
<i>DATE OF VALUATION:</i>	July 1, 2014
<i>VALUE:</i>	\$650,000*

* This value is subject to the Hypothetical Conditions on page 8.

ASSUMPTIONS AND LIMITING CONDITIONS

This is to certify that the appraiser, in submitting this statement and opinion of value of subject property, acted in accordance with and was bound by the following principles, limiting conditions and assumptions. Unauthorized use of this report is set forth below.

- No responsibility is assumed for matters that are legal in nature nor is any opinion rendered on title of property appraised.
- Unless otherwise noted, the property has been appraised as though free and clear of all encumbrances.
- All maps, areas, plans, specifications, and other data furnished your appraiser were assumed to be correct. No survey of the property was made by this firm. Furthermore, all numerical references to linear measurements, area, volume or angular measurements should be assumed to be "more or less" (+/-) and are accurate to a degree consistent with their use for valuation purposes.
- This appraisal considers only surface rights to the property with consideration of current zoning and land use controls. The estimate of **highest and best** use will form the basis for the value estimate. This appraisal does not consider mineral, gas, oil or other natural resource rights that may be inherent in the ownership of the property.
- In this appraisal assignment, any potentially hazardous material found on the land or used in the construction of the buildings, such as urea formaldehyde foam insulation, petroleum residue, asbestos and/or existence of toxic waste or gases, which may or may not be present on the property, has not been considered. The appraiser is not qualified to detect such substances. Any interested party is urged to retain an expert in this field if there is any question regarding such potentially hazardous material. If such material or substance is present it could adversely affect the value reported herein.
- The appraiser is not a seismologist. This appraisal should not be relied upon as to whether a seismic problem exists, or does not actually exist on the property. The property which is the subject of this appraisal is within a geographic area where earthquakes and other seismic disturbances have previously occurred and where they may occur again. Except as specifically indicated in the report, no seismic or geologic studies have been provided to the appraiser concerning the geologic and/or seismic condition of the property. The appraiser assumes no responsibility for the possible effect on subject property on seismic activity and/or earthquakes. I have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed seismic requirements by the City or County. It is possible that a survey of the property could reveal that the property does not meet the required seismic requirements. If so, this fact could have a negative effect upon the value of the property. Since I have no direct evidence relating to this issue, I did not consider possible noncompliance requirements in estimating the value of the property.
- All data contained in this report and in the appraiser's files, as obtained from other sources, upon which to any degree the opinions and conclusions were based, are considered reliable and believed to be true and correct. However, the appraiser does not assume responsibility for the accuracy of such items that were obtained from other parties.
- There shall be no obligation to give testimony or attendance in court by reason of this appraisal with reference to the property in question unless arrangements have been previously made and at an additional fee.
- Neither all nor any part of the contents of this report, especially the conclusions to value, the identity of the appraiser or the firm with which he is connected shall be disseminated to the public through advertising media, news media, public relations media, sales media, or any other public means of communication without the prior

written consent of the appraiser.

- Gregory A. Thornquist does not authorize the out-of-context quoting from, or partial reprinting of this appraisal report.
- The liability of Gregory A. Thornquist is limited to the client and to the fee collected. Further, there is no accountability, obligations or liability to any third party. If this report is placed in the hands of anyone other than client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraiser assumes no responsibility for any costs incurred to discover or correct any deficiencies of any type present in the property; physically, financially, or of a legal nature.
- The fee for this appraisal report is for the service rendered and not for time spent on the physical report or for the physical report itself.
- This appraisal report is prepared for the sole and exclusive use of the client, State of Montana, Montana DNRC Trust Land Management Division. No third parties are authorized to rely upon this report without the expressed written consent of the appraiser.
- This Summary Appraisal Report is intended to comply with the reporting requirements set forth under Standard Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report. As such, it presents only summary discussions of the data, reasoning, and analysis that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning and analysis is contained in the appraiser's files.

HYPOTHETICAL CONDITIONS

- As of the date of value a survey of the property has not been completed. There are concerns the access at the south end of the property may or may not be on state land. This appraisal assumes legal access exists.
- The property is appraised as if it is in private ownership.
- The site map provided by KLJ Engineering was done to assist the appraiser in estimating value and is not in any way an indication of what can be completed with respect to subdivision design.

SCOPE OF THE APPRAISAL

I initially spoke with John Grimm, Real Estate Section Supervisor, with the Montana DNRC Trust Land Management Division. Mr. Grimm retained me to appraise the subject property and provided me with the following information:

- Scope of work
- Parcel description
- Contact information for inspecting the subject property
- Grant of Roadway Access Easement
- Settlement

On July 1, 2014 I met with Gavin Anderson, Forest and Lands Program Manager, Department of Natural Resources and Mr. Anderson provided me access to the site. In addition, Mr. Anderson provided background information with respect the parcel such as access easement, maps, etc.

This appraisal is considered to be a “market value” appraisal and as such is based upon the highest and best use of the subject property. Fundamental within the highest and best use analysis is the consideration of the subject’s use, timing of that use, and the most probable buyer and user. This is discussed further in the highest and best use section of this report.

There are five distinct buyer types in a given real estate market; each is identified below:

- Owner-User: Acquires real estate mostly for its use; vacancy and investment yield are not primary criteria. Property suitability is the major objective.
- Passive Investor: Seeks an established income stream; usually does not change the property in any meaningful way; generally prefers long-term ownership.
- Developer: Acquires real estate to physically or legally change it in some significant fashion; accepts substantial risk so expects major reward; short-to-medium holding period.
- Speculative Investor: Buys real estate solely as an investment with most of the reward at termination; property use is not a primary consideration; medium-to-long term holding period; usually buys during weak market conditions, so accepts huge risk. Mantra: Buy low, sell high.
- Pure Speculator: Buys real estate as an investment with most of the reward at termination; property use is usually not a major consideration; buys during conditions of rapidly appreciating prices; shorts-to-medium ownership period.

The potential buyers for the subject would consist of a developer, speculative investor, or pure speculator.

The neighborhood and surrounding competitive market areas were researched to find comparable market data. Real Estate agents, property owners, and real estate appraisers in Helena were interviewed in an attempt to find relevant market data. This market data has been confirmed by personal contact with the buyer, seller, broker, and/or property owner.

All of the comparable sales described in the body of the report are shown in detail on the summary sheets in a separate document. Therefore, this appraisal contains limited data with respect to identifying the comparables for confidentially reasons. I did not physically inspect each of the comparable sales but did discuss the sales with someone with knowledge to the transactions.

Effective Date:

The effective date of this appraisal report is July 1, 2014. This is the date of valuation and was the actual date of the property inspection. This appraisal report was completed August 15, 2014.

DEFINITION OF MARKET VALUE

Market value as used in this report was provided by the client and is defined as follows:

Current fair market value. (MCA 70-30-313) Current fair market value is the price that would be agreed to by a willing and informed seller and buyer, taking into consideration, but not limited to, the following factors:

- (1) the highest and best reasonably available use and its value for such use, provided current use may not be presumed to be the highest and best use;
- (2) the machinery, equipment, and fixtures forming part of the real estate taken; and any other relevant factors as to which evidence is offered.

PURPOSE OF THE APPRAISAL

The purpose of the appraisal is to provide the client with a credible opinion of current fair market value of the appraised subject property.

INTENDED USE OF THE APPRAISAL AND CLIENT

The intended use of this appraisal is for the decision making process concerning the potential sale of the subject property. The clients and intended users are the State of Montana, the Montana Board of Land Commissioners and the Department of Natural Resources and Conservation (DNRC).

PERSONAL PROPERTY

None

PROPERTY RIGHTS APPRAISED

This appraisal is made with the understanding and assumption that present ownership of the subject property includes all rights that may be lawfully owned, and is therefore, titled in fee simple as of July 1, 2014. A fee simple estate is subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat.

State of Montana lands are always to be appraised as if they are in private ownership and could be sold on the open market and are to be appraised in **Fee Simple interest**. For analysis purposes, properties that have leases or licenses on them are to be appraised with the Hypothetical Condition the leases/licenses do not exist.

IDENTIFICATION OF PROPERTY AND LEGAL DESCRIPTION

The property which is the subject matter of this report consists of \pm 177 acres located just south of Clancy, Montana along the west side of Interstate 15. The legal description for the subject site as provided to me is as follows:

“ \pm 177 acres of land located in the West $\frac{1}{2}$ Northwest $\frac{1}{4}$, Lying West of Railroad, Section 16, Township 8 North, Range 3 West, Jefferson County, Montana”

PURPORTED OWNER

The subject parcel is owned by the State of Montana which is documented in Quitclaim Deed recorded in Deed Book 166, Page 349, dated June 23, 1926. A copy is included in the Addenda.

SALES HISTORY OF THE PROPERTY

The subject parcel has been owned by the State of Montana for a number of years. It was reported this \pm 177 acre parcel may be made available for public sale through the Land Banking Program with the State of Montana.

MARKETING TIME/EXPOSURE TIME

The definition of market value includes a condition that a reasonable time is allowed in the open market. The length of time that a property is exposed in the market impacts the number of potential buyers for the property. Longer exposure typically results in more potential buyers, and shorter exposure to the market typically results in fewer potential buyers. Logically, the number of potential buyers who are aware of a property's availability can

influence the sale price. Each of the sales utilized within this analysis was reasonably exposed to the market and therefore potential buyers were able to consider these properties for purchase.

The subject has a variety of positive attributes such as:

- Proximity to Helena
- Access to county roads and I-15
- Increased overall demand for residential building sites
- Situated in Jefferson County which has typically been easier to obtain residential subdivision approval.
- Overall acceptance of schools in Montana City, Clancy and Boulder.
- Property taxes are typically less in Jefferson County versus Lewis and Clark County.
- Timber has been thinned

There is the potential for some litigation by the adjacent property owners which have expressed concerns with respect to the sale of the property. If litigation were pursued it could in essence delay a sale. In this analysis I have assumed what is typical, no litigation at the time of ownership transfer.

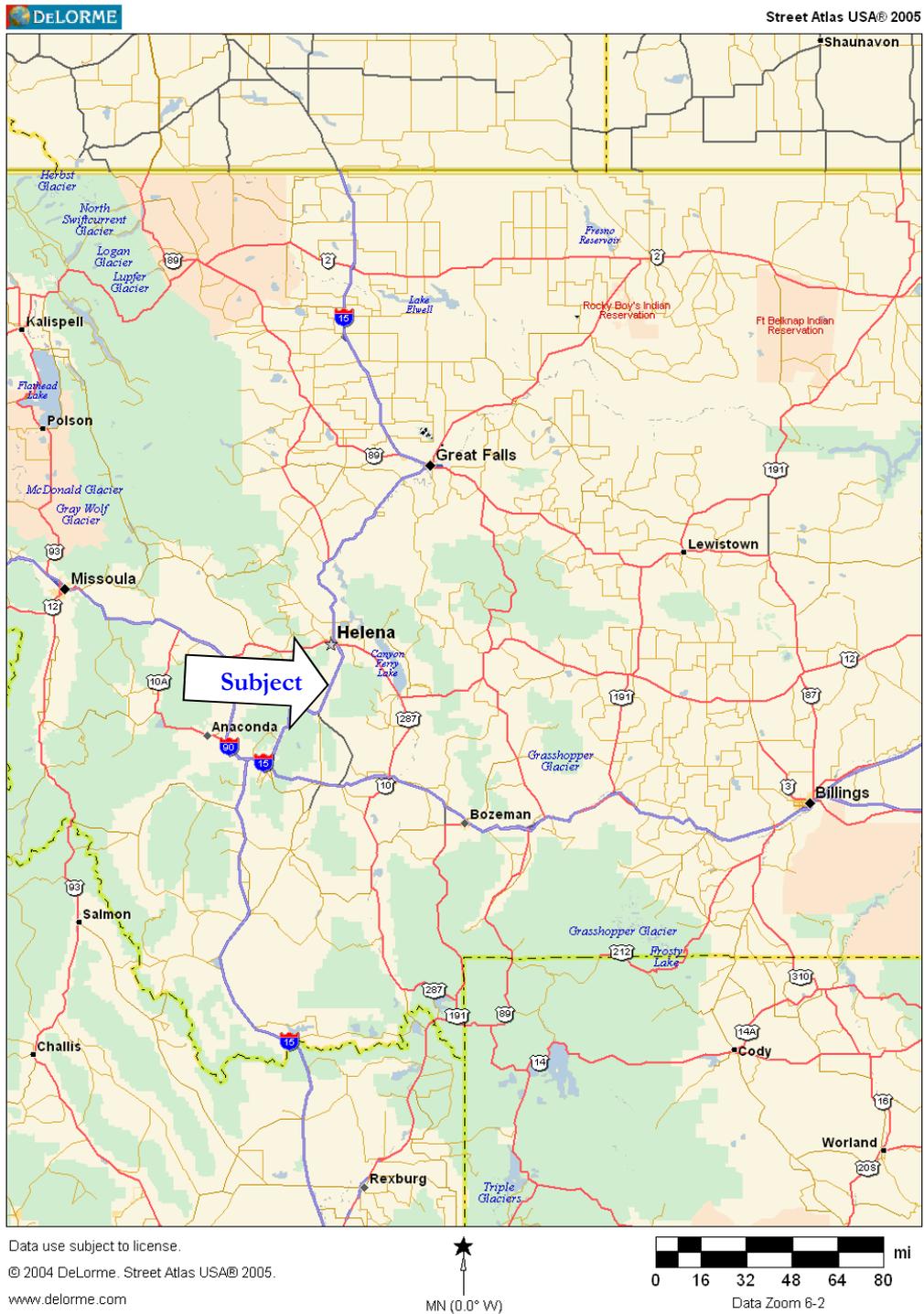
I met with Jason Crawford, KLJ Engineers and Mr. Crawford provided me with a potential number of building sites that could be achieved for the subject. This information is only being utilized as a reference and it needs to be noted nothing has been submitted or approved by Jefferson County.

Based upon analyzing the sales, listings, and discussions with various real estate professionals, it is my opinion a reasonable exposure time for the subject is six to twelve months.

USPAP Advisory Opinion 7 defines marketing time as, “an opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal.”

Due to the subject’s aforementioned attributes, a reasonable marketing time is six to twelve months.

REGIONAL MAP



REGIONAL ANALYSIS & NEIGHBORHOOD DATA/TRENDS

The subject property is located approximately 1 mile south of Clancy in Jefferson County. This portion of North Jefferson County is approximately seven miles south of the Helena city limits.

Jefferson County is quite large and extends almost from the city limits of Butte (± 60 miles to the south) to nearly the Helena city limits. North Jefferson County has seen significant growth in the past 10 years and specifically those areas lying adjacent to Helena and the Lewis and Clark County line. For the remainder of Jefferson County much of the economy is based on the mining and agricultural industry as well as state and federal employment opportunities. Boulder is the county seat for Jefferson County and lies approximately 20 miles to the south.

Commercial development in North Jefferson County is primarily limited to the immediate areas surrounding the Interstate 15 interchanges. Known mostly for its rural residential settings, residential sites range in size from one acre to nearly an entire section, and agricultural land is still abundant.

Ashgrove Cement Company and two gold mines, Montana Tunnels and Golden Sunlight, have been the primary employers in the area and provide a significant portion of the tax base for Jefferson County. In addition, the State of Montana, Department of Public Health and Human Services and Corrections has an appreciable presence in Boulder.

The subject is located south of Helena which is the county seat of Lewis and Clark County and the State Capital. Helena's economy has been experiencing moderate growth in recent years. The general area population is approximately 67,000 which consist of Lewis and Clark County, North Jefferson County and West Broadwater County.

Real estate values in North Jefferson County have seen appreciation which is attributed to its proximity to Helena, whereas the values in other portions of the county have remained relatively stable. It was reported by local real estate professionals in the Helena area that real estate values have leveled off somewhat in the past 12 to 24 months.

The three communities, Montana City, Clancy and Jefferson City are each considered to be bedroom communities to Helena.

There is good highway and interstate access provided throughout the area with Interstate 15, Highway 12 East and West, and Highway 518 in the immediate vicinity. There are several airlines, railway, bus lines and motor freight carriers also providing good transportation throughout the area.

This general area attracts many tourists due to its central location in the State of Montana. There are a number of outdoor recreational opportunities with numerous rivers, lakes and mountain ranges in the immediate area. Overall, the State of Montana has become very popular over the past decade with tourism seeing a more significant role each year. As previously noted Clancy is predominately a bedroom community to Helena.

Northwestern Energy provides electrical service and natural gas throughout the area. Telephone and television service are also available throughout the area and both well and septic systems are commonly used.

REAL ESTATE TAXES

The Montana State Department of Revenue, working through each county courthouse, appraises all taxable real estate, presumably at market value. State law has prescribed that a re-evaluation plan be completed periodically. The most recent statewide reappraisal was completed on July, 2008, which is for tax years 2009 thru 2015. Single family dwellings are predominately valued based upon the sales comparison approach. When market data proves to be unreliable, Montana Department of Revenue appraisers will use replacement cost, less depreciation. For commercial property, appraisers have relied most heavily on the cost approach, but in areas where sufficient income and expense data is available, the income approach is being considered more and more. Industrial property is valued based upon the cost approach. The Marshall Valuation Service Cost Manual is heavily used by the Montana Department of Revenue appraisers. Other non-public data, resulting from the Real Estate Financial Disclosure Act, is also considered.

The subject property is currently owned by the State of Montana and therefore is exempt from taxation. If the property were to transfer to private ownership the property will become subject to taxation pursuant to Montana Code and Administrative Rules.

The geo-code for the property is 51-1687-16-3-01-01-0000.

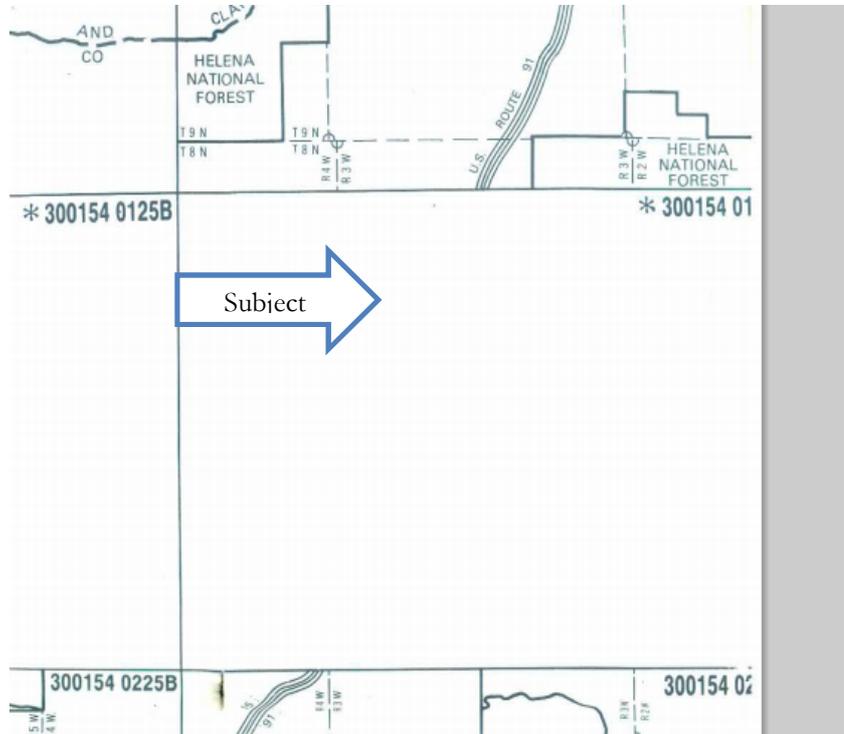
PROPERTY DESCRIPTION

Site

<i>Size:</i>	The subject parcel consists of ± 177 acres.
<i>Shape:</i>	The subject parcel is irregular in shape.
<i>Topography:</i>	The topography of the subject varies from mild to steep hillsides. There are rock outcropping and timber throughout.
<i>Soil Conditions:</i>	Soil conditions are unknown. No soil tests were provided to your appraiser. The property was once mined for gold and there is the potential gold mineralization still exists. There is no evidence as the amount or if it would be economically feasible.
<i>Easements:</i>	There is a road easement and utility easements. A copy of the road easement is in the addenda. A title policy should be used for the final determination of easements and encroachments.
<i>Access:</i>	Access to the subject site is from the county roads at the north and south ends.
<i>Utilities:</i>	There are overhead and buried power lines which cross subject site.
<i>Functional Adequacy:</i>	The topography of the subject varies from steep hillsides to ravines which would limit development potential on these portions of the property. The overall topography of the subject offers good views of the surrounding mountains and valley. Burlington Northern Railroad owns a 12 acre strip of land between the interstate and the subject. This rail bed has since been abandoned. There is residential development at both the north and south ends of the subject.

Flood Plain:

It was reported Jefferson County, Department of Environmental Health that the subject is located in an area not mapped by FEMA. This is noted on panel #30015401.



There are some wetlands or areas which have high ground water. I was not provided information with respect to the acreage impacted by these high ground water areas, but it was reported development could not occur in these impacted areas. These area are situated east of the road easement.

Nuisances or Hazards:

None of the surrounding uses appear to adversely impact the subject.

Site Improvements:

There is a State owned gate and cattle guard but they have not been considered in this assignment.

SUBJECT PHOTOGRAPHS

(7/1/14)



Access from the north



Access from the south

SUBJECT PHOTOGRAPHS



Road through the subject looking north



Looking northwest across the subject

SUBJECT PHOTOGRAPHS



Looking northwest across the subject



Looking southwest across the property.

SUBJECT PHOTOGRAPHS



Looking southwest across the property



Looking southeast across the wetlands area

SUBJECT PHOTOGRAPHS



Looking east across the property towards I-15



Looking north along the old railroad bed

ZONING

I contacted the Jefferson County Planning Department and it was conveyed to me there is no underlying zoning.

HIGHEST AND BEST USE

“The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible and that results in the highest value. Alternatively, the probable use of land or improved property – specific with respect to user and timing of the use – that is adequately supported and results in the highest present value.”¹

The definition above applies to the highest and best use of vacant land or improved property. It is to be recognized that in cases where a site has existing improvements on it, the highest and best use may very well be determined to be different from the existing use. The existing use will continue, however, unless and until land value in its highest and best use exceeds the total value of the property in its existing use.

Quite often in estimating the highest and best use of land, the appraiser is controlled by governmental regulations. These controls are generally zoning ordinance, parking requirements and building codes. Also, in the estimate of highest and best use, one must recognize the attitude of typical investors in the marketplace.

Real estate will usually fall into certain definite development patterns, and their uses can be classified as: residential, agricultural, recreational, industrial, commercial or public use. In valuing the highest and best use of the land both as if vacant and improved, the following criteria must be met:

- 1) Legally permissible
- 2) Physically possible
- 3) Financially feasible
- 4) Maximally productive

¹ *The Dictionary of Real Estate Appraisal*, 5th Ed. (Chicago: Appraisal Institute, 2010), s.v. “highest and best use.”

HIGHEST AND BEST USE AS VACANT

Legally Permissible

I spoke with the County Planner/Zoning Administrator for Jefferson County, and he indicated there is no underlying zoning.

This area of North Jefferson County has experienced a significant amount of single-family development in recent years. If residential subdivision development were pursued, county approval would be necessary with respect to road(s), density, emergency services access, well/septic, etc.

Physically Possible

The topography of the subject varies from mild rolling to steep hillsides and ravines. This topography would eliminate many commercial/industrial uses as a result of high development costs. The property was once leased for grazing at a minimal amount. The overall topography and surrounding residential development lessens the overall need for agricultural use.

Utilities, i.e. natural gas, electricity, telephone, etc., are readily available in the area. In addition, well and septic systems are used throughout Jefferson County.

There is a county road which accesses the subject at the north end of the subject. The State is in the process of having a survey completed to determine if the access road on the south end is on State land or private land. In this appraisal, I have made the hypothetical assumption; there is legal access on the south end.

There is residential single-unit development to the north and south and the lot sizes vary in size which is a product of the topography. Residential development is physically possible for the subject but it is not known as to the potential number of lots. I contacted KLJ Engineering and was provided with an idea of the potential number of residential lots. This information is utilized in estimating a value for the subject.

Financially Feasible

The overall residential market has shown signs of improvement in recent years which is evident in the decrease in inventory of building sites. In addition, I spoke with numerous real estate professionals and it was noted there is an overall desire to reside in this area of Jefferson County. If subdivision development is to be pursued, subdivision plans would need to be submitted to Jefferson County for approval.

Maximally Productive

The subject site has great potential for residential development based upon the reported need for residential lots due to the overall decline in supply. Although a preliminary plan has not been developed to be submitted to the

Jefferson County Planning office, I was provided some data from a local engineering firm to assist in establishing an indication of value. Based upon the legal, physical and financially feasible uses, it is my opinion the maximally productive use of the site is for residential development.

Conclusion

Therefore, the highest and best use of the subject based upon the legally permissible, physically possible, financially feasible, and maximally productive, is residential subdivision development.

PROPERTY VALUATION

Methods and/or Techniques Employed:

Whenever possible, all three basic approaches to value, cost, sales and income, are utilized. The resulting indications of value are then correlated into a final estimate of market value. In the course of investigating the marketplace where this valuation will be made, sufficient data was found to employ the sales comparison approach.

DEFINITIONS

Sales Comparison Approach:

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, applying appropriate units of comparison and making adjustments to the sales price of the comparable properties 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.²

The reliability of this technique is depended upon (A) the availability of comparable sales data, (B) the verification of sales data, (C) the degree of comparability or extent of adjustment necessary for time differences, and (D) the absence of non-typical conditions affecting the sales price.

²The Appraisal of Real Estate, 14th Edition, Page 47, 2013, sponsored by the Appraisal Institute.

SITE VALUATION

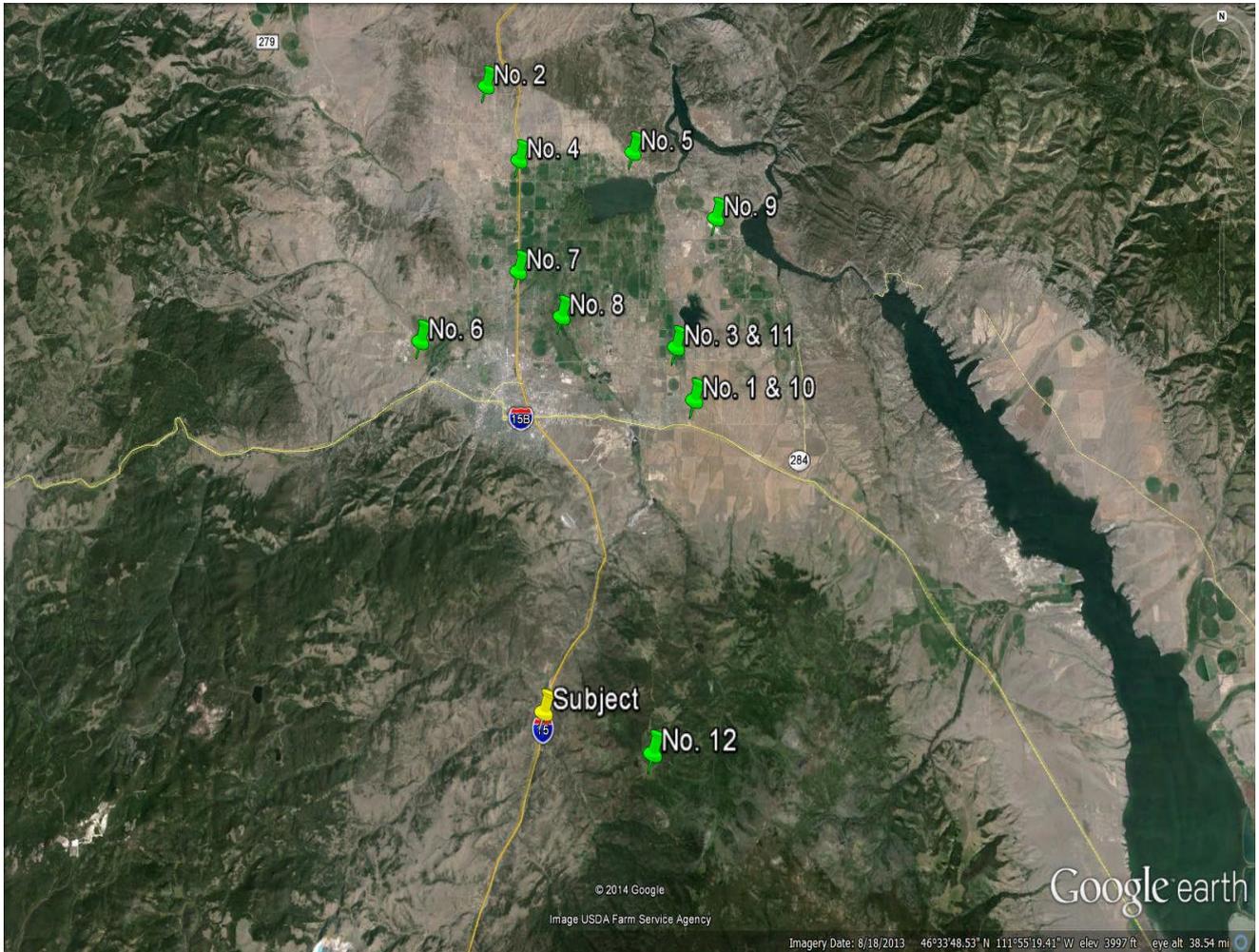
The method employed to value the site as if vacant and available for sale is the Sales Comparison Approach. The determination of the highest and best use for the subject is residential subdivision development. Based upon this highest and best use I researched the market for sales and listings of land purchased with that intent. In 2005-2007 there was a fair amount of land being purchased for subdivision development. Some of those developments were completed with respect to infrastructure and lots began to sell before the market shift in 2008. Other developments did not survive or were not completed at that time. I contacted numerous real estate professionals in Helena with respect to land transactions purchased for subdivision development.

In recent years the market has not been as active for a number of reasons:

- Available inventory of lots
- Difficulty with the subdivision process
- Costs of installing infrastructure
- Uncertainty with respect to the future for subdivision sustainability.

In the analysis which follows I have utilized what are considered to be the most applicable sales and listing, albeit, some are dated. In addition, I have included other sales which were not purchased for subdivision development and are further discussed. These sales and listings are indicative of what a well-informed buyer or seller would consider in forming an opinion of value. Descriptive data of the sales and listings are contained in a separate document for confidentially reasons.

LAND SALE MAP



LAND SALE GRID

Sale	#1	#2	#3	#4	#5	#6	#7
Sale Date	2/14/08	12/4/07	11/8/06	9/26/06	5/19/06	3/10/06	10/11/05
Location	Prairie Nest Dr.	Applegate Rd.	Canyon Ferry Rd.	Lincoln Rd.	Lincoln Rd.	County Club Dr.	Valley Speedway Rd.
Price	\$245,000	\$3,000,000	\$4,266,000	\$1,340,000	\$1,250,000	\$2,154,860	\$175,000
Size (acres)	20.47	480	949	63.8	186.93	207.39	24.33
\$/acre	\$11,969	\$6,250	\$4,500	\$21,003	\$6,720	\$10,390	\$7,193
Subdivision Type	Residential	Residential	Residential	Residential & Commercial	Residential	Residential	Residential
City/County	County	County	County	County	County	County	County
Subdivision Status at time of sale	Preliminary	None	None	None	None	None	None
Subdivision Status Currently	Preliminary	None	None	Final plat & being developed	Final plat & being developed	None	Sold-out

Sale #1 in the aforementioned table had preliminary plat approval for a 19 lot subdivision sold for \$245,000 on 2/14/09. I spoke with Dean Retz, Real Estate of Montana and Mr. Retz indicated this property sold again on 11/20/2012 for \$175,000 or 29% less. This is the only paired sale identified which suggests a downward shift in the market for subdivision ground. The buyer of this property is in the process of resubmitting the originally filed plat and moving forward with the subdivision. I spoke with various real estate professionals with respect to land values and it was confirmed land values are not at the level they once were, but no one had a definitive percentage or price per acre. Therefore, I have applied this downward adjustment to each of the aforementioned sales as follows:

Sale	Sale Price	Size (acres)	\$/Acre	Adjusted \$/Acre
Sale #1	\$245,000	20.47	\$11,969	\$8,498
Sale #2	\$3,000,000	480	\$6,250	\$4,438
Sale #3	\$4,266,000	949	\$4,495	\$3,192
Sale #4	\$1,340,000	63.8	\$21,003	\$14,912
Sale #5	\$1,250,000	186.93	\$6,687	\$4,748
Sale #6	\$2,154,860	207.39	\$10,390	\$7,377
Sale #7	\$175,000	24.33	\$7,193	\$5,107

I researched the market for more recent sales and identified three sales and two listings. The downward adjustment was not applied to these sales as they occurred relatively close to the date of Sale No. 1. The following briefly describes these sales and listings.

Sale No. 8 is 266.32 acres located east of the Helena city limits and just north of York Road. The intended use for this property was for a residential subdivision, Aspen Trails. The subdivision was eventually denied as a result of high ground water. The property was subsequently foreclosed on and became bank owned. The property sold 12/27/12 for \$860,000 to the Prickly Pear Land Trust. The transaction was recorded as two separate transactions as a conservation easement was placed on 230 acres and the balance was gifted to the State of Montana Fish Wildlife and Parks. The overall price per acre was \$3,233 and the allocated values were \$670,000/230 acres or \$2,913/ac and \$190,000/36 acres or \$5,278 ac. The larger parcel is agricultural and the smaller parcel is fishing access to the creek. It was reported the sale price of \$860,000 was established as a result of two independent fee appraisals. Overall, this sale is considered inferior to the subject's residential lands as a result of restricted use.

Sale No. 9 is 251 acres located east of Helena along Deal Lane. This property sold 3/9/11 for \$750,000 or \$2,908/ac. This is agricultural land and the intended use is for agricultural. Overall, this sale is considered inferior to the subject as a result of use.

Sale No. 10 is the same property as Sale No. 1. This property sold in 2008 for \$245,000 and sold again on 11/20/12 for \$175,000 or \$8,549/acre. This paired sale suggests a decline in land value of 29% which was applied to Sales 1 – 7. This property still has preliminary plat approval for 19 lots but the buyer will have to resubmit the appropriate documentation and be subject to any new county regulations. Overall, this sale is superior to the subject as a result of size.

Listing No. 11 is 885 acres located at the southeast corner of Lake Helena Drive and Canyon Ferry Road. This property is on the market for a total price of \$6,561,500 or \$7,414/ac. The property is also being marketed as five separate parcels and the data sheet which follows illustrates the prices for each parcel. The intended use was for subdivision development but this was tabled as a result of the decline of the market in 2008 coupled with Lewis and Clark County's mandate to improve Lake Helena Drive. This property has been on the market for an extended period of time with little to no interest. This price per acre sets the upper limit as being a listing.

Listing No. 12 is 121.66 acres located in Jefferson County, approximately 6 miles up Warm Springs Creek Road west of Clancy, MT. This property is on the market for \$599,000 or \$4,931/ac. Warm Springs Creek Road is improved for approximately the first 2 miles. This property borders BLM land and is being marketed as having the potential to be split into small parcels. This property has been on the market for approximately 10 months and the origin list price was \$699,000. There has been little interest. This price per acre sets the upper limit as being a listing.

The following table illustrates the aforementioned sales and listing. Included are the sales which occurred in the mid 2000's with the market adjustment and the most recent sales and listings.

Sale/Listing No.	Size (Acres)	\$/acre
No. 1	20.47	\$8,498
No. 2	480	\$4,438
No. 3	949	\$3,192
No. 4	63.8	\$14,912
No. 5	186.93	\$4,748
No. 6	207.39	\$7,377
No. 7	24.33	\$5,107
No. 8	266.32	\$3,233
No. 9	251	\$2,908
No. 10	20.47	\$8,549
No. 11	885	\$7,414
No. 12	207.39	\$4,931

The range of values on a price per acre basis varies significantly. Based upon the aforementioned sales and listings, coupled with discussions with numerous real estate professionals, it is my opinion a reasonable estimate of value for the subject 177 acres is \$4,000 per acre or \$708,000.

\$710,000 Rounded

SUBDIVISION ANALYSIS

As a result of the lack of recent land being purchased for subdivision development, I have estimated a value for the subject by utilizing retail lot prices. This takes into account what a buyer/developer would be willing to pay with the following assumptions.

- Estimated retail lot prices
- Estimated number of lots
- Subdivision development costs and developers profit at accounts for 50% to 60% of the total retail value.

I contacted a local engineering firm, KLJ, and they provided me with a preliminary plat based upon an aerial map. KLJ works with subdivision developers but **was not** contracted to establish a subdivision plan. KLJ did not walk the property either. This map illustrates 34 lots with an approximate size of 5 acres each. The map depicts three lots along the easterly boundary in an area impacted with high ground water and could not be developed. Based upon the overall topography it is reasonable to assume other lots depicted on the map could not be developed, which would increase the overall size of some remaining lots. In this analysis I have estimated the potential for 25 residential lots.

This number could vary based upon a more accurate survey which would consider access roads, topography, etc. The following is the map as provided.



I spoke with numerous real estate professionals, agents, brokers and appraisers with respect to retail lot prices for this area and the reported range was \$50,000 to \$65,000. These differing prices take into account, size of the lot, views, access, location within the subdivision, etc. In this analysis I have utilized a price of \$55,000 per lot. This suggests a total retail value of **\$1,375,000**.

I spoke with Ken Vivrette, Montana City Realty, and Mr. Vivrette indicated what a buyer/developer is willing to pay for a piece of property is approximately 50% of the retail price of the lots. This accounts for developer profit, holding costs and subdivision costs. I also spoke with Rick Ahmann, Windermire, and Mr. Ahmann indicated just profit and holding costs are in the range of 40% and development costs typically are in the range of 20%. It need be noted this also accounts for a relatively short sell-out period as I did not apply a discount factor.

Utilizing this information, an indication of value for the subject based upon the aforementioned assumptions is:

Lot Price:	\$55,000	\$55,000
Number of Lots	25	25
Total Retail Value	\$1,375,000	\$1,375,000
Subdivision Development Cost & Profit	50%	40%
Indication of Value	\$687,500	\$550,000

RECONCILIATION AND CONCLUSION

Within this analysis I have established an indication of value for the site by means of land sales and by backing into a land cost by assuming retail lot prices and deducting for developers profit and subdivision costs. Each method has its strengths and weaknesses. The indication of value by land sales is based upon actual transaction, but there has been little to no recent activity for large land sales for subdivision development. The indication of values by analyzing retail lot prices is based upon current lot prices and sales, coupled with discussions with various real estate professionals.

Considering each of the indications, it is my opinion the market value of the subject property on July 1, 2014, 2013, was:

Six Hundred Fifty Thousand Dollars
\$650,000

VALUE ESTIMATE AND CERTIFICATION

The undersigned does hereby certify that, to the best of his knowledge and belief, except as otherwise noted in this appraisal report:

- The statements of fact contained in this report are true and correct.
- The reported analysis, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and/or those found in the letter of engagement or appraisal consultation contract authorizing this report and is my personal, impartial, and unbiased professional analysis, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias 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 a predetermined value.
- 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. This appraisal assignment was not based on a requested minimum valuation, a specific valuation or the approval of a loan.
- My analysis, opinions and conclusions were developed, and this report has been prepared, in conformity with The Uniform Standards of Professional Appraisal Practice and with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute.
- I have made a personal inspection of the subject property.
- I have not appraised, reviewed, or offered consulting with respect to the subject property within three years of the date of acceptance to appraise the property.
- Gregory A. Thornquist is currently licensed in the State of Montana (Certificate #867) as a Certified General Real Estate Appraiser. Regarding the Competency Provision of USPAP, I further attest I've had substantial approved education and experience in the appraisal of various property types.

Based upon all the elements of which I am aware and which could reasonably affect value, I have estimated market value of the subject, as of July 1, 2014:

Six Hundred Fifty Thousand Dollars

\$650,000

A handwritten signature in cursive script, appearing to read 'G. Thornquist', with a small '87' written below the first part of the signature.

Gregory A. Thornquist
Montana State Certified
General Real Estate Appraiser
License # REA-RAG-LIC-867
8/15/2014

ADDENDA

RECEIVED
JUN 25 2004
D.N.R.C.

1 Patrick E. Melby
Harley R. Harris
2 Luxan & Murfitt, PLLP
Fourth Floor, Montana Club Building
3 P.O. Box 1144
Helena, MT 59624-1144
4 (406) 442-7450

FILED

JUN 21 2004

MARILYN A. GRANT Court Clerk
LAUREN E. DAWSON Deputy

5 Attorneys for Plaintiffs

8 MONTANA FIFTH JUDICIAL DISTRICT COURT, JEFFERSON COUNTY

9 WAYNE E. JOHNSTON, et al.,

10 Plaintiffs,

11 vs.

12 STATE OF MONTANA, MONTANA
BOARD OF LAND COMMISSIONERS,
13 and MONTANA DEPARTMENT OF
NATURAL RESOURCES AND
14 CONSERVATION,

15 Defendants.

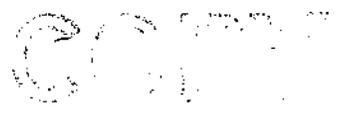
Cause No. DV-01-9887

**JOINT MOTION TO APPROVE
SETTLEMENT AGREEMENT**

16 The Plaintiffs Wayne E. Johnston, Janet L. Johnston, Richard W. Johnston, J & Son
17 Enterprises LLC, a Montana Limited Liability Company, Glen Sutheimer, Ryan Sutheimer,
18 Larry Olesky, Kacy Olesky, Wayne Jones, Bonnie Jones, Doug Stewart, Chuck Swinger,
19 and Theresa Swinger [collectively the "Plaintiff-Owners"], the Defendant State of
20 Montana, the Montana Board of Land Commissioners, and the Department of Natural
21 Resources and Conservation ["the State"], and Defendant-Intervenor Jefferson County,
22 Montana ["the County"], through their undersigned counsel, jointly move this court as
23 follows:

24 1. To approve the Settlement Agreement attached hereto as Attachment A, and
25 to enter the same as an order of the Court;

26 2. Pursuant to paragraph 4 of the Settlement Agreement, to dismiss without
27 prejudice the Plaintiffs hereto who have individually executed the "Motion For Dismissal
28 Without Prejudice" contained in Exhibits B1 through B25, which those Plaintiffs are



1 listed in Attachment B; and

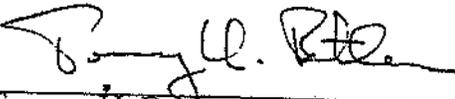
2 3. Pursuant to paragraph 5 of the Settlement Agreement to dismiss, with
3 prejudice, the Plaintiff-Owners listed above.

4 The grounds for this joint motion are as set forth in the memorandum, filed
5 herewith.

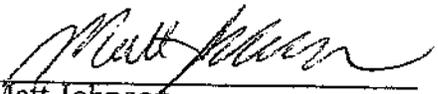
6 DATED this 21th day of May, 2004.

7 DATED this 27th day of May, 2004.

8 
9
10 Harley R. Harris, Attorneys for Plaintiffs
Luxan & Murfitt, PLLP
11 P.O. Box 1144
Helena, MT 59624-1144

8 
9
10 Tommy H. Butler
Special Assistant Attorney General
11 P.O. Box 201601
Helena, MT 59620-1601

12
13 DATED this 8th day of ~~May~~ ^{June}, 2004.

14 
15 Matt Johnson
Jefferson County Attorney
16 PO Box H
Boulder, MT 59632

SETTLEMENT AGREEMENT

In order to resolve the matters in controversy in the proceeding entitled *Wayne Johnston et. al. v. State of Montana et. al.*, No. DV-01-9887 (Mont. Fifth Judicial Dist., Jefferson County) ["the Lawsuit"], plaintiffs Wayne E. Johnston, Janet L. Johnston, Richard W. Johnston, J & Son Enterprises LLC, a Montana Limited Liability Company, Glen Sutheimer, Ryan Sutheimer, Larry Olesky, Kacy Olesky, Wayne Jones, Bonnie Jones, Doug Stewart, Chuck Swinger, and Theresa Swinger [collectively the "Plaintiff-Owners"] on the one hand, and the defendant State of Montana, the Montana Board of Land Commissioners, and the Department of Natural Resources and Conservation ["the State"], and defendant-intervenor Jefferson County, Montana ["the County"], on the other, stipulate and agree as follows:

1. **State's Grant of Easement.** Within thirty (30) days following the approval of this Settlement Agreement by the Court the State shall grant to each of the Plaintiff-Owners a non-exclusive right-of-way easement ["Easement"] for ingress and egress to the Rosewood Estates Subdivision, Jefferson County, Montana ["Rosewood"] across Section 16, Township 8 North, Range 3 West [the "State Section"] substantially in the form attached to this Settlement Agreement as Exhibit 1, which exhibit is incorporated herein by this reference. Thereafter, and within one-hundred and twenty (120) days following the approval of this Settlement Agreement by the Court, the State shall grant to any other owner of a tract of land within Rosewood who elects to participate in the terms of this Settlement Agreement as provided in paragraph 6, below [hereinafter "Participating-Owner"], a non-exclusive right-of-way easement for ingress and egress to Rosewood across the State Section substantially in the form attached to this Settlement Agreement as Exhibit 1, which exhibit is incorporated herein by this reference.

2. **Johnston's Grant of Easement To The State.** Within thirty (30) days following the approval of this Settlement Agreement by the Court, plaintiff Wayne E. Johnston shall grant to the State a permanent easement to build, use, and maintain an approach from the southern boundary line of the State Section across his property to the nearest dedicated public road within Rosewood ["State's Easement"] substantially in the form attached to this Settlement Agreement as Exhibit 2, which exhibit is incorporated herein by this reference.

3. **Recision of Acknowledgment, Covenant Not To Sue, And Ratification of Status Quo.** The parties to this Settlement Agreement acknowledge and agree that, in addition to resolving the claims at issue in the Lawsuit, the Easement provided in

paragraph 1, above, is intended to substitute for and supersede the document entitled "Acknowledgment Of The Existence Of A Preexisting Easement" ["Acknowledgment"], which document is recorded at Book 134 Deeds, Page 143 of the records of the Clerk and Recorder of Jefferson County, Montana. Accordingly, and so long as all parties fulfill all promises and covenants provided herein, on the date which this Settlement Agreement, the Easement, and the State's Easement are recorded with the Clerk and Recorder of Jefferson County, Montana as provided in paragraph 12, below, the Plaintiff-Owners, the Participating-Owners, the State, and the County [hereinafter collectively referred-to as "the Signatory Parties"] covenant and agree that the Acknowledgment shall be considered to be superseded, rescinded, and of no continuing force and effect.

4. **Dismissal of Non-Owner Plaintiffs.** The plaintiffs in the lawsuit other than those who are owners of tracts with Rosewood shall be dismissed without prejudice in accordance with their respective "Motions to Dismiss," to be filed with the Court at the time the Settlement Agreement is submitted for approval.

5. **Dismissal With Prejudice of Plaintiff-Owners.** In consideration of the mutual promises and conditions set forth in this Settlement Agreement, the Plaintiff-Owners agree that the Lawsuit shall be dismissed with prejudice as to them.

6. **Election To Participate By Nonparty-Owners.** In an effort and with the intent to make this settlement a comprehensive resolution of the issues involving access from and within the State Section to Rosewood, within seven (7) days of the date that this Settlement Agreement is approved by the Court, the Plaintiff-Owners shall send a letter to all of the owners of tracts within Rosewood who are not party to the lawsuit that: (a) informs them of the Lawsuit; (b) provides them a copy of this Settlement Agreement; and (c) informs them of their right to participate in this Settlement Agreement. In order to participate, a nonparty-owner would have to, on or before the one-hundredth (100th) day following the Court's approval of this Settlement Agreement, execute and return to the Plaintiff-Owners' legal counsel an addendum to this Settlement Agreement which evidences their assent hereto. Upon receipt of a properly-executed addendum, the State agrees to grant an Easement to all Participating-Owners as provided in paragraph 1, above.

7. **Release.** In consideration for the grant of the Easements as provided in paragraph 1, above, and except as may otherwise be provided in paragraph 3, above, the Plaintiff-Owners and Participating-Owners agree to release and discharge the State, its employees, agents, and representatives, from any and all causes of action, claims, and demands, that arise out of or are related to any claim that a traveled way, public road, or

county road existed or was established upon the State Section prior to the date of this Settlement Agreement. This release shall not be construed to prevent enforcement of any legal right granted to the Plaintiff-Owners and the Participating-Owners under this Settlement Agreement or an Easement.

8. **Indemnification.** The State and the Plaintiff-Owners and Participating-Owners agree to indemnify each other against all claims of, or liabilities to, third persons that are caused by said party's own acts or omissions in the use of their respective easements, *provided* that the liability of the Plaintiff-Owners and Participating-Owners under this paragraph shall be several and not joint, and that each owner shall be liable only for his own acts or omissions and not the acts or omissions of another.

9. **Non-Effect As Between Rosewood Owners.** Except as expressly provided herein, nothing in this Settlement Agreement shall be deemed to bind, preclude, or otherwise obligate any owner of land within Rosewood as between each other. Specifically, and without limitation, nothing in this Settlement Agreement or its constituent documents shall be deemed to expressly or impliedly grant to, or recognize in, any owner of land in Rosewood a right to use or cross the land of another owner within Rosewood in order to access or enjoy the Easement provided for herein. All such access or use of lands within Rosewood, and between owners of land therein, shall be separately agreed-to between the involved parties.

10. **Enforcement.** This Settlement Agreement, the Easement, and the State's Easement shall be the consideration for dismissal of the lawsuit, and the same may be enforced by the Court using any appropriate remedy allowed by law or equity.

11. **Conditions Precedent To Settlement Agreement.** This Settlement Agreement is conditional upon acceptance by the Montana Board of Land Commissioners and the County Commission of Jefferson County, and approval and adoption by the Court. The legal counsel for the State and the County agree to recommend its approval to those bodies. Once those entities have approved the Settlement Agreement, the parties agree to petition the Court to approve and adopt the Settlement Agreement and its constituent parts as provided above.

12. **Recording.** This Settlement Agreement, the Easement, and the State's Easement, shall be contemporaneously recorded by Grantees, at their expense, with the real property records of the Clerk and Recorder of Jefferson County, Montana.

Signed:

Wayne E. Johnston
Wayne E. Johnston

5/12/04
Date

Janet L. Johnston
Janet L. Johnston

5-12-04
Date

STATE OF MONTANA)
County of Lewis & Clark) : ss.

On this 12th day of May, 2004, before me, a notary public for the state of Montana, personally appeared Wayne E. Johnston and Janet L. Johnston, known to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same.

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

Connie S. Wellenstein
Notary Public for the State of Montana
Connie S. Wellenstein

Printed Name

Residing at: Helena, MT

My commission expires: May 15, 2008

(Notarial Seal)

Right of Way Application No. 10796
Amended
Sec. 16, Twp. 8N, Rge. 3W
Jefferson County, Montana

RIGHT OF WAY EASEMENT
Easement No. D-11334

WHEREAS the State of Montana, by and through the Montana Board of Land Commissioners, is the owner, in trust, of a parcel of land legally described as the W $\frac{1}{2}$ NW $\frac{1}{4}$, and the S $\frac{1}{2}$ of Section 16, Township 8 North, Range 3 West, PMM [hereinafter, "the State Section"]; and

WHEREAS litigation has arisen between certain named plaintiffs and the State of Montana, by and through the Montana Board of Land Commissioners, and the Montana Department of Natural Resources and Conservation in the action styled *Wayne Johnston et. al. v. State of Montana et. al.*, No. DV-01-9887 (Mont. Fifth Jud. Dist., Jefferson County); and

WHEREAS the parties to the above-referenced lawsuit have agreed, in order to avoid needless litigation and to promote certainty in their relations, to resolve the same on the terms and conditions set forth in that certain Settlement Agreement approved by the Court on July 8, 2004; and

WHEREAS the Settlement Agreement requires the State of Montana, by and through the Montana Board of Land Commissioners [hereinafter "Grantor"], to grant to those parties listed on Attachment A to this Right of Way Easement [hereinafter the "Grantees] a conditional, non-exclusive right of way easement over and across the State Section;

NOW THEREFORE in consideration of the mutual promises contained in the Settlement Agreement, and other good and valuable consideration, Grantor hereby grants to the Grantees and their heirs, successors, transferees and assigns, a non-exclusive right-of-way easement ["Easement"] for ingress and egress to their respective tracts of land located within the Rosewood Estates Subdivision, Jefferson County, Montana, across the State Section, subject to the following terms and conditions:

1. Description of Easement. The centerline of the Easement shall follow the path of the present two-track road that presently crosses the State Sections, which centerline is more particularly described as follows:

Commencing at the CW 1/16 corner of Section 16, Township 8 North, Range 3 West, thence N89°59'28"E, 407.1 feet to a point on the centerline of an existing road and the Point of Beginning; thence S32°13'27"W, 120.12 feet to a point; thence S52°53'48"W, a distance of 285.51 feet to a point; thence S29°54'47"W, a distance of 219.44 feet to a point; thence S31°30'17"W, a distance of 178.71 feet to a point; thence S15°32'20"E, a distance of 372.29 feet to a point; thence S11°00'26"W, a distance of 143.14 feet to a point; thence S47°27'44"W, a distance of 184.80 feet to a point; thence S15°30'50"W, a distance of 102.80 feet to a point; thence S15°30'50"W, a distance of 563.19 feet to a point; thence S14°44'32"W, a distance of 674.76 feet to a point; thence S12°50'34"W, a

distance of 145.21 feet to a point on the South boundary of Section 16, being the terminus of the road easement, from which the Southwest corner of Section 16 bears N89°34'24"W, 809.36 feet.

The Easement shall be thirty feet in width (fifteen feet each side of the centerline described above), unless other applicable governmental rules or regulations require that it be constructed or maintained to a greater width for the uses set forth in this Easement. In such event, this Easement shall be deemed to be of such width as may be necessary to comply with said governmental rules or regulations and to fulfill the intent of this Easement and the Settlement Agreement.

2. Purpose and Use of Easement. This Easement is granted for the purpose of providing Grantees' ingress and egress to their respective lots located within the Rosewood Estates Subdivision, Jefferson County, Montana, as said subdivision is described in the plat thereof filed with the Clerk and Recorder of Jefferson County, Montana at Book 50 of Misc., Page 387. The use of this Easement by any Grantee, or that Grantee's family members, agents, or invitees, shall be substantially consistent with those purposes and uses set forth in Article V of the "Declaration of Covenants, Conditions and Restrictions for "Rosewood Estates,"" ["Restrictive Covenants"], recorded at Book 50 of Misc., Page 391 of the records of the Clerk and Recorder of Jefferson County, Montana, as said Restrictive Covenants exist as of the date of this Easement. In addition, the Easement shall in all instances allow for use and access across the State Section by private and government emergency vehicles in the course of responding to or returning from any emergency.

3. Control Structures. The State shall install and maintain a control structure (gate or cattle guard) at the point where the Easement begins at the northern boundary of the State Section. Said control structure will be constructed so as to allow freedom of passage along the Easement without having to exit a vehicle, while at the same time restricting the passage of livestock and unauthorized persons. This structure may consist of a cattle guard, gate, or other structure sufficient to achieve the purposes set out above.

The Grantees shall install and maintain a structure (gate or cattle guard) at the point where the Easement crosses the southern boundary of the State Section (near Rosewood), or at some other point within Rosewood, that will restrict the passage of livestock and unauthorized persons from the roads and lots within Rosewood onto the State Section. This structure may consist of a cattle guard, gate, or other structure sufficient to achieve the purposes set out above.

4. Maintenance and Improvement of Easement. Except as provided below Grantees shall, at their expense, be responsible to maintain the Easement in at least the condition it was in on the effective date of this Easement. Such condition shall be documented by either still photographs or a video recording taken by Grantee on or before the date of the Easement, which photographs or recording shall be placed in the Grantor's management file pertaining to the State Section and securely stored therein, *provided* that the Grantor shall be responsible for repairing any damage to the Easement caused by the Grantor or its agents or invitees (including without limitation its lessee(s)).

Grantees may, but are not obligated to, improve the Easement to the extent

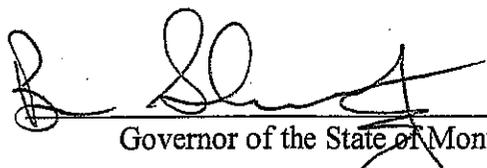
consistent with the uses and conditions set forth in paragraph 2 of this Easement *provided*, that any such improvements shall not result in a condition whereby the Easement is substantially more improved than the road that continues from the northern terminus of the Easement (along the northern boundary of the State Section) to the town of Alhambra. If Grantees intend to commence any construction or maintenance on the Easement other than routine maintenance, they shall give prior written notice to the Grantor. Such notice shall be given by regular mail addressed to the Area Manager, Central Land Office, DNRC, 8001 North Montana Avenue, Helena, Montana 59602.

5. Easement Appurtenant. The Easement shall be appurtenant to and run with those parcels of land within Rosewood which are listed in Attachment A hereto. The Easement shall be permanent, transferrable, irrevocable, and assignable. Notwithstanding the above, the Grantees, and any of the grantees or assignees thereof, shall be required to notify the State, on such forms and in such manner as the State may reasonably require, of any changes in ownership within forty-five (45) days thereof.

6. Non-Impairment. The Grantor shall not hereafter grant any interest in the parcel of land described in paragraph 1, above if said grant is inconsistent with the Grantees' use and enjoyment thereof as provided in this Easement.

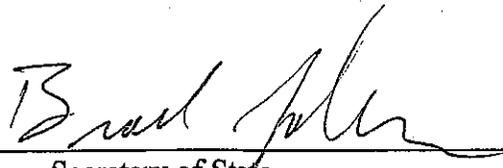
IN TESTIMONY WHEREOF, the State of Montana, by and through the State Board of Land Commissioners, has caused these presents to be executed by the Governor, and to be attested by the Secretary of State, and countersigned by the Director of the Department of Natural Resources and Conservation, and the Great Seal of the State, and the Seal of the State Board of Land Commissioners is to be hereunto affixed this 19th day of July, 2005.





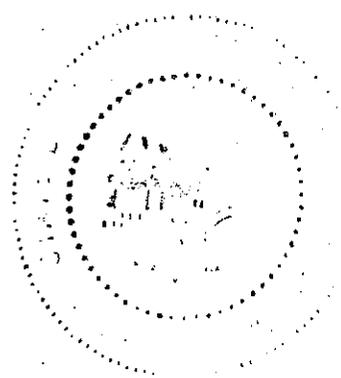
Governor of the State of Montana

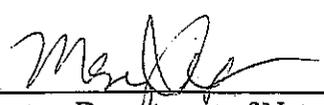
ATTEST:



Secretary of State

Countersigned by:





Director, Department of Natural Resources and
Conservation

ATTACHMENT A

Grantee

Rosewood Estates Ownership

Harry Emmons
P O Box 46
Helena MT 59624

Lot 3

Larry and Maria Johnson
P O Box 422
Helena MT 59624

Lot 1

Larry Steck
690 N Nantucket Street
Chandler AZ 85225-5365

Lot 17

Will Willbanks
3331 W Ironwood Dr
Chandler AZ 85226-1436

Lot 15

Donald and Julia Foltz
P O Box 153
Jefferson City MT 59638

Lot 9

Len and Lori Johnson
P O Box 6192
Helena MT 59604

Lot 5

Gary Runchel
265 East 4th
Layton UT 84041

Lot 12

RECEIVED
NOV 01 2004
D.N.R.C.

GRANT OF ACCESS EASEMENT

WHEREAS the State of Montana, by and through the Montana Board of Land Commissioners, is the owner, in trust, of a parcel of land legally described as W $\frac{1}{2}$ NW $\frac{1}{4}$, and the S $\frac{1}{2}$ of Section 16, Township 8 North, Range 3 West, PMM; and

WHEREAS litigation has arisen between certain named plaintiffs and the State of Montana, by and through the Montana Board of Land Commissioners, and the Montana Department of Natural Resources and Conservation in the action styled *Wayne Johnston et al. v. State of Montana et al.*, No. DV-01-9887 (Mont. Fifth Jud. Dist., Jefferson County); and

WHEREAS the parties to the above-referenced lawsuit have agreed, in order to avoid needless litigation and to promote certainty in their relations, to resolve the same on the terms and conditions set forth in that certain Settlement Agreement approved by the Court on July 8, 2994, the material terms of which are incorporated herein by this reference; and

WHEREAS the Settlement Agreement requires Plaintiff Wayne E. Johnston ["Grantor"] to grant to the State of Montana, by and through the Montana Board of Land Commissioners [hereinafter "Grantee"], a conditional, non-exclusive access easement over and across his property as described below;

NOW THEREFORE in consideration of the mutual promises contained in the Settlement Agreement, and other good and valuable consideration, Grantor hereby grants to the Grantee, and Grantee hereby accepts, non-exclusive access easement, 30 feet in width, for ingress and egress for all lawful purposes from southern boundary of Section 16, Township 8 North, Range 3 West to the Windy Butte Road, a dedicated public road in the Rosewood Estates Subdivision, the centerline of such easement beginning at a point on the southern boundary of said Section 16, situated N89°34'24"E a distance of 809.36 feet from the southwest corner of Section 16, Township 8 North, Range 3 West, thence due south a distance of 30.0 feet to the intersection of a new Centerline Easement Course "C", as shown on the Amended Plat, within Lot 4 of the Rosewood Estates Major Subdivision, dated 2/20/2002, filed as Folio 596-B with the Jefferson County Clerk and Recorder's Office, which is a point on the centerline of the Windy Butte dedicated public road, subject to the following terms and conditions:

The use of the above-described Easement shall be for all lawful management purposes associated with the State Section (including, but not limited to, the transportation of equipment and the removal of commodities associated with development of any natural resources upon the State Section), excluding motorized vehicle traffic by the public. The State shall be responsible to mitigate any dust, weed, or road damage

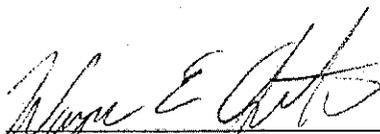
214361 Fee \$ 12.00
JEFFERSON COUNTY
Recorded 02/02/2005 At 11:00 AM
BONNIE RAMEY, Clerk and Recorder
By Carol M. [Signature] Deputy

10f
2

F-0230

caused by its activities or the activities of agents, lessees, or contractors on the roads within Rosewood Estates. Any hauling of logs or equipment conducted utilizing the easement granted the State by Rosewood Estates shall only be conducted from November 1st to April 1st of each year, during the hours of 8:00 A.M. to 6:00 P.M., and not on weekends or State holidays, provided that nothing in this Settlement Agreement or the grant of easement under this paragraph shall be deemed to grant a right of access by the public to any road within the Rosewood Estates subdivision.

Dated this 27th day of October, 2004.



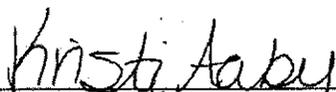
Wayne E. Johnston

STATE OF MONTANA)
County of LEWIS & CLARK): SS

On this 27th day of October, 2004, before me, a notary public for the state of Montana, personally appeared Wayne E. Johnston, known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same.

In witness whereof, I have hereunto set my hand and affixed my notarial seal on the day and year first-above written.





Notary Public for the State of Montana
Printed Name Kristi Aaby
Residing at: E. Helena, Montana
My commission expires: 10-28-2006

After recording return to:
Lisa Axline
DNRC - Real Estate Bureau
P O Box 201601
Helena MT 59620-1601

214361 Fee \$ 12.00
JEFFERSON COUNTY
Recorded 02/02/2005 At 11:00 AM
BONNIE RAMEY, Clerk and Recorder
By am Deputy

2 of 2

Gregory A. Thornquist
Elkhorn Appraisal Services
State of Montana, Certified General #867
P.O. Box 448
Helena, MT 59624

Appraisers Qualifications

EMPLOYMENT:	Present, Elkhorn Appraisal Services A real estate appraisal firm.	Helena, MT
	July 2006 to February 2008, Joki & Associates Real Estate Appraisers, Staff real estate appraiser.	Helena, MT
	July 1995 to July 2006, Montana State Tax Appeal Board, Board Member/Chairman	Helena, MT
	1993 - 1995, Rutherford & Associates Appraisals, Inc, Apprentice Appraiser	Billings, MT
	1987 - 1995, Thornquist Property Tax Consulting, Owner/ Tax Consultant	Billings, MT
EDUCATION:	Carroll College Business Studies	Helena, MT
	1984 - 1986 University of Northern Colorado Business Studies	Greeley, CO
	1983 Arapahoe Community College Business Studies	Littleton, CO
	Specialized Real Estate courses:	
	General Appraiser Market Analysis and Highest & Best Use Appraisal Institute, April 29-May 2, 2014	
	National USPAP Update Course Appraisal Institute Seminar, January 31, 2014	
	Business Practices and Ethics Appraisal Institute, September 13, 2013	
	National USPAP Update Course Appraisal Institute Seminar, January 27, 2012	
	The Discounted Cash Flow Model: Concepts, Issues, and Apps Appraisal Institute Seminar, October 5, 2010	
	Hotel Appraising – New Techniques for Today’s Uncertain Times Appraisal Institute Seminar, October 4, 2010	

Using Spreadsheet Programs in Real Estate Appraisals
Appraisal Institute Seminar, April, 2010

National USPAP Update Course
Appraisal Institute Seminar, February 5, 2010

Appraisal Curriculum Overview
Appraisal Institute Seminar, September 24-25, 2009

Requirements of UASFLA – The Yellow Book
American Society of Farm and Rural Appraisers, October 14, 2008

Office Building Valuation: A Contemporary Perspective
Appraisal Institute Seminar, September, 19, 2008

Report Writing and Valuation Analysis
Appraisal Institute, June, 2007

Uniform Standards of Professional Appraisal Practice (USPAP)
Lincoln Graduate Center, August, 2006

General Applications - Online Course
Appraisal Institute, January, 2006
Using Your HP-12C Financial Calculator - Online Course
Appraisal Institute, October, 2005

The Appraiser as an Expert Witness
Appraisal Institute, January, 2005

Separating Real & Personal Property from Intangible Business Assets
Appraisal Institute, October, 2003

Appraisal Procedures
Appraisal Institute, March, 2002

Partial Interest Valuation - Divided
Appraisal Institute, September, 2001

Litigation Skills for the Appraiser
Appraisal Institute, April, 2000

Residential Case Study
Appraisal Institute, June, 1999

Sales Comparison Valuation of Small Mixed Use Properties
Appraisal Institute, January, 1999

General Applications
Appraisal Institute, December, 1997

Basic Income Capitalization
Appraisal Institute, June, 1997

Income Approach to Valuation
International Association of Assessing Officers, October 1990

Other Related Training

Administrative Law Fair Hearing
The National Judicial College, November, 1995

Logic and Opinion Writing for Administrative Law Judges
The National Judicial College, June, 1999

STATE CERTIFICATION: State of Montana, Certified General #867, Issued December, 2007

TYPICAL APPRAISALS: Multifamily, office, skilled nursing/convalescent facility, retail, commercial, industrial, special purpose, vacant land, residential and commercial subdivision land.

CLIENTS: Wells Fargo Bank, American Federal Savings Bank, Valley Bank of Helena, United States of America – Department of Veterans Affairs, State of Montana – Department of Natural Resources, State of Montana – Fish Wildlife and Parks, Lewis and Clark County, City of Helena, Butte-Silver Bow County, First Community Bank, Bank of Baker, 1st Interstate Bank, Citizens State Bank, Western Security Bank, First Montana Bank, Mountain West Bank, Rocky Mountain Bank, Amegy Bank, Allstate Appraisal Services, and other private parties.



State of Montana
Business Standards Division
Board of Real Estate Appraisers

License #: REA-RAG-LIC-867

Status: Active

Expiration Date: 3/31/2015

This certificate verifies licensure as:
CERTIFIED GENERAL APPRAISER

Endorsement: REAL ESTATE
APPRAISER MENTOR

GREGORY THORNQUIST
1522 CHOTEAU ST
HELENA, MT 59601



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