MUEGGE & ASSOCIATES, INC.
REAL ESTATE APPRAISAL & CONSULTING

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May 11, 2016

Mr. Ronn Carlentine
Real Estate Services Manager
City of Colorado Springs
30 South Nevada Avenue, Suite 502
Colorado Springs, CO 80903

Re: Final revision of the restricted appraisal report valuing .55 acres of a parking lot on the north side of Ruxton Avenue, Manitou Springs, El Paso County, Colorado

Dear Mr. Carlentine:

Following my review of the initial appraisal report of the referenced property and two telephone conversations with Mr. Wigington regarding my review I am in receipt of the restricted appraisal report's final revision dated May 10, 2016. The appraisal's concluded market value remains unchanged at $580,000. The final revision addresses the concerns and questions arising from my review of the initial restricted appraisal report, which I discussed with Mr. Wigington and which were noted in my appraisal review report dated April 29, 2016, in addition to some minor correction/revision to the first revision of this restricted appraisal report. As a result, I consider the restricted appraisal report's final revision dated May 10, 2016 compliant with the applicable 2016-2017 Uniform Standards of Professional Appraisal Practice ("USPAP") requirements. The restricted appraisal report's final revision includes additional explanation/revision of the "Valuation Analysis" section resulting in the value conclusion considered appropriate and reasonable given the data and analyses presented in the report. Thus I consider the restricted appraisal report's final revision credible for the intended use stated therein.

The information, explanation and analysis presented in the "Highest and Best Use" and "Valuation" sections of the restricted appraisal report's final revision is on par with that of an "Appraisal Report" as defined in USPAP. Per USPAP the content of a "Restricted Appraisal Report" is only required to state the appraisal methods and techniques employed, state the value opinion and conclusion reached and state the highest and best use. The content of an "Appraisal Report", per USPAP, must, "summarize the information analyzed, the appraisal methods and techniques employed, and the reasoning that supports the analyses, opinions, and conclusions..." and "when an opinion of highest and best use was developed by the appraiser, summarize the support and rationale for that opinion". As such, the restricted appraisal report's final revision provides sufficient information for the reviewer to develop the opinion that the report's value conclusion is appropriate and reasonable given the data and analyses presented.

Richard Muegge, MAI
Colorado Certified General Appraiser; #CG40011459

RESTRICTED USE APPRAISAL

City of Colorado Springs/Colorado Springs Utilities Parking Lot

Prepared for:
The City of Colorado Springs, Colorado
On behalf of its Parks, Recreation and Cultural Services Department
30 South Nevada Avenue, Suite 502
Colorado Springs, Colorado 80903

Prepared by:
Kyle L. Wigington, P.C.
P.O. Box 88455
Colorado Springs, Colorado 80908

Effective Date of Appraisal
March 16, 2016

5.10.16

KYLE L. WIGINGTON, P.C.

P.O. BOX 88455
COLORADO SPRINGS, CO 80908

Phone: 719.635.9614
Fax: 719.559.3728

General Practice Attorney
Certified General Real Estate Appraiser

May 10, 2016

The City of Colorado Springs
On behalf of its Parks, Recreation and Cultural Services Department
Attention: Christian Lieber, RLA Park Development Manager
30 South Nevada Avenue, Suite 502
Colorado Springs, Colorado 80903

Dear Mr. Lieber:

Pursuant to your request, I have completed a restricted appraisal of the market value of the property described as the "City of Colorado Springs/Colorado Springs Utilities Parking Lot" property located in El Paso County, Colorado.

As per mutual agreement with the City of Colorado Springs (client) and Kyle L. Wigington, P.C. (appraiser), the format used is defined as a Restricted Use Appraisal. It complies with the requirements set forth under Standard 2-2(c), of the Uniform Standards of Professional Practice, but is subject to the Assumptions and Limiting Conditions listed in this report. This appraisal report states the information used to arrive at a conclusion of value. **It is noted that the opinions of the appraiser in a restricted format may not be fully understood without additional information in the appraiser's work file. Therefore, this appraisal is limited to use by the client only.**

The purpose of this appraisal is to estimate the "As Is Market Value" for the subject property for the potential transfer of the subject property to a private entity. The intended use of this report is for internal decision making and solely limited to the client, The City of Colorado Springs.

Based upon my independent appraisal and the exercise of my professional judgment, my market value estimate for the property as of March 14, 2016, is **$580,000** subject to any stated extraordinary assumptions and hypothetical conditions.

Kyle L. Wigington, J.D.
Certified General Appraiser
Colorado License # 1315439

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Certification Statement

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

- I have personally inspected the subject property appraised and I have also made a personal field inspection of the comparable sales relied upon in making my appraisal, examined sales instruments of record, and have confirmed the sales transactions with the buyer and/or seller unless otherwise noted. The photographs in this appraisal report reasonably represent the subject property and comparable sales relied upon.
- My analyses, opinions, and conclusions were developed, and this report has been prepared in conformity and consistent with the Uniform Standards of Professional Appraisal Practice (USPAP).
- 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 & Standards of Professional Appraisal Practice of the Appraisal Institute.
- 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 understand this appraisal may be used in connection with the disposal of real property for the referenced project.
- 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.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- 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.
- I have not revealed the findings and results of this appraisal to anyone other than my client, nor will I do so until required by due process of law or by having publicly testified as to the findings.
- I acknowledge that this appraisal report and all maps, data, summaries, charts and other exhibits collected or prepared under this agreement shall become the property of the City of Colorado Springs without restriction or limitation on their use.
- No one provided significant real property appraisal assistance to the person signing this report.

- The use of this report is subject to the requirements of the Board of Real Estate Appraisers, State of Colorado, Department of Regulatory Agencies relating to review by its duly authorized representatives.
- As of the date of this report, I, Kyle L. Wigington, have completed the requirements of the continuing education program of the Board of Real Estate Appraisers, State of Colorado.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The effective date of appraisal and valuation is as of March 14, 2016. The date of the appraisal report is May 10, 2016.
- Based upon my independent appraisal and the exercise of my professional judgment, my market value estimate for the property as of March 14, 2016 is **$580,000** subject to any stated extraordinary assumptions and hypothetical conditions.

Kyle L. Wigington, J.D.
Certified General Appraiser
Colorado License # 1315439

Executive Summary/Subject Identification

Project Name:	City of Colorado Springs/Colorado Springs Utilities Parking Lot
Parcel Number:	Part of 7406301002
Name of Owner:	City of Colorado Springs
Name of Tenant:	None
Property Address or Location:	Refer to Legal Description
Owner Present at Inspection:	The appraiser conducted a site inspection of the subject property on March 14, 2016.
Property Interest Appraised:	Fee Simple subject to any Extraordinary Assumptions and Hypothetical Conditions
Effective Appraisal Value Date:	March 14, 2016
Date of Appraisal Report:	May 10, 2016
Environmental Concerns:	None stated
Larger Parcel Land/Site Area:	The subject property is unimproved land with a total area of .55 acres according to client.
Owner and/or Tenant Occupancy:	Vacant
Owner Improvements: (buildings, structures, etc.)	None
Subject 5-Year Sales History:	According to the El Paso County Assessor records, there has been no sales activity in the past five years.
Zoning:	Hillside Low Density Residential – City of Manitou Springs
Highest/Best Use:	Parking Lot

Scope of the Appraisal

In preparing this appraisal I have:

- Made a complete physical inspection of the property on March 14, 2016.
- Researched public records for assessment and historical sales information pertaining to the subject property.
- Analyzed income and expense information provided by the owner, if applicable.
- Researched the demographics and other data effecting the area and neighborhood. Among our sources of information that we referenced were; properties that we have previously appraised in the area, relevant publications, periodicals, U.S. Census data, and other reference material.
- Researched pertinent neighborhood data, comparable listings, comparable rentals, and comparable sales.
- Gathered comparable improved sales, comparable listings, comparable rentals, comparables expenses, etc. from similar neighborhoods and/or previous appraisals that we have made on similar properties.
- Analyzed the current real estate market and trends for the subject's property type, particularly in the subject's market area.

In preparing the written report I have:

- Identified the property by tax identification number and deed references.
- Considered the purpose and intended use of the appraisal.
- Prepared a brief history of the property.
- Determined the property rights being appraised as the Fee Simple interest in the property.
- Analyzed the physical attributes of the subject site.
- Analyzed the Highest and Best Use of the site.
- Analyzed and discussed the reasoning for choosing the most applicable approach or approaches in determining the value for the subject property.
- Considered all three approaches to value and determined which approach or approaches were applicable, given the nature of the assignment and the characteristics of the subject property.
- Analyzed and discussed the Reconciliation of the applicable approaches and final conclusions of values.

- Stated the Assumptions and Limiting Conditions upon which this report was based.
- Determined there are no adjudicated water rights at the subject property.
- Assumed there are no mineral resources with commercial value on the subject property.

Assumptions and Limiting Conditions

The certification of the appraiser appearing in the appraisal report is subject to the following conditions, and to such other specific and limiting conditions as are set forth by the appraiser in the report.

Extraordinary Assumptions

An extraordinary assumption is 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 the data used in an analysis.

1. *The acreage calculation utilized in this report is based on a portion of a larger identified parcel. The breakout of acreage for this report was estimated by the City of Colorado Springs and submitted to the appraiser for consideration. No survey was provided to the appraiser supporting the acreage calculation.*
2. *Some of the assumptions regarding the data used in the Income Approach were provided by the client. If those assumptions provided change, the integrity of the approach must be reassessed.*
3. *The use of an extraordinary assumption may have affected the assignment results.*

Hypothetical Conditions

A hypothetical condition is that which is contrary to what actually 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 the data used in the analysis.

1. *There are no hypothetical conditions utilized in this report.*

General Assumptions and Limiting Conditions

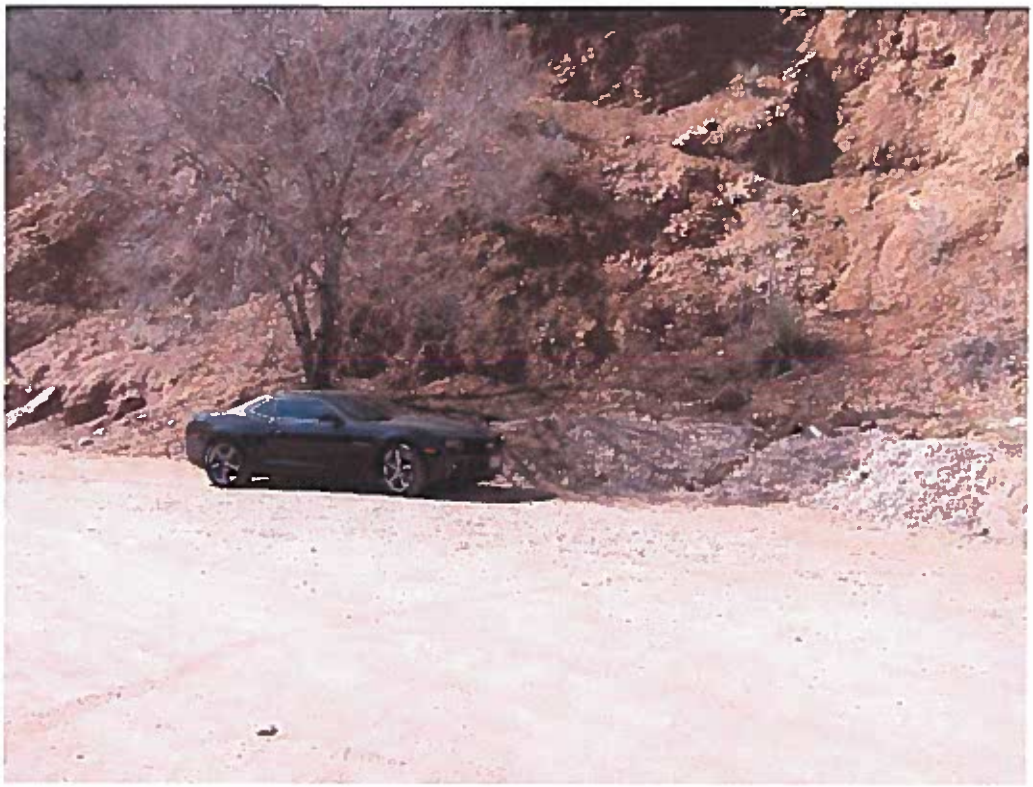
1. The legal descriptions, land areas, surveying and engineering data provided by the client are assumed to be correct. The sketches and maps in this report are included to assist the reader in visualizing the property and are not necessarily to scale. Various photographs are included for the same purpose. Site plans are not surveys unless prepared by a certified surveyor.
2. This is a Restricted Appraisal Report, which is intended to comply with the reporting requirements set forth in Standards Rule 2 of USPAP.
3. No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this report. The property is appraised "as if free and clear" of liens and encumbrances, but subject to existing easements, covenants, deed restrictions, and rights-of-way of record.
4. Opinions, estimates, data, and statistics furnished by others in the course of studies relating to this report are considered reliable.
5. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated land use. Separate allocations for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.
6. This report is as of the date set out and is not intended to reflect subsequent fluctuations in market conditions, up or down.
7. It is assumed 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 arranging for engineering studies that may be required to discover them.
8. It is assumed the subject property complies with all applicable zoning and use regulations and restrictions, unless non-conformity has been stated, defined, and considered in this appraisal report.
9. It is assumed the use of land and improvements is within the boundaries or property lines of the property described and there is no encroachment or trespass unless otherwise stated in this report.
10. Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyl, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, was not called to the attention of nor did the appraiser become aware of such during the appraiser's inspection of the subject property. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test for such substances. The presence of such hazardous substances may affect the value of the subject property. The value opinion developed herein is predicated on the assumption that no such hazardous substances exist on or in the property or in such proximity thereto, which would cause a loss in value. No responsibility is assumed for any such hazardous substances, or for any expertise or knowledge required to discover them.

Representative Subject Photos Taken by Kyle Wigington on March 14, 2016

Main Parking Lot looking SW to Utilities Facility

Main Parking Lot looking NE

Frontage of Parking Lot on Ruxton Ave. (Note vehicles on street)



Rear of Parking Lot

Entrance to Lot from Ruxton Ave.

View to Additional Parking Area

Rear Topography of Parking Area

Gated Entry for Public into Parking Area

Directional Signage

View to Incline and Additional Parking Area

USPAP Reporting Options

To develop the opinion of value as per the request of my client, the City of Colorado Springs, the appraiser performed a complete appraisal in **Restricted Use Format** according to the guidelines set forth below by the 2016-2017 edition of the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation.

The Restricted Appraisal Report may be appropriate when:

- the client is the only intended user of the appraiser's opinions and conclusions set forth in the report;
- the client understands the limited utility of this option;
- the intended use of the appraisal warrants restricted disclosure about the research and analysis completed in the development of the assignment results; and
- the client (the only intended user) does not need the level of information required in an Appraisal Report.

When an appraiser uses the Restricted Appraisal Report option, a prominent notice to any reader must be provided. The prominent notice must warn any reader of the report that the rationale for the appraiser's opinions and conclusions set forth in the report may not be understood properly without the additional information that is in the appraiser's workfile.

Definition of Value

The current definition of Market Value utilized for this report 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, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as if 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 own best interests.
- A reasonable time is allowed for exposure in the open market.
- Payment is made in terms of cash in U. S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

The Dictionary of Real Estate Appraisal, Chicago; American Institute of Real Estate Appraisers, 6th Edition (2015).

Exposure Time

An analysis of exposure time is required for appraisals where the definition of value is ties to a reasonable or stipulated exposure time. Exposure time is always presumed to precede the effective date of the appraisal.

As a basis for estimated exposure time opinion the following items are normally taken into consideration:

1. Statistical information about days on market for similar properties
2. Information gathered through sales verification
3. Interviews with market participants
4. Market information and data services

Given the unique nature of the subject property being valued many of the typical sources as stated above that would aid the appraiser in estimating a reasonable exposure time are lacking or non-existent.

The best evidence of market data to support such a conclusion would be best indicated by data obtained from outside sources that estimate marketing periods tied to the income stream for more typical pay-to park structures that have verifiable income streams. Such evidence suggests that given today's market indicators, an estimated range of marketing time would be from three months to one year.

For purposes of this report, it would be proper to rely on such an estimated exposure time as it relates to the subject parcel given the correlation between the projected income stream identified in the income approach to value and the outside source data available as stated.

Identification of Appraised Property

The property being appraised is a vacant parking lot. It is located in El Paso County, in the State of Colorado. The subject property is described as .55 deeded acres of vacant land, owned by the City of Colorado Springs and under the control of Colorado Springs Utilities.

The subject property is identified by the El Paso County Assessor office as part of schedule number 7406301002. The assessor information for this parcel is included on the following pages. It appears the property is annexed into the City of Manitou Springs and subject to the Hillside Low Density Residential zoning district.

The acreage determination was made by the City of Colorado Springs and communicated to the appraiser for consideration in the report. The property is basically described as a part of the above referenced schedule number that lays along the northwest side of Ruxton Avenue depicted on the following map.

Map of Subject Property

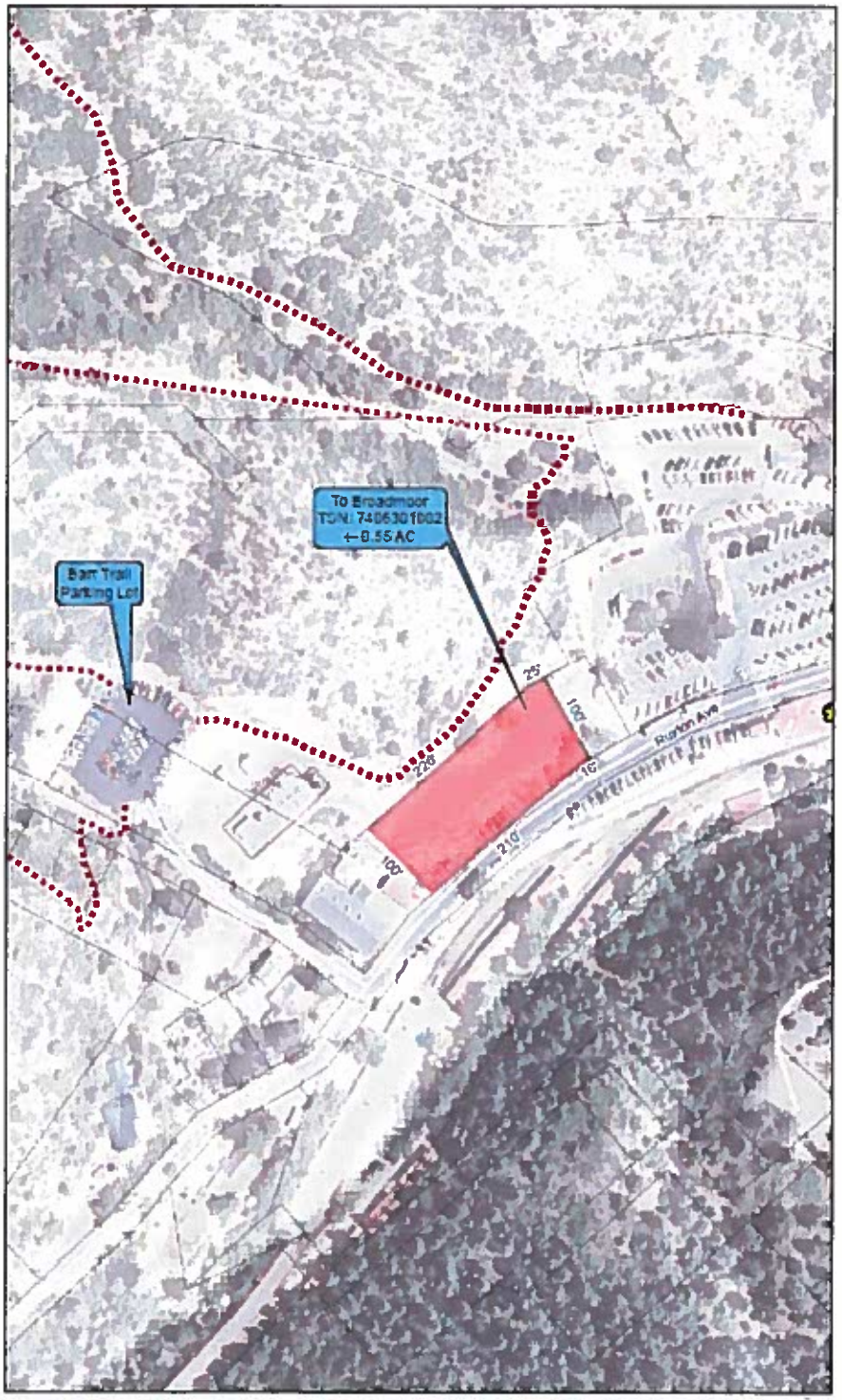
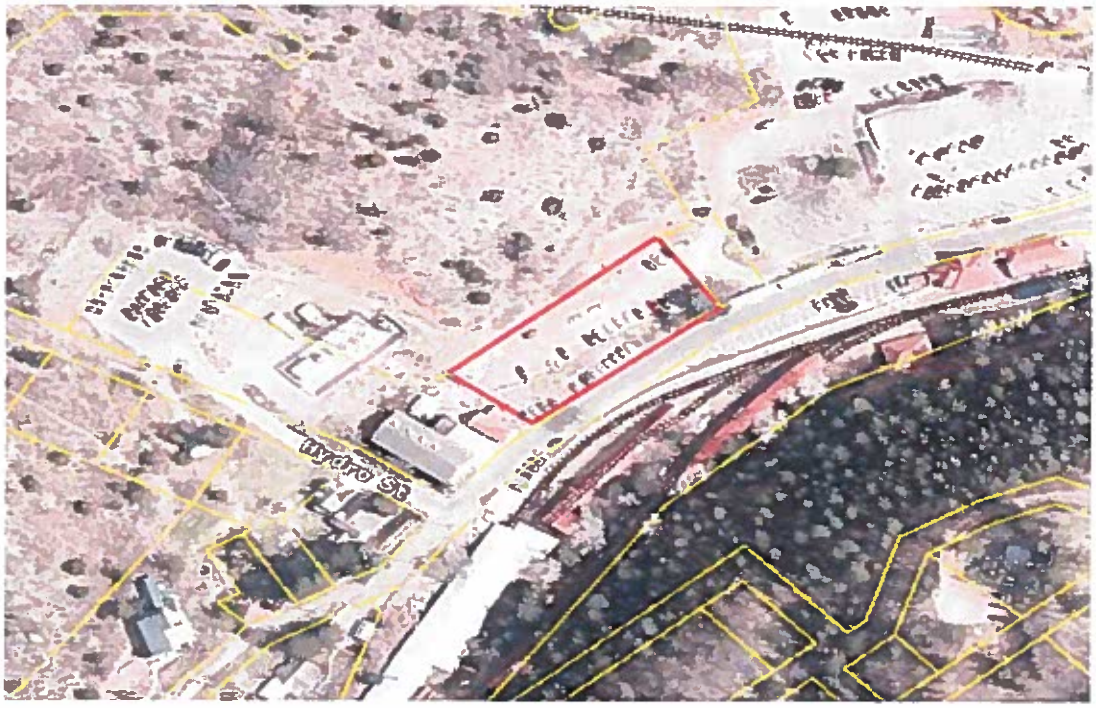


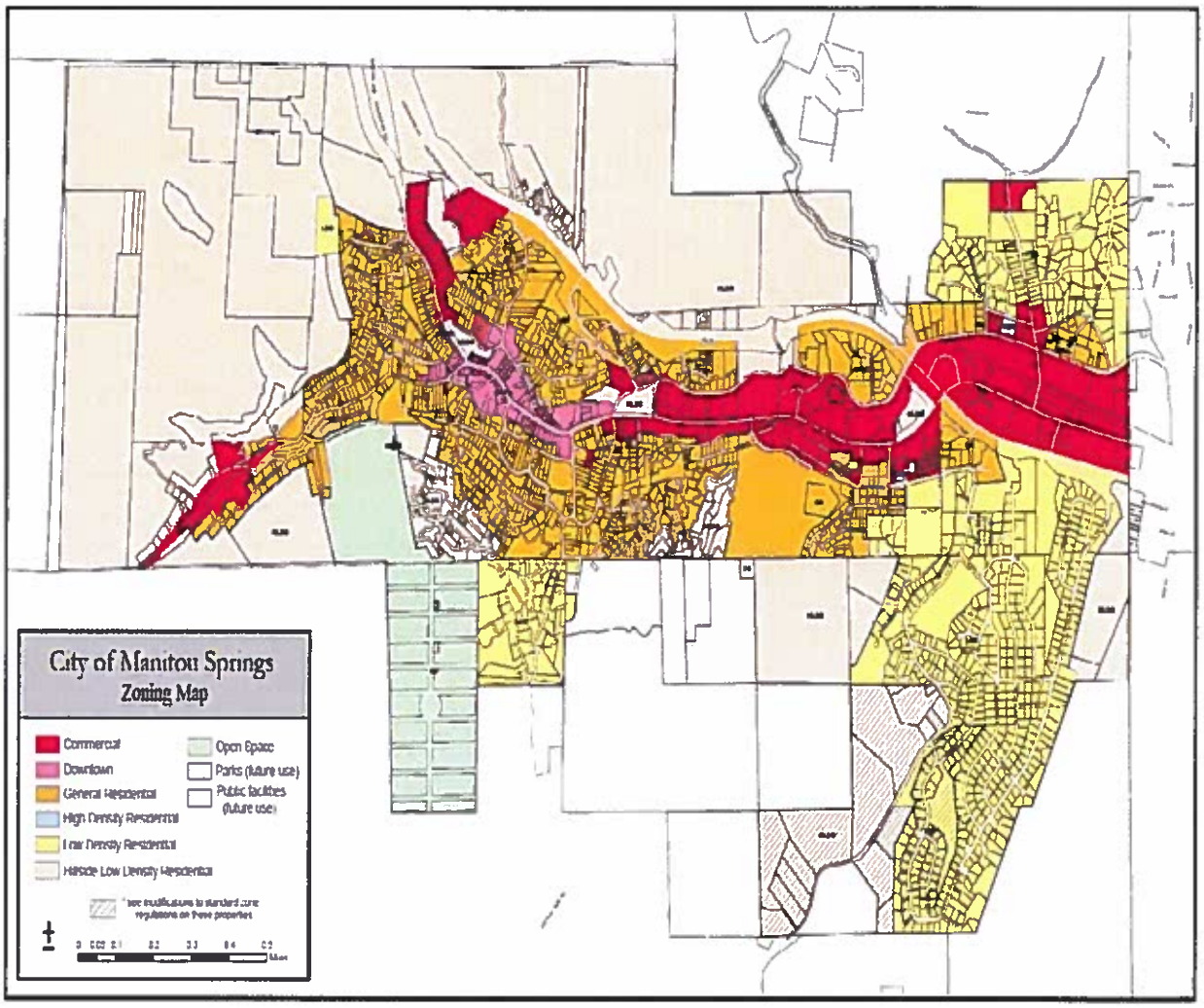
Exhibit D- Proposed City Land
To the Broadmoor

Assessor Parcel Map – 7406301002

Assessor Aerial Map – 7406301002



Zoning Map


City of Manitou Springs
Zoning Map
Commercial
Downtown
General Residential
High Density Residential
Low Density Residential
Hillside Low Density Residential
Open Space
Parks (future use)
Public facilities (future use)

Assessor Data for 7406301002 – Page 1

Public Record Property Information

Friday, March 11, 2016 Time: 1:20:45 PM

Personal Information

Schedule No: 7406301002
Owner Name: COLORADO SPRINGS CITY OF
Location: 540 RUXTON AVE
Mailing Address: 30 S NEVADA AVE
COLORADO SPRINGS CO 80903-1802

Previous Parcel **Replaced Parcel**

Legal Description

LOTS 1 TO 12, LOT 13 EX E 50 FT BLK 26 MANITOU IRON SPGS CO ADD MANITOU SPGS

Market Information (2015 Values)

Levy Year: 2015 Mill Levy: 76.913 Exempt Status: Fully Exempt

Table	Use Code	2015 Market Value	2015 Assessed Value	Exempt
Land	POLITICAL SUBDIVISION	$43,800	$0	EX
	Total Value	**$43,800**	**$0**	

Tax Entity and Levy Information

(District: HBH)

Taxing Entity	Contact Name	Contact Phone
EL PASO COUNTY	FINANCIAL SERVICES	(719) 520-6498
EPC ROAD & BRIDGE SHARE		(719) 520-6498
CITY OF MANITOU SPRINGS	REBECCA DAVIS	(719) 685-5481
EPC-MANITOU SPGS ROAD & BRIDGE SHARE		(719) 520-6498
MANITOU SPRINGS SCHOOL NO 14	TIM MILLER	(719) 685-2015
PIKES PEAK LIBRARY	MIKE VARNET	(719) 531-6333
SOUTHEASTERN COLO WATER CONSERVANCY	JAMES BRODERICK	(719) 948-2400

Sale Information

Land Information

Seq #	Use	Exempt	Area
1	POLITICAL SUBDIVISION	EX	1.56 acres

Residential Information

Commercial Information

Purpose of Appraisal

The purpose of this appraisal is to estimate the "as is" market value of the property interest(s) specified in this report as of the effective date of this appraisal.

Intended Use of the Appraisal

The appraiser has been engaged by the City of Colorado Springs, on behalf of its Parks, Recreation and Cultural Services Department, the client for this appraisal and also the intended user. The appraiser has been informed that the appraisal will be used for the sole purpose of assisting the client in determining value for the decision making process concerning the potential transfer or sale of the property. Therefore, the intended use of this appraisal is to assist my client, the City of Colorado Springs and Parks, Recreation and Cultural Services Department, in the determination of market value subject to specific assumptions and limiting conditions.

Zoning Districts

The subject property is .55 acres located in El Paso County, Colorado. It appears the property is annexed into the City of Manitou Springs and subject to the Hillside Low Density Residential zoning district.

The Highest and Best Use Analysis

The Appraisal Institute in The Dictionary of Real Estate Appraisal, Sixth Edition, defines highest and best use as:

> "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 the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity."

It should be noted that the concept of highest and best use is driven by *economic* considerations and market forces, not by public interest.

Legally, the property currently is zoned Hillside Low Density Residential. This zoning district appears to be the "catch-all" district for the outlying areas of the City annexation that do not immediately fit into other classifications. That is not to say that the property, or smaller portions thereof, could not be rezoned to some other classification. At this time however, it appears that factors other than the legally permissible uses attributable to the property would be somewhat more controlling.

One such controlling use would relate to the physical possibility for potential uses of the parcel. The physical characteristics related to the rugged and steep terrain located within the property would significantly impact future uses on the vast majority of the property. It appears that the terrain itself would limit use of the property to the current use for parking.

Another controlling use would be the limitation placed upon any type of future development of the parcel that would require excavation or sub-surface disturbance. It appears that, according to the client, there are several significant utility corridors that are located on the property. These were reported to be located on the western area of the property. It is therefore considered probable that there would be significant limitations imposed either legally or from a

physical standpoint that could limit development beyond the current use. It was further reported to the appraiser that there would most likely be significant deed restrictions that would be placed upon the subject property as part of the proposed transfer. These deed restrictions would further limit any development potential of the subject beyond the current use.

The financially feasible uses would once again be impacted by the physical attributes of the property. It appears that although it could take significant financial investment to take the property to a use to something other than a parking area, it may not be feasible to do so at this time.

Once again, the maximum productivity associated with uses available to the subject property would be impacted by "economic factors" and those factors would limit the potential uses of the property. There is only a small portion of the property that could be utilized for any use other than parking.

The property, as it sits today is being utilized as a semi-public "pay-to-park" parking area. The highest and best use of the subject property is, in my opinion, limited to its current use given the constraints listed above.

Property Rights Appraised

The property rights being appraised consist of the Fee Simple Estate of the subject property. A Fee Simple Estate is defined as:

> Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. [4]

The value of the Fee Simple Estate is, therefore, impacted by its current zoning, if any, tax status, condemnation proceedings, public easements, and environmental legislation. The Fee Simple Estate encompasses all rights of ownership not limited by government, including the right of occupancy (use), the right to lease and receive rents, the right of conveyances to another, etc. This interest is analogous to the total "bundle of rights", each of which may be severed and conveyed by the Fee Simple owner. The Fee Simple Estate may be severed into various partial or fractional interests, including the leased fee and leasehold interests. The Fee Simple Estate is the sum of the leased fee and all leasehold interests.

Personal Property is excluded from this Appraisal

> Any movable equipment, furnishings, and fixtures necessary to the operation of this property were not included in the value of the real estate. If necessary to the operation of the real estate as a hotel, personal care residence, etc., and a value is required by the client, the personal property has been allocated separately.
>
> Personal property is defined as follows:
> Personal property is, generally, movable items - that is, those not permanently affixed to and part of the real estate. Thus personal property is not endowed with the rights of real property ownership. Examples of personal property are furniture and furnishings that are not built into the structure, such as refrigerators and freestanding shelves.[5]

4 The Appraisal of Real Estate, 14th. Edition, p. 90
5 ibid., p. 7

Valuation Analysis

Having determined that the Highest and Best Use of the subject property is at its present use, I proceeded with my analysis. This included a review of the market and an assessment of the potential demand for similar properties. Finally, I estimated the Market Value of the subject property by considering the applicable approaches to value.

The Valuation Process - The valuation process is a systematic approach that identifies the appraisal problem, analyzes a property's characteristics, and generally engages three common valuation methods to form an opinion of market value.

The steps in the valuation process include: [6]

- Identification of the problem
- Scope of work determination
- Data Collection and Property Description
- Data Analysis
- Site Value Opinion
- Application of the Approaches to Value
- Reconciliation of Value indicators and final Opinion of Value
- Report of Defined Value

There are three generally accepted approaches to value in the appraisal of real property. These are summarized as follows.

The Sales Comparison Approach consists of analyzing the sale of comparable properties within the immediate area and/or in similar locations by a comparison of their respective similarities and differences. A judgment is then made as to the value of the subject property, based upon the adjusted values.

The Income Approach consists of estimating the potential annual gross income using actual or market derived rentals. Deducted from this amount, to arrive at a projected net income, are projected vacancy, annual expenses, and an estimated reserve for replacement. The resulting net income is capitalized into value.

The Cost Approach consists of estimating the cost new of the building improvements, deducting depreciation from all sources, and adding the value of the land and lot improvements. It is often the most difficult approach to apply to existing buildings because of the problem encountered in accurately estimating depreciation.

Only the Income Approach was developed for purposes of this report. The appraiser analyzed sales in the Colorado Springs market area that could be said to have a highest and best use similar to that of the subject for parking purposes. None of these sales appeared to be based on a "pay to park" or commercial scenario that could be considered comparable to the subject parcel. It was determined the extremely large adjustments would be required on all of the sales analyzed that would not support a reliable value conclusion based on the approach. All of the sales identified were either transferred to churches to expand parking for church goers or they were for public free "park and ride" type operations. None of the sales were considered appropriate once the income approach for the subject property was developed.

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6 The Appraisal of Real Estate 14th Edition, Pages 129 and 131 Appraisal Institute

Income Approach

For purposes of this report we have developed elements of the income approach to value into the analysis as support for the market value conclusion given the extremely limited sales data available. It should be noted that given the restricted nature of this report and the extreme income related variables that surround the unique nature of this particular subject property, the income approach is merely summarized for purposes of this report.

It appears that the subject parking lot has recently been designated as a "pay to park" area by local agencies. We are unclear as to what entity actually is extending authority over the property to collect parking fees as of the date of value. That said, what this designation does is to impact the highest and best use potential of the subject property and lend itself to the development of an income approach to value.

As previously indicated, many commercial parking lots are bought, sold and valued based on the income producing element intrinsic to the site. We have attempted to explore that factor with regard to this property although there are many variables that cannot be fully defined regarding this site.

We attempted to make correlations between verified income data derived from various cost/income services as well as local data and assumptions that must be made as they relate to this subject property. Once again, it was difficult at best to estimate with any degree of certainty how this subject property will operate as a going concern once all operational parameters are finalized and in place for a period of time that will allow for the development of a historical analysis. Given the fact that we are unable to verify any historical income data directly attributable to the subject operating as a pay-to-park lot, several assumptions had to be made that have a direct impact on the value estimate.

It appears based upon the inspection that there is a $7 per day charge to each vehicle that enters the parking area for the Manitou Incline. Patrons may choose from several different parking areas and it appears that this subject parking area is included in the patron's options. This parking area appears to include not only the dirt parking area behind the controlled access

gate but also a certain amount of "on-street" parking that, according to the client, is subject to the $7 per day parking fee as well and would be included as part of this subject property. We were unable to verify what the parking fee will be once the on-street parking is permanently in place and controlled.

There appears to be adequate room to safely park a total of approximately thirty five (35) vehicles in both the subject dirt lot and the on-street parking area along the frontage. This car count was estimated by looking at the lot through the use of aerial photographs when it appeared that all of the spaces were occupied. Access to lot on the main part of the property is through a gate and control arm.

For purposes of any income approach to value, key elements reported as expenses attributable to the subject property are included in the valuation process and deducted from the effective gross income for the property. In this case, it appears the expenses would be limited to taxes, insurance, replacement for reserves, and maintenance to include plowing in inclement weather. For purposes of this report we have assumed an indicated expense ratio of 35%.

A key element in the analysis is related to the concept of vacancy. There is no information available related to vacancy for the lot. It is plausible that the lot would not be fully occupied on daily basis throughout the entire year. Off-season times, weather events, and maintenance would all play a part in determining the number of days to be applied to the daily rental rent in the analysis. Although it could be argued that the continued increase in demand for on-street parking in Manitou Springs and a potential for increased use of the Incline could result in a decrease in vacancy in the future, for purposes of this report we will assume a very conservative 50% vacancy rate.

Information provided to the appraiser indicates that there would be a certain amount of "turnover" of the parking spaces on a daily basis. While a turnover concept is plausible, the application of a turnover rate is extremely speculative at this point and little data was provided that would give any indication as to the actual turnover that should be considered. It was estimated through the trip meter on the incline that there could be approximately 22,000 trips

reported over the applicable period of time. We have no way to definitively reduce this number to an estimated turnover of parking in the lots and on the street. We have decided that given the fact that some turnover is considered plausible, a turnover rate of two times a day will be applied in the analysis. Although it could be argued that some spaces may turn more than twice a day, it is also plausible that some spaces may be occupied for the entire day.

Finally, the appraiser must develop a capitalization rate to be applied to the net income determination in order to develop the indicated market value. Our sources show that capitalization rates for commercial parking operations range from 8% to 10% based upon the number of spaces available and the long term commercial viability of the operation. In this case we have relied upon the upper end of the capitalization rate range given an amount of uncertainty regarding, not only the data assumptions for the analysis, but also the political and administrative elements present regarding the operation of the property.

Set out below are the basic calculations that would be applicable under the developed income approach for the property.

35 parking spaces	x	$7 per day rental rate	=	$245 per day
$245 per day	x	2 turnovers per day	=	$490 per day
$490 per day	x	182 days (50% vacancy)	=	$89,180 gross
$89,180 gross	-	Expense Ratio @ 35%	=	$57,967 net income
$57,967 net income	/	10% Capitalization Rate	=	**$580,000 value**

Value Estimate

We have relied primarily upon those assumptions previously set out in the analysis. Any change in these basic assumptions could have a dramatic effect on the value determination. It would be fair to say that this value estimate, given the lack of definitive data related to the operation of the subject property to date, the development of the value estimate could be considered quite conservative. Estimates utilized for the total number of paid spaces available, vacancy, and turnover rate have not been verified by supporting data or documentation. We have utilized the best sources of information available to make informed assumptions relevant to the analysis. This value estimate relies heavily upon information provided to the appraiser from the client and further based on information posted and observed on site. Should additional information become available at a later date that was not originally provided to the appraiser prior to the date of this report we reserve the right to readdress our analysis and revise this report.

Accordingly, the estimated market value for the subject parcel based upon the application of an income approach for a "pay-to-park" parking lot is as follows:

$580,000

Competency Provision

The guidelines of the Uniform Standards of Professional Practice (USPAP) of the Appraisal Foundation as mandated under the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) requires that:

> Prior to accepting an assignment or entering into an agreement to perform any assignment, an appraiser must properly identify the problem to be addressed and have the knowledge and experience to complete the assignment competently.

The signatory to this report has prepared appraisals that are similar in location and type to the subject property and meets the competency provision as set forth by USPAP.

Addenda

1. Appraiser Qualifications

Qualifications of Appraiser

CURRICULUM VITAE
KYLE L. WIGINGTON, J.D.

P.O. Box 88455
Colorado Springs, Colorado 80908
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EDUCATION

Juris Doctor (JD) - Hamline University School of Law, St. Paul, MN - 1998

Master of Arts (MA) - Webster University, St. Louis, MO - 1988

Bachelor of Arts (BA) - Chadron State College, Chadron, NE - 1983

Associate of Applied Science (AS) - Community College – U.S. Air Force - 1986

EXPERIENCE

Attorney at Law - Admitted: Colorado State Courts and U.S. District of Colorado

Certified General Real Estate Appraiser – State of Colorado

Conducted Appraisal Assignments in Colorado, Nebraska, South Dakota, Idaho, Wyoming, Kansas, Iowa, Minnesota, New Mexico, California, Ohio, Texas

Licensed Real Estate Broker - Colorado Real Estate Commission - Inactive

Member - American Bar Association, Colorado Bar Association, El Paso County Bar Association - CBA Real Estate Section and Water Law Section

Associate Member – Appraisal Institute

Member - International Right of Way Association

Member - National Association of Realtors - Colorado Association of Realtors – Pikes Peak Area Association of Realtors

Appointed as Tax Appeal Referee - El Paso County Board of Equalization

Qualified Expert Witness in Real Estate Matters - Colorado/Minnesota/Nebraska/ South Dakota

PARTIAL CLIENT LISTING

United States Department of Defense
State of Colorado Department of Transportation
State of South Dakota Department of Transportation
State of New Mexico Department of Transportation
El Paso County Colorado
La Plata County Colorado
Mesa County Colorado
Pueblo County Colorado
Arapahoe County Colorado
Clear Creek County Colorado
Teller County Colorado
City of Colorado Springs Colorado
City of Durango Colorado
City of Montrose Colorado
City of Grand Junction Colorado
City of Delta Colorado
Town of Georgetown Colorado
Colorado Springs Utilities
Sunflower Electric Power Corporation
Intermountain Rural Electric Association
Cherokee Metropolitan District
Baptist Road Rural Transportation Authority
Pikes Peak Regional Transportation Authority
Woodmen Road Metropolitan District
Climax Molybdenum Corporation
Black Forest Fire District
Security Fire Protection District
Land Services, Inc.
TRS Corporation
URS Corporation
Wilson & Company
Nolte & Associates
H.C. Peck & Associates
DMJM/Harris
J.F. Sato & Associates
Universal Field Services
AT&T Corporation
Power Engineers
Safeway Incorporated
First National Bank of Canyon City
Norwest Investment and Trust
Wells Fargo Bank
Peoples National Bank

PARTIAL PROJECT LISTING

Southern Delivery System Water Pipeline Project – Southern Colorado
Woodmen Road/Academy Boulevard Interchange – Colorado Springs, CO
U.S. 550 Widening Project – Bloomfield, NM
Hodgen Road Widening Project – El Paso County, CO
U.S. Department of Defense Buffer Zone – Ft. Carson, CO
4th Street Bride Realignment – Pueblo, CO
Interstate 90 Realignment – Rapid City, SD
Montrose Westside Arterial/Grand Avenue – Montrose, CO
Woodmen Road Safety Corridor Improvement Project – Colorado Springs, CO
Guanella Pass Widening Project – Georgetown, CO
Vincent Drive Realignment – Colorado Springs
La Plata County Highway Project – Durango, CO
Platte/Powers Interchange Redesign – Colorado Springs, CO
Proby Parkway Roadway Construction – Colorado Springs, CO
North Ft. Dodge to Lancer 115 Kv Transmission Line – Dodge City, KS
Vacated Railroad Right of Way Consulting Report – Climax Mine, Leadville, CO
Electrical Transmission Project – Clipper Windpower Development, El Paso County, CO
El Paso County Board of Equalization – Tax Appeal Arbitrations
Teller County Board of Equalization – Tax Appeal Arbitrations
County Line Road Realignment Project – El Paso County Colorado
Cherokee Water District Pipeline Construction Project – El Paso County, CO
Baptist Road Realignment/Construction Project – El Paso County, CO
23 & G Road Intersection – City of Grand Junction, CO
Black Forest and Burgess Intersection – El Paso County, CO
Parks, Trails and Open Space Acquisitions – City of Colorado Springs, CO
State of Nebraska Tax Appeal Litigation TERC Commission – Dawes County, NE
Meridian Road Widening Project – El Paso County, CO
B Street Bridge Construction – El Paso County, CO
Broncos Parkway Expansion – Arapahoe County, CO
City of Delta Truck Bypass/Confluence Drive – Delta, CO
Powers/Woodmen Road Interchange – Colorado Springs, CO
U.S. Highway 24 Widening Project – El Paso County, CO
Interstate 25 Bridge Bypass – Trinidad, CO
Interstate 25 Widening Project – Colorado Springs, CO
Parks, Trails and Open Space Acquisition – Durango, CO

PRIOR EXPERT WITNESS DESIGNATION BY COURT JURISDICTION (APPRAISAL)

Colorado State District Court

El Paso County	CSU v. Lorson Ranches, LLC	Eminent Domain	2016
	CSU v. Group XIX Land & Cattle	Eminent Domain	2014
	CSU v. Norris	Eminent Domain	2013
	CSU v. Ultra Petroleum	Eminent Domain	2013
	City C/S v. Bink'M, LLC	Eminent Domain	2011
	City C/S v. York Plaza, LLC	Eminent Domain	2010
	City C/S v. Anderson Mahon Ent.	Eminent Domain	2009
	City C/S v. Colo. Ranch Homes LLC	Eminent Domain	2009
	City C/S v. Woodmen Center 99, LLC	Eminent Domain	2009
	El Paso County v. Good	Eminent Domain	2009
	El Paso County v. Salinas	Eminent Domain	2009
	State v. List	Eminent Domain	2009
	State v. Bridle Pass, LLC	Eminent Domain	2006
	State v. Jenkins	Eminent Domain	2006
	State v. Dalby	Eminent Domain	2004
	State v. Capital Pacific Holdings	Eminent Domain	2004
	Collazo v. WIIN	Contract Action	2003
	Leyton v. Leyton	Dissolution of Marriage	2001
	Beech v. Beech	Partition Action	2001
	Dang v. Sullivan	Lease/Contract Action	2002
	Lane v. Sun	Lease/Contract Action	1999
Pueblo County	CSU v. Walker Ranches, LLP	Eminent Domain	2015
	CSU v. Kay	Eminent Domain	2012
	CSU v. Maxwell	Eminent Domain	2012
	CSU v. Walsh	Eminent Domain	2012
	CSU v. PAL Construction	Eminent Domain	2011
	CSU v. Bell	Eminent Domain	2011
Teller County	State v. Silvers	Eminent Domain	2004
Weld County	Johnson v. Norwest Bank	Contract Action	1997

Nebraska State Supreme Court

Review of Expert Testimony in TERC Proceedings (Property Tax Valuation) 2005

State of Nebraska TERC Commission

Testified before the State of Nebraska TERC Commission re: Dawes County Tax Assessments 2005

State of South Dakota

Meade County	State v. Norman	Eminent Domain	2008

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State of Colorado
Department of Regulatory Agencies
Division of Real Estate

Board of Real Estate Appraisers

Kyle Lee Wigington

Certified General Appraiser

License #: CG.001315439
Status: Active
Expires: 12/31/2016

Marcia Waters

Director: Marcia Waters

COPY

For the most up to date information regarding this credential, visit http://dora.colorado.gov/dre