



APPRAISAL GROUP OF THE NORTHWEST

Rockwood Office Park
1409 140th Pl. NE, Ste. 105
Bellevue, WA 98007-3963

EXHIBIT 2

(425) 453-9292
(800) 453-4408
FAX: (425) 455-9740
agnw@appraisalgroupnw.com

APPRAISAL REVIEW

Appraisal File No.:	A-5667
Account Officer:	Mr. Rob Wyman, City Manager City of Newcastle 12835 Newcastle Way, Suite 200 Newcastle, WA 98056
Phone No.:	425-649-4444
Property:	SE May Creek Drive & 129 th Avenue SE Site -- Puget Sound Energy Powerline Easement
Property Address:	SE May Creek Drive & 129 th Avenue SE, Newcastle, WA 98056
Interest Appraised:	Fee Simple / Powerline Easement
Date of Valuation:	July 30, 2018
Appraiser:	Gregory L. Goodman;
Firm:	Valbridge Property Advisors
Reviewer:	Carl R. Westman, Appraiser and Consultant
Phone No:	(425) 453-9292 x 121
Date Reviewed:	January 15, 2019

SCOPE OF REVIEW

Desk Review Subject Inspection Comp Inspection Verification of Data

Comments: This review is intended to conform to Standard 3 of the Uniform Standards of Professional Appraisal Practice (“USPAP”), promulgated by the Appraisal Standards Board of the Appraisal Foundation, which sets the guidelines for an appraisal review. In reviewing this report, we will verify that the report being reviewed conforms to the appraisal standards required by Title XI of FIRREA (Federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989), USPAP, and the Office of the Controller of the Currency (“OCC”).

INTENDED USE OF REVIEW

This review is intended to analyze the described appraisal report to verify the original appraiser's valuation.

PURPOSE OF THE REVIEW

The purpose of this review is to evaluate the appraiser's compliance with USPAP requirements and the client's appraisal requirements.

COMPETENCY OF REVIEW

The reviewer has both the knowledge and experience to competently perform this review.

DEFINITION OF MARKET VALUE

"Market Value" is the amount in cash that a well-informed buyer, willing but not obliged to sell it, would accept, taking into consideration all uses to which the property is adapted and might in reason be applied.

SCOPE OF REVIEW:

The scope of this review included the following procedures:

1. Reading and analyzing the appraisal report;
2. Checking quality and appropriateness of market data in the appraisal;
3. Checking for omitted data or techniques;
4. Checking reasonableness of analysis, adjustments, and conclusions;
5. Checking for conformity to USPAP standards;
6. Checking mathematics for accuracy;
7. Reconciliation of discrepancies and errors identified with the appraiser.

COMMERCIAL APPRAISAL REVIEW CHECKLIST

VALUATION DATA SUMMARY

Property Type	Vacant Land /Powerline Easement
Value "Before" Easement"	\$620,000
Value "After" Easement"	<u>\$595,000</u>
Difference	\$25,000
Reviewer's Value "Before" Easement"	\$620,000
Reviewer's Value "After" Easement"	<u>\$595,000</u>
Reviewer's Difference	\$25,000

INTRODUCTION

YES NO N/A

1	Is Report Addressed to Client?	x		
2.	Complete Legal Description	x		
3.	Property Rights Appraised	x		
4.	Assumptions & Limiting Conditions	x		
5.	Proper Certification	x		
6.	Three-Year Sales History	x		
7.	Proper Definition of Market Value	x		

DESCRIPTION AND FACTUAL DATA

YES NO N/A

1.	Adequate Area or Neighborhood Description	x		
2.	Adequate Description of Site	x		
3.	Adequate Description of Improvements	x		

ANALYSIS AND CONCLUSIONS**YES NO N/A**

		YES	NO	N/A
1.	Highest and Best Use Analysis	x		
2.	Land Valuation	x		
3.	Cost New Estimate			x
4.	Depreciation Estimate			x
5.	Cost Approach Conclusion			x
6.	Subject Rent and Expense History			x
7.	Market Rent Analysis			x
8.	Expense Analysis			x
9.	Vacancy Analysis			x
10.	Absorption Analysis			x
11.	Income Approach Conclusion			x
12.	Improved Sales Analysis			x
13.	Unit of Comparison Properly Chosen	x		
14.	Improved Sales Physical Analysis			x
15.	Sales Comparison Approach Conclusion			x
16.	Property DCF Analysis			x
17.	Leasehold/Leased Fee Analysis			x
18.	Final Reconciliation	x		
19.	Marketing/Exposure Periods	x		
20.	Value Conclusion	x		
21.	Prospective Value Conclusion, At Completion			x

SUPPLEMENTAL INFORMATION		YES	NO	N/A
1.	Appraisal Instruction Included	x		
2.	Appraiser(s) Personally Inspected	x		
3.	Appraised Under Cash Equivalent Terms	x		
4.	Adequate Exhibits	x		
5.	Extraordinary Assumptions	x		
6.	Material in the report complete within the scope of work applicable in the assignment	x		
7.	Market data adequate and relevant	x		
8.	Are the adjustments to the data appropriate?	x		
9.	Are the appraisal methods and techniques appropriate?	x		
10.	Are the analyses, opinions, and conclusions of the work appropriate and reasonable?	x		

REVIEWER'S SUMMARY AND COMMENTS

This is a narrative appraisal report. It was received for review on December 3, 2018.

The subject property is a 6.2 acre vacant site. The powerline traverses the site north to south and encumbers .51 acres. The appraisal question is to estimate the diminution in value due to the powerline easement.

In the "Before" land sales comparison approach, five sales ranging in price from \$77,963 per acre to \$131,988 per acre were considered and analyzed. The final indication of value by this approach of \$620,000 is reasonable. The "After" land sales comparison analysis indication of value of \$595,000 is also considered reasonable. The diminution in value of \$25,000 is considered reasonable and is adequately supported.

I concur with the appraiser's conclusion of diminished value due to the powerline easement of \$25,000.

In the reviewer's opinion, this appraisal report is:

Acceptable "As Is"	<u> x </u>
Acceptable as amended by Appraiser	_____
Acceptable as amended by Reviewer	_____
Unacceptable	_____

Overall quality of the appraisal report (1 Lowest; 5 Highest):

1. Poor	_____
2. Below Average	_____
3. Average	_____
4. Above Average	<u> x </u>
5. Very Good	_____

If you have any further questions, please contact me.

Sincerely,



Carl R. Westman, *Appraiser and Consultant*

Certification No. 1100963

CERTIFICATION

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

- The statements of fact contained in the 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 analysis, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of the work under review and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of the work under review or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation is not contingent on an action or event resulting from the analysis, opinions, or conclusions in this review or from its use.
- My compensation for completing this assignment is not contingent upon development or reporting of predetermined assignment results or assignment results that favor the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal review.
- My analyses, opinions, and conclusions were developed and this review report was prepared in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- I have made a personal inspection of the subject of the work under review.
- No one provided significant appraisal, appraisal review, or appraisal consulting assistance to the person signing this certification.
- I have not performed any services regarding the subject property within the three-year period immediately preceding acceptance of the assignment, as an appraiser or in any other capacity.



Carl R. Westman
Review Appraiser
Washington State General Certified Appraiser,
#1100963, Renewal Date 11-20-19

January 15, 2019

ASSUMPTIONS

This appraisal is contingent upon the following assumptions:

1. The legal description is correct, and title to the property is good and marketable.
2. The title to the property is free and clear of liens or encumbrances.
3. The property has responsible owner(s) and competent property manager(s).
4. The information furnished by others is reliable, but no warranty is given for its accuracy.
5. All engineering is correct. (The plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.)
6. There are no hidden, unapparent conditions of the property, subsoil, or structures that render it more or less valuable. This includes any toxic waste or asbestos insulation that may be present. We take no responsibility for such conditions or for arranging for engineering studies that may be required to discover them.
7. There is full compliance with all applicable federal, state, and local environmental regulations and laws.
8. The property conforms to all applicable zoning and use regulations and restrictions.
9. All required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
10. The utilization of the land and improvements is within the boundaries or property lines of the property described and there is no encroachment or trespass.
11. We did not observe any hazardous materials, which may or may not be present, on the property. We have no knowledge of the existence of such materials on or in the property, nor are we qualified to detect such substances. The presence of such substances as asbestos, urea-formaldehyde foam insulation and other potentially hazardous materials may affect the value of the property. The opinion of value is formulated under the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them.

LIMITING CONDITIONS

This appraisal report is subject to the following conditions:

1. The distribution of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and may be invalid if so used.
2. Possession of this report, or a copy thereof, does not carry with it the right of publication.
3. No appraiser, by reason of this appraisal, is required to give further consultation or testimony or to be in attendance in court with reference to the property in question unless prior arrangements have been made.
4. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of any appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.
5. Appraisal Group of the Northwest and its associate appraisers and employees assume liability only to the client and only up to the amount of the fee actually received for this assignment.
6. Appraisal Group of the Northwest and its associate appraisers and employees are not responsible for any costs incurred to discover or correct any deficiency in the property. If a lawsuit is instigated by a lender, partner, part-owner in any form of ownership, tenant, or any other party wherein this report is used in evidence in the disposition of any and all awards, settlements, or cost, regardless of outcome, Appraisal Group of the Northwest and its associate appraisers and employees will be held completely harmless.

QUALIFICATIONS OF APPRAISER

CARL R. WESTMAN

WWW.APPRAISALGROUPNW.COM ; RWESTMAN@APPRAISALGROUPNW.COM

PHONE NO.: (425) 453-9292; FAX NO. (425) 455-9740

1409 140TH PLACE NE, SUITE 105, BELLEVUE, WA 98007-3963

EXPERIENCE: Over 30 years

- 2003 - Present: Appraisal Group of the Northwest, Bellevue, Washington
Partner, General Commercial Properties, Gas Station & Motel Specialist
- 2005 - 2007: Herron Companies, Tustin, California, Appraiser, Gas Station Specialist
- 1992 - 2003: Westman Realty Advisors, Kirkland, Washington, Owner, Fee Appraiser
- 1986 - 1992: Lamb Hanson Lamb Appraisal Associations, Inc., Bellevue, Washington
Commercial Department Manager, Large Property Specialist
- 1978 - 1986 Yerkes & Associates, Kirkland, Washington,
Appraiser, Commercial and Residential Properties

CERTIFICATION / LICENSE:

Certified Real Estate Appraiser, General, State of Washington, No. 1100963

EDUCATION:

Appraisal Institute Classes:

- Real Estate Appraisal Principles
- Basic Valuation Procedures
- Capitalization Theory & Techniques, Parts A & B
- Standards of Professional Practice, Parts A & B

College:

- Two years Kellogg Community College, Battle Creek, Michigan
- Two years Andrew University, Berrien Springs, Michigan

CLIENTS SERVED

Bank of America	Lower Elwha Klallam Indian Tribe
Bank of Issaquah	Nara Bank
Borrego Springs Bank	National Park Service
BP West Coast Products, LLC	Pacific City Bank
Cascade Savings & Loan	Plaza Bank
Boston Private Bank	Port of Friday Harbor
City of Arlington	Puget Sound Energy
City of Auburn	Puyallup Indian Tribe
City of Bellevue	Union Bank
City of Kirkland	United Commercial Bank
City of Renton	Universal Field Services, Inc.
City of Seattle	UnoCal (Union 76)
City of Walla Walla	US Bancorp
Umpqua Bank	US Postal Service
First Mutual Bank	Various attorneys and private clients
General Services Administration	Venture Bank
Hanmi Bank	Verity Credit Union
Innovative Bank	Washington Dept. of Natural Resources
KeyBank	Washington Mutual Savings Bank
King County	Wells Fargo Bank
King County Library System	Wilshire State Bank