

AN APPRAISAL REPORT
(BRKW File No. 7890)

SPECIAL BENEFITS APPRAISAL

AREA 2: NORTH OF HWY. 19, SOUTH OF 2ND
STREET W., WEST OF SOO LINE CORRIDOR

2019 STREET RECLAMATION PROJECT

NORTHFIELD, MINNESOTA

VALUATION DATE: FEBRUARY 25, 2019

FOR

CITY OF NORTHFIELD
ATTN: SEAN M. SIMONSON
ENGINEERING MANAGER
801 WASHINGTON STREET
NORTHFIELD, MINNESOTA 55057

BY

PAUL J. GLEASON, MAI
AND
MARK A. WARREN, MAI

March 12, 2019

City of Northfield
ATTN: Sean M. Simonson
Engineering Manager
801 Washington Street
Northfield, Minnesota 55057

Re: Special Benefits Appraisal
Area 2: North of Hwy. 19, South of 2nd Street W., West of Soo Line Corridor
2019 Street Reclamation Project
Northfield, Minnesota

Dear Mr. Simonson:

In accordance with your request, we have completed a special benefits appraisal pertaining to the properties located in Area 2 of the proposed Northfield 2019 Street Reclamation Project. The proposed improvements include street rehabilitation by means of reclaim, as well as spot repair/replacement of existing concrete curb/gutter and utilities, where needed. The date of the valuation is February 25, 2019, which is the date the project area was inspected. The appraisal is presented in an Appraisal Report format, with a level of discussion that can be best described as summarizing the subject property attributes and the appraisal process, but also providing enough information and detail to enable the client and intended users to understand the rationale for the appraisers' opinions and conclusions.

The project area is mixed-use in nature, comprising a mix of residential, public/institutional and commercial/industrial properties; the predominant use is residential. There are seven subject properties in this appraisal: Typical Single-Family Lot property, Multifamily property, Typical Commercial Lot property, Longfellow School, St. John's Lutheran Church, Malt-O-Meal Plant and Odd Fellows Campus.

The purpose of this appraisal is to develop an opinion of the special value benefits, if any, accruing to the subject properties resulting from the proposed City of Northfield 2019 Street Reclamation Project. The intended use of the appraisal is for assisting city officials in levying in an equitable manner special assessments to properties benefited by the improvement project. The intended users are officials of the City of Northfield, which is the client of the appraisal.

It is noted that not every property potentially benefiting from improvements proposed for streets in the project area was appraised for special benefits purposes. Rather, for most properties, this appraisal reflects a preliminary benefits analysis in that it provides an approximation of likely special benefits accruing to those properties belonging to a specific use group (e.g., single-family lots and commercial lots). For five additional properties, an opinion of a specific benefit amount is concluded, since these reflect properties which are to varying degrees unique unto themselves (they do not fit into a generally uniform class).

The subject properties contain buildings and supporting site improvements. However, since the benefits of public improvement projects such as street rehabilitation flow to the land component of the properties only, in all cases the valuation in this report involves land only. The land is valued before and after the proposed street/utility improvements. The difference between the before and after values is the special benefit attributable to the proposed improvement project.

The market value of the fee simple interest in the subject properties has been appraised in this report. By virtue of our investigation, we have formed the opinion that the value benefits applicable to the seven subject properties resulting from the proposed Northfield 2019 Street Reclamation Project – Area 2 as of February 25, 2019 are as follows:

Typical Single-Family Lot (66' Frontage) – Reclamation

Property Land Value - After:	\$46,200
Property Land Value - Before:	<u>\$42,400</u>
Approximate Value Benefits:	\$ 3,800 or \$58/Front Foot

Multifamily Property (227' Frontage) – Reclamation

Property Land Value - After:	\$51,100
Property Land Value - Before:	<u>\$46,900</u>
Approximate Value Benefits:	\$ 4,200 or \$19/Front Foot

Typical Commercial Lot (83' Frontage) – Reclamation

Property Land Value - After:	\$53,600
Property Land Value - Before:	<u>\$49,200</u>
Approximate Value Benefits:	\$ 4,400 or \$53/Front Foot

Longfellow School (330' Frontage) – Reclamation

Property Land Value - After:	\$315,800
Property Land Value - Before:	<u>\$309,600</u>
Approximate Value Benefits:	\$ 6,200 or \$19/Front Foot

St. John's Lutheran Church (330' Frontage) – Reclamation

Property Land Value - After:	\$301,200
Property Land Value - Before:	<u>\$292,400</u>
Approximate Value Benefits:	\$ 8,800 or \$27/Front Foot

Allocation of Special Benefit by Tax Parcel (based on pro-rata share of site)

22.36.4.51.076	\$4,650
22.36.4.51.077	\$ 900
22.36.4.51.078	\$ 550
22.36.4.51.080	\$ 900
22.36.4.51.081	\$ 900
22.36.4.51.082	<u>\$ 900</u>
Total	\$8,800

Malt-O-Meal Plant (780' Frontage) – Reclamation**Property Land Value - After: \$1,108,000****Property Land Value - Before: \$1,081,000****Approximate Value Benefits: \$ 27,000 or \$35/Front Foot**Allocation of Special Benefit by Tax Parcel (based on pro-rata share of site)

22.01.2.26.001	\$14,300
22.01.2.25.002	\$ 6,100
22.01.2.26.002	\$ 1,900
22.01.1.26.024	\$ 900
22.01.1.26.025	\$ 1,000
22.01.1.26.026	\$ 300
22.01.1.26.031	\$ 1,000
22.01.1.26.032	\$ 300
22.01.1.26.033	\$ 700
22.01.1.26.034	\$ 300
22.01.1.26.030	\$ 200
22.01.1.25.001	<u>\$ 0</u>
Total	\$27,000

Odd Fellows Campus (315' Frontage) – Reclamation**Property Land Value - After: \$2,401,200****Property Land Value - Before: \$2,365,700****Approximate Value Benefits: \$ 35,500 or \$113/Front Foot**Allocation of Special Benefit by Tax Parcel (based on pro-rata share of site)

22.01.2.01.001	\$ 8,000
22.01.2.01.002	\$16,200
22.01.2.01.004	\$ 3,900
22.01.2.01.005	\$ 3,100
22.01.2.01.006	<u>\$ 4,300</u>
Total	\$35,500

In the “after improvements” position on the date of valuation, which is February 25, 2019, it is assumed for valuation purposes that the proposed street improvements have been completed, when in fact they are proposed but have not yet been completed. This reflects a **hypothetical condition** applied in this appraisal. Applying the hypothetical conditions may have affected the assignment results.

The preceding opinions of market value before and after the proposed improvements are based on exposure times of 0 to 12 months.

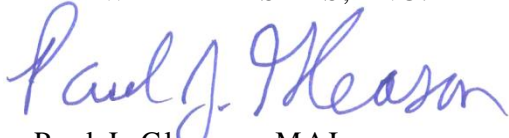
This appraisal has been made in conformity with the Code of Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute and the Standards of Professional Practice of the State of Minnesota. This appraisal assignment is not based on a requested minimum valuation or specific valuation for approval of a loan. The estimate of market value identified in this report was developed independent of any undue influence.

This appraisal has also been prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) promulgated by the Appraisal Foundation as mandated by Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA). The contents are also subject to the Code of Professional Ethics and Standards of Professional Conduct, which are identified under the USPAP Guidelines.

The facts and information contained in this report were obtained from sources that are considered to be reliable and are true to the best of our knowledge and belief, but are not guaranteed. This appraisal report is contingent upon the assumptions and limiting conditions included within this report. Your attention is directed to the following report for the supporting data, analyses, and conclusions that support the market value estimate.

Sincerely,

BRKW APPRAISALS, INC.



Paul J. Gleason, MAI
Certified General Real Property Appraiser
Minnesota License #4003073



Mark A. Warren, MAI
Certified General Real Property Appraiser
Minnesota License #20415370

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SALIENT FACTS AND CONCLUSIONS

Property/Project Area Location: Area 2: North of Hwy. 19, South of 2nd Street W., West of Soo Line Corridor
Northfield, Minnesota

City Project: City of Northfield 2019 Street Reclamation Project

Date of Inspection & Valuation: February 25, 2019

Date of Report: March 12, 2019

Property Rights Appraised: Fee simple interest

Subject Properties:

Typical Single-Family Lot	315 Orchard St. S. (PID #22.01.1.26.012)
Multifamily Property	417 3 rd St. W. (PID #22.36.4.51.115)
Typical Commercial Lot	411 3 rd St. W. (PID #22.36.4.51.114)
Longfellow School	201 Orchard St. S. (PID #22.36.4.51.083)
St. John's Lutheran Church	500 3 rd St. W. & 515 2 nd St. W. (PID #s 22.36.4.51.076, 22.36.4.51.077, 22.36.4.51.078, 22.36.4.51.080, 22.36.4.51.081 & 22.36.4.51.082)
Malt-O-Meal Plant	801 & 701 5 th Sts. W., 403 & 404 Orchard Sts. S., 604 5 th St. W. & 404 Plum St. S. (PID #s 22.01.2.26.001, 22.01.1.25.002, 22.01.2.26.002, 22.01.1.26.024, 22.01.1.26.025, 22.01.1.26.026, 22.01.1.26.031, 22.01.1.26.032, 22.01.1.26.033, 22.01.1.26.034, 22.01.1.26.030 & 22.01.1.25.001)
Odd Fellows Campus	805, 815 & 905 Forest Aves., 804 5 th St. W. & 410 Odd Fellows Ln. (PID #s 22.01.2.01.001, 22.01.2.01.002, 22.01.2.01.004, 22.01.2.01.005 & 22.01.2.01.006)

Land Areas:

Typical Single-Family Lot	10,890 SF or 0.25 acres
Multifamily Property	11,880 SF or 0.27 acres
Typical Commercial Lot	11,921 SF or 0.27 acres
Longfellow School	108,900 SF or 2.50 acres
St. John's Lutheran Church	103,867 SF or 2.38 acres
Malt-O-Meal Plant	886,391 SF or 20.35 acres
Odd Fellows Campus	640,332 SF or 14.70 acres

Zoning:

Typical Single-Family Lot	R1-B, Low Density Residential
Multifamily Property	C-1B, Downtown
Typical Commercial Lot	C-1B, Downtown
Longfellow School	PI-S, Public & Institutional
St. John's Lutheran Church	R1-B, Low Density Residential
Malt-O-Meal Plant	I1-B, Industrial
Odd Fellows Campus	R3-B, High Density Residential

Special Benefit Conclusions – Subject Properties:**Typical Single-Family Lot (66' Frontage) – Reclamation**

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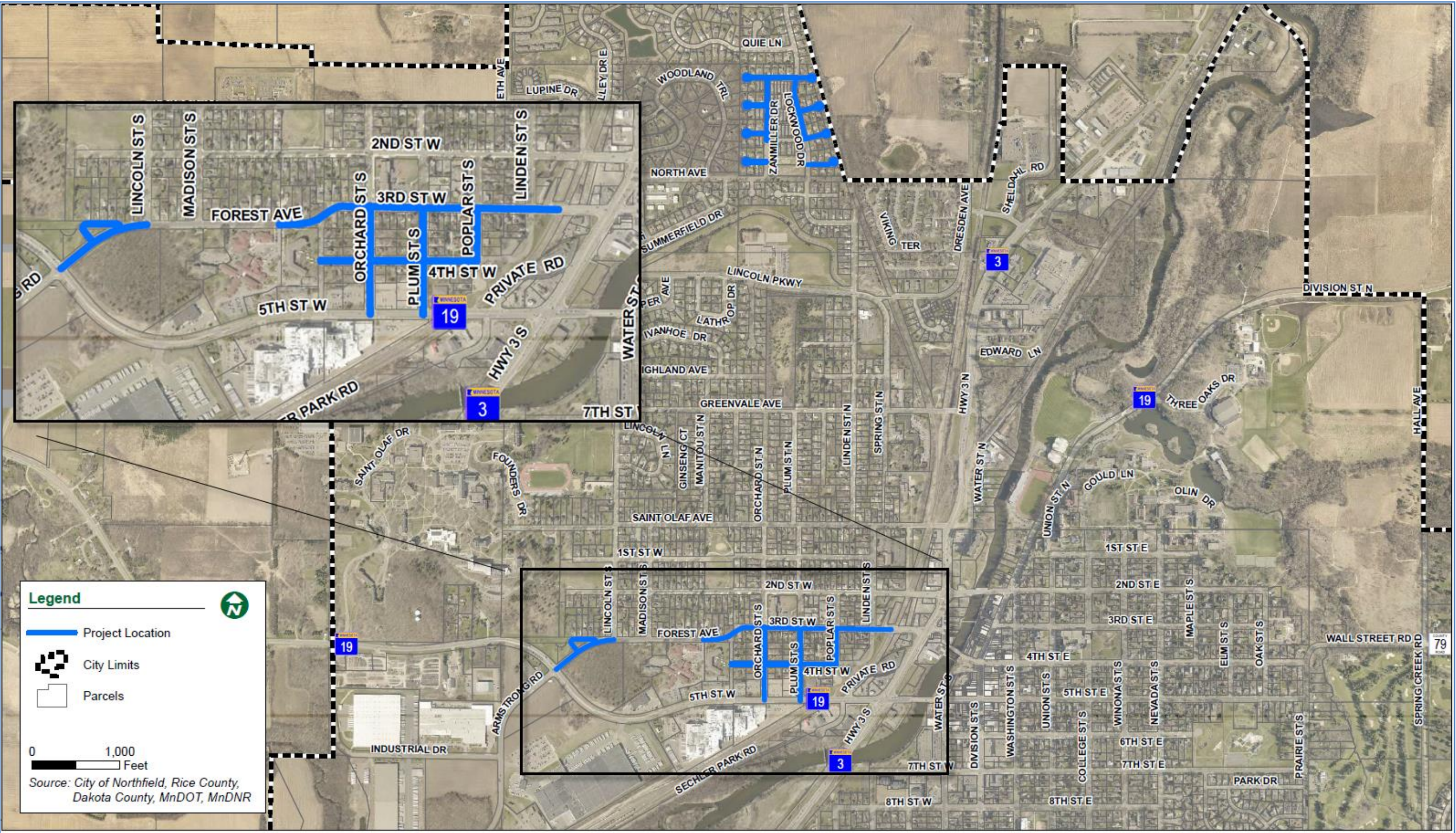
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22.01.1.26.034	\$ 300
22.01.1.26.030	\$ 200
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Total	\$27,000

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22.01.2.01.005	\$ 3,100
22.01.2.01.006	<u>\$ 4,300</u>
Total	\$35,500

Appraisers:Paul J. Gleason, MAI
Mark A. Warren, MAI



PROJECT AREA PHOTOGRAPHS – BEFORE – TAKEN 2/25/2019



Street view to north on Plum Street South:
Photo taken from near Highway 19



Viewing west at portion of Malt-O-Meal property lying north of Highway 19:
Photo taken from Plum Street South near Highway 19



Street view to west on 4th Street West:
Photo taken from Plum Street South



Street view to east on 4th Street West:
Photo taken from Plum Street South



Street view to west on 3rd Street West:
Photo taken from Plum Street South



Street view to east on 3rd Street West:
Photo taken from Plum Street South



Street view to south on Poplar Street South:
Photo taken from 3rd Street West



Looking southeast at Multifamily Property:
417 3rd Street West



Looking south at Typical Commercial Lot:
411 3rd Street West



Street view to east on 3rd Street West:
Photo taken from Linden Street South



Street view to west on 3rd Street West:
Photo taken from Linden Street South



Looking northwest at Longfellow School



Looking northwest at St. John's Lutheran Church



Street view to south on Orchard Street South:
Photo taken from 3rd Street West



Street view to west on 3rd Street West:
Photo taken from Orchard Street South



Looking northeast at Typical Single-Family Lot:
315 Orchard Street South



Street view to south on Orchard Street South:
Photo taken from 4th Street West



Street view to west on 4th Street West:
Photo taken from Orchard Street South



Viewing east at portion of Malt-O-Meal property lying north of Highway 19:
Photo taken from Orchard Street South near Highway 19



Viewing west at portion of Malt-O-Meal property lying north of Highway 19:
Photo taken from Orchard Street South near Highway 19



Looking south at Malt-O-Meal Plant, which is located along the south side of Hwy. 19



Looking west at Odd Fellows Campus:
Photo taken from intersection of Odd Fellows Lane and 4th Street West



Street view to west on Forest Avenue:
Photo taken from Odd Fellows Lane



Street view to west on Armstrong Road:
Photo taken from Lincoln Street South



Street view to west on Forest Avenue Loop:
Photo taken from near Armstrong Road



Street view to southwest on Armstrong Road:
Photo taken from Forest Avenue Loop

PROPERTY IDENTIFICATION / LEGAL DESCRIPTIONS

The seven subject properties in this appraisal are those located in Area 2 – North of Hwy. 19, South of 2nd Street W., West of Soo Line Corridor of the proposed City of Northfield 2019 Street Reclamation Project. Two of the subject properties – the Typical Single-Family Lot and Typical Commercial Lot – are intended to be representative of the larger group of similar properties located in the area of the proposed project. The other five subject properties addressed as individual properties are to varying degrees unique unto themselves within the project area. The project area has a mix of uses, including residential, public/institutional and commercial/industrial. The seven subject properties are identified below:

Subject Properties Summary			
Property	Address/Location	Tax Parcel I.D. No.	Brief Legal Des. (from county website)
1. Typ. Single-Family Lot	315 Orchard St. S.	22.01.1.26.012	Lot 5, Block 18, Northfield Original Town
2. Multifamily Property	417 3rd St. W.	22.36.4.51.115	Lot 6, Block 16, of ST SUB SE4 NF-SS W2 L6 & L7 BLK 16, 4 UNITS
3. Typical Commercial Lot	411 3rd St. W.	22.36.4.51.114	Lot 6, Block 16, of ST SUB SE4 NF-SS E2 L6 & L7 BLK 16
4. Longfellow School	201 Orchard St. S.	22.36.4.51.083	Block 11 of ST SUB SE4
5. St. John's Lutheran Church	500 3rd St. W.	22.36.4.51.076	Lot 1-5 Block 010 of ST SUB SE4
		22.36.4.51.077	E62FT9IN L6 & L7 BLK 10 of ST SUB
	515 2nd St. W.	22.36.4.51.078	E2 W99FT & W39IN E66FT L6 L7 B10 of ST SUB SE4
		22.36.4.51.080	Lot 8 Block 010 of ST SUB SE4
		22.36.4.51.081	W2 L9 L10 B10 of ST SUB SE4
		22.36.4.51.082	E2 L9 L10 B10 of ST SUB SE4
6. Malt-O-Meal Plant	801 5th St. W.	22.01.2.26.001	Lengthy legal - retained in appraisal file.
	701 5th St. W.	22.01.1.25.002	
	901 5th St. W.	22.01.2.26.002	
		22.01.1.26.024	
		22.01.1.26.025	
	404 Orchard St. S.	22.01.1.26.026	
		22.01.1.26.031	
	604 5th St. W.	22.01.1.26.032	
		22.01.1.26.033	
	404 Plum St. S.	22.01.1.26.034	
7. Odd Fellows Campus	403 Orchard St. S.	22.01.1.26.030	Lot D of Reg. Land Survey #5
		22.01.1.25.001	
	805 Forest Ave.	22.01.2.01.001	
	815 Forest Ave.	22.01.2.01.002	
	905 Forest Ave.	22.01.2.01.004	
	804 5th St. W.	22.01.2.01.005	Lot E of Reg. Land Survey #5
	410 Odd Fellows Ln.	22.01.2.01.006	Lot F of Reg. Land Survey #5

Multiple Tax Parcel Properties

It is noted that three of the properties (St. John's Lutheran Church Campus, Malt-O-Meal Plant and Odd Fellows Campus) in this appraisal include multiple tax parcels. Proper real estate appraisal methodology requires identifying the "larger parcel," which is the aggregate property that possesses 1) unity of ownership, 2) unity of location (typically contiguity), and 3) unity of use, as it relates to the highest and best use of commonly owned, contiguous parcels.

The **St. John's Lutheran Church** property comprises nearly an entire city block of six adjoining tax parcels which together form the operations of the church. The larger parcel, or appropriate property, to be appraised for special benefits purposes consists of this group of contiguous, commonly-owned six parcels.

The **Malt-O-Meal Plant** food production plant contains 12 tax parcels totaling about 20 acres which together form the plant's operations. The main site containing the food production building consists of four tax parcels totaling about 16.8 acres on the south side of Highway 19, while the remaining eight parcels totaling about 3.6 acres are located across Highway 19 to the north, forming two employee parking lots. Though only the north parcels front streets proposed for improvements in the 2019 Street Improvement Project, they are highly integral to the south parcels containing the plant; the north and south parcels cannot be considered separate properties from a use perspective. Despite the fact that the north and south parcels are not contiguous, they are in close proximity to each other and clearly work together in the operation of the food production plant. The larger parcel, or appropriate property, to be appraised for special benefits purposes consists of the entire group of 12 commonly-owned parcels.

The **Odd Fellows Campus** consists of five contiguous tax parcels which together contain various residential-oriented buildings used for nursing care, senior living, affordable housing, and similar functions operated by the Minnesota Odd Fellows fraternal organization. Though the owner of record of one of the five parcels is Park Ridge Housing, lacking the Minnesota Odd Fellows name, it appears that for all practical purposes there is unified control, if not technically unified actual ownership of this parcel with the other parcels, since the Park Ridge Housing entity's address is listed as being located within a building on a parcel adjacent east that is owned by Minnesota Odd Fellows. Thus, the larger parcel, or property, to be appraised for special benefits purposes consists of the entire group of five contiguous parcels.

For the above noted subject properties, the special benefit concluded for the overall property is allocated among all of the multiple tax parcels on a pro-rata basis relative to their share of the total land area of the property.

PURPOSE / INTENTION OF THE APPRAISAL / INTENDED USER

The purpose of this appraisal is to develop an opinion of the special value benefits, if any, accruing to the subject properties resulting from the proposed City of Northfield 2019 Street Reclamation Project to be completed in Area 2 – North of Hwy. 19, South of 2nd Street W., West of Soo Line Corridor. The opinions of the value benefits resulting from the public street improvement project are as of February 25, 2019. The intended use of the appraisal is for assisting city officials in levying in an equitable manner special assessments to properties benefited by the improvement project. The intended users are officials of the City of Northfield, which is the client of the appraisal.

It is noted that not every property potentially benefiting from improvements proposed for streets in the project area was appraised for special benefits purposes. Rather, for most properties, this appraisal reflects a preliminary benefits analysis in that it provides an approximation of likely special benefits accruing to those properties belonging to a specific use group (e.g., single-family lots and commercial lots). For five additional properties, an opinion of a specific benefit amount is concluded, since these reflect properties which are to varying degrees unique unto themselves (they do not fit into a generally uniform class).

PROPERTY RIGHTS APPRAISED

The property rights appraised are those of the fee simple estate. The property is appraised subject to usual easements for streets and utilities, if any. The source of the following definition of fee simple estate is the Dictionary of Real Estate Appraisal, 6th edition, published in 2015 by the Appraisal Institute:

“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.”

DATES OF INSPECTION AND VALUATION

The effective date of this appraisal is February 25, 2019, which is the date on which an exterior inspection of the subject properties and the project area was made by the appraisers.

SCOPE OF WORK

The seven subject properties in this appraisal together provide a representation of either specific value benefits accruing to individual properties or a range of value benefits accruing to a category of properties concluded to receive special benefit from the proposed City of Northfield 2019 Street Reclamation Project within Area 2 – North of Hwy. 19, South of 2nd Street W. and West of Soo Line Corridor.

An exterior inspection was made of the subject properties and the project area on February 25, 2019. An analysis of the highest and best use of each property was completed, based on the property attributes and market factors.

A Preliminary Engineering Report completed by Bolton & Menk in November 2018 for the City of Northfield 2019 Street Reclamation Project was reviewed by the appraisers. The report details the 1) current condition of the streets/infrastructure, and 2) the proposed improvements.

The subject properties contain buildings and supporting site improvements. However, since the benefits of public improvement projects such as street rehabilitation flow to the land component of the properties only, in all cases the valuation in this report involves land only.

Pertinent market data such as land parcel sales, individual lot sales, trends in real estate price levels and similar information was obtained by researching county records, city records, local data exchanges, previous appraisal files, and interviews with real estate brokers as well as other market participants. Information and market data from these various sources was then verified and checked for accuracy and completeness. The most relevant and pertinent of the market data collected has been presented and analyzed within this appraisal report.

Opinions of the market value of the subject property land components have been developed in this appraisal using the Sales Comparison Approach. This approach, which is the one most appropriate for valuing the subject land, involves the comparison and analysis of land parcels recently sold which are similar to the subject land. The application of the Cost and Income Approaches typically applies only when the property valuation includes buildings and other improvements with contributory value.

The land is valued before and after the proposed street improvements. The difference between the before and after values is the special benefit attributable to the proposed improvement project.

This appraisal is presented in an **Appraisal Report format** under the requirements of Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice. The property description, analysis and valuation process are presented using a brief narrative format. The level of discussion in this report can be best described as summarizing the subject property attributes and the appraisal process, but also providing enough information and detail to enable the client and intended users to understand the rationale for the appraiser's opinions and conclusions. Additional notes, data, analyses and other documentation supporting the appraisal are retained in the office appraisal file.

COMPETENCY PROVISION

Paul J. Gleason, MAI has been a full time professional real estate appraiser since 1992. Mark A. Warren, MAI has been a full time professional real estate appraiser since 2003. Included in this report for your review are copies of their professional qualifications. Both appraisers have completed numerous special benefit valuations, similar that contained within this report, in the past several or more years. Experience and knowledge provide each appraiser with the necessary background to complete this appraisal assignment in accordance with the competency provision of the Uniform Standards of Professional Appraisal Practice.

EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

An Extraordinary Assumption is defined in the Uniform Standards of Professional Appraisal Practice (USPAP) 2018-2019 Edition ©The Appraisal Foundation, Page 4, as:

An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

A Hypothetical Condition is defined in the Uniform Standards of Professional Appraisal Practice (USPAP) 2018-2019 Edition ©The Appraisal Foundation, Page 4, as:

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Comments: There are **no extraordinary assumptions** in this appraisal.

In the “after improvements” position on the date of valuation, which is February 25, 2019, it is assumed for valuation purposes that the proposed street improvements have been completed, when in fact they are proposed but have not yet been completed. This reflects a **hypothetical condition** applied in this appraisal.

Applying the hypothetical condition may have affected the assignment results.

MARKET VALUE DEFINITION

Market Value as defined by the United States Department of the Treasury through the Comptroller of the Currency and the Office of Thrift Supervision is:

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 of a specified date and the passing of title from seller to buyer under conditions whereby:

- ◆ buyer and seller are typically motivated;
- ◆ both parties are well informed or well advised, and each acting in what he considers his own best interest;
- ◆ 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.

ZONING

Property	Zoning District
1. Typical Single-Family Lot	R1-B, Low Density Residential
2. Multifamily Property	C1-B, Downtown
3. Typical Commercial Lot	C1-B, Downtown
4. Longfellow School	PI-S, Public & Institutional
5. St. John's Lutheran Church	R1-B, Low Density Residential
6. Malt-O-Meal Plant	I1-B, Industrial
7. Odd Fellows Campus	R3-B, High Density Residential

R1-B, Low Density District: The purpose of the R-1B district is “to continue to support single-family, two-family, and three-family attached and detached dwellings within the existing character of the city’s older neighborhoods [and]... to strengthen the character of existing historic neighborhoods within Northfield and to protect and enhance the unique character of those existing neighborhoods...”

Permitted uses include one-, two- and three-family dwelling, bed and breakfasts, existing multifamily house or apartment, and in-home daycare, among others. Conditional uses include licensed residential care for more than six persons, schools, and religious institutions, among others.

Lot requirements for single-family homes include lot widths of 50 feet minimum and 75 feet maximum, lot depth of 150 feet maximum, and 30 feet rear yard setback. Front and side setbacks vary depending on those of existing homes in the area.

C1-B, Downtown District: The purpose of this district is “to sustain the historic central business district and to augment and increase its viability and prosperity by providing a compact, pedestrian friendly, active mix of uses: commerce, hospitality, professional offices and services, residential, arts and culture, and government, along with public gathering places and points of interest for residents and visitors alike.”

Permitted uses include existing one-, two- and three-family dwelling, multifamily house or apartment, and a wide array of commercial uses such as retail store, restaurant, auto repair, office, etc. Conditional uses include manufactured home parks, veterinary clinics, drive-through establishments, industrial uses (indoor), schools and religious institutions, among others.

Lot requirements include 0 feet from front or side street, 10 feet rear setback except for adjacent to residential, where 15 feet is required; maximum lot width of 75 feet and depth of 200 feet; 50-foot maximum building height; and parking setbacks of 8 feet along property lines and 10 feet from street right of way.

PI-S, Public and Institutional District: The purpose of this district is “to establish and protect sites for city, state, federal, and school district uses while also ensuring compatibility with the surrounding neighborhoods. The PI-S zone implements and is consistent with the land use designations of the comprehensive plan.” Permitted uses include public and semipublic buildings, indoor and outdoor recreational facilities, hospitals, golf courses, essential services and cemeteries, among others. The sole listed conditional use allowed according to the zoning ordinance is cultural facility.

There are no specific lot requirements pertaining to the PI-S District.

I1-B, Industrial District: The purpose of this district is “to provide an area to accommodate existing manufacturing, general businesses, offices, service and repair businesses, warehousing and office showroom uses and any additions to or redevelopment of those uses. Limited and incidental retailing shall be allowed in this district. Its overall character is intended to be compatible in scale and intensity with the adjacent highway commercial district.”

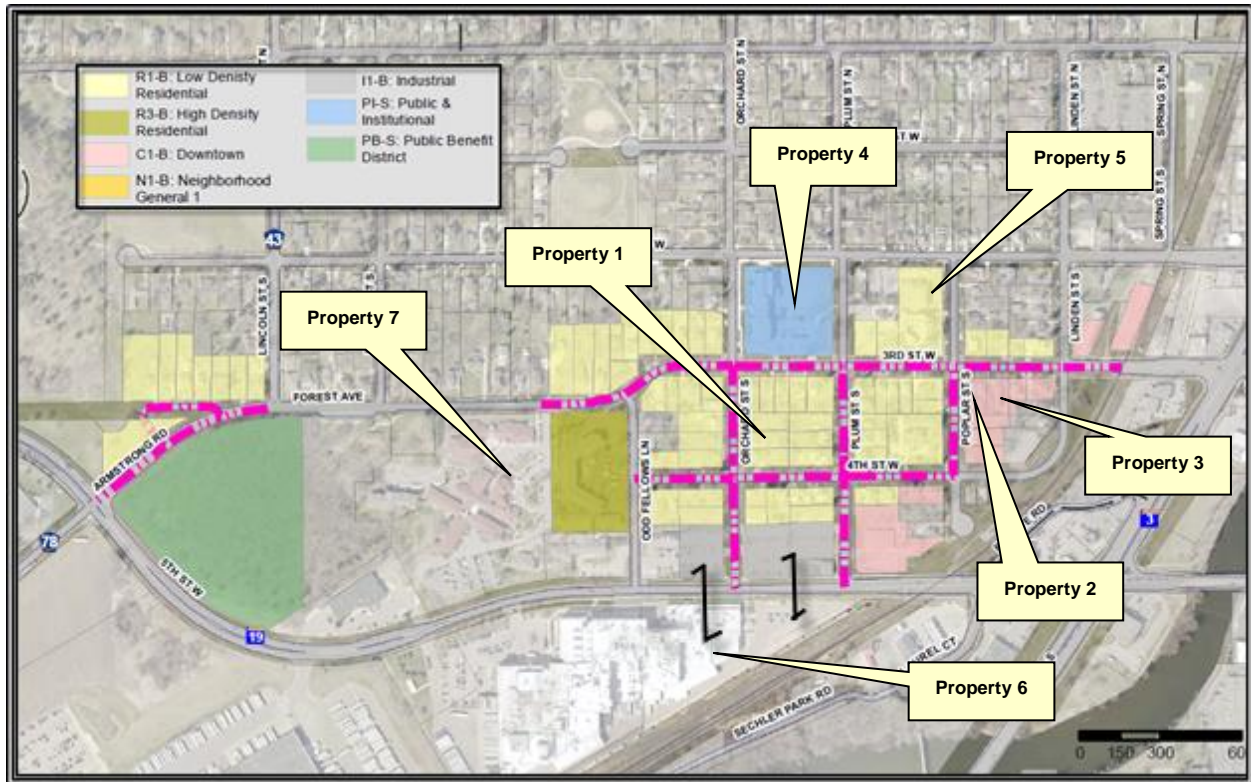
Permitted I1-B uses a wide variety of general commercial use, including restaurant, retail store, auto service, gas station, bar/tavern, office and others. Industrial-oriented permitted uses include auto/truck repair, distribution facilities, indoor and outdoor industrial uses including open storage, warehouse, wholesale, lumber yard and others. Conditional uses include mining, extraction and aggregate processing, bulk storage of liquids, schools, campgrounds and others.

Lot requirements include minimum lot size of 20,000 square feet, minimum lot width of 100 feet, building setbacks of 20 feet for front and 15 feet for side, parking setbacks of 5 feet from lot lines and 10 feet from public street right of way, and maximum building height of 50 feet.

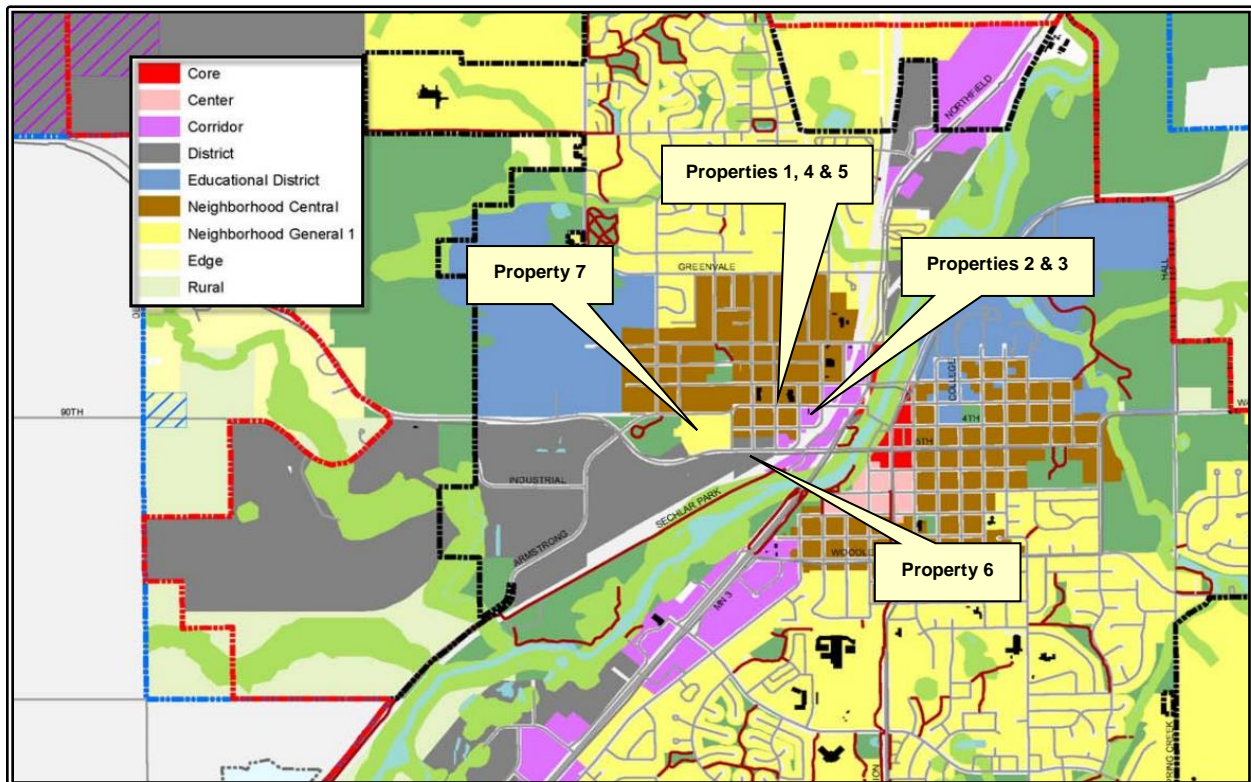
R3-B, High Density Residential District: The purpose of this district is “to maintain the city’s existing housing stock that is comprised of high density, multifamily residential uses at densities ranging from 15.1 to 25 units per acre. These existing residential areas are located within the areas designated as “Neighborhood Central” and “Neighborhood General 1” in the framework map of the comprehensive plan.”

Permitted uses include residential care facility, bed and breakfasts, multifamily housing, one-, two- and three-family dwelling, and day care facilities. Conditional uses include manufactured home park, public and semipublic buildings, outdoor recreational facilities, and religious institutions.

Comprehensive Plan: The current City of Northfield Comprehensive Plan designates the following properties for Neighborhood Central use: the Typical Single-Family Lot, St. John’s Lutheran Church and Longfellow School. The following properties are designated for Corridor use: the Multifamily Property and the Typical Commercial Lot. Odd Fellows Campus is located in an area designated for Neighborhood General 1 use, and the Malt-O-Meal Plant is located in an area designated for District use.



Zoning Map



Land Use Map

TAXES AND ASSESSMENT DATA

The tax and assessment data for the seven subject properties is presented below:

	Parcel I.D. #	Land AEMV*	Improvements AEMV*	Total AEMV*	R. E. Taxes	Effective Tax Rate	Specials & Charges	Total Tax & Specials
1.	Typ. Single-Family Lot 22.01.1.26.012	\$32,600	\$146,900	\$179,500	\$2,914.00	1.62%	\$40.00	\$2,954.00
2.	Multifamily Property 22.36.4.51.115	\$53,100	\$139,600	\$192,700	\$4,076.00	2.12%	\$3,472.00	\$7,548.00
3.	Typ. Commercial Lot 22.36.4.51.114	\$56,600	\$144,000	\$200,600	\$0.00	0.00%	\$0.00	\$0.00
4.	Longfellow School 22.36.4.51.083	\$228,700	\$2,330,800	\$2,559,500	\$0.00	0.00%	\$0.00	\$0.00
5.	St. John's Lutheran Church 22.36.4.51.076	\$136,100	\$4,840,900	\$4,977,000	\$0.00	0.00%	\$80.00	\$80.00
	22.36.4.51.077	\$49,200	\$6,300	\$55,500	\$0.00	0.00%	\$0.00	\$0.00
	22.36.4.51.078	\$33,100	\$7,200	\$40,300	\$0.00	0.00%	\$0.00	\$0.00
	22.36.4.51.080	\$51,700	\$3,000	\$54,700	\$0.00	0.00%	\$0.00	\$0.00
	22.36.4.51.081	\$51,700	\$8,900	\$60,600	\$0.00	0.00%	\$0.00	\$0.00
	22.36.4.51.082	<u>\$51,700</u>	<u>\$7,900</u>	<u>\$59,600</u>	<u>\$0.00</u>	<u>0.00%</u>	<u>\$0.00</u>	<u>\$0.00</u>
	Total	\$373,500	\$4,874,200	\$5,247,700	\$0.00	0.00%	\$80.00	\$80.00
6.	Malt-O-Meal Plant 22.01.2.26.001	\$425,400	\$6,262,000	\$6,687,400	\$265,244.00	3.97%	\$0.00	\$265,244.00
	22.01.1.25.002	\$379,500	\$2,368,600	\$2,748,100	\$109,816.00	4.00%	\$240.00	\$110,056.00
	22.01.2.26.002	\$111,900	\$0	\$111,900	\$4,472.00	4.00%	\$0.00	\$4,472.00
	22.01.1.26.024	\$56,800	\$0	\$56,800	\$2,270.00	4.00%	\$0.00	\$2,270.00
	22.01.1.26.025	\$62,100	\$0	\$62,100	\$2,482.00	4.00%	\$0.00	\$2,482.00
	22.01.1.26.026	\$20,700	\$0	\$20,700	\$828.00	4.00%	\$0.00	\$828.00
	22.01.1.26.031	\$62,100	\$0	\$62,100	\$2,482.00	4.00%	\$0.00	\$2,482.00
	22.01.1.26.032	\$20,700	\$38,100	\$58,800	\$2,350.00	4.00%	\$0.00	\$2,350.00
	22.01.1.26.033	\$43,300	\$0	\$43,300	\$1,730.00	4.00%	\$0.00	\$1,730.00
	22.01.1.26.034	\$18,800	\$0	\$18,800	\$752.00	4.00%	\$0.00	\$752.00
	22.01.1.26.030	\$10,300	\$0	\$10,300	\$412.00	4.00%	\$0.00	\$412.00
	22.01.1.25.001	<u>\$200</u>	<u>\$0</u>	<u>\$200</u>	<u>\$4.00</u>	<u>2.00%</u>	<u>\$0.00</u>	<u>\$4.00</u>
	Total	\$1,211,800	\$8,668,700	\$9,880,500	\$392,842.00	3.98%	\$240.00	\$393,082.00
7.	Odd Fellows Campus 22.01.2.01.001	\$984,000	\$2,352,200	\$3,336,200	\$57,552.00	1.73%	\$240.00	\$57,792.00
	22.01.2.01.002	\$875,600	\$7,353,500	\$8,229,100	\$0.00	0.00%	\$0.00	\$0.00
	22.01.2.01.004	\$264,000	\$883,500	\$1,147,500	\$15,770.00	1.37%	\$240.00	\$16,010.00
	22.01.2.01.005	\$56,600	\$500,600	\$557,200	\$0.00	0.00%	\$0.00	\$0.00
	22.01.2.01.006	<u>\$84,000</u>	<u>\$289,100</u>	<u>\$373,100</u>	<u>\$7,892.00</u>	<u>2.12%</u>	<u>\$240.00</u>	<u>\$8,132.00</u>
	Total	\$2,264,200	\$11,378,900	\$13,643,100	\$81,214.00	0.60%	\$720.00	\$81,934.00
Source: Rice County								
* Assessor's Estimated Market Value - 2017 for payable 2018								

HISTORY OF OWNERSHIP

Property	Fee Owner of Record
1. Typical Single-Family Lot	Justin & Jill Metz
2. Multifamily Property	Teresa Swenson
3. Typical Commercial Lot	Northfield Arts Guild
4. Longfellow School	Longfellow School
5. St. John's Lutheran Church	St. John's Church
6. Malt-O-Meal Plant	Mom Brands Company
7. Odd Fellows Campus	Minnesota Odd Fellows Housing & Park Ridge Housing

There are no apparent recorded arms-length transfers of the subject properties within at least three years prior to the date of valuation; and the appraisers are not aware of any current listing, pending sale or purchase option pertaining to any of the properties as of the effective date of valuation.

CONTINGENT AND LIMITING CONDITIONS

This appraisal report is subject to the following Limiting Conditions and Assumptions:

1. The legal description contained herein is assumed to be correct.
2. The appraiser assumes no responsibility for matters legal in nature affecting the property appraised or the title thereto, nor does the appraiser render any opinion as to the title, which is assumed to be good and marketable. The property is appraised as though under responsible ownership.
3. No survey has been prepared of the property by the appraiser and no responsibility is assumed in connection with such matters. Sketches in this report are included only to assist the reader in visualizing the property.
4. Information furnished by others is assumed to be reliable. However, the appraiser assumes no responsibility for its accuracy.
5. In cases where no soil tests have been submitted, the appraiser has assumed a good subsoil condition, subject to visual observations noted in the report.
6. The appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil or structures, which would render it more or less valuable. The appraiser assumes no responsibility for such conditions or for engineering that might be required to discover such factors.
7. The appraiser is not required to give testimony or appear in court because of having made this appraisal with reference to the property in question, unless arrangements have been previously made.
8. The distribution of the total valuation in this report between land and improvements applies only under the highest and best use of the property.
9. The Bylaws and Regulations of the professional appraisal organizations with which the appraiser is affiliated govern disclosure of the contents of the appraisal report.
10. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and, in any event, only with proper written qualifications and only in its entirety.
11. Neither all nor any part of the contents of this report, or a copy thereof, shall be conveyed to the public through advertising, public relations, news, sales or any other media without written consent and approval of the appraiser. Nor shall the appraiser, firm or professional organization of which the appraiser is a member be identified without the written consent of the appraiser.
12. The value conclusion assumes all taxes and special assessments are paid in full.
13. The after improvements valuation in this appraisal assumes proposed street improvements have been completed in accordance with the description of the proposed work provided to the appraisers.

Environmental Disclaimer: The values estimated in this report are based on the assumption that the property is not adversely affected by the existence of hazardous substances or detrimental environmental conditions. A routine inspection of the property did not reveal or indicate any such conditions. In that the appraiser is not qualified in this field of expertise, the client is encouraged to retain an expert in such investigations if so desired.

COMMUNITY/AREA DESCRIPTION

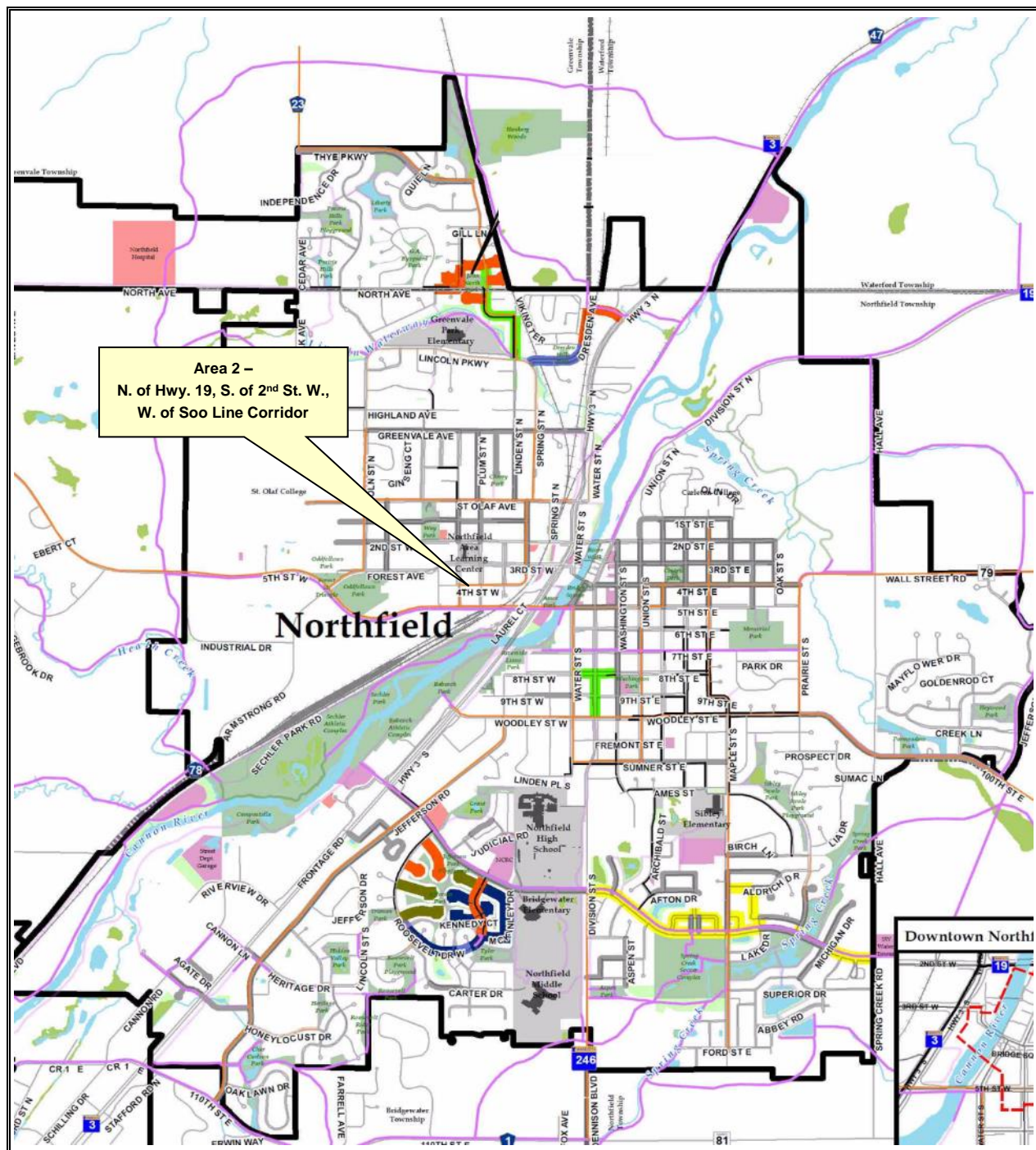
Community: Northfield, Minnesota is located in Rice County approximately 45 miles south of Minneapolis/St. Paul. The community has a small town ambience, but is rapidly becoming integrated into the greater Twin Cities metropolitan area. Northfield is the home of Carleton College and St. Olaf College, both nationally ranked four-year liberal arts schools, which bring 5,000+ students to the city. According to the U.S. Census, Northfield grew in population from 14,684 in 1990, to 17,147 in 2000 and to 20,007 in 2010.

Primary access routes into Northfield are State Highways 3 and 19, which intersect in the downtown district. Highway 19 runs east-west and intersects with I-35 seven miles west of Northfield. Highway 3 runs in a north-south orientation. Major employers include Malt-O-Meal Co., St. Olaf and Carleton Colleges, Northfield Hospital, Northfield Public Schools, and McLane Co.

The historic downtown area of Northfield is located along the Cannon River in the central part of the city. The downtown reflects the location of the earliest development in the city and most of the historic commercial buildings are two story brick buildings with zero lot lines. Much of the most recent commercial retail development has been in the Gateway commercial district on State Highway 3 in the southwest part of the city and in the adjacent City of Dundas, with big box retailers such as Target, Cub Foods and Menard's. In summary, Northfield is a stable to slowly growing bedroom community on the southern fringe of the Twin Cities Metro Area which can be anticipated to grow as the regional area resumes growth.

Area: The project area is located in the established, mature central portion of Northfield. The subject neighborhood lies west of the downtown area and Highway 3, east of the St. Olaf College campus, and north of Highway 19. This core area is characterized as relatively high density, with traditional grid street layouts and mostly older buildings, many of which were constructed before 1900. Predominant use in the area is single-family residential, though there are numerous larger homes converted to apartments, as well as duplexes, triplexes, etc. Public and institutional uses are present as well, reflecting park, public school and church facilities. The east and south edges of the neighborhood have some commercial/industrial influences.

Shown on the following page is a Community Map outlining the City of Northfield and showing the location of Area 2 – North of Hwy. 19, South of 2nd Street W., West of Soo Line Corridor.



Community Map

DESCRIPTION OF SUBJECT PROPERTIES AND INFRASTRUCTURE – BEFORE IMPROVEMENTS

Subject Properties

Typical Single-Family Lot – 315 Orchard Street S.: This is a single-family home located on the east side of Orchard Street South, between 3rd and 4th Streets West. According to county records, this one-story home was built in 1957, has an above-grade living area of 976 square feet, and a detached three-car garage. The house sits on a generally level, open landscaped lot with a total area of 10,890 square feet or 0.25 acres. The lot has 66 feet of street frontage.

Multifamily Property – 417 3rd Street W.: This is a fourplex located at the southeast corner of 3rd Street West and Poplar Street South. According to county records, this 1.5-story structure was built in 1889, has a total gross living area of 3,864 square feet, and a detached three-car garage. The fourplex sits on a generally level, open landscaped lot with a total area of 11,880 square feet or 0.27 acres. The lot has 82.50 feet of frontage along 3rd Street West and 144 feet of frontage along Poplar Street South.

Typical Commercial Lot – 411 3rd Street W.: This is the Northfield Arts Guild property located along the south side of 3rd Street West. According to county records, this one-story commercial building was built in 1900 and 2003, and has 2,585 square feet of above grade building area. The building sits on a generally level, open landscaped lot with a total area of 11,921 square feet or 0.27 acres. The lot has 82.50 feet of street frontage.

Longfellow School – 201 Orchard Street S.: This is a two-story school building with a brick exterior which, according to county records, was built in 1948 and has a total building area of 35,694 square feet. The school building, together with playground and paved parking lot areas, occupies a full city block bounded by Second, Third, Orchard and Plum Streets. The total site area is 108,900 square feet or 2.50 acres. Topography is level to moderately sloping, generally following the grade of adjoining streets. Orchard Street on the west has a downhill slope from south to north, and Second Street on the north has a moderately downhill slope from east to west. The property has approximately 330 feet of frontage on each street, for a total of about 1,320 feet.

St. John's Lutheran Church – 500 Third Street W.: This church facility, according to county records, was originally built in 1912, with apparent subsequent additions and a total building area of 26,972 square feet. The church building, together with paved parking lot areas, occupies nearly a full city block bounded by Second, Third, Plum and Poplar Streets; the only exception to what would otherwise comprise a full block of church ownership is a home located at southeast corner of Second and Plum Streets with a lot with dimensions of about 50 by 132 feet. Topography is generally level and at grade with the fronting streets. The property has approximately 330 feet of frontage each on Poplar and Third Streets, about 280 feet on Second Street, and 198 feet on Plum Street, for a total of about 1,138 feet.

The St. John's Church site, comprising six separate tax parcels, has a total land area as follows:

Largest parcel (containing building)	– PID #22.36.4.51.076	54,450 SF – 1.25 acres
Smaller parcels	– PID #22.36.4.51.077	10,354 SF – 0.24 acres
	#22.36.4.51.078	6,393 SF – 0.16 acres
	#22.36.4.51.080	10,890 SF – 0.25 acres
	#22.36.4.51.081	10,890 SF – 0.25 acres
	#22.36.4.51.076	<u>10,890 SF – 0.25 acres</u>
Total Property		103,867 SF – 2.38 acres

Malt-O-Meal Plant – North and south sides of Hwy. 19, adjoining northwest side of Soo Line Rail Corridor: The Malt-O-Meal food production plant contains 12 tax parcels, which together form the plant's operations – the plant, according to county records, has been constructed in multiple phases, and contains in excess of 850,000 square feet of building area. The main site containing the food production building consists of four tax parcels totaling about 16.8 acres on the south side of Highway 19, while the remaining eight parcels totaling about 3.6 acres are located across highway 19 to the north, forming two employee parking lots. Though only the north parcels front streets proposed for improvements in the 2019 reclamation project, they are highly integral to the south parcels containing the plant; the north and south parcels cannot be considered separate properties from a use perspective. Despite the fact that the north and south parcels are not contiguous, they are in close proximity to each other and clearly work together in the operation of the food production plant.

The Malt-O-Meal site, comprising 12 separate tax parcels, has a total land area as follows:

Parcels	– PID #22.01.2.26.001	470,448 SF – 10.80 acres *
	#22.01.1.25.002	199,726 SF – 4.59 acres *
	#22.01.2.26.002	60,984 SF – 1.40 acres *
	#22.01.1.26.024	29,898 SF – 0.69 acres
	#22.01.1.26.025	32,670 SF – 0.75 acres
	#22.01.1.26.026	10,890 SF – 0.25 acres
	#22.01.1.26.031	32,670 SF – 0.75 acres
	#22.01.1.26.032	10,890 SF – 0.25 acres
	#22.01.1.26.033	22,770 SF – 0.52 acres
	#22.01.1.26.034	9,900 SF – 0.23 acres
	#22.01.1.26.030	5,445 SF – 0.13 acres
	#22.01.1.25.001	<u>100 SF – 0.002 acres *</u>
Total Property		836,391 SF – 20.35 acres

* Denotes the four tax parcels south of Highway 19.

The site has approximately 3,460 feet of street frontage, which includes 260 feet on Plum Street South, 520 feet on Orchard Street South, 200 feet on Odd Fellows Lane and 2,480 feet on Highway 19. It is noted that the site also adjoins, and has access to, the Soo Line Rail Corridor. All street frontages provide access to the property, except the 640 feet of frontage on the north side of Highway 19, which has no access points.

Odd Fellows Campus – West side of Odd Fellows Lane between Forest Avenue and Hwy. 19: The Odd Fellows Campus consists of five contiguous tax parcels which together contain various residential-oriented buildings used for nursing care, senior living, affordable housing, and similar functions operated by the Minnesota Odd Fellows fraternal organization. The property is located along the west side of Odd Fellows Lane, with frontage also along the south side of Forest Avenue and the north side of Highway 19. The site has approximately 2,100 feet of street frontage: 610 feet on Odd Fellows Lane, 720 feet on Forest Avenue and 770 feet on Highway 19. Odd Fellows Lane and Forest Avenue each have two access points leading to the property. Though there is no direct access to the property along the Highway 19 frontage, there is access available from this roadway via an apparent easement across the driveway and part of the parking lot of the commercial property adjacent west, allowing for a driveway extending into the southwest part of the subject property.

The Odd Fellows Campus site, comprising five separate tax parcels, has a total land area as follows:

Parcels	– PID #22.01.2.01.001	143,748 SF – 3.30 acres
	#22.01.2.01.002	291,852 SF – 6.70 acres
	#22.01.2.01.004	69,696 SF – 1.60 acres
	#22.01.2.01.005	56,628 SF – 1.30 acres
	#22.01.2.01.006	<u>78,408 SF – 1.80 acres</u>
Total Property		640,332 SF – 14.70 acres

Infrastructure

The streets for the project area are generally in residential neighborhood areas. All of the streets within the project area are classified as local roadways and experience relatively low volumes of traffic.

Streets: The streets within the project area are all bituminous surfaced with concrete curb and gutter. The pavement widths vary, ranging from 25' to 45' along through street segments – measured from curb face to curb face. The streets within the project area were constructed in the 1980s, and have received varying levels of maintenance over the years including sealcoating, mill and overlays and reclaiming. The streets are aged and exhibit wear and distress. The pavement is generally in fair to poor condition with significant transverse and longitudinal cracking, alligator cracking, potholes and rutting. Some street segments have significant settlements, which allow water to pond, infiltrate and weaken the subgrade; this has led to frost heaving, and additional transverse cracking during freeze-thaw cycles.

The existing concrete curb and gutter is in fair to good condition. It is noted that some curb settlements have caused areas of poor drainage along the edge of the pavement in various locations.

Concrete sidewalks exist along the north side of the Forest Avenue Loop, on the north/south side of Forest Avenue, on the north/south side of 3rd Street, and on the east/west side of Plum Street, Poplar Street and Orchard Street. The sidewalk is in fair condition with cracking, heaving and spalling evident in several areas.

Storm Sewer: There are no known drainage issues in the project area and all piping is assumed to be in adequate condition. There is one culvert located near the intersection of 4th and Plum Streets that may need some minor improvements or further analysis to determine what it is draining and the condition of the pipe.

The current pipe network consists of Reinforced Concrete Pipe (RCP) with sizes ranging from 12" to 24" in diameter. The catch basins in the project area consist of precast concrete and block structures with 2' x 2' or 2' x 3' castings. The systems have multiple outfalls to local treatment basins, but all ultimately discharge to the Cannon River.

Sanitary Sewer: Televising reports of the existing sanitary sewer system have not been fully completed at this time. The reports that have been completed have revealed that the existing mains all have some degree of deterioration. However, overall, the sewers on the streets in the project area are classified in fair to good condition. The sanitary sewer manholes along the project streets are pre-cast concrete and are in fair to good condition. Throughout the project, different castings are used, some of which are 24-inch in diameter with open pick-holes. These castings are no longer used in sewer construction since they allow unwanted inflow of storm water into the system.

Watermain: Improvements to the water system generally are driven by capacity needs rather than operational conditions. As such, there are only a few areas within the project boundaries where additional capacity is needed per the City of Northfield's Comprehensive Plan. Service lines to individual homes and businesses within the project area are anticipated to be ¾-inch or 1-inch diameter and their material may be copper, steel or lead.

The water system in the project area contains hydrants and gate valves that were installed the same time as the mains and services. They are anticipated to be operational but do not conform to current City Standards.

Table 1 Summary of Existing Watermain to be Improved				
Street	Size	Material	Age	Condition
Orchard Street (4 th Street to 5 th Street)	4"	Cast Iron Pipe	30-40 Years	Fair
4 th Street (Orchard Street to Plum Street)	4"	Cast Iron Pipe	30-40 Years	Fair
Plum Street (4 th Street to 5 th Street)	N/A	N/A	N/A	N/A
3 rd Street (Orchard Street to Odd Fellow Lane)	8"	Ductile Iron	30-40 Years	Fair

Pedestrian Railroad Crossing: There is an existing railroad crossing located on 3rd Street, just west of Highway 3. The existing crossing does not meet current safety standards for pedestrians. Improvements are needed to construct ADA compliant pedestrian ramps on each side of the railroad to give pedestrians a place to land.

Retaining Walls: The retaining walls on the south portion of the project need to be inspected as part of the final design of the project. It appears that portions of the walls are in poor shape and may need to be replaced in conjunction with the project. Retaining walls that are starting to show wear and aging include Orchard Street (between 3rd and 4th Street), Plum Street (between 3rd and 4th Street), and 3rd Street (west of Plum Street).



DESCRIPTION OF PROPOSED IMPROVEMENTS

The 2019 Street Improvement Project will utilize full depth street reclamation and resurfacing to rehabilitate the existing street system. The proposed improvements are described as follows:

Streets: The streets proposed for improvement include Third Street, Fourth Street, Plum Street, Orchard Street, Poplar Street, Forest Avenue/Armstrong Road, and the Forest Avenue Loop. All of these streets have deteriorating pavement sections, but are not considered to be in bad enough condition that a complete reconstruction is necessary. The underlying utilities are in fair condition as well, so there is no need for a reconstruction due to this factor either.

The recommended improvements consist of reclaiming nine inches to 12 inches of the existing road base and pavement, recompacting the material and placing four inches of new bituminous pavement. The reclaim process involves grinding up the existing bituminous material, along with the base material beneath it and mixing them together. After the material is mixed, the machine places the material back within the roadway as it passes by. At that point the material is compacted and shaped to allow room for the new bituminous pavement. The project is proposing four inches of new bituminous pavement, so that will leave five to eight inches of reclaimed base material below. Spot curb and gutter will be replaced if it is severely damaged or are not allowing proper drainage.

New sidewalk is planned to be installed on Armstrong Road/Forest Avenue (from Highway 19 to Lincoln Street South), 4th Street (from Odd Fellows Lane to Poplar Street), Orchard Street (south of 4th Street West), and Plum Street (south of 4th Street West). Each improvement will connect important portions of the pedestrian system with the existing sidewalk locations.

Storm Sewer: The City of Northfield has reviewed the condition on the existing storm sewer system located in the project and has determined that it is in satisfactory condition. Thus, limited rehabilitation work is needed to the storm sewer system at this time.

Work on the storm sewer as part of the project includes adjusting the storm sewer castings and covers to provide a smooth/drivable street surface in conjunction with the street resurfacing portion of the project and minor grouting and concrete patching of the structures may also be completed to prevent infiltration/exfiltration in/out of the storm sewer manhole for a majority of the applicable structures. There are also several structures that are proposed to be replaced due to deterioration and one structure is proposed to be added.

Sanitary Sewer: The City of Northfield has reviewed the condition on the existing sanitary sewer system located within the boundaries of the project and have determined that it is in satisfactory condition. As such, limited rehabilitation work is needed to the sanitary sewer system at this time.

Work on the sanitary sewer as part of the project includes adjusting the sanitary sewer castings and covers to provide a smooth/drivable street surface in conjunction with the street resurfacing project. Minor grouting and concrete patching of the structures may also be completed to proven infiltration/exfiltration in/out of the sanitary sewer manhole.

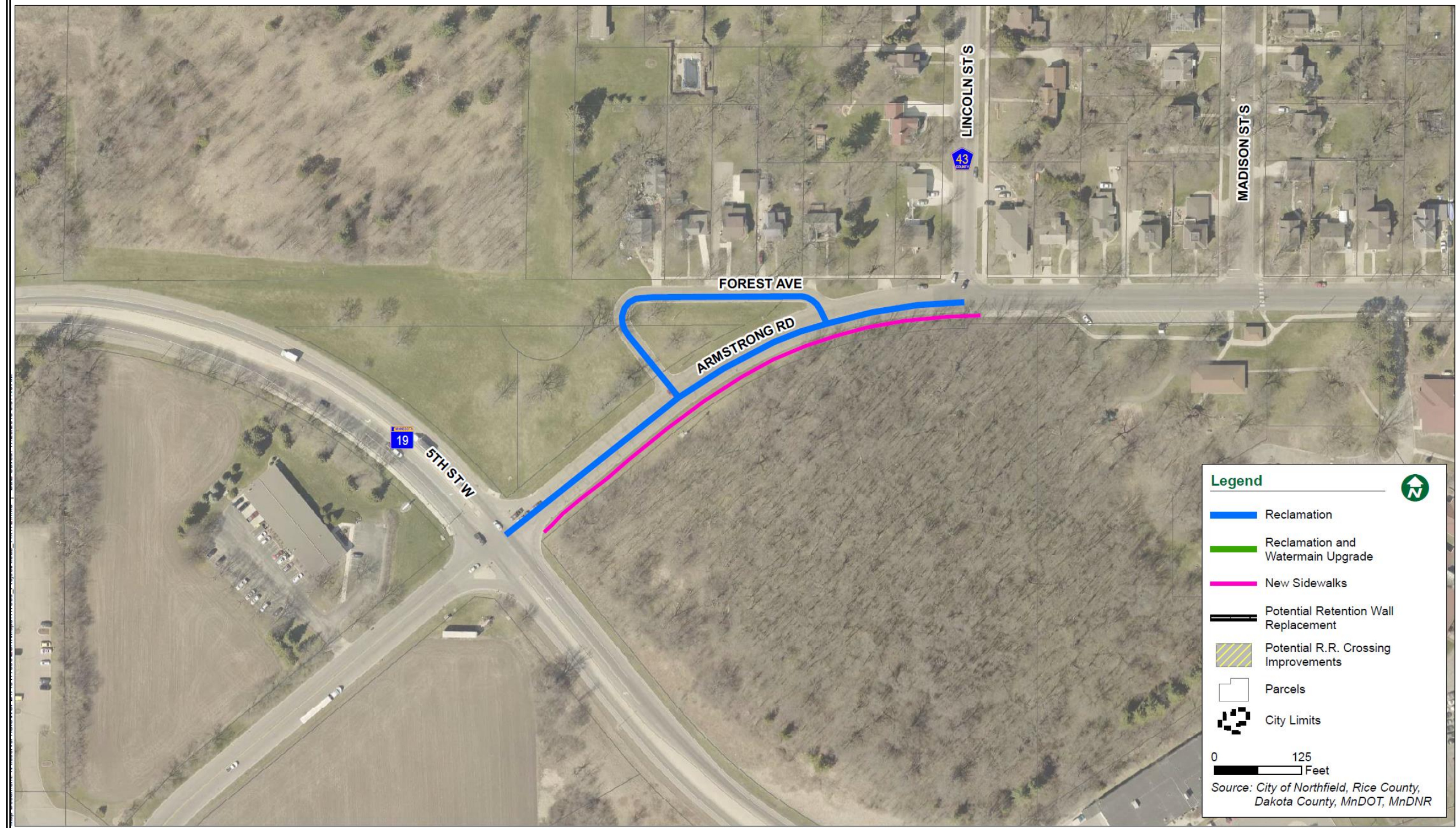
Watermain: Improvements to the public water system are required as part of this project to continue with the City's comprehensive plan. All new watermain will be installed using Ductile Iron Pipe (DIP). Proposed water system improvements in the project area include replacing the existing 4-inch watermain on Orchard Street (4th Street to 5th Street) and 4th Street (Orchard Street to Plum Street) with a new 8-inch watermain to supply property capacity for future development and fire suppression needs.

Another improvement to the water system includes installing an 8-inch watermain on Plum Street (4th Street to 5th Street) to connect the missing watermain system loop. Lastly, the existing 8-inch watermain on 3rd Street (Odd Fellows Lane to Orchard Street) will be replaced with a 12-inch watermain to support future capacity needs outlined in the City's comprehensive plan.

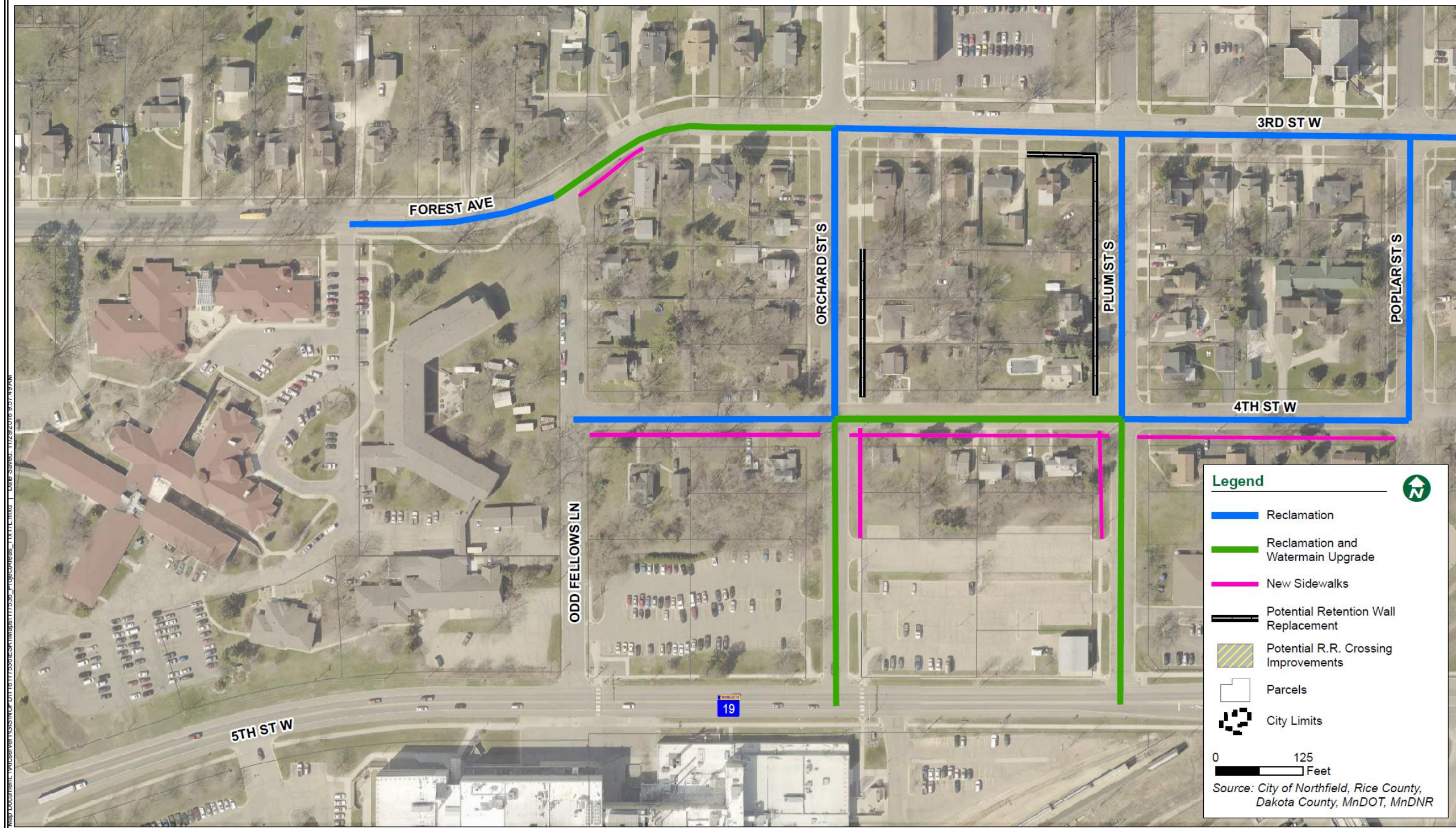
The water service lines to individual residences are also proposed for replacement with 1-inch copper lines as part of the project.

Pedestrian Railroad Crossing: ADA compliant pedestrian ramps will be installed on each side of the railroad to provide a property landing area for pedestrian travelers.

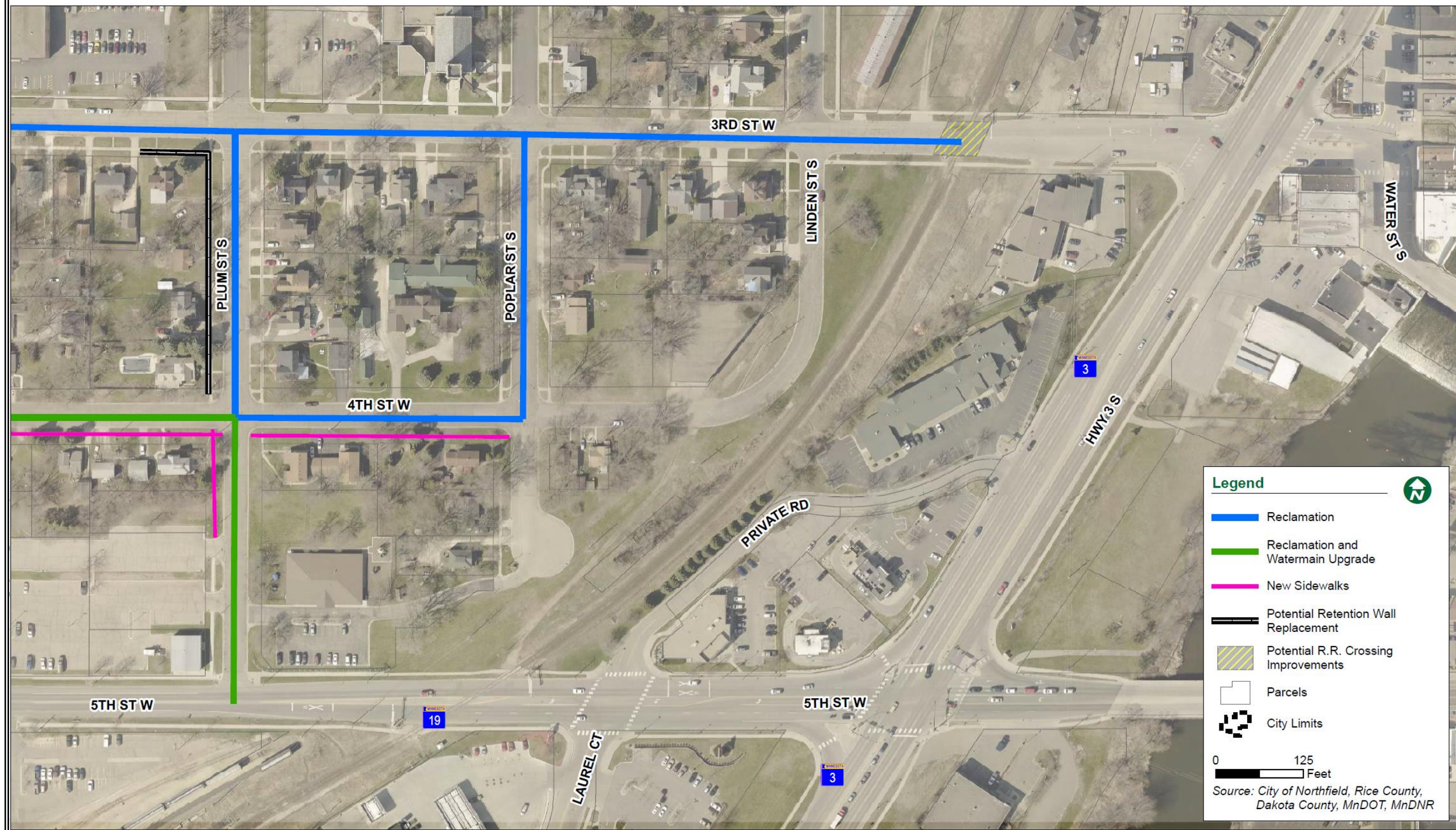
Retaining Walls: Partial/spot retaining wall replacement is anticipated. Due to the age and wear of the existing walls, it is anticipated that portions of the walls will need to be removed and replaced. The areas where this work is being considered is along Orchard Street (between 3rd and 4th Street), Plum Street (between 3rd and 4th Street), and 3rd Street (west of Plum Street).



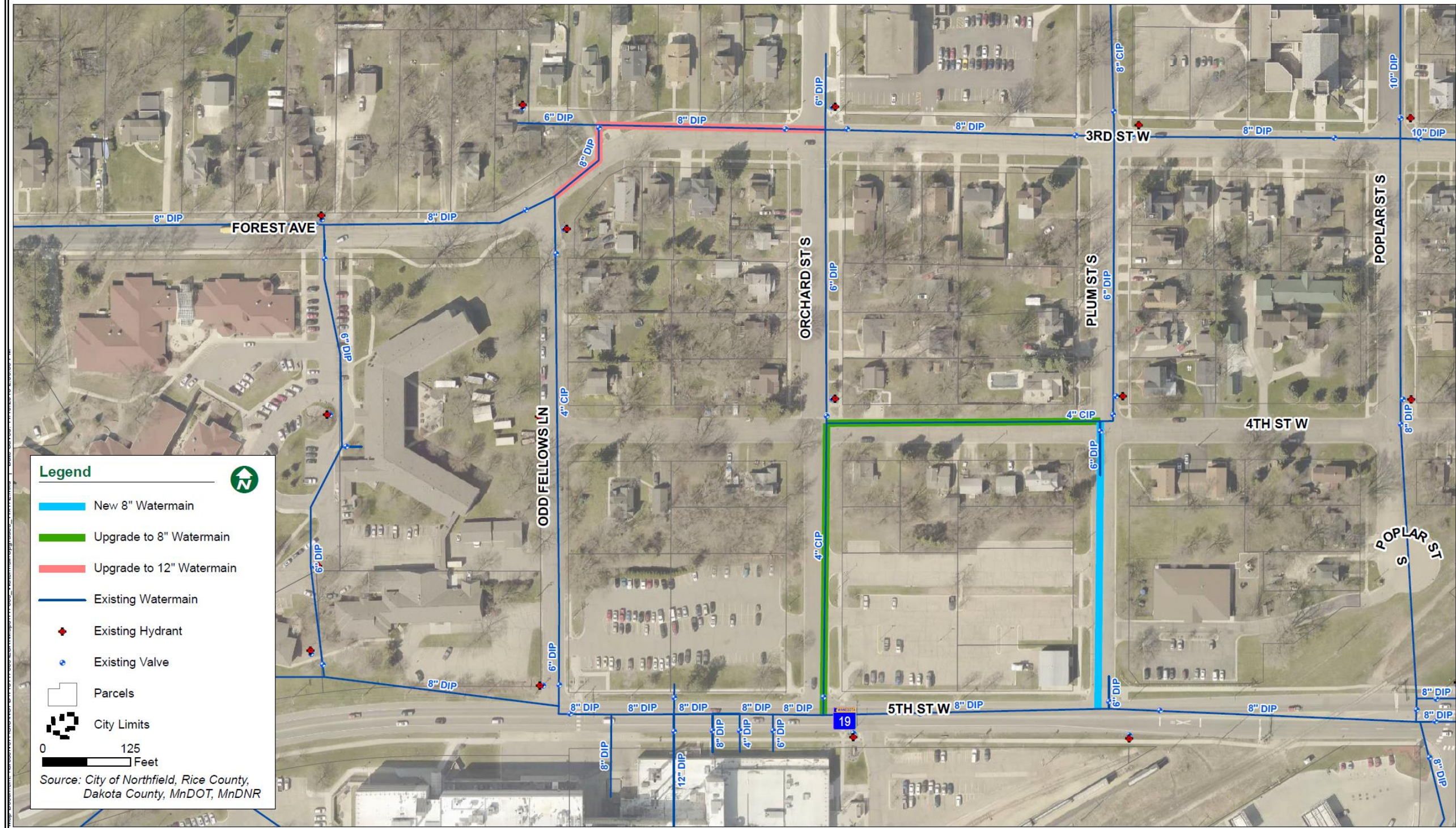
Northfield 2019 Street Improvement Project Area Map – Area 2



Northfield 2019 Street Improvement Project Area Map – Area 2



Northfield 2019 Street Improvement Project Area Map – Area 2



Northfield 2019 Street Improvement Project Area Map – Area 2

HIGHEST AND BEST USE ANALYSIS

The term highest and best use is defined in The Dictionary of Real Estate Appraisal, sixth edition, published in 2015 by the Appraisal Institute, as:

“The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.”

Highest and Best Use – Before Street Improvements

As Vacant: The Typical Single-Family Lot is a generally level, open landscaped lot located in the established central part of Northfield. The lot, which has a land area of 10,890 square feet (0.25 acres) and is zoned R1-B, Low Density Residential, is amongst other lots similar in size and zoning which are improved primarily with single-family homes.

After a significant downturn which lasted several years, the housing market is now showing significant and sustained levels of improvement, largely as a result of the steadily improving economy. Recent market activity indicates there is increased demand for residential lots and that prices have increased substantially as well above the recessionary price levels, especially within the past few years. If the subject lot was vacant, offered on the market and priced competitively, it would attract a sufficient number of interested buyer prospects to allow the property to be sold within a reasonable amount of exposure time.

Consideration of relevant factors governing and influencing the subject property has led to the conclusion that the highest and best use, as vacant, is for development with a single-family home.

The Multifamily Property is a corner lot located on the south side of 3rd Street West and the east side of Poplar Street South. The site, which has a land area of 11,880 square feet (0.27 acres), is zoned C1-B, Downtown, which allows commercial as well as residential uses. Land uses contained within the block – those properties east of Poplar Street, south of 3rd Street and north and west of Linden Street – include the subject fourplex, a commercial building operated as Northfield Arts Guild, an industrial building owned by Multek Flexible Circuits, and single-family homes. Considering the surrounding development, the property would attract interest for multifamily residential use if vacant and available for development.

As discussed to some extent previously, in general the housing market has shown significant and sustained levels of improvement, largely as a result of the steadily improving economy. Similar to the single-family market, the market for multifamily rental housing has shown substantive improvement, driven by increased demand for rental units. The subject property is a reasonably attractive apartment site given its location in a built-up homogeneous residential area with good access to major highways, shopping, etc.

It is noted that the current improvement on the site is a fourplex, which reflects a development density of 14.81 units per acre, and appears to be maximizing the site. In the absence of the current improvements, it appears physically possible, legally permissible and financially feasible to develop the lot with multifamily use to a density of about 14.81 units per acre.

Consideration of relevant factors governing and influencing the subject property has led to the conclusion that the highest and best use, as vacant, is for development with a multifamily use.

The Typical Commercial Lot reflects a non-corner lot located on the south side of 3rd Street West, between Poplar Street South and Linden Street South. The site, which has a land area of 11,921 square feet (0.27 acres), is zoned C1-B, Downtown, which allows commercial as well as residential uses. The Typical Commercial Lot is on the same block as the previously described Multifamily Property. Considering the physical and legal aspects of the site, combined with the surrounding uses, the property would attract interest for a lower-intensity commercial use if vacant and available for development. Lower-intensity commercial uses could include office, studio, theater, etc. It is noted that the site is currently improved with a theater building, which appears to be a viable operation/use.

Based on the foregoing discussion, it is concluded that the highest and best use of the site, as vacant, is for commercial use.

The Longfellow School site comprises an entire city block, with street frontage on all four sides, containing 2.50 acres. Though the site currently contains a school and the property is zoned PI-S, Public & Institutional, one must consider the highest and best use of the land, as vacant and in the absence of the school, which is a special-purpose property commonly found in residential areas. In the absence of the school, which is located on this particular site only coincidentally, rather than due to the site attributes, the land would have the same zoning as that surrounding it, which is R1-B, Low Density Residential. If vacant, the land would be considered and evaluated in terms of its ability to support development with single-family homes, which is the predominant surrounding use and would be the most compatible use in this location.

R1-B zoning requires a minimum lot width of 50 feet and a maximum of 75 feet. Based on typical lots in the area and the likely demands of the market given current home construction standards, it is concluded that lot widths of approximately 65 to 66 feet would be most appropriate to apply when subdividing this city block. The site could support about 12 66-foot lots, given the four street frontages of 330 feet each (two opposing street frontages could contain five lots each, and the other two opposing street frontages could contain one lot each). This reflects a development density of 4.80 lots per acre ($12 \text{ lots} \div 2.50 \text{ acres} = 4.80 \text{ lots/acre}$).

Based on the foregoing discussion, it is concluded that the highest and best use of the Longfellow School site, as vacant, is for subdivision into approximately 12 single-family lots and development with new homes.

The St. John's Lutheran Church site is very similar to the Longfellow School site, in that it comprises nearly an entire city block, with street frontage on all four sides, and it contains a total land area of 2.38 acres. Other similarities are that the church location on this particular site is coincidental; churches are often found in residential areas, but there is no particular reason the church is on this particular block as opposed to another block in the neighborhood.

If the land were vacant, the most likely approach to using the site would be for subdivision and single-family home development, similar to the Longfellow School Site. The St. John's Church site is slightly smaller, given the single home lot exception area from the northwest corner of the block. Rather than being able to support 12 66-foot lots, 11 lots would be more likely, which reflects a development density of 4.62 lots per acre ($11 \text{ lots} \div 2.38 \text{ acres} = 4.62 \text{ lots/acre}$).

It is concluded that the highest and best use of the St. John's Church site, as vacant, is for subdivision into approximately 11 single-family lots and development with new homes.

The Malt-O-Meal Plant property is comprised of 12 tax parcels of land. There are four contiguous tax parcels totaling about 16.8 acres on the south side of Highway 19, while there are eight tax parcels totaling about 3.6 acres on the north side of Highway 19. The northerly eight tax parcels are further divided into: 1) three contiguous tax parcels of land comprised of 1.69 acres located along the north side of Highway 19, the east side of Odd Fellows Lane and the west side of Orchard Street South, and 2) five contiguous tax parcels of land comprised of 1.88 acres located along the north side of Highway 19, the east side of Orchard Street South and the west side of Plum Street South.

The 12 tax parcels of land are zoned I1-B, Industrial, which permits a wide variety of general commercial use, including restaurant, retail store, auto service, gas station, bar/tavern, office and others. Industrial-oriented permitted uses include auto/truck repair, distribution facilities, indoor and outdoor industrial uses including open storage, warehouse, wholesale, lumber yard and others. Lot requirements include minimum lot size of 20,000 square feet, minimum lot width of 100 feet, building setbacks of 20 feet for front and 15 feet for side, parking setbacks of 5 feet from lot lines and 10 feet from public street right of way, and maximum building height of 50 feet.

In the absence of the Malt-O-Meal Plant improvements, which currently occupy the southern 16.8 acres, the highest and best use as vacant would be to subdivide the 20.35-acre property into three individual sites. It is highly likely that each of the three smaller sites subdivided from the subject 20.35-acre property would command higher prices per square foot than if the property were left as a single 20.35-acre property. The three subdivided sites would be as follows: 1) the four contiguous tax parcels comprised of 16.8 acres located along the south side of Highway 19, 2) the three contiguous tax parcels comprised of 1.69 acres located along the north side of Highway 19, between Odd Fellows Lane and Orchard Street South, and 3) the five contiguous tax parcels comprised of 1.88 acres located along the north side of Highway 19, between Orchard Street South and Plum Street South. The creation of the three subdivided sites is physically possible, legally permissible, financially feasible, and is the most maximally productive use for the subject as though vacant.

Based on the foregoing discussion, it is concluded that the highest and best use of the Malt-O-Meal Plant property, as vacant, is for subdivision into three sites to be used for industrial use.

The Odd Fellows Campus reflects five contiguous, commonly owned tax parcels located along the west side of Odd Fellows Lane, and fronting the south side of Forest Avenue and the north side of Highway 19. The property, which has a total land area of 14.70 acres, is zoned R3-B, High Density Residential. The property is fairly similar to the Longfellow School and St. John's Lutheran Church properties, which were analyzed earlier; in the absence of the current improvements on the site which are residential-oriented buildings used for nursing care, senior living and affordable housing, the land would be considered and evaluated in terms of its ability to support general multifamily development (i.e., apartments). The R3-B District is intended for housing densities of between 15.1 and 25 units per acre.

The site is generally level, with a mix of open and treed areas. It has all the physical and legal attributes necessary for multifamily development, and multifamily development is judged to be financially feasible, given current market conditions which are favorable for apartment development, including in the area of the subject property. If offered on the market, it is mostly likely that the five parcels would be sold, developed and used as one property.

Consideration of relevant factors governing and influencing the subject property has led to the conclusion that the highest and best use, as vacant, is for high density multifamily residential development, as allowable within the current R-3B, High Density Residential zoning. In the absence of a site development plan, it is reasonable to conclude that the site could be developed to a density of about 20 units per acre, which is in the middle of the range allowed by R-3B zoning.

As Improved: The Typical Single-Family Lot is improved with a one-story single-family home built in 1957, with an above-grade living area of 976 square feet and a detached three-car garage. The existing use is highly consistent with the highest and best use of the land, as vacant. The highest and best use of the property, as improved, is for continued use as a single-family home.

The Multifamily Property is improved with a fourplex building. The fourplex was built in 1889 and contains a total gross living area of 3,864 square feet. The existing use is highly consistent with the highest and best use of the land, as vacant. The highest and best use of the property, as improved, is for continued use as a fourplex building.

The Typical Commercial Lot is improved with a one-story commercial building built in 1900 and 2003, and comprised of approximately 2,585 square feet of above grade building area. The existing commercial building improvements are highly consistent with the highest and best use of the land, as vacant. The highest and best use of the property, as improved, is for continued use as a commercial building property.

The Longfellow School is part of the Northfield Public Schools District, and is home to early childhood programs, Ventures Childcare and the area learning center. The existing school building, as currently used, reflects a non-economic use, and is not consistent with the highest and best use of the land, as vacant. However, it is noted that school buildings can and do generate rent (e.g., when leased to charter schools, etc.). As such, the existing improvements have the capacity to support an economic use, and do provide contributory value, beyond the value of the land alone. Therefore, the current improvements are considered to reflect the highest and best use of the site, as improved.

The St. John's Lutheran Church is a member of the Evangelical Lutheran Church in America (ELCA), and has not-for-profit tax status. The existing church building is a non-economic use, and is not consistent with the highest and best use of the land, as vacant. However, the existing improvements do have the capacity to generate rent, as an alternative to the presumed current rent-free occupancy situation, and thus provide contributory value, beyond the value of the land alone. Therefore, the current improvements are considered to reflect the highest and best use of the site as improved.

The Malt-O-Meal Plant contains 12 tax parcels totaling 20.35 acres which together form the plant's operations. The main site containing the food production building consists of four tax parcels totaling about 16.8 acres on the south side of Highway 19, while the remaining eight parcels totaling about 3.6 acres are located across Highway 19 to the north, forming two employee parking lots. Though the northerly eight parcels are not contiguous with the southerly three parcels (separated by road), the northerly parcels are highly integral to the south parcels containing the plant as they are used for employee parking. Therefore, the north and south parcels cannot be considered separate properties from a use perspective. Despite the fact that the north and south parcels are not contiguous, they clearly work together in the operation of the food production plant.

Given the substantial capital investment on the land in terms of the presence of more than 850,00 square feet of building and other improvements and the apparent viability of the existing food production operation, it can be reasonably anticipated that the current food production use on the entire 20.35 acres of land will continue well into the foreseeable future. Consequently, it is concluded that the highest and best use of the Malt-O-Meal Plant property, as improved, is for continuation of its current use on the 20.35 acres of land in its entirety.

The Odd Fellow Campus contains various residential-oriented buildings used for nursing care, senior living, affordable housing, and similar functions operated by the Minnesota Odd Fellows fraternal organization. In general terms, the existing campus use is consistent with the highest and best use of the land, as vacant, as it reflects a high-density residential use. The existing improvements provide substantial contributory value, beyond the value of the land alone. Therefore, the current use is considered to be the highest and best use of the property, as improved.

Highest and Best Use – After Street Improvements

The proposed street improvements do not cause a change in the highest and best use, as vacant or as improved, of the subject properties. The preceding conclusions of highest and best use in the before position remain valid in the after position, when the proposed project is completed.

SPECIAL BENEFIT CONSIDERATIONS AND CONCLUSIONS

1. Before the proposed improvements, the surface of the street sections in the area of the subject properties, including those on which the subject properties front, are significantly old, worn and deteriorated. The overall condition reflects that the pavement has generally reached, or is close to reaching, the end of its physical life expectancy. It can be anticipated that further deterioration will result in a worsening of existing problems associated with the advanced age, including improper street drainage, uneven driving surfaces, increased formation of potholes, etc.
2. The condition and quality of streets and utilities serving and fronting commercial, residential and other properties influences the value, curb appeal and general desirability of the properties.
3. The rehabilitation of the streets in the project area of the proposed Northfield 2019 Street Reclamation Project improves the safety, convenience and general appeal of access into and out of properties in the project area. The rehabilitation process reverses the deteriorating state of the existing pavement and areas of failing concrete curb and gutter, and the improvements will result in optimum drainage of the street to promote a long lifespan of the new street surface.
4. The proposed improvements will result in some general benefits which flow to passing motorists using the roadway and to the larger Northfield community. However, they also will result in special benefits to individual properties fronting the streets to be improved, including the subject properties and those indicated by the city for assessment (unless otherwise noted).
5. The land value increase for each property, on a percentage basis as well as on a per-square-foot basis and a per-front-foot basis, resulting from the street improvements can vary, and in this appraisal they do vary. This is due to differences among the properties in highest and best use, parcel configuration, amount of street frontage, number of fronting streets, source of access, and/or total land area within a parcel, among other factors. For example, the Longfellow School site occupies an entire city block, with streets on all four sides. The current project involves rehabilitating (reclamation of) only one of the four street frontages; the other three frontages were improved recently as part of an earlier street project. The special benefit flowing to this property is less than it would otherwise be, were all four street frontages being rehabilitated as part of the current project.

This situation is similar to that of other properties appraised in this report, including St. John's Lutheran Church, the Malt-O-Meal Plant and Odd Fellows Campus – these properties all have multiple street frontages, and only a portion of the frontages are being rehabilitated as part of the current project.

THE APPRAISAL PROCESS

There are three basic valuation methodologies that may be used in estimating the market value of real estate: the Cost Approach, the Sales Comparison Approach and the Income Approach. These three valuation approaches analyze data from the market to develop independent value indications for the subject property.

The **Cost Approach** is based on the premise that an informed buyer will pay no more for a property than the cost of constructing a comparable property with similar utility. In this analysis, the cost to reproduce or replace the improvements is calculated, which is reduced by the estimated accrued depreciation that has occurred. Accrued depreciation includes physical deterioration, functional obsolescence, and external obsolescence. To the depreciated value of the improvements is then added the site value, which is estimated through the direct comparison with other vacant sites that have sold in the area in recent years, with adjustments made for dissimilarities. The Cost Approach is particularly applicable and reliable when the property being appraised is relatively new with little accrued depreciation, or is of a highly specialized design and/or utility.

The **Sales Comparison Approach** has as its premise a comparison of the subject property with others of similar design, utility and features that have sold in the recent past. To indicate a value for the property, adjustments are made to the comparables for dissimilarities with the subject property. This approach is based on the proposition that an informed buyer would pay no more for a property than the cost of acquiring an existing property with the same utility. This approach is most applicable and reliable when an active market provides sufficient sales of comparable properties for analysis.

The **Income Approach** develops a value estimate for a property predicated on a detailed analysis of its earnings potential and the rate of return on an investment demanded by prudent investors in the marketplace. This analysis converts anticipated benefits and income to be derived from ownership of a property into a value estimate. Detailed income and expense analysis results in a net operating income that the subject is able to generate, which is then converted to a value indication for the property through the capitalization process.

The final step of the appraisal process involves the appraiser analyzing the strengths and weaknesses of each of the three approaches utilized, with the value indications reconciled and correlated to arrive at a final value estimate for the property.

Valuation Approaches Used In This Appraisal

As previously discussed, the value benefits to real estate resulting from public improvements such as street reconstruction/rehabilitation and/or utility replacement flow to the land components of benefited properties, rather than to the improvements. Consequently, in this appraisal only the land components of the subject properties are being appraised for the purpose of arriving at opinions of special benefits.

The subject land is appraised by applying the Sales Comparison Approach, which involves researching and analyzing recent sales of comparable land. The Cost and Income Approaches typically apply only when there are improvements being valued in addition to land. Since this is a land-only valuation, these two approaches are not applicable.

SPECIAL BENEFIT ANALYSIS PROCESS

Arriving at an opinion of special value benefits accruing to the subject properties as a result of the proposed improvements is accomplished by developing "before improvements" and "after improvements" opinions of market value for the subject land. The improvements on the land are concluded to have the same value contributions to the total property value in both the "before and after" improvements positions. Consequently, the extent of special value benefits from the public improvements project can be reliably derived by analyzing the value of the land only, by processing the Sales Comparison Approach.

The available data pertaining to relevant land transactions for this analysis for the most part pertain to tracts of land which front new or newer streets in relatively good condition. Consequently, **the initial focus of this appraisal will be the "after" position**, in which it is assumed the proposed street improvements in the subject area have been completed. The comparable land sales will be compared to the subject with the newly rehabilitated improvements in place to arrive at an opinion of the subject "after" land value. **Following the "after" valuation, the subject land in its existing "before" state will be addressed**, and a value conclusion will be made reflecting the streets in need of rehabilitation. Finally, the "after" and "before" values will be compared for the purposes of deriving the special benefits associated with the street improvement project.

LAND VALUE AFTER IMPROVEMENTS

SALES COMPARISON APPROACH

The Sales Comparison Approach, which involves the comparison of recently sold land parcels similar to the subject property, is applied to the valuation of the subject properties. The comparable sale prices are analyzed and adjustments are made for value-related differences relative to the subject properties. The result of the analysis and adjustments is the generation of a range of value indications for the subject land. The strengths and weaknesses of each comparable sale and its value indication are evaluated before arriving at a final value opinion for each of the subject land parcels.

In applying the Sales Comparison Approach to the valuation of the subject land, an in-depth search was undertaken to locate data on recent sales of land with a similar highest and best use. Several sources that were checked for land sales information included the appraisal office files, county records, local data exchanges providing sale information, and the Multiple Listing Service. On following pages is the most pertinent data researched for the valuation of the subject land.

Typical Single-Family Lot Valuation – After

Comparable Land Sales Summary - After Improvements - Typical Single-Family Lot								
#	Location/ PID#	Sale Date	Sale Price ¹	Buyer Seller	Land Area, ² Lot Dimens.	Price/SF	Zoning	Comments
1	1901 Wilcox Boulevard E. Northfield 22.07.2.76.029	5/10/18	\$50,000	Daniel & Elizabeth Johnson Hu Ken & Li Ying Wang	8,190 SF 0.19 ac. 60' x 136.50'	\$6.11	N1-B Neighborhood General 1	Level corner lot with minimal trees located in neighborhood of mid-priced single-family homes built in the 2000s. Listed on market for \$52,000 prior to sale; on market for about one year. Fronts and sides to newer streets in good condition.
2	712 Meadow View Drive Northfield 22.07.1.27.010	5/4/17	\$43,500	Dennis & Charlotte Meron Bruce & Ann Dybvik	10,200 SF 0.23 ac. 85' x 120'	\$4.26	N1-B Neighborhood General 1	Level interior lot with moderate tree cover located in neighborhood of mid-priced single-family homes built in the 1980s. Listed on market at ultimate sale price; on market for about one month. Fronting on street in good condition.
3	2007 Grant Drive Northfield 22.12.2.76.013	10/12/18	\$45,731	K Michael Homes, LLC Robert & Virgean Bond	10,946 SF 0.25 ac. 85' x 127' +/-	\$4.18	N1-B Neighborhood General 1	Level interior lot with minimal trees located in mixed-use neighborhood of mid-priced single-family homes built in the 1980s to 2000s, and apartment buildings of the same vintage. Listed on market for \$49,000 prior to sale; on market for about one month. Front and rear street are in good condition.
4	703 Aldrich Drive Northfield 22.07.1.29.006	4/29/16	\$50,000	Benjamin & Natasha Gjerdigen Cynthia Gibson	13,038 SF 0.30 ac. 109' x 120'	\$3.83	N1-B Neighborhood General 1	Level corner lot with no trees located in neighborhood of mid-priced single-family homes built in the 1990s/2000s. Listed on market for \$50,000 prior to sale; on market for about one month. Front and side street are in good condition.
Subject	315 Orchard Street S. Northfield 22.01.1.26.012	2/25/19 Value Date	---	---	10,890 SF 0.25 ac. 66' x 165'	---	R1-B Low Density Residential	Interior lot with minimal tree cover located west of downtown Northfield. In after project position, lot fronts rehabilitated (reclaimed) street.

¹ Sale price includes assumed special assessments and building demolition costs, if any.

² Land area excludes water and existing road right of way, if any.

COMPARABLE LAND SALES PLAT/PARCEL MAPS



Land Sale 1: 1901 Wilcox Boulevard East, Northfield



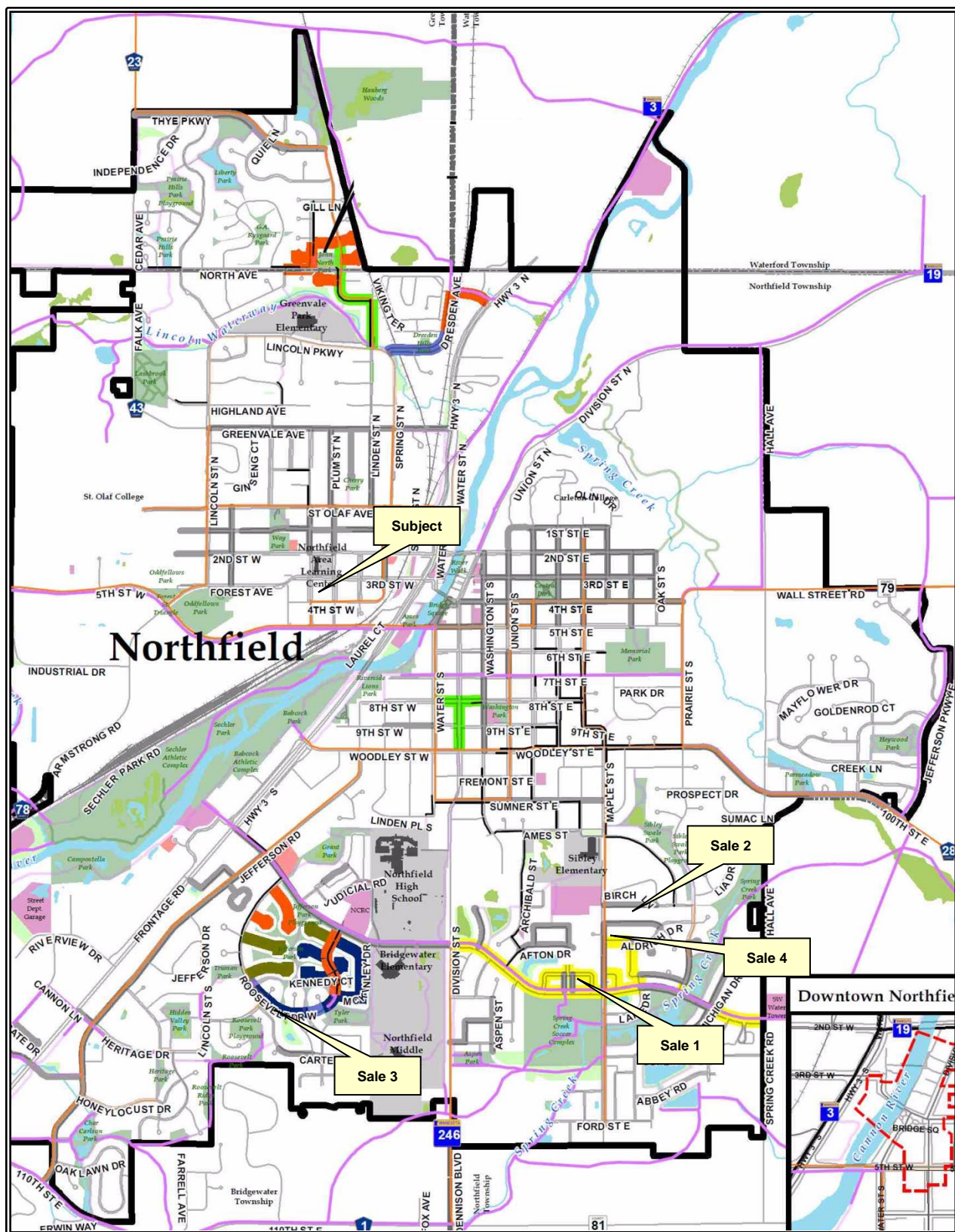
Land Sale 2: 712 Meadow View Drive, Northfield



Land Sale 3: 2007 Grant Drive, Northfield



Land Sale 4: 703 Aldrich Drive, Northfield



Analysis of Land Sales – After – Typical Single-Family Lot

The comparable land sales are adjusted for value-related differences in relation to the subject land. Upward adjustments are made to the comparable sale prices for characteristics inferior to the subject site, and downward adjustments are made for attributes which are superior to the subject. The land sales will be analyzed on the basis of the price per lot paid.

Following are items for which adjustments were considered and made, where applicable and necessary:

Property Rights Conveyed: If property rights different than those appraised for the subject property were transferred, an adjustment may be necessary (i.e., leased fee vs. fee simple).

Financing: The opinions of market value in this appraisal reflect payment in cash or cash equivalent terms. An adjustment may be necessary when the payment is something other than cash, or financing terms differ from those typically available in the market.

Sale Conditions: Consideration is given to whether transaction was arms-length or was influenced by conditions causing buyer or seller to be atypically motivated.

Market Conditions/Time: Reflects changes in prices, if any, between date of each comparable sale and valuation date, due to changes in market conditions. The effective date of valuation is February 25, 2019. The comparables sold between April 29, 2016 and October 12, 2018. Within the past several years, the housing market has been steadily improving and recovering after a major downturn that began in the latter half of the past decade.

According to Northstar Regional Multiple Listing Service (MLS) statistics, the average single-family home price in Northfield in 2018 was \$302,262 and 8.6% increase over \$278,318 in 2017. Prices of single-family homes increased on average 5.4% from 2016 to 2017 in Northfield. Note: the sales analyzed included single-family homes and excluded distressed sale situations; there were a total of 216 single-family home sales in 2016, 212 sales in 2017 and 172 sales in 2018. For this analysis, the comparable sales are adjusted based on an average price appreciation rate of 5% per year, from the date of the comparable sales to the effective date of valuation of February 25, 2019.

Location: Takes into account location factors such as proximity to major access routes and shopping, visibility, surrounding development, and general area desirability/demand. The sales are all located south of downtown Northfield, in newer neighborhoods. All of the sales were adjusted downward by varying degrees to reflect their superior locations.

Lot Size: Generally, as parcel size increases, total price increases, but price per square foot typically decreases. All sales are generally similar in size except for Sale 1, which is notably larger and adjusted downward.

Shape/Utility: Development utility is affected by shape and other factors, including items such as easements. Regular shaped sites with few or no restrictions from easements and other factors are preferred in the market. The subject is a rectangular-shaped site with no known significant easements or other encumbrances/restrictions. The site possesses good overall development utility. The sales are all rectangular-shaped with no significant easements or other encumbrances/restrictions; no adjustments were necessary.

Soils/Topography: Stable subsoils needing no corrective measures for building, and generally level to moderately sloping topography are preferred in the market. The subject is a generally level lot, as are the sales. No adjustments were necessary.

Tree Cover/View/Privacy: The subject lot has minimal trees, as did the comparable lots when they sold. There is no distinguishable difference between the subject and the comparables, from a value perspective, and therefore, no adjustments were necessary.

Streets/Utilities: In the “after” position, the subject lot fronts a rehabilitated (reclaimed) street with new pavement, fortified underlying base, new curb/gutter, where needed, and repaired utility components where needed. Sales 1, 3 and 4 front newer streets in good condition and no adjustments were necessary. Sale 2 fronts a street in average condition, which is inferior to the subject, and as such, an upward adjustment was necessary.

Presented on the following page is a land sales adjustment grid for the subject Typical Single-Family Lot in the after situation showing specific adjustments for the items discussed previously.

Land Sales Adjustment Grid - After Improvements - Typical SF Lot				
	Sale 1	Sale 2	Sale 3	Sale 4
Sale Price (\$/Lot)	\$50,000	\$43,500	\$45,731	\$50,000
Property Rights	x 1.00 \$50,000	x 1.00 \$43,500	x 1.00 \$45,731	x 1.00 \$50,000
Financing	x 1.00 \$50,000	x 1.00 \$43,500	x 1.00 \$45,731	x 1.00 \$50,000
Sale Conditions	x 1.00 \$50,000	x 1.00 \$43,500	x 1.00 \$45,731	x 1.00 \$50,000
Market Conditions	x 1.04	x 1.09	x 1.02	x 1.14
Adjusted Price	\$52,000	\$47,415	\$46,646	\$57,000
Location	-5%	-10%	-5%	-15%
Lot Size	-5%	0%	0%	0%
Shape/Utility	0%	0%	0%	0%
Soils/Topography	0%	0%	0%	0%
Tree Cover/View/Privacy	0%	0%	0%	0%
Streets/Utilities	0%	5%	0%	0%
Net Adjustment	-10%	-5%	-5%	-15%
Indicated Value For Subject	\$46,800	\$45,044	\$44,314	\$48,450

After adjustments, the land sale comparables result in value indications for the subject land ranging from \$44,314 to \$48,450. The average of the value indications is \$46,152, and consideration was given to all of the comparables. Market evidence best supports a value of approximately \$46,200.

OPINION OF LAND VALUE – AFTER IMPROVEMENTS: \$46,200
(Typical Single-Family Lot)

Multifamily Property Valuation – After

Comparable Land Sales Summary - After Street Improvements - Multifamily Property Valuation									
#	Location/ PID#	Sale Date	Sale Price ¹	Buyer Seller	Land Area	Price/SF	Density (Units/Acre)	Zoning	Comments
1	420 Ford Street E. Northfield 22.07.3.01.067	5/1/18	\$90,000	Northfield Holdings, LLC Vernon & Joan Koester	12,693 SF 0.29 ac.	\$7.09	27.59	N1-B Neighborhood General 1	Level and rectangular shaped site located along Ford St. E., just west of Maple St. S. Site is approved for eight back-to-back townhome units. Lited on market for \$95,000 for about eight months prior to sale. Accessed from Ford St. E., a newer bituminous street.
2	119XX Emery Village Drive N. Champlin 30-120-21-43-0202	3/31/17	\$176,000	Thompson Townhomes, LLC RES Holding, LLC	64,457 SF 1.48 ac.	\$2.73	5.41	R-4/PUD Medium Density PUD and R-A, Resid. Ag.	Turnkey development site within partly developed townhome project approved for eight back-to-back townhome units. Northerly portion of site is zoned R-A, Resid. Ag., reflecting primarily open space. Accessed from Emery Village Dr., a newer bituminous street.
3	3400 Upper 149th St. Rosemount 34-62858-01-020	8/23/16	\$200,000	St. Croix Home Buyers, Inc. Unknown	64,774 SF 1.49 ac.	\$3.09	7.38	R3 Medium Density Residential	Level and rectangular shaped site located in the NEQ of 150th St. W. and Chippendale Ave. W.; site has since been developed with 11 townhome units. Listed on market for \$215,900 prior to the sale. No adverse easements. Site fronts Upper 149th Street, which is in average condition.
Subject	417 3rd Street W. Northfield 22.36.4.51.115	2/25/19 Value Date	---	---	11,880 SF 0.27 ac.	---	14.81	C1-B Downtown District	Level and rectangular shaped lot located at the southeast corner of 3rd St. W. and Poplar St. S. In after position, lot fronts rehabilitated (reclaimed) streets. H & B use as vacant assumes development density of what currently resides on lot, which is a fourplex. Thus, 4 units divided by 0.27 acres equals density units per acre of 14.81.

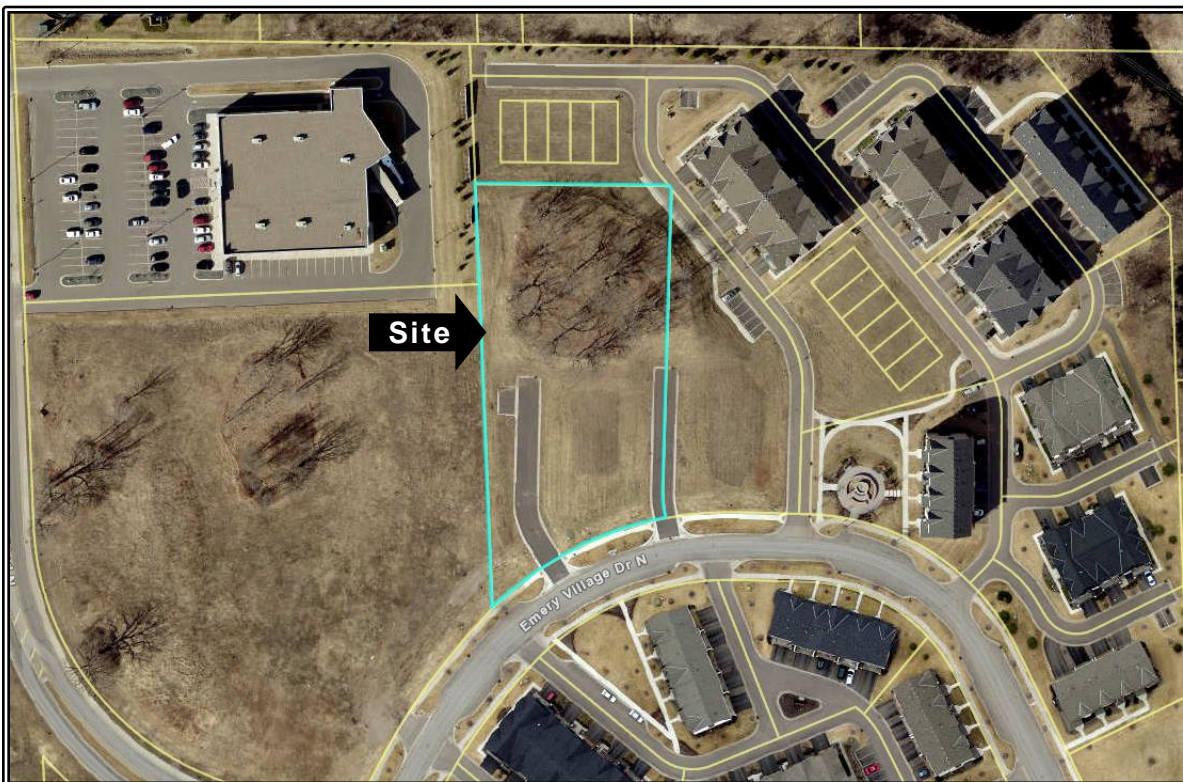
¹ Sale price includes assumed special assessments and building demolition costs, if any.

² Land area excludes water and existing road right of way, if any.

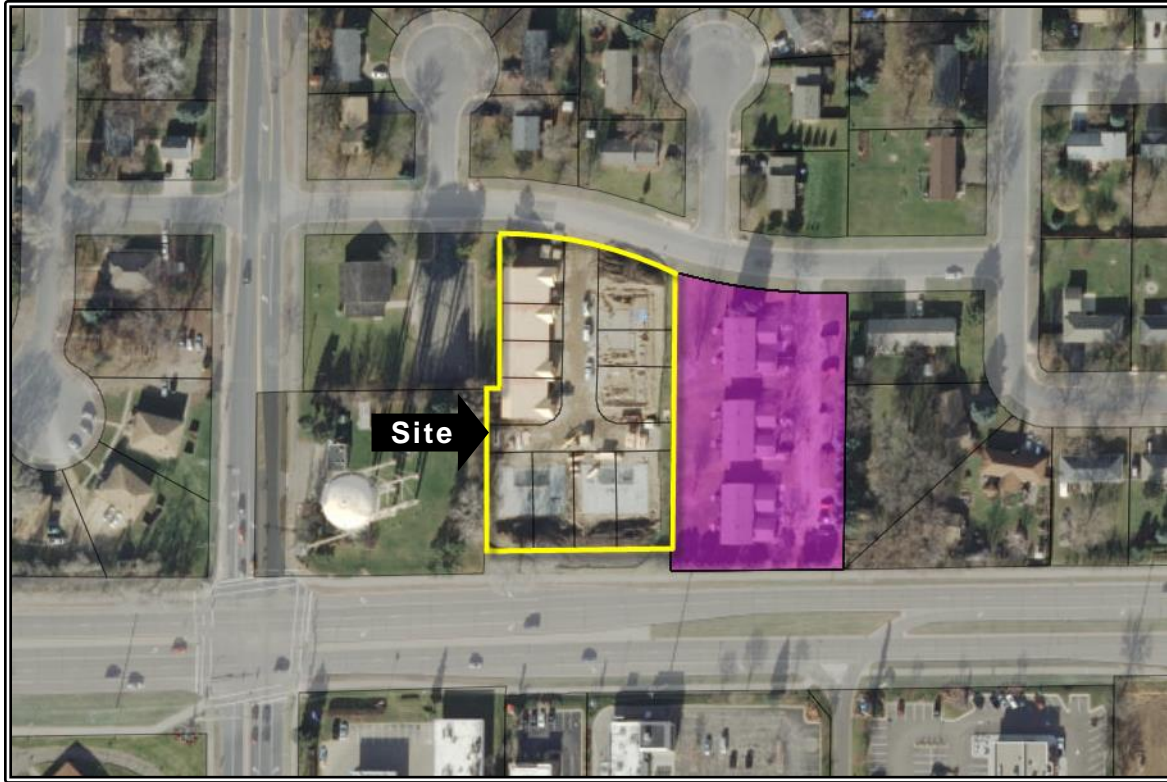
COMPARABLE LAND SALES PLAT/PARCEL MAPS



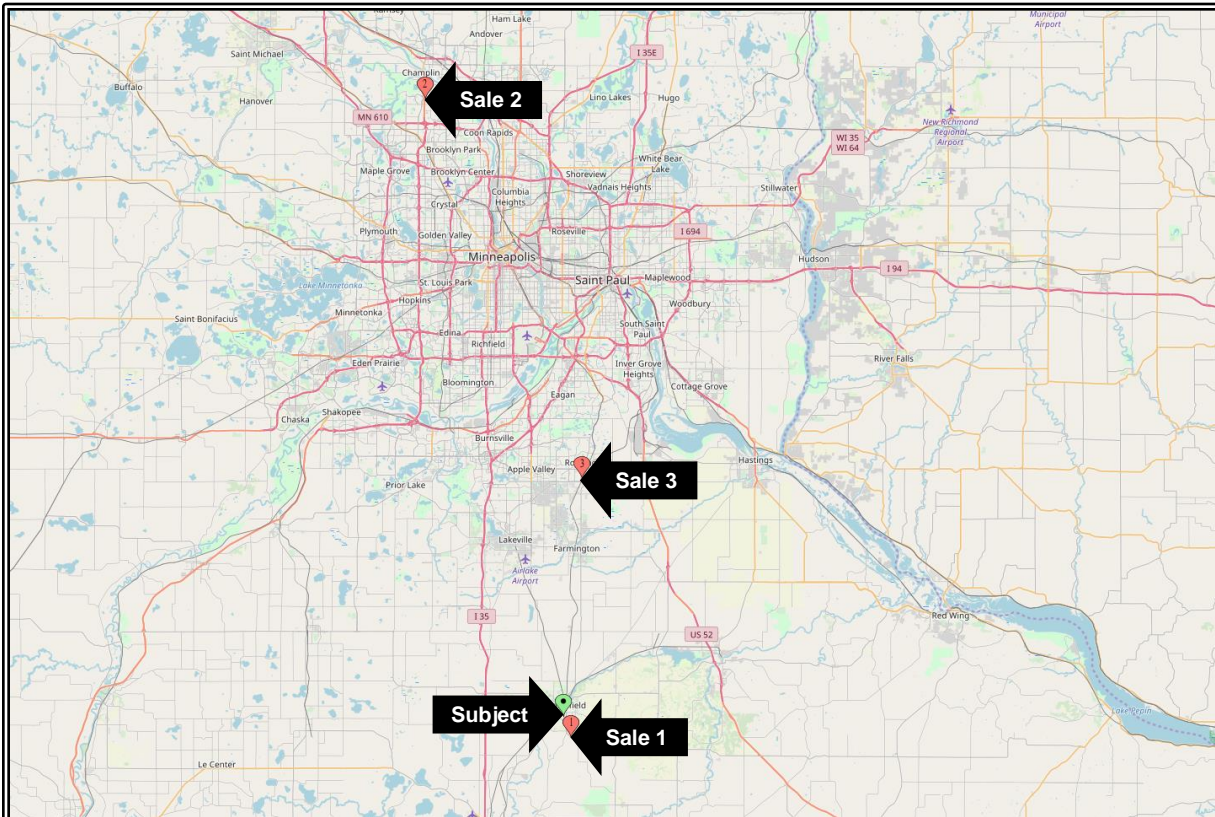
Land Sale 1: 420 Ford Street East, Northfield



Land Sale 2: 119XX Emery Village Drive North, Champlin



Land Sale 3: 3400 Upper 149th Street, Rosemount



Comparable Land Sales Location Map – Multifamily Property

Analysis of Land Sales – After – Multifamily Property

The comparable land sales are adjusted for value-related differences in relation to the subject land. Upward adjustments are made to the comparable sale prices for characteristics inferior to the subject site, and downward adjustments are made for attributes which are superior to the subject. The land sales will be analyzed on the basis of price per square foot of land purchased.

Following are items for which adjustments were considered and made, where applicable and necessary:

Property Rights Conveyed: If property rights different than those appraised for the subject property were transferred, an adjustment may be necessary (i.e., leased fee vs. fee simple).

Financing: The opinions of market value in this appraisal reflect payment in cash or cash equivalent terms. An adjustment may be necessary when the payment is something other than cash, or financing terms differ from those typically available in the market.

Sale Conditions: Consideration is given to whether transaction was arms-length or was influenced by conditions causing buyer or seller to be atypically motivated. All of the sales included buyers and sellers that were typically motivated and no adjustments were indicated.

Market Conditions/Time: Reflects changes in prices, if any, between date of each comparable sale and valuation date, due to changes in market conditions. Generally, demand for multifamily development land has been relatively strong, resulting in sustained price appreciation, though not nearly at the level of brisk price increases seen with individual single-family home lot sales. For this analysis, the comparables are adjusted based on price movements of +3% per year from the date of each comparable sale through the effective date of valuation.

Location: Takes into account location factors such as proximity to major access routes and shopping, visibility, surrounding development, and general area desirability/demand.

Sale 1 is located in the southeast portion of Northfield, which is a newer/developing area in superior demand. A downward adjustment was made to Sale 1. Sales 2 and 3 have relatively closer-in suburban locations, relative to the Twin Cities metro core, in contrast to the subject property's more outlying Northfield location. Predominant home prices in the areas of the comparables are higher than those in the subject area, which affects land/lot prices as well. The comparables command higher prices than would the subject property due to location, resulting in downward location adjustments to Sales 2 and 3.

Size: Generally, as parcel size increases, total price increases, but price per square foot typically decreases. Sale 1 is within the same general size range as the subject, and no adjustment was necessary. Sales 2 and 3 are notably larger, requiring upward adjustments.

Shape/Utility: Development utility is affected by shape and other factors, including items such as easements. Regular shaped sites with few or no restrictions from easements and other factors are preferred in the market. The subject and the comparables have shapes and utility that are conducive to development; no adjustments were necessary.

Soils/Topography: Stable subsoils needing no corrective measures for building, and generally level to moderately sloping topography are preferred in the market. The subject and the comparables have soils/topographies that are conducive to development; no adjustments were necessary.

View/Nature Amenities: Amenities such as wooded areas, wetlands, open space and other enhancements typically command a premium for residential land. The subject has no special view amenities, which is similar to the comparables. No adjustments were necessary for this adjustment category.

Zoning/Density: The subject property and comparables are being analyzed on a price-per-square-foot basis. The higher the density (i.e., number of dwelling units per acre) possible and/or approved for a development parcel, typically the more a developer will pay for the land on a per-acre or per-square-foot basis. Conversely, there typically is an inverse relationship between density and price paid per unit.

The subject is zoned C1-B, Downtown District, and “as improved” has been developed with a fourplex, which is a legal, conforming use. The site has been improved to a density of 14.81 units per acre, which is also considered the highest and best use as vacant. The sales were all purchased for townhome development, and have density in units per acre ranging from 5.41 to 27.59. Sale 1, which has the highest density, was adjusted downward, while Sales 2 and 3, which have lower density than the subject, were adjusted upward.

Streets/Utilities: In the “after” position, the subject site street fronts a rehabilitated street. Sales 1 and 2 front newer streets, which are similar to the subject, and no adjustments were necessary. Sale 3 fronts an average condition street, which is inferior, for which an upward adjustment was necessary.

Presented on the following page is a land sales adjustment grid for the subject Multifamily Property in the after situation showing specific adjustments for the items discussed previously.

Land Sales Adjustment Grid - After Improvements - Multifamily Property			
	Sale 1	Sale 2	Sale 3
Sale Price (\$/SF)	\$7.09	\$2.73	\$3.09
Property Rights	$\frac{x \ 1.00}{\$7.09}$	$\frac{x \ 1.00}{\$2.73}$	$\frac{x \ 1.00}{\$3.09}$
Financing	$\frac{x \ 1.00}{\$7.09}$	$\frac{x \ 1.00}{\$2.73}$	$\frac{x \ 1.00}{\$3.09}$
Sale Conditions	$\frac{x \ 1.00}{\$7.09}$	$\frac{x \ 1.00}{\$2.73}$	$\frac{x \ 1.00}{\$3.09}$
Market Conditions	$\frac{x \ 1.02}{\$7.23}$	$\frac{x \ 1.06}{\$2.89}$	$\frac{x \ 1.08}{\$3.34}$
Adjusted Price	\$7.23	\$2.89	\$3.34
Location	-10%	-5%	-15%
Size	0%	20%	20%
Shape/Utility	0%	0%	0%
Soils/Topography	0%	0%	0%
View/Nature Amenities	0%	0%	0%
Zoning/Density	-30%	30%	20%
Streets/Utilities	$\frac{0\%}{-40\%}$	$\frac{0\%}{45\%}$	$\frac{5\%}{30\%}$
Net Adjustment	-40%	45%	30%
Indicated Value For Subject	\$4.34	\$4.19	\$4.34

After adjustments, the land sale comparables result in value indications for the subject Multifamily Property ranging from \$4.19 to \$4.34 per square foot of land, with an average value indication of \$4.29 per square foot. Consideration was given to all of the sales. Market evidence best supports a value of approximately \$4.30 per square foot.

Land Area: 11,880 SF or 0.27 Acres

11,880 SF @ \$4.30 / SF = \$51,084

Rounded to

OPINION OF LAND VALUE - AFTER IMPROVEMENTS: \$51,100
(Multifamily Property)

Typical Commercial Lot – After

Comparable Land Sales Summary - After Street Improvements - Typical Commercial Lot								
#	Location/ PID#	Sale Date	Sale Price ¹	Buyer	Land Area ²	Price/SF	Zoning	Comments
				Seller				
1	XXXX Main St. Elko New Market 23-003-01-00	4/12/17	\$84,000	City of Elko New Market Diane Schneider	21,000 SF 0.48 ac.	\$4.00	B-2 Downtown Business	"L" shaped parcel of land located along the north side of Main Street in Elko New Market. Site is level and open. Fronts bituminous paved street with concrete curb/gutter in average to good condition.
2	116 4th Street S. Cannon Falls 52-100-2760	11/1/18	\$26,558	Jameson & Bryten Hanson Richard Dalton Trust	9,198 SF 0.21 ac.	\$2.89	B-1 Central Business	Located along the west side of 4th St. S. in Cannon Falls. The street is elevated about five to ten feet above the grade of the lot. The rear of the lot walks-out to an alley. A building constructed would need to be multi-story. Fronts bituminous paved street with concrete curb/gutter in average condition.
3	6499 Hodgson Road Lino Lakes 30-31-22-44-0074	9/26/18	\$450,000	Love to Grow On 6451 Ojibway Path, LLC	79,715 SF 1.83 ac.	\$5.65	NB Neigh. Business	Level site located at the southeast corner of Hodgson Rd. and Birch St. Purchased for development of a day care. Located in mixed-use area with property uses including commercial, single-family and multifamily residential. Fronts bituminous paved street with concrete curb/gutter in average to good condition.
Subject	411 3rd Street W. Northfield 22.36.4.51.114	2/25/19 Value Date	---	---	11,921 SF 0.27 ac.	---	C1-B Downtown	Interior lot located along south side of 3rd St. W., west of downtown Northfield. Adjacent properties include a fourplex and single-family homes. In after position, lot fronts rehabilitated (reclaimed) street.

¹ Sale price includes assumed special assessments and building demolition costs, if any.

² Land area excludes water and existing road right of way, if any.

An aerial photograph of a suburban area with property boundaries overlaid in black lines. A black arrow labeled "Site" points to a specific parcel outlined in red. The area includes residential houses, green lawns, trees, and a road at the bottom. A scale bar in the bottom left corner indicates distances in feet (0, 50, 100).

This aerial map displays a commercial district in Minneapolis, MN, bounded by Main St W to the north, Park St W to the south, 4th St S to the west, and 4th St S to the east. The map shows various commercial buildings, parking lots, and streets. A specific parcel is highlighted with a red rectangle.

Highlighted Parcel:

- Address: 521002760
- Lot: 100

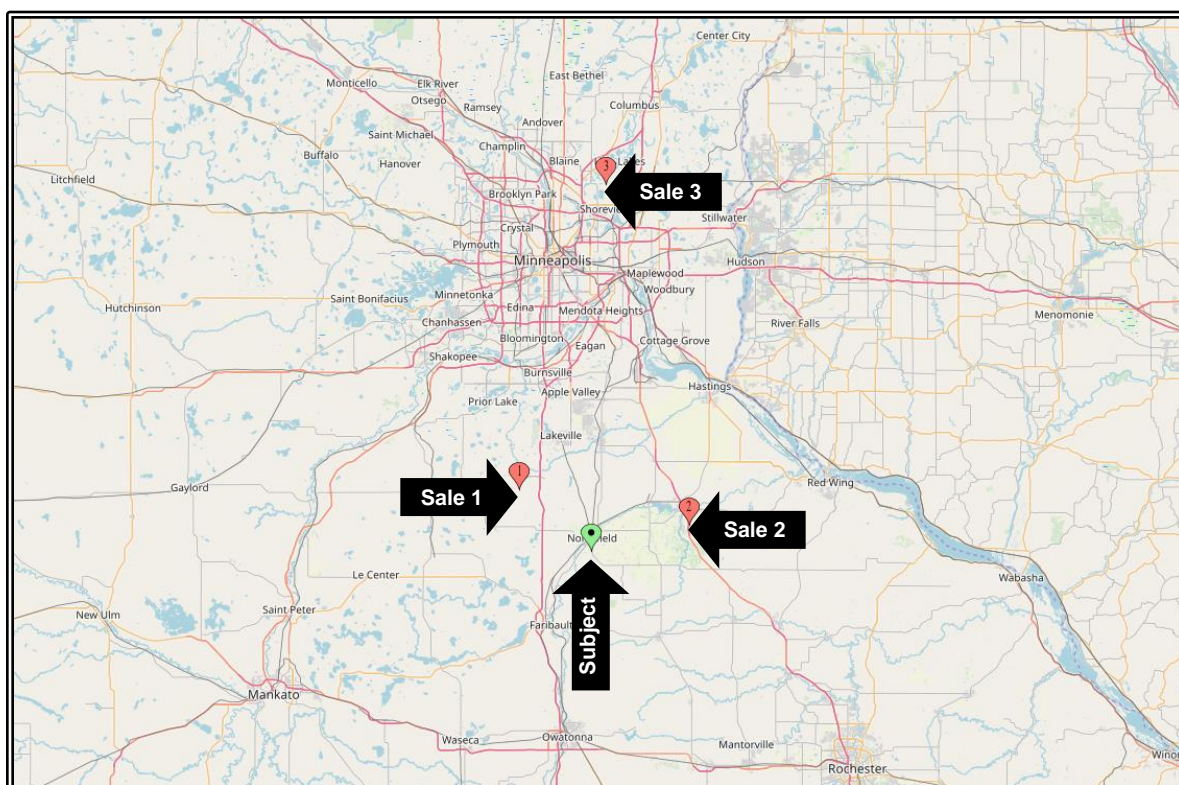
Other Visible Addresses and Lot Numbers:

- 521002810, 521002820, 415
- 521002740, 521002750, 521002760, 521002770, 521002780, 521002790, 521002800
- 521002830, 521002840, 521002850, 521002860, 521002870, 521002880, 521002890, 521002900, 521002910, 521002920, 521002930, 521002940, 521002950, 521002960, 521002970, 521002980, 521002990, 521003000

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Land Sale 3: 6499 Hodgson Road, Lino Lakes



Comparable Land Sales Location Map – Typical Commercial Lot

Analysis of Land Sales – After – Typical Commercial Lot

The comparable land sales are adjusted for value-related differences in relation to the subject land. Upward adjustments are made to the comparable sale prices for characteristics inferior to the subject site, and downward adjustments are made for attributes which are superior to the subject. The land sales will be analyzed on the basis of price per square foot of land purchased.

Following are items for which adjustments were considered and made, where applicable and necessary:

Property Rights Conveyed: If property rights different than those appraised for the subject property were transferred, an adjustment may be necessary (i.e., leased fee vs. fee simple).

Financing: The opinions of market value in this appraisal reflect payment in cash or cash equivalent terms. An adjustment may be necessary when the payment is something other than cash, or financing terms differ from those typically available in the market.

Sale Conditions: Consideration is given to whether transaction was arms-length or was influenced by conditions causing buyer or seller to be atypically motivated. All of the sales included buyers and sellers that were typically motivated and no adjustments were indicated.

Market Conditions/Time: Reflects changes in prices, if any, between date of each comparable sale and valuation date, due to changes in market conditions. Generally, demand for commercial development land has been relatively strong, resulting in sustained price appreciation, though not nearly at the level of brisk price increases seen with individual single-family home lot sales. For this analysis, the comparables are adjusted based on price movements of +3% per year from the date of each comparable sale through the effective date of valuation.

Location: Takes into account location factors such as proximity to major access routes and shopping, visibility, surrounding development, and general area desirability/demand.

Sale 1 is located along Main Street in Elko New Market. The sale has superior exposure along Main Street, and is amongst superior commercial development. A slightly downward adjustment was made to Sale 1. Sale 2 is located in Cannon Falls along 4th Street South. Sale 2 has an overall similar location to the subject and no adjustment was necessary. Sale 3 is located in Lino Lakes, which is a suburb to Minneapolis/St. Paul. This is a superior demand location to the subject for which a downward adjustment was necessary.

Size: Generally, as parcel size increases, total price increases, but price per square foot typically decreases. Sales 1 and 2 are within the same general size range as the subject, and no adjustment was necessary. Sale 3 is notably larger, requiring an upward adjustment.

Shape/Utility: Development utility is affected by shape and other factors, including items such as easements. Regular shaped sites with few or no restrictions from easements and other factors are preferred in the market. The subject site is a regular, rectangular-shaped parcel with good utility. Sale 1 has an irregular “L” shape, which is inferior to the subject, for which an upward adjustment was necessary. Sale 2 is located about five to ten feet below the street grade of 4th Street South; the rear of the site walks-out to an alley. A multi-story structure will need to be built on the site, which is inferior. An upward adjustment was made to Sale 2. Sale 3 has a regular shape, with good utility. No adjustment was necessary for Sale 3.

Soils/Topography: Stable subsoils needing no corrective measures for building, and generally level to moderately sloping topography are preferred in the market. The subject and the comparables have soils/topographies that are conducive to development; no adjustments were necessary.

Zoning/Use: Addresses differences in zoning or intended/allowable use for the site. More intensive allowable uses typically command higher prices per square foot. The highest and best use of the subject land is for commercial development, and its C1-B zoning allows a wide variety of commercial uses. The comparable sales were all purchased for commercial development; all are zoned to support relatively intensive commercial uses. No zoning/use adjustments are necessary.

Streets/Utilities: In the “after” position, the subject site street fronts a rehabilitated street. Sales 1 and 3 have street frontage which are in generally average to good condition. Each of the comparables is adjusted upward by 3% to reflect their overall inferiority relative to the subject in terms of streets. Sale 2 has street frontage which is in generally average condition, and is adjusted upward by 5%.

Presented on the following page is a land sales adjustment grid for the subject Typical Commercial Lot in the after situation showing specific adjustments for the items discussed previously.

Land Sales Adjustment Grid - After Improvements Typical Commercial Lot			
	Sale 1	Sale 2	Sale 3
Sale Price (\$/SF)	\$4.00	\$2.89	\$5.65
Property Rights	<u>x 1.00</u> \$4.00	<u>x 1.00</u> \$2.89	<u>x 1.00</u> \$5.65
Financing	<u>x 1.00</u> \$4.00	<u>x 1.00</u> \$2.89	<u>x 1.00</u> \$5.65
Sale Conditions	<u>x 1.00</u> \$4.00	<u>x 1.00</u> \$2.89	<u>x 1.00</u> \$5.65
Market Conditions	<u>x 1.06</u>	<u>x 1.01</u>	<u>x 1.01</u>
Adjusted Price	\$4.24	\$2.92	\$5.71
Location	-5%	0%	-30%
Size	0%	0%	10%
Shape/Utility	10%	40%	0%
Soils/Topography	0%	0%	0%
Zoning/Use	0%	0%	0%
Street/Utilities	<u>3%</u>	<u>5%</u>	<u>3%</u>
Net Adjustment	8%	45%	-17%
Indicated Value For Subject	\$4.58	\$4.23	\$4.74

After adjustments, the land sale comparables result in value indications for the subject Typical Commercial Lot ranging from \$4.23 to \$4.74 per square foot of land, with an average value indication of \$4.52 per square foot. Consideration was given to all of the sales. Market evidence best supports a value of approximately \$4.50 per square foot.

Land Area: 11,921 SF or 0.27 Acres

11,921 SF @ \$4.50 / SF = \$53,645

Rounded to

OPINION OF LAND VALUE - AFTER IMPROVEMENTS: \$53,600
(Typical Commercial Lot)

Longfellow School Site Valuation – After

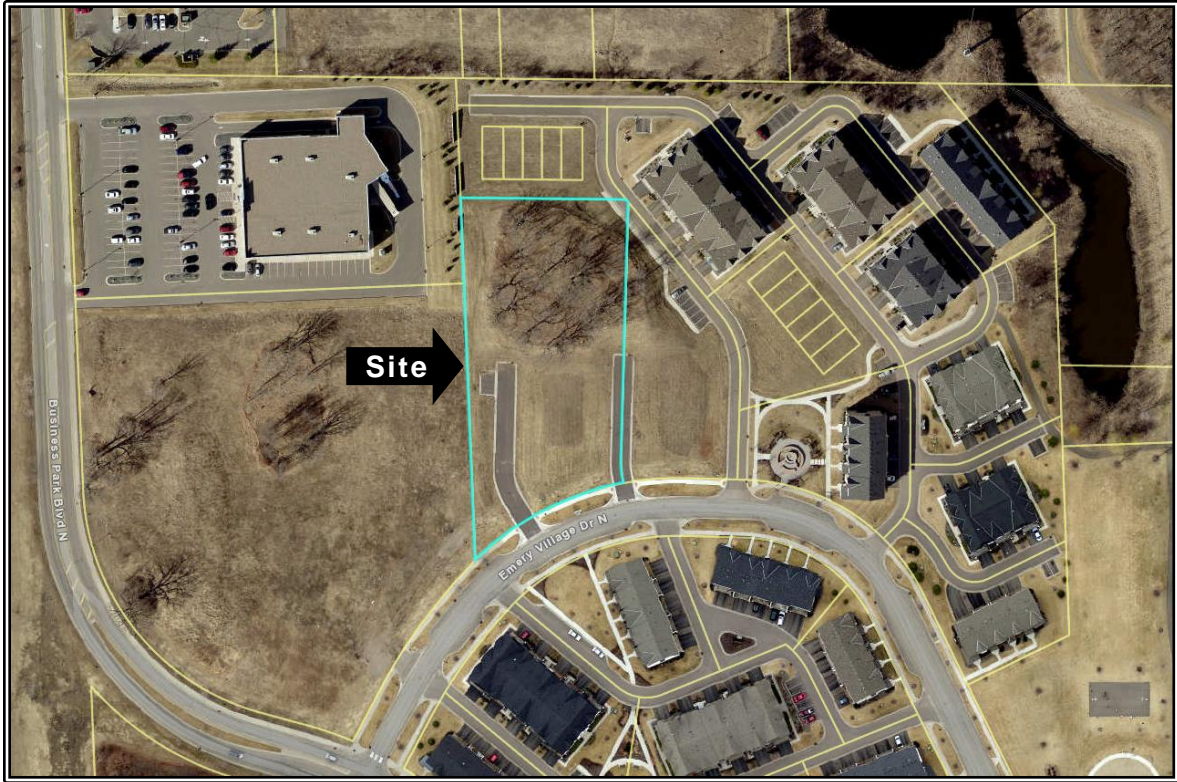
Comparable Land Sales Summary - After Improvements - Longfellow School Site									
#	Location/ PID#	Sale Date	Sale Price ¹	Buyer Seller	Land Area ²	Price/SF	Density (Units/Ac.)	Zoning	Comments
1	NWC Brockway Ave. & Connemara Trl. W. Rosemount 34-32075-00-070	3/31/17	\$870,000	Mark Elliot Homes, LLC Metro Land Holdings, LLC	323,215 SF 7.42 ac.	\$2.69 / SF	5.66	R-3 Medium Density	Known as Harmony Villas, Mark Elliot Homes, LLC is developing twin and quad homes on the site (42 units). Homes range in asking price from \$340k to \$360k. Development is located in a primarily residential area of Rosemount. Public utilities are available. Accessed from Bronze Pkwy., a newer bituminous street.
2	NEC Elmcrest Ave. & Rosemary Way Hugo 19-031-21-22-0056 & 19-031-21-22-0057	7/13/16	\$750,000	Kettler Construction, Inc. St. Chirhart, LLC et al	290,110 SF 6.66 ac. Usable	\$2.59 / SF	4.95	PUD Planned Unit Development	Generally level site located at the northwest fringe of partly developed mixed-use commercial/residential Victor Gardens development. Purchased for development of 33 one-level townhome units (27 detached, 6 twin homes) priced between \$300k and \$350k. Public utilities are available. Accessed from Rosemary Way, a newer bituminous street. Usable area excludes 3.37 ac. of undevelopable wetland.
3	119XX Emery Village Dr. N. Champlin 30-120-21-43-0202	3/31/17	\$176,000	Thompson Townhomes, LLC RES Holding, LLC	64,457 SF 1.48 ac.	\$2.73 / SF	5.41	R-4/PUD Medium Density PUD and R-A, Resid. Ag.	Turnkey development site within partly developed townhome project; to be developed with eight back-to-back townhome units. Northerly portion of site is zoned R-A, Resid. Ag., reflecting primarily open space. Accessed from Emery Village Dr., a newer bituminous street.
Subject	Longfellow School 201 Orchard Street S. Northfield 22.36.4.51.083	2/25/19 Value Date	---	---	108,900 SF 2.50 ac.	---	4.80 +/-	PI-S Public & Institutional (R1-B, Low Density Res. in absence of current school use)	Level to moderately sloping site comprising one full city block, with streets fronting all four sides; moderate amount of mature tree cover. Highest and best use of land, as vacant, is for subdivision into approximately 12 single-family lots, yielding a density of about 4.8 units/acre. As part of the 2015 Street Reconstruction Project, the streets fronting the north, east and west sides of the site were reconstructed with new bituminous paving, new concrete curb/gutter, sidewalk and new utility systems. The current project will rehabilitate 3rd Street W. by means of reclamation.

¹ Sale price includes assumed special assessments and building demolition costs, if any.

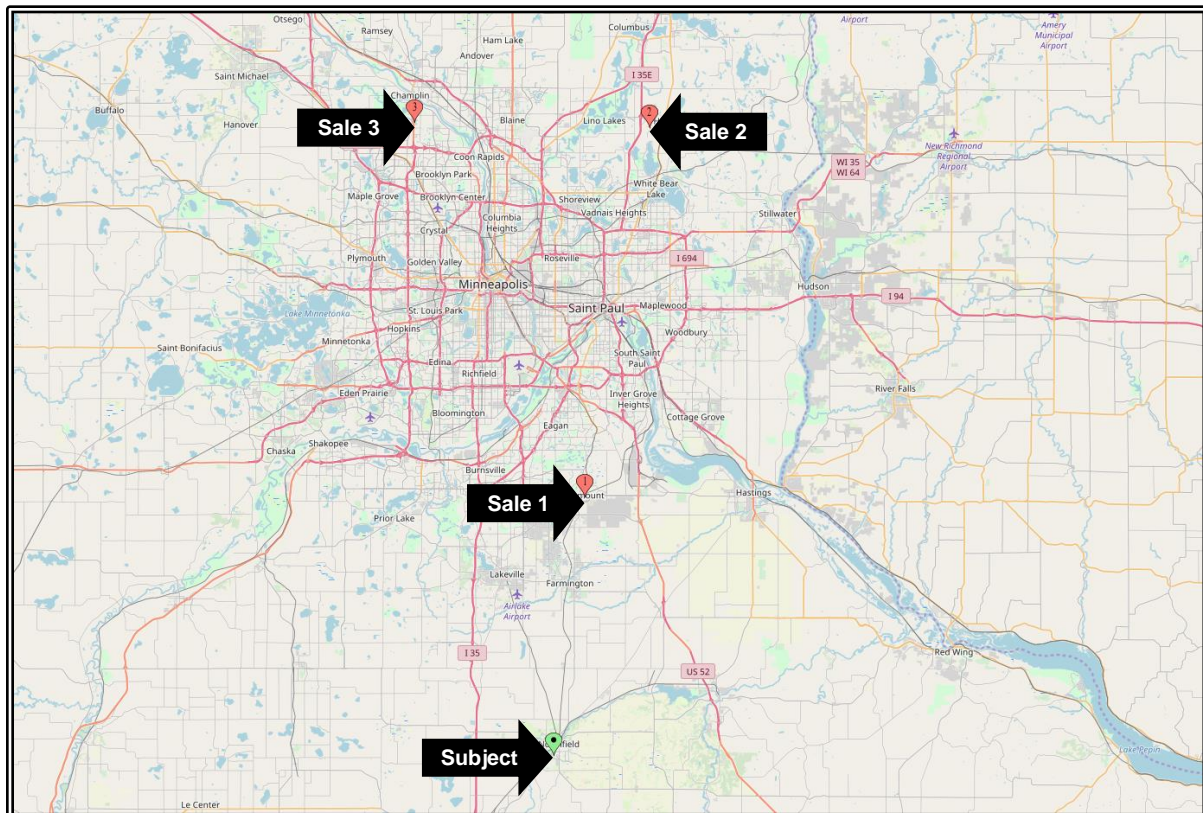
² Land area excludes water and existing road right of way, if any.

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Land Sale 3: 119XX Emery Village Drive, Champlin



Comparable Land Sales Location Map – Longfellow School Site

Analysis of Land Sales – After – Longfellow School Site

The comparable land sales are adjusted for value-related differences in relation to the subject land. Upward adjustments are made to the comparable sale prices for characteristics inferior to the subject site, and downward adjustments are made for attributes which are superior to the subject. The land sales will be analyzed on the basis of price per square foot of land purchased.

Following are items for which adjustments were considered and made, where applicable and necessary:

Property Rights Conveyed: If property rights different than those appraised for the subject property were transferred, an adjustment may be necessary (i.e., leased fee vs. fee simple).

Financing: The opinions of market value in this appraisal reflect payment in cash or cash equivalent terms. An adjustment may be necessary when the payment is something other than cash, or financing terms differ from those typically available in the market.

Sale Conditions: Consideration is given to whether transaction was arms-length or was influenced by conditions causing buyer or seller to be atypically motivated.

Market Conditions/Time: Reflects changes in prices, if any, between date of each comparable sale and valuation date, due to changes in market conditions. Generally, demand for low-density residential development land has been relatively strong, resulting in sustained price appreciation, though not nearly at the level of brisk price increases seen with individual single-family home lot sales. For this analysis, the comparables are adjusted based on price movements of +3% per year from the date of each comparable sale through the effective date of valuation.

Location: Takes into account location factors such as proximity to major access routes and shopping, visibility, surrounding development, and general area desirability/demand.

All three comparables have relatively closer-in suburban locations, relative to the Twin Cities metro core, in contrast to the subject property's more outlying Northfield location. Predominant home prices in the areas of the comparables are higher than those in the subject area, which affects land/lot prices as well. The comparables command higher prices than would the subject property due to location, resulting in downward location adjustments to all three comparables.

Size: Generally, as parcel size increases, total price increases, but price per square foot typically decreases. Sales 1 and 2 are notably larger, requiring upward adjustments. Sale 3 is within the same general size range as the subject, and no adjustment was necessary.

Shape/Utility: Development utility is affected by shape and other factors, including items such as easements. Regular shaped sites with few or no restrictions from easements and other factors are preferred in the market. The subject and the comparables have shapes and utility that are conducive to development; no adjustments were necessary.

Soils/Topography: Stable subsoils needing no corrective measures for building, and generally level to moderately sloping topography are preferred in the market. The subject and the comparables have soils/topographies that are conducive to development; no adjustments were necessary.

View/Nature Amenities: Amenities such as wooded areas, wetlands, open space and other enhancements typically command a premium for residential land. The subject has no special view amenities, which is similar to the comparables. No adjustments were necessary for this adjustment category.

Zoning/Density: The subject property and comparables are being analyzed on a price-per-square-foot basis. The higher the density (i.e., number of dwelling units per acre) possible and/or approved for a development parcel, typically the more a developer will pay for the land on a per-acre or per-square-foot basis. Conversely, there typically is an inverse relationship between density and price paid per unit.

The general zoning of the subject land (presumed R1-B, Low Density Residential, as vacant and in absence of existing public school use) and the comparables are not materially different; in general terms, in all cases, the zoning is intended primarily for urban-lot single-family or townhome use. The sales were all purchased with density in units per acre ranging from 4.95 to 5.66, which is very close to the subject's estimated density of 4.80 units per acre. No adjustments were necessary for this adjustment category.

Streets/Utilities: In the "after" position, 25% of the subject property street frontage reflects a new street with spot repair as needed of curb/gutter; the remaining 75%, reflecting the north, east and west boundary streets were reconstructed in 2015 and are in good condition. All three comparable sales front relatively new streets in good condition. Consequently, the comparables are similar to the subject, and no adjustments are made to the sales.

Presented on the following page is a land sales adjustment grid for the subject Longfellow School Site in the after situation showing specific adjustments for the items discussed previously.

Land Sales Adjustment Grid - After Improvements - Longfellow School			
	Sale 1	Sale 2	Sale 3
Sale Price (\$/SF)	\$2.69	\$2.59	\$2.73
Property Rights	x 1.00 \$2.69	x 1.00 \$2.59	x 1.00 \$2.73
Financing	x 1.00 \$2.69	x 1.00 \$2.59	x 1.00 \$2.73
Sale Conditions	x 1.00 \$2.69	x 1.00 \$2.59	x 1.00 \$2.73
Market Conditions	x 1.06 \$2.85	x 1.08 \$2.80	x 1.06 \$2.89
Adjusted Price	\$2.85	\$2.80	\$2.89
Location	-10%	-10%	-5%
Size	15%	15%	0%
Shape/Utility	0%	0%	0%
Soils/Topography	0%	0%	0%
View/Nature Amenities	0%	0%	0%
Zoning/Density	0%	0%	0%
Streets/Utilities	0%	0%	0%
Net Adjustment	5%	5%	-5%
Indicated Value For Subject	\$2.99	\$2.94	\$2.75

After adjustments, the land sale comparables result in value indications for the subject Longfellow School Site ranging from \$2.75 to \$2.99 per square foot of land, with an average value indication of \$2.89 per square foot. All three comparables are considered pertinent market value indicators for the subject property, after adjustments. Market evidence best supports a value of approximately \$2.90 per square foot. This value conclusion correlates to \$126,320 per acre, based on 2.50 acres, and \$26,317 per lot, based on the likely development potential of 12 lots. It is noted that this per-lot value is much lower than that previously concluded for the Typical Single-Family lot. The reason is that the Longfellow School Site value reflects a wholesale value, reflecting what the market would pay for "raw" land after discounting from retail value factors such as subdivision/development costs, a holding period required until all lots are sold, and entrepreneurial profit for the buyer/developer.

Land Area: 108,900 SF or 2.50 Acres

108,900 SF @ \$2.90 / SF = \$315,810

Rounded to

OPINION OF LAND VALUE - AFTER IMPROVEMENTS: \$315,800
(Longfellow School Site)

St. John's Lutheran Church Valuation – After

Comparable Land Sales Summary - After Improvements - St. John's Lutheran Church Site									
#	Location/ PID#	Sale Date	Sale Price ¹	Buyer Seller	Land Area ²	Price/SF	Density (Units/Ac.)	Zoning	Comments
1	NWC Brockway Ave. & Connemara Trl. W. Rosemount 34-32075-00-070	3/31/17	\$870,000	Mark Elliot Homes, LLC Metro Land Holdings, LLC	323,215 SF 7.42 ac.	\$2.69 / SF	5.66	R-3 Medium Density	Known as Harmony Villas, Mark Elliot Homes, LLC is developing twin and quad homes on the site (42 units). Homes range in asking price from \$340k to \$360k. Development is located in a primarily residential area of Rosemount. Public utilities are available. Accessed from Bronze Pkwy., a newer bituminous street.
2	NEC Elmcrest Ave. & Rosemary Way Hugo 19-031-21-22-0056 & 19-031- 21-22-0057	7/13/16	\$750,000	Kettler Construction, Inc. St. Chirhart, LLC et al	290,110 SF 6.66 ac. Usable	\$2.59 / SF	4.95	PUD Planned Unit Development	Generally level site located at the northwest fringe of partly developed mixed-use commercial/residential Victor Gardens development. Purchased for development of 33 one-level townhome units (27 detached, 6 twin homes) priced between \$300k and \$350k. Public utilities are available. Accessed from Rosemary Way, a newer bituminous street. Usable area excludes 3.37 ac. of undevelopable wetland.
3	119xx Emery Village Dr. Champlin 30-120-21-43-0202	3/31/17	\$176,000	Thompson Townhomes, LLC RES Holding, LLC	64,457 SF 1.48 ac.	\$2.73 / SF	5.41	R-4 PUD	Turnkey development site within partly developed townhome project; to be developed with eight back-to-back townhome units. Northerly portion of site is zoned R-A, Resid. Ag., reflecting primarily open space. Public utilities are available. Accessed from Emery Village Dr., a newer bituminous street.
Subject	St. John's Church 500 Third Street W. Northfield 22-36-4-51-076, -077, -078, -080, -081 and -082	2/25/19 Value Date	---	---	103,867 SF 2.38 ac.	---	4.62 +/-	R1-B Low Density Residential	Generally level comprising nearly one full city block, with streets fronting all four sides. Highest and best use of land, as vacant, is for subdivision into approximately 11 single-family lots, yielding a density of about 4.62 units/acre. As part of the 2015 Street Reconstruction Project, the streets fronting the north, east and west sides of the site were reconstructed with new bituminous paving, new concrete curb/gutter, sidewalk and new utility systems. The current project will rehabilitate 3rd Street W. by means of reclamation.

¹ Sale price includes assumed special assessments and building demolition costs, if any.

² Land area excludes water and existing road right of way, if any.

See Preceding Longfellow School Site Comparables Plat/Location Maps

Analysis of Land Sales – After – St. John's Lutheran Church Site

Please note that the same comparable sales used for the Longfellow School Site valuation also were used in the valuation of the St. John's Lutheran Church Site. Consequently, the same plat maps and location maps found earlier in this report for the former property apply to the latter property as well.

Additionally, the analysis of both properties has been made in the same manner. Both subject properties are nearly identical. Minor differences in the St. John's Lutheran Church site are that it is slightly smaller and slightly irregular in shape relative to the Longfellow School Site. Also, the density potential is slightly lower (4.62 vs. 4.80 lots per acre), and topography is more level vs. level to gently sloping. However, none of these minor differences rise to the level of necessitating a change in adjustments to the comparables, relative to the preceding Longfellow School Site valuation. The same adjustments apply to the St. John's Lutheran Church Site valuation.

A value factor of \$2.90 per square foot was concluded for the Longfellow School Site, and this factor also is concluded for the St. John's Church Site. This value conclusion correlates to \$126,560 per acre, based on 2.38 acres, and \$27,383 per lot, based on the likely development potential of 11 lots.

Land Area: 103,867 SF or 2.38 Acres

103,867 SF @ \$2.90 / SF = \$301,214

Rounded to

OPINION OF LAND VALUE - AFTER IMPROVEMENTS: \$301,200
(St. John's Lutheran Church Site)

Malt-O-Meal Plant Site Valuation – After

NOTE: Though land typically is valued based on its highest and best use, as vacant, in some cases an alternative approach to this general rule must be taken when completing a special benefits valuation. For the Malt-O-Meal Plant Site, though the highest and best use of the land, as vacant, is for the two non-contiguous tracts on the north side of Highway 19 to be used separately from themselves and from the larger 16.8-acre tract south of the highway, for this special benefits analysis the land will be valued as one 20.35-acre tract. The special benefits analysis must ultimately measure how the existing property benefits from the proposed street improvements. The existing food production use on the property, which utilizes the land on both sides of Highway 19, can reasonably be anticipated to continue well into the foreseeable future, and that scenario is a reflection of the concluded highest and best use of the property, as improved. Consequently, the appropriate method of valuing the land, which is the property component that absorbs the special benefit of the road improvement, is to value the land in accordance with the way it is currently used, with its existing improvements, as a food production facility on its entirety.

Comparable Land Sales Summary - After Street Improvements - Malt-O-Meal Plant Site								
#	Location/ PID#	Sale Date	Sale Price ¹	Buyer	Land Area ²	Price/SF	Zoning	Comments
				Seller				
1	16905 197th Avenue NW Big Lake 65-522-0110	7/10/18	\$500,000	Ice Man Properties, LLC	436,035 SF 10.01 ac.	\$1.15	I-3 Isolated Industrial	Rectangular-shaped, industrial parcel of land located along the south side of 197th Ave. NW, which is about two blocks south of U.S. Hwy. 10. Utilities to the site. Originally listed for \$2.49/SF, but was last listed at \$1.25/SF prior to the sale. Fronts bituminous paved street with concrete curb/gutter in average condition. Rail spur access is available.
				Gailfus Properties, LLC				
2	14570 Evendale Way Apple Valley 01-22445-000-10	5/1/18	\$796,964	WSP Apple Valley, LLC	622,944 SF 14.30 ac.	\$1.28	I-1 Limited Industrial	Located at the northeast corner of Johnny Cake Ridge Rd. and Upper 147th St. W. Utilities to the site. Buyer proposed to subdivide the site into three properties. The land area used for analysis excludes a 59,351-square-foot pond in the in the northeast corner of the site. Fronts bituminous paved streets with concrete curb/gutter in good condition. No rail spur access.
				Patina Apple Valley Land, LLC				
3	7552 W. Pt. Douglas Rd. S. Cottage Grove 17-027-21-42-0018	3/23/18	\$1,000,000	Park Place Storage Condominiums, Inc.	563,231 SF 12.93 ac.	\$1.78	PB Planned Business	Trapezoid-shaped, level site, located along W. Point Douglas Rd. S., which is a frontage road to U.S. Hwy. 61. Utilities to the site. Listed on market for \$2.40/SF prior to sale. Fronts bituminous paved street with concrete curb/gutter in fair condition. No rail spur access.
				Siskwit Investments, LLC				
Subject	Malt-O-Meal Plant Site Multiple Addresses Northfield Multiple PIDs	2/25/19 Value Date	---	---	886,391 SF 20.35 ac.	---	I1-B Industrial	Malt-O-Meal Plant site located along Hwy. 19. The southerly approximately 16.8 acres of the site, which supports the plant operations, is accessed via Hwy. 19; the north approximately 3.6 acres of the site, which are two parking lots, are accessed via Odd Fellows Lane, Orchard St. S. and Plum St. S. As part of this project, only Orchard St. S. and Plum St. S. are proposed for rehabilitation (reclamation) improvements at this time (approximately 23% of total street frontage). The remaining fronting streets are considered in average condition. There is spur access to Soo Line Rail.

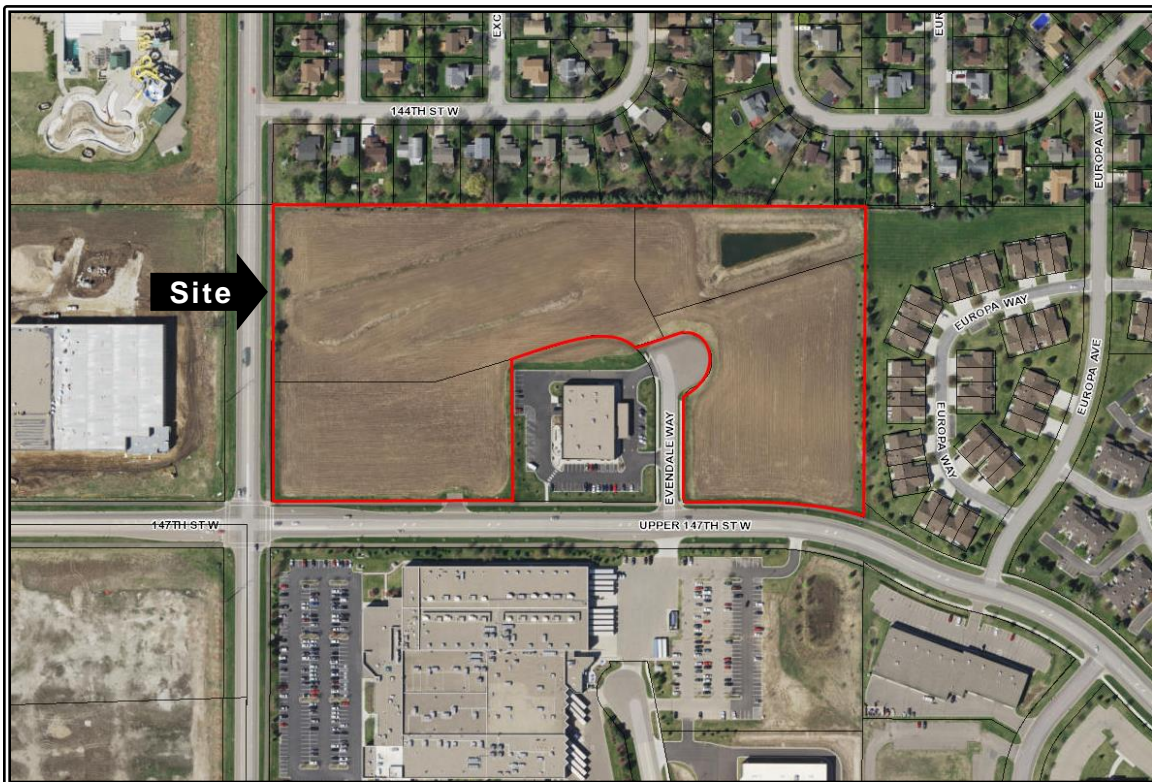
¹ Sale price includes assumed special assessments and building demolition costs, if any.

² Land area excludes water and existing road right of way, if any.

COMPARABLE LAND SALES PLAT/PARCEL MAPS



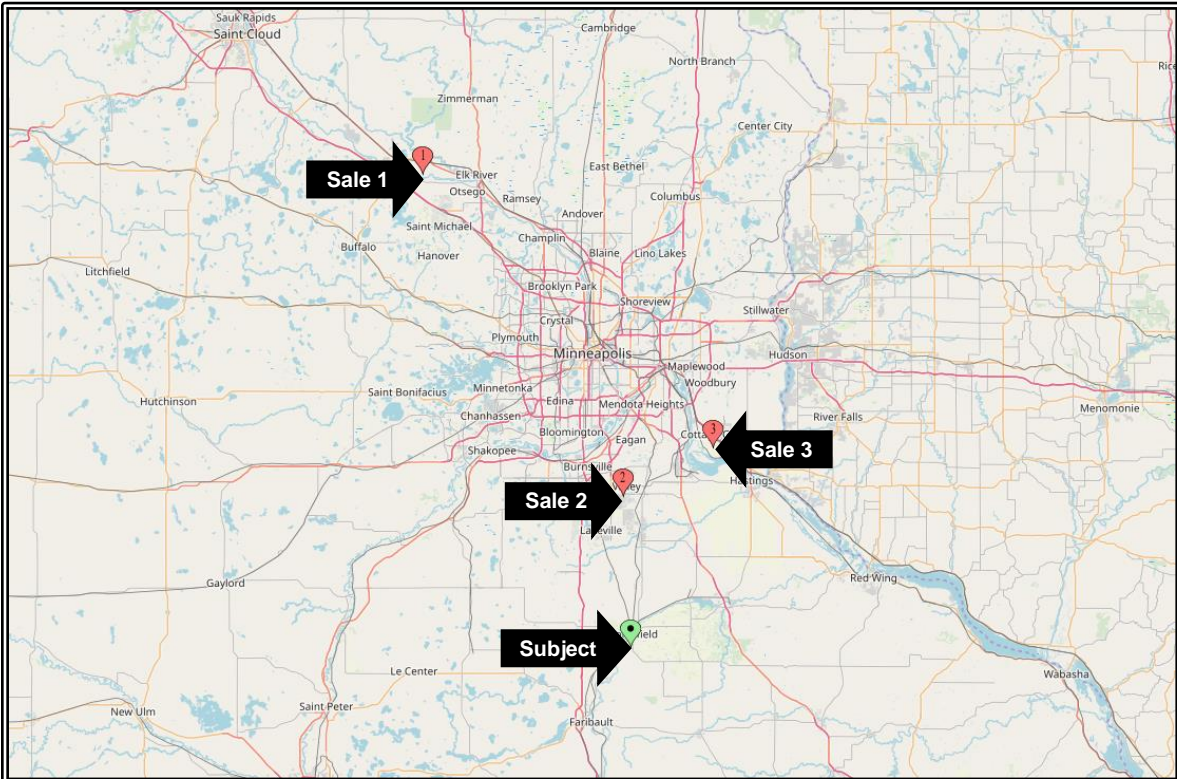
Land Sale 1: 16905 197th Avenue NW, Big Lake



Land Sale 2: 14570 Evendale Way, Apple Valley



Land Sale 3: 7552 West Point Douglas Road South, Cottage Grove



Comparable Land Sales Location Map – Malt-O-Meal Plant Site

Analysis of Land Sales – After – Malt-O-Meal Plant Site

The comparable land sales are adjusted for value-related differences in relation to the subject land. Upward adjustments are made to the comparable sale prices for characteristics inferior to the subject site, and downward adjustments are made for attributes which are superior to the subject. The land sales will be analyzed on the basis of price per square foot of land purchased.

Following are items for which adjustments were considered and made, where applicable and necessary:

Property Rights Conveyed: If property rights different than those appraised for the subject property were transferred, an adjustment may be necessary (i.e., leased fee vs. fee simple).

Financing: The opinions of market value in this appraisal reflect payment in cash or cash equivalent terms. An adjustment may be necessary when the payment is something other than cash, or financing terms differ from those typically available in the market.

Sale Conditions: Consideration is given to whether transaction was arms-length or was influenced by conditions causing buyer or seller to be atypically motivated.

Market Conditions/Time: Reflects changes in prices, if any, between date of each comparable sale and valuation date, due to changes in market conditions. Generally, demand for industrial development land has been relatively strong, resulting in sustained price appreciation, though not nearly at the level of brisk price increases seen with individual single-family home lot sales. For this analysis, the comparables are adjusted based on price movements of +3% per year from the date of each comparable sale through the effective date of valuation.

Location: Takes into account location factors such as proximity to major access routes and shopping, visibility, surrounding development, and general area desirability/demand.

Sale 1 is in Big Lake, which is an outlying community generally located between Minneapolis/St. Paul and St. Cloud. The community is located along U.S. Highway 10. This is an inferior location relative to Northfield, and an upward adjustment was necessary. Sales 2 and 3 are located in closer-in communities to the Twin Cities metro core; downward adjustments were made to these two sales.

Size: Generally, as parcel size increases, total price increases, but price per square foot typically decreases. All three sales are smaller than the subject, and are adjusted downward accordingly.

Shape/Utility: Development utility is affected by shape and other factors, including items such as easements. Regular shaped sites with few or no restrictions from easements and other factors are preferred in the market. The subject has an irregular shape and is divided into southerly and northerly portions by Highway 19. This is a drawback, which inhibits the utility of the site. Downward adjustments were made to the three sales.

Soils/Topography: Stable subsoils needing no corrective measures for building, and generally level to moderately sloping topography are preferred in the market. The subject has level to moderately sloping topography, with stable subsoils assumed. The comparables are generally level to moderately sloping sites with apparently stable subsoils, requiring no adjustment for soils/topography.

Water/Sanitary Sewer: The availability of municipal water and sanitary sewer service to a commercial/industrial site has a significant impact on the price buyers are willing to pay. Public utility availability to land parcels carries a premium relative to those without such access to utilities. The subject and the sales have access to public water and sanitary sewer, thus, no adjustments were necessary.

Zoning/Use: Addresses differences in zoning or intended/allowable use for the site. More intensive allowable uses typically command higher prices per square foot. The highest and best use of the subject land is for industrial development, and its I1-B zoning allows for such use. The sales have similar zoning and highest and best use potential, relative to the subject, and no adjustments are required, with the exception of Sale 3. This sale is zoned PB, Planned Business, which is less restrictive in the uses allowed, and as such, a downward adjustment was necessary.

Other: The subject site has rail spur access to the Soo Line Rail Corridor, which is a positive amenity, for which buyers will pay a premium. Sale 1 has rail spur access, while the other two sales do not. Adjustments were made accordingly.

Streets/Utilities: In the “after” position, approximately 23% of the subject property street frontage reflects new streets with spot repair of concrete curb/gutter; the remaining 77%, reflecting Highway 19 and Odd Fellow Lane, have not been rehabilitated and remain in their existing state.

Sale 1 fronts an average condition street and no adjustment was necessary. Sale 2 fronts a relatively new street in good condition, thus, a modest downward adjustment was warranted. Sale 3 fronts a fair condition street and an upward adjustment was warranted.

Presented on the following page is a land sales adjustment grid for the subject Malt-O-Meal Plant Site in the after situation showing specific adjustments for the items discussed previously.

Land Sales Adjustment Grid - After Improvements - Malt-O-Meal Plant Site			
	Sale 1	Sale 2	Sale 3
Sale Price (\$/SF)	\$1.15	\$1.28	\$1.78
Property Rights	<u>x 1.00</u> \$1.15	<u>x 1.00</u> \$1.28	<u>x 1.00</u> \$1.78
Financing	<u>x 1.00</u> \$1.15	<u>x 1.00</u> \$1.28	<u>x 1.00</u> \$1.78
Sale Conditions	<u>x 1.00</u> \$1.15	<u>x 1.00</u> \$1.28	<u>x 1.00</u> \$1.78
Market Conditions	<u>x 1.02</u>	<u>x 1.02</u>	<u>x 1.03</u>
Adjusted Price	\$1.17	\$1.31	\$1.83
Location	25%	-10%	-15%
Size	-10%	-5%	-5%
Shape/Utility	-5%	-5%	-5%
Soils/Topography	0%	0%	0%
Water/Sanitary Sewer	0%	0%	0%
Zoning/Use	0%	0%	-10%
Other	0%	5%	5%
Streets/Access Quality	<u>0%</u>	<u>-1%</u>	<u>1%</u>
Net Adjustment	10%	-16%	-29%
Indicated Value For Subject	\$1.29	\$1.10	\$1.30

After adjustments, the land sale comparables result in value indications for the Malt-O-Meal Plant property ranging from \$1.10 to \$1.30 per square foot of land, with an average value indication of \$1.23 per square foot. Consideration has been given to all three comparable sales. Market evidence best supports a value of approximately \$1.25 per square foot.

Land Area: 886,391 SF or 20.35 Acres

886,391 SF @ \$1.25 / SF = \$1,107,989

Rounded to

OPINION OF LAND VALUE - AFTER IMPROVEMENTS: \$1,108,000
(Malt-O-Meal Plant Site)

Odd Fellows Campus Valuation – After

Comparable Land Sales Summary - After Improvements - Odd Fellows Campus Site									
#	Location/ PID#	Sale Date	Sale Price ¹	Buyer Seller	Land Area ²	Price/SF	Density (Units/Ac.)	Zoning	Comments
1	1601 Harvest Lane Shakopee 27-454-0060 27-454-0040	8/21/17	\$900,000	Marystown Village, LLC Hy-Vee, Inc.	272,261 SF 6.25 ac.	\$3.31 / SF	21.28	B-1 Highway Business	Two, generally level tax parcels of land divided by road right of way. Located in a mixed-use area in the NEQ of Hwy. 169 and Marystown Rd. Developed with a 133-unit market rate apartment complex. Accessed from Harvest Lane, a newer bituminous street.
2	9436 Ulysses St. NE Blaine 29-31-23-34-0011 29-31-23-34-0012	3/21/16	\$1,910,000	KJPL Shoreview, LLC Children's Health Care	399,010 SF 9.16 ac.	\$4.79 / SF	20.85	PBD Planned Business District	Generally level site located in the NWQ of Hwy. 65 and Hwy. 10. Located in a mixed-use area. Purchased for development of a 191-unit market rate apartment complex. Accessed from Ulysses St. NE, an average condition bituminous street.
3	5500 93rd Ave. N. Brooklyn Park 09-119-21-43-0005	4/26/18	\$2,576,607	Northbrooke Ventures, LLC Walter Cotter & Benjamin McCleary	457,380 SF 10.50 ac.	\$5.63 / SF	29.52	TC Town Center	Generally level site located in the SEQ of Hwy. 610 and Zane Ave. Located in a mixed-use area. Parcel was split from an original 34.61-acre site. Trident plans to build a 207-unit market-rate apartment complex and a 103-unit assisted-living facility. Accessed from 94th Ave. N., a newer bituminous street, and 93rd Ave. N., an average condition street.
Subject	Odd Fellows Campus Site Multiple Addresses Northfield Multiple PIDs	2/25/19 Value Date	---	---	640,332 SF 14.70 ac.	---	20.00 +/-	R3-B High Density Residential	Level to moderately sloping site comprising five tax parcels, with three fronting streets; moderate amount of mature tree cover. Highest and best use of land, as vacant, is for multifamily residential development. In after project position, site fronts a portion of Forest Avenue which is rehabilitated (315') by ways of reclamation; remaining Forest Avenue frontage (405') remains unchanged, as does frontage on Odd Fellows Lane and Highway 19. The streets where no work is being done are in overall average condition. The front footage of rehabilitation work being done is equal to approximately 15% of the total frontage on the property.

¹ Sale price includes assumed special assessments and building demolition costs, if any.

² Land area excludes water and existing road right of way, if any.

COMPARABLE LAND SALES PLAT/PARCEL MAPS



Land Sale 1: 1601 Harvest Lane, Shakopee



Land Sale 2: 9436 Ulysses Street NE, Blaine

Analysis of Land Sales – After – Odd Fellows Campus Site

The comparable land sales are adjusted for value-related differences in relation to the subject land. Upward adjustments are made to the comparable sale prices for characteristics inferior to the subject site, and downward adjustments are made for attributes which are superior to the subject. The land sales will be analyzed on the basis of price per square foot of land purchased.

Following are items for which adjustments were considered and made, where applicable and necessary:

Property Rights Conveyed: If property rights different than those appraised for the subject property were transferred, an adjustment may be necessary (i.e., leased fee vs. fee simple).

Financing: The opinions of market value in this appraisal reflect payment in cash or cash equivalent terms. An adjustment may be necessary when the payment is something other than cash, or financing terms differ from those typically available in the market.

Sale Conditions: Consideration is given to whether transaction was arms-length or was influenced by conditions causing buyer or seller to be atypically motivated.

Market Conditions/Time: Reflects changes in prices, if any, between date of each comparable sale and valuation date, due to changes in market conditions. Generally, demand for multifamily development land has been relatively strong, resulting in sustained price appreciation, though not nearly at the level of brisk price increases seen with individual single-family home lot sales. For this analysis, the comparables are adjusted based on price movements of +3% per year from the date of each comparable sale through the effective date of valuation.

Location: Takes into account location factors such as proximity to major access routes and shopping, visibility, surrounding development, and general area desirability/demand.

All three comparables have relatively closer-in suburban locations, relative to the Twin Cities metro core, in contrast to the subject property's more outlying Northfield location. Predominant home prices in the areas of the comparables are higher than those in the subject area, which affects land/lot prices as well. The comparables command higher prices than would the subject property due to location, resulting in downward location adjustments to all three comparables.

Size: Generally, as parcel size increases, total price increases, but price per square foot typically decreases. The sales are notably smaller, requiring downward adjustments.

Shape/Utility: Development utility is affected by shape and other factors, including items such as easements. Regular shaped sites with few or no restrictions from easements and other factors are preferred in the market. The subject and Sales 2 and 3 have good shapes and utility; no adjustments were necessary. Sale 1 has its site divided by a street and is significantly elongated in overall shape, which is inferior, for which an upward adjustment was necessary.

Soils/Topography: Stable subsoils needing no corrective measures for building, and generally level to moderately sloping topography are preferred in the market. The subject and the comparables have soils/topographies that are conducive to development; no adjustments were necessary.

View/Nature Amenities: Amenities such as wooded areas, wetlands, open space and other enhancements typically command a premium for residential land. The subject is just east of Odd Fellows Park, which is heavily wooded and offers view/nature amenities. Sales 1 and 3 are inferior as they do not offer any view/nature amenities; upward adjustments are made to these two sales. Sale 2 adjoins a heavily wooded area, which is similar to the subject, and thus, no adjustment was necessary.

Zoning/Density: The subject property and comparables are being analyzed on a price-per-square-foot basis. The higher the density (i.e., number of dwelling units per acre) possible and/or approved for a development parcel, typically the more a developer will pay for the land on a per-acre or per-square-foot basis. Conversely, there typically is an inverse relationship between density and price paid per unit.

The subject land is zoned R3-B, High Density Residential, and the comparables are not materially different; in general terms, in all cases, the zoning is intended primarily for high density residential use. The sales were all purchased with density units per acre ranging from 20.85 to 29.52, which is in a range generally similar to the subject's estimated density of 20.00 units per acre. A downward adjustment was made to Sale 3, which has materially higher density in units per acre relative to the subject.

Streets/Utilities: In the "after" position, approximately 15% of the subject property street frontage reflects a new street with spot repair of concrete curb/gutter; the remaining 85%, reflecting a portion of Forest Avenue, Odd Fellows Lane and Highway 19, have not been rehabilitated and remain in their existing state.

Sale 1 fronts a newly built street in good condition, and a downward adjustment was necessary. Sale 2 fronts a street that is in average condition; a slight upward adjustment was made to reflect approximately 15% of the subject's frontage being new. Sale 3 has partial frontage on an older, worn street, and partial frontage on a newer, good condition street, which is similar to the subject property. Consequently, no adjustment was made to Sale 3.

Presented on the following page is a land sales adjustment grid for the subject Odd Fellows Campus Site in the after situation showing specific adjustments for the items discussed previously.

Land Sales Adjustment Grid - After Improvements - Odd Fellows Campus Site			
	Sale 1	Sale 2	Sale 3
Sale Price (\$/SF)	\$3.31	\$4.79	\$5.63
Property Rights	x 1.00 \$3.31	x 1.00 \$4.79	x 1.00 \$5.63
Financing	x 1.00 \$3.31	x 1.00 \$4.79	x 1.00 \$5.63
Sale Conditions	x 1.00 \$3.31	x 1.00 \$4.79	x 1.00 \$5.63
Market Conditions	x 1.05 \$3.48	x 1.09 \$5.22	x 1.03 \$5.80
Adjusted Price	\$3.48	\$5.22	\$5.80
Location	-10%	-15%	-20%
Size	-15%	-10%	-10%
Shape/Utility	25%	0%	0%
Soils/Topography	0%	0%	0%
View/Nature Amenities	5%	0%	5%
Zoning/Density	0%	0%	-10%
Streets/Utilities	-4%	1%	0%
Net Adjustment	1%	-24%	-35%
Indicated Value For Subject	\$3.51	\$3.97	\$3.77

After adjustments, the land sale comparables result in value indications for the subject Odd Fellows Campus site ranging from \$3.51 to \$3.97 per square foot of land, with an average value indication of \$3.75 per square foot. Consideration was given to all of the sales. Market evidence best supports a value of approximately \$3.75 per square foot.

Land Area: 640,332 SF or 14.70 Acres

640,332 SF @ \$3.75 / SF = \$2,401,245

Rounded to

OPINION OF LAND VALUE - AFTER IMPROVEMENTS: \$2,401,200
(Odd Fellows Campus Site)

LAND VALUE BEFORE IMPROVEMENTS - RESIDENTIAL

SALES COMPARISON APPROACH

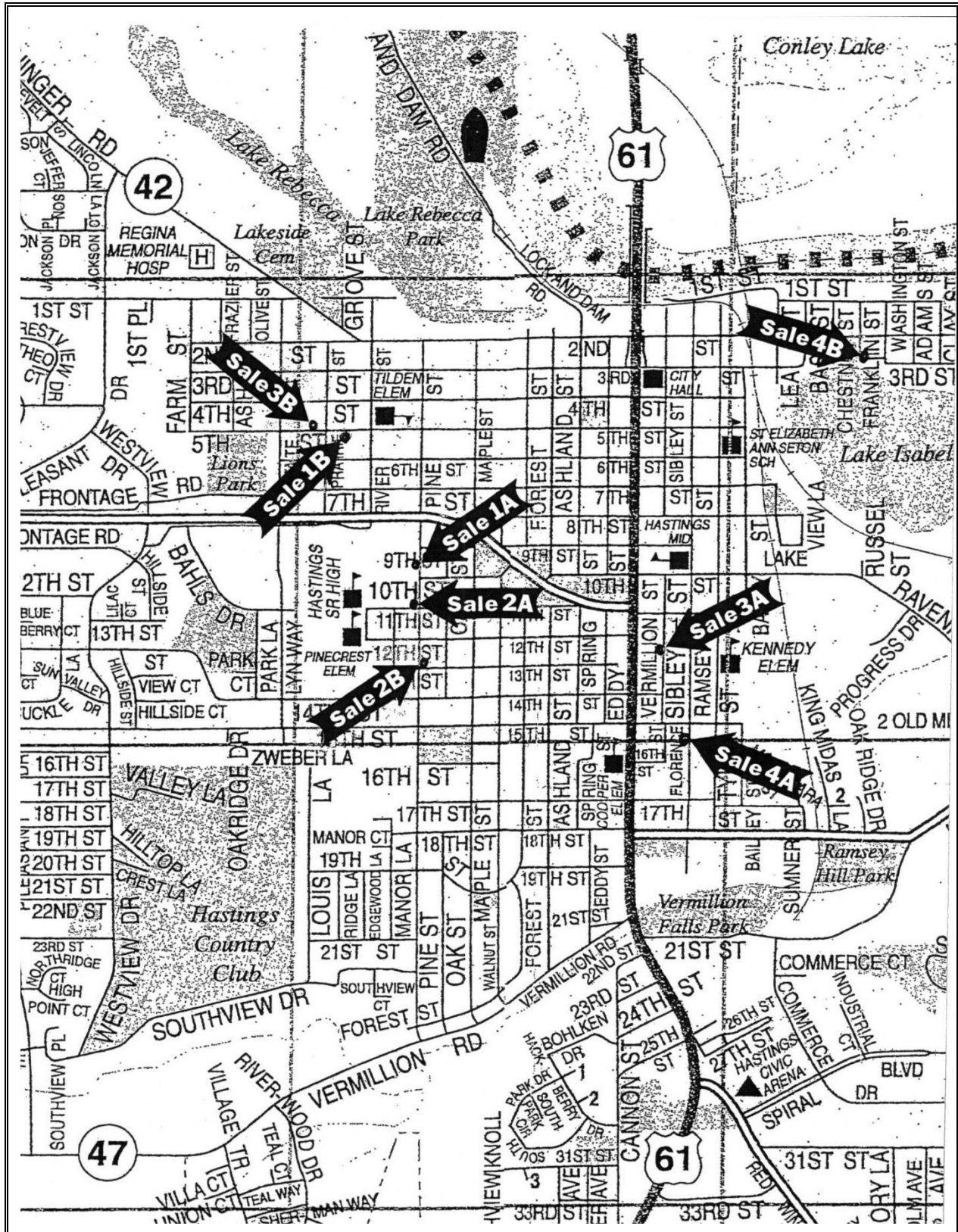
Typical Single-Family Lot – Before Reclamation Improvements

Similar to the previously presented valuation of the Typical Single-Family Lot in the after situation, the value of the subject lot is addressed in the before situation, reflecting its current state with frontage on an old, worn street in need of rehabilitation. Relative to the after position, all of the adjustments made to the comparables for value-related differences remain the same, except for streets, since this aspect of the property has changed between the before and after positions. Therefore, a before value indication can be derived by making an appropriate adjustment to the after value indication which reflects the impact of the difference in streets.

In consideration of the appropriate adjustment to make for differences between the comparable sales and the subject property as it pertains to streets, reference is made to a “paired sales” study conducted by BRKW Appraisals, Inc. in the City of Hastings, a similar community to Northfield in that it is an older, established river town with an outlying position relative to the core of the Twin Cities. Hastings is located about 25 miles southeast of Minneapolis and about 25 miles northeast of Northfield.

For several years, the City of Hastings has been conducting a scheduled replacement program for the older streets within the community. Consequently, there have been instances where sales took place of vacant lots fronting old, deteriorated streets, and within a relatively concurrent time frame similar lots fronting reconstructed streets also were sold. Such a setting allowed for a direct pairing of the sale prices of lots on deteriorated streets versus new streets, with minimal difference between the lots other than street/utility quality and condition.

On the following pages is summary information for several vacant single-family lot sales in Hastings. These sales are arranged in paired sets with one lot sale fronting on an older street without curb and gutter, or with older bituminous curbs, (Sale B, before) and one sale on a newer paved street with concrete curb and gutter (Sale A, after). These sets of paired sales will be analyzed, with adjustments made for all value-related differences except for the quality and condition of the fronting streets. Sale B (before) will be adjusted to Sale A (after) in the adjustment analysis. The analysis will result in an indicated percentage value benefit factor attributable to the difference in the quality and condition of the fronting streets and utilities.



Paired Lot Sales Location Map –Hastings, MN

25

26

31

32

PRAIRIE ST.

15TH STREET

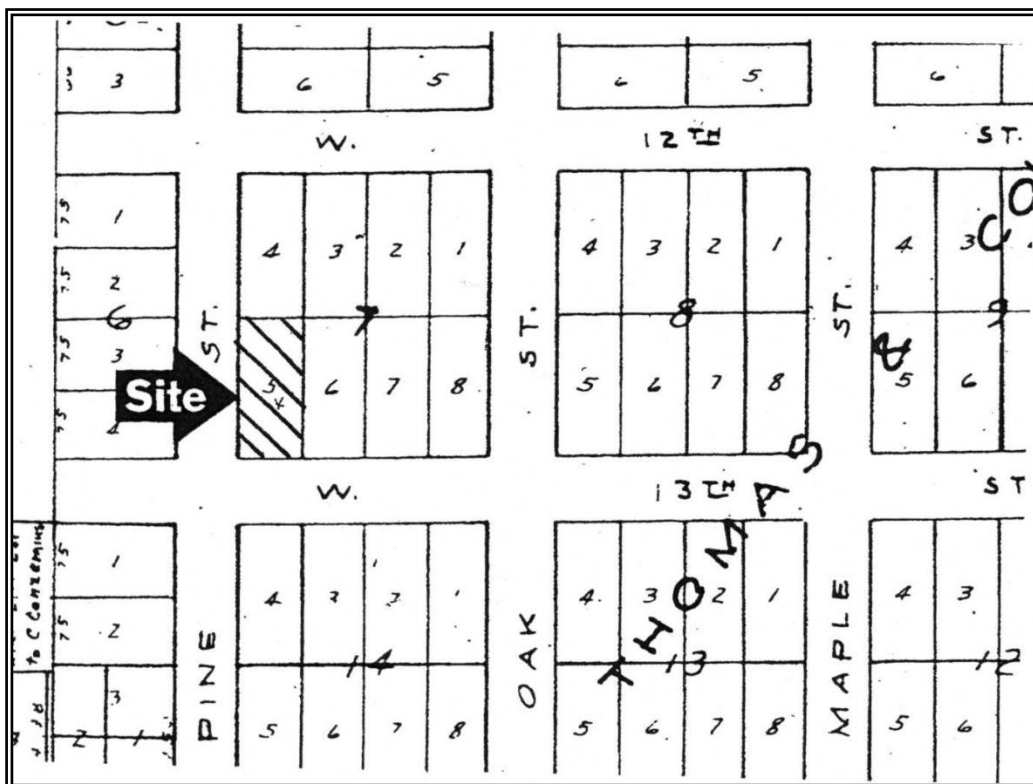
THIRTEEN

Site

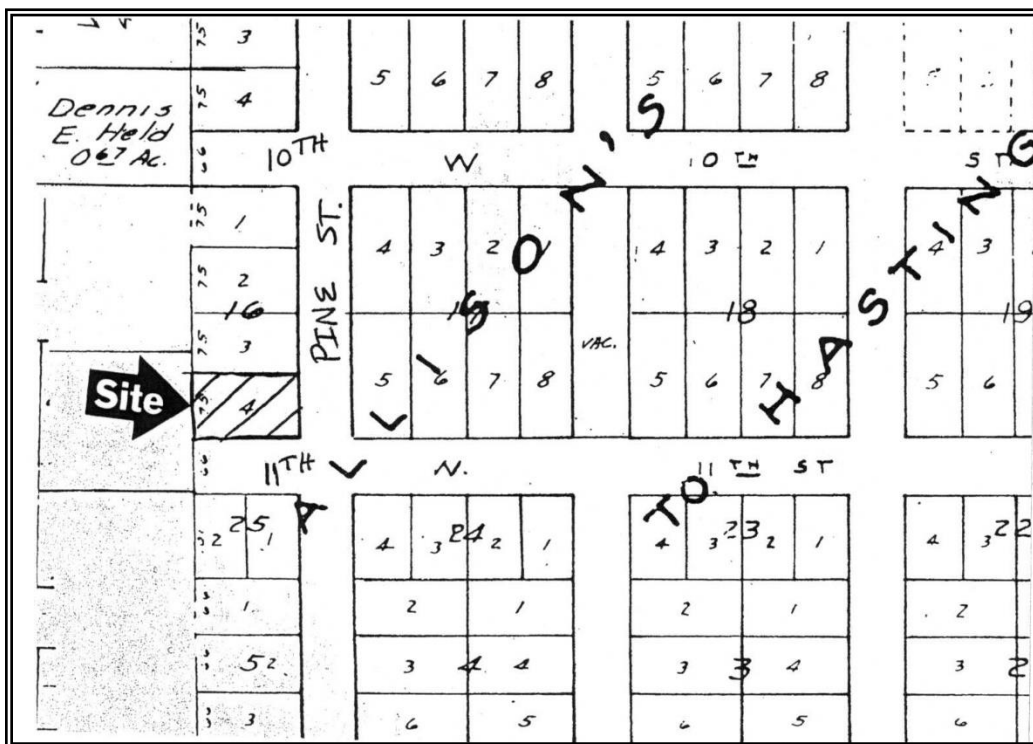
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PAIRED SALES 2 – PLAT MAPS



Paired Sale 2B – 820 13th Street W., Hastings

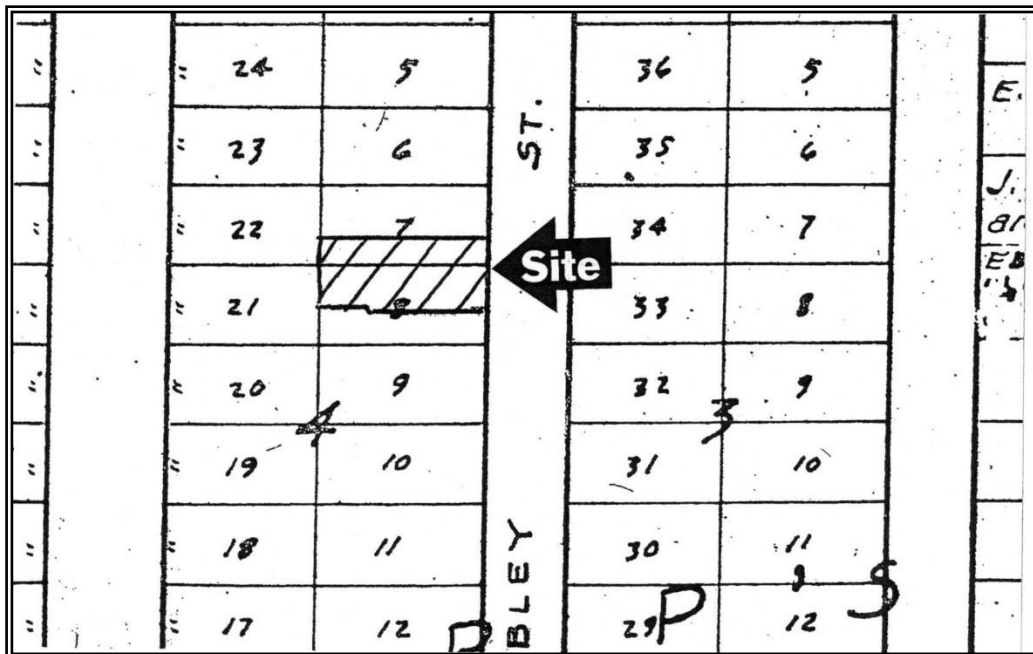


Paired Sale 2A – 1030 Pine Street, Hastings

PAIRED SALES 3 – PLAT MAPS

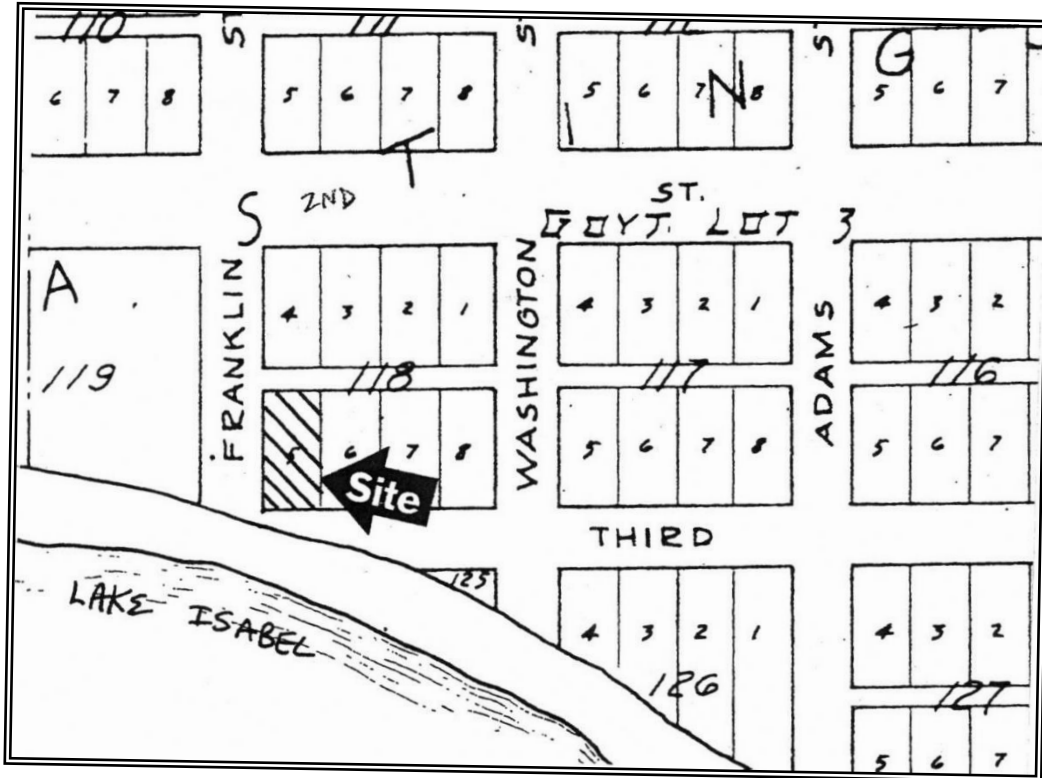


Paired Sale 3B – 906 5th Street W., Hastings

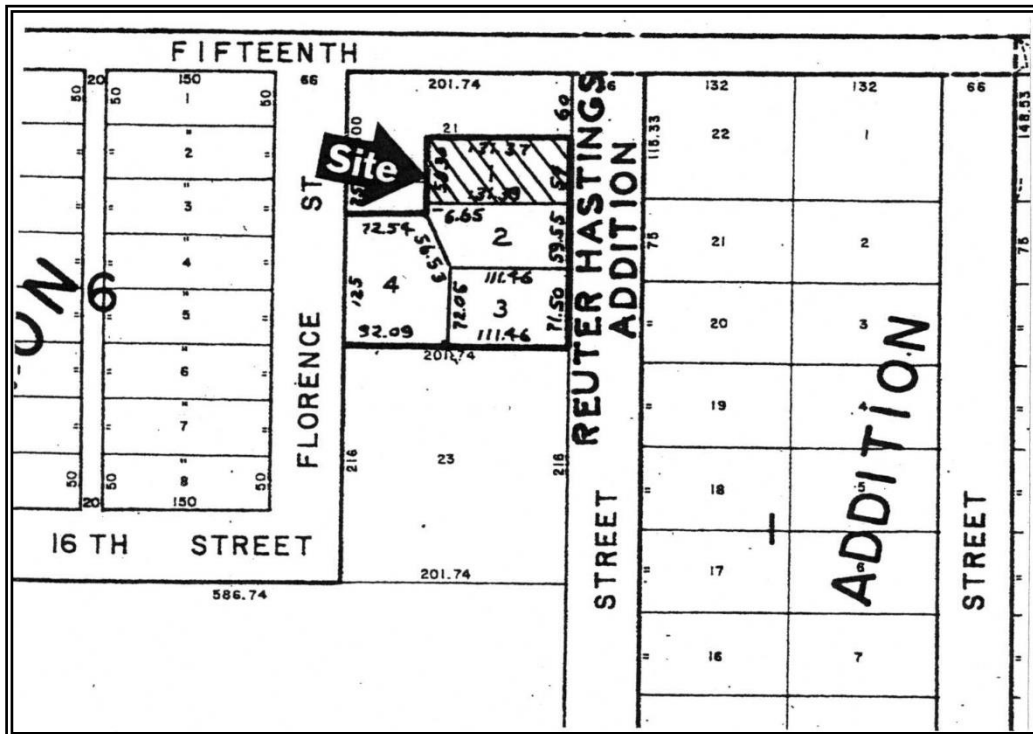


Paired Sale 3A – 1216 Sibley Street, Hastings

PAIRED SALES 4 – PLAT MAPS



Paired Sale 4B – 221 Franklin Street, Hastings



Paired Sale 4A – 1504 Ramsey Street, Hastings

Paired Lot Sales Summary Data								
#	Location	Sale Date	Sale Price	Lot Size / Frontage	\$ / Site	\$ / FF	Zoning	Comments
1B	831 5 th St. W. Hastings	12/99	\$35,000	12,080 SF 80' FF	\$35,000	\$437.50	R-2	Interior level lot in average location, old paved street with no curb & gutters.
1A	910 Pine St. Hastings	9/01	\$40,000	9,825 SF 75' FF	\$40,000	\$533.33	R-2	Interior level lot in average location, newer paved street with concrete curb & gutter, backs up to school property.
2B	820 13 th St. W. Hastings	1/01	\$42,000	9,900 SF 66' FF	\$42,000	\$636.36	R-2	Corner level lot in average location, old paved street with no curb & gutters, side street newer with conc. C & G.
2A	1030 Pine St. Hastings	11/01	\$52,000	9,825 SF 75' FF	\$52,000	\$693.33	R-2	Corner level lot in average location, newer paved street with concrete C & G, side street older with no C & G.
3B	906 5 th St. W. Hastings	7/00	\$31,700	7,350 SF 50' FF	\$31,700	\$634.00	R-2	Interior level lot in average location, old paved street with old bituminous curb & gutters
3A	1216 Sibley St. Hastings	9/03	\$41,000	7,776 SF 60' FF	\$41,000	\$683.33	R-2	Interior level lot in average location, newer paved street with concrete C & G, backs up to commercial property.
4B	221 Franklin St. Hastings	7/97	\$27,000	9,240 SF 66' FF	\$27,000	\$409.09	R-2	Interior sloping lot with lake views, gravel street with no curb & gutters, adjacent to park on the west.
4A	1504 Ramsey St. Hastings	10/99	\$33,000	7,664 SF 59' FF	\$33,000	\$559.32	R-2	Interior level lot in average location, newer paved street with concrete C & G.

Adjustments are made to the B sales compared to the A sales for value-related differences (such as for time of sale, lot size, etc.), except for access quality, which is the attribute being measured, and thus the attribute being isolated. The result is the indicated difference in value between the B and A sales as a result of new streets (A sales) versus old, deteriorated streets (B sales). Shown below and on the next page is the result of the paired sales analysis:

Paired Sales Adjustment Grid				
	Paired Sales 1		Paired Sales 2	
	1B	1A	2B	2A
Sale Date:	12/99	9/01	1/01	11/01
Street Frontage:	80'	75'	66'	75'
Sale Price (\$/Site):	\$35,000	\$40,000	\$42,000	\$52,000
Property Rights:	<u>x 1.00</u> \$35,000		<u>x 1.00</u> \$42,000	
Financing:	<u>x 1.00</u> \$35,000		<u>x 1.00</u> \$42,000	
Conditions of Sale:	<u>x 1.00</u> \$35,000		<u>x 1.00</u> \$42,000	
Mkt. Conditions/Time:	<u>x 1.105</u>		<u>x 1.055</u>	
Adjusted Price:	\$38,675	\$40,000	\$44,310	\$52,000
Location:	-0-		-0-	
Size/Shape:	-8%		+4%	
Soils/Topo/Trees:	-0-		-0-	
Zoning/Utility:	-0-		-0-	
Corner/Interior:	-0-		-0-	
Net Adjustment:	-8%		+4%	
Indicated Values:	\$35,581	\$40,000	\$46,082	\$52,000
Value Benefit (\$)		\$4,419		\$5,918
Value Benefit (%)		12.42%		12.84%
Value Benefit (\$/FF)		\$58.92/FF		\$78.90/FF

Paired Sales Adjustment Grid				
	Paired Sales 3		Paired Sales 4	
	3B	3A	4B	4A
Sale Date:	7/00	9/03	7/97	10/99
Street frontage:	50'	60'	66'	59'
Sale Price (\$/Site):	\$31,700	\$41,000	\$27,000	\$33,000
Property Rights:	<u>x 1.00</u> \$31,700		<u>x 1.00</u> \$27,000	
Financing:	<u>x 1.00</u> \$31,700		<u>x 1.00</u> \$27,000	
Conditions of Sale:	<u>x 1.00</u> \$31,700		<u>x 1.00</u> \$27,000	
Mkt. Conditions/Time:	<u>x 1.19</u>		<u>x 1.135</u>	
Adjusted Price:	\$37,723	\$41,000	\$30,645	\$33,000
Location:	-8%		-3%	
Size/Shape:	+5%		-7%	
Soils/Topo/Trees:	-0-		+5%	
Zoning/Utility:	-0-		-0-	
Corner/Interior:	-0-		-0-	
Net Adjustment:	-3%		-5%	
Indicated Values:	\$36,591	\$41,000	\$29,113	\$33,000
Value Benefit (\$)		\$4,409		\$3,887
Value Benefit (%)		12.05%		13.35%
Value Benefit (\$/FF)		\$73.48/FF		\$65.89/FF

After adjustments, the paired land sale comparables result in the indication that the new, reconstructed streets have a higher value than the old, deteriorated streets on a percentage basis as follows:

Percentage Value Increase Given New Reconstructed Vs. Old Deteriorated Street:

Range: 12.05% to 13.35%
Average: 12.67%

All of the paired sales are considered generally reliable value indicators after the adjustment process. All of the paired sales involve "before" lots that front old deteriorated streets which are to the point at which they are in need of total reconstruction (removal of all pavement, base, curb/gutter and, in many cases, existing utility lines and replaced with all new of these components).

Typical Single-Family Lot – Before Reclamation Improvements

In the preceding matched pairs analysis, the range of indicated special benefit for complete street reconstruction is between approximately 12% and somewhat more than 13%. If the Typical Single-Family Lot fronting street were deteriorated to the point where it needed complete reconstruction, the data indicates that the value benefit or increase in the land value resulting from the proposed improvements would be somewhere between 12% and 13%. However, it is noted that the subject land in the before position is somewhat superior to the “inferior” lots in the paired sales analysis. In the before position, the subject street frontage is deteriorated to the point that a complete pavement replacement is required and some reworking/strengthening of the underlying base is necessary, but the street has not reached the point of needing complete reconstruction. Most of the curb/gutter is intact with repairs or replacement needed on a spot basis, and the base material does not need complete removal and replacement; nor does the utility infrastructure need major repair or replacement.

Consequently, the benefit from the proposed improvements, which include reclaiming and replacing the existing pavement, together with repair, as needed, of concrete curb, gutter and associated storm sewer, would be significant, but less than between 12% and 13%. Considering the subject property situation, and based on our previous special benefits appraisal experience, we would estimate that the **value benefits to the subject Typical Single-Family Lot would be about 9%.**

All of the adjustments made in the preceding “after” valuation of the property (e.g., market conditions, location, size, etc.) remain valid in the “before” valuation; the only factor that has changed is the street condition. Thus, the market-derived percentage value benefits of the street improvements will be applied to the previously estimated value of the property in the after situation to calculate the value of the subject Typical Single-Family Lot in the before situation. The “after” value reflects an amount which is 9% higher than the before value. Dividing the after value by a factor of 1.09 results in the before value as shown below:

Land Value After Street Improvements = \$46,200

$\$46,200 \div 1.09 = \$42,385$

Rounded to: \$42,400

**OPINION OF LAND VALUE – BEFORE RECLAMATION IMPVMTS.: \$42,400
(Typical Single-Family Lot)**

Multifamily Property – Before Reclamation Improvements

The Multifamily Property street frontage is in need of street reclamation improvements. As previously discussed, it was concluded that the Typical Single-Family Lot property, if needing reclamation work, would increase in value by about 9% after the needed improvements. This level of increase also is judged to apply with equal validity to the Multifamily Property. Thus, the “after” value reflects an amount which is 9% higher than the before value. Dividing the after value by a factor of 1.09 results in the before value as shown below:

Land Value After Street Improvements = \$51,100

$$\$51,100 / 1.09 = \$46,881$$

Rounded to: \$46,900

**OPINION OF LAND VALUE – BEFORE RECLAMATION IMPVMTS.: \$46,900
(Multifamily Property)**

*** Typical Commercial Lot: The before value for the Typical Commercial Lot will be valued after the residential-oriented properties.**

Longfellow School Site – Before Reclamation Improvements

In the after improvements valuation, the Longfellow School Site was appraised reflecting that one of its four sides fronts a newer street, given assumed completion of the reclamation improvements as part of the Northfield 2019 Street Improvement Project. The three fronting streets, on the north, east and west sides of the property, were reconstructed a few years ago and are in good condition. In the before project position, one of the four fronting streets is old, deteriorated and in fair to poor overall condition.

Previously in this appraisal, it was concluded that the Typical Single-Family Lot increased in value by about 9% after a street reclamation improvement. In the case of the Longfellow School Site, it is concluded that the same approximate increase in value for this property would result from the improvement project, if all of the streets fronting the property were rehabilitated. However, only one of the four streets, or 25%, has been rehabilitated as part of the project. Twenty-five percent of 9% is 2%, rounded, which is judged to be reflective of the value benefit in this situation.

Therefore, it is concluded that the **value benefits to the subject Longfellow School Site would be about 2%** as a result of the reclamation improvements.

The “after” value reflects an amount which is 2% higher than the before value. Dividing the after value by a factor of 1.02 results in the before value as shown below:

Land Value After Street Improvements = \$315,800

$\$315,800 \div 1.02 = \$309,608$

Rounded to: \$309,600

**OPINION OF LAND VALUE – BEFORE RECLAMATION IMPVMTS.: \$309,600
(Longfellow School Site)**

St. John’s Lutheran Church Site – Before Reclamation Improvements

This property is very similar to the Longfellow School Site: after the project, one of its four sides front a new street with spot repair of curb/gutter. The remaining three fronting streets, on the north, east and west sides of the property, were reconstructed a few years ago and are in good condition. In the before project position, one of the four fronting streets is old, deteriorated and in fair to poor overall condition.

Previously in this appraisal, it was concluded that the Typical Single-Family Lot increased in value by about 9% after a street reclamation improvement. In the case of the St. John’s Lutheran Church Site, it is concluded that the same approximate increase in value for this property would result from the improvement project, if all of the streets fronting the property were rehabilitated by means of reclamation. The St. John’s Lutheran Church site has a total street frontage of about 1,138 feet; as part of the project, 330 feet, which is 29% of the total frontage, is converted from old and deteriorated to new as a result of the project. Twenty-nine percent of 9% is 2.61%, or 3%, rounded, which is judged to be reflective of the value benefit in this situation.

Therefore, it is concluded that the **value benefits to the subject St. John’s Lutheran Church Site would be about 3%** as a result of the reclamation improvements. The before project land value is calculated as shown below:

Land Value After Street Improvements = \$301,200

$\$301,200 \div 1.03 = \$292,427$

Rounded to: \$292,400

**OPINION OF LAND VALUE – BEFORE RECLAMATION IMPVMTS.: \$292,400
(St. John’s Lutheran Church Site)**

* **Malt-O-Meal Plant Site**: The before value for the Malt-O-Meal Plant Site will be valued after the residential-oriented properties.

Odd Fellows Campus Site – Before Reclamation Improvements

This property is generally similar to the Longfellow School Site and the St. John's Church Site: after the project, a portion of one of its three street frontages – Forest Avenue – has a new street surface with spot repair of curb/gutter. The remaining two fronting streets – Highway 19 and Odd Fellows Lane – on the east and south sides of the property and a portion of Forest Avenue, remain in overall average condition. In the before project position, all of the street frontages are considered to range between fair to good condition, depending on street and section, and overall are in average condition.

Previously in this appraisal, it was concluded that the Typical Single-Family Lot increased in value by about 9% after a street reclamation improvement. In the case of the Odd Fellows Campus site, it is concluded that the same approximate increase in value for this property would result from the improvement project, if all of the streets fronting the property were rehabilitated by means of reclamation.

However, as previously discussed, only 315 feet or 15% of the total property frontage along three roads is being improved as part of the current project. Consequently, it is reasonable to conclude that about 15% of 9% reflects the approximate benefit to the property as a result of the current project. Fifteen percent of 9% is 1.35%, or 1.5%, rounded, which is judged to be reflective of the value benefit in this situation.

Therefore, it is concluded that the **value benefits to the subject Odd Fellows Campus site would be about 1.5%** as a result of the reclamation improvements. The before project land value is calculated as shown below:

Land Value After Street Improvements = \$2,401,200

$\$2,401,200 \div 1.015 =$ \$2,365,714

Rounded to: \$2,365,700

**OPINION OF LAND VALUE – BEFORE RECLAMATION IMPVMTS.: \$2,365,700
(Odd Fellows Campus Site)**

LAND VALUE BEFORE IMPROVEMENTS – COMMERCIAL/INDUSTRIAL

SALES COMPARISON APPROACH

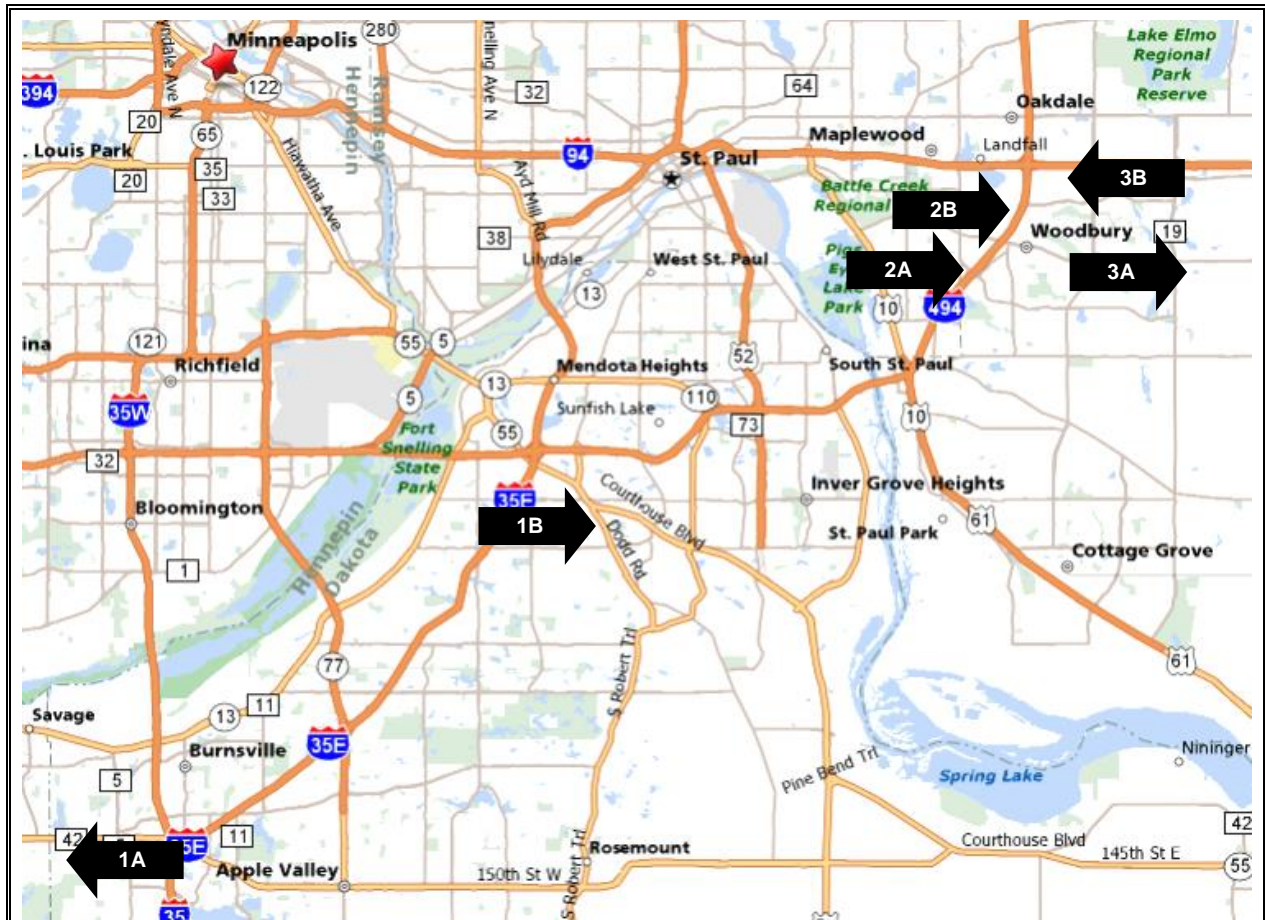
Typical Commercial Lot – Before Reclamation Improvements

Similar to the previously presented valuation of the Typical Commercial Lot in the after situation, the value of the subject land is addressed in the before situation, reflecting its current state with frontage on an older worn street in need of pavement reclaim improvements and spot repair of utilities. Relative to the after position, all of the adjustments made to the comparables for value-related differences remain the same, except for streets/access quality, since this aspect of the property has changed between the before and after positions. Therefore, a before value indication can be derived by making an appropriate adjustment to the after value indication which reflects the impact of the difference in streets/access quality (and spot repair of utilities).

In consideration of the appropriate adjustment to make for differences between the comparable sales and the subject property as it pertains to access quality, reference is made to “paired sales” analyses conducted by BRKW Appraisals, Inc. which examines the prices paid for land with varying levels of street/access condition and appeal.

The sales of commercial/industrial sites in the Twin Cities metro area communities of Eagan, Burnsville and Woodbury fronting newer, upgraded streets have been matched in pairs with other commercial site sales fronting older, comparatively substandard roadways. Adjustments for value-related differences, except for access quality, have been made in each pair. The resulting differences in the sale prices, after adjustments, provide an indication of the differential in value attributable to superior access quality.

The matched pairs analysis is shown on following pages. On the following page is a map showing the location of the matched pair land sales used for the analysis.



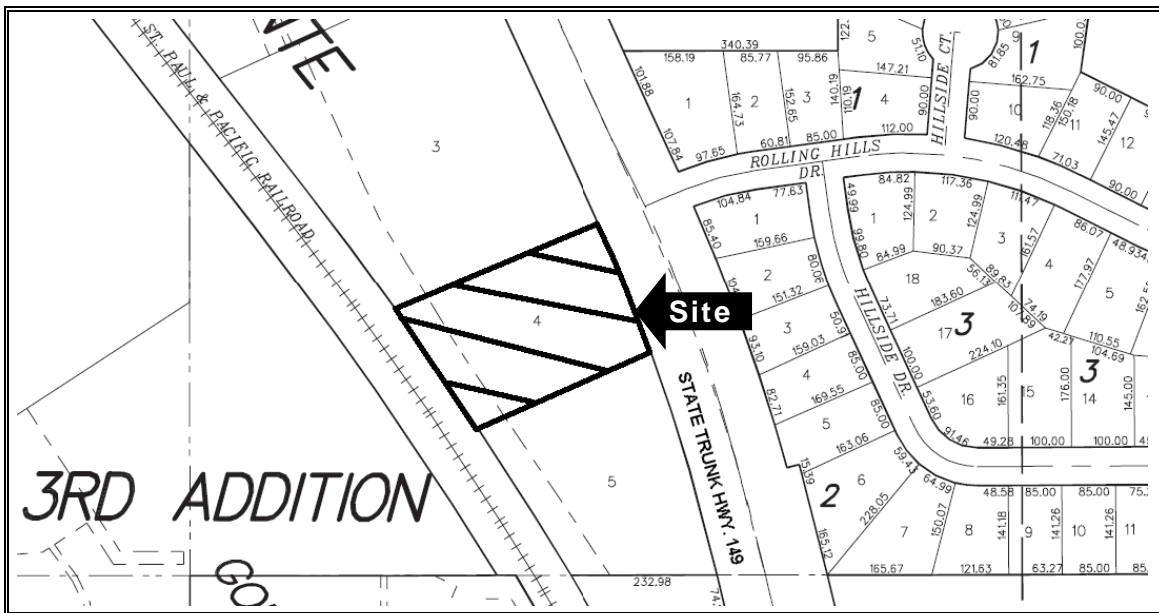
Paired Land Sales Location Map – Access Quality

Access Quality - Paired Sales Analysis 1

Sale	Address	Sale Date	Sale Price	Land Area (Ac.)	Price (\$/SF)	Zoning	Comments
1A	14200 Ewing Ave. Burnsville	11/17/03	\$598,125	2.32	\$5.92	I-3 Office & Indust. Park	Purchased for development with furniture warehouse/showroom.
1B	3177 Dodd Rd. Eagan	8/27/03	\$375,000	1.68	\$5.12	I-1 Limited Industrial	Developed with new office warehouse.



Sale 1A



Sale 1B

Sale 1A in this paired sales analysis fronts the south side of County Road 42, a newer fully upgraded four-lane divided arterial roadway with concrete medians and dedicated turn lanes. Access is provided by Ewing Avenue on the east and a service road on the south, both of which are two-lane paved streets with concrete curb and gutter in average to good condition.

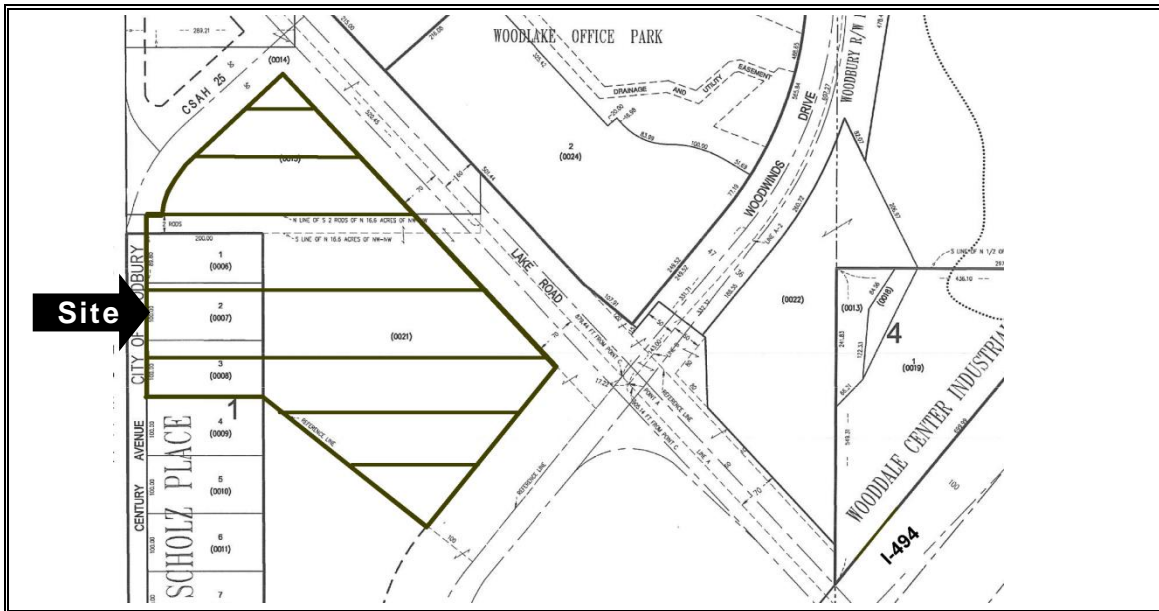
Sale 1B fronts on and is accessed by a well-traveled but older, two-lane rural roadway with no curb/gutter. The road has bituminous shoulders which provide for right-turn lanes, but there are no dedicated left-turn lanes or bypass lanes for traveling around left-turning vehicles.

Sale 1B is adjusted to Sale 1A for value-related differences, except for access quality, which is the factor being measured, as shown below. For this analysis, the location adjustment addresses general factors such as surrounding uses/activity, visibility, and positioning within the community and the Twin Cities metro. However, the location adjustment does not address access factors such as quality/condition of street frontage and quality/convenience of routes leading into and out of the neighborhood.

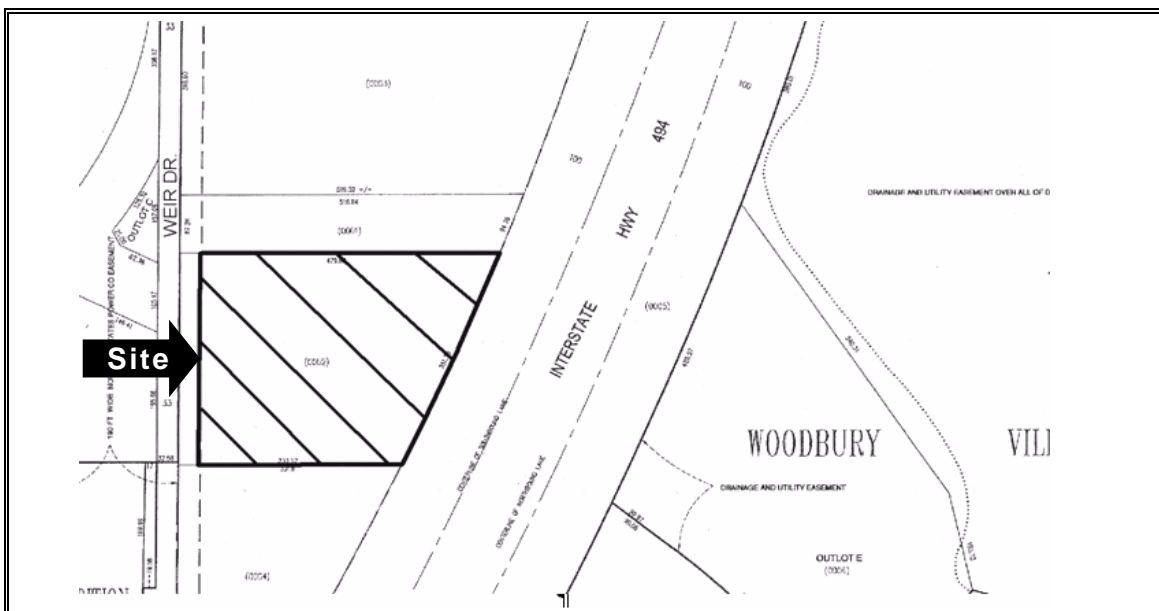
	Sale 1A	Sale 1B
Sale Price \$/SF	\$5.92	\$5.12
Property Rights	1.00	1.00
	\$5.92	\$5.12
Financing	1.00	1.00
	\$5.92	\$5.12
Conditions of Sale	1.00	1.00
	\$5.92	\$5.12
Market Conditions	1.00	1.01
Adjusted Price	\$5.92	\$5.17
Location	0%	10%
Size	0%	0%
Shape/Utility/Easements	0%	0%
Soils/Topography	0%	0%
Platting/Infrastructure	0%	0%
Zoning /Use	0%	0%
Adjustment (prior to access quality)	0%	10%
Adjusted Price (prior to access quality)	\$5.92	\$5.69
Indication Of Price Difference Due To Access Quality	4.0%	

Access Quality - Paired Sales Analysis 2

Sale	Address	Sale Date	Sale Price	Land Area (Ac.)	Price (\$/SF)	Zoning	Comments
2A	SE Quadrant Lake Rd. and Century Ave. Woodbury	1/25/05	\$2,228,423	6.82	\$7.50	B-1 Office Park	Bought for development with medical office building.
2B	1121 Weir Dr. Woodbury	11/30/05	\$1,000,000	3.70	\$6.20	BCD Business Campus	Part of assemblage for office condo site.



Sale 2A



Sale 2B

Sale 2A in this paired sales analysis is unplatted land located at the southwest quadrant of the I-494/Lake Road interchange, at the south end of a partly developed, predominantly medical office-oriented area, with fully upgraded street access infrastructure. The site is accessed along the west boundary by a newer two-lane paved street with concrete curb and gutter, which connects to Lake Road along the north frontage. Lake Road is a newer well-traveled four-lane divided collector roadway with concrete curb/gutter and dedicated turn lanes.

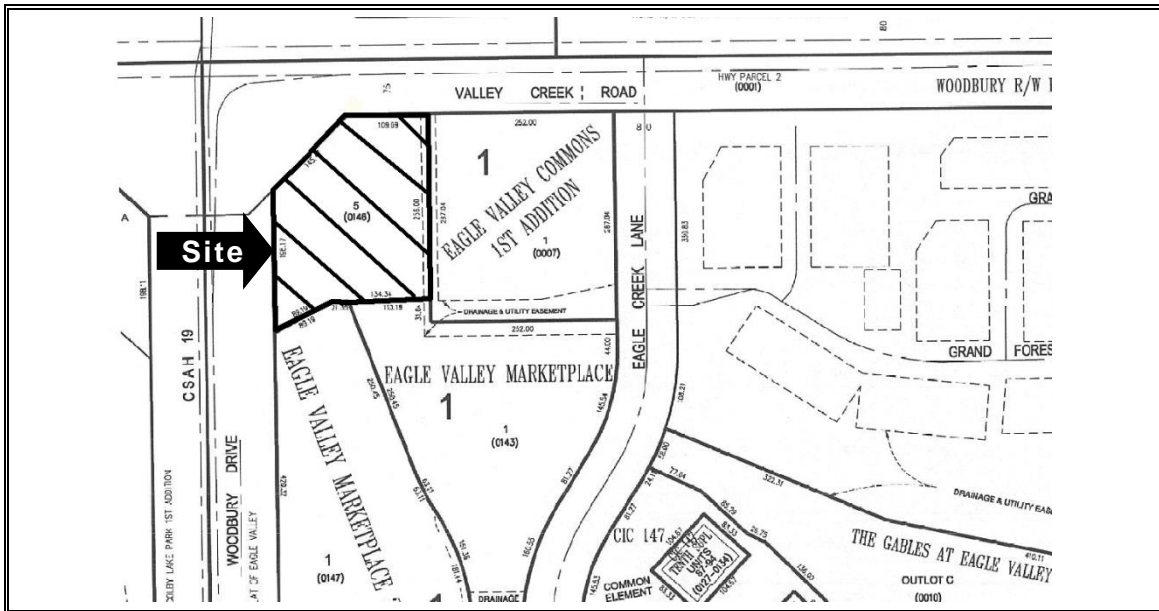
Sale 2B is unplatted land which fronts on and is accessed by a fairly well-traveled minor arterial which, when sold, was an older, two-lane rural roadway with no curb/gutter. The site abuts the west side of I-494. The closing was delayed by about nine months, though the seller did not receive any price increase above that negotiated in the April 2004 purchase agreement. Water and sanitary sewer utilities were nearby but required extension.

Sale 2B is adjusted to Sale 2A for value-related differences, except for access quality, which is the factor being measured, as shown below:

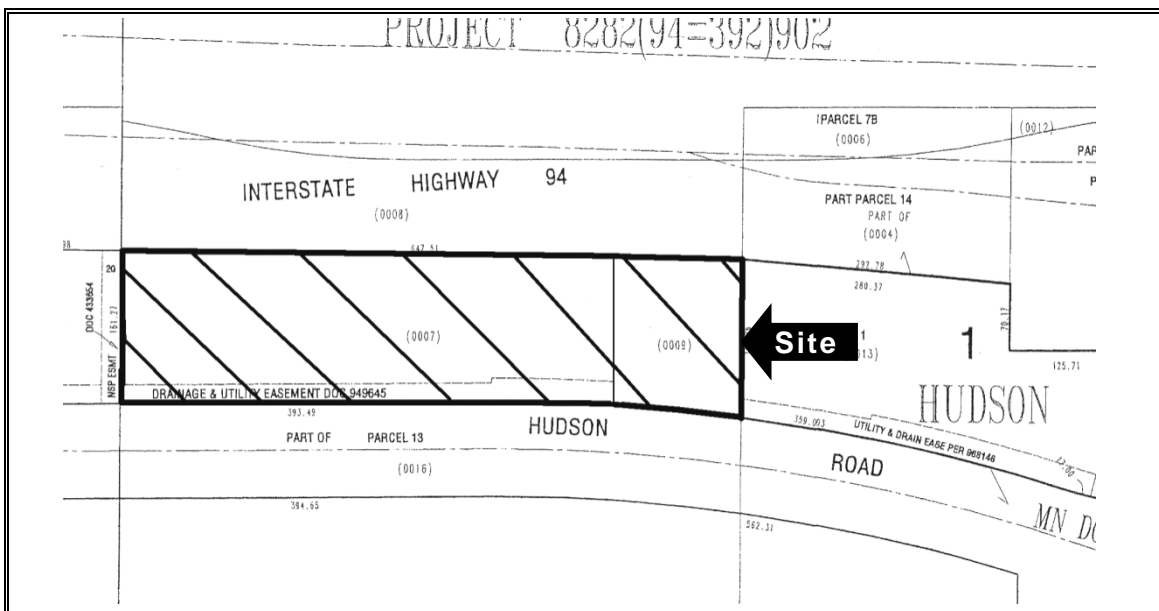
	Sale 2A	Sale 2B
Sale Price \$/SF	\$7.50	\$6.20
Property Rights	1.00	1.00
	\$7.50	\$6.20
Financing	1.00	1.00
	\$7.50	\$6.20
Conditions of Sale	1.00	1.00
	\$7.50	\$6.20
Market Conditions	1.00	1.00
Adjusted Price	\$7.50	\$6.20
Location	0%	10%
Size	0%	-5%
Shape/Utility/Easements	0%	0%
Soils/Topography	0%	0%
Platting/Infrastructure	0%	5%
Zoning /Use	0%	0%
Adjustment (prior to access quality)	0%	10%
Adjusted Price (prior to access quality)	\$7.50	\$6.82
Indication Of Price Difference Due To Access Quality	10.0%	

Access Quality - Paired Sales Analysis 3

Sale	Address	Sale Date	Sale Price	Land Area (Ac.)	Price (\$/SF)	Zoning	Comments
3A	SE Corner Woodbury Dr. and Valley Creek Rd., Woodbury	4/4/02	\$457,389	1.17	\$9.00	R-4/ Commercial PUD Overlay	Strip center site located in neighborhood retail/cmcl. node.
3B	8060 Hudson Rd. Woodbury	8/27/03	\$765,784	2.41	\$7.30	FD-3 Frwy. Special Impact	PM Bedroom Gallery store now on site.



Sale 3A



Sale 3B

Sale 3A in this paired sales analysis is a platted lot in a neighborhood retail center with fully upgraded street access infrastructure. The site is accessed along the south boundary by a newer two-lane paved street with concrete curb and gutter. This street connects to two well-traveled four-lane divided arterial roadways, which the site fronts on to the north and west.

Sale 3B is a relatively long, narrow unplatted parcel with frontage on the north side of Hudson Road, a collector street which, at time of sale, was an older two-lane rural roadway with no curb/gutter. The site abuts the south side of I-94. Though this property enjoys a higher level of visibility than Sale 3A, surrounding development support/uses are more modest and the overall location appeal is somewhat inferior.

Sale 3B is adjusted to Sale 3A for value-related differences, except for access quality, which is the factor being measured, as shown below:

	Sale 3A	Sale 3B
Sale Price \$/SF	\$9.00	\$7.30
Property Rights	1.00	1.00
	\$9.00	\$7.30
Financing	1.00	1.00
	\$9.00	\$7.30
Conditions of Sale	1.00	1.00
	\$9.00	\$7.30
Market Conditions	1.00	0.93
Adjusted Price	\$9.00	\$6.79
Location	0%	5%
Size	0%	5%
Shape/Utility/Easements	0%	5%
Soils/Topography	0%	0%
Platting/Infrastructure	0%	5%
Zoning /Use	0%	0%
Adjustment (prior to access quality)	0%	20%
Adjusted Price (prior to access quality)	\$9.00	\$8.15
Indication Of Price Difference Due To Access Quality	10.4%	

The foregoing paired sales analyses suggest that **commercial/industrial sites with newer, upgraded access infrastructure features sell for prices ranging between 4.0% and 10.4% more** than sites with older, relatively substandard access features. The average indicated price premium due to superior access is 8.1%.

All of the paired sales are considered generally reliable value indicators after the adjustment process. All of the paired sales involve “before” lots that front old deteriorated streets which are to the point at which they are in need of total reconstruction (removal of all pavement, base, curb/gutter and, in many cases, existing utility lines and replaced with all new of these components).

Considering the level of improvements in the current project, which includes reclamation of a significantly deteriorated street and spot utility repair, a benefit within the middle to upper end of the indicated range of **9%** is concluded to reflect the change in value of the Typical Commercial Lot.

All of the adjustments made in the preceding “after” valuation of the property (e.g., market conditions, location, size, etc.) remain valid in the “before” valuation; the only factor that has changed is the street condition. Thus, the market-derived percentage value benefits of the street improvements will be applied to the previously estimated value of the property in the after situation to calculate the value of the subject Typical Commercial Lot in the before situation. The “after” value reflects an amount which is 9% higher than the before value. Dividing the after value by a factor of 1.09 results in the before value as shown below:

Land Value After Street Improvements = \$53,600

$\$53,600 \div 1.09 = \$49,174$

Rounded to: \$49,200

OPINION OF LAND VALUE – BEFORE RECLAMATION IMPVMTS.: \$49,200
(Typical Commercial Lot)

Malt-O-Meal Plant Site – Before Reclamation Improvements

A portion of the Malt-O-Meal Plant Site property street frontage is in need of street reclamation improvements. As previously discussed, it was concluded that the Typical Commercial Lot property, if needing reclamation work, would increase in value by about 9% after the needed improvements. This level of increase also is judged to apply with equal validity to the Malt-O-Meal Plant property.

The Malt-O-Meal Plant property has multiple street frontages including: 260 feet on Plum Street South, 520 feet on Orchard Street South, 200 feet on Odd Fellows Lane and 2,480 feet on Highway 19. Thus, the total street frontage is 3,460 feet. After the project, Orchard Street South and Plum Street South, on which the subject fronts, are newly paved streets with spot repair of curb and gutter, reflecting 780 feet or 23% of the total frontage. The remaining street frontages remain in average condition.

It was concluded that the Typical Commercial Lot increased in value by about 9% after a street reclamation improvement. In the case of the Malt-O-Meal Plant property, it is concluded that the same approximate increase in value for this property might result from the improvement project, if all of the streets fronting the property were rehabilitated by means of reclamation. It is important to take into account the proportion of a) the total property frontage and b) the frontage providing access to the property being rehabilitated as part of the current project. The north side of Highway 19 fronting the property provides no access and thus factors significantly less into the equation in terms of direct value and utility this frontage contributes to the site. Excluding the north side of Highway 19, with about 640 feet of frontage, the site has 2,820 feet of access-providing frontage. Of this amount, 780 feet or 28% is being rehabilitated.

For commercial/industrial properties, non-access-providing frontage can add some level of value if such frontage is on a well-traveled roadway providing good visibility, which enhances commercial/industrial land values. Highway 19 is a well-traveled roadway. Consequently, it is concluded that something less than 28% but something more than 23% of the property is positively impacted by the project. A proportion of 27% is judged to reflect the subject property situation.

Twenty-seven percent of 9% is 2.43%, or 2.5%, rounded, which is judged to be reflective of the value benefit in this situation.

Therefore, it is concluded that the **value benefits to the subject Malt-O-Meal Plant property would be about 2.5%** as a result of the reclamation improvements. The before project land value is calculated as shown below:

Land Value After Street Improvements = \$1,108,000

$\$1,108,000 \div 1.025 =$ \$1,080,976

Rounded to: \$1,081,000

OPINION OF LAND VALUE – BEFORE RECLAMATION IMPVMTS.: \$1,081,000
(Malt-O-Meal Plant Site)

SUMMARY AND FINAL CONCLUSIONS

Seven subject properties located in the area of the proposed Northfield 2019 Street Reclamation Project – Area 2 have been appraised for the purpose of developing opinions of the increase, if any, in the market value of the properties resulting from the proposed project improvements. The special benefit value conclusions made in this appraisal are intended to be used by city officials as a basis for levying special assessments to all of the properties in the project area benefited by the improvements, in accordance with the city assessment policy.

It is noted that not every property potentially benefiting from improvements proposed for streets in the project area was appraised for special benefits purposes. Rather, for most properties, this appraisal reflects a preliminary benefits analysis in that it provides an approximation of likely special benefits accruing to those properties belonging to a specific use group (e.g., single-family lots and commercial lots). For five additional properties, an opinion of a specific benefit amount was concluded, since these reflect properties which are to varying degrees unique unto themselves (they do not fit into a generally uniform class).

In summary, it has been concluded that the proposed street improvements do result in measurable value benefits to the four subject properties addressed in this appraisal, as well as to the other properties in the project area intended for assessment by the city. It is our opinion that the before and after market values, together with the special benefits from the improvement project pertaining to the subject properties, as of February 25, 2019 are as follows:

Typical Single-Family Lot (66' Frontage) – Reclamation

Property Land Value - After:	\$46,200
Property Land Value - Before:	<u>\$42,400</u>
Approximate Value Benefits:	\$ 3,800 or \$58/Front Foot

Multifamily Property (227' Frontage) – Reclamation

Property Land Value - After:	\$51,100
Property Land Value - Before:	<u>\$46,900</u>
Approximate Value Benefits:	\$ 4,200 or \$19/Front Foot

Typical Commercial Lot (83' Frontage) – Reclamation

Property Land Value - After:	\$53,600
Property Land Value - Before:	<u>\$49,200</u>
Approximate Value Benefits:	\$ 4,400 or \$53/Front Foot

Longfellow School (330' Frontage) – Reclamation

Property Land Value - After:	\$315,800
Property Land Value - Before:	<u>\$309,600</u>
Approximate Value Benefits:	\$ 6,200 or \$19/Front Foot

St. John's Lutheran Church (330' Frontage) – Reclamation

Property Land Value - After: \$301,200

Property Land Value - Before: \$292,400

Approximate Value Benefits: \$ 8,800 or \$27/Front Foot

Allocation of Special Benefit by Tax Parcel (based on pro-rata share of site)

22.36.4.51.076	\$4,650
22.36.4.51.077	\$ 900
22.36.4.51.078	\$ 550
22.36.4.51.080	\$ 900
22.36.4.51.081	\$ 900
22.36.4.51.082	<u>\$ 900</u>
Total	\$8,800

Malt-O-Meal Plant (780' Frontage) – Reclamation

Property Land Value - After: \$1,108,000

Property Land Value - Before: \$1,081,000

Approximate Value Benefits: \$ 27,000 or \$35/Front Foot

Allocation of Special Benefit by Tax Parcel (based on pro-rata share of site)

22.01.2.26.001	\$14,300
22.01.2.25.002	\$ 6,100
22.01.2.26.002	\$ 1,900
22.01.1.26.024	\$ 900
22.01.1.26.025	\$ 1,000
22.01.1.26.026	\$ 300
22.01.1.26.031	\$ 1,000
22.01.1.26.032	\$ 300
22.01.1.26.033	\$ 700
22.01.1.26.034	\$ 300
22.01.1.26.030	\$ 200
22.01.1.25.001	<u>\$ 0</u>
Total	\$27,000

Odd Fellows Campus (315' Frontage) – Reclamation**Property Land Value - After: \$2,401,200****Property Land Value - Before: \$2,365,700****Approximate Value Benefits: \$ 35,500 or \$113/Front Foot****Allocation of Special Benefit by Tax Parcel (based on pro-rata share of site)**

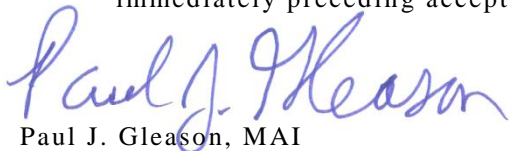
22.01.2.01.001	\$ 8,000
22.01.2.01.002	\$16,200
22.01.2.01.004	\$ 3,900
22.01.2.01.005	\$ 3,100
22.01.2.01.006	<u>\$ 4,300</u>
Total	\$35,500

The preceding opinions of market value before and after the proposed improvements are based on estimated property exposure times of 0 to 12 months. Exposure time is defined as “the estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal” (Source: 2018-2019 Uniform Standards of Appraisal Practice, pp. 2-3).

CERTIFICATION

The undersigned does hereby certify that in this appraisal report:

1. This appraisal assignment is not based on a requested minimum valuation or specific valuation for approval of a loan. The estimate of market value identified in this report was developed independent of any undue influence.
2. Neither our engagement to make this appraisal (or any future appraisals for this client), nor any compensation, therefore, are contingent upon the development or report of a predetermined value or direction in value that favors the cause of the client, the amount of value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of the appraisal.
3. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
4. We have no present or contemplated future interest in the real estate that is the subject of this appraisal report.
5. We have no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved.
6. To the best of our knowledge and belief the statements of fact contained in this appraisal report upon which the analyses, opinions and conclusions expressed herein are based, are true and correct.
7. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased analyses, opinions, and conclusions.
8. This appraisal report has been made in conformity with and is subject to the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the Appraisal Institute, and the Uniform Standards of Professional Appraisal Practice.
9. No one provided significant professional assistance to the person(s) signing this certification.
10. We have made a personal inspection of the property that is the subject of this report.
11. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
12. As of the date of this report, Paul J. Gleason and Mark A. Warren have completed the requirements of the continuing education program for Designated Members of the Appraisal Institute.
13. The by-laws and regulations of the Appraisal Institute govern disclosure of the contents of this appraisal report.
14. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser or the firm with which he/she is connected, or any reference to the Appraisal Institute or MAI designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media, or any other public means of communication without the prior written consent and approval of the undersigned.
15. We have the knowledge and experience to complete this appraisal in a competent manner. We have not been sued by a regulatory agency or financial institution for fraud or negligence involving an appraisal report.
16. No services as an appraiser or in any other capacity have been performed regarding the properties that are the subject of the report within the three year period immediately preceding acceptance of this assignment.



Paul J. Gleason, MAI
Certified General Real Property Appraiser
Minnesota License #4003073



Mark A. Warren, MAI
Certified General Real Property Appraiser
Minnesota License #20415370

PROFESSIONAL QUALIFICATIONS
PAUL J. GLEASON, MAI

PROFESSIONAL MEMBERSHIPS AND ASSOCIATIONS

MAI Member – The Appraisal Institute

APPRAISER LICENSE

Certified General Real Property Appraiser – State of Minnesota –
License #4003073

EDUCATION

University of Wisconsin at La Crosse, Wisconsin – 1985
Bachelor of Science Degree in Business Administration

PROFESSIONAL EXPERIENCE

Principal – BRKW Appraisals, Inc., St. Paul, MN, 2007-present

Staff Appraiser – BRKW Appraisals, Inc., St. Paul, MN, 1993-2006

Appraiser – Certified Appraisers, Excelsior, MN, 1993

Appraiser – Stiles Appraisals, Inc., Plymouth, MN, 1992-1993

Expert Witness Testimony – For real estate litigation in numerous condemnation commissioners' hearings, arbitration hearings and in District Court

Presenter/Speaker at Minnesota Department of Transportation's 2016 Right of Way Professionals Workshop, Brainerd, MN

Presenter/Speaker at Minnesota Department of Transportation's 2014 Right of Way Professionals Workshop, Brainerd, MN

Presenter/Speaker at Minnesota Department of Transportation's 2012 Right of Way Professionals Workshop, Brainerd, MN

Presenter/Speaker at Minnesota Department of Transportation's 2010 Right of Way Professionals Workshop, Breezy Point, MN

Appraisal assignments have been completed for the following purposes:

Condemnation – Partial and total acquisitions, in fee title and in easement form

Property Damage Claims Litigation

Special Benefits Valuation

Mortgage Financing

General Valuation Needs – Purchase negotiations, listing prices, internal family or partnership transactions, estate planning/taxes, marriage dissolution, etc.

PROPERTY TYPES APPRAISED

Land – Commercial, industrial, residential acreage, agricultural, finished lots
Commercial Buildings – Office, industrial, retail, medical office, auto dealerships
Apartment Buildings/Complexes
1-4 Family Residential – Single-family home, townhome, condo, duplex, fourplex

PROFESSIONAL REAL ESTATE STUDIES

Appraisal Institute courses, including all required for MAI designation:

Course 110: Appraisal Principles (examination passed)
Course 120: Appraisal Procedures (examination passed)
Course 210: Residential Case Study
Course 310: Basic Income Capitalization
Course 410: National Uniform Standards of Professional Appraisal Practice
Course 420: Business Practices and Ethics
Course 510: Advanced Income Capitalization
Course 520: Highest and Best Use and Market Analysis
Course 530: Advanced Sales Comparison and Cost Approaches
Course 540: Report Writing and Valuation Analysis
Course 550: Advanced Applications

Numerous additional classes and seminars for appraisal pre-license and continuing education requirements, on an ongoing basis, from Appraisal Institute and other sources

CLIENTS INCLUDE

Minnesota Cities of Afton, Austin, Apple Valley, Blaine, Cambridge, Cottage Grove, Eagan, Lino Lakes, Maplewood, Northfield, Oak Park Heights, Owatonna, Prior Lake, Rochester, Savage, Wabasha and Woodbury, among others

Anchor Bank	Associated Bank
BMO Harris Bank N.A.	Bremer Bank
Bridgewater Bank	Dougherty, Molenda, Solfest, Hills & Bauer, P.A.
Eckberg, Lammers, Briggs, Wolff & Vierling, PLLP	Greene Espel PLLP
Minnesota Bank & Trust	Minnesota Dept. of Transportation
US Bank	Western Bank

And various other individuals, attorneys, communities and counties

Revised: January 1, 2019

PROFESSIONAL QUALIFICATIONS
MARK A. WARREN, MAI

PROFESSIONAL MEMBERSHIPS AND ASSOCIATIONS

MAI Member – The Appraisal Institute

APPRAISER LICENSE

Certified General Real Property Appraiser - State of Minnesota - License
#20415370

EDUCATION

University of Minnesota, Minneapolis, Minnesota
Bachelor of Arts Degree – Religious Studies Major, 2003

PROFESSIONAL EXPERIENCE

Principal – BRKW Appraisals, Inc., St. Paul, MN, 2016-present
Staff Appraiser – BRKW Appraisals, Inc., St. Paul, MN, 2009-2015
Appraiser – The Appraisal Group, Maple Grove, MN, 2005-2009
Appraiser – Elmquist-Warren Appraisals, St. Paul, MN, 2003-2005

Expert witness testimony in commissioners' hearings for condemnation cases

PROPERTY TYPES APPRAISED

Apartment Buildings	Medical Clinics	Restaurants
Auto Service Centers	Mini-Storage Buildings	Retail Stores
Banks	Mixed Use Properties	Shopping Centers
Churches	Mobile Home Parks	Single Family Homes
Condos & Townhomes	Office Buildings	Special Purpose
Convenience Stores	Office-Showrooms	R & D Buildings
Gas Stations	Office-Warehouses	Vacant Land
Manufacturing Buildings	Recreational Facilities	

PROFESSIONAL REAL ESTATE STUDIES

Basic Income Capitalization, Appraisal Institute, 2005
Advanced Sales Comparison & Cost Approaches, Appraisal Institute, 2006
Report Writing & Valuation Analysis, Appraisal Institute, 2006
Advanced Income Capitalization, Appraisal Institute, 2007
Highest & Best Use & Market Analysis, Appraisal Institute, 2007
National USPAP Update Course, Appraisal Institute, 2007 & 2009
Associates Guidance Leadership Program, Appraisal Institute, 2009
The New Residential Market Conditions Form, Appraisal Institute, 2009
Condemnation Appraising: Principles & Applications, Appraisal Institute, 2009
Fundamentals of Separating Real Property, Personal Property, and Intangible
Business Assets, Appraisal Institute, 2012
Advanced Concepts & Case Studies, Appraisal Institute, 2016

CLIENTS INCLUDE

Cities of Cottage Grove, Eagan, Hastings, Inver Grove Heights, Newport,
Northfield, Pine Island, Savage, Wabasha and Woodbury

Old National Bank	Alliance Bank
Bremer Bank	Bridgewater Bank
Carver County CDA	Centennial School District
Dakota County CDA	Deerwood Bank
Dougherty, Molenda, Solfest, Hills & Bauer, P.A.	Eckberg, Lammers, Briggs, Wolff & Vierling, PLLP
Honsa & Associates, P.A.	Johnson Bank
First State Bank of Wyoming	Landmark Community Bank
MidWestOne Bank	North Star Bank
Minnesota Bank & Trust	Minnesota Dept. of Transportation
US Bank	Wells Fargo Bank

And various other individuals, attorneys, communities and counties

Revised: January 1, 2019

COMPANY PROFILE

BRKW APPRAISALS, INC.

1600 University Avenue, Suite 314
St. Paul, Minnesota 55104

Phone: 651-646-6114
Fax: 651 646-8086
email: brkw@brkw.com
Website: www.brkw.com

BRKW Appraisals, Inc. (formerly known as Bettendorf Rohrer Knoche Wall, Inc.) is a full-service professional real estate appraisal company formed in 1991. The two principals of the firm have more than 40 years of combined experience in the valuation of a wide variety of real estate. Located in the Midway area of St. Paul, we concentrate on the appraisal of real estate primarily in the Twin Cities Metropolitan Area, as well as outlying communities in Minnesota.

Our extensive professional training and experience enable us to provide the expertise necessary for consistently reliable real estate valuation. Our appraisal reports are confidential documents completed in accordance with all current standards of professional appraisal practice and ethics. All of the appraisers employed by the company have the Certified General Real Property Appraiser license from the State of Minnesota. Our appraisers stay current with advances in appraisal techniques and the changing real estate market through continuing education programs.

At BRKW Appraisals, Inc. we strive to build and maintain long-lasting relationships with our clients. Our goal is to provide high-quality professional real estate valuation services in a timely manner that is consistent with the needs of our clients.

Appraisal & Consulting Services

Real Estate Appraisals
Mortgage Financing Appraisals
Condemnation/Litigation Appraisals
Review Appraisals
Real Estate Tax Abatements
Special Benefits Analysis
Expert Witness Testimony
REO Portfolio Valuation
Feasibility Studies
Market Surveys

Property Types

Commercial Properties
Industrial Properties
Multiple Family Residential
Single Family Residential
Subdivision Analysis
Vacant Land Parcels
Special Purpose Properties
Gas Station / Convenience Stores
Schools and Churches
Recreation Facilities

APPRAISAL STAFF

Paul J. Gleason, MAI – Principal and Managing Partner

Paul has been appraising real estate since 1992, and has the MAI designation of the Appraisal Institute. He has in-depth experience in the valuation of numerous real estate property types. Over the years, he has developed special expertise in the appraisal of land, and in eminent domain as well as special benefits valuations. Paul is a graduate of the University of Wisconsin at La Crosse and licensed as a Certified General Real Property Appraiser.

Mark A. Warren, MAI – Principal

Mark, a third-generation real property appraiser, has been appraising since 2003 and has the MAI designation of the Appraisal Institute. Types of property appraised include office, industrial, hotel/motel, retail/commercial, and other special use properties. Mark is a graduate of the University of Minnesota and licensed as a Certified General Real Property Appraiser.

Dylan J. Beckwith – Associate

Dylan joined BRKW Appraisals, Inc. in June 2018 as a new appraiser entering the profession. He is a recent graduate of the University of Minnesota – Twin Cities and is licensed as a Trainee Real Property Appraiser.