

APPRAISAL REPORT

Subject:

Property owned by:
Ind Sch Dist 283

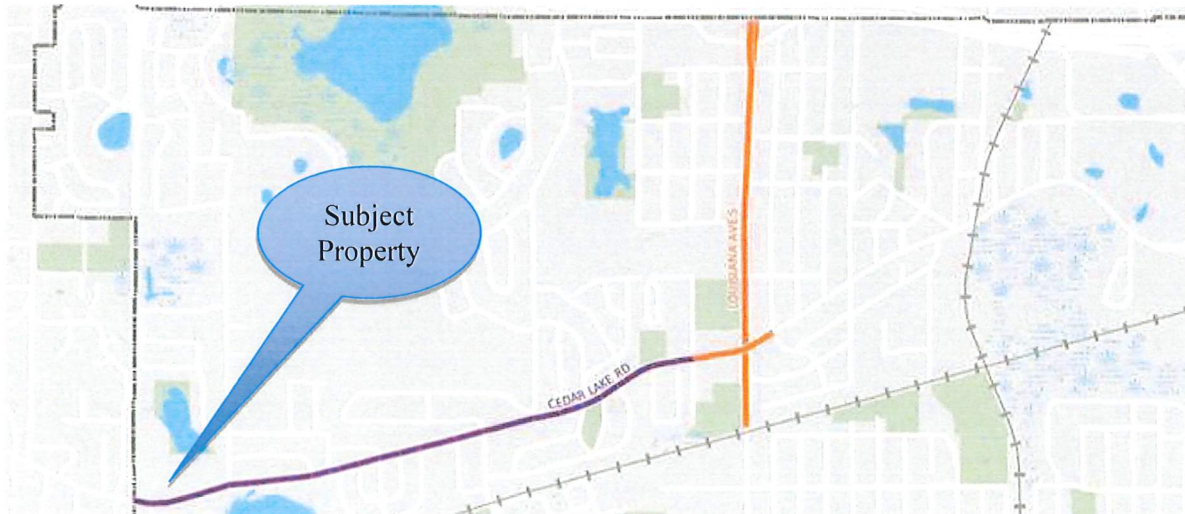
Report Prepared For:

SRF Consulting Group, Inc.

Parcel: #194 - 9400 Cedar Lake Rd, St. Louis Park, MN

Project Information:

Cedar Lake Road Project



Report Prepared By:

Kelly Lindstrom

Date of Valuation: August 2, 2023

Report Summary Parcel #194

Address:	9400 Cedar Lake Rd, St. Louis Park, MN			
Project Information:	Cedar Lake Road Project; Parcel #194			
Property Type:	School			
Owner:	Ind Sch Dist 283			
Interests Appraised:	Fee simple estate			
Appraisal Purpose:	Provide a market value estimate of the subject's permanent diminution in value, temporary easement value, and/or any acquired site improvements related to the Cedar Lake Road Project.			
Appraisal Use:	SRF Representatives will utilize the report for negotiation purposes related to a proposed acquisition for the Cedar Lake Road Project. In 2024 and 2025, SRF intends on repaving Cedar Lake Rd and Louisiana Avenue, installing intersection improvements, enhancements for walking and rolling to ensure ADA compliance, biking accommodations, and streetscape improvements.			
Improvement Description:	School; valued as vacant land			
Site Description:	Shape: Irregular Location: Hennepin County; 9400 Cedar Lake Rd, St. Louis Park, MN Effective size before acquisition: 526,653 SF (Net of Existing ROW; Per SRF) ACQUISITION: Permanent Sidewalk, Trail, Drainage, and Utility Easement: 11,894 SF Temporary construction easement (15 Months, commencing in spring 2024): 11,210 SF Effective size after acquisition: 526,653 SF (11,894 SF Encumbered by new Permanent Sidewalk, Trail, Drainage, and Utility Easement) Topography: Level to gently sloping in acquisition area Subject is located in a flood plain. Impacted site improvements: 1 Tree Impacted structural improvements: None Frontage(s): Cedar Lake Rd & Highway 169			
Project Area AADT (2020):	9,000			
Zoning/Guiding:	R-1 Single-Family Residence District, Floodplain			
Present Use:	School			
Highest and Best Use Before and After Acquisition -as though Vacant:	Higher Density Residential development via a PUD			
Highest and Best Use Before and After Acquisition -as Improved:	Continued use as improved (In both the before and after conditions)			
Five Year Sales History:	The property's current ownership extends beyond five years.			
Hennepin County Property I.D. #:	PID# 07-117-21-32-0001			
Legal Description:	UNPLATTED 07 117 21			
Total Assessor's Estimated Market Value (Taxes Payable 2024):	<u>ASSMT YR</u> 2023	<u>LAND</u> N/A	<u>BUILDING(S)</u> N/A	<u>TOTAL</u> N/A
Payable 2023 Property Tax & Assessments:	Tax-exempt Property			
Permanent Diminution in Land Value:				\$101,100.00
Estimated Value of Temporary Construction Easement:				\$19,100.00
Estimated Value of Affected Site Improvements:				\$1,000.00
Estimated Total Value of Acquisition:				Rounded to: \$121,200.00
Date of Valuation:	August 2, 2023 (Date of the Most Recent Inspection)			
Appraiser(s):	Kelly Ann Lindstrom, Certified General Appraiser, MN 20315256 Lois Marie Davis, Residential Appraiser: Trainee, MN 40078294			

Property Inspection

Kelly Ann Lindstrom inspected the subject on June 21, 2023, and August 2, 2023, as shown by the photographs immediately following the Hennepin County GIS Aerial map.

Hennepin County Aerial Map & Property Information



Subject Photographs



Looking at Improvement



Looking Easterly Along Cedar Lake Rd from Access



Looking Easterly Along Cedar Lake Rd from Protected Sign



Looking Westerly Along Cedar Lake Rd from Eastern Edge of Property



Looking Westerly Along Cedar Lake Rd from Center of Property



Looking Westerly Along Cedar Lake Rd from Access

The Proposed Acquisition

The proposed acquisition related to the Cedar Lake Road Project contains a 11,894 SF permanent sidewalk, trail, drainage, and utility easement and a 15-month (commencing in spring 2024) 11,210 SF temporary construction easement located within the subject property that is currently improved with a school; please see the following parcel sketch. The acquisition area does not contain any impacted structural improvements and the subject's structural improvement is not expected to be physically or monetarily impacted by this acquisition. Access should remain unaffected by the project. **Existing easements (drainage and/or utility easements), if any, are not discounted as these easements typically lay within the setback (non-buildable) areas. Similar properties (including the comparable sales) generally include encumbered and unencumbered areas.** Impacted yards, sidewalks, driveways, parking surfaces, and mailboxes will be replaced as part of the project.

Parcel Sketch



PARCEL 194
 PID: 0711721320001
 PROJECT NO:
 ADDRESS: 1400 CEDAR LAKE RD
 PROPERTY OWNER ADDRESS: 1425
 W 33RD ST WPLS AN 54426

CEDAR LAKE ROAD RECONSTRUCTION
 PARCEL 194 - PID 0711721320001
 C.P. 4023-1100
 S.P. 163-296-006 & S.P. 163-296-007
 PROPERTY ACQUISITION



Kimley-Horn
 707 E. GLENDA STREET, SUITE 100, ST. PAUL, MN 55114
 PHONE: 612-841-1237
 WWW.KIMLEY-HORN.COM

St. Louis Park
 MISSOURI
 Improving Life in the Park

PID: 0711721320001
 PARCEL 194
 TOTAL AREA = 526,653 S.F.
 TEMPORARY CONSTRUCTION EASEMENT = 11,210 S.F.
 SIDEWALK, TRAIL, D&U EASEMENT = 11,384 S.F.

- TEMPORARY CONSTRUCTION EASEMENT
- SIDEWALK, TRAIL, D&U EASEMENT
- REMOVE TREE



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ADDENDA

 Aerial Images of Comparable Sales

 Easement Valuation Matrix

 Assumptions and Limiting Conditions

 Licenses

Kelly Lindstrom, Certified General Appraiser
10779 Falling Water Lane, Unit C, Woodbury, MN 55129
651-436-8842

September 11, 2023

Ken Helvey
C/O SRF Consulting Group, Inc.
3701 Wayzata Boulevard, Suite 100
Minneapolis, MN 55416

RE: Appraisal Report for Parcel #194
Cedar Lake Road Project
Ind Sch Dist 283 Property

Dear Mr. Helvey:

Pursuant to your request, a market value appraisal has been performed and an appraisal report prepared for the above referenced property. The appraisal estimates the August 2, 2023 (the date of the most recent property inspection) fee simple market value of the subject property's underlying land before and after the proposed acquisition including valuation of any impacted site improvements. The report is subject to the certification, assumptions and limiting conditions herein stated. The subject is improved with a school. Subject size, before and after the acquisition, is 526,653 SF (net of right of way). The proposed acquisition contains a 11,894 SF permanent sidewalk, trail, drainage, and utility easement and a 15-month (commencing in spring 2024) 11,210 SF temporary construction easement located along the roadway frontage of the subject as depicted on the parcel map contained within this report. *The structural improvement is not expected to be physically or monetarily impacted by the acquisition(s), as such, only the underlying land is appraised.* The extraordinary assumption is made that the subjects highest and best use would be development via a PUD is being applied. The methods and reasoning used in the analyses, as well as the data gathered during the investigation of the property and marketplace are also detailed in this report.

After careful consideration of all the pertinent factors influencing market value, it is my opinion that the fee simple market value of the acquisition as of August 2, 2023, is computed as follows:

Estimated Value (Land Only) Before Proposed Acquisition:	\$8,953,200.00
Estimated Value (Land Only) After Proposed Acquisition:	<u>\$8,852,100.00</u>
Permanent Diminution in Value:	\$101,100.00
Plus: Temporary Construction Easement:	\$19,100.00
Plus: Affected Site Improvements:	<u>\$1,000.00</u>
Estimated Damages:	\$121,200.00

This appraisal report has been completed in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP) of The Appraisal Foundation, Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, and (Mn/DOT) Right-of-Way (R/W) Manual, Section 200. All statements of fact contained in this report upon which the analyses, opinions, and conclusions expressed herein are based, are true and correct to the best of my knowledge.

Please feel free to contact me if you have any questions regarding this report. Thank you for the opportunity to assist you in this valuation matter.

Respectfully Submitted,


Kelly Lindstrom, Certified General Appraiser

Parcel #194 – Ind Sch Dist 283

Minnesota Certified General Appraiser License #20315256

CERTIFICATION

Project: Cedar Lake Road Project
Parcel: #194 - Ind Sch Dist 283

I hereby certify:

That on June 21, 2023, and August 2, 2023, Kelly Lindstrom, Certified General Appraiser, personally inspected the property herein appraised and that she has afforded the property owner the opportunity to accompany her at the time of the inspection via a letter dated April 21, 2023. The property owner(s) did not accompany the appraiser. She has also personally made a field inspection, to the extent possible, of the comparable sales relied upon in making said appraisal. The subject and the comparable sales relied upon in making said appraisal were as represented by the photographs contained in this appraisal report.

That to the best of my knowledge and belief the statements contained in the appraisal hereinabove set forth are true and the information upon which the opinions expressed therein are based as correct, subject to the limiting conditions herein set forth.

That I understand that said appraisal is to be used by SRF representatives for negotiation purposes related to a proposed acquisition for the Cedar Lake Road Project located along the roadway frontage of the subject.

That such appraisal has been made in conformity with the appropriate State laws, regulations, policies, and procedures applicable to real property appraisal and that to the best of our knowledge no portion of the value assigned to such property consists of items which are non-compensable under established State or Federal law.

That neither my employment nor my compensation for making this appraisal and report are in any way contingent upon the values reported herein.

I have performed no services as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

That I have no direct or indirect present or contemplated future personal interest in such property or in any benefit from the acquisition of such property appraised.

That in making this appraisal, I have disregarded any increase or decrease in the before value caused by the project for which the property is being acquired.

That I will not reveal the findings and results of such appraisal to anyone other than the proper officials of SRF until authorized by agency officials to do so, or until we are required to do so, by due process of law, or until we are released from the obligation by having publicly testified as to such findings.

The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

That use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report, I, Kelly Lindstrom, have completed the Standards and Ethics Education Requirement for the affiliate members of the Appraisal Institute.

That my independent opinion of the market value of the proposed acquisition as of August 2, 2023 (the most recent inspection date) is \$121,200.00 and that the conclusion set forth in this appraisal was reached without collaboration or direction as to value.

Dated: September 11, 2023


Kelly Lindstrom

Kelly A. Lindstrom; Certified General Appraiser; Minn. #2031526

CERTIFICATION

Project: Cedar Lake Road Project
Parcel: #194 Ind Sch Dist 283

I hereby certify:

That Lois Davis inspected the property herein appraised from the existing right of way. She has also personally made a field inspection, to the extent possible, of the comparable sales relied upon in making said appraisal. The subject and the comparable sales relied upon in making said appraisal were as represented by the photographs contained in this appraisal report.

That to the best of my knowledge and belief the statements contained in the appraisal hereinabove set forth are true and the information upon which the opinions expressed therein are based as correct, subject to the limiting conditions herein set forth.

That I understand that said appraisal is to be used by SRF for negotiation purposes related to a proposed acquisition for the Cedar Lake Road Project located along the roadway frontage of the subject.

That such appraisal has been made in conformity with the appropriate State laws, regulations, policies, and procedures applicable to real property appraisal and that to the best of our knowledge no portion of the value assigned to such property consists of items which are non-compensable under established State or Federal law.

That neither my employment nor my compensation for making this appraisal and report are in any way contingent upon the values reported herein.

I have performed no services as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

That I have no direct or indirect present or contemplated future personal interest in such property or in any benefit from the acquisition of such property appraised.

That in making this appraisal, I have disregarded any increase or decrease in the before value caused by the project for which the property is being acquired.

That I will not reveal the findings and results of such appraisal to anyone other than the proper officials of SRF until authorized by agency officials to do so, or until I am required to do so, by due process of law, or until we are released from the obligation by having publicly testified as to such findings.

That my independent opinion of the market value of the proposed acquisition as of August 2, 2023 (the most recent inspection date) is \$121,200.00 and that the conclusion set forth in this appraisal was reached without collaboration or direction as to value.

Dated: September 11, 2023



Lois Marie Davis, Residential Appraiser-Trainee, MN 40078294

Discussion of Assignment and Conditions

SRF requested that we perform an appraisal to determine acquisition costs relating to a 11,894 SF permanent sidewalk, trail, drainage, and utility easement and a 15-month (commencing in spring 2024) 11,210 SF temporary construction easement, and any impacted items located along the roadway frontage of the subject as indicated by the parcel sketch within this report.

Reporting Requirements

This report is designed to comply with the reporting requirements of Standards Rule 2-2 of the Uniform Standards of Professional Appraisal Practice that addresses report specifications. The appraisal is presented in an "Appraisal Report" format, as described in 2020-2021 USPAP Standards Rule 2-2 (a). Supporting documentation not contained in the report is retained in the appraiser's work file. Only summary discussions of the data, reasoning, and analyses are contained herein as required by USPAP.

Intended Use of the Report (Purpose and Function of the Report)

The intended use (purpose) of this appraisal is to provide an opinion of market value for the client, SRF, and its assigns, whose representatives intend to use this report (function) for negotiation purposes related to a proposed acquisition for the Cedar Lake Road Project.

Date of Valuation

The date of valuation is the date of the most recent property inspection, August 2, 2023.

Extraordinary Assumptions

An extraordinary assumption is something specific to the particular assignment that is assumed to be true but is not certain. If it turns out to be untrue, the value conclusion would be impacted. It is different than a general assumption, which could be applicable to any assignment. We relied on information provided and made available by SRF representatives and Hennepin County as to the subject's and comparable sales' sizes and characteristics not readily apparent during the property inspection. We relied on parcel information indicating acquisition sizes/locations and specific impacts. The following extraordinary assumptions have been made related to the proposed project:

1. There will be no loss of access to the property as a result of the project.
2. There will be no damages to subject improvements unless stated within this report.
3. The areas of the driveways, sidewalks, and maintained grasses impacted by the project will be repaired or replaced in a similar fashion to that prior to the project.
4. Any temporary easement acquisition area(s) is being returned to its preacquisition elevation with no significant slope changes.
5. Existing corner posts will be replaced through the project.

If any of these assumptions are incorrect, value conclusions may be impacted. The extraordinary assumption is made that the subjects highest and best use would be development via a PUD is being applied. No additional extraordinary assumptions were utilized in this report unless otherwise noted.

Hypothetical Conditions

A hypothetical condition is 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. No hypothetical conditions were utilized in this report unless otherwise noted.

Competency

The appraisers certify that they have the knowledge and experience to complete this appraisal assignment competently.

Property Rights Appraised

The subject property is appraised by estimating the market value of the fee simple interest of the subject's underlying land. Fee Simple Interest, as considered throughout this report is defined on pg. 90 of *The Dictionary of Real Estate Appraisal, Sixth Edition*, as:

"Absolute ownership unencumbered by any other interest or estate, subject only to the limitation imposed by the governmental powers of taxation, eminent domain, police power and escheat".

Exposure Time and Marketing Time

Exposure Time and Marketing Time are defined within *The Dictionary of Real Estate Appraisal, Sixth Edition*, as:

Exposure Time: *"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; a retrospective opinion based on an analysis of past events assuming a competitive and open market."*

Marketing Time: *"An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal."*

The market values are based on the property having approximately three to nine months of exposure time prior to the effective date of the appraisal, which is typical of the market as of the effective date of the appraisal, August 2, 2023. The marketing time of the subject property is considered to be approximately three to nine months.

Market Value

Market Value is defined in *The Dictionary of Real Estate Appraisal, Sixth Edition*, as: *"The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this*

definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

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

Market value, unless otherwise noted, shall represent cash equivalent terms where the seller receives all cash for their interest. The property may be financed at typical market terms under this definition.

Approaches to Value

A property's value can be estimated through three approaches to value. The three approaches are based on the market's interpretations of value, and they are the cost approach, the income approach, and the market approach. Only the sales comparison approach to value has been fully developed for this assignment. We utilized similarly zoned vacant land sales obtained from listing services and county records. The cost approach was utilized to value any impacted landscaping and improvements located within the acquisition area. The income approach was utilized to value the temporary construction easement.

Scope of Appraisal (Appraisal Methodology)

The scope of the assignment relates to the extent and manner in which research is conducted, data is gathered, and analysis is applied, all based upon the following problem-identifying factors stated elsewhere in this report:

1. Client
2. Intended use
3. Intended user
4. Type of opinion
5. Effective date of opinion
6. Relevant characteristics about the subject

The appraisal task is to estimate the subject's market value as of the effective date of this report.

Appraisal Methodology Summary

The following data and concepts pertaining to the subject property have been examined and analyzed.

- Physical characteristics of the real property including:
 1. Inspection of subject on June 21, 2023, and August 2, 2023, in order to gather information about the subject's characteristics as relevant to the valuation;
 2. Review of county aerial and Google Earth aerial images;
 3. Analysis and observations of the local market and the subject's location and place within this local market

- Non-physical characteristics of the real property including:
 1. Property rights
 2. Legal description
 3. Existing easements
 4. Tax and assessment data
 5. Zoning data
 6. Future land use data

- Observations and data regarding the subject's market and indicators within this market (by reviewing sales of comparable properties) including:
 1. Comparative analysis of factors considered relevant that influence value.
 2. Supply and demand generators of the market
 3. Financing options available within the market
 4. Perception of the future market

- Utilizing the above data and concepts, the following analyses occurred:
 1. Larger Parcel Consideration
 2. Highest and best use of the subject property
 3. All three approaches to value were considered, given the subject is being valued as vacant, the sales comparison approach was considered applicable and therefore utilized.
 4. After gathering, verifying through public record searches and independent verifications with transaction participant(s) and analyzing the relevant data, the market value was estimated for the subject property for each of the utilized approaches to value.
 5. Reconciliation of approaches and final estimate of value.

- This Appraisal Report was prepared and summarizes the data, work performed, analysis, and conclusions.

Economic Market Data

The area enjoys a stable economy supported by strong infrastructure including major roadways and utility services. St. Louis Park is a suburb of Minneapolis/St. Paul in Minnesota, the largest metro area in the state and contains many large employers. Analysis of data reveals a trend of general growth and a well-diversified economy with a solid, and improving, real estate market. It is expected this trend will continue throughout 2023.

Neighborhood Description

The subject abuts Cedar Lake Rd and Highway 169 along its frontage. Cedar Lake Rd runs in a generally east/west direction in the subject's area and Highway 169 runs in a generally north/south direction. The subject's immediate neighborhood is primarily residential with Highway 169 located adjacent to the subject's west boundary.

Zoning

The subject is currently zoned R-1 Single-Family Residence District as governed by the City of St. Louis Park in its Unified Development Ordinance. The purpose of the R-1 single-family residence district is to provide appropriately located areas for single-family living on larger lots ensuring adequate light, air, privacy and open space for each dwelling; protect residents from the impacts of high levels of traffic; minimize traffic congestion; avoid the overloading of utilities by preventing the construction of buildings of excessive size when compared with surrounding structures; provide institutional and community services such as parks, schools, religious facilities, and community centers supportive of a residential area while safeguarding its residential character; and protect residential properties from noise, illumination, unsightliness, odors, dust, dirt, smoke, vibration, heat, glare, and other objectionable influences. There are numerous permitted and conditional uses allowed, a copy of the zoning is retained in the appraisers' work file. Lot dimension and setback requirements for the residential districts are as follows:

- (5) The following minimum requirements and those additional requirements, exceptions and modifications contained in subsection (f)(6) through (f)(10) of this section and provisions regarding subdivision shall govern the use and development of lots in the R-1 district:

Lot Area (square feet)	Lot Width (feet)	Front Yard Depth	Rear Yard Depth (feet)	Side Yard Width
9,000	75	30 feet or the front wall of the closest house on the block front, whichever is greater. (See additional exceptions in Section 36-73.)	25	9 feet on one yard and 6 feet on the other yard, except when there is an attached garage accessible from the street or when the lot abuts an alley, both may be 6 feet.

As defined in the St. Louis Park Unified Development Ordinance, Chapter 1-120, lot area is defined as the area bounded by the front, side, and rear lot lines and does **not** include any area occupied by street or alley right of way. Setback is defined as the minimum separation in lineal feet required between the wall of a building or structure and each of the lot lines. A lot line is defined as a line of record bounding a lot that divides one lot from another lot or from a public or private street. It is unlikely that the subject parcel

would be rezoned as it is currently zoned as guided (residential) in the St. Louis Park 2040 Comprehensive Land Use Plan. The subject, as it exists, is a legal lot of record and is considered a conforming use. The project will not change the subject's conformity as to setbacks.

Other Legal Restrictions

We are not title experts and have depended upon information provided by SRF regarding the location of the existing right-of-way (based on the mapping provided). We are not aware of any additional atypical encumbrances or restrictions that may be placed on the existing property that would affect the subject's value.

Highest and Best Use-Before & After Acquisition

Highest and best use is defined in *The Dictionary of Real Estate Appraisal, Sixth Edition*, as:

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

The highest and best use is further differentiated as vacant and as improved:

Highest and best use of land or site as though vacant: Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements.

Highest and best use of property as improved: The use that should be made of a property, as it exists. An existing improvement should be removed or retained as is, so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new building.

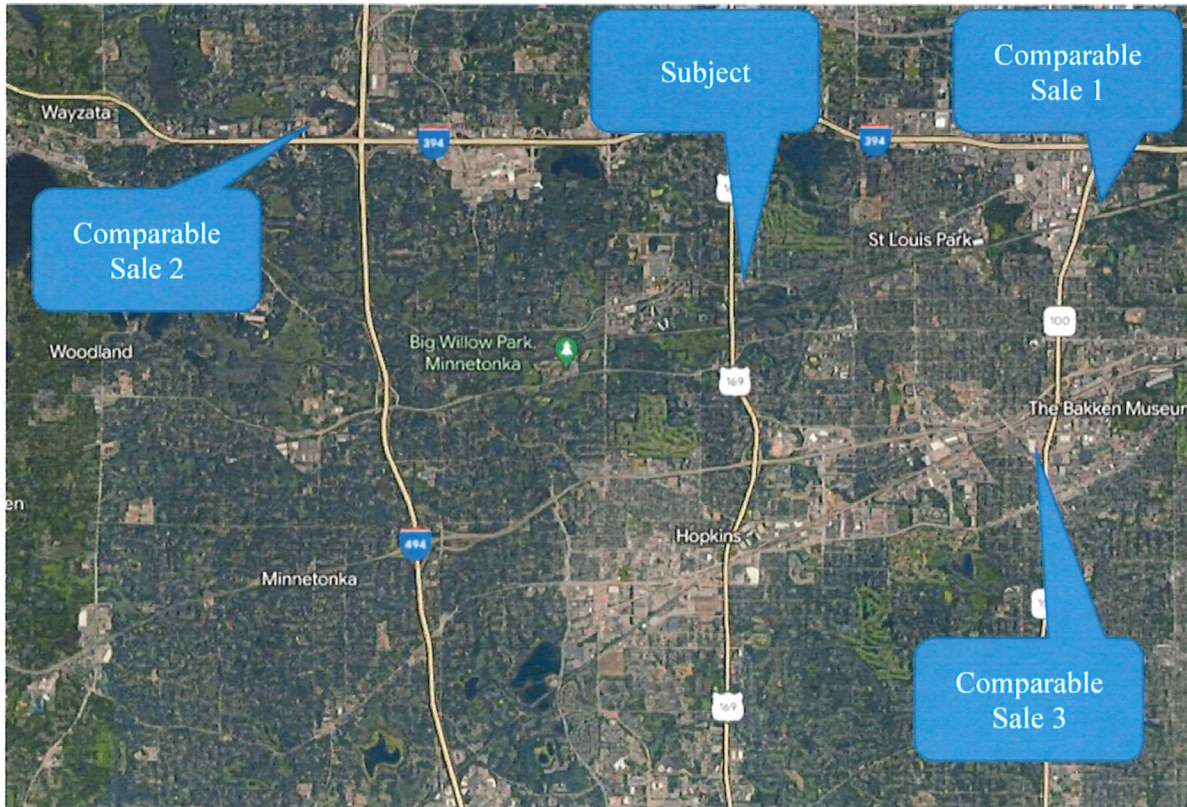
The highest and best use of the land, as though vacant and as improved, is not impacted by the acquisition. Given the contributory value of the improvements as indicated by the assessed value of the improvements and the underlying land, the highest and best use of the subject is continued use as improved.

Given the surrounding land uses, the subject's location, size, and general market conditions, it is highly likely the subject, if vacant, would be redeveloped with a PUD into a higher density residential development. As such, the highest and best use of the subject, as though vacant, is for higher density residential development through a PUD.

Before Acquisition Valuation

To determine a value for the subject, the sales comparison approach was processed to extrapolate the value of the subject's underlying land. Unimproved comparable land sales were obtained from the Hennepin County Assessor's Office, REDI Comps, and/or from the Multiple Listing Service (MLS).

Comparable Sales Map



Comparable Grid – Medium-High Density Residential Development Land				
	Subject	Comparable 1	Comparable 2	Comparable 3
Address/ Location	07-117-21-32-0001 9400 Cedar Lake Rd St Louis Park	30-029-24-34- 0112 4900 Cedar Lake Rd St. Louis Park	04-117-22-13-0004 801 Carlson Parkway Minnetonka	21-117-21-21-0111 3801 Wooddale Ave S St. Louis Park
Buyer/Seller	N/A	Cedar Partners, LLC/ Penny Building, LLC	The Pointe of Minnetonka, LLC/ AX 801 Tower L.P.	St. Louis Park AH I, LLLP/ Aldersgate United Methodist Church
Intended Use		Multi-family	Multi-family	Multi-family
Sale or List Price/Site		\$750,000	\$5,500,000	\$2,800,000
Concession/ Additional Expenses		Office removal +\$10,000	None	Church removal +\$10,000
Adjusted Price		\$760,000	\$5,500,000	\$2,810,000
Financing/ Terms		Cash/Cash Equivalency	Cash/Cash Equivalency	Cash/Cash Equivalency
Motivations		Typical	Typical	Typical
Date of Sale	8/2023 (1.5% per Quarter)	04/2020 +15%	11/2020 +13%	07/2022 +5.5%
Adjusted Sale Price/SF		\$19.48/SF	\$16.23/SF	\$20.76/SF
Site Size	526,653 SF 12.10 AC	44,863 SF 1.03 AC -20%	383,023 SF 8.79 AC -5%	142,799 SF 3.28 AC -15%
Zoning/ Guiding	R-1 Single-Family Residence District	PUD Planned Unit Development	PID Planned I-394 Development	R-4 Multiple-Family Residence District
General Topography & Shape	Irregular Level to gently sloping	Irregular/ Level to gently sloping Conductive to development =	Irregular/ Level to gently sloping Conductive to development =	Irregular/ Level to gently sloping Conductive to development =
Location	St. Louis Park	St. Louis Park =	Minnetonka +10%	St. Louis Park =
Net Adjustments		-20%	+5%	-15%
Adj. Price/SF		\$15.59/SF	\$17.04/SF	\$17.65/SF

Adjustments

Concessions/Additional Expenses: Comparable Sale One and Three included a building to be removed by the purchaser. Estimated cost to demolish improvement and prepare the site for development is \$10,000. None of the remaining comparable sales had special conditions, expenses, or assessments; no adjustments applied.

Financing/Terms: Adjustments for financing terms are the first adjustment that is applied, as all sales must be analyzed on the same base assumption of cash/cash equivalency. Conventional financing terms require no adjustments, but financing terms not available in the typical marketplace, such as atypical seller-financing considerations, assessments acquired by the purchaser, and alike, must be properly accounted for in the subject's reconciled value. No adjustments applied.

Motivations: Both buyer and seller must be typically motivated and acting free from any undue stress or influence. None of the comparable sales appear to be the result of any foreclosure activity (whereby a seller may accept less than actual market value due to financial considerations) or related party transactions (whereby a buyer and/or seller may agree on a nonmarket price based on their relationship). No adjustments applied.

Market Conditions/Date of Sale: Adjustments are generally made to reflect the passage of time to reflect either the appreciation (an upward adjustment) or depreciation (a downward adjustment) reflected in the marketplace over a period of time. The rate of change fluctuates due to investors' perceptions of prevailing market conditions. This adjustment category reflects value changes, if any, that have occurred between the date of the sale and the effective date of the appraisal. The comparable sales all closed in the last forty months, a period where the market has been relatively stable; all comparable sales are adjusted upward by 1.5% for each quarters end between their closing date and the date of the subject valuation.

Site Size: Generally, a quantity of scale discount applies with all other factors being equal. Larger sites sell for a discount while smaller sites sell at a premium on a per square foot basis. Comparable sales were adjusted commensurate with their variance in comparison to the subject property. Comparable Sale One is adjusted downward by 20%, Comparable Sale Two is adjusted downward by 5%, and Comparable Sale Three is adjusted downward by 15%, to reflect their smaller size in comparison to the subject. No other adjustments applied.

Zoning: The subject and all comparable sales are zoned for similar high density residential development. No adjustment applies as all share similar zoning.

Topography/Shape: The shape and topography preferred in the marketplace is generally rectangular and level to gently rolling. The subject is an irregular/level to gently sloping site; and is considered conducive to residential development. The subject is considered similar to all Comparables; no adjustments applied.

Location: The subject and all comparable sales are located in the cities of St. Louis Park and Minnetonka with ease of access to major highways and retail/commercial

conveniences. The subject is located on Cedar Lake Road, in an existing residential neighborhood on a collector street for St Louis Park, adjacent to Highway 169. All Comparable Sales are located on, or with visibility to, major highways (interstates and state highways) Comparable Two, is adjusted upward 10%, to reflect its inferior location in comparison to the subject, as St. Louis Park is closer to Minneapolis/St. Paul, the largest cities in Minnesota.

Reconciliation of the Subject's Underlying Land Value-Before Acquisition

After the adjustments, the indicated value is \$15.59 to \$17.65/SF. Average and median values of the comparable sales are \$16.76 and \$17.04/SF. All comparable sales were considered when estimating the subject's underlying land value. The subjects before acquisition land value is estimated to be \$17.00/SF. **The subject's underlying land value, before the acquisition, is estimated to be \$8,953,200.00 (526,653 SF x \$17.00/SF, rounded).**

After Acquisition Valuation

The subject's highest and best use, size, and conformity to underlying zoning is not impacted by the acquisition. The subject, after acquisition, is encumbered by the 11,894 SF permanent sidewalk, trail, drainage, and utility easement indicating an after-acquisition size of 526,653 SF with a 11,210 SF temporary construction easement. Due to the size and location of the acquisition, the subject is considered to retain its underlying land value of \$17.00/SF with the newly encumbered 11,894 SF permanent sidewalk, trail, drainage, and utility easement to be diminished in value by 50%. **The subject's underlying land value, after the acquisition, is estimated to be \$8,852,100.00 (514,759 SF x \$17.00/SF) + (11,894 SF x \$17.00/SF x 50%), (rounded).**

This indicates a permanent diminution in land value of \$101,100.00 (\$8,953,200.00 less \$8,852,100.00).

Temporary Construction Easement

The property will be subject to a temporary construction easement that will encumber an area of 11,210 SF for a period of 15-month (commencing in spring 2024) as indicated on the parcel sketch contained within this report. The temporary construction easement is valued as if the land were rented at an appropriate land capitalization rate for the duration of the encumbrance. We apply a land rate of 8% with consideration given to real estate taxes. The value of the rental stream is calculated with a rate viewed reflective of the current market.

Temporary Construction Easement Valuation:

TE Land Area:	11,210 SF
Multiply by Indicated Market Value:	<u>\$17.00/SF</u>
Estimated Value of Encumbered Land:	\$190,570.00
Multiply by Land Capitalization Rate:	<u>X 8%</u>
Annual Land Rent:	\$15,245.60
1.25-Year Temporary Construction Easement:	<u>X 1.25 years</u>
Temporary Construction Easement Value (Rounded)	\$19,100.00

Affected Site Improvements

Impacted yards, sidewalks, driveways, and mailboxes will be replaced as part of the project. There is a tree located in the acquisition area. The tree is to be compensated for at a 1:1 rate. There are believed to be no other impacted items in the acquisition area, as any other trees are protected or diseased, and are therefore non-compensable, and any signage in the acquisition area is protected. Estimates were obtained from local contractors and/or online cost estimation programs. Estimated value of the impacted site improvements is as follows:

1 Tree:	1:1 replacement	\$1,000/ tree	<u>\$1,000.00</u>
Total			\$1,000.00

The acquired items have an estimated value of \$1,000.00.

Summary and Final Analysis

The subject's land before and after acquisition market values were estimated using the sales comparison approach for vacant land as this is the most reliable indicator of value. The appraisers' final summation of the proposed acquisition including the affected site improvements, as of August 2, 2023, is presented as follows:

Before Acquisition Land Value:	\$8,953,200.00
After Acquisition Land Value:	<u>\$8,852,100.00</u>
Permanent Diminution in Value:	\$101,100.00
Plus: Temporary Construction Easement Value:	\$19,100.00
Plus: Affected Site Improvements Value:	<u>\$1,000.00</u>
Estimated Damages:	\$121,200.00

ADDENDA

Comparable Aerial Images



Comparable One: ECRV #1087003

(Believed to be an arms-length transaction, where the buyer approached the seller)



(04-117-22-13-0009)



(04-117-22-13-0010)

Comparable Two: ECRV #1179582

(Parcel has split since sale, confirmed by Hennepin County Assessor's Office)



Comparable Three: ECRV #1436449

Easement Valuation Matrix
(IRWA Magazine May/June 2006)

Percentage of Fee	Comments	Potential Types of Easements
90% - 100%	Severe impact on surface use Conveyance of future uses	Overhead electric Flowage easements Railroad ROW Irrigation canals Access roads
75% - 89%	Major impact on surface use Conveyance of future uses	Pipelines Drainage easements Flowage easements
51% - 74%	Some impact on surface use Conveyance of ingress/egress rights	Pipelines Scenic easements
50%	Balanced use by both owner and easement holder	Water or sewer lines Cable line Telecommunications
26% - 49%	Location along a property line, location across non usable land area	Water or sewer line Cable lines
11% - 25%	Subsurface or air rights that have minimal effect on use and utility Location with a setback	Air rights Water or sewer line
0% to 10%	Nominal effect on use and utility	Small subsurface easement

Assumptions and Limiting Conditions

The certification of this appraisal report is subject to the following assumptions and limiting conditions:

1. This appraisal values the subject property (land only) as the structural improvement is not anticipated to be impacted by the acquisition.
2. The Appraiser assumes no responsibility for matters of a legal nature affecting the property appraised or the marketability of the title.
3. The property is assumed to be under responsible ownership and management.
4. The property is appraised as though clear and free of any liens, encumbrances, or indebtedness, unless stated otherwise.
5. To the best of this appraiser's belief, the information contained in this report is true and reported correctly. The information in this report, while not guaranteed, has been taken from sources or records believed to be reliable.
6. The Appraiser assumes that there exist no hidden defects with the site, sub-soil, or improvements, which would render it more or less valuable.
7. Disclosure by the Appraiser of the contents of this appraisal report is subject to review in accordance with the by-laws and regulations of the professional appraisal organizations with which the Appraiser is affiliated.
8. The Appraiser is not required to appear in court or give testimony because of having made this report, unless arrangements have been made in advance.
9. This report, or any portions thereof, will not be distributed, or otherwise disseminated, to anyone other than the person whom commissioned this or those involved in the certification, except as required by law.
10. This entire appraisal report must be considered as a whole and any excerpts or portions from this report cannot be considered separately.
11. It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws, as well as applicable zoning regulations and restrictions, unless otherwise stated in this report.
12. It is assumed that all required licenses, consents or other authority from any local, state, or federal governments has been obtained or can be renewed.
13. It is assumed that the subject improvements, if any, are within the stated boundaries, and that there are no encroachments on neighboring property, or neighboring encroachments on the subject property, unless otherwise stated in this report.

14. The existence of potentially hazardous material such as urea-formaldehyde foam insulation, asbestos, and existence of toxic water, toxic waste, or radon gas may have an effect on the value of the property. The Appraiser is not qualified to determine if such substances are present. The client may wish to consult an expert in this field.
15. Acceptance of or use of this appraisal report constitutes an understanding of and acceptance of these assumptions and limiting conditions.

Licenses

STATE OF MINNESOTA



KELLY ANN LINDSTROM
LINDSTROM KELLY A
10779 FALLING WATER LANE UNIT C
WOODBURY, MN 55129

Department of Commerce

The Undersigned COMMISSIONER OF COMMERCE for the State of Minnesota hereby certifies that
KELLY ANN LINDSTROM

LINDSTROM KELLY A
10779 FALLING WATER LANE UNIT C
WOODBURY, MN 55129

has complied with the laws of the State of Minnesota and is hereby licensed to transact the business of

Resident Appraiser : Certified General

License Number: 20315256

unless this authority is suspended, revoked, or otherwise legally terminated. This license shall be in effect until August 31, 2025.

IN TESTIMONY WHEREOF, I have hereunto set my hand this July 06, 2023.

A handwritten signature in cursive script, appearing to read "Grace Arnold".

COMMISSIONER OF COMMERCE

Minnesota Department of Commerce

Licensing Division

85 7th Place East, Suite 500

St. Paul, MN 55101-3165

Telephone: (651) 539-1599

Email: licensing.commerce@state.mn.us

Website: commerce.state.mn.us

Notes:

- **Individual Licensees Only - Continuing Education:** 15 hours is required in the first renewal period, which includes a 7 hour USPAP course. 30 hours is required for each subsequent renewal period, which includes a 7 hour USPAP course.
- **Appraisers:** You must hold a licensed Residential, Certified Residential, or Certified General qualification in order to perform appraisals for federally-related transactions. **Trainees do not qualify.** For further details, please visit our website at commerce.state.mn.us.

STATE OF MINNESOTA



LOIS MARIE DAVIS
789 GOLDEN MEADOW ROAD
EAGAN, MN 55123

Department of Commerce

The Undersigned COMMISSIONER OF COMMERCE for the State of Minnesota hereby certifies that
LOIS MARIE DAVIS

789 GOLDEN MEADOW ROAD
EAGAN, MN 55123

has complied with the laws of the State of Minnesota and is hereby licensed to transact the business of

Resident Appraiser : Trainee

License Number: 40078294

unless this authority is suspended, revoked, or otherwise legally terminated. This license shall be in effect until August 31, 2025.

IN TESTIMONY WHEREOF, I have hereunto set my hand this July 27, 2023.

A handwritten signature in cursive script that reads "Grace Arnold".

COMMISSIONER OF COMMERCE

Minnesota Department of Commerce

Licensing Division

85 7th Place East, Suite 500

St. Paul, MN 55101-3165

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