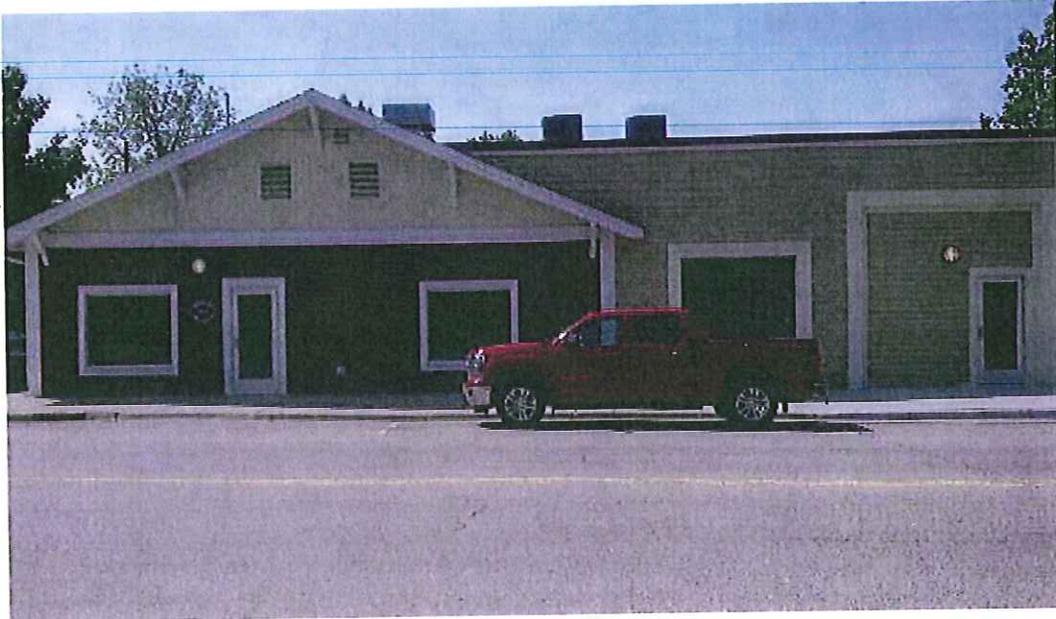


# APPRAISAL REPORT



**OF A**  
**Commercial Property and 4 Commercial Lots**

**LOCATED AT**  
310 Main Street W  
Kasson, Minnesota 55944

**PREPARED FOR**  
City Of Kasson  
401 5<sup>th</sup> Street SE  
Kasson, MN 55944

**AS OF**  
May 28, 2015

**PREPARED BY**  
Michael P. Stevens  
Realty Plus, LLC  
118 2<sup>nd</sup> Ave NW Ste 102, PO Box 1066  
Hayfield, Minnesota 55940

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## Summary of Salient Facts and Conclusions

Property Address	See Report Kasson, MN 55944
Parcel # 's	See Report
Legal Description	See Report
Fee Owner	City of Kasson/The Kasson EDA
Taxpayers:	City of Kasson/The Kasson EDA
Total Site Areas	See Report
Building Area SF	9,800 SF
Zoning	C-1/C-2, Central/General Commercial
Intended Use	Child Care/Fitness/Vacant Land
Property Rights Appraised	Fee Simple
Approaches to Value	
Sales Comparison Approach:	\$587,000
Cost Approach:	\$461,000
Income Approach:	N/A
Final Value Estimate	\$587,000
Effective Date of Appraisal	May 28, 2015
Date of Inspection	May 28, 2015

**Realty Plus, LLC**  
**118 2<sup>nd</sup> Ave NW Ste 102, PO Box 1066**  
**Hayfield, Minnesota 55940**  
**Phone: (507) 951-0493**

June 2, 2015

Michael Martin  
City of Kasson  
401 5<sup>th</sup> St SE  
Kasson, MN 55944

RE: Commercial Building and 4 Commercial Lots  
City of Kasson, Owner

To Whom It May Concern:

As pursuant to your request, I have inspected and appraised the subject properties with building improvements and commercial lots as further described in this report located in the City of Kasson, Dodge County, Minnesota.

The Appraisal Report contains summary discussions of the data, reasoning and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation that is not provided with this report is retained in the appraiser's file. The depth of the discussion contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.

This appraisal did not include an environmental survey to determine the presence of hazardous waste or materials in the land.

As a result of my analysis it is my opinion that the commercial building and land have a Market Value of \$388,000 rounded as of May 28, 2015. This value does not include any going concern value or trade fixtures to operate said business.

**(THREE HUNDRED EIGHTY EIGHT THOUSAND DOLLARS)**

As a result of my analysis it is my opinion that the 4 commercial lots have a Market Value of \$199,000 rounded as of May 28, 2015. See Page 50 for breakdown in parcel values.

**(ONE HUNDRED NINETY NINE THOUSAND DOLLARS)**

Respectfully Submitted,



Michael P. Stevens  
Resident Appraiser: Certified General #20197901

This appraisal report is subject to the following scope of work, intended use, intended user, definition of market value, statement of assumptions and limiting conditions, and certifications. Modifications, additions, or deletions to the intended use, intended user, definition of market value, or assumptions and limiting conditions are not permitted. The appraiser may expand the scope of work to include any additional research or analysis necessary based on the complexity of this appraisal assignment. Modifications or deletions to the certifications are also not permitted. However, additional certifications that do not constitute material alterations to this appraisal report, such as those required by law or those related to the appraiser's continuing education or membership in an appraisal organization are permitted.

#### **SCOPE OF WORK**

The scope of work for this appraisal is defined by the complexity of this appraisal assignment and the reporting requirements of this appraisal report form, including the following definition of market value, statement of assumptions and limiting conditions, and certifications. The appraiser must, at a minimum: (1) perform a complete visual inspection of the interior and exterior areas of the subject property, (2) inspect the neighborhood, (3) inspect each of the comparable sales from at least the street, (4) research, verify, and analyze data from reliable public and/or private sources, and (5) report his or her analysis, opinions, and conclusions in this appraisal report. At the request of the client a market value AS IS of the subject properties are to be determined based on the date of inspection which is also the effective date of this appraisal. Subject property building improvements is used for a child care center and fitness center with the remaining lots being vacant land. Information was obtained from county records, SEMN MLS, Michael Martin, City of Kasson, along with a personal interior and exterior inspection of the subject properties. The client is looking for current market value for possible resale.

#### **INTENDED USE**

The intended use of this appraisal report is for the client to evaluate the property that is the subject of this appraisal for determining market value as of May 28, 2015 the effective date of the appraisal for resale purposes.

### **INTENDED USER**

The intended user of this appraisal report is the client, City of Kasson, with Michal Martin as the contact.

### **DEFINITION OF MARKET VALUE**

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: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what he or she considers his or her own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and (5) 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.

\*Adjustments to the comparable sales must be considered for special or creative financing or sales concessions. No adjustments are necessary for those costs, which are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all-sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third party institutional lender that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgment.

### **STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS:**

The appraiser's certification in this report is subject to the following assumptions and limiting conditions:

1. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it, except for information that he or she became aware of during the research involved in performing this appraisal. The appraiser assumes that the title is good and marketable and will not render any opinions about the title.
2. The appraiser has provided a sketch in this appraisal report to show the approximate dimensions of the improvements, if any. The sketch is included only to assist the reader in visualizing the property and understanding the appraiser's determination of its size.

3. The appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in this appraisal report whether any portion of the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
4. The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand, or as otherwise required by law.
5. The appraiser has noted in this appraisal report any adverse conditions (such as needed repairs, deterioration, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that he or she became aware of during the research involved in performing this appraisal.
6. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to satisfactory completion, repairs, or alterations on the assumption that the completion, repairs, or alterations of the subject property will be performed in a professional manner.

**APPRAISER'S CERTIFICATION:**

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

the statements of fact contained in this report are true and correct.

the reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial and unbiased professional analyses, opinions and conclusions.

I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.

I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

my engagement in this assignment was not contingent upon developing or reporting predetermined results.

my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this report.

my analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

I have made a personal inspection of the property that is the subject of this report.

no one provided significant real property appraisal assistance to the person signing this certification.

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.

**Appraiser**



Michael P. Stevens  
Resident Appraiser: Certified General #20197901

Date: June 2, 2015

**PURPOSE OF THE APPRAISAL**

The purpose of this appraisal is to form an opinion of the Market Value through the use of the Market, Cost and Income approaches to value as of May 28, 2015, the effective date of this appraisal.

This report has been prepared for City of Kasson using professional standards and practices to arrive at the market value of the subject property for resale purposes.

**PROPERTY RIGHTS APPRAISED**

Property rights appraised are all those rights inherent in the fee simple title of the real estate.

**TITLE INFORMATION, HISTORY OF CONVEYANCE, EXPOSURE AND MARKETING TIME**

PID #24.100.2550/TBD: City of Kasson  
PID #TBD: City of Kasson  
PID #24.100.4190/24.562.1003: City of Kasson  
PID #24.100.2360: The Kasson Economic Development Authority  
PID #24.100.2370: The Kasson Economic Development Authority

Fee title interest in the subject property according to Dodge County property records is noted as listed above. According to county records there has been no qualified sales or transfers recorded in the past 3 years. Some of the properties have some noted transfers. PID #24.100.2550 transferred on 5/29/2013 for \$210,000 on a government exempt sale, PID #24.562.1003 transferred on a Quit Claim deed and PID #24.100.4190 transferred on 5/21/2014 for \$115,000 on a government exempt sale. Estimated exposure and marketing time for subject properties are approximately 6 months to 1 year based on other commercial sales in the area. Sales have been slower and fewer over the past 2

years for commercial properties in general. Office and retail space has been slower than building improvements with shop space or a combination of shop, retail or office. Shop space has seen a better market than strictly office or retail space. Based on my research of the local market 2012, 2013 and early 2014 has seen a better market for quality tenant space for retail in the subject neighborhood.

Based on my search of the local SEMN MLS the subject properties have not been listed for sale. Subject properties building improvements are rented with the lots being vacant.

#### **FEE SIMPLE ESTATE DEFINED**

“Absolute ownership unencumbered by any other interest or estate; subject only to the limitations of eminent domain, escheat, police power, and taxation.” (AIREA-2, pp. 123)

#### **LEASED FEE ESTATE DEFINED**

An ownership interest held by a landlord in which the right to use and occupy a property has been conveyed by lease to another.

#### **HYPOTHETICAL CONDITION:**

That which is contrary to what exists but is supposed for the purpose of analysis.

Comment: Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. Subject property PID #24.100.2550 has not been split off and divided as off the effective date of this appraisal.

#### **HIGHEST AND BEST USE**

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

#### **HIGHEST AND BEST USE OF LAND OR A 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 renovated 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 one.

### **CONCLUSION OF HIGHEST AND BEST USE**

After considering the local market it is the opinion of the appraiser that the highest and best use of the subject properties are commercial use.

Legally Permissible: Subject is zoned to allow commercial use.

Physically Possible: Land could be used for a commercial improved site of various types of commercial or retail businesses.

Financially Feasible: Most land in the area is used for commercial uses.

Maximally Productive: Feasible alternative uses could be offices, retail or a combination.

Subject property is zoned commercial. The 1 site is physically developed with a commercial building being used as a child care center and a fitness center. The remaining sites are unimproved.

The demand for commercial building sites with improvements in this area has been moderate. It is the opinion of the appraiser that the highest and best use of the subject property is for the subject property to be continued with its current use of commercial.

### **LEGAL DISCLOSURE**

The legal description given to the appraiser is presumed to be correct. No opinion of a legal nature, such as to ownership of the property or condition of title is rendered. The appraiser assumes the title to the property is marketable; that the property is an unencumbered fee.

### **VALUE CHANGE, DYNAMIC MARKET, INFLUENCES, ALTERATION OF MARKET VALUE AND ANALYSIS BY APPRAISER**

The market value, which is defined in the report, is subject to change with market changes over time; value is highly related to exposure, time, promotional effort, terms, motivation, and conditions surrounding the offering. The value opinion considers the productivity and relative attractiveness of the property physically and economically in the marketplace. The market value opinion, and the costs used, is as of the effective date of the appraisal. All dollar amounts are based on the purchasing power and price of the dollar as of the date of the value opinion.

In cases of appraisals involving the capitalization of income benefits, the market value or investment value or value in use is reflection of such benefits and appraiser's interpretation of income and yields and other factors derived from general and specific

client and market information. Such opinions are as of the effective date of value; they are thus subject to change as the market and value is naturally dynamic.

The appraisers reserve the right to alter statements, analysis, conclusions or any opinion of value in the appraisal if there becomes known to us facts pertinent to the appraisal process, which was unknown to us, when the report was finished. Such may include, but is not limited to, physical structure, quality, condition, features, legal status, financing, and leases as well as market conditions and influences.

Appraisal report and the market value are subject to change if physical or legal entity or financing different than that envisioned in this report or upon change in (or discover of certain influencing) market conditions or property condition as well.

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management; neither inefficient nor super-efficient, with adequate capital and management skills for such endeavor.

#### **PERMITS**

Appraiser assumes all applicable permits are current with City, State and Federal laws as pertaining to the subject property.

## **DESCRIPTION OF SUBJECT PROPERTIES**

### **Parcel #24.100.2550**

Site Description: The site contains approximately 24,691 SF or 0.57 acres more or less. The site SF was based on a survey provided by the client and is only an estimate due to the property has not been surveyed off from a larger tract of land. The survey shows Parcel B and part of Parcel A lying south of the vacated alley which was included. The site is irregular in shape with a railroad tracks to the south. There is no off street parking with the open land having a grass surface to the south of the building improvements. Access is from Main Street West an asphalt surface road with concrete curb, gutter and sidewalk. City services include city water, sanitary sewer, telephone, cable, natural gas and electricity. Normal utility easements exist. There were no apparent encroachments or easements that would have an adverse effect on the use of the subject property. Subject property is currently improved with a commercial building. See Survey in below.



**Building Specifications:**

Size (S.F.)	5,700	Story Height	1
Child Care (SF)	4,200	Plumbing	2/2 & 2/6 Fixtures
Fitness (SF)	1,500	Heat	FA/NG/CA
Foundation	Block	Electrical	Assume to Code
Floor Above Grade	Vinyl/Carpet/Tile	Lighting	Florescent
Ext. & Int. Wall	Wood./Block/DW	Room Use	Child Care/Fitness
Insulation	Assume to Code	Year Built	1927/1936/1950
Roof Structure	Pitched	Condition	Good/Average
Roof Material	Shingles	Windows	Stationary

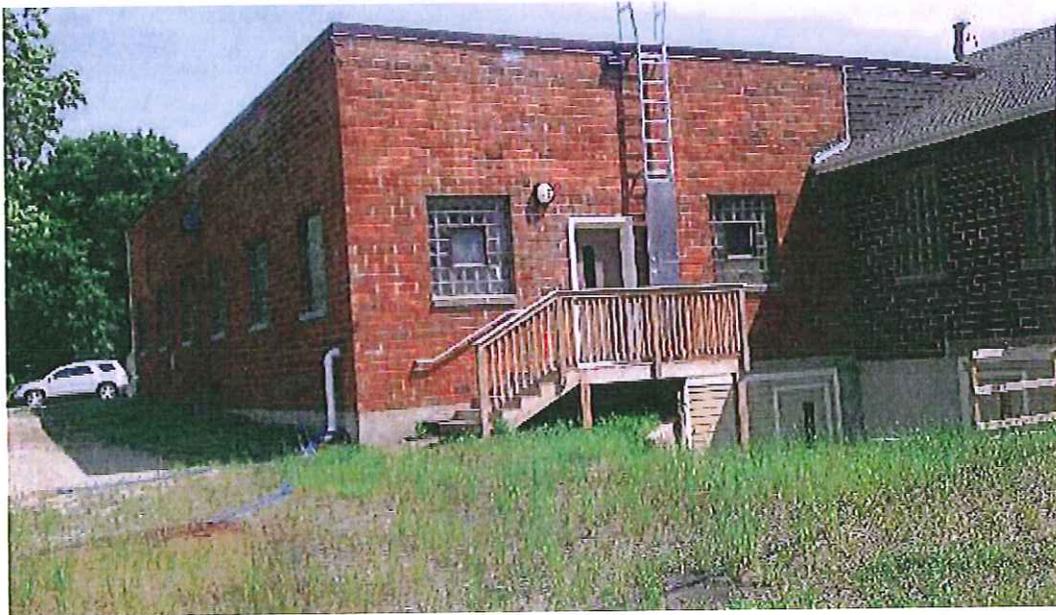
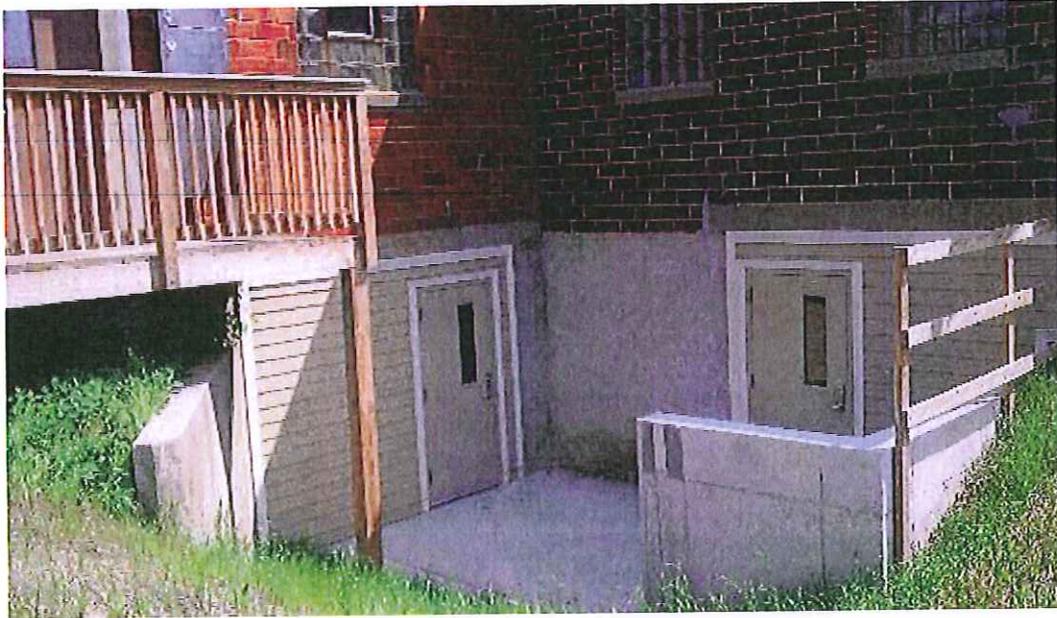
**Building Description:** The original building is frame constructed measuring 40' by 60' with a partial basement. There was an addition added to the south in 1936 which measured 40' by 30' with a full basement. Total SF above grade is 3,600 with 2,000 SF in the basement. There was an addition added to the west in 1950 which measured 30' by 70' with a full basement. Total SF above grade is 2,100 with 2,100 SF in the basement. There are 2 accesses to the basement 1 in the 1936 addition and 1 in the 1950 addition. The child care center occupies all the original build and all the addition added in 1936 along with the south 30' by 20' of the 1950 addition. The fitness center is occupying the remaining area of the 1950 addition. The interior of the child care portion has vinyl and carpet flooring, drywall and suspended ceilings. There are 3 bathrooms, a laundry room, kitchen area, reading area, gym, office and waiting area. There are 3 service doors. The interior of the fitness center has vinyl plank flooring, drywall and some suspended ceiling. There is 1 service door for this area. Heat is forced air with central air conditioning. There are 2 separate gas and electric meters in the rear of the building improvements. The improvements were considered to be in good to average repair. Building sketch is located in the addendum.

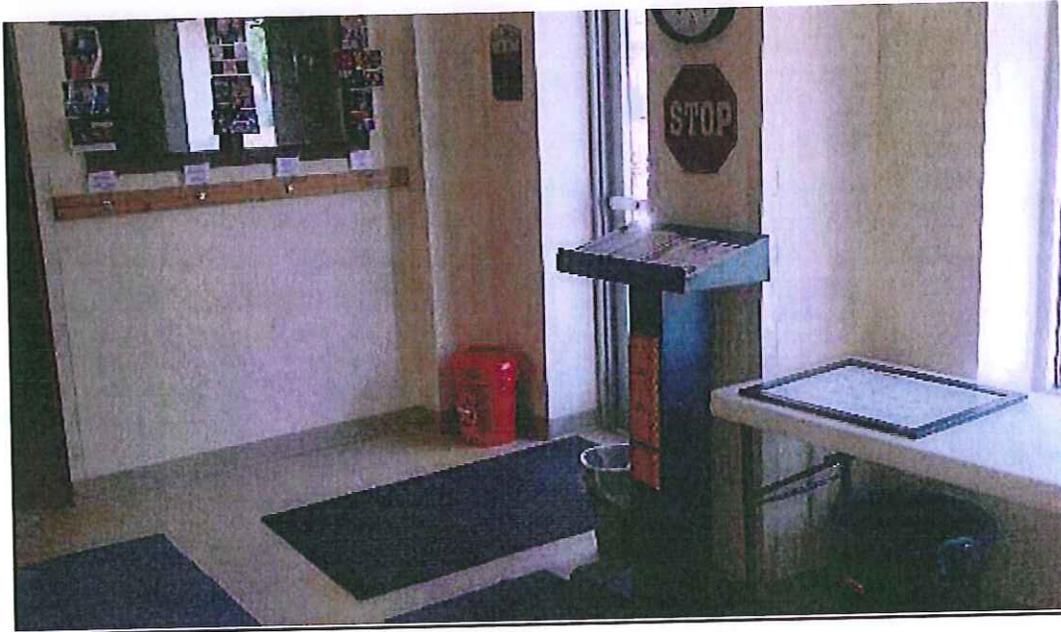
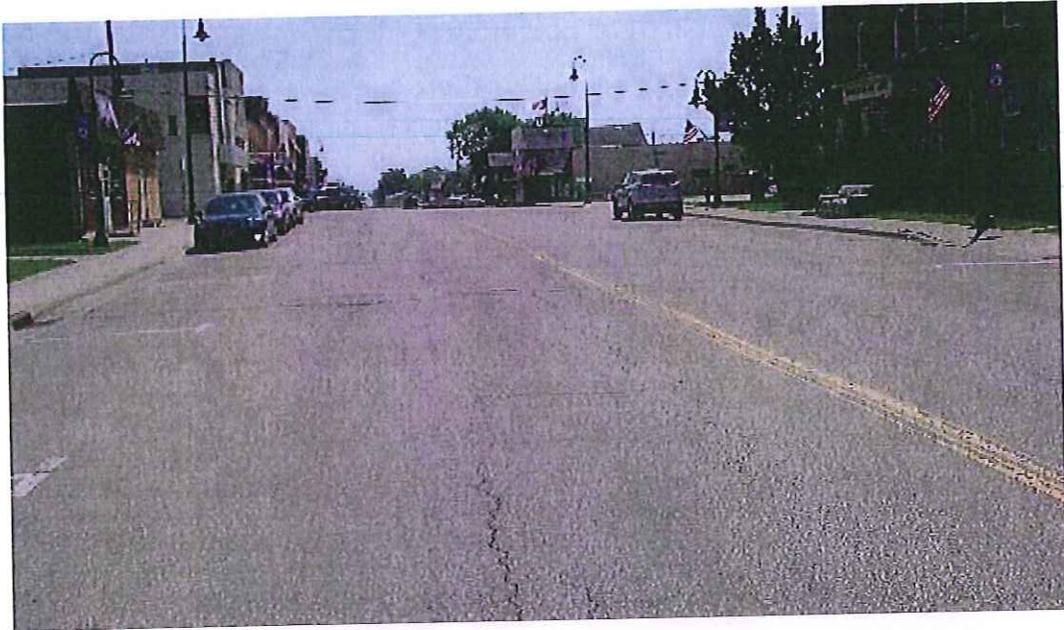
Structure	Size	Unit	Rep./Cost (\$)	Dep.		E.M.V Rounded (\$)
Commercial Building/Child Care	4,200	SF	105.00	40	%	\$264,600.00
Commercial Building/Fitness	1,500	SF	105.00	40	%	\$94,500.00
Site Improvements	1	Unit	10,000	0	%	\$10,000.00
Land Value	24,691	SF	3.75	0	%	\$92,591.25
<b>TOTAL DEPRECIATED VALUE</b>						<b>\$461,691.25</b>

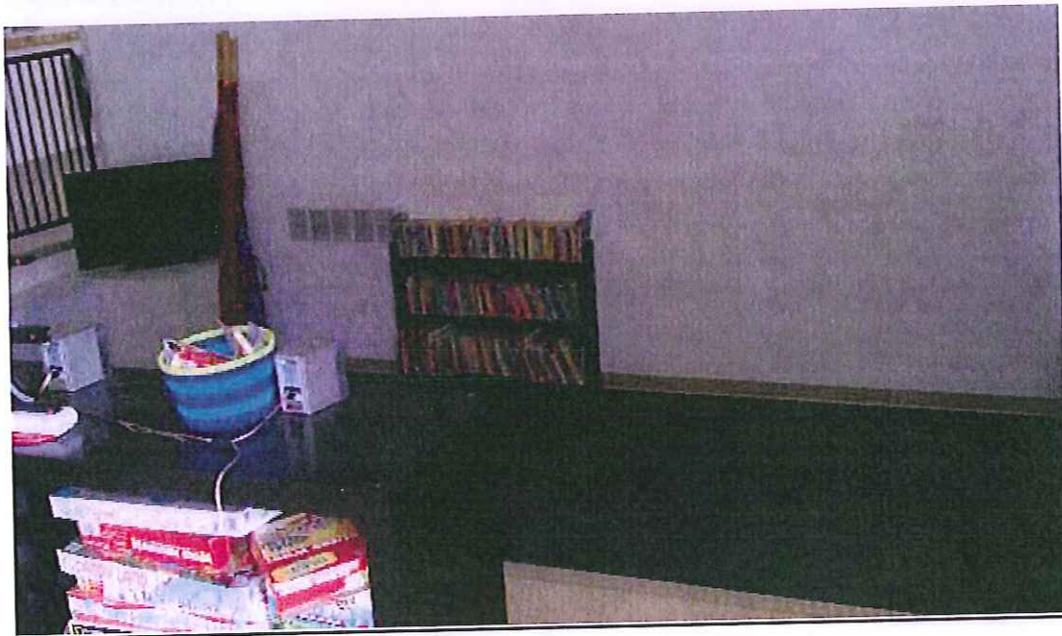
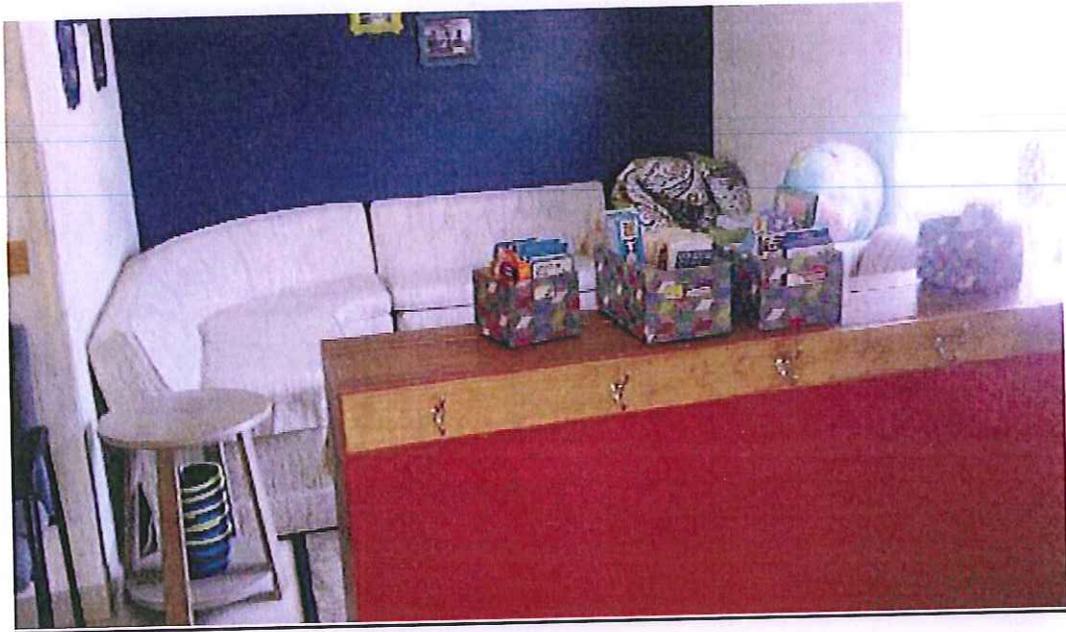
Comment: Cost were estimated using Marshall & Swift, local contractors and builders. Physical depreciation was based on age and current condition with Functional and External depreciation included as seen by the appraiser in the local market. Building Site land was based on the extraction method of comparable sales, the local market and county assessed values all which were considered and deemed reasonable in the local market. Sales of similar vacant land in the neighborhood were somewhat limited due to its location on Main Street. Subject property improvements are 88 years actual age, 20 years effective age with 30 years remaining life based on an estimated life of 50 years.

RCN \$701,091 Total Depreciation \$239,400(34%) Total Improvement Contribution \$461,691(66%).

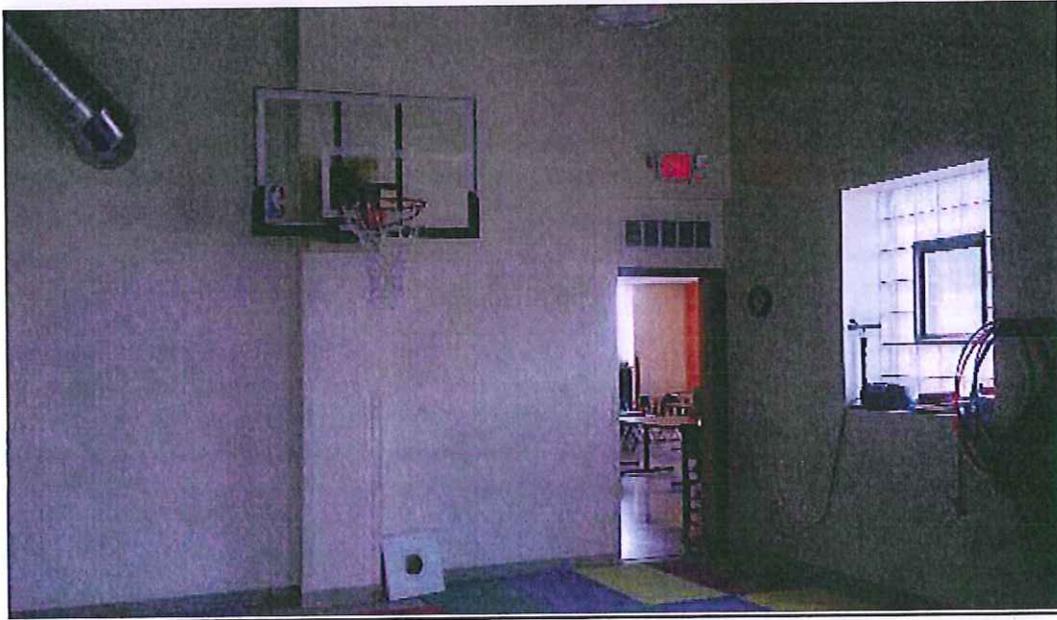
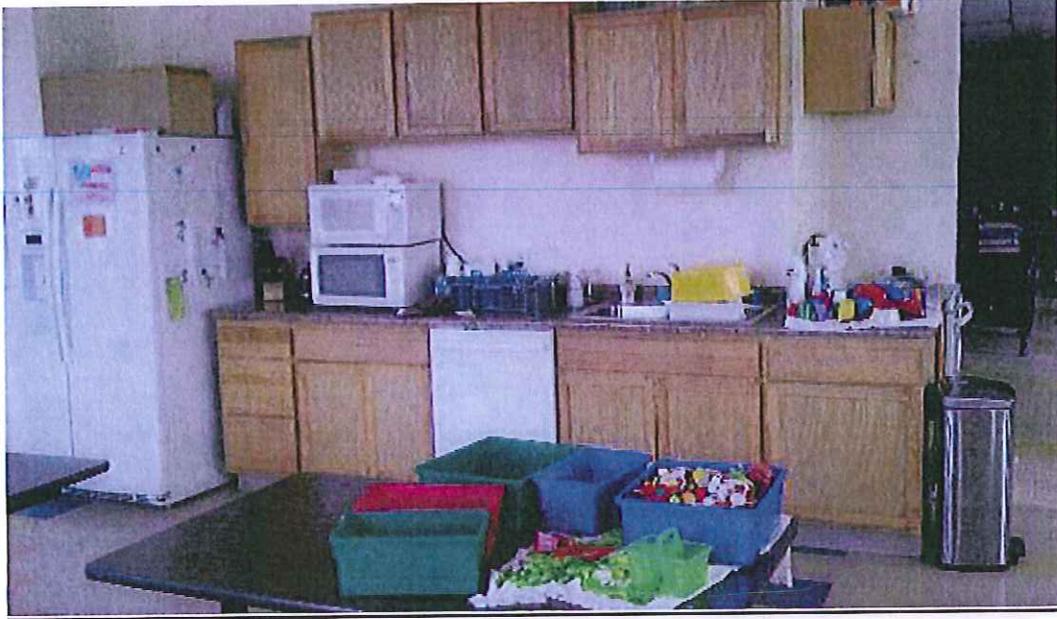


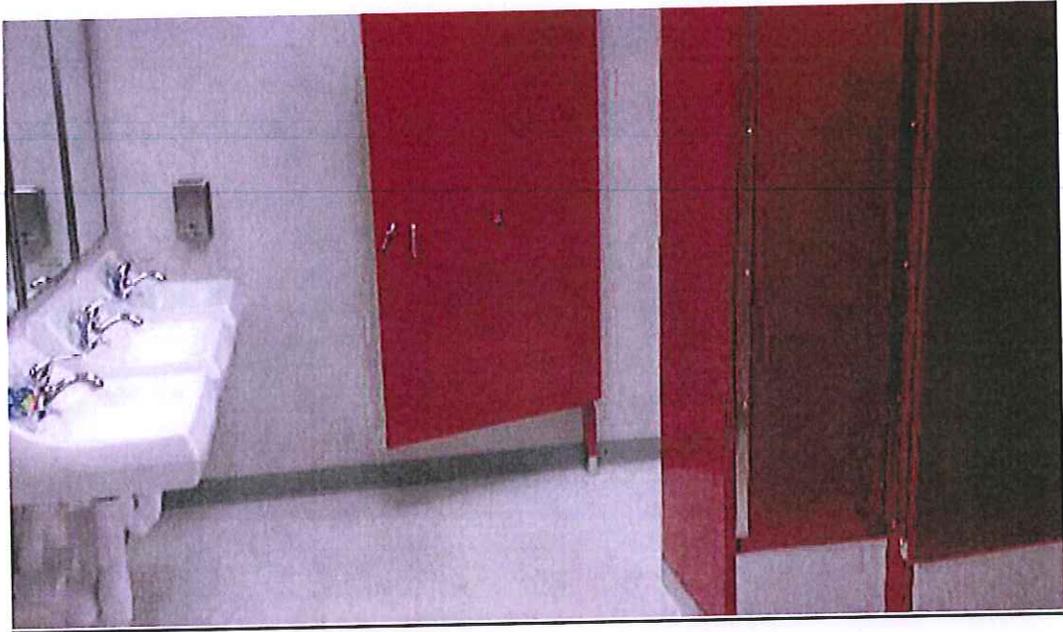






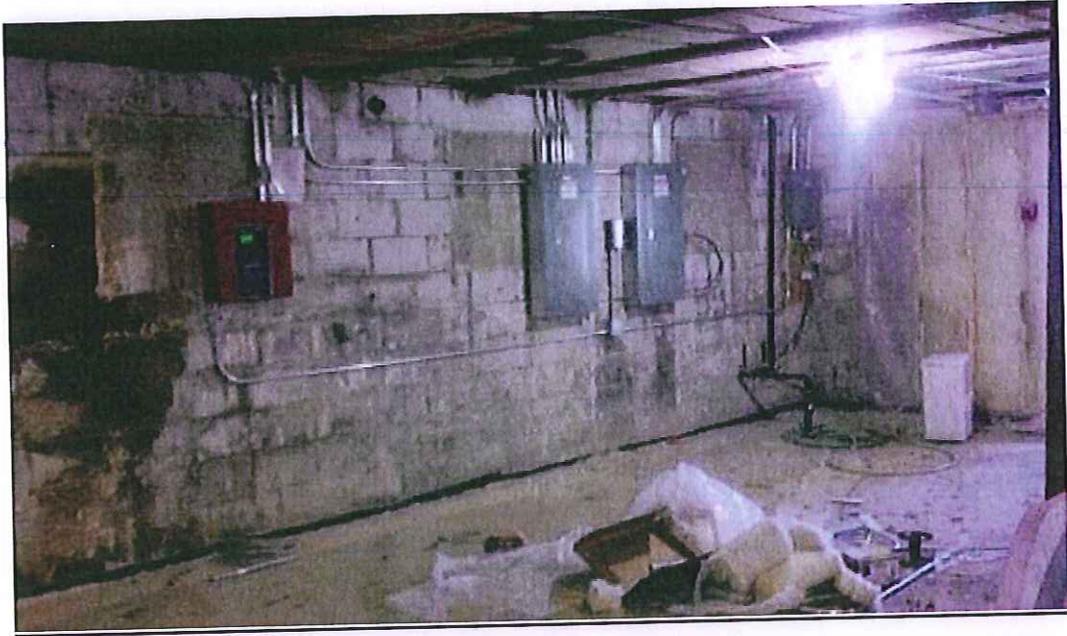












**PID #TBD**

Site Description: The site contains approximately 8,290 SF or 0.19 acres more or less. The site SF was based on a survey provided by the client and is only an estimate due to the property has not been surveyed off from a larger tract of land. The site is labeled Parcel A of which the vacated alley and north to Main Street was included. The site is rectangular in shape with Main St W running along the northern boundary. There is an asphalt parking lot to the west. The site is not developed with a grass surface. Access is from Main Street West an asphalt surface road with concrete curb, gutter and sidewalk. City services include city water, sanitary sewer, natural gas and electricity. Normal utility easements exist. There were no apparent encroachments or easements that would have an adverse effect on the use of the subject property. Subject property is currently unimproved with no building improvements. See Survey below.

Structure	Size	Unit	Rep./Cost (\$)	Dep.		E.M.V Rounded (\$)
		SF			%	\$ 0.00
		SF			%	\$ 0.00
Site Improvements	1	Unit	0		%	\$ 0.00
Land Value	8,290	SF	5.25	0	%	\$43,522.50
<b>TOTAL DEPRECIATED VALUE</b>						<b>\$43,522.50</b>

Comment: Land value was based on the extraction method of comparable sales, the local market and county assessed values all which were considered and deemed reasonable in the local market. Sales of similar vacant land in the neighborhood were somewhat limited due to its location on Main Street.



## Dodge County, MN Parcel Report

This report is based on the public records for the property and is intended to be used as a general reference only. It is not a guarantee of accuracy and does not constitute an offer of insurance or any other financial product. The user of this report acknowledges that the County does not warrant the accuracy of the information and is not responsible for any errors or omissions. The user of this report acknowledges that the County does not warrant the accuracy of the information and is not responsible for any errors or omissions. The user of this report acknowledges that the County does not warrant the accuracy of the information and is not responsible for any errors or omissions.

Report Date: 5/29/2015



Parcel ID Number: 341602550  
 Deeded Acres: 0  
 Property Address: 318 MAIN ST W  
 Property City: KASSON  
 Property State: MN  
 Property Zipcode: 55944-

Primary Taxpayer: CITY OF KASSON  
 Secondary Taxpayer: KASSON CITY HALL  
 Taxpayer Address: 401 5TH ST SE  
 Taxpayer City: KASSON  
 Taxpayer State: MN  
 Taxpayer Zipcode: 55944-

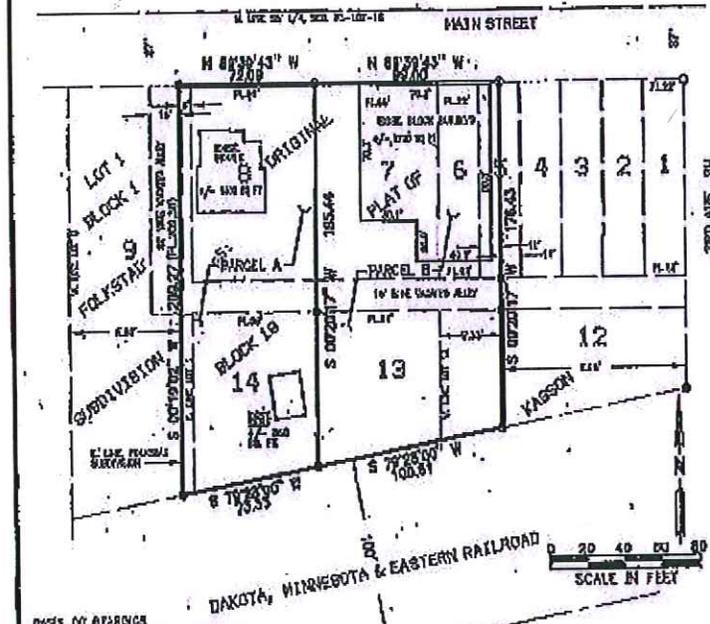
**Legal Description:** Sect-33 Twp-167 Range-016 ORIGINAL PLAT ALL OF LOTS 8 AND 14, AND THAT PART OF LOT 9, AND THAT PART OF THE NORTH-SOUTH ALLEY EASTERLY OF, AS MEASURED AT RIGHT TO AND PARALLEL WITH, THE WEST LINE OF SAID LOT 9, ALL IN BLOCK 18, ORIGINAL OF THE VILLAGE

School District #: 0284  
 TIF District: 0  
 Plat: ORIGINAL PLAT

Twp/Rng/Sec: 137/316/33  
 Lot:  
 Block:

# Former Folkestad Garage

CERTIFICATE OF SURVEY  
PART OF LOTS 6, 7, 8, 9, 12, 13, 14, BLOCK 18  
ORIGINAL PLAT OF KASSON  
DODGE COUNTY, MINNESOTA

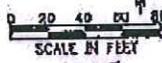


**UNITS OF MEASURE**  
All bearings are in relationship with the Dodge County Coordinate System NAD 83, Adjusted 1988.

**DESCRIPTION**

**PARCEL A**  
All of Lots 8 and 14, and that part of Lot 9, and that part of the north-south alley adjoining the eastern line of said Lot 9, which has a width of 10.000 feet and is 10.000 feet wide at each end, to wit: the east line of said Lot 9, all in Block 18, Original Plat of the Village of Kasson, Dodge County, Minnesota, together with the unopened alley running east and west between the said described lots. Said Parcel contains 14,822 square feet more or less.

**PARCEL B**  
The West One-half of Lot 5, All of Lots 6 and 7, and the West 33 feet of Lot 12, All of Lot 13, all in Block 18, Original Plat of the Village of Kasson, Dodge County, Minnesota, together with the unopened alley running east and west between the said described lots. Said Parcel contains 48,319 square feet more or less.



1 Stop Realty Inc, 402 South Kantorville Avenue, Kasson, MN 55944 • 507.634.7033 • info@1stop-realty.com • www.1stop-realty.com

**PID #24.100.4190/24.562.1003**

Site Description: The 2 sites combined contain approximately 24,194 SF or 0.56 acres more or less. The site SF was based Dodge County Property records. Each tract is located in separate subdivisions thus they would not be able to be combined into 1 parcel with replating. The site is rectangular in shape with Mantorville Avenue S running along the eastern boundary and 4<sup>th</sup> Street SW running along the southern boundary. The site is unimproved with a grass surface. Access is from 4<sup>th</sup> Street SW an asphalt surface road with concrete curb and gutter. City services include city water, sanitary sewer, natural gas and electricity. Normal utility easements exist. There were no apparent encroachments or easements that would have an adverse effect on the use of the subject property. Subject property is currently unimproved with no building improvements. See Survey below.

Structure	Size	Unit	Rep./Cost (\$)	Dep.		E.M.V Rounded (\$)
		SF			%	\$ 0.00
		SF			%	\$ 0.00
Site Improvements	0	Unit	0		%	\$ 0.00
Land Value	24,194	SF	5.30	0	%	\$128,228.20
<b>TOTAL DEPRECIATED VALUE</b>						<b>\$128,228.20</b>

Comment: Land value was based on the extraction method of comparable sales, the local market and county assessed values all which were considered and deemed reasonable in the local market. Sales of similar vacant land in the neighborhood were somewhat limited due to limited new construction.



## Dodge County, MN Parcel Report



This report is based on the information provided in the parcel data files. The information is provided as a service and is not guaranteed. The user of this report is advised that the City of Kasson does not warrant the accuracy of the information. The City of Kasson is not responsible for any errors or omissions. The City of Kasson is not responsible for any damages or losses resulting from the use of this report.

Report Date: 5/29/2015

Parcel ID Number:	345621003	Primary Taxpayer:	CITY OF KASSON
Deeded Acres:	0.33	Secondary Taxpayer:	KASSON CITY HALL
Property Address:		Taxpayer Address:	401 5TH ST SE
Property City:		Taxpayer City:	KASSON
Property State:	MN	Taxpayer State:	MN
Property Zip code:	-	Taxpayer Zipcode:	55844
<b>Legal Description: Sect-33 Twp-107 Range-016 SHOPKO ADDITION 38 AC OUTLOT B</b>			
School District #:	0384	Twp/Rng/Sec:	107/016/03
TIF District:	0	Lot:	
Plat:	SHOPKO ADDITION	Block:	

## Dodge County, MN Parcel Report

This report contains a legal description of the property and is not intended to be used as a substitute for a survey and is not a warranty of title. The user of this report is responsible for verifying the accuracy of the information contained herein. The user of this report is also responsible for verifying the accuracy of the information contained herein. The user of this report is also responsible for verifying the accuracy of the information contained herein.

Report Date: 5/22/2013



Parcel ID Number: 341004190  
 Deeded Acres: 0  
 Property Address: 377 MANTORVILLE AVE S  
 Property City: KASSON  
 Property State: MN  
 Property Zipcode: 55944-

Primary Taxpayer: CITY OF KASSON  
 Secondary Taxpayer: KASSON CITY HALL  
 Taxpayer Address: 401 5TH ST SE  
 Taxpayer City: KASSON  
 Taxpayer State: MN  
 Taxpayer Zipcode: 55944-

Legal Description: Sect-33 Twp-107 Range-016 ORIGINAL PLAT EX E 17 FT LOT 15 BLK 26

School District #: 0204  
 TIF District: 0  
 Plat: ORIGINAL PLAT

Twp/Rng/Sec: 107/016/03  
 Lot:  
 Block:

**SHOPKO ADDITION**

MAY 17 2014

DRAFT

**NOTES:**

1. All dimensions are in feet and inches.
2. All areas are in square feet.
3. All areas are to be used for the purposes shown on this plan.
4. All areas are to be used for the purposes shown on this plan.
5. All areas are to be used for the purposes shown on this plan.
6. All areas are to be used for the purposes shown on this plan.
7. All areas are to be used for the purposes shown on this plan.
8. All areas are to be used for the purposes shown on this plan.
9. All areas are to be used for the purposes shown on this plan.
10. All areas are to be used for the purposes shown on this plan.

MAY 17 2014  
DRAFT

**PID #24.100.2360**

Site Description: The site contains approximately 2,530 SF or 0.06 acres more or less. The site SF was based on Dodge County property records. The site is slightly irregular in shape with Main St W running along the northern boundary. The site is not developed with a grass/gravel surface. Access is from Main Street West an asphalt surface road with concrete curb, gutter and sidewalk. City services include city water, sanitary sewer, natural gas and electricity. Normal utility easements exist. There were no apparent encroachments or easements that would have an adverse effect on the use of the subject property. Subject property is currently unimproved with no building improvements.

Structure	Size	Unit	Rep./Cost (\$)	Dep.		E.M.V Rounded (\$)
		SF			%	\$ 0.00
		SF			%	\$ 0.00
Site Improvements	0	Unit	0		%	\$ 0.00
Land Value	2,530	SF	6.75	0	%	\$17,077.50
<b>TOTAL DEPRECIATED VALUE</b>						<b>\$17,077.50</b>

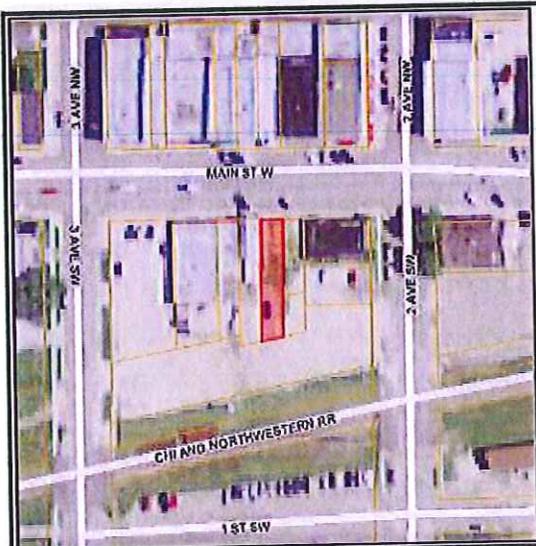
Comment: Land value was based on the extraction method of comparable sales, the local market and county assessed values all which were considered and deemed reasonable in the local market. Sales of similar vacant land in the neighborhood were somewhat limited due to its location on Main Street.



## Dodge County, MN Parcel Report

This report is based on aerial photography and is not intended to be used as a legal description. The information is provided for informational purposes only. The user of this report should consult the appropriate legal authority for a complete and accurate legal description. The City of Kasson is not responsible for any errors or omissions in this report.

Report Date: 3/22/2013



Parcel ID Number:	341602360	Primary Taxpayer:	ECONOMIC DEVELOPMENT
Deeded Acres:	0	Secondary Taxpayer:	OF THE CITY OF KASSON
Property Address:	206 MAIN ST W	Taxpayer Address:	401 5TH ST SE
Property City:	KASSON	Taxpayer City:	KASSON
Property State:	MN	Taxpayer State:	MN
Property Zipcode:	55844	Taxpayer Zipcode:	55844

Legal Description: Sect-33 Twp-107 Range-01:6 ORIGINAL FLAT Lot-068 Block-017

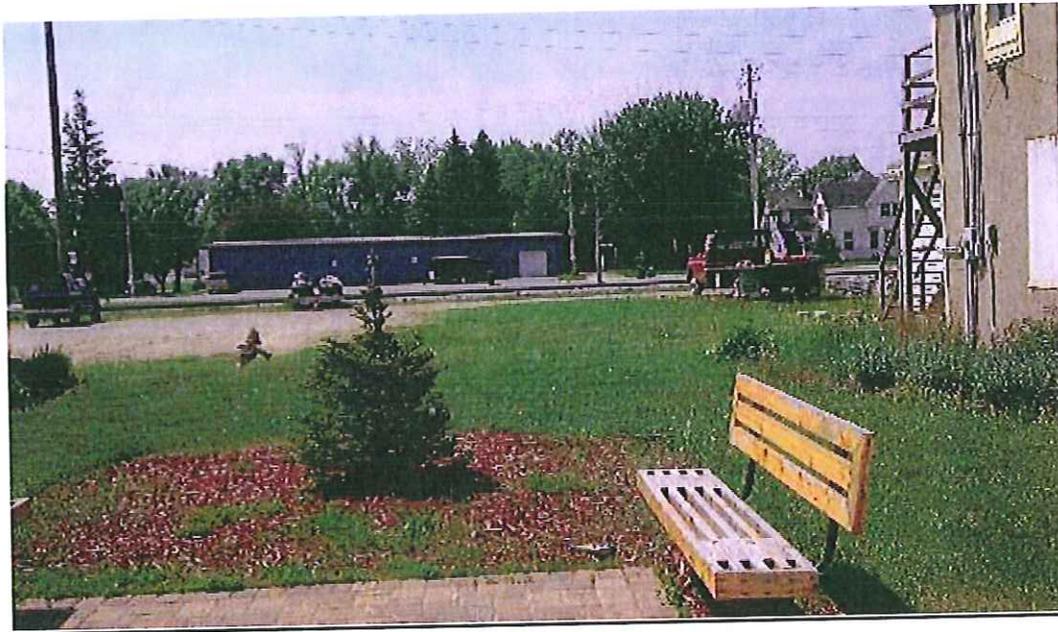
School District #:	0304	Twp/Rng/Sec:	107/106/11
TIF District:	0	Lot:	008
Plat:	ORIGINAL PLAT	Block:	017

**PID #24.100.2370**

Site Description: The site contains approximately 1,540 SF or 0.04 acres more or less. The site SF was based on Dodge County property records. The site is slightly irregular in shape with Main St W running along the northern boundary. The site is not developed with a grass/gravel surface. Access is from Main Street West an asphalt surface road with concrete curb, gutter and sidewalk. City services include city water, sanitary sewer, natural gas and electricity. Normal utility easements exist. There were no apparent encroachments or easements that would have an adverse effect on the use of the subject property. Subject property is currently unimproved with no building improvements.

Structure	Size	Unit	Rep./Cost (\$)	Dep.		E.M.V Rounded (\$)
		SF			%	\$ 0.00
		SF			%	\$ 0.00
Site Improvements	0	Unit	0		%	\$ 0.00
Land Value	1,540	SF	6.75	0	%	\$10,395.00
<b>TOTAL DEPRECIATED VALUE</b>						<b>\$10,395.00</b>

Comment: Land value was based on the extraction method of comparable sales, the local market and county assessed values all which were considered and deemed reasonable in the local market. Sales of similar vacant land in the neighborhood were somewhat limited due to its location on Main Street.



## Dodge County, MN Parcel Report

This report is based on the most recent aerial imagery and is not intended to be used as a legal document. The information presented herein is for informational purposes only and does not constitute a warranty of any kind. The user of this report should consult the County Assessor's Office for any questions and should verify all data. The user of this report should also consult the County Assessor's Office for any questions and should verify all data. The user of this report should also consult the County Assessor's Office for any questions and should verify all data.

Report Date: 5/29/2013



Parcel ID Number: 341603370  
 Deeded Acres: 0  
 Property Address: 204 MAIN ST W  
 Property City: KASSON  
 Property State: MN  
 Property Zipcode: 55544-

Primary Taxpayer: THE KASSON ECONOMIC  
 DEVELOPMENT AUTHORITY  
 Secondary Taxpayer:  
 Taxpayer Address: 401 3TH ST SE  
 Taxpayer City: KASSON  
 Taxpayer State: MN  
 Taxpayer Zipcode: 55544-

Legal Description: Sect-33 Twp-107 Range-016 ORIGINAL PLAT EX S49FT, LOT 9 BLK 17

School District #: 0204  
 TIF District: 0  
 Plat: ORIGINAL PLAT

Twp/Rng/Sec: 107/016/11  
 Lot:  
 Block:

### **LEGAL DESCRIPTION OF SUBJECT PROPERTIES**

See GIS Maps included with each parcel description which was obtained from Dodge County property records for the legal description. Legal descriptions may be abbreviated and not a full legal description.

### **ZONING**

The subject properties located along Main St W are zoned C-1, Central Business District with the property located along Mantorville Ave S is zoned C 2, General Commercial District. This zoning is intended to accommodate those uses which are potentially incompatible with uses in other districts because of the negative impacts they generate in terms of truck traffic and nuisance characteristics, and to provide areas where different levels of infrastructure and transportation improvements can be provided in a cost effective and efficient means to serve the needs of commercial use. From data available, it did not appear that there are any private deed restrictions or adverse easements affecting this property.

### **TAXES**

Parcel # 24.100.2550/TBD

The Dodge County Treasurer reports taxes due and payable in 2015 to be exempt. Dodge County does apply a personal property tax to the property due to it being leased out. Dodge County reports EMV of \$43,200 for the land and \$45,500 for building improvements. Building value does go up to \$238,800 for payable 2016. EMV reported is for the entire parcel due to it has not been split off a larger tract of land as of the effective date of this appraisal.

Parcel # 24.100.4190

The Dodge County Treasurer reports taxes due and payable in 2015 of \$1,108. Dodge County reports EMV of \$21,400 for the land and \$64,300 for building improvements. Building value does go down to \$0 and land value of \$18,800 for payable 2016. All building improvements have been removed

Parcel # 24.562.1003

The Dodge County Treasurer reports taxes due and payable in 2015 to be exempt. Dodge County reports EMV of \$37,600 for the land and \$0 for building improvements. Land value goes up to \$41,200 for payable 2016.

Parcel # 24.100.2360

The Dodge County Treasurer reports taxes due and payable in 2015 to be exempt. Dodge County reports EMV of \$4,600 for the land and \$0 for building improvements. Land value stays the same for payable 2016.

Parcel # 24.100.2370

The Dodge County Treasurer reports taxes due and payable in 2015 to be exempt. Dodge County reports EMV of \$2,800 for the land and \$0 for building improvements. Land value stays the same for payable 2016.

**COMMUNITY DESCRIPTION**

Subject property is located within the economic region of Rochester, Minnesota. Rochester is stable influences on the local economy and major employment bases for properties in this neighborhood. Kasson is located 15 miles west of Rochester with State Highway 14 running east and west along the southern edge of Kasson and State Highway 57 running north and south through the city of Kasson. Kasson has a good commercial district which does provide for good employment in the area.



## Demographic and Income Profile

Kasson city, MN (2732498)  
Place

Summary	Census 2010	2013	2018			
Population	5,931	5,915	5,929			
Households	2,224	2,217	2,227			
Families	1,569	1,557	1,556			
Average Household Size	2.65	2.66	2.65			
Owner Occupied Housing Units	1,788	1,771	1,794			
Renter Occupied Housing Units	436	446	433			
Median Age	33.2	33.9	33.7			
<b>Trends: 2013 - 2018 Annual Rate</b>	<b>Area</b>	<b>State</b>	<b>National</b>			
Population	0.05%	0.54%	0.71%			
Households	0.09%	0.62%	0.74%			
Families	-0.01%	0.50%	0.63%			
Owner HHs	0.26%	0.70%	0.94%			
Median Household Income	2.84%	3.74%	3.03%			
		<b>2013</b>	<b>2018</b>			
<b>Households by Income</b>		Number	Percent	Number	Percent	
<\$15,000		187	8.4%	185	8.3%	
\$15,000 - \$24,999		69	3.1%	54	2.4%	
\$25,000 - \$34,999		215	9.7%	156	7.0%	
\$35,000 - \$49,999		353	15.9%	341	15.3%	
\$50,000 - \$74,999		544	24.5%	454	20.4%	
\$75,000 - \$99,999		491	22.2%	508	22.8%	
\$100,000 - \$149,999		294	13.3%	409	18.4%	
\$150,000 - \$199,999		42	1.9%	94	4.2%	
\$200,000+		21	0.9%	27	1.2%	
Median Household Income		\$60,262		\$69,305		
Average Household Income		\$69,017		\$77,967		
Per Capita Income		\$26,242		\$29,758		
		<b>Census 2010</b>	<b>2013</b>	<b>2018</b>		
<b>Population by Age</b>	Number	Percent	Number	Percent	Number	Percent
0 - 4	536	9.0%	498	8.4%	516	8.7%
5 - 9	540	9.1%	502	8.5%	493	8.3%
10 - 14	512	8.6%	504	8.5%	500	8.4%
15 - 19	395	6.7%	426	7.2%	437	7.4%
20 - 24	270	4.6%	329	5.6%	357	6.0%
25 - 34	887	15.0%	796	13.5%	762	12.8%
35 - 44	879	14.8%	855	14.5%	867	14.6%
45 - 54	733	12.4%	754	12.8%	719	12.1%
55 - 64	511	8.6%	594	10.0%	613	10.3%
65 - 74	329	5.5%	337	5.7%	381	6.4%
75 - 84	226	3.8%	214	3.6%	195	3.3%
85+	113	1.9%	103	1.7%	92	1.6%
		<b>Census 2010</b>	<b>2013</b>	<b>2018</b>		
<b>Race and Ethnicity</b>	Number	Percent	Number	Percent	Number	Percent
White Alone	5,696	96.0%	5,641	95.4%	5,557	93.7%
Black Alone	24	0.4%	41	0.7%	86	1.5%
American Indian Alone	16	0.3%	20	0.3%	24	0.4%
Asian Alone	29	0.5%	38	0.6%	58	1.0%
Pacific Islander Alone	0	0.0%	1	0.0%	1	0.0%
Some Other Race Alone	69	1.2%	73	1.2%	77	1.3%
Two or More Races	97	1.6%	102	1.7%	125	2.1%
Hispanic Origin (Any Race)	250	4.2%	263	4.4%	308	5.2%

Data Note: Income is expressed in current dollars.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2013 and 2018.

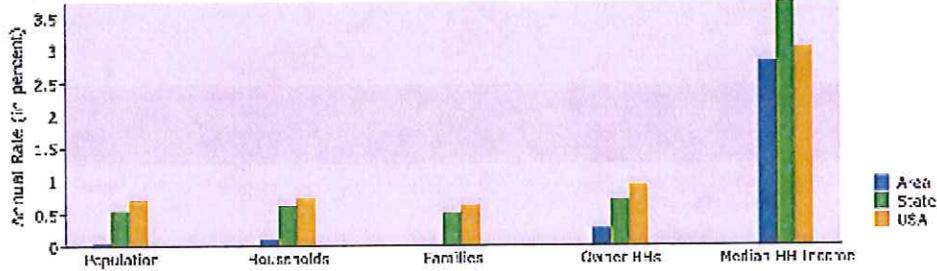
May 12, 2014



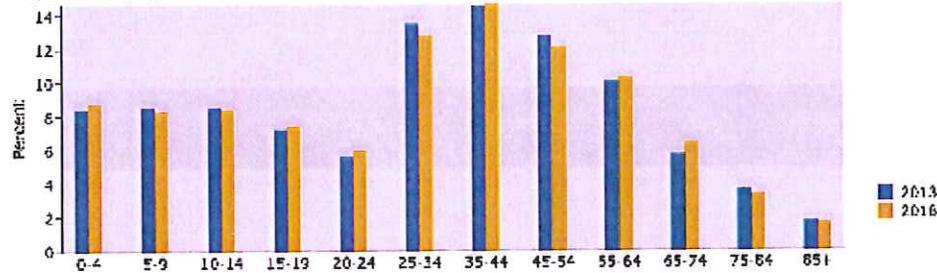
# Demographic and Income Profile

Kasson city, MN (2732458)  
Place

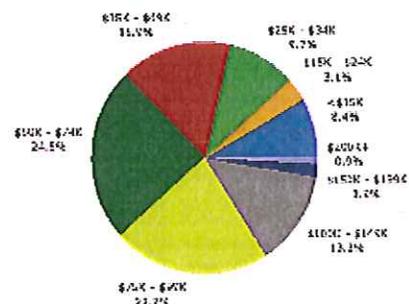
## Trends 2013-2018



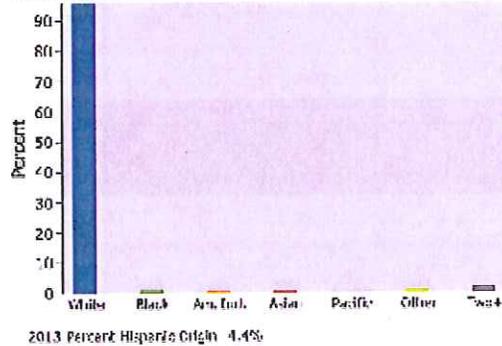
## Population by Age



## 2013 Household Income



## 2013 Population by Race



Sources: U.S. Census Bureau, Census 2010 Summary File 1. Esri Records for 2013 and 2018.

May 22, 2014

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Page 2 of 2

### **NEIGHBORHOOD ANALYSIS**

The subject properties are in the central portion of Kasson. Some of the properties are located along Mantorville Avenue also known as Highway 57 but does not have direct access to it. The remaining tracts are located along Main Street. The boundary of the subject's neighborhood is South Fork Drive to the south, 16<sup>th</sup> Avenue to the east, 22<sup>nd</sup> Street to the north and 16<sup>th</sup> Avenue to the east. Most structures in the neighborhood were built approximately 1 to 100 years ago and consist of residential and mixed use properties with some 1 story and some 2 story commercial buildings. The neighborhood appears to be stable. The neighborhood has asphalt streets. The topography is generally level. The neighborhood is served with public utilities such as; city sanitary sewer and water, natural gas, electrical, and telephone service. The neighborhood has good proximity to town and easy access to State Highway 14 and 57.

### **FEMA FLOOD HAZARD DISCLOSURE AND CENSUS TRACT**

Subject properties are not located in a FEMA designated Flood Hazard Area. FEMA Zones B/C is indicated by FEMA Flood map dated 01/06/1982, FEMA Map No. 270548-27058110001A. Census Tract 27039-9505.00.

## **COMPARABLE LAND SALES**

### **Comparable Land Sale #1**

A tract of unimproved land located just west of Mantorville Avenue consisting of 99,752 SF or 2.29 acres located in Section 28, T107N, R16W, Kasson, Minnesota. The property is raw land adjacent to a commercial property with no city water or sewer, no streets, curb or gutter. Sale price was reported at \$50,380 or **\$0.51/SF**. Sale date was 8/2013 with the grantee recorded as Cunningham and the grantor as Radel. Land was purchased to add to an existing trucking business.

### **Comparable Land Sale #2**

A tract of unimproved land located in Kasson, along County Highway 13 also known as 8th Street SE, according to Dodge County records totaled 26,422 SF or 0.61 acres. It sold in January 2010 for \$100,000 or **\$3.78/SF**. Grantee was record as Murphy and the grantor as Kasson Motel, LLC. Lot is to be improved with an auto body shop.

### **Comparable Land Sale #3**

A tract of unimproved land located at 19 South St SW, Lot 2, Block 1, Ross First Subdivision, City of Dodge Center. This comparable sold in June 2014 to Hudson and the grantor recorded as Ross. The sale price was reported at \$40,950. The amount of land according to the county is recorded at 47,177 SF. The site was unimproved with sewer and water to the property. The site was not soil corrected. Sale price reflects a cost of **\$0.89/SF**.

### **Comparable Land Sale #4**

#### **PID 22.526.1001**

Lot 1, Block 1, Ross First Subdivision, City of Dodge Center. This comparable sold in August of 2011 to Czaplewski and the grantor recorded as Ross. The sale price was reported at \$49,500 on a warranty deed. The amount of land according to the county was recorded at 47,177 SF. The sale price included sewer and water to the property lines only. The site was not soil corrected. Sale price reflects a cost of **\$1.05/SF**. Property is being improved with a Funeral Home.

### **Comparable Land Sale #5**

A tract of unimproved land located at 1101 Mantorville Avenue consisting of 61,855 SF or 1.42 acres located in Overland Addition, Kasson, Minnesota. The property is a new commercial subdivision with 1 lot which sold with no city water or sewer, asphalt street with no curb and gutter. City water and sewer were located on the east side of Mantorville Avenue. Buyer was responsible for extending the utilities under Mantorville Avenue. Sale price was reported at \$150,000 or **\$2.43/SF**. Sale date was 3/2014 with the grantee recorded as Overland Properties, LLC and the grantor as Bigelow. Property is being improved with a Dollar General Store.

### Comparable Land Sale #6

A tract of unimproved land located along 2nd Avenue SW consisting of 10,249 SF or 0.24 acres located in Depot Grounds Subdivision, Kasson, Minnesota. The property is located just north of the railroad tracks and east of 2nd Avenue SW. There is some asphalt parking. Sale price was reported at \$25,000 on a contract for deed or **\$2.44/SF**. Sale date was 6/2013 with the grantee recorded as Diane O'Brien-Berge and the grantor as Richard J. Swenke. Buyer owned commercial building to the north.

### Comparable Land Sale #7

A tract of improved land located at 520 Main St. consisting of 7,060 SF or 0.16 acres located in Mantorville, Minnesota. The property sold with an old 2 story commercial building and detached garage. Buyer purchased and removed all building improvements. Sale price was reported at \$40,000 on a contract for deed or **\$5.67/SF which does not include the cost to remove the building improvements**. Sale date was 11/2013 with the grantee recorded as Scott/Karrie Berg and the grantor as Doug Kracht. Buyer owned the adjacent commercial building to the south. Buyer purchased for future expansion.

### CORRELATION OF VALUE FOR LOT SALES

In providing comparable land sales for my analysis, I have researched real estate transactions over the past several years, which have occurred in and around the subject property. I have focused my efforts on those transactions, which have similar characteristics as the subject. Land sales did vary in size, city utilities and street improvements.

Sales similar to the subject property were limited in the local market. Best comparable sales available were considered. Information on all sales has been recorded with County of record. All sales were sites considered for similar commercial use as the subject property. Commercial land sales similar to the subject property sold for \$0.51 to \$5.67/SF. Generally the larger the site size the lower the sale price per SF. Improvements of street, sewer and water also were considered.

### **PID 24.100.2550**

Sale #	SP/SF \$	Time/%	Location/%	Size/%	Utilities/Street/Site%	Adj.SP/SF \$
1	0.51	0	150	50	100	3.83
2	3.78	0	0	0	0	3.78
3	0.89	0	200	30	0	3.47
4	1.05	0	200	30	0	4.10
5	2.43	0	-25	40	50	3.83
6	2.44	0	50	-10	0	3.29
7	5.67	0	0	-30	0	3.97
						0.0
<b>Avg.</b>	<b>2.4</b>					<b>3.75</b>

**PID TBD**

Sale #	SP/SF \$	Time/%	Location/%	Size/%	Utilities/Street/Site%	Adj.SP/SF \$
1	0.51	0	150	100	100	5.10
2	3.78	0	0	50	0	5.67
3	0.89	0	200	75	0	4.67
4	1.05	0	200	75	0	5.51
5	2.43	0	-25	100	50	5.47
6	2.44	0	50	25	0	4.58
7	5.67	0	0	0	0	5.67
						0.0
<b>Avg.</b>	<b>2.4</b>					<b>5.24</b>

**PID 24.100.4190/24.562.1003**

Sale #	SP/SF \$	Time/%	Location/%	Size/%	Utilities/Street/Site%	Adj.SP/SF \$
1	0.51	0	200	50	100	4.59
2	3.78	0	50	0	0	5.67
3	0.89	0	300	30	0	4.63
4	1.05	0	300	30	0	5.46
5	2.43	0	25	40	50	6.38
6	2.44	0	100	-10	0	4.39
7	5.67	0	50	-30	0	5.95
						0.0
<b>Avg.</b>	<b>2.4</b>					<b>5.3</b>

**PID 24.100.2360**

Sale #	SP/SF \$	Time/%	Location/%	Size/%	Utilities/Street/Site%	Adj.SP/SF \$
1	0.51	0	150	150	100	6.38
2	3.78	0	0	100	0	7.56
3	0.89	0	200	125	0	6.01
4	1.05	0	200	125	0	7.09
5	2.43	0	-25	150	50	6.83
6	2.44	0	50	75	0	6.41
7	5.67	0	0	25	0	7.09
						0.0
<b>Avg.</b>	<b>2.4</b>					<b>6.77</b>

**PID 24.100.2370**

Sale #	SP/SF \$	Time/%	Location/%	Size/%	Utilities/Street/Site%	Adj.SP/SF \$
1	0.51	0	150	150	100	6.38
2	3.78	0	0	100	0	7.56
3	0.89	0	200	125	0	6.01
4	1.05	0	200	125	0	7.09
5	2.43	0	-25	150	50	6.83
6	2.44	0	50	75	0	6.41
7	5.67	0	0	25	0	7.09
						0.0
<b>Avg.</b>	<b>2.4</b>					<b>6.77</b>

**Comments:** Equal weight has been placed on all Sales due to the very limited sales of similar properties in the subject property neighborhood. Consideration was given to each sale for time of sale, location, land size and utility improvements which included streets, water, sewer and soils suitable for building improvements at the time of sale. Based on my research similar sites that have been selling over the past 4-5 years have shown a steady market with little to no adjustment due to a stable market. Sale prices for the neighborhood have ranged from \$0.51/SF to \$5.67/SF with an average Sale Price of \$2.40/SF. Median Sales Price was \$2.43/SF rounded. Adjustments were all considered reasonable in the local market. The subject property lots by Shopko had the most daily traffic followed by the Folkestad property. There was no data for the 2 lots in the central portion of town. Comparable Sale #2 had the most daily traffic due to its frontage along Hwy 14. It is the opinion of the appraiser that the 2 lots in the central portion of town may be best marketed if sold together this is based on current building standards and design. The narrow lots are not in much demand due to the design and layout of current building standards.

**CORRELATION TO VALUE/LAND AS IF VACANT**

Subject Property	Size/SF	Sale Price /SF	Total Value
24.100.2550	24,691	3.75	\$92,591.25
TBD	8,290	5.25	\$43,522.50
24.100.4190/24.562.1003	24,194	5.30	\$128,228.20
24.100.2360	2,530	6.75	\$17,077.50
24.100.2370	1,540	6.75	\$10,395.00
<b>TOTAL VALUE</b>			<b>\$291,814.45</b>

Based on the above information it is my opinion that the subject properties land value as if vacant have a market value of **\$292,000 rounded.**

## COMPARABLE SALES WITH BUILDING IMPROVEMENTS

### **Comparable Sale #1**

#### **Parcel #24.100.4120**

Location: 205 Mantorville Ave S, Kasson, MN 55944

Lot Size: 0.25 Acres/10,976 SF

Building Size 1,600/SF (1,600 SF GBA, 0 SF Basement)

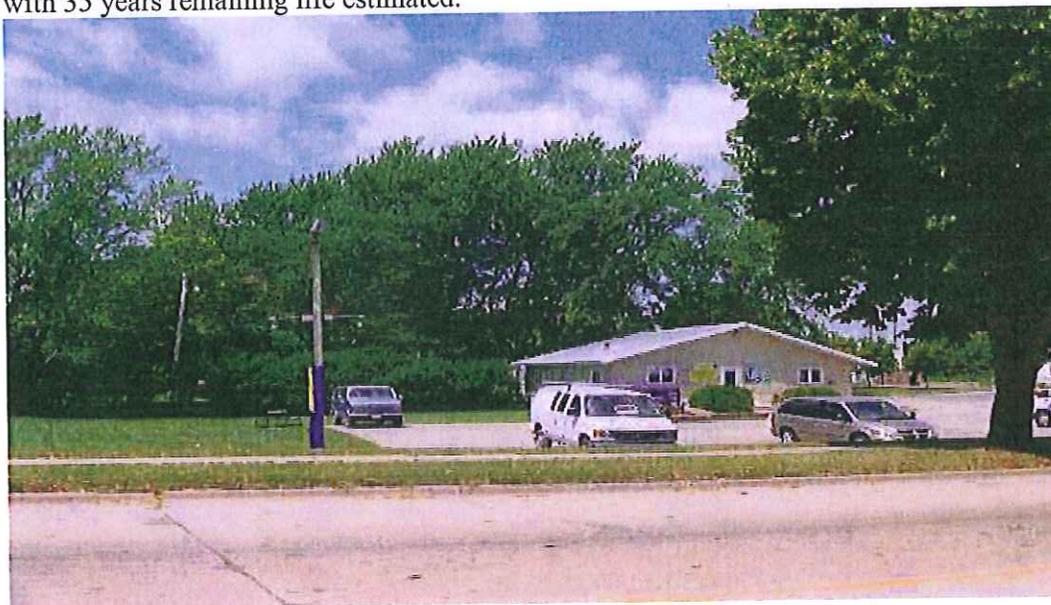
Sale Date: August 2013, WD

Year Built 1980

Sale price \$140,000

Sales Price/SF Building \$87.50

The frame constructed building was built in 1980 which measured 40' x 40'. Steel and wood exterior with a pitched steel roof. Interior had several offices, receptionist area and 2/2 fixture bathrooms. Heat is forced air with central air. Furnace, air conditioning and flooring were reported as newer. Site has frontage along Mantorville Ave S. and 2<sup>nd</sup> Street SW. The property is rectangular in shape with Mantorville Ave S. running along the eastern boundary and 2nd Street SW running along the northern boundary. Parking is available off street with an asphalt surface to the east of the building improvements. Access to the property is from 2<sup>nd</sup> Street SW only. Utility services include city water, city sewer, natural gas, telephone and electricity. Estimated market value was recorded at \$27,200 for the land and \$65,300 for the improvements for a total of \$92,500. Taxes were reported at \$3,108. Income was estimated at \$7.50/SF triple net lease with the tenant paying utilities. Potential Gross Income less 10% vacancy showed a 7.71% rate of return. Site value was estimated at \$50,000. Information was obtained from Dodge County property records and SEMN MLS #404993. Subject was marketed for 165 days at \$159,900 however it expired on 4/1/2013. Actual age is 33 years, effective age of 15 with 35 years remaining life estimated.



**Comparable Sale #2**

**Parcel #23.100.0600**

Location 118 2<sup>nd</sup> Ave NW, Hayfield, MN 55940

Lot Size 0.46 Acres/20,160 SF

Building Size 4,608 SF

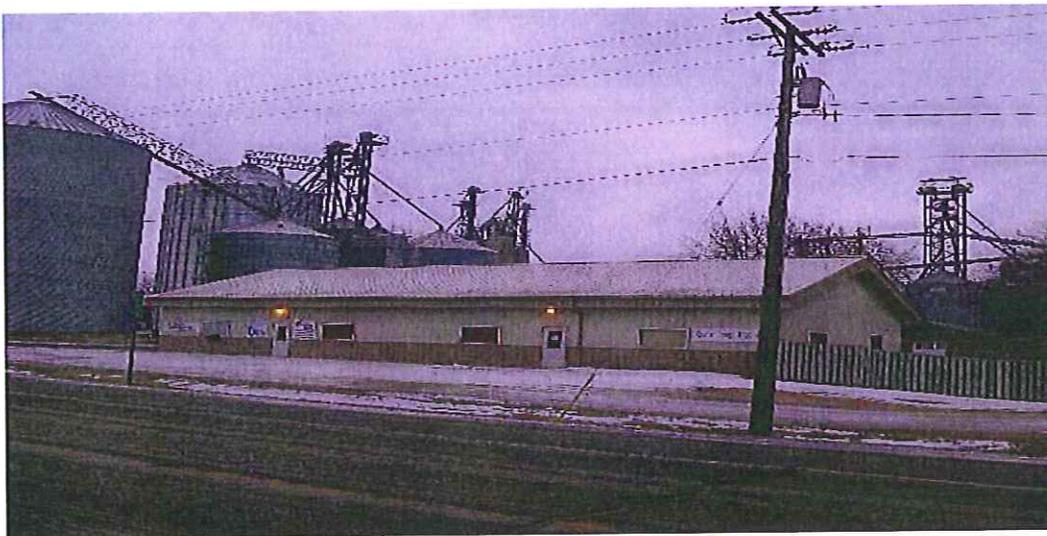
Year Built 2001

Sale Date January 2012, WD, Schimek to Younge Properties

Sale price \$210,000

Price /GBA SF \$45.57

Property is located along Highway 30 and 2nd Avenue NW in Hayfield. Access is from 2nd Avenue NW and an alley in the rear. The alley is gravel surface. Site is flat with gravel surface parking on the north, east and south side of the building. Building was built in 2001, pole construction, steel walls and roof, 2 make up air units and in floor heat, stationary windows and 5 service doors. Interior is finished with 6 offices and a preschool room with carpeting, drywall, suspended ceilings and 2 bathrooms. Property is currently being used for offices and a preschool. Income was estimated at \$9/SF with the owner paying taxes, utilities and insurance. Expenses were estimated at \$6,750 taxes, \$2,000 insurance, utilities at \$7,500 and a replacement reserve at 5% or \$2,000 for a total of \$18,250. NOI was estimated at \$23,222. Cap rate was estimated at 11.06%. Land value was estimated at \$35,000. Estimated market value is \$25,200 for the land, \$185,900 for building improvements for a total of \$211,100. Subject property was not marketed on the local MLS however was brokered privately. Original asking price was \$235,000 with the buyer offering \$210,000 which was accepted. Seller was Schimek and buyer recorded as Younge Properties. Buyer is occupying a portion of the property for his own business. Actual age is 11 years, effective age is 10 years with 30 years remaining life estimated. Site value was estimated at \$35,000. Information was obtained from Owner, Buyer, Dodge County property records, interior and my exterior inspection.



**Comparable Sale #3**

**Parcel #74.28.12.048876**

Location 3089 25<sup>th</sup> St NW, Rochester, MN 55901

Lot Size 1.23/53,579 SF

Building Size 2,928 SF

Sale Date October 2013, WD, Child Care Resource to POHOCOGO LLC

Sale price \$350,000

Price /GBA SF \$119.54

Property is located just east of Valleyhigh Drive NW, Rochester. This comparable sale was built in 1991 which has 2,928 SF above grade and 2,928 SF below grade both areas finished and used for daycare. Frame construction, 1 story with a full basement, gable roof with vinyl exterior walls and shingled roof. Heat is forced air with central air conditioning. Site Value was estimated at \$130,000. Income was available. Marketing time was 338 days with an original list price of \$499,900 according to SEMN MLS #4039818. Property was considered in average condition. Estimated market value was recorded at \$708,300 with the land value at \$130,700 and building improvements of \$577,600. Real Estate taxes were not available as it was exempt. Subject property improvements are 22 years actual age, 20 years effective age with 30 years remaining life based on an estimated life of 50 years.



**Comparable Sale #4****Parcel #24.100.1550**

Location 13 West Main Street, Kasson, MN 55944

Lot Size 0.21 Acres/9,006 SF

Building Size 9,316 SF (8,250 SF GBA, 1,066 SF Basement)

Year Built 1940

Sale Date January 2009, CD, Olsen to CM Squared Properties LLC

Sale price \$210,000

Price /GBA SF \$25.45

**Comments:** The building was built in 1940. Original structure is concrete block with a partial unfinished basement. Exterior is concrete block with stucco, Quonset rolled composite roof, stationary windows and no off street parking. Heat was hot water with 3 central air conditioning units mounted on the roof. Parking was on street to the south and a public parking lot in the rear of the building and one across Main Street to the south. Interior is divided into 9 offices/retail spaces of varying sizes. Some of the businesses include a lawyer's office, CPA office, computer repair shop, license bureau, real estate office, costume shop, and building contractor office. There is 1/5 fixture bathroom and 1/4 fixture bathroom. Interior finish was considered in average repair. There is a 10' wide hallway, utility room and two bathrooms that account for approximately 1,500 SF. According to the owner the roof was resealed, painted front of the building and new signage, replaced glass in front doors, replaced ceiling light fixtures in 2 units and the bathrooms and has replaced some of the ceiling tiles in the several units and the bathrooms after the sale. Entrance was from Main Street and a door to the rear of the building from the alley. The building was considered to be in average condition. Estimated market value was recorded at \$18,000 for the land and \$141,900 for the improvements for a total of \$159,900. Taxes were reported at \$5,388. Income was reported at 3,545/month with each tenant paying their own utilities. Potential Gross Income less 10% vacancy showed an 18.23% rate of return. Site value was estimated at \$40,000. Property is partially owner occupied. Information was obtained from Dodge County property records, prior work files and buyer. Actual age is 69 years, effective age was estimated at 30 years with 20 years remaining life estimated.



**COMPARABLE SALES ADJUSTMENT GRID**

Sale	Site Adjustment (\$)	Time (\$)	Size		Quality/Const. Age (\$)	Utility (\$)	Net Adj. (\$)	Sale Price/SF (\$)	Adjusted Sale Price (\$)
			Building Area 5,700 SF (\$)						
1	7.50	0	-30.00		0	3.00	-19.50	87.50	\$ 68.00
2	10.10	0	0		10.00	3.00	23.10	45.57	\$ 68.67
3	-6.50	0	-15.00		0	-30.00	-51.50	119.54	\$ 68.04
4	9.20	0	20.00		10.00	2.00	41.20	25.45	\$ 66.65
									\$ 0.00
									\$ 0.00
Average Adjusted Sale Price									\$ 67.84

**Comment on Sales Comparison:** Sales chosen are compatible to the subject and are in competing locations to the subject's market area. Best comparable sales available have been selected. Site adjustments were made on all sales as seen by the appraiser in the local market. Time adjustments were considered however based on sales in the local market as seen by the appraiser there appears to be no change in value in the past several years. Site adjustments were made based on estimated land value at the time of sale. Land value was estimated based on the extraction method and county assessed value. Sales #1, #2 and #4 were considered inferior and Sale #3 was considered superior. Building Area SF was adjusted on the premise the larger the building size the lower the sales price per SF. Sale #4 was larger in SF thus were adjusted upward, Sale #1 and #3 were smaller thus were adjusted downward and Sale #2 was considered similar thus no adjustment was made. Quality of construction and Age adjustments were considered with Sale #1 being similar in quality of construction and similar in age, Sale #2 was considered inferior in quality of construction and superior in age thus no adjustment was made, Sale #3 was considered similar in quality of construction and age thus no adjustment was made with Sale #4 was considered inferior in age and similar in quality of construction thus was adjusted upward. Adjustments were made as seen by the appraiser in the local market. Utility adjustments were all considered for basement size and finish with sale #1 and #2 having no basement thus were adjusted upward, Sale #3 had a full finished basement which was superior thus was adjusted down and Sale #4 had a partial basement with no finish thus was adjusted upward. No other adjustments were deemed necessary. Equal weight has been placed on all sales due to the very limited sales in the local market, which had adjusted Sale prices of \$66.65 to \$68.67 with an average adjusted sales price of \$67.84/SF. Median adjusted sale price was \$68.02/SF. Based on the above sales it is my opinion that the subject property has a Market Value **\$68.00/SF rounded based on the Sales Comparison Approach to Value.**

Subject Property	Size/SF	Sale Price /SF	Total Value
24.100.2550	5,700	\$68.00	\$387,600.00
			\$ 0.00
<b>TOTAL VALUE</b>			<b>\$387,600.00</b>

**CORRELATION TO VALUE/SALES COMPARISON APPROACH TO VALUE**

Subject Property	Size/SF	Sale Price /SF	Total Value
24.100.2550	5,700	68.00	\$387,600.00
TBD	8,290	5.25	\$43,522.50
24.100.4190/24.562.1003	24,194	5.30	\$128,228.20
24.100.2360	2,530	6.75	\$17,077.50
24.100.2370	1,540	6.75	\$10,395.00
<b>TOTAL VALUE</b>			<b>\$586,823.20</b>

**COST APPROACH TO VALUE****PID #24.100.2550**

Replacement Cost	5,700	@	\$107.75	\$614,175.00
Physical Depreciation	40%			\$245,670.00
Functional Depreciation	0%			\$0.00
External Depreciation	0%			\$0.00
<b>Total Depreciated Value</b>				<b>\$368,505.00</b>
Depreciated Value of Improvements				\$368,505.00
Estimated Land Value	24,691	@	3.75	\$92,591.25
<b>Total Value by Cost Approach</b>				<b>\$461,096.25</b>

Comment: Cost were estimated using Marshall & Swift, local contractors and builders. Physical depreciation was based on age and current condition with Functional and External depreciation included as seen by the appraiser in the local market. Building Site land was based on the extraction method of comparable sales, the local market and county assessed values all which were considered and deemed reasonable in the local market. Sales of similar vacant land in the neighborhood were very limited for the past several years. Subject property improvements are 88 years actual age, 20 years effective age with 30 years remaining life based on an estimated life of 50 years.

**REMAINING ECONOMIC LIFE**

For the purpose of this appraisal, it was determined that the remaining economic life of the subject property would be at least 30 years.

**INCOME APPROACH TO VALUE**

The income approach to value was considered however due to the lack of income and expense reports and inconclusive evidence for rental rates for similar properties this approach to value was deemed not applicable for the subject properties. Most of the subject properties are vacant land with little to no potential income for rent or lease due to the smaller size and location in the city of Kasson. The Folkestad building is leased with no income or expenses reports available thus it was deemed not applicable.

**CORRELATION OF VALUE**

I have carefully considered all three approaches to value with the most weight being placed on the Sales Comparison Approach to Value with the Cost Approach supporting the Sales Comparison Approach. The Cost Approach to value was only considered on the Folkestad property with building improvements. The remaining subject properties are vacant land with the Cost Approach deemed inconclusive thus not applicable. No weight has been placed on the Income Approach due to lack of supporting income and expenses on the subject properties. All values have been rounded.

<b>VALUE BY SALES COMPARISON APPROACH</b>	<b>\$587,000</b>
<b>VALUE BY COST APPROACH</b>	<b>\$461,000</b>
<b>VALUE BY INCOME APPROACH</b>	<b>N/A</b>

As a result of my analysis it is my opinion that the commercial building and land has a Market Value of \$388,000 rounded as of May 28, 2015. This value does not include any going concern value or trade fixtures to operate said business.

**(THREE HUNDRED EIGHTY EIGHT THOUSAND DOLLARS)**

As a result of my analysis it is my opinion that the commercial lots have a Market Value of \$199,000 rounded as of May 28, 2015. See Page 50 for breakdown in parcel values.

**(ONE HUNDRED NINETY NINE THOUSAND DOLLARS)**

Respectfully Submitted,



Michael P. Stevens  
Cert.Gen. Real Prop Appraiser Lic.#20197901

## **QUALIFICATIONS OF MICHAEL P. STEVENS**

### **Education:**

Appraisal Institute  
Appraisal Pre-licensing Courses.  
Real Estate Pre-licensing Courses  
Winona State University  
Austin Community College for Agri-Business  
State of Minnesota License – Cert. General Real Property Appraiser  
State of Minnesota License - Real Estate Sales Agent

### **Memberships:**

National Registry of Licensed Appraisers  
American Association of Agricultural Appraisers  
Rochester Board of Realtors  
Rochester Multiple Listing Service  
Minnesota State Board of Realtors  
National Board of Realtors

### **BIBLIOGRAPHY**

- Uniform Standards of Professional appraisal Practice and Advisory Opinions 2005 Edition.
- The Dictionary of Real Estate Appraisal, Fourth Edition, 2002, Appraisal Institute, Chicago, Illinois

**COPY OF APPRAISER'S LICENSES**

**STATE OF MINNESOTA**



MICHAEL PAUL STEVENS  
71988 200TH AVE.  
HAYFIELD, MN 55940

**Department of Commerce**

The Undersigned COMMISSIONER OF COMMERCE for the State of Minnesota hereby certifies that  
**MICHAEL PAUL STEVENS**

71988 200TH AVE.  
HAYFIELD, MN 55940

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: 20197801**

unless this authority is suspended, revoked, or otherwise legally terminated. This license shall be in effect until August 31, 2016.

IN TESTIMONY WHEREOF, I have hereunto set my hand this April 13, 2015.

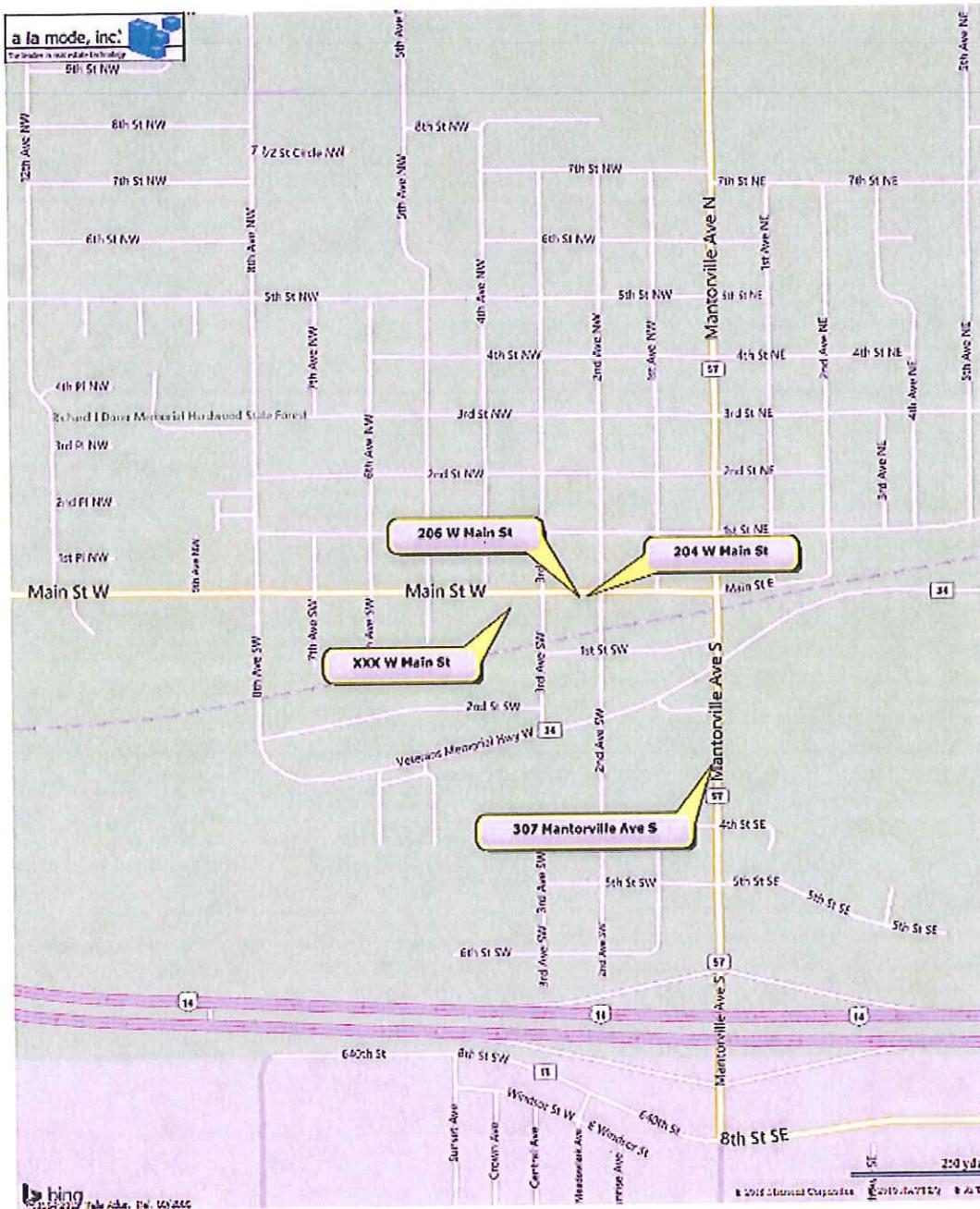
A handwritten signature in cursive script that reads "Mike Rothman".

COMMISSIONER OF COMMERCE  
Minnesota Department of Commerce  
Licensing Division  
8570 Flann East, Suite 500  
St. Paul, MN 55101-3155  
Telephone: (651) 539-1599  
Email: [licensing.commerce@state.mn.us](mailto:licensing.commerce@state.mn.us)  
Website: [commerce.state.mn.us](http://commerce.state.mn.us)

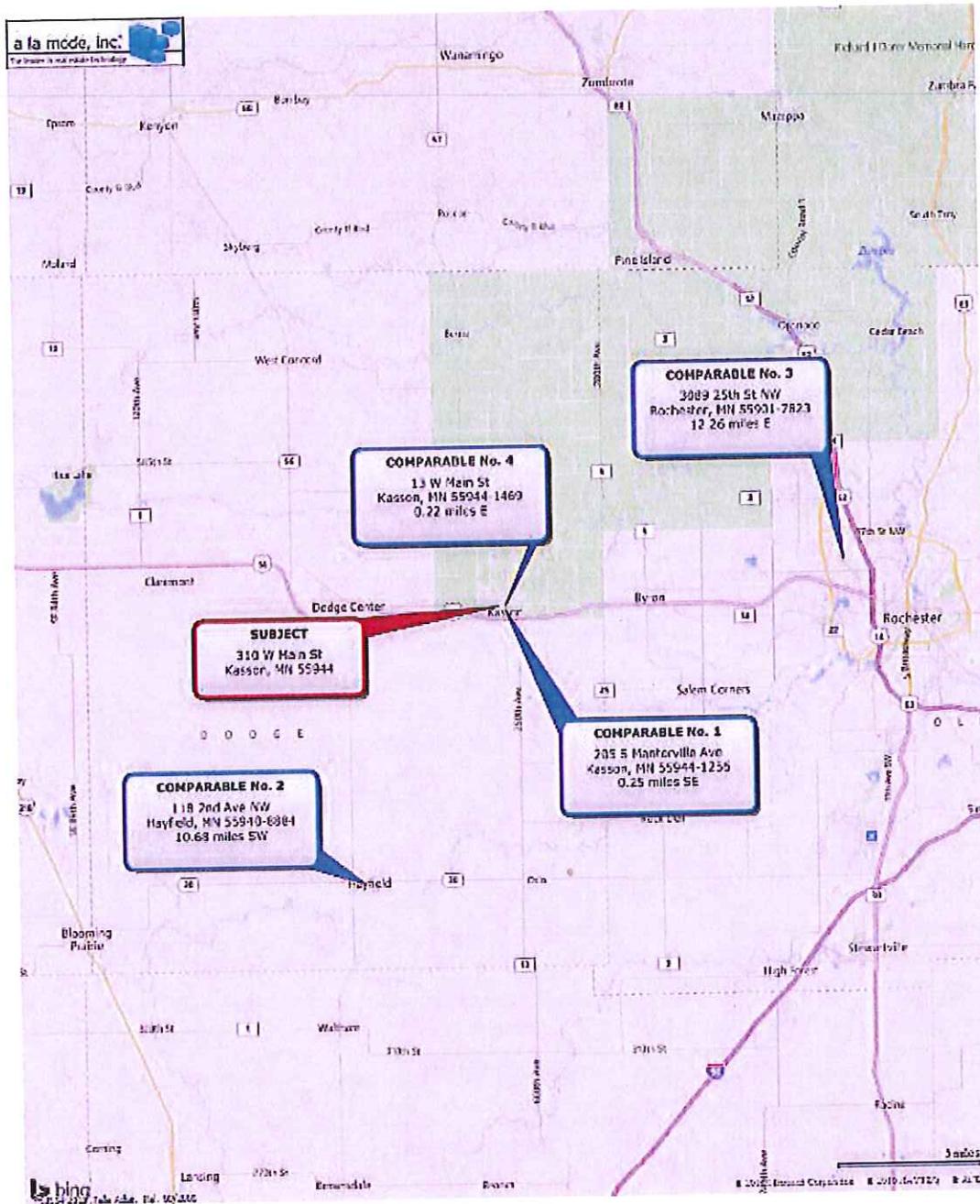
**Notes:**

- Continuing Education: 15 hours is required in the 12-month 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 Resident, J, 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](http://commerce.state.mn.us).

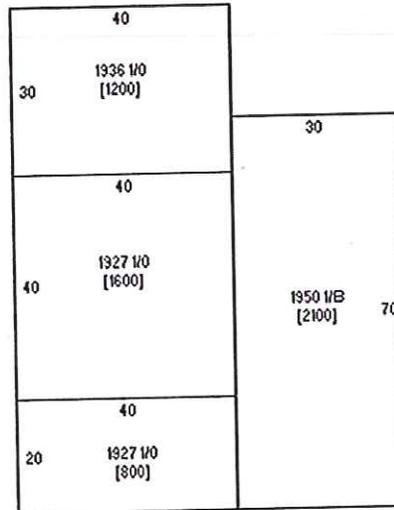
# LOCATION MAP



# LOCATION MAP



## BUILDING SKETCH



Building Sketch was obtained from Dodge County Property records and verified by my personal inspection.

## APPRAISAL REQUEST



118 2<sup>nd</sup> Ave NW, PO Box 1065  
Hoyfield, MN 55940  
507-477-3884/ Office  
507-951-0493/Cell  
[mike@realtyplusmn.com](mailto:mike@realtyplusmn.com)

April 20, 2015

Mike Martin  
City of Kasson  
Planning and Zoning

To Whom It May Concern:

At your request a bid to appraise 5 commercial lots and 1 commercial building located in the City of Kasson. Properties are currently city owned. The request is to value the properties at current market value for possible resale.

My fee to complete the appraisals for the above mentioned properties would be \$2,500. A completion date of no later than 4 weeks from the date of engagement.

Feel free to contact me with any further questions.

Mike Stevens  
Realty Plus, LLC  
(507) 477-3884 Office  
(507) 951-0493 Cell  
[mike@realtyplusmn.com](mailto:mike@realtyplusmn.com)  
[www.realtyplusmn.com](http://www.realtyplusmn.com)