

A quorum of the Administration Committee, Board of Public Works, Park Board, and/or Common Council may attend this meeting; (Although it is not expected than any official action of any of those bodies will be taken).

**CITY OF MENASHA  
REDEVELOPMENT AUTHORITY  
Menasha City Center  
100 Main Street, Menasha  
Room 133**

**June 4, 2019**

**5:15 PM**

**AGENDA**

**A. CALL TO ORDER**

**B. ROLL CALL/EXCUSED ABSENCES**

**C. MINUTES TO APPROVE**

1. Minutes of the May 7, 2019 Redevelopment Authority Meeting

**D. PUBLIC COMMENTS ON ANY MATTER OF CONCERN ON THIS AGENDA**  
(five (5) minute time limit for each person)

**E. DISCUSSION / ACTION ITEMS**

1. Banta/RR Donnelley Property – 460 Ahnaip Street
2. Lawson Canal Discussion
3. USDA Loan Public Works Facility –
  - a. Letter of Intent to Meet Conditions: Form 1942-46
  - b. Request for Obligation of Funds: Form 1940-1 *[does not commit the RDA to approve the project; however, causes the USDA to commit funding to the Public Works Facility Project with the understanding that details of the agreements are forthcoming and will be mutual benefit the City and the RDA]*
4. Set Next Meeting

**F. ADJOURNMENT**

If you have questions, please call the Community Development Department at  
(920) 967-3650 between 8:00 AM – 4:00 PM, Monday through Friday.

**CITY OF MENASHA  
Redevelopment Authority  
100 Main Street – Room 132  
May 7, 2019  
DRAFT MINUTES**

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**A. CALL TO ORDER**

The meeting was called to order by CDD Schroeder at 5:13 PM.

**B. ROLL CALL/EXCUSED ABSENCES**

REDEVELOPMENT AUTHORITY MEMBERS PRESENT: Chairperson Kim Vanderhyden, Alderperson Rebecca Nichols, Matt Vanderlinden, Gail Popp, Bob Stevens, and Shane Correll.

REDEVELOPMENT AUTHORITY MEMBERS EXCUSED: Kip Golden.

OTHERS PRESENT: CDD Sam Schroeder, AP Joe Stephenson, ASD John Jacobs, and Sandra Dabill-Taylor (545 Broad Street).

**C. MINUTES TO APPROVE**

**1. Minutes of the April 2, 2019 Redevelopment Authority Meeting**

Kim Vanderhyden made a motion to approve the minutes of the April 2, 2019 Redevelopment Authority Meeting. The motion was seconded by Matt Vanderlinden. The motion carried.

**D. PUBLIC COMMENTS ON ANY MATTER OF CONCERN ON THIS AGENDA**

**(five (5) minute time limit for each person)**

Sandra Dabill-Taylor (545 Broad Street): Addressed the Redevelopment Authority and stated her approval of Kim Vanderhyden as the Chairperson of the Redevelopment Authority.

**E. DISCUSSION / ACTION ITEMS**

**1. Election of Officers**

**a. Chairperson**

Matt Vanderlinden nominated Kim Vanderhyden as Chairperson.

Alderperson Nichols made a motion to cast a unanimous ballot and reinstate Kim Vanderhyden as the Chairperson of the Redevelopment Authority. The motion was seconded by Matt Vanderlinden. The motion carried.

*CDD Schroeder handed the chair over to Kim Vanderhyden at 5:20 PM.*

**b. Vice-Chairperson**

Alderperson Nichols nominated Kip Golden as the Vice-Chairperson.

Alderperson Nichols made a motion to cast a unanimous ballot and reinstate Kip Golden as the Vice-Chairperson of the Redevelopment Authority. The motion was seconded by Matt Vanderlinden. The motion carried.

**2. Listing Agreement – Lake Park Villas**

CDD Schroeder gave an update on the Lake Park Villas listing agreement. It was decided at the March 5, 2019 Redevelopment Authority meeting that the contract for Lake Park Villas listing agreement would stay with Coldwell Banker and that a new agent would be assigned upon Richard DeKleyn leaving Coldwell Banker. Gail Popp was assigned as the

new listing agent and the contract between Coldwell Banker and the Redevelopment Authority would remain the same except for the amendments listing on document WB-42 Amendment to Listing Contract.

Matt Vanderlinden made a motion to extend the contract with Coldwell Banker for one year and accept the proposed amendments to the listing agreement. The motion was seconded by Shane Correll. The motion carried.

**3. Banta/RR Donnelley Property – 460 Ahnaip Street**

CDD Schroeder informed the Redevelopment Authority that the DOT is still getting an appraisal for the Banta building. The DOT is allowing the City of Menasha to start their assessment before the DOT's assessment is completed. Staff is in contact with two appraisal companies who can perform the appraisal and have prior experience with brownfield sites.

**4. Lawson Canal Discussion**

There is no update for the Lawson Canal.

**5. USDA Loan Update- Public Works Facility**

ASD Jacobs gave a brief update on the USDA loan and Public Works Facility. He informed the Redevelopment Authority that a workshop will be held next week between the Redevelopment Authority and Common Council to work out the details of the USDA Loan.

**6. Set Next Meeting**

The next meeting was set for June 4<sup>th</sup>, 2019 at 5:15 PM

**F. ADJOURNMENT**

Gail Popp made a motion to adjourn the meeting at 6:10 PM. The motion was seconded by Kim Vanderhyden. The motion carried.

*Minutes respectfully submitted by AP Stephenson.*

# **MOEGENBURG RESEARCH, INC.**

## **REAL ESTATE APPRAISAL AND CONSULTING**

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May 30, 2019

Mr. Sam Schroeder  
Community Development Director  
City of Menasha  
100 Main Street, Suite 200  
Menasha, WI 54952

**Re: Appraisal Report Proposal for:  
4992-03-21, Parcel No. 1  
Racine Street Bridge, City of Menasha**

Dear Mr. Schroeder:

In accordance with your request, I am pleased to submit this proposal to prepare an *Appraisal Report* for the referenced property. This proposal is to cover the scope of services for the above referenced property which are based on our recent discussions.

### **Purpose, Date(s) of Report, and Function of the Report**

The purpose of the assignment is to prepare a "Before & After" Appraisal that considers the proposed taking that involves your property. Your property is referred to as Parcel Number 1, within the WisDOT project that is identified as Project ID: 4992-03-21.

The function of the report is to provide an opinion of market value that will be used to provide the City of Menasha with just compensation for the proposed taking (the intended use). No other use or user is intended to be served through this engagement.

### **Report Standards**

The report will be subject to the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation, as well as Chapter 32.09 of Wisconsin State Statutes. Only the described real estate will be the subject of the appraisals; no personal property are intended to be made a part of this engagement or considered in my valuation.

### **Limitations on Use and Applicability of Conclusions**

Neither the report, materials submitted, nor our firm name may be used in any prospectus or printed materials prepared in connection with the sale of securities or participation interests to the public. Due to the nature of real estate investments and the variety of economic factors that influence property trends, the conclusion(s) presented in the Final Report is valid only for the date stated above. I have not provided a previous service regarding the subject property within the three years prior to being engaged for this assignment.

## **REPORT FORMAT AND CONTENTS**

I will issue an electronic copy and two hard copies (if requested) of the *Appraisal Report*. The appraisal report will include the topics detailed below.

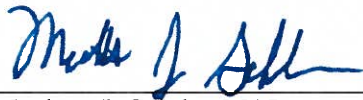
- Identification of the subject property.
- Definition of market value.
- Explanation of property rights to be appraised.
- Highest and best use analysis.
- Site evaluation and physical description of the property.
- Land use, zoning or other known legal restrictions on use.
- Real estate tax information.
- Real Estate Market Analysis, with a focused discussion on the competitive submarket.
- Sales Comparison Approach, including comparative analysis of comparable sale properties.
- Cost and/or Income Capitalization Approaches, if deemed appropriate.
- TLE, PLE, Fee Taking, Building/Site Improvements, Severance, and Remainder Analysis (as deemed relevant)
- Reconciliation and final opinion of market value, which will include just compensation.

## **FEES AND TIMING**

The total professional fees for the assignment will be billed at \$275 per hour with a maximum total appraisal fee of \$5,000. The appraisal will be completed within four to five weeks of engagement. So long as the appraisal report and invoice have been submitted to WisDOT prior to July 9, 2019, you will not be responsible for the appraisal fee; this will be paid by WisDOT. However, if you choose not to submit the appraisal report by the required date, you would then be responsible for the payment of the appraisal fee to Moegenburg Research. Should the description of services provided be agreeable to you, your signature on this letter constitutes my authorization to begin this assignment.

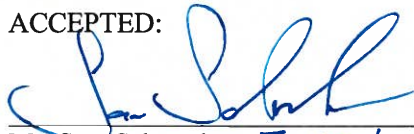
I thank you for giving me the opportunity to serve you, and look forward to working with you on this assignment.

Sincerely,



Matthew J. Gehrke, MAI

ACCEPTED:

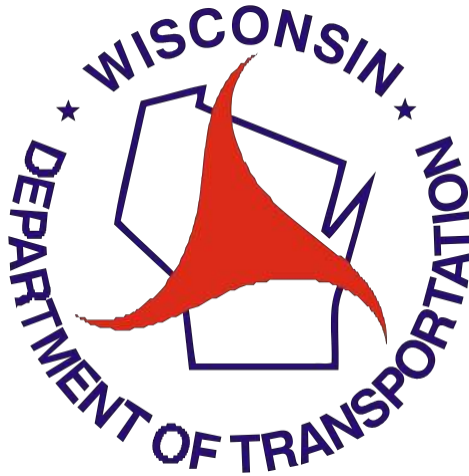


Mr. Sam Schroeder, Executive Director  
of the RDA

Date: 5/30/19

Please return a signed copy of this proposal to:

Mr. Matthew J. Gehrke, MAI  
Moegenburg Research, Inc.  
155 South Executive Drive, Suite 212  
Brookfield, Wisconsin 53005  
TEL: 262-782-8680  
E-mail: [mgehrke@moegenburg.com](mailto:mgehrke@moegenburg.com)  
[www.moegenburg.com](http://www.moegenburg.com)



**APPRAISAL REPORT**

OF AN

**Acquisition of Land & Improvements  
Project I.D. 4992-03-21  
Racine Street Bridge  
City of Menasha  
Winnebago County**

Located at 460 Ahnaip Street  
City of Menasha, Winnebago County, Wisconsin  
Parcel No. 1

**DATE OF VALUE**

March 21, 2019

**PREPARED FOR**

Wisconsin Department of Transportation  
Northeast Region  
Ms. Abigail Ringel  
944 Vanderperren Way  
Green Bay, Wisconsin 54304

**PARCEL INFORMATION**

Property Owner: The Redevelopment Authority of the City of Menasha

Owner Mailing Address: 100 Main Street, Suite 200  
Menasha, WI 54952

Contact/Phone Number: Mr. Sam Schroeder – Community Development Director  
City of Menasha / 920-967-3651

Property Address (primary): 460 Ahnaip Street  
City of Menasha, Winnebago County Wisconsin

Property Sizes: The following site sizes were obtained from the  
Winnebago County Geographic Information System (GIS).

<u>Site Size</u>	<u>Tax Parcel Number</u>
215,186 square feet	3-00548-00
<u>Site Size</u>	<u>Tax Parcel Number</u>
26,528 square feet	3-00475-00
<u>Site Size</u>	<u>Tax Parcel Number</u>
9,757 square feet	3-00482-00
<u>Site Size</u>	<u>Tax Parcel Number</u>
3,136 square feet	3-00481-00
<u>Site Size</u>	<u>Tax Parcel Number</u>
69,260 square feet	3-00546-00

Project Number: 4992-03-21

Plat Pages & Recorded Dates: 4.01, recoded date of 10/30/2018  
4.02 - Amendment No. 2, recorded date of 04/22/2019

Project Parcel Number: 1

Five Year Sales History: The subject property was acquired on March 28, 2018 for  
a reported total acquisition value transfer of \$619,500,  
Conveyance Document No. 1763385. The Grantor was  
LSC Communications MM LLC and the Grantee is the  
Redevelopment Authority of the City of Menasha.  
According to the owner's representative Mr. Sam  
Schroeder the true acquisition price on March 28, 2018  
was \$1.00. The property is currently not listed for sale.

Present Use: Vacant Manufacturing Facility & Vacant Land

Zoning Districts: C-1; General Commercial & C-2; Central Business

Flood Plain: Zone AE & X – Panel 55139C0105E, dated 3/17/2003

Highest and Best Use: *Before:* Redevelopment Land  
*After:* Redevelopment Land

Property Rights Appraised: Fee Simple Interest

Approach to Value Utilized: Sales Comparison

Improvements/Other Considerations: The site is improved with a vacated paper manufacturing  
facility, originally known as the George Banta Publishing

Company. The existing building complex includes 137,115 square feet of total floor area. The building complex is comprised of five main sections, labeled A through E, please see Addenda L, Building Footprint for exhibits. The buildings are all joined together by common walls. Building A, is a three-story, 36,720 square-foot office building built in 1912. Buildings B, C and D are one-story manufacturing buildings that contain 10,350, 29,750, and 24,295 square feet, respectively. Building E is a four-story building formerly used for paper product storage and contains approximately 36,000 square feet and was constructed in the 1950's.

Improvement Condition: Fair to Poor  
 Date of Value: March 21, 2019  
 Dates of Inspection: February 26, 2019 & March 21, 2019  
 Date of Report: April 29, 2019

**AREA & INTERESTS TO BE ACQUIRED**

Land (in fee):	<i>Parcel No. 3-00548-00</i> 11,976 SF <i>Parcel No. 3-00475-00</i> 385 SF <i>Parcel No. 3-00482-00</i> 0 SF <i>Parcel No. 3-00481-00</i> 0 SF <i>Parcel No. 3-00546-00</i> <u>13,493 SF</u> <b>Total:</b> <b>25,854 SF</b>
Existing Right-of-Way:	None
Acquired Improvements:	Office Building & Warehouse
Temporary Easement (TLE):	<i>Parcel No. 3-00548-00</i> 98,139 SF <i>Parcel No. 3-00475-00</i> 243 SF <i>Parcel No. 3-00482-00</i> 513 SF <i>Parcel No. 3-00481-00</i> 761 SF <i>Parcel No. 3-00546-00</i> <u>29,756 SF</u> <b>Total:</b> <b>140,302 SF</b>
Permanent Limited Easement (PLE):	<i>Parcel No. 3-00548-00</i> 7,015 SF
Access Rights:	None
Severance Damage:	Yes, Remainder Building



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**CERTIFICATION OF THE APPRAISER**

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

1. The statements of fact contained in this report are true and correct.
2. This appraisal has been made in conformity with appropriate Wisconsin Statutes, regulations, policies and procedures applicable to the appraisal of right of way. To the best of my knowledge, no portion of the value assigned to this property consists of items that are non-compensable under Wisconsin laws.
3. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and is my personal, unbiased professional analyses, opinions, and conclusions.
4. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
5. The analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice of The Appraisal Foundation, the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute and the Relocation Assistance and Real Property Acquisition Policy Act of 1970.
6. I have completed the requirements of the continuing education program for Wisconsin State Licensure/Certification.
7. As of the date of this report, I have completed the Standards and Ethics Education Requirement of the Appraisal Institute for Associate Members.
8. No professional real property appraisal assistance was provided to me in developing this report.
9. I have extensive experience in the appraisal/review of similar property types..
10. I have not revealed the findings and results of this appraisal to anyone other than the proper officials of the acquiring agency and will not do so until authorized by the said officials, or until I am required to do so by due process of law, or until I am released from this obligation by having publicly testified to such findings.
11. I have not considered nor included in this appraisal any relocation assistance benefits.
12. I have performed no services, as an appraiser or in any other capacity, regarding the subject property within the three-year period immediately preceding acceptance of this assignment.
13. On February 20, 2019, I contacted the owner's representative Mr. Sam Schroeder via phone and permission was granted to view the property. Mr. Sam Schroeder accepted my invitation to meet with me and discuss the acquisition project and on February 26, 2019 I met with Mr. Schroeder at the City of Menasha Municipal building. On February 26, 2019 and March 21, 2019, I inspected the subject property unaccompanied. I have made a field inspection of the sales relied on in making this appraisal. It is my opinion that as of March 21, 2019 the total damage due for the site improvements, Fee Acquisition, Temporary Limited Easement and Permanent Limited Easement areas as described is \$225,900.



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Todd Wojciuk  
WisDOT Statewide Appraiser  
Wisconsin Certified Residential Appraiser No. 600-009  
Expiration Date: 12/14/19

## **INTRODUCTION**

### **PROPERTY IDENTIFICATION**

The subject property is comprised of five non-contiguous land parcels primarily located along the north & south sides of Ahnaip Street and the east and west sides of Racine Street in the City of Menasha, Winnebago County, Wisconsin. The sites have a generally level topography, an irregular shape and are at road grade with Ahnaip Street and below grade with Racine Street.

*Tax Parcel No. 3-00548-00* contains approximately 215,186 square feet, is improved with an abandoned paper manufacturing facility, originally known as the George Banta Publishing Company and is specifically located at 460 Ahnaip Street. The existing building complex is comprised of five main sections (A to E) that contain approximately 137,115 square feet of total floor area. Please refer to Addenda L, Building Footprint for building exhibits.

*Tax Parcel No. 3-00475-00* is a partially paved land parcel that was previously used for Banta Publishing Company employee parking. The site is located at the southeast corner of Ahnaip Street & Oak Street, contains approximately 26,528 square feet and does not have a specific address.

*Tax Parcel No. 3-00482-00* is a partially paved land parcel that was previously used for Banta Publishing Company employee parking. The site is located along the south side of Ahnaip Street, contains approximately 9,757 square feet and is specifically located at 477 Ahnaip Street.

*Tax Parcel No. 3-00481-00* contains approximately 3,136 square feet, is improved with a monument sign (Doty Island) and is located at the southwest corner of Ahnaip Street and Naymut Street.

*Tax Parcel No. 3-00546-00* is a partially paved land parcel that was previously used for Banta Publishing Company employee parking. The site contains approximately 69,260 square feet, has frontage along the Fox River and is accessed via Tax Parcel No. 3-00548-00. The Racine Street Bridge bisects the airspace of this property.

### **PROJECT OVERVIEW**

The existing bridge was constructed in 1952 and is nearing its service life. While the bridge is still safe for vehicular travel, a recent investigation of the bridge has identified issues that need to be addressed. Wisconsin Department of Transportation recently completed an environmental study that investigated a wide range of improvement alternatives including:

- No-build alternative
- Rehabilitating the existing bridge
- Replacing the bridge on the existing location
- Replacing the bridge on a new location

### **Project Need**

While the bridge is safe for use, there are numerous deficiencies with the existing bridge that need to be addressed. The Racine Street Bridge is one of only two river crossings connecting Doty Island with the City of Menasha central business district. It accommodates 10,000 vehicles per day, while also providing a vital connection for pedestrian and bicycle traffic in the downtown area.

Any bridge improvement must address structural and geometric deficiencies of the existing bridge; maintain safe access and passage for all users including bicyclists; pedestrians; individuals with disabilities; waterway traffic and motor vehicles; meet transportation demand; and comply with all state, regional and local plans.

### **Current Bridge Deficiencies**

Most of the primary elements of the bridge's structural, electrical, and mechanical systems are original. As the bridge ages, the frequency of major repairs is expected to increase. While annual inspections have determined the bridge is still safe for travel, the Racine Street Bridge has been rated as deficient based on several factors including those listed below.

- 30-foot curb-to-curb width for three travel lanes is quite narrow for motor vehicles and less than the desirable standard. Narrow width is further complicated by a roadway curve at the north bridge approach.
- Bridge profile doesn't meet desirable criteria.
- Bridge experiences high bicycle and pedestrian usage. The lack of any bicycle lanes across the bridge require bicyclists to either share narrow roadway lanes with motor vehicles or share the sidewalk with pedestrians, complicated by limited visibility and narrow pedestrian passage near the operator house.
- Lack of bicycle and pedestrian accommodations across the bridge presents an obstacle to city plans to create a river walk loop along both sides of the river.
- Snow is often pushed up onto sidewalks during winter months due to lack of a shoulder area.
- Existing bridge has somewhat limited clearance which requires more frequent openings for boat traffic and leads to an increase in downtown traffic congestion. Overall boat traffic and associated bridge openings has increased in recent years.

### **Benefits of Bridge Replacement**

Improved Safety – Increases width across bridge with 11-foot travel lanes, 5-foot bicycle lanes and 6-foot sidewalks on both sides. Improves safety and traffic flow by constructing roundabouts at the intersections of Racine Street with Main Street and Ahnaip Street on both sides of the river.

Improved traffic flow/boat passage – Allows for the inclusion of an auxiliary navigation channel with greater clearance immediately south of the bascule span. This auxiliary channel allows more boats to pass under the bridge without requiring operation of the bascule span. There is less delay for boaters and less traffic congestion in the downtown area from bridge openings.

Improved multi-modal opportunities – Better accommodations for bicycle and pedestrian travel and links to the planned river walks on both shores.

Less future impacts – The bridge replacement will extend the bridge life roughly 75-years before the next major bridge improvement is required. Under a rehabilitation scenario, a complete replacement could be postponed for approximately 40-years but will still be required at that point.

Minimize construction impacts – While the overall construction will take two years to complete, construction of this option will only require the closure of the existing bridge for the last 9-12 months of construction.

**OWNERSHIP AND PROPERTY HISTORY**

The subject property was acquired on March 28, 2018 for a reported total acquisition value transfer of \$619,500, Conveyance Document No. 1763385. The Grantor was LSC Communications MM LLC and the Grantee is the Redevelopment Authority of the City of Menasha. According to the owner's representative Mr. Sam Schroeder the true acquisition price on March 28, 2018 was \$1.00. The property is currently not listed for sale.

**DATES OF INSPECTION, VALUATION, AND REPORT**

Dates of Inspection:	February 26, 2019 & March 21, 2019
Date of Value:	March 21, 2019
Date of Report:	April 29, 2019

**PURPOSE, INTENDED USE, INTENDED USER, AND THE CLIENT OF THE APPRAISAL**

This report is being prepared for the Wisconsin Department of Transportation (WisDOT), the intended user and client, to estimate market value to be used in the determination of just compensation for the acquisition of real property interests for a transportation project. A copy of the report will be given to the property owner as a consequence of disclosure requirements of Statute 32.05 and the owner has the option of having their own appraisal prepared. The purpose of this appraisal is to estimate compensation due to the owner for the acquisition of property and property rights, as indicated above. This shall be done in accordance with the provisions of Sections 32.09 Wisconsin Statutes, which states that compensation shall be based on market value.

**JURISDICTIONAL EXCEPTION**

The appraiser must comply with the state and federal laws, rules and regulations, including the Uniform Relocation and Real Property Acquisitions Policies Act of 1970, as amended, 49 Code of Federal Regulations (CFR) Part 24.103, Wisconsin Statute 32.09 and the Real Estate Program Manual of the Wisconsin Department of Transportation. If an appraiser encounters a situation where the assignment conditions, based on law or regulation, precludes him/her from complying with a part of USPAP, only that part of USPAP becomes void for that assignment. The appraiser must identify in the report:

- the law or regulation that precludes compliance with USPAP
- comply with that law or regulation
- clearly and conspicuously disclose in the report the part of USPAP that is voided by that law or regulation
- cite in the report the law or regulation requiring this exception to USPAP compliance

There was no departure.

**SPECIAL APPRAISAL INSTRUCTIONS**

In accordance with the WisDOT Real Estate Program Manual (REPM) the valuation of the Temporary Limited Easement shall be based on the amount of land affected, the amount of time the property will be impacted, the degree/extent of impact and rate of return or rental rate. The degree of impact will be based on the extent of limitation of use placed on the land by project-related activities.

The project includes a proposed Temporary Limited Easement area that is to be encumbered, from the date of the appraiser's final inspection of the subject property (March 21, 2019, say April 1, 2019) to the end of construction (December 31, 2022). Therefore, for this appraisal, the full term of the proposed Temporary Limited Easement is assumed to be 45-months. The State will have the right to use the lands located within the Temporary Limited Easement area during the 45-month term.

Although the actual/physical use of a property may be anticipated for a limited duration within a set timeframe, the property is considered to be encumbered for the entire duration of the set timeframe. The appraiser should consider the actual time period under construction (intrusive use) and the period prior to and after construction (non-intrusive use). In such a situation, an appraiser would need to analyze whether the same valuation methodology should apply to the entire 45-month term or whether a discounted valuation is appropriate for the months during which there would be no physical occupation but a mark on the title.

### **EXTRAORDINARY ASSUMPTION**

The Dictionary of Real Estate Appraisal, Sixth Edition – Published by the Appraisal Institute defines an Extraordinary Assumption as follows:

An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis.

An extraordinary assumption may be used in an assignment only if:

- It is required to properly develop credible opinions and conclusions;
- The appraiser has a reasonable basis for the extraordinary assumption;
- Use of the extraordinary assumption results in a credible analysis, and;
- The appraiser complies with the disclosure requirements in USPAP for extraordinary assumptions.

The major extraordinary assumptions made in this appraisal include:

1. The appraiser assumes that the title of ownership to the property is free and clear and that there are no outstanding liens or adverse encroachments that would adversely influence the market value of the property.
2. The project will acquire a portion of the building improvements located at 460 Ahnaip Street. Strand Associates, Inc. prepared a report for WisDOT engineering staff that provided three options for building removal as described in the Site Analysis portion of this appraisal report and titled Improvement Analysis – After. WisDOT engineering staff determined that Option 2 within the Strand report would be implemented. It is an extraordinary assumption of this report that Option 2 – Removal of Buildings A, B & C is utilized for the project. According to the demolition estimate provided by Brandenburg Industrial Service Company the cost to demolish Building A, B and C is \$1,202,000. The estimate excludes all contaminated soil or hazardous waste materials.

Again, it should be noted that the extraordinary assumptions are used to clarify information that was unclear or unknown at the time of the completion of this report. Should any of these assumptions latter be found to be inaccurate, the concluded estimate of the subject's market value and/or the appraiser's estimate of

damages (loss) could possibly change. The appraiser reserves the right to review and modify this report should any of the extraordinary assumptions offered above be found to be in error. Errors could result in an increased valuation or possibly reduce the estimated damage amount.

### **HYPOTHETICAL CONDITION**

The Dictionary of Real Estate Appraisal, Sixth Edition – Published by the Appraisal Institute defines a Hypothetical Condition as follows:

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.

*Comment:* Hypothetical conditions are 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.

As hypothetical conditions often lead to misunderstandings or mislead the reader they are seldom considered to be applicable. However, to follow State and Federal guidelines the appraiser must consider the subject's after condition under the assumption that the proposed project has been completed. In addition, State Statutes (32.09(5)(b)), and Federal Regulations (49 CFR Part 24.103(b)) further requires the appraiser to disregard any decrease or increase in the market value of the property that has been caused directly by the project. In following this directive, this appraisal uses the hypothetical condition in the "before condition" that the proposed public improvements do not exist, and have not been proposed, and have not yet been started. The proposed public improvement project is a condition external to the subject property, and as the before value does not recognize the existence of this proposed project, contrary to known fact, this hypothetical condition is required. The use of this hypothetical condition may influence appraisal results and the appraiser's estimate of damages.

Also, in accordance with Wisconsin Statute 32.09, the subject is appraised in the "after condition" under the hypothetical condition that construction for the proposed public project is complete as of the effective date of this appraisal. As the highway construction, has obviously not yet begun, the appraiser needs to make the hypothetical condition to value the property in its after condition under the assumption that the roadwork has been completed. The use of this hypothetical condition may have altered the appraisal results.

It is a hypothetical condition that the environmentally contaminated areas identified on the property are remediated as part of the project, government incentives or can be worked around during re-development. Resulting in a site(s) that would be economically feasible for development. The use of this hypothetical condition may have altered the appraisal results.

### **SCOPE OF WORK**

The scope of this assignment includes an investigation of the market area to discover factors affecting property value, a search of the market area for sales of comparable property, an analysis and determination of the highest and best use of the subject, an inspection of the subject to determine the physical characteristic of the land to be acquired and any improvements that are being acquired or affected.

**APPRAISAL DEVELOPMENT AND REPORTING PROCESS**

The following steps were completed for this assignment:

- Analyzed regional, city, neighborhood, site, and improvement data.
- Inspected the subject and the neighborhood.
- Reviewed data regarding taxes, zoning, utilities, easements, and city services.
- Considered comparable improved sales, comparable improved building rental information, and comparable site sales. Confirmed data with principals, managers, or real estate agents representing principals, unless otherwise noted.
- Analyzed the data to arrive at conclusions via each approach to value used in this report.
- Reconciled the results of each approach to value employed into a probable range of market data and finally an estimate of value for the subject, as defined herein.
- Estimated a reasonable exposure time associated with the value estimate.

The subject site description is based on a personal inspection of the property, conducted on March 21, 2019 and a review of the relevant plat maps, site plan, and assessor's file.

**APPRAISAL FORMAT**

This is an Appraisal Report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice ("USPAP"). The format for this appraisal report is done in the Standard Abbreviated format as described in the Wisconsin Real Estate Manual section 2.6.6. This report incorporates a presentation of data, practical explanation of data, the reasoning and analysis that are used to develop opinions of "before" and "after" market value as well as the severance damages applicable due to the acquisition.

**MARKET VALUE**

Market value is defined as 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 and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are 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 acting in what they consider their best interests;
- 3) A reasonable time is allowed for exposure in the open market;
- 4) Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto;
- 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.

*Source: The Dictionary of Real Estate Appraisal, Sixth Edition – Published by the Appraisal Institute*

**TERMS AND DEFINITIONS**

Please refer to Addenda for a Glossary of the Terms and Definitions that are and may be used in this appraisal. Special definitions for this specific report were obtained from the 2012 edition of the Principles of Right of Way published by The International Right of Way Association, and are as follows:



**Larger Parcel:** The larger parcel is the total parcel of which the right-of-way or partial taking is a part. Valuation of the larger parcel determines the unit value of the land and the highest and best use estimate for the property before the taking. It also defines the area regarded as “damaged” or “benefited” by the taking or project. The larger parcel is generally characterized as a parcel held in one ownership (vesting), consisting of contiguous land, and used (or best used) for a single purpose.

The property meets the test of unity of ownership. The property does not meet the test of unity of contiguity (separated by street and bridge), although the courts have held that parcels across streets would be contiguous for the purposes of satisfying the three unities. The property does not meet the test of unity in use; small vacant land tract, end-of-life vacant office/warehouse building, and large vacant land tract fronting the Fox River.

The subject assignment is comprised of five non-contiguous commonly owned parcels. Based on the parcel configuration (non-contiguous), natural and man-made waterways, zoning and current and future use of the properties, I have determined three larger parcels. Please refer to the Site Analysis for the larger parcel delineations map.

*Larger Parcel 1* – Tax Parcel No. 3-00475-00 contains approximately 26,528 square feet; Tax Parcel No. 3-00482-00 contains 9,757 square feet and Tax Parcel No. 3-00481-00 contains 3,136 square feet for a combined site size of 39,421 square feet. These three contiguous partially paved vacant land parcels located on the south side of Ahnaip Street were previously used for Banta Publishing Company employee parking and share a single access point along the west side of Oak Street. Primary road frontage is along the south side of Ahnaip Street.

*Larger Parcel 2* – Tax Parcel No. 3-00548-00. The portion of the site south of Lawson Canal and fronting to Ahnaip Street contains approximately 121,968 square feet. This portion of the site is improved with an abandoned paper manufacturing facility. The parcel has road frontage along the north side of Ahnaip Street and the west side of Racine Street. There is an access drive near the western property line along Ahnaip Street that provides access to a paved area that was previously used for Banta Publishing Company employee parking. An additional access drive is located near the corner of Racine and Ahnaip Streets.

*Larger Parcel 3* – The portion of Tax Parcel No. 3-00548-00 that is north of Lawson Canal, contains approximately 93,218 square feet and Tax Parcel No. 3-00546-00 contains approximately 69,260 square feet for a combined site size of 162,478 square feet. These contiguous partially paved vacant land parcels were previously used for Banta Publishing Company employee parking and share an access point near the corner of Racine & Ahnaip Streets and across Larger Parcel 2. The combined parcel has frontage along the Fox River and backs to the Lawson Canal. The Racine Street Bridge bisects the airspace of Tax Parcel No. 3-00546-00.

**Remainder Land:** Remainder land is that portion of the larger parcel that is not taken for the right of way.

Following the acquisition:

*Larger Parcel 1* – Tax Parcel No. 3-00475-00 will contain approximately 26,143 square feet; Tax Parcel No. 3-00482-00 contains 9,757 square feet and Tax Parcel No. 3-00481-00 contains 3,136 square feet for a combined site size of approximately 39,036 square feet. The combined site will have the same/similar access following the project.

*Larger Parcel 2* – The southern portion of Tax Parcel No. 3-00548-00 will contain approximately 109,992 square feet. A portion of the paper manufacturing facility will be acquired by the project. The western access drive along Ahnaip Street will be the same/similar following the project. The eastern access point near the corner of Racine and Ahnaip Streets will be reconfigured and moved to the west along Ahnaip Street. Of the remaining 109,992 square feet approximately 7,015 square feet of Permanent Limited Easement will be acquired by the project. Following the acquisition, the parcel will have 7,015 square feet encumbered by Permanent Limited Easement and 102,977 square feet unencumbered.

*Larger Parcel 3* – The northern portion of Tax Parcel No. 3-00548-00 will contain approximately 93,218 square feet and Tax Parcel No. 3-00546-00 will contain approximately 55,767 square feet for a combined site size of 148,985 square feet. These sites will be accessed via the reconfigured Ahnaip Street drive. The Racine Street Bridge is elevated and bisects a portion of Tax Parcel No. 3-00546-00, similar to the before condition.

**Severance Damage:** Severance damage is the loss in value to the portion of the larger parcel remaining after the taking and construction of the public improvement. The project will acquire a portion of the paper manufacturing facility located on Larger Parcel 2. Following the acquisition, the remaining interior wall (before acquisition), now exterior wall (after acquisition) of Building D will need to be closed and checked for structural soundness. This physical impact is expected to adversely affect the contributory value of the remainder of Larger Parcel 2.

**Special Benefits:** Special benefits are improvements or value enhancements unique to that portion of the larger parcel remaining after the taking and resulting from the project.

**Easement:** A non-possessing interest held by one person in land of another whereby the first person is accorded partial use of such land for a specific purpose. An easement restricts but does not abridge the rights of the fee owner to the use and enjoyment of his land.

The easement associated with the subject property is as follows:

<i>Temporary Limited Easement:</i>	Larger Parcel 1 -	1,517 square feet
	Larger Parcel 2 -	98,139 square feet
	Larger Parcel 3 -	<u>40,646 square feet</u>
	Total:	140,302 square feet
<i>Permanent Limited Easement:</i>	Larger Parcel 2	7,015 square feet

## **PROPERTY RIGHTS APPRAISED**

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

*Source: The Dictionary of Real Estate Appraisal, Sixth Edition – Published by the Appraisal Institute*

## **COMPETENCY OF THE APPRAISER**

The appraiser is qualified for this appraisal assignment having appraised many similar properties over the past 32 years. No additional steps were required to meet the Competency Rule under USPAP.

## **EXPOSURE TIME**

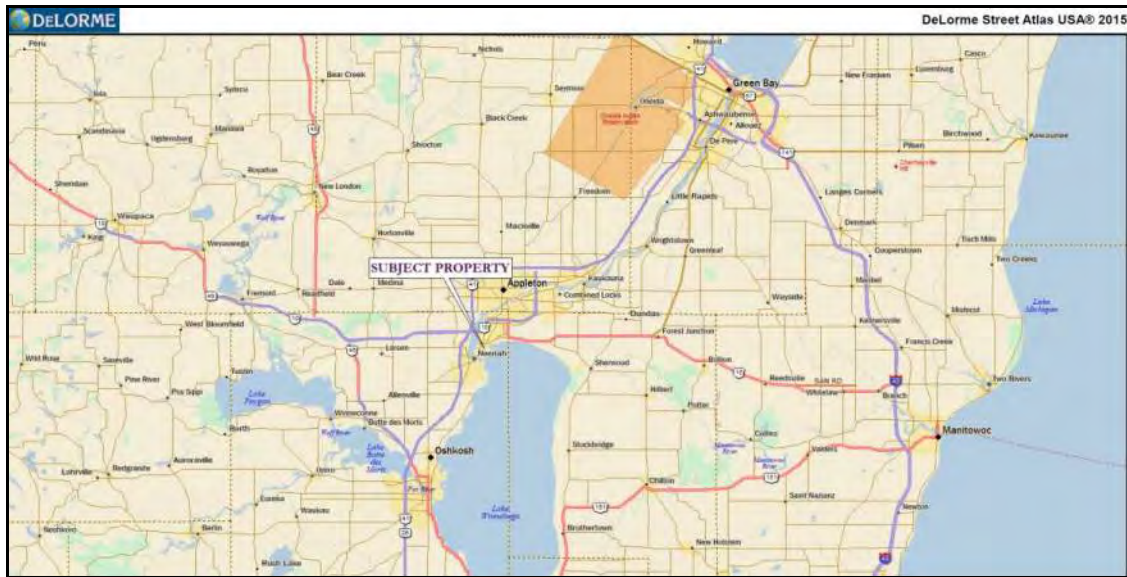
Exposure time may be defined as: the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the

effective date of appraisal; a retrospective opinion based on an analysis of past events assuming a competitive and open market. Exposure time is always presumed to occur prior to the effective date of the appraisal. The opinion of exposure time may be expressed as a range and can be based on one or more of the following:

- Statistical information about days on the market;
- Information gathered through sales verification; and
- Interviews of market participants.

Based on statistical information about days on market, escrow length, and marketing times gathered through national investor surveys, sales verification, and interviews of market participants, marketing and exposure time estimates of 6 to 18 months and is considered reasonable and appropriate for the subject properties.

## AREA & NEIGHBORHOOD MAPS



## AREA OVERVIEW

This area is generally defined as the Fox Cities. The Fox Cities are nineteen communities located along the Fox River in eastern Wisconsin that consist of cities, towns, and villages extending from Neenah to Kaukauna. Winnebago, Calumet, and Outagamie Counties envelop the region. The Fox Cities are located 30 minutes south of Green Bay, 90 minutes north of Milwaukee, 3 hours north of Chicago, and 5.5 hours east of Minneapolis.

The region's efficient interstate system benefits trade and business. Main thoroughfares include Interstate 41, US Highways 10 and 45 while secondary thoroughfares include State Highways 47, 55, 76, 96, 114, 150, and 441.

## ADJACENT COUNTIES

- Waupaca County (northwest)
- Outagamie County (northeast)
- Calumet County (east)
- Fond Du Lac County (south)
- Green Lake County (southwest)
- Waushara County (west)

## POPULATION TREND – COUNTY

The below chart lists Winnebago County's ten most populous municipalities as of January 2016. Winnebago County's population is relatively concentrated in the City of Oshkosh, which accounts for over 39 percent of the county population. From April 2010 to January 2016 Winnebago County added an estimate of 2,038 residents, or 1.2%. Within the county, over 70% of the population growth was accounted for by three municipalities: City of Oshkosh, City of Neenah, and the Town of Neenah. Within the ten largest municipalities in the county, the City of Menasha and the Town of Oshkosh were the only ones to experience population decreases.

Winnebago County's ten most populous municipalities as of January 2016.

	April 2010 Census	January 2016 Estimate	Numeric Change	Proportional Change
United States	308,400,408	323,127,513	14,727,105	4.8%
Wisconsin	5,686,986	5,775,120	88,134	1.5%
Winnebago County	166,994	169,032	2,038	1.2%
Oshkosh, City	66,083	66,717	634	1.0%
Neenah, City	25,501	26,050	549	2.2%
Menasha, Town	18,498	18,741	243	1.3%
Menasha, City *	15,144	14,936	-208	-1.4%
Algoma, Town	6,822	6,974	152	2.2%
Clayton, Town	3,951	4,061	110	2.8%
Omro, City	3,517	3,558	41	1.2%
Neenah, Town	3,237	3,539	302	9.3%
Oshkosh, Town	2,475	2,473	-2	-0.1%
Black Wolf, Town	2,410	2,442	32	1.3%

\*Winnebago County portion only.

Source: Demographic Services Center, Wisconsin Department of Administration

## NEIGHBORHOOD OVERVIEW

The City of Menasha is among a small number of cities in Wisconsin that are located in multiple counties. The city is located in both Calumet County and Winnebago County, with roughly ninety percent of the population within Winnebago County. The neighborhood is bounded by the Fox River to the north and south, Little Lake Butte des Morts to the west and Lake Winnebago to the east. Access to Interstate 41 is available via Winneconne Avenue, approximately 2.50 miles from the subject to the southwest. The area south and east of the subject is primarily single family residential. To the north is the Fox River with the Menasha Downtown Business District across the Racine Street bridge. To the west of the subject site is vacant land that previously was improved with the Gilbert Paper Company. Beyond the vacant site is scattered office and industrial use properties.

**CONCLUSION**

According to the Appraisal of Real Estate published by the Appraisal Institute, Tenth Edition, Neighborhood and district boundaries identify the physical area that influences the value of a property. The City of Menasha is located in northeastern Winnebago County with the subject neighborhood in the southern-most portion of the city. The subject's immediate neighborhood is considered a stable area for residential use with a declining industrial sector. With primarily older housing stock throughout the city, Menasha has an opportunity to add quality housing on redevelopment sites in the downtown area. The ability to front new development on the river, the proximity of recreational amenities, and access to a walkable commercial district make residential redevelopment attractive. Overall, the subject neighborhood's life stage would be classified as in its revitalization period.



## SITE ANALYSIS – BEFORE

**Location**

The subject properties (Larger Parcel Nos. 1, 2 & 3) are located in the southwest portion of the City of Menasha, Winnebago County, Wisconsin.

**Assessment Tax Parcel Numbers**

The City of Menasha Assessor's tax parcel numbers are 3-00548-00, 3-00475-00, 3-00482-00, 3-00481-00 & 3-00546-00.

**Land Area – Larger Parcels**

*Larger Parcel 1* contains approximately 39,421 square feet, *Larger Parcel 2* contains approximately 121,968 square feet and *Larger Parcel 3* contains approximately 162,478 square feet.

**Topography/Shape**

All three of the larger parcels have a generally level topography, irregular shapes and are at road grade with Ahnaip Street and below grade with Racine Street.

**Soils**

No recent soil analysis was performed by the appraiser. There are known soil contaminants as described throughout the report. It is a hypothetical condition that the environmentally contaminated areas identified on the property are remediated, resulting in a site(s) that would be economically feasible for development. Please refer to Addenda K, Environmental.

**Easements & Encumbrances**

A review of the project plat and title work indicates no adverse easements on the subject property. There may be typical utility easements on the property which would likely have no adverse effect on the marketability of the subject. *Access Easement* - There is an access easement across the subject property identified in Document No. 568863. The easement is intended for the allowance of permanent road access to the dam locks along the Fox River that are controlled by the US Department of the Army. Note: This access is across Larger Parcel Nos. 2 and 3.

**Covenants, Conditions, and Restrictions**

No private deeds or restricting covenants affecting development, other than zoning and environmental conditions, were found to affect the site.

**Utilities**

Telecommunications are provided by AT&T, TDS and other national providers. Electric service is nearly exclusively provided by Menasha Utilities. Menasha water supply source is taken from Lake Winnebago, filtered, and treated at their water filtration treatment plant located on Manitowoc Street in Menasha. Menasha is part of a regional wastewater collection and treatment system that serves the cities of Neenah and Menasha and the Village of Fox Crossing.

**Flood Zone**

Per maps published by the Federal Emergency Management Agency (FEMA), the subject lies within Zones X and AE as indicated on FEMA Community Map Panel 55139C0105E, dated March 17, 2003.

FEMA Zone X: Areas determined to be outside the 100-year flood plain.

*FEMA Zone AE:* Areas that have a 1% probability of flooding every year (also known as the "100-year floodplain"), and where predicted flood water elevations above mean sea level have been established. Properties in Zone AE are considered to be at high risk of flooding under the National Flood Insurance Program (NFIP).

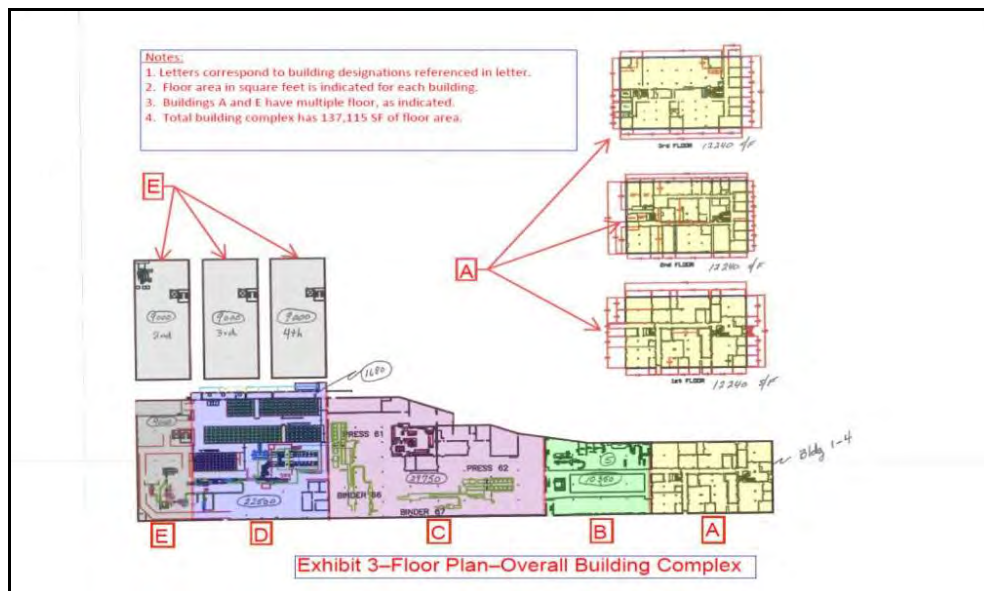
**Environmental Issues**

The existence of hazardous material, if located on or near the site could have a negative impact on the value of the property. According to my review of WisDNR Bureau of Remediation and Redevelopment Tracking System website, the subject property was listed as being tracked for environmental activity. According to Kathie VanPrice – Environmental Analysis and Review Specialist with WisDOT, the department has knowledge of hazardous material on or in the property. A Phase 3 environmental investigation was being performed on the property.



## IMPROVEMENT ANALYSIS – BEFORE

The following is a description of the improvements based on review of assessment information, building plans, and a personal inspection of the subject property. The subject property consists of a vacated paper manufacturing facility, constructed in phases from approximately 1912 through 1950 +/- and vacated in approximately 2011. The facility totals 137,115 square feet of net rentable area, with approximately 37,720 square feet of office finish. The manufacturing/warehouse area contains 99,395 square feet, has 12 to 30-foot clear ceiling heights, and primarily masonry construction. The building complex is located on Larger Parcel 2 and is comprised of five main sections, labeled A through E of the exhibits below. The improvements are in fair to poor condition and are considered end-of-life structures. The improvements require substantial repair and are deemed functionally and economically obsolete as currently improved. Please refer to Addenda L, Building Footprint for additional building exhibits.



The above exhibits are from the Strand Associates, Inc. report proposal for the partial demolition of buildings located at 460 Ahnaip Street, dated November 8, 2018.

## SITE ANALYSIS – AFTER

*Larger Parcel 1* – Tax Parcel No. 3-00475-00 will contain approximately 26,143 square feet; Tax Parcel No. 3-00482-00 contains 9,757 square feet and Tax Parcel No. 3-00481-00 contains 3,136 square feet for a combined site size of approximately 39,036 square feet, indicating an acquisition area of 385 square feet. The combined site will have the same/similar access following the project.

*Larger Parcel 2* – The southern portion of Tax Parcel No. 3-00548-00 will contain approximately 109,992 square feet, indicating an acquisition area of 11,976 square feet. A portion of the paper manufacturing facility will be acquired by the project. The western access drive along Ahnaip Street will be the same/similar following the project. The eastern access point near the corner of Racine and Ahnaip Streets will be reconfigured and moved to the west along Ahnaip Street. Of the remaining 109,992 square feet approximately 7,015 square feet of Permanent Limited Easement will be acquired by the project. Following the acquisition, the parcel will have 7,015 square feet encumbered by Permanent Limited Easement and 102,977 square feet unencumbered. The Permanent Limited Easement will replace the portion of the access easement identified in Document No. 568863 and across larger Parcel 2 that was acquired by the project. The easement is intended for the allowance of permanent road access to the dam locks along the Fox River that are controlled by the US Department of the Army.

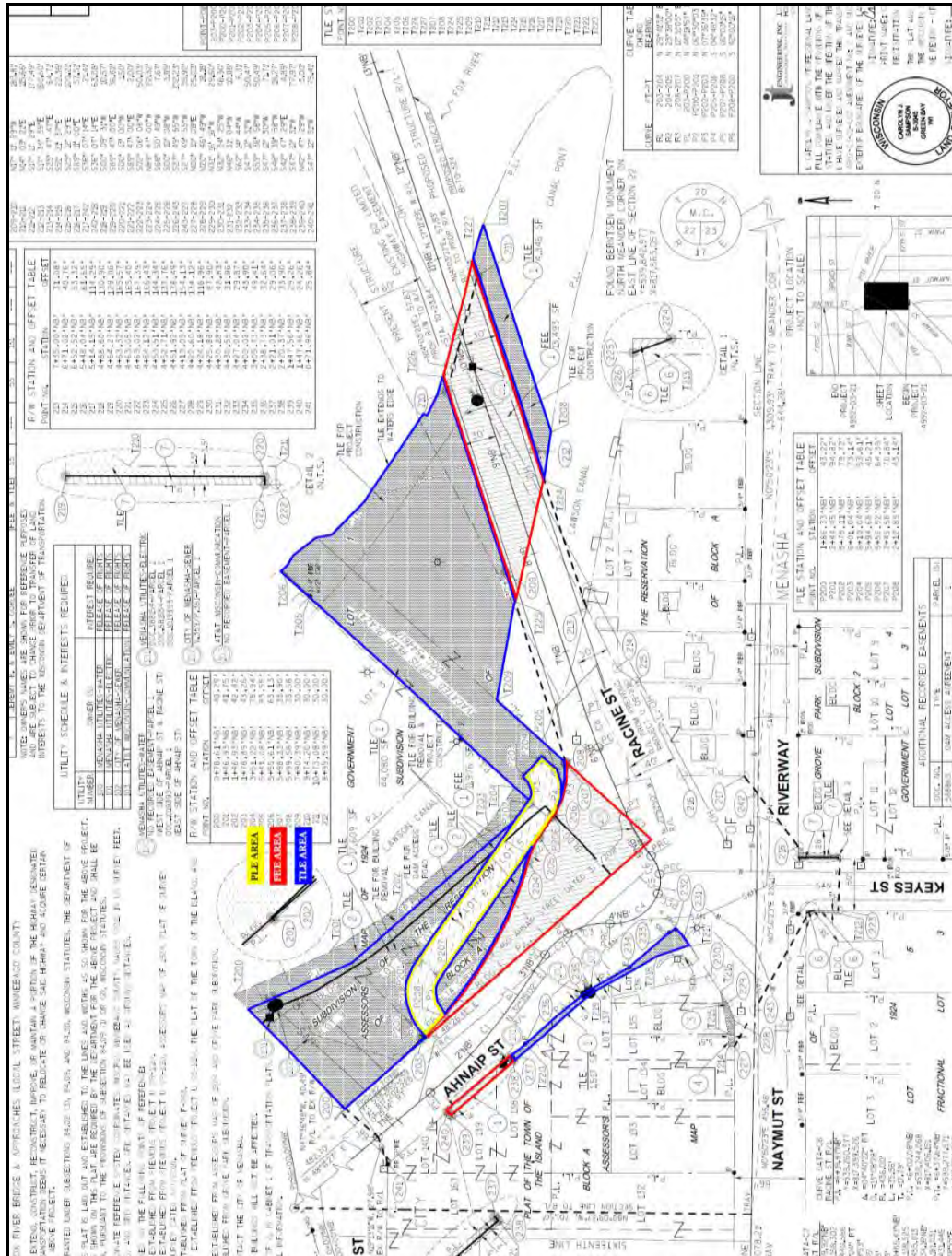
*Larger Parcel 3* – The northern portion of Tax Parcel No. 3-00548-00 will contain approximately 93,218 square feet and Tax Parcel No. 3-00546-00 will contain approximately 55,767 square feet for a combined site size of 148,985 square feet, indicating an acquisition area of 13,493 square feet. The site will be accessed via the reconfigured Ahnaip Street drive. The Racine Street Bridge is elevated and bisects a portion of Tax Parcel No. 3-00546-00, similar to the before condition.

PLAT PAGE 4.01





PLAT PAGE 4.02 AMENDMENT NO. 2



### **IMPROVEMENT ANALYSIS – AFTER**

According to project engineers the proposed road improvements will extend into an area currently occupied by Buildings A and B, and those buildings are planned to be demolished in their entirety. The previously referenced Strand Associates, Inc. report proposal for demolition of buildings, indicates three options for removal. Option 1 – Removal of Buildings A & B. Option 2 – Removal of Buildings A, B & C. Option 3 – Removal of Buildings A, B, C & D.

WisDOT engineering staff determined that Option 2 within the Strand report would be implemented. The project will acquire Buildings A, B & C or approximately 78,615 square feet of building area. Following the project Buildings D & E will remain or approximately 58,500 square feet of building area.

#### **Strand Report – Option 2**

Building C contains a large boiler that provides heat to Buildings B through E, so removal of Building C would render remaining Buildings D and E without a portion of their heat source. Buildings D and E do have their own fire suppression riser and piping, so fire suppression for those buildings would not be impacted by removal of Building C. Electrical service to Buildings D and E appears to be provided by a separate pole-mounted transformer mounted outside the north wall of Building D, so removal of Buildings A through C should not affect electrical service to Buildings D and E. Note: The large boiler in Building C appears original and reported as non-functional, although not confirmed.

The common wall between Buildings C and D is similar to that between Buildings B and C, consisting of load-bearing steel columns supporting the Building C roof trusses, and a multi-wythe non-load bearing brick wall. Building D is an independently-framed pre-engineered metal building structure that is self-supporting for both gravity and lateral loads.

Like the wall between Buildings B and C, the brick common wall between Buildings C and D serves as a shear wall to help provide lateral stability for Building C under the effects of gravity and wind forces. The wall has several large sliding doors and passage doors, which could all be sealed with corrugated metal, brick or concrete masonry panel units. One of the service doors could be left in place to serve as an emergency egress door, if needed.

#### **Improvements – Remainder**

The remaining improvements of Buildings D & E will no longer have the hydronic heat source that originated from the large original boiler located in Building C. A gas forced air furnace was observed in Building D and Modine type heaters in Building E. As the highest and best use of the remaining structures is re-development or an interim use for bulk storage the HVAC, electrical and plumbing would all require modernization. The loss of the heat source from Building C is not viewed as detrimental.



### Severance to Improvements - Remainder

Once the adjacent buildings are removed the now exterior wall of Building D will have to be sealed. This is represented as a cost to cure in the valuation portion of the report.

### Conclusion

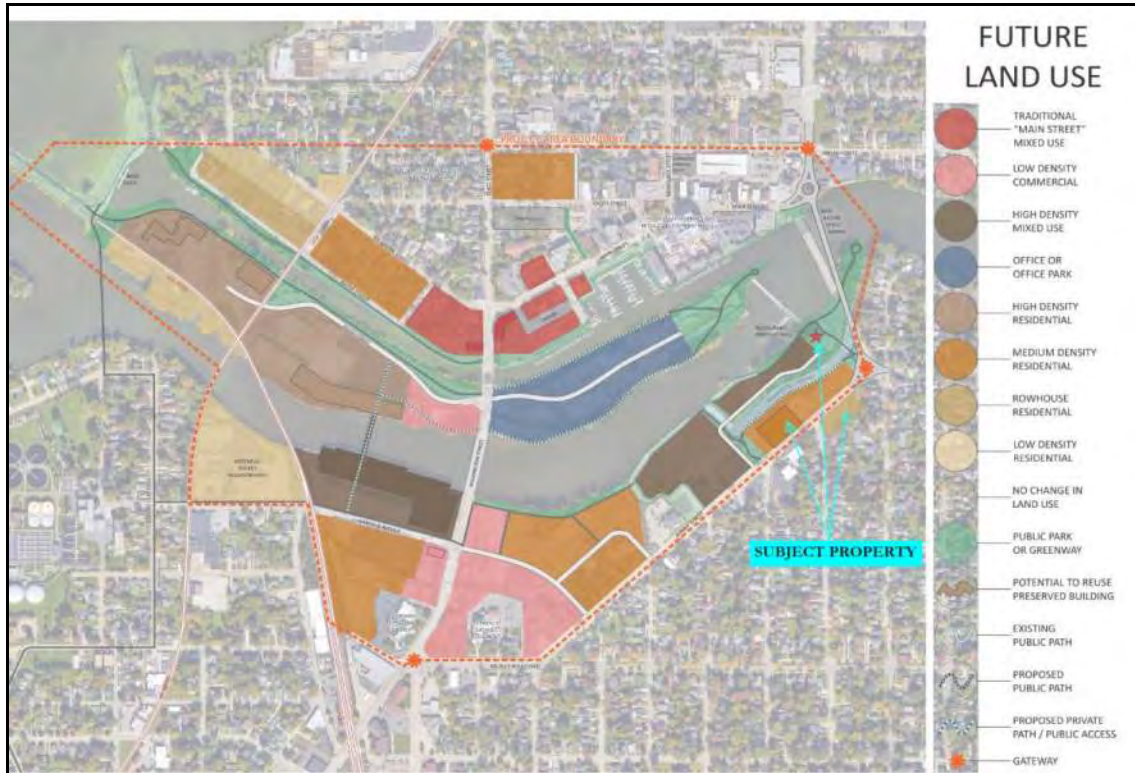
The City of Menasha has been working towards the redevelopment of this portion of Ahnaip Street for several years. In 2007 to spur redevelopment the City of Menasha created Tax Increment District (TID) 11. This project plan included the assistance in demolishing the former Gilbert Paper Mill (adjacent subject), constructing a new office building and the renovation of an existing office building. While a new office building was constructed, and the mill was razed, the former Gilbert Paper site remains vacant.

It is my opinion that in order to make these properties suitable for re-development, the City will need to make a substantial investment to pay for the costs of: right-of-way, easement acquisition, site preparation,



installation of utilities; installation of streets and related streetscape items; development incentive payments, and other associated costs.

The future land use plan shows the subject property and the adjacent Gilbert property primarily as Public Park or Greenway, Medium Density Residential and High Density Mixed Use.



## ZONING

A summary of the subject's zoning requirements is detailed below.

Current Zoning:	C-1; General Commercial District
Legally Conforming:	Yes
Uses Permitted:	Mixed Use
Zoning Change:	Not Likely
<b>Category</b>	<b>Zoning Requirement</b>
Front Setback:	10-feet
Rear Setback:	10-feet
Side Setback:	None
Height Limit:	45-feet
Minimum Lot Size:	9,500 square feet
Minimum Lot Width:	80-feet
Maximum Lot Coverage:	30 percent (non-residential)
Source: City of Menasha Zoning Code.	

Current Zoning:	C-2; Central Business District
Legally Conforming:	Yes
Uses Permitted:	Mixed Use
Zoning Change:	Not Likely
<b>Category</b>	<b>Zoning Requirement</b>
Front Setback:	5-feet / 50-feet Shoreland
Rear Setback:	None
Side Setback:	None
Height Limit:	24-feet minimum / 100-feet maximum
Minimum Lot Size:	None
Minimum Lot Width:	None
Maximum Lot Coverage:	None
Source: City of Menasha Zoning Code.	

According to Sam Schroeder – Menasha Community Development Director a portion of this area was rezoned to C-1; General Commercial District & C-2; Central Business District (mixed use) in August of 2018. This rezoning included the subject properties, the Gilbert property (abutter west), and the two office buildings along Ahnaip Street to the west. Please refer to the zoning code in Addendum C.

**TAX & ASSESSMENT DATA**

Parcel	Land	Improvements	Total	Taxes
3-00548-00	\$363,000	\$137,000	\$500,000	\$14,051.69
3-00475-00	\$40,000	\$5,000	\$45,000	\$1,264.66
3-00482-00	\$14,500	\$3,000	\$17,500	\$491.81
3-00481-00	\$3,000	\$0	\$3,000	\$84.32
3-00546-00	\$49,000	\$5,000	\$54,000	\$1,517.58
TOTAL:	\$469,500	\$150,000	\$619,500	\$17,410.06
Equalized Market Value @ 100%	\$522,400	\$166,900	\$689,300	
Assessment Ratio (2018)	0.8988%			
Tax rate (2018), per \$1,000 of assessed value	\$28.103360			
Source: Winnebago County Treasurer				

The above tax and assessment information is as of January 1, 2018. The subject properties are now government owned and exempt from taxation.



### **HIGHEST AND BEST USE**

In appraisal practice, the concept of highest and best use represents the premise upon which value is based. The four criteria the highest and best use must meet are: 1) legal permissibility; 2) physical possibility; 3) financial feasibility; 4) maximum profitability.

#### **HIGHEST AND BEST USE AS VACANT – LARGER PARCEL 1**

##### **Legal Permissibility**

The local zoning code dictates legally permissible uses to which the site could be developed as well as allowable densities and height restrictions. The site is zoned C-1; General Commercial District. The purpose of this district is to accommodate a wide range of retail and commercial service and product establishments. It is also intended to accommodate the development of mixed land uses which will allow the association of commercial and residential land uses in the same zoning district. The combined site size of 39,421 square feet meets the current minimum requirements under the existing zoning and appears to be a sufficient size to be a buildable parcel. Development is legally permissible. See hypothetical conditions.

##### **Physical Possibility**

Physical aspects of the site impose constraints on possible uses of the properties. Size, shape and topography are key determinants of physically possible uses. The shape of the combined parcel is slightly irregular, and the topography is level. Access and visibility are considered average. From a standpoint of physical possibility, the site is considered adequate for a small commercial or medium density residential use. Note: The northeast corner of the combined site or Tax Parcel 3-00481-00 is zoned R-1; Single Family Residential. This portion of the site has a narrow irregular shape, contains 3,136 square feet and is improved with a monument subdivision sign. As vacant this portion of the site is not developable (shape), however would likely contribute to future development densities or greenspace.

##### **Financial Feasibility**

The financial feasibility of a specific property is market driven and is influenced by surrounding land uses. The subject site is located just south of the Downtown Menasha Business District in an area once dominated by manufacturing businesses. Several of those manufacturing businesses have departed, leaving behind large empty buildings that are not well suited to today's emerging industries. Based on the changing nature of the immediate neighborhood and community and being near the downtown market, it is my opinion that a small commercial or medium density residential use of the site would represent the most likely financially feasible option.

##### **Maximum Profitability**

The final step in determining the highest and best use of the subject is to analyze those uses that are legally permissible, physically possible, and financially feasible and determine which among them would produce the highest net return or the highest net present value to the property. The analysis thus far indicates a small commercial or medium density residential use of the site. The land value analysis herein analyzes the potential for the subject under this use. Given the high probability that a small commercial or medium density residential use is the highest and best use, this is judged to be a reasonable indication of maximum productivity of the land.

**Conclusion: Highest and Best Use as Vacant – Before Acquisition**

The concluded highest and best use of the subject “before” the acquisition is for a small commercial or medium density residential use. In the “before” condition the combined parcel contains approximately 39,421 square feet, which meets the minimum size requirements under the C-1; General Commercial District and is conforming.

**Conclusion: Highest and Best Use – After Acquisition**

The concluded highest and best use of the subject “after” the acquisition is for a small commercial or medium density residential use. In the “after” condition the combined parcel contains approximately 39,036 square feet, which meets the minimum size requirements under the C-1; General Commercial District and is conforming.

**HIGHEST AND BEST USE AS VACANT – LARGER PARCEL 2****Legal Permissibility**

The local zoning code dictates legally permissible uses to which the site could be developed as well as allowable densities and height restrictions. The site is zoned C-2; Central Business District. The purpose of this district is to provide a centrally located, pedestrian-oriented business district with a wide range of retail and commercial service and product establishments. It is also intended to accommodate the development of mixed land uses that will allow the association of commercial and residential uses in the same zoning district. The southern portion of Tax Parcel No. 3-00548-00 contains approximately 121,968 square feet and meets the current minimum requirements under the existing zoning and appears to be a sufficient size to be developed. The property is subject to a WDNR enforcement action for cleanup of known site contaminants. There is reasonable concern that additional unknown contaminants exist on site from prior manufacturing use and from adjacent source sites. Development is legally permissible. See hypothetical conditions.

**Physical Possibility**

Physical aspects of the site impose constraints on possible uses of the properties. Size, shape and topography are key determinants of physically possible uses. The shape of the parcel is slightly irregular, and the topography is level. Access and visibility are considered average. From a standpoint of physical possibility, the site is considered adequate for a mixed-use of commercial/high density residential use. The subject property is impacted by known and likely unknown detrimental conditions of site contamination. Development would be physically possible. See hypothetical conditions.

**Financial Feasibility**

The financial feasibility of a specific property is market driven and is influenced by surrounding land uses. The subject site is located just south of the Downtown Menasha Business District in an area once dominated by manufacturing businesses. Several of those manufacturing businesses have departed, leaving behind large empty buildings that are not well suited to today's emerging industries. Based on the changing nature of the immediate neighborhood, lack of residential housing and proximity to the downtown market, it is my opinion that a mixed-use commercial/high density residential use of the site would represent the most likely financially feasible option.

**Maximum Profitability**

The final step in determining the highest and best use of the subject is to analyze those uses that are legally permissible, physically possible, and financially feasible and determine which among them would produce the highest net return or the highest net present value to the property. A mixed-use commercial/high density residential use would be the maximally productive use of the site. The land value analysis herein analyzes the potential for the subject under this mixed-use. Given the high probability that a commercial/high density residential use is the highest and best use, this is judged to be a reasonable indication of maximum productivity of the land.

**Conclusion: Highest and Best Use as Vacant – Before Acquisition**

The concluded highest and best use of the subject “before” the acquisition is a mixed-use commercial/high density residential use. In the “before” condition the parcel contains approximately 121,968 square feet, which meets the minimum size requirements under the C-2; Central Business District and is conforming.

**Conclusion: Highest and Best Use as Vacant – After Acquisition**

The concluded highest and best use of the subject “after” the acquisition is mixed-use commercial/high density residential use. In the “after” condition the parcel contains approximately 109,992 square feet, which meets the minimum size requirements under the C-2; Central Business District and is conforming.

**HIGHEST AND BEST USE AS IMPROVED – LARGER PARCEL 2**

This portion of Tax Parcel No. 3-00548-00 is improved with an abandoned paper manufacturing facility, originally known as the George Banta Publishing Company. The existing building complex is comprised of five main sections (A to E) that contain approximately 137,115 square feet of total floor area. These sections vary in age, condition and use. Please refer to Addenda L, Building Footprint for building exhibits. The most recent occupant was the RR Donnelley Company, which vacated the property in approximately 2011. The existing building complex sections range from average to poor condition and retain minimal contributory value to the property. These improvements are considered to be end-of-life structures.

**Conclusion: Highest and Best Use as Improved – Before Acquisition**

Based on the physical condition, functional and economic obsolescence of the improvements, high vacancy of similar era/use properties and the known and unknown contamination, the use of the property is limited to holding the site until government incentives provide the necessary infrastructure, site remediation and inducements to encourage re-development on the site consistent with that desired by the City of Menasha future use plan.

**Conclusion: Highest and Best Use as Improved – After Acquisition**

The road project will acquire sections A, B and C of the building improvements with sections D and E remaining. It is my opinion that the razing of these vacant, obsolete structures will be part of the government incentive that will encourage future re-development of the site. The concluded highest and best use of the subject “after” the acquisition is mixed-use commercial/high density residential use. There likely will be a holding period until site remediation and inducements encourage re-development on the site consistent with that desired by the City of Menasha future use plan.

**HIGHEST AND BEST USE AS VACANT – LARGER PARCEL 3****Legal Permissibility**

The local zoning code dictates legally permissible uses to which the site could be developed as well as allowable densities and height restrictions. The site is zoned C-2; Central Business District. The purpose of this district is to provide a centrally located, pedestrian-oriented business district with a wide range of retail and commercial service and product establishments. It is also intended to accommodate the development of mixed land uses that will allow the association of commercial and residential uses in the same zoning district. The combined site size of 162,478 square feet meets the current minimum requirements under the existing zoning and appears to be a sufficient size to be a buildable parcel. The property is subject to a WDNR enforcement action for cleanup of known site contaminants. There is reasonable concern that additional unknown contaminants exist on site from prior manufacturing use and from adjacent source sites. Development is legally permissible. See hypothetical conditions.

**Physical Possibility**

Physical aspects of the site impose constraints on possible uses of the properties. Size, shape and topography are key determinants of physically possible uses. The shape of the parcel is slightly irregular, and the topography is level. Access and visibility are considered average. In conclusion, the physical characteristics of the property appear supportive of the legally permissible uses. The subject property is impacted by known and likely unknown detrimental conditions of site contamination. Development would be physically possible. See hypothetical conditions.

**Financial Feasibility**

The financial feasibility of a specific property is market driven and is influenced by surrounding land uses. The subject site is located just south of the Downtown Menasha Business District in an area once dominated by manufacturing businesses. Several of those manufacturing businesses have departed, leaving behind large empty buildings that are not well suited to today's emerging industries. Based on the changing nature of the immediate neighborhood, lack of residential housing and proximity to the downtown market, it is my opinion that a mixed-use commercial/high density residential use of the site would represent the most likely financially feasible option.

**Maximum Profitability**

The final step in determining the highest and best use of the subject is to analyze those uses that are legally permissible, physically possible, and financially feasible and determine which among them would produce the highest net return or the highest net present value to the property. A mixed-use commercial/high density residential use would be the maximally productive use of the site. The land value analysis herein analyzes the potential for the subject under this mixed-use. Given the high probability that a commercial/high density residential use is the highest and best use, this is judged to be a reasonable indication of maximum productivity of the land.

**Conclusion: Highest and Best Use as Vacant – Before Acquisition**

The concluded highest and best use of the subject “before” the acquisition is mixed-use commercial/high density residential use. In the “before” condition the combined parcel contains approximately 162,478 square feet, which meets the minimum size requirements under the C-2; Central Business District and is conforming.

**Conclusion: Highest and Best Use as Vacant – After Acquisition**

The concluded highest and best use of the subject “after” the acquisition is mixed-use commercial/high density residential use. In the “after” condition the parcel contains approximately 148,985 square feet, which meets the minimum size requirements under the C-2; Central Business District and is conforming.

## **APPRAISAL METHODOLOGY**

In appraisal practice, an approach to value is included or omitted based on its applicability to the property type being valued and the quality and quantity of information available. In developing this real property appraisal, the appraiser conducted a complete appraisal process which considered the use of the three traditional approaches to value: The Cost Approach, Sales Comparison Approach and Income Capitalization Approach.

### **Cost Approach**

The Cost Approach is based upon the proposition the informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements, which represent the highest and best use of the land, or when relatively unique or specialized improvements are located on the site and for which there exist few sales or leases of comparable properties.

### **Income Capitalization Approach**

This approach uses the assumption that there is a relationship between the amount of income a property will earn and the future value of that property. The appraiser uses the anticipated net income of the subject and processes it into a value for the subject. This process uses a capitalization rate including such factors as risk, time, and interest on the capital investment and recapture of the depreciating asset.

### **Sales Comparison Approach**

The Sales Comparison Approach utilizes sales of comparable properties, adjusted for differences, to indicate a value for the subject property. Valuation is typically accomplished using physical units of comparison such as price per square foot, price per unit, price per floor, etc., or economic units of comparison such as gross rent multiplier. Adjustments are applied to the physical units of comparison derived from the comparable sale. The unit of comparison chosen for the subject is then used to yield a total value.

## **CONCLUSION**

*Cost:* The subject property is vacant re-development land that is partly improved with an end-of-life structure. Therefore, the cost approach was not developed in this appraisal report. The omission of the cost approach is not considered to be misleading or inappropriate for this valuation assignment.

*Income:* This approach works well for multi-family structures or commercial real estate but is typically not considered to be reliable in the valuation of vacated end-of-life structures and re-development land. As the subject does not generate income and is considered as re-development, this approach was not used. The omission of the income approach is not considered to be misleading or inappropriate for this valuation assignment.

*Sales:* The Sales Comparison Approach was utilized in the valuation of the subject property as there was an adequate number of comparable sales that were sufficiently similar in relevant market, usability, and other characteristics to support a finding of comparability.

## SALES COMPARISON APPROACH

*Land Valuation*--In determining the value of land, the Sales Comparison Approach was used.

The Sales Comparison Approach relies on the principle of substitution. This principle states that when several similar commodities, goods, or services are available, the one with the lowest price attracts the greatest demand.

The Sales Comparison Approach is based on an analysis of actual market transactions of other similar properties that are compared with the subject. Comparable sales represent the actions of typical buyers and sellers in the marketplace and their actions determine the purchase price for the subject. When an adequate number of comparable sales exist, a range of value for the subject property can be determined.

The range of value determined, using units of comparison such as sales price per square foot, can be analyzed and adjusted for differences between the comparable sales and the subject. An analysis of adjusted units of comparison then forms the basis for the market value of the property. A land sales adjustment grid has been included for the value conclusion.

Details regarding the attributes of the comparable sales, considered most similar to the subject, are presented on the following page. A more detailed description of each transaction is included in Addendum B.

### LAND SALE MAP – LARGER PARCEL 1



### ANALYSIS OF LAND SALES – LARGER PARCEL 1

The sales presented indicate an unadjusted range of value from \$3.101 to \$4.524 per square foot of land area. The primary differences between the comparable sales and the subject include market conditions, location, physical characteristics, size, and zoning of the sale properties.



## LAND SALE SUMMARY– LARGER PARCEL 1

No.	Location	Date of Sale	Size (S.F.)	Size (Acres)	Zoning	Sale Price	Price/ S.F.	Price/ Acre
S	477 Ahnaip Street City of Menasha, Winnebago County, WI	--	39,421	0.9050	C-1	--	--	--
1	2501 Fieldcrest Drive City of Kaukauna, Outagamie County, WI	Nov-18	44,867	1.0300	CHD	\$150,000	\$3.343	\$145,631
2	321 East Ann Street City of Kaukauna, Outagamie County, WI	Sep-18	59,242	1.3600	CHD	\$268,000	\$4.524	\$197,059
3	1902 Freedom Road Little Chute, Outagamie County, WI	Nov-17	21,769	0.4997	CHD	\$67,500	\$3.101	\$135,070

**Market Conditions**

Adjustments are necessary to account for inflationary forces in the market (time adjustment) and changes in supply/demand factors (market adjustments), which affect pricing levels. Inflation creates the need to apply an upward adjustment to pricing parameters to account for the long-term upward trend in price levels. Changing market conditions reflect either an upward or downward adjustment, depending on investors perceived economic outlook and the supply/demand relationship in the market. None of the sales required adjustments for unusual or favorable financing terms. All the sales included the entire bundle of rights. All comparable properties are relatively recent sales and do not require adjustment for date/time differences.

**Direct Adjustments**

These costs are associated with impact fees charged for development, environmental cleanup or soil costs, and utility charges or off-site costs. The subject site is served with all utilities including municipal sewer and water. All comparable sales have similar utilities as compared to the subject and do not require adjustment.

**Size**

The subject property has a site size of approximately 39,421 square feet of land area. The comparable sales range from 21,769 to 59,242 square feet. Typically, the larger the site sizes the lower the sale price on a unit basis. Comparable Sale No. 1 is similar in size as compared to the subject and does not require adjustment. Comparable Sale No. 2 is larger in size as compared to the subject and requires upward adjustment. Comparable Sale No. 3 is smaller in size as compared to the subject and requires downward adjustment.

**Location**

The subject property is located in a transitional area of the City of Menasha, Winnebago County. The immediate area is comprised of manufacturing, residential, recreational and scattered commercial land uses. The City of Menasha has identified this area as blighted and has been working towards the redevelopment of this portion of Ahnaip Street for several years, creating Tax Increment Districts to spur growth and redevelopment. However, the growth and redevelopment has been slow to develop. All comparable sales are deemed to have superior locations as compared to the subject and require varying degrees of downward adjustment.

**Access/Visibility**

The subject property has average access and visibility from all directions on adjacent roadways. Comparable Sale Nos. 1 and 3 have similar access and visibility as compared to the subject property and do not require adjustment. Comparable Sale No. 2 has visibility to County Trunk Highway CE, deemed superior as compared to the subject and requires downward adjustment.

**Other Physical Features**

The subject is a corner site, has a slightly irregular shape and level topography. Comparable Sale Nos. 1 and 2 have similar physical features as compared to the subject property and do not require adjustment. Comparable Sale No. 3 does not have direct street access. This property is accessed via a 30-foot shared cross access easement that runs along the front of the site. The easement and set-backs limit the future building pad and parking configuration, deemed inferior as compared to the subject and requires upward adjustment.

**Zoning and Use**

The subject property is zoned C-1; General Commercial District. Any zoning that would be more restricted with respect to use would be considered inferior to the subject property. All comparable sales have similar zoning as compared to the subject and do not require adjustment.

## SALES COMPARISON APPROACH

As a point of clarification, an adjustment grid is an Excel spreadsheet wherein decimal numbers are visible to two or three places and may cause slight discrepancies in rounding. The spreadsheet internally calculates for decimal numbers; therefore, the net adjustments are considered accurate for the purposes of the report calculations.

<b>DETAILS</b>	<b>SUBJECT</b>	<b>SALE No. 1</b>	<b>SALE No. 2</b>	<b>SALE No. 3</b>
Sale Price	--	\$150,000	\$268,000	\$67,500
Date of Sale	--	Nov-18	Sep-18	Nov-17
Net Site Size (SF)	39,421	44,867	59,242	21,769
Price/SF	--	\$ 3.343	\$ 4.524	\$ 3.101
<b>MARKET CONDITIONS</b>		<b>\$/SF</b>	<b>\$/SF</b>	<b>\$/SF</b>
Unadjusted Sale Price		\$ 3.343	\$ 4.524	\$ 3.101
Terms of Sale		0.00%	0.00%	0.00%
		\$ -	\$ -	\$ -
Cash Equivalent Price/SF		\$ 3.343	\$ 4.524	\$ 3.101
Time/Market Conditions		0.00%	0.00%	0.00%
		\$ -	\$ -	\$ -
Current CE Price/SF		\$ 3.343	\$ 4.524	\$ 3.101
<b>DIRECT ADJUSTMENTS</b>				
Government Costs		0.00%	0.00%	0.00%
		\$ -	\$ -	\$ -
Soil/Environmental		0.00%	0.00%	0.00%
		\$ -	\$ -	\$ -
Utilities/Other Off-Site Costs		0.00%	0.00%	0.00%
		\$ -	\$ -	\$ -
Total Direct Adjustments		\$ -	\$ -	\$ -
Adjusted CE Sale Price/SF		\$ 3.343	\$ 4.524	\$ 3.101
<b>PERCENTAGE ADJUSTMENTS</b>				
Size	39,421	44,867	59,242	21,769
		Similar	Larger	Smaller
		0.00%	10.00%	-10.00%
		\$ -	\$ 0.452	\$ (0.310)
Location/Market Area	Menasha	Superior	Superior	Superior
		-20.00%	-20.00%	-10.00%
		\$ (0.669)	\$ (0.905)	\$ (0.310)
Access/Visibility	Average	Similar	Superior	Similar
		0.00%	-10.00%	0.00%
		\$ -	\$ (0.452)	\$ -
Other Physical Features	Slightly Irregular	Similar	Similar	Inferior
		0.00%	0.00%	10.00%
		\$ -	\$ -	\$ 0.310
Zoning	C-1	CHD	CHD	CHD
		0.00%	0.00%	0.00%
		\$ -	\$ -	\$ -
Total Dollar Adjustments		\$ (0.669)	\$ (0.905)	\$ (0.310)
<b>FINAL ADJUSTED SALES PRICE/SF</b>		<b>\$ 2.675</b>	<b>\$ 3.619</b>	<b>\$ 2.791</b>
<b>AVERAGE ADJUSTED SALES PRICE/SF</b>		<b>\$ 3.028</b>		
<b>CONCLUDED LAND VALUE/SF</b>		<b>\$ 2.75</b>		
<b>SUBJECT SQUARE FOOTAGE</b>		<b>39,421</b>		
<b>CONCLUDED LAND VALUE</b>		<b>\$ 108,408</b>		
<b>ROUNDED</b>		<b>\$ 108,400</b>		

**Land Value Conclusion**

After adjustments, the sale prices range from \$2.675 to \$3.619 per square foot, with an average of \$3.028. Based on these sales, the subject property is estimated to have a value near the average and between Comparable Sale Nos. 1 and 3, at \$2.75 per square foot.

**Concluded Land Value – Before Acquisition**

	<i>Square Feet</i>	<i>X</i>	<i>Value/SF</i>	<i>=</i>	<i>Value</i>
Site Size	39,421	X	\$2.75	=	\$108,408
<b>Land Value Indication (Rounded):</b>					<b>\$108,400</b>

**Before Value – Larger Parcel 1**

The total before land value is \$108,400.

**Acquired Land Area**

An approximate 385 square foot strip of land located along the northern property line of the site, adjacent Ahnaip Street will be acquired in fee for the road project. The value of the larger parcel determines a unit value that is applied to the part taken.

**Concluded Land Value – Acquired Land**

	<i>Square Feet</i>	<i>X</i>	<i>Value/SF</i>	<i>=</i>	<i>Value</i>
Fee Area	385	X	\$2.75	=	\$1,058.75
<b>Land Value Indication (Rounded):</b>					<b>\$1,100</b>

The acquired land value for the Fee Area is estimated at \$1,100 rounded.

**Concluded Land Value – After Acquisition**

In the “after” condition the subject site contains approximately 39,036 square feet. The sales utilized in the “before” condition analysis are a reasonable indication for the “after” land value. Based on these sales, the remainder property is estimated to have a value of \$2.75 per square foot or \$107,300.

	<i>Square Feet</i>	<i>X</i>	<i>Value/SF</i>	<i>=</i>	<i>Value</i>
Site Size	39,036	X	\$2.75	=	\$107,349
<b>Land Value Indication (Rounded):</b>					<b>\$107,300</b>

**Valuation of Temporary Limited Easement**

A Temporary Limited Easement area of 1,517 square feet will encumber the subject site. The Temporary Limited Easement consists of an irregular shaped area of land located along the northern property line of the site, adjacent Ahnaip Street. This Temporary Limited Easement area is for grading, slope blending purposes. The proposed Temporary Limited Easement area that is to be encumbered, from the date of the appraiser’s final inspection of the subject property (March 21, 2019, say April 1, 2019) to the end of construction (December 31, 2022). Therefore, for this appraisal, the full term of the proposed Temporary Limited

Easement is assumed to be 45-months. The State will have the right to use the lands located within the Temporary Limited Easement area during the 45-month term.

We have researched equity dividend rates to determine an appropriate yield for the land. The table below indicates current safe rates within the market.

<b>Current Safe Rates January 2019</b>		
	<b>Term</b>	<b>Rate</b>
US Treasury Rate	6 months	2.50%
US Treasury Rate	1 year	2.60%
US Treasury Rate	2 years	2.62%
US Treasury Rate	3 years	2.60%
Corporate Bonds	2 years	3.33%
Corporate Bonds	5 years	3.61%
	<b>Average</b>	<b>2.88%</b>
	<b>Minimum</b>	<b>2.50%</b>
	<b>Maximum</b>	<b>3.61%</b>

The rates above would need to be built up to reflect real estate risk and liquidity issues. A 500-basis point increase would yield an average return rate of 7.88 percent.

The results of relevant published investor survey data are summarized in the following table.

<b>SUMMARY OF INVESTOR SURVEYS DISCOUNT RATE</b>			
<i>Investor Survey</i>	<i>Discount Rate Range</i>	<i>Average</i>	<i>Date of Survey</i>
Realty Rates Investor Survey			
National Development Land Market	6.41%-22.06%	15.74%	4th Qtr. 2018

The subject property is in an average location and is considered to be within a changing market. The survey indicates an overall range of 6.41% to 22.06%. Because of the subject's size, location, and type, it is likely that the appropriate rate would be near the bottom of the range indicated in the preceding table. The quoted rates are for undeveloped land with many risk factors; therefore, we believe a rate under 10.00% would be appropriate for the subject property.

A ground lease was recently purchased by a regional investment group in Milwaukee County. We obtained the pertinent factors of the deal (interest rate, amortization schedule, equity requirement, and capitalization rate) and solved for the Equity Dividend Rate. The yielding rate was 8.80 percent.

I believe an appropriate return rate for the subject property would be 8.0 percent per year, or 0.667 percent per month, near the built up safe rate of 7.88 percent and below the referenced rate of 8.80 percent. This rate is applied for the time period under construction, approximately twenty-nine months. During the remainder of the Temporary Limited Easement period (16-months), WisDOT will not physically occupy the Temporary Limited Easement area. We have applied a 3.0 percent rate of return per year, or 0.250 percent per month for the 16-months the Temporary Limited Easement is unoccupied.

Utilizing the unit value of \$2.75 per square foot would indicate a Temporary Limited Easement value of \$0.018 rounded per square foot per month ( $\$2.75/\text{SF} \times 0.667\% = \$0.01834$ ) for the time period under construction (approximately 29-months). Utilizing the unit value of \$2.75 per square foot would indicate a Temporary Limited Easement value of \$0.007 rounded per square foot per month ( $\$2.75/\text{SF} \times 0.250\% = \$0.00688$ ) for the time period the Temporary Limited Easement is unoccupied (approximately 16-months), indicating the following compensation for the Temporary Limited Easement.

**Acquired Land Value Conclusion – Temporary Limited Easement**

<i>Square Feet</i>		<i>Value/SF</i>		<i>Term/Mos.</i>		<i>Value</i>
1,517	X	\$0.018	X	29	=	\$791.87
1,517	X	\$0.007	X	16	=	\$169.90
Total						\$961.77
<b>Value Indication (Rounded):</b>						<b>\$1,000</b>

**Valuation of Acquired Site Improvements**

Portions of the site have asphalt paving that may be within the fee acquisition area. As this paving is older and does not contribute to the current or future use of the site no allocation for loss of paving is required. There is a monument sign (Doty Island) on the northeast corner of the site that is near a portion of the Temporary Limited Easement area. According to project engineers the sign will not be impacted by the project.

**After Value – Larger Parcel 1**

The total after land value is \$107,300.

**Access**

The existing access will be the same or similar in the after condition.

**Severance Damage**

No severance damage will occur due to the proposed acquisition. The highest and best use of the property will remain unchanged in the “before” and “after” condition.

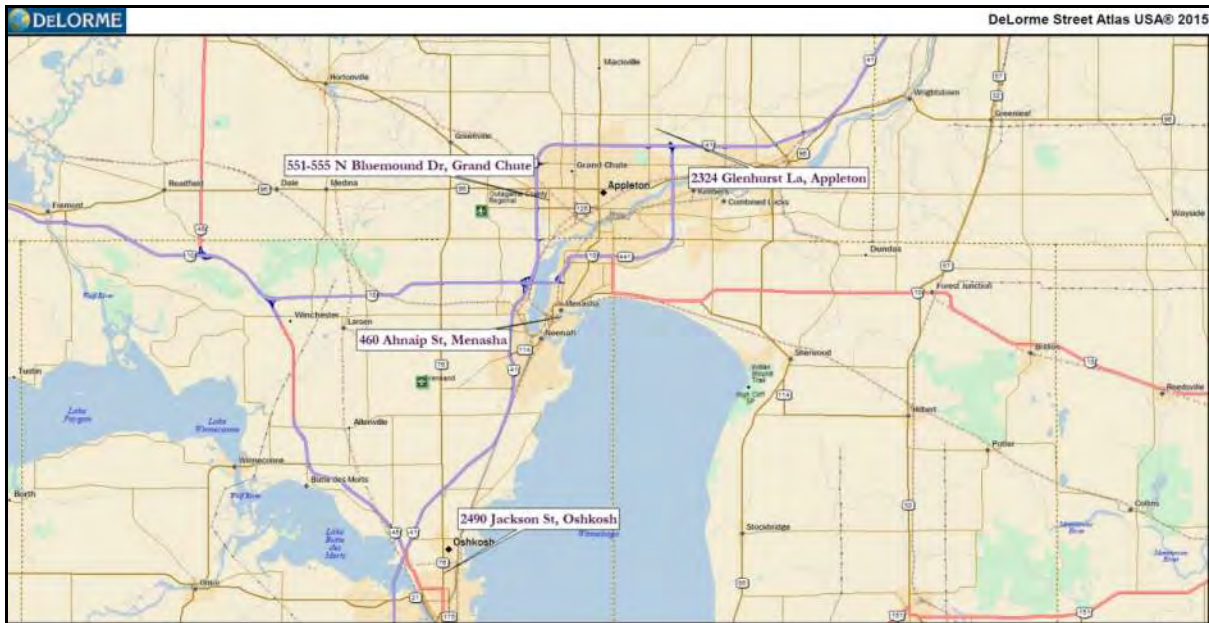
**Allocation – Larger Parcel 1**

Market Value Before Acquisition:	\$108,400
Market Value After Acquisition:	\$107,300
Loss in Market Value:	\$1,100
Temporary Limited Easement (TLE):	\$1,000
Access Rights:	\$0
<b>Total Compensation:</b>	<b>\$2,100</b>

**Acquisition Allocation**

Land (Fee):	\$1,100
Existing Right-of-Way:	\$0
Site Improvements:	\$0
Temporary Limited Easement (TLE):	\$1,000
Cost to Cure:	\$0
Access Rights:	\$0
Severance to Land:	\$0
<b>Total Compensation:</b>	<b>\$2,100</b>

## LAND SALE MAP – LARGER PARCEL 2



## ANALYSIS OF LAND SALES – LARGER PARCEL 2

The sales presented indicate an unadjusted range of value from \$1.306 to \$2.502 per square foot of land area. The primary differences between the comparable sales and the subject include market conditions, location, physical characteristics, size, and zoning of the sale properties.

## LAND SALE SUMMARY– LARGER PARCEL 2

No.	Location	Date of Sale	Size (S.F.)	Size (Acres)	Zoning	Sale Price	Price/ S.F.	Price/ Acre
S	460 Ahnaip Street City of Menasha, Winnebago County, WI	--	121,968	2.800	C-2	--	--	--
1	2324 Glenhurst Lane City of Appleton, Outagamie County, WI	Oct-18	279,655	6.420	CO	\$365,110	\$1.306	\$56,871
2	551-555 North Bluemound Drive Town of Grand Chute, Outagamie County, WI	Jun-16	174,066	3.996	CL	\$320,000	\$1.838	\$80,080
3	2490 Jackson Street City of Oshkosh, Winnebago County, WI	Nov-14	159,865	3.670	MR-20-PD	\$400,000	\$2.502	\$108,992

## Market Conditions

Adjustments are necessary to account for inflationary forces in the market (time adjustment) and changes in supply/demand factors (market adjustments), which affect pricing levels. Inflation creates the need to apply an upward adjustment to pricing parameters to account for the long-term upward trend in price levels. Changing market conditions reflect either an upward or downward adjustment, depending on investors perceived economic outlook and the supply/demand relationship in the market. None of the sales required adjustments for unusual or favorable financing terms. All the sales included the entire bundle of rights. Although Comparable Sale Nos. 2 and 3 are older dated sales this market has remained relatively flat with no adjustments for date/time differences required.



**Direct Adjustments**

These costs are associated with impact fees charged for development, environmental cleanup or soil costs, and utility charges or off-site costs. The subject site is served with all utilities including municipal sewer and water. All comparable sales have similar utilities as compared to the subject and do not require adjustment.

**Size**

The subject property has a site size of approximately 121,968 square feet of land area. The comparable sales range from 159,865 to 279,655 square feet. Typically, the larger the site sizes the lower the sale price on a unit basis. Comparable Sale No. 1 is larger in size as compared to the subject and requires upward adjustment. Comparable Sale Nos. 2 and 3 are relatively similar in size as compared to the subject and do not require adjustment.

**Location**

The subject property is located in a transitional area of the City of Menasha, Winnebago County. The immediate area is comprised of manufacturing, residential, recreational and scattered commercial land uses. The City of Menasha has identified this area as blighted and has been working towards the redevelopment of this portion of Ahnaip Street for several years, creating Tax Increment Districts to spur growth and redevelopment. However, the growth and redevelopment has been slow to develop. All comparable sales are deemed to have superior locations as compared to the subject and require varying degrees of downward adjustment.

**Access/Visibility**

The subject property has average access and visibility from all directions on adjacent roadways. All comparable sales have similar access and visibility as compared to the subject property and do not require adjustment.

**Other Physical Features**

The subject site has a slightly irregular shape, level topography and a vista of the Fox River. All comparable sales are deemed inferior as compared to the subject and require upward adjustment.

**Zoning and Use**

The subject property is zoned C-2; Central Business District. Any zoning that would be more restricted with respect to use would be considered inferior to the subject property. All comparable sales have similar zoning as compared to the subject and do not require adjustment.

## SALES COMPARISON APPROACH

As a point of clarification, an adjustment grid is an Excel spreadsheet wherein decimal numbers are visible to two or three places and may cause slight discrepancies in rounding. The spreadsheet internally calculates for decimal numbers; therefore, the net adjustments are considered accurate for the purposes of the report calculations.

<b>DETAILS</b>	<b>SUBJECT</b>	<b>SALE No. 1</b>	<b>SALE No. 2</b>	<b>SALE No. 3</b>
Sale Price	--	\$365,110	\$320,000	\$400,000
Date of Sale	--	Oct-18	Jun-16	Nov-14
Net Site Size (SF)	121,968	279,655	174,066	159,865
Price/SF	--	\$ 1.306	\$ 1.838	\$ 2.502
<b>MARKET CONDITIONS</b>		<b>\$/SF</b>	<b>\$/SF</b>	<b>\$/SF</b>
Unadjusted Sale Price		\$ 1.306	\$ 1.838	\$ 2.502
Terms of Sale		0.00%	0.00%	0.00%
		\$ -	\$ -	\$ -
Cash Equivalent Price/SF		\$ 1.306	\$ 1.838	\$ 2.502
Time/Market Conditions		0.00%	0.00%	0.00%
		\$ -	\$ -	\$ -
Current CE Price/SF		\$ 1.306	\$ 1.838	\$ 2.502
<b>DIRECT ADJUSTMENTS</b>				
Government Costs		0.00%	0.00%	0.00%
		\$ -	\$ -	\$ -
Soil/Environmental/Demo.		0.00%	0.00%	0.00%
		\$ -	\$ -	\$ -
Utilities/Other Off-Site Costs		0.00%	0.00%	0.00%
		\$ -	\$ -	\$ -
Total Direct Adjustments		\$ -	\$ -	\$ -
Adjusted CE Sale Price/SF		\$ 1.306	\$ 1.838	\$ 2.502
<b>PERCENTAGE ADJUSTMENTS</b>				
Size	121,968	279,655	174,066	159,865
		Larger	Similar	Similar
		15.00%	0.00%	0.00%
		\$ 0.196	\$ -	\$ -
Location/Market Area	Menasha	Superior	Superior	Superior
		-20.00%	-10.00%	-20.00%
		\$ (0.261)	\$ (0.184)	\$ (0.500)
Access/Visibility	Average	Similar	Similar	Similar
		0.00%	0.00%	0.00%
		\$ -	\$ -	\$ -
Other Physical Features	Slightly Irregular/ River View	Inferior	Inferior	Inferior
		5.00%	5.00%	5.00%
		\$ 0.065	\$ 0.092	\$ 0.125
Zoning	C-2	CO	CL	MR-20-PD
		0.00%	0.00%	0.00%
		\$ -	\$ -	\$ -
Total Dollar Adjustments		\$ -	\$ (0.092)	\$ (0.375)
<b>FINAL ADJUSTED SALES PRICE/SF</b>		<b>\$ 1.306</b>	<b>\$ 1.746</b>	<b>\$ 2.127</b>
<b>AVERAGE ADJUSTED SALES PRICE/SF</b>		<b>\$ 1.726</b>		
<b>CONCLUDED LAND VALUE/SF</b>		<b>\$ 1.75</b>		
<b>SUBJECT SQUARE FOOTAGE</b>		<b>121,968</b>		
<b>CONCLUDED LAND VALUE</b>		<b>\$ 213,444</b>		
<b>ROUNDED</b>		<b>\$ 213,400</b>		

**Land Value Conclusion**

After adjustments, the sale prices range from \$1.306 to \$2.127 per square foot, with an average of \$1.726. Based on these sales, the subject property is estimated to have a value near the average, at \$1.75 per square foot.

**Concluded Land Value – Before Acquisition**

	<i>Square Feet</i>	<i>X</i>	<i>Value/SF</i>	<i>=</i>	<i>Value</i>
Site Size	121,968	X	\$1.75	=	\$213,444
<b>Land Value Indication (Rounded):</b>					<b>\$213,400</b>

**Before Land Value – Larger Parcel 2**

The total before land value is \$213,400.

**Acquired Land Area**

An approximate 11,976 square foot area of land located along the eastern portion of the site will be acquired in fee for the road project. The value of the larger parcel determines a unit value that is applied to the part taken.

**Concluded Land Value – Acquired Land**

	<i>Square Feet</i>	<i>X</i>	<i>Value/SF</i>	<i>=</i>	<i>Value</i>
Fee Area	11,976	X	\$1.75	=	\$20,958
<b>Land Value Indication (Rounded):</b>					<b>\$21,000</b>

The acquired land value for the Fee Area is estimated at \$21,000 rounded.

**Concluded Land Value – After Acquisition**

In the “after” condition the subject site contains approximately 109,992 square feet. The sales utilized in the “before” condition analysis are a reasonable indication for the “after” land value. Based on these sales, the remainder property is estimated to have a value of \$1.75 per square foot or \$192,400.

	<i>Square Feet</i>	<i>X</i>	<i>Value/SF</i>	<i>=</i>	<i>Value</i>
Site Size	109,992	X	\$1.75	=	\$192,486
<b>Land Value Indication (Rounded):</b>					<b>\$192,400</b>

**Valuation of Permanent Limited Easement**

A Permanent Limited Easement is a partial interest, for a specific use of a designated area and is not a direct loss of land. The Permanent Limited Easement area of approximately 7,015 square feet is needed for the project. In analyzing the impact of the proposed Permanent Limited Easement on the subject property, we considered how the Permanent Limited Easement would encumber the area.

This easement is intended for the allowance of permanent road access to the dam locks along the Fox River that are controlled by the US Department of the Army. The Permanent Limited Easement is an irregular shaped area of land located near the northeast corner of Larger Parcel 2.

As the easement is for road access purposes, it is my opinion that the Permanent Limited Easement area has limited utility to the owner after the acquisition. As the likely future use of the property is mixed-use commercial or high density residential the owner will have use of the property in the after condition as it relates to unit densities and greenspace. The damages for the easement are estimated at 50 percent of fee value, or \$0.875 per square foot due to the loss of utility to the subject property in the "after" condition.

Utilizing the unit value of \$0.875 per square foot ( $\$1.75/\text{SF} \times 50\% = \$0.875$ ) the total compensation for the Permanent Limited Easement as a result of the proposed acquisition would be \$6,100 rounded (7,015 square feet  $\times \$0.875 = \$6,138.13$ ).

#### Acquired Land Value Conclusion – Permanent Limited Easement

	<i>Square Feet</i>	<i>X</i>	<i>Value/SF</i>	<i>=</i>	<i>Value</i>
PLE	7,015	X	\$0.875	=	\$6,138.13
<b>Value Indication (Rounded):</b>					<b>\$6,100</b>

The total loss/damages sustained from the Permanent Limited Easement acquisition are estimated at \$6,100.

#### Remainder Land Value Conclusion

	<i>Square Feet</i>	<i>X</i>	<i>Value/SF</i>	<i>=</i>	<i>Value</i>
Unencumbered	102,977	X	\$1.75	=	\$180,209.75
Encumbered (PLE)	7,015	X	\$0.875	=	\$ 6,138.13
Total	109,992				\$186,347.88
<b>Land Value Indication (Rounded):</b>					<b>\$186,300</b>

#### After Land Value – Larger Parcel 2

The total after value is \$186,300.

#### Valuation of Temporary Limited Easement – Larger Parcel 2

A total Temporary Limited Easement area of 98,139 square feet will encumber the subject site. According to WisDOT NE Region staff approximately 8,151 square feet of the Temporary Limited Easement area will be encumbered for the entire 45-months. The State will have the right to use the lands located within the Temporary Limited Easement area during the 45-month term. This area is adjacent the permanent limited easement area to the north and south. The proposed Temporary Limited Easement area that is to be encumbered, from the date of the appraiser's final inspection of the subject property (March 21, 2019, say April 1, 2019) to the end of construction (December 31, 2022).

According to WisDOT NE Region staff, the City of Menasha has requested that the 89,988 square feet of the Temporary Limited Easement for the building removal be terminated after demolition is completed, so that they may have use of the property during roadway construction. Project Development has agreed to this

timing. The remaining 89,988 square feet of the Temporary Limited Easement area that is primarily for the demolition of existing buildings will be physically occupied for 16-months and will not encumber this area for the remainder of the project. The State will have the right to use the lands located within the Temporary Limited Easement area during the 16-month term. The proposed Temporary Limited Easement area that is to be encumbered, from the date of the appraiser's final inspection of the subject property (March 21, 2019, say April 1, 2019) to the end of demolition (August 1, 2020).

We have researched equity dividend rates to determine an appropriate yield for the land.

The table below indicates current safe rates within the market.

<b>Current Safe Rates January 2019</b>		
	<b>Term</b>	<b>Rate</b>
US Treasury Rate	6 months	2.50%
US Treasury Rate	1 year	2.60%
US Treasury Rate	2 years	2.62%
US Treasury Rate	3 years	2.60%
Corporate Bonds	2 years	3.33%
Corporate Bonds	5 years	3.61%
<b>Average</b>		<b>2.88%</b>
<b>Minimum</b>		<b>2.50%</b>
<b>Maximum</b>		<b>3.61%</b>

The rates above would need to be built up to reflect real estate risk and liquidity issues. A 500-basis point increase would yield an average return rate of 7.88 percent.

The results of relevant published investor survey data are summarized in the following table.

<b>SUMMARY OF INVESTOR SURVEYS DISCOUNT RATE</b>			
<i>Investor Survey</i>	<i>Discount Rate Range</i>	<i>Average</i>	<i>Date of Survey</i>
Realty Rates Investor Survey			
National Development Land Market	6.41%-22.06%	15.74%	4th Qtr. 2018

The subject property is in an average location and is considered to be within a changing market. The survey indicates an overall range of 6.41% to 22.06%. Because of the subject's size, location, and type, it is likely that the appropriate capitalization rate would be near the bottom of the range indicated in the preceding table. The quoted rates are for undeveloped land with many risk factors; therefore, we believe a rate under 10.00% would be appropriate for the subject property.

A ground lease was recently purchased by a regional investment group in Milwaukee County. We obtained the pertinent factors of the deal (interest rate, amortization schedule, equity requirement, and capitalization rate) and solved for the Equity Dividend Rate. The yielding rate was 8.80 percent.

I believe an appropriate return rate for the subject property would be 8.0 percent per year, or 0.667 percent per month, near the built up safe rate of 7.88 percent and below the referenced rate of 8.80 percent. This rate is applied for the time period under construction. According to WisDOT NE Region staff approximately 8,151 square feet of the property will be physically occupied for the entire 45-month. This area is adjacent the permanent limited easement area to the north and south.

Utilizing the unit value of \$1.75 per square foot would indicate a Temporary Limited Easement value of \$0.012 rounded per square foot per month ( $\$1.75/\text{SF} \times 0.667\% = \$0.01167$ ) for the time period under construction, approximately 45-months, indicating the following compensation for the Temporary Limited Easement.

#### Acquired Land Value Conclusion – Temporary Limited Easement

<i>Square Feet</i>		<i>Value/SF</i>		<i>Term/Mos.</i>		<i>Value</i>
8,151	X	\$0.012	X	45	=	\$4,401.54
<b>Value Indication (Rounded):</b>						<b>\$4,400</b>

According to WisDOT NE Region staff the Temporary Limited Easement area that is primarily for the demolition of existing buildings will be physically occupied for 16-months and will not occupy this area for the remainder of the project. This area contains approximately 89,988 square feet of the property.

I believe an appropriate return rate for the subject property would be 8.0 percent per year, or 0.667 percent per month, near the built up safe rate of 7.88 percent and below the referenced rate of 8.80 percent. This rate is applied for the time period under construction, approximately 16-months.

Utilizing the unit value of \$1.75 per square foot would indicate a Temporary Limited Easement value of \$0.012 rounded per square foot per month ( $\$1.75/\text{SF} \times 0.667\% = \$0.01167$ ) for the time period under construction, approximately 16-months, indicating the following compensation for the Temporary Limited Easement.

#### Acquired Land Value Conclusion – Temporary Limited Easement

<i>Square Feet</i>		<i>Value/SF</i>		<i>Term/Mos.</i>		<i>Value</i>
89,988	X	\$0.012	X	16	=	\$17,277.70
<b>Value Indication (Rounded):</b>						<b>\$17,300</b>

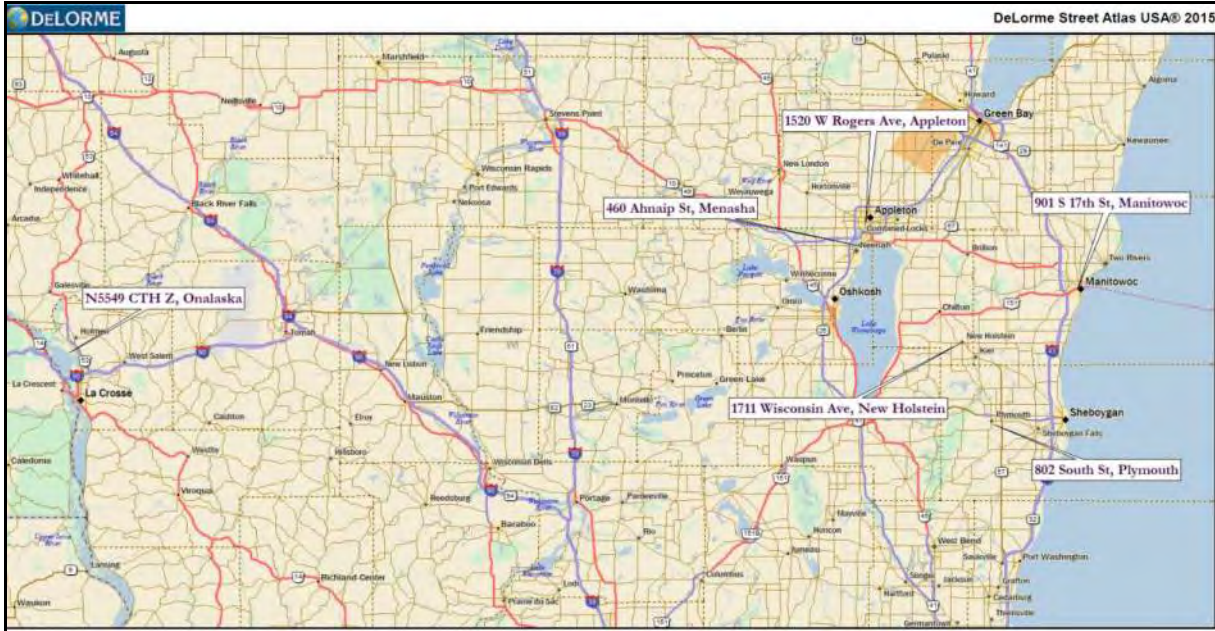
#### Temporary Limited Easement – Larger Parcel 2 (Total)

The total Temporary Limited Easement compensation is \$21,700 ( $\$4,400 + \$17,300 = \$21,700$ ).

#### Valuation of Acquired Site Improvements

The project will acquire Buildings A, B & C or approximately 78,615 square feet of building area. Following the project Buildings D & E will remain or approximately 58,500 square feet of building area.

## BUILDING ALOCATION SALE MAP – LARGER PARCEL 2



## ANALYSIS OF IMPROVED END-OF-LIFE MANUFACTURING PROPERTIES

The sales presented indicate an unadjusted range of value from \$1.909 to \$4.028 per square foot of building area. The primary differences between the comparable sales and the subject include market conditions, location, physical characteristics of site and improvements, size of site and improvements, and zoning of the sale properties.

These end-of-life comparable properties suffer varying degrees of physical, functional and external obsolescence. Details regarding the attributes of the improved comparable sales, considered most similar to the subject, are presented below and on the following pages. A more detailed description of each transaction is included in Addendum B.

## IMPROVED SALE SUMMARY – LARGER PARCEL 2

No.	Location	Date of Sale	Size (S.F.)	Percent Build-out	Clear Ceiling Height	Land Area (Acres)	L-T-B Ratio(:1)	Year Built	Sale Price	Sale Price Per/SF Bldg	Sale Price Per/SF Land
S	460 Ahnaip Street City of Menasha, WI	--	137,115	26.78%	12'-30'	2.8000	0.89	1918/1940's 1950's	--	--	
1	1711 Wisconsin Avenue City of New Holstein, WI	Oct-17	83,794	6.93%	15'	2.8500	1.48	1946	\$160,000	\$1.909	\$1.289
2	1520 West Rogers Avenue City of Appleton, WI	May-17	57,444	6.09%	12'-15'	2.1450	1.63	1920/1940 1960	\$130,000	\$2.263	\$1.391
3	802 South Street City of Plymouth, WI	Jun-16	406,422	5.15%	14'	21.5800	2.31	1950/1958 1960/1969	\$1,450,000	\$3.568	\$1.543
4	N5549 County Road Z Town of Onalaska, WI	Sep-14	248,279	5.11%	10'-12'	24.3900	4.28	1950's 1960's	\$1,000,000	\$4.028	\$0.941
5	901 South 17th Street City of Manitowoc, WI	Apr-14	99,180	2.55%	19'-23'	2.8920	1.27	1947	\$350,000	\$3.529	\$2.778

**Market Conditions**

Adjustments are necessary to account for inflationary forces in the market (time adjustment) and changes in supply/demand factors (market adjustments), which affect pricing levels. Inflation creates the need to apply an upward adjustment to pricing parameters to account for the long-term upward trend in price levels. Changing market conditions reflect either an upward or downward adjustment, depending on investors perceived economic outlook and the supply/demand relationship in the market. None of the sales required adjustments for unusual or favorable financing terms. All the sales included the entire bundle of rights. Although the comparable sales are older dated conveyances, this market has remained relatively flat with no adjustments for date/time differences required.

**Direct Adjustments**

These costs are associated with impact fees charged for development, environmental cleanup or soil costs, and utility charges or off-site costs. All comparable sales have similar utilities as compared to the subject and do not require adjustment. *Excess Land* - The subject property has a land-to-building ratio of 0.89 to 1. Most buildings similar to the subject have ratios between 0.50 and 1.50 to 1. Comparable Nos. 3 and 4 have large sites that exceed typical ratios and require downward adjustment for excess land. *Renovation Costs/Other* - According to Wisconsin Department of Revenue (WDOR), Comparable No. 3 included approximately \$379,825 of refrigeration equipment in the sale price, requiring a downward adjustment. *Office Finish* - Adjustments are required for comparable sales due to the differing amounts of office finish. Typically, comparable properties with larger amounts of office finish can command higher prices than those with a lower amount of build-out. All the sales have varying amounts of finish, indicating varying adjustment. For end-of-life properties that are similar to the subject the office build-out typically offers minimal value. The adjustment is based on a \$0.25 per square foot of office build-out cost and applied to the difference between the subject and the comparable sale.

**Building Size**

The subject property has approximately 137,115 square feet of net rentable area. The comparable sales range from 57,444 square feet to 406,422 square feet. Typically, the larger the square footage for similar properties, the lower the sale price per square foot. Comparable Sale Nos. 1 and 2 are smaller in size as compared to the subject and require varying degrees of downward adjustment. Comparable Sale Nos. 3 and 4 are larger in size as compared to the subject and require varying degrees of upward adjustment. Comparable Sale No. 5 is similar in size as compared to the subject and does not require adjustment.

**Condition of Property**

The subject property was constructed in 1912, 1940's and 1950's and has an estimated effective age of 40 years and is in fair to poor condition. The comparable sales varied as to their date of construction and physical condition at the time of sale. The appraiser considers the condition of Comparable Sale Nos. 1, 2 and 5 to be similar as compared to the subject and do not require adjustment. Comparable Sale Nos. 3 and 4 are newer constructed and in superior overall condition as compared to the subject property and require downward adjustment.



**Physical Features and Utility**

The subject property is an office/manufacturing/warehouse facility that is largely obsolete by current standards. The subject features a brick and metal panel exterior, three small drive-in-doors, and primarily a 12-foot clear ceiling height. All improved sales have similar building materials and clear ceiling heights as compared to the subject and do not require adjustment. Comparable Sale Nos. 3 and 5 have multiple drive-in-doors and loading docks, deemed superior as compared to the subject and require downward adjustment.

**Location**

The subject property is located in a transitional area of the City of Menasha, Winnebago County. The immediate area is comprised of manufacturing, residential, recreational and scattered commercial land uses. The City of Menasha has been working towards the redevelopment of this portion of Ahnaip Street for several years, creating Tax Increment Districts to spur growth and redevelopment. However, the growth and redevelopment has been slow to develop. Comparable Sale No. 1 is located in a small rural community, surrounded by old stock commercial, light industrial and residential use properties, deemed to be an inferior location as compared to the subject and requires upward adjustment. Comparable Nos. 2 and 5 are deemed to have superior locational influences as compared to the subject and require downward adjustment. Comparable Sale Nos. 3 and 4 have similar locational influences as compared to the subject and do not require adjustment.

**Access/Visibility**

The subject property has average access and visibility from all directions on adjacent roadways. All comparable sales have similar access and visibility as compared to the subject property and do not require adjustment.

**Occupancy Type**

The subject property has a single tenant occupancy type. All the sales are deemed to have similar uses, occupancy, or ownership profiles, and indicate no adjustment.

As a point of clarification, an adjustment grid is an Excel spreadsheet wherein decimal numbers are visible to two or three places and may cause slight discrepancies in rounding. The spreadsheet internally calculates for decimal numbers; therefore, the net adjustments are considered accurate for the purposes of the report calculations.

TRANSACTION DETAILS		SUBJECT PROPERTY		SALE No. 1		SALE No. 2		SALE No. 3		SALE No. 4		SALE No. 5	
460 Alnair Street City of Menasha, WI		1711 Wisconsin Avenue City of New Holstein, WI		1520 West Rogers Avenue City of Appleton, WI		802 South Street City of Plymouth, WI		N549 County Road Z Town of Onalaska, WI		901 South 17th Street City of Manitowish, WI			
Sale Price	137,115	\$160,000		\$130,000		\$1,450,000		\$1,000,000		\$350,000			
Date of Sale	137,115	Oct-17		May-17		Jun-16		Sep-14		Apr-14			
Bldg Size	137,115	83,794		57,444		406,422		248,279		99,180			
Price/SF	137,115	\$1.91		\$2.26		\$3.57		\$4.03		\$3.53			
MARKET CONDITIONS													
Unadjusted Sale Price		\$1.91		\$2.26		\$3.57		\$4.03		\$3.53			
Terms of Sale		0.00%		0.00%		0.00%		0.00%		0.00%			
Cash Equivalent Price/SF		\$1.91		\$2.26		\$3.57		\$4.03		\$3.53			
Time/Market Conditions		0.00%		0.00%		0.00%		0.00%		0.00%			
Current CE Price/SF		\$1.91		\$2.26		\$3.57		\$4.03		\$3.53			
DIRECT ADJUSTMENTS													
Excess Land		\$0.00		\$0.00		(\$0.36)		(\$0.40)		\$0.00			
Renovation Costs/Other		\$0.00		\$0.00		(\$0.93)		\$0.00		\$0.00			
Office/Showroom		\$0.05		\$0.05		\$0.05		\$0.05		\$0.06			
Total Direct Adjustments		\$0.05		\$0.05		(\$1.23)		(\$0.35)		\$0.06			
Adjusted CE Sale Price/SF		\$1.96		\$2.31		\$2.34		\$3.68		\$3.59			
PERCENTAGE ADJUSTMENTS													
Size		Smaller		Smaller		Larger		Larger		Similar			
137,115 SF		-5.00%		-10.00%		15.00%		15.00%		0.00%			
Building Age/Condition		Similar		Similar		Superior		Superior		Similar			
40 years/Fair-Poor		0.00%		0.00%		-15.00%		-15.00%		0.00%			
Physical Features/Utility		Similar		Similar		Superior		Superior		Superior			
Normal/Obsolete		0.00%		0.00%		-5.00%		-5.00%		-5.00%			
Location/Market Area		Inferior		New Holstein		Superior		Plymouth		Onalaska			
City of Menasha, WI		10.00%		\$0.20		-20.00%		0.00%		0.00%			
Access/Visibility		Similar		Similar		Similar		Similar		Similar			
Average		0.00%		0.00%		0.00%		0.00%		0.00%			
Occupancy Type		Single Tenant		Single Ten.		Single Ten.		Single Ten.		Single Ten.			
Single Tenant		0.00%		\$0.00		0.00%		0.00%		0.00%			
Total Percentage Adjustments		5.00%		(\$0.10)		-30.00%		-5.00%		-25.00%			
FINAL ADJUSTED SALES PRICE/SF		\$2.06		\$1.62		\$2.22		\$3.50		\$2.69			
AVERAGE ADJUSTED SALES PRICE/SF		\$2.42											
CONCLUDED IMPROVED SALE VALUE/SF		\$2.50											
SUBJECT SIZE		137,115											
CONCLUDED IMPROVED SALE VALUE		\$342,788											
ROUNDED		\$342,800											

**Improved Value Conclusion**

After adjustments, the sale prices range from \$1.62 to \$3.50 per square foot (land & building), with an average of \$2.42. Based on these sales, the subject property is estimated to have a value above the average, at \$2.50 per square foot.

**Concluded Land & Building Value – Before Acquisition**

	<i>Square Feet</i>	<i>X</i>	<i>Value/SF</i>	<i>=</i>	<i>Value</i>
Building Size	137,115	X	\$2.50	=	\$342,788
<b>Land Value Indication (Rounded):</b>					<b>\$342,800</b>

**Before Land & Building Value – Larger Parcel 2**

The total before land & building value is \$342,800.

**Land Value Allocation – Before Acquisition**

	<i>Square Feet</i>	<i>X</i>	<i>Value/SF</i>	<i>=</i>	<i>Value</i>
Site Size	121,968	X	\$1.75	=	\$213,444
<b>Land Value Indication (Rounded):</b>					<b>\$213,400</b>

**Building Value Allocation – Before Acquisition**

The total before building value is \$129,400 (\$342,800 land & building - \$213,400 land = \$129,400).

**Concluded Building Value – Before Acquisition**

	<i>Value/Rounded</i>	<i>÷</i>	<i>Bldg./SF</i>	<i>=</i>	<i>Value/SF</i>
Unit Value Bldg	\$129,400	÷	137,115	=	\$0.9437
<b>Value Indication:</b>					<b>\$0.9437</b>

**Acquired Building Improvements**

The property contains approximately 137,115 square feet of building area. The project will acquire approximately 78,615 square feet of the building area. Based on our above analysis a resultant building value of \$0.9437 per square foot allocation for improvements was identified.

**Concluded Building Value – Acquired Building**

	<i>Square Feet</i>	<i>X</i>	<i>Value/SF</i>	<i>=</i>	<i>Value</i>
Building Size	78,615	X	\$0.9437	=	\$74,189
<b>Value Indication (Rounded):</b>					<b>\$74,200</b>

The acquired building value for the Fee and Temporary Limited Easement areas is estimated at \$74,200 rounded.

**Concluded Building Value – After Acquisition**

In the “after” condition the subject building improvements contain approximately 58,500 square feet. The sales utilized in the “before” condition analysis are a reasonable indication for the “after” building value. Based on these sales, the remainder property is estimated to have a value of \$0.9437 per square foot or \$55,200.

	<i>Square Feet</i>	<i>X</i>	<i>Value/SF</i>	<i>=</i>	<i>Value</i>
Building Size	58,500	X	\$0.9437	=	\$55,206
<b>Value Indication (Rounded):</b>					<b>\$55,200</b>

**Valuation of Acquired Site Improvements**

There is a parking area and fencing adjacent the west side of Buildings E and within the Temporary Limited Easement area. According to WisDOT project engineers these improvements may be impacted by the project. Although the improvements are older, they would likely contribute to the remainder property until redevelopment of the property occurs.

*Fence & Gate* – The road project will acquire approximately 95 lineal feet of chain link fencing (7' height) on Plat Pages 4.01. The replacement cost for the fence new with 3 strand barbed wire, including installation would be \$2,450 (95 lineal feet x \$25.79 per lineal foot = \$2,450). An approximately 25-foot sliding metal gate (7' height) will also be acquired. The replacement cost for the gate, including installation would be \$1,725, for a total cost new of the fence and gate at \$4,175 (\$2,450 + \$1,725 = \$4,175). The typical life of this type of chain link fence and gate is 30-40 years. The remaining economic life of the fence and gate is estimated at 5 years (5 years Remaining ÷ 40 years Economic = .125) \$4,175 x .125 = \$521.88 or \$522 rounded. Costs were derived from the Marshall Valuation Service Cost Guide.

*Asphalt Paving* – The road project will acquire approximately 15,000 square feet of asphalt paving on Plat Pages 4.01. The Marshall Valuation Service Cost Guide is referenced to estimate the replacement cost of the 15,000 square feet of asphalt paving. Marshall Valuation Service guide provides a cost range of \$2.05 to \$2.46 with an average unit cost of \$2.18 per square foot for 4-inch thick asphalt paving. An additional \$0.87 per square foot for a 5-inch thick aggregate base, which is deemed typical for a commercial use, for a total replacement cost new of \$3.05 per square foot (\$2.18 asphalt paving + \$0.87 aggregate base = \$3.05). The acquired asphalt paving is in poor condition with physical depreciation estimated at 95 percent. The total replacement cost new for the asphalt paving with aggregate base is \$45,750 (\$3.05 per SF x 15,000 SF = \$45,750). Deducting 95 percent for physical depreciation, we conclude to a value of \$2,288 (\$45,750 x 5% = \$2,288).

<b>Acquired Site Improvements</b>	
<i>Item</i>	<i>Total</i>
Chain Link Fence & Gate	\$522
Asphalt Paving	\$2,288
Total:	\$2,810
<b>Value Indication (Rounded):</b>	<b>\$2,800</b>

**After Acquisition Building Value – Larger Parcel 2 (Excluding Severance)**

The total after building value is \$52,400 (\$55,200 - \$2,800 fence & paving = \$52,400).

**Severance Damage**

*The Dictionary of Real Estate Appraisal, Second Edition* published by the Appraisal Institute defines “severance damages” in partial takings as, “...a decline in the market value of the remainder that arises as a result of the taking and/or the construction of the proposed improvement.” The Wisconsin Real Estate Program manual published by the State of Wisconsin Department of Transportation defines “severance damage” as “Loss in market value to remaining property resulting from a partial acquisition.”

With the removal of Building A, B and C, the now exterior wall of Building D will need to be secured and inspected for structural soundness. This wall has several large sliding doors and passage doors that will require work to enclose with brick or concrete masonry units. If the acquired exterior wall is not secured, the remaining improvements will no longer provide a secure perimeter, and potentially rendered of no value (potential severance damage). Potential Severance Damages \$52,400.

**Cost to Cure**

*Building D Exterior Wall* – It is necessary to secure the above-described wall in the "after" condition. As a government owned property the City of Menasha has an ongoing need and responsibility to have a secure building to access and monitor.

A rough opinion of the cost to enclose various openings and to secure the building was provided by Strand Associates, Inc and estimated at \$77,000. This only covers the cost to close and render weathertight the east wall of building D after demolition of building C. As the cost to cure exceeds the “after” building value the severance to the remainder is \$52,400. Please refer to Addenda M for a copy of the email correspondence with Strand Associates, Inc.

**After Acquisition Building Value – Larger Parcel 2 (Including Severance)**

<i>Item</i>	<i>Total</i>
After Building Value	\$52,400
Severance to Building	<u>-\$52,400</u>
After Value w/Severance	\$0

The total after building value including severance is \$0.

**Access**

The western access drive along Ahnaip Street will be the same/similar following the project. The eastern access point near the corner of Racine and Ahnaip Streets will be reconfigured and moved to the west along Ahnaip Street, similar to the before condition.

**Allocation – Larger Parcel 2**

Market Value Before Acquisition:	\$342,800
Market Value After Acquisition:	\$186,300
Loss in Market Value:	\$156,500
Temporary Limited Easement (TLE):	\$21,700
Access Rights:	\$0
<b>Total Compensation:</b>	<b>\$178,200</b>

**Acquisition Allocation**

Land (Fee):	\$21,000
Permanent Limited Easement (PLE):	\$6,100
Site Improvements (Bldgs. A, B & C):	\$74,200
Site Improvements (Paving, Fence):	\$2,800
Temporary Limited Easement (TLE):	\$21,700
Severance to Building (Bldgs. D & E):	\$52,400
Access Rights:	\$0
<b>Total Compensation:</b>	<b>\$178,200</b>

## LAND SALE MAP – LARGER PARCEL 3



## ANALYSIS OF LAND SALES – LARGER PARCEL 3

The sales presented indicate an unadjusted range of value from \$1.838 to \$2.502 per square foot of land area. The primary differences between the comparable sales and the subject include market conditions, location, physical characteristics, size, and zoning of the sale properties.

## LAND SALE SUMMARY – LARGER PARCEL 3

No.	Location	Date of Sale	Size (S.F.)	Size (Acres)	Zoning	Sale Price	Price/ S.F.	Price/ Acre
S	Ahnaip Street City of Menasha, Winnebago County, WI	--	162,478	3.730	C-2	--	--	--
1	955 East John Street City of Appleton, Outagamie County, WI	Mar-17	358,499	8.230	R3	\$850,000	\$2.371	\$103,281
2	551-555 North Bluemound Drive Town of Grand Chute, Outagamie County, WI	Jun-16	174,066	3.996	CL	\$320,000	\$1.838	\$80,080
3	2490 Jackson Street City of Oshkosh, Winnebago County, WI	Nov-14	159,865	3.670	MR-20-PD	\$400,000	\$2.502	\$108,992

## Market Conditions

Adjustments are necessary to account for inflationary forces in the market (time adjustment) and changes in supply/demand factors (market adjustments), which affect pricing levels. Inflation creates the need to apply an upward adjustment to pricing parameters to account for the long-term upward trend in price levels. Changing market conditions reflect either an upward or downward adjustment, depending on investors perceived economic outlook and the supply/demand relationship in the market. None of the sales required adjustments for unusual or favorable financing terms. All the sales included the entire bundle of rights. Although all comparable sales are older dated transactions this market has remained relatively flat with no adjustments for date/time differences required.

**Direct Adjustments**

These costs are associated with impact fees charged for development, environmental cleanup or soil costs, and utility charges or off-site costs. The subject site is served with all utilities including municipal sewer and water. All comparable sales have similar utilities as compared to the subject and do not require adjustment.

**Size**

The subject property has a site size of approximately 162,478 square feet of land area. The comparable sales range from 159,865 to 358,499 square feet. Typically, the larger the site sizes the lower the sale price on a unit basis. Comparable Sale No. 1 is larger in size as compared to the subject and requires upward adjustment. Comparable Sale Nos. 2 and 3 are relatively similar in size as compared to the subject and do not require adjustment.

**Location**

The subject property is located in a transitional area of the City of Menasha, Winnebago County. The immediate area is comprised of manufacturing, residential, commercial and recreational land uses. The City of Menasha has identified this area as blighted and has been working towards the redevelopment of this portion of Ahnaip Street for several years, creating Tax Increment Districts to spur growth and redevelopment. However, the growth and redevelopment has been slow to develop. All comparable sales are deemed to have superior locations as compared to the subject and require varying degrees of downward adjustment.

**Access/Visibility**

The subject property has average access and visibility from all directions on adjacent roadways. All comparable sales have similar access and visibility as compared to the subject property and do not require adjustment.

**Other Physical Features**

The subject has a slightly irregular shape and level topography and has frontage along the Fox River. Comparable Sale No. 1 has similar physical features, including Fox River frontage deemed similar as compared to the subject and does not require adjustment. Comparable Sale Nos. 2 and 3 are deemed inferior (non-river fronting) as compared to the subject and require upward adjustment.

**Zoning and Use**

The subject property is zoned C-2; Central Business District. Any zoning that would be more restricted with respect to use would be considered inferior to the subject property. All comparable sales have similar zoning as compared to the subject and do not require adjustment.



## SALES COMPARISON APPROACH

As a point of clarification, an adjustment grid is an Excel spreadsheet wherein decimal numbers are visible to two or three places and may cause slight discrepancies in rounding. The spreadsheet internally calculates for decimal numbers; therefore, the net adjustments are considered accurate for the purposes of the report calculations.

<b>DETAILS</b>	<b>SUBJECT</b>	<b>SALE No. 1</b>	<b>SALE No. 2</b>	<b>SALE No. 3</b>
Sale Price	--	\$850,000	\$320,000	\$400,000
Date of Sale	--	Mar-17	Jun-16	Nov-14
Net Site Size (SF)	162,478	358,499	174,066	159,865
Price/SF	--	\$ 2.371	\$ 1.838	\$ 2.502
<b>MARKET CONDITIONS</b>		<b>\$/SF</b>	<b>\$/SF</b>	<b>\$/SF</b>
Unadjusted Sale Price		\$ 2.371	\$ 1.838	\$ 2.502
Terms of Sale		0.00%	0.00%	0.00%
Cash Equivalent Price/SF		\$ 2.371	\$ 1.838	\$ 2.502
Time/Market Conditions		0.00%	0.00%	0.00%
Current CE Price/SF		\$ 2.371	\$ 1.838	\$ 2.502
<b>DIRECT ADJUSTMENTS</b>				
Government Costs		0.00%	0.00%	0.00%
Soil/Environmental/Demo.		\$ -	\$ -	\$ -
Utilities/Other Off-Site Costs		0.00%	0.00%	0.00%
Total Direct Adjustments		\$ -	\$ -	\$ -
Adjusted CE Sale Price/SF		\$ 2.371	\$ 1.838	\$ 2.502
<b>PERCENTAGE ADJUSTMENTS</b>				
Size	162,478	358,499	174,066	159,865
		Larger	Similar	Similar
		15.00%	0.00%	0.00%
		\$ 0.356	\$ -	\$ -
Location/Market Area	Menasha	Superior	Superior	Superior
		-20.00%	-10.00%	-20.00%
		\$ (0.474)	\$ (0.184)	\$ (0.500)
Access/Visibility	Average	Similar	Similar	Similar
		0.00%	0.00%	0.00%
		\$ -	\$ -	\$ -
Other Physical Features	Slightly Irregular/ River Front	Similar	Inferior	Inferior
		0.00%	15.00%	15.00%
		\$ -	\$ 0.276	\$ 0.375
Zoning	C-2	R3	CL	MR-20-PD
		0.00%	0.00%	0.00%
		\$ -	\$ -	\$ -
Total Dollar Adjustments		\$ (0.119)	\$ 0.092	\$ (0.125)
<b>FINAL ADJUSTED SALES PRICE/SF</b>		<b>\$ 2.252</b>	<b>\$ 1.930</b>	<b>\$ 2.377</b>
<b>AVERAGE ADJUSTED SALES PRICE/SF</b>		<b>\$ 2.187</b>		
<b>CONCLUDED LAND VALUE/SF</b>		<b>\$ 2.00</b>		
<b>SUBJECT SQUARE FOOTAGE</b>		<b>162,478</b>		
<b>CONCLUDED LAND VALUE</b>		<b>\$ 324,956</b>		
<b>ROUNDED</b>		<b>\$ 325,000</b>		

**Land Value Conclusion**

After adjustments, the sale prices range from \$1.930 to \$2.377 per square foot, with an average of \$2.187. Based on these sales, the subject property is estimated to have a value near the average, at \$2.00 per square foot.

**Concluded Land Value – Before Acquisition**

	<i>Square Feet</i>	<i>X</i>	<i>Value/SF</i>	<i>=</i>	<i>Value</i>
Site Size	162,478	X	\$2.00	=	\$324,956
<b>Land Value Indication (Rounded):</b>					<b>\$325,000</b>

**Before Value – Larger Parcel 3**

The total before land value is \$325,000.

**Acquired Land Area**

An approximate 13,493 square foot area of land will be acquired in fee for the road project. The value of the larger parcel determines a unit value that is applied to the part taken.

**Concluded Land Value – Acquired Land**

	<i>Square Feet</i>	<i>X</i>	<i>Value/SF</i>	<i>=</i>	<i>Value</i>
Fee Area	13,493	X	\$2.00	=	\$26,986
<b>Land Value Indication (Rounded):</b>					<b>\$27,000</b>

The acquired land value for the Fee Area is estimated at \$27,000 rounded.

**Concluded Land Value – After Acquisition**

In the “after” condition the subject site contains approximately 148,985 square feet. It is my opinion the sales utilized in the “before” condition analysis are a reasonable indication for the “after” land value. Based on these sales, the remainder property is estimated to have a value of \$2.00 per square foot or \$298,000.

	<i>Square Feet</i>	<i>X</i>	<i>Value/SF</i>	<i>=</i>	<i>Value</i>
Site Size	148,985	X	\$2.00	=	\$297,970
<b>Land Value Indication (Rounded):</b>					<b>\$298,000</b>

**After Value – Larger Parcel 3**

The total after land value is \$298,000.

**Valuation of Temporary Limited Easement**

A Temporary Limited Easement area of 40,646 square feet will encumber the subject site. The Temporary Limited Easement consists of an irregular shaped area of land located within the eastern half of the subject site. This Temporary Limited Easement area is for water storage, grading and slope blending purposes. The proposed Temporary Limited Easement area that is to be encumbered, from the date of the appraiser’s final

inspection of the subject property (March 21, 2019, say April 1, 2019) to the end of construction (December 31, 2022). Therefore, for this appraisal, the full term of the proposed Temporary Limited Easement is assumed to be 45-months. The State will have the right to use the lands located within the Temporary Limited Easement area during the 45-month term.

We have researched equity dividend rates to determine an appropriate yield for the land. The table below indicates current safe rates within the market.

<b>Current Safe Rates January 2019</b>		
	<b>Term</b>	<b>Rate</b>
US Treasury Rate	6 months	2.50%
US Treasury Rate	1 year	2.60%
US Treasury Rate	2 years	2.62%
US Treasury Rate	3 years	2.60%
Corporate Bonds	2 years	3.33%
Corporate Bonds	5 years	3.61%
<b>Average</b>		<b>2.88%</b>
<b>Minimum</b>		<b>2.50%</b>
<b>Maximum</b>		<b>3.61%</b>

The rates above would need to be built up to reflect real estate risk and liquidity issues. A 500-basis point increase would yield an average return rate of 7.88 percent.

The results of relevant published investor survey data are summarized in the following table.

<b>SUMMARY OF INVESTOR SURVEYS DISCOUNT RATE</b>			
<i>Investor Survey</i>	<i>Discount Rate Range</i>	<i>Average</i>	<i>Date of Survey</i>
Realty Rates Investor Survey			
National Development Land Market	6.41%-22.06%	15.74%	4th Qtr. 2018

The subject property is in an average location and is considered to be within a stable market. The survey indicates an overall range of 6.41% to 22.06%. Because of the subject's size, location, and type, it is likely that the appropriate capitalization rate would be near the bottom of the range indicated in the preceding table. The quoted rates are for undeveloped land with many risk factors; therefore, we believe a rate under 10.00% would be appropriate for the subject property.

A ground lease was recently purchased by a regional investment group in Milwaukee County. We obtained the pertinent factors of the deal (interest rate, amortization schedule, equity requirement, and capitalization rate) and solved for the Equity Dividend Rate. The yielding rate was 8.80 percent.

I believe an appropriate return rate for the subject property would be 8.0 percent per year, or 0.667 percent per month, near the built up safe rate of 7.88 percent and below the referenced rate of 8.80 percent. This rate is applied for the time period under construction, approximately twenty-nine months. During the remainder of the Temporary Limited Easement period (16-months), WisDOT will not physically occupy the Temporary

Limited Easement area. We have applied a 3.0 percent rate of return per year, or 0.250 percent per month for the 16-months the Temporary Limited Easement is unoccupied.

Utilizing the unit value of \$2.00 per square foot would indicate a Temporary Limited Easement value of \$0.013 rounded per square foot per month ( $\$2.00/\text{SF} \times 0.667\% = \$0.01334$ ) for the time period under construction (approximately 29-months). Utilizing the unit value of \$2.00 per square foot would indicate a Temporary Limited Easement value of \$0.005 per square foot per month ( $\$2.00/\text{SF} \times 0.250\% = \$0.005$ ) for the time period the Temporary Limited Easement is unoccupied (approximately 16-months), indicating the following compensation for the Temporary Limited Easement.

#### Acquired Land Value Conclusion – Temporary Limited Easement

<i>Square Feet</i>		<i>Value/SF</i>		<i>Term/Mos.</i>		<i>Value</i>
40,646	X	\$0.013	X	29	=	\$15,323.54
40,646	X	\$0.005	X	16	=	\$3,251.68
Total						\$18,575.22
<b>Value Indication (Rounded):</b>						<b>\$18,600</b>

#### Valuation of Acquired Site Improvements

Portions of the site have asphalt paving that may be within the Fee Acquisition and Temporary Limited Easement areas. As this paving is older and does not contribute to the current or future use of the site no allocation for loss of paving is required.

#### Access

This property will continue to have access from the reconfigured drive near the northwest corner of Racine and Ahnaip Streets, similar to the before condition.

*Note:* The City of Menasha has studied this property (Banta) and the adjacent property (Gilbert) for future coordinated re-development. These plans illustrate an additional access road near the western line of the Banta property and across the Gilbert property. This additional access to the subject would likely enhance the developmental potential that does not exist in the before or after condition.

#### Severance Damage

No severance damage will occur due to the proposed acquisition. The highest and best use of the property will remain unchanged in the "before" and "after" condition.

**Allocation – Larger Parcel 3**

Market Value Before Acquisition:	\$325,000
Market Value After Acquisition:	\$298,000
Loss in Market Value:	\$27,000
Temporary Limited Easement (TLE):	\$18,600
Access Rights:	\$0
<b>Total Compensation:</b>	<b>\$45,600</b>

**Acquisition Allocation**

Land (Fee):	\$27,000
Existing Right-of-Way:	\$0
Site Improvements:	\$0
Temporary Limited Easement (TLE):	\$18,600
Cost to Cure:	\$0
Access Rights:	\$0
Severance to Land:	\$0
<b>Total Compensation:</b>	<b>\$45,600</b>

COMPENSATION AND ALLOCATION

In determination of the compensation allocation, I have considered all compensable items under Wisconsin Statute 32.09 (6) (a-g).

32.09 (6) In the case of a partial taking of property other than an easement, the compensation to be paid by the condemnor shall be the greater of either the fair market value of the property taken as of the date of evaluation or the sum determined by deducting from the fair market value of the whole property immediately before the date of evaluation, the fair market value of the remainder immediately after the date of evaluation, assuming the completion of the public improvement and giving effect, without allowance of offset for general benefits, and without restriction because of enumeration but without duplication, to the following items of loss or damage to the property where shown to exist:

- (a) Loss of land including improvements and fixtures actually taken.
- (b) Deprivation or restriction of existing right of access to highway from abutting land, provided that nothing herein shall operate to restrict the power of the state or any of its subdivisions or any municipality to deprive or restrict such access without compensation under any duly authorized exercise of the police power.
- (c) Loss of air rights.
- (d) Loss of a legal nonconforming use.
- (e) Damages resulting from actual severance of land including damages resulting from severance of improvements or fixtures and proximity damage to improvements remaining on condemnee's land. In determining severance damages under this paragraph, the condemnor may consider damages which may arise during construction of the public improvement, including damages from noise, dirt, temporary interference with vehicular or pedestrian access to the property and limitations on use of the property. The condemnor may also consider costs of extra travel made necessary by the public improvement based on the increased distance after construction of the public improvement necessary to reach any point on the property from any other point on the property.
- (f) Damages to property abutting on a highway right-of-way due to change of grade where accompanied by a taking of land.
- (g) Cost of fencing reasonably necessary to separate land taken from remainder of condemnee's land, less the amount allowed for fencing taken under par. (a), but no such damage shall be allowed where the public improvement includes fencing of right-of-way without cost to abutting lands.

**Allocation – Combined Larger Parcels**

Larger Parcel 1:	\$2,100
Larger Parcel 2:	\$178,200
Larger Parcel 3:	\$45,600
<b>Total Compensation:</b>	<b>\$225,900</b>

**ASSUMPTIONS AND LIMITING CONDITIONS**

- 1) The property description provided to the appraiser is assumed to be correct.
- 2) The appraiser is not a surveyor. Any maps or illustrations are provided to familiarize the reader with the property. Property dimensions are approximate.
- 3) No responsibility is assumed for matters of a legal nature affecting title to the property, nor is any opinion of title rendered. Property title is assumed to be good and merchantable unless otherwise stated.
- 4) Information furnished by others is believed to be true, correct and reliable. However, no responsibility for its accuracy is assumed by the appraiser.
- 5) All mortgages, liens, encumbrances, leases and servitudes have been disregarded unless so specified within the report. The property is assumed to be under responsible, financially sound ownership and competent management.
- 6) It is assumed that there are no hidden or unapparent conditions within the property, subsoil, or structures which would render the property more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies which may be required to discover them.
- 7) The appraiser is not qualified to detect hazardous materials within the property. Hazardous materials including, but not limited to, asbestos, solvents and other materials may affect the overall value of the property. The value conclusions in this report are predicated on the assumption that the property is clean. The appraiser reserves the right to amend this report if hazardous materials are discovered within the property. Buyers with concern of hazardous materials should procure a report from a qualified consultant prior to purchase.
- 8) Unless otherwise stated in the report, no environmental impact studies were either requested or made in conjunction with this report. The appraiser reserves the right to alter, amend, revise, or rescind any opinions of value based upon any subsequent environmental impact studies, research, or investigation.
- 9) It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless noncompliance is specified, defined and considered in this report.
- 10) It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless non-conformity has been specified, defined and considered in this report.
- 11) The appraiser is not required to give testimony or appear in court because of having made this report unless previous arrangements or contractual obligations require same.
- 12) Possession of this report or a copy hereof does not carry with it the right of publication. It may not be used for any purpose by any person other than the client without the written consent of the appraiser, and in any event, only with properly written qualification and only in its entirety.
- 13) Neither all nor any part of the contents of this report or a copy thereof shall be conveyed to the public through advertising, public relations, news, sales or any other media without the express written consent and approval of the appraiser. Nor shall the appraiser, client, firm, license or professional organization of which the appraiser is a member be identified without consent of the appraiser.
- 14) The liability of the appraiser, employees and subcontractors is limited to the client only. There is no accountability, obligation or liability to a third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraiser is in no way responsible for any costs incurred to discover or correct any deficiencies of the property.
- 15) Acceptance and/or use of this report constitutes acceptance of the foregoing assumptions and limiting conditions.



## MEMORANDUM

To: Board of Public Works

From: John Jacobs, Administrative Services Director

Date: May 16, 2019

RE: Summary Comments from 5/15/2019 Workshop for the USDA Loan Funding Proposal for the Financing of the New Public Works Facility

**Benefits for the Redevelopment Authority Fund of the City of Menasha:**

- The \$483,788 deficit position (as of 12/31/19) of the RDA Fund will be reversed and attain a positive fund balance by 12/31/2025.
- Additional Revenue Sources:
  - \$7,500 annual USDA loan administration fee paid to the RDA by the City
  - \$75,000 annual developer assistance payments from the City/TIF #12 to be paid to the RDA, to continue with the developer assistance payments needed for the marketing activities of the RDA, in order to sell all commercial and residential lots owned by the RDA.
  - Proposed 2.50% increase in TIF administration fees paid to the RDA for parcel administration by TIF #12. This increase would begin in 2020 and run through 2026, and then remain leveled off through 2031, or sooner, if all of the TIF #12 parcels have been sold prior to that year.

**Other Comments on the RDA Fund:**

- Lease payments would be made by the City to the RDA in the exact amount of the debt service payment for the USDA loan.
- Interest payments would begin in 2022.
- Principal payments would begin in 2025.
- A \$70,000 annual debt service reserve fund would be required to start to be funded in 2025, and be added to annually until a \$700,000 balance was accumulated by 2034. This balance would remain "restricted" for the last year's payment of the USDA Loan, or until time that the USDA Loan was refinanced in the future to some other form of debt issuance.
- A debt coverage ratio of 1.10 would be required beginning in 2022, and be recalculated annually, to assure that the operating revenues of the RDA Fund are sufficient to meet all operating/non-operating and USDA debt service payments. At first glance, the RDA Fund would exceed this debt coverage requirement during 2022-2031.



**Comments on the Overall Financial Status of the Debt Service Fund of the City of Menasha:**

- City staff and Ehlers (the City's financial advisors) have computed 3 scenarios in which the City could create a long-range plan for:
  - Meeting existing debt service payments of the City
  - Accommodate the proposed debt service amortization schedule of a 40-year, 30-year, or 22-year USDA loan for financing the New Public Works Facility.
  - Provide for an estimated \$1,200,000 annual additional capital borrowing for all future years of the City (excluding any TIF District projects).

**Assumptions made in the City's Debt Service Long-Range Plans:**

- Project a \$4,250,000 refinancing of the City's existing general obligation debt, to restructure the annual debt service payments of the City, while estimating interest rates to be in the 2.25% - 3.00% range for these refinanced bonds. This refunding issuance would be planned for summer 2019.
- Continue to utilize the annual \$659,622 Electric Utility PILOT (payment-in-lieu-of-taxes) payment to finance the City's annual debt service payments.
- Utilize 33.33% of the new taxes and exempt computer aid payments of the closed TIF Districts of #5, #6, and #9 to finance City debt service payments. This means that \$400,000 of annual "new" closed TIF dollars would be applied to the City's Debt Service Fund Program. However, \$800,000 (or 66.67%) of the "unused" TIF closed funds would still be available for tax relief to the taxpayers, to the help finance increases in the City's operating budget, or to be earmarked for any specific CIP projects that the Common Council wishes to identify in the future.
- The average estimate of \$1,200,000 of annual new CIP capital borrowing has been projected and inserted in for all future years at this point, beginning in 2020. The 2019 CIP Budget capital borrowing had an adopted amount of \$1,572,105 in the City budget. We are assuming a 20-year maturity with a 4.50% interest rate right now.
- Finally, we are assuming that an annual increase of \$50,000 (or an additional \$0.05 cents to the City's tax rate) would be requested during 2020-2033, until the Debt Service Tax Levy reached the \$1,750,000 level. At this point, the City could remain at the \$1,750,000 level for future years beyond 2033.

**In conclusion, 3 scenarios are presented which outline a 40-year, 30-year, and 22-year USDA Loan debt amortization schedule:**

- The City would initially agree to a 40-year debt amortization schedule for the USDA loan.
- **However, by 2034, the City would be able to INCREASE the debt service payment amount on the USDA loan to either payoff the debt within 30 years (2052), or within 22 years (2044), without the need to increase the Debt Service Tax Levy any higher than the long-range projections reflect at this point, if all assumptions are carried out as discussed previously above.**
- The City's Steam Plant debt would be paid off 100% in full by 2030.
- The City's existing debt service for all CIP projects through 2018 would be paid off in full by 2033.
- Therefore, the **year of 2034** would be the initial year that the City could make a policy change to ACCELERATE the USDA loan payment schedule, without any prepayment penalties incurred from the USDA loan program, and to pay off this USDA loan in a shorter time frame than 40 years.

# REQUEST FOR OBLIGATION OF FUNDS

<b>INSTRUCTIONS-TYPE IN CAPITALIZED ELITE TYPE IN SPACES MARKED ( )</b> <b>Complete Items 1 through 29 and applicable Items 30 through 34. See FMI.</b>					
<b>1. CASE NUMBER</b> ST CO BORROWER ID 58-070-*****1124		<b>LOAN NUMBER</b>	<b>FISCAL YEAR</b> 2019		
<b>2. BORROWER NAME</b> Menasha, The Redevelopment Authority of		<b>3. NUMBER NAME FIELDS</b> (1, 2, or 3 from Item 2)			
		<b>4. STATE NAME</b> Wisconsin			
		<b>5. COUNTY NAME</b> Winnebago			
<b>GENERAL BORROWER/LOAN INFORMATION</b>					
<b>6. RACE/ETHNIC CLASSIFICATION</b> 1 - WHITE      4 - HISPANIC 2 - BLACK      5 - A/PI 3 - AI/AN		<b>7. TYPE OF APPLICANT</b> 1 - INDIVIDUAL      6 - ORG. OF FARMERS 2 - PARTNERSHIP      7 - NONPROFIT-SECULAR 3 - CORPORATION      8 - NONPROFIT-FAITH BASED 4 - PUBLIC BODY      9 - INDIAN TRIBE 5 - ASSOC. OF FARMERS      10 - PUBLIC COLLEGE/UNIVERSITY 11 - OTHER		<b>8. COLLATERAL CODE</b> 1 - REAL ESTATE SECURED 2 - REAL ESTATE AND CHATTEL 3 - NOTE ONLY OR CHATTEL ONLY 4 - MACHINERY ONLY 5 - LIVESTOCK ONLY 6 - CROPS ONLY 7 - SECURED BY BONDS 8 - RLF ACCT	<b>9. EMPLOYEE RELATIONSHIP CODE</b> 1 - EMPLOYEE 2 - MEMBER OF FAMILY 3 - CLOSE RELATIVE 4 - ASSOC.
<b>10. SEX CODE</b> 1 - MALE 2 - FEMALE	<b>11. MARITAL STATUS</b> 1 - MARRIED      3 - UNMARRIED (INCLUDES 2 - SEPARATED      WIDOWED/DIVORCED)	<b>12. VETERAN CODE</b> 1 - YES 2 - NO		<b>13. CREDIT REPORT</b> 1 - YES 2 - NO	
<b>14. DIRECT PAYMENT</b> 2 (See FMI)	<b>15. TYPE OF PAYMENT</b> 1 - MONTHLY      3 - SEMI-ANNUALLY 2 - ANNUALLY      4 - QUARTERLY	<b>16. FEE INSPECTION</b> 1 - YES 2 - NO			
<b>17. COMMUNITY SIZE</b> 1 - 10 000 OR LESS (FOR SFH AND HPG ONLY) 2 - OVER 10,000		<b>18. USE OF FUNDS CODE</b> (See FMI)			
<b>COMPLETE FOR OBLIGATION OF FUNDS</b>					
<b>19. TYPE OF ASSISTANCE</b> 075 (See FMI)	<b>20. PURPOSE CODE</b> 1	<b>21. SOURCE OF FUNDS</b>	<b>22. TYPE OF ACTION</b> 1 - OBLIGATION ONLY 2 - OBLIGATION/CHECK REQUEST 3 - CORRECTION OF OBLIGATION		
<b>23. TYPE OF SUBMISSION</b> 1 - INITIAL 2 - SUBSEQUENT	<b>24. AMOUNT OF LOAN</b> \$2,015,000.00		<b>25. AMOUNT OF GRANT</b>		
<b>26. AMOUNT OF IMMEDIATE ADVANCE</b>	<b>27. DATE OF APPROVAL</b> MO DAY YR	<b>28. INTEREST RATE</b> 4.25 %	<b>29. REPAYMENT TERMS</b> 40		
<b>COMPLETE FOR COMMUNITY PROGRAM AND CERTAIN MULTIPLE-FAMILY HOUSING LOANS</b>					
<b>30. PROFIT TYPE</b> 1 - FULL PROFIT      2 - LIMITED PROFIT 3 - NONPROFIT					
<b>COMPLETE FOR EM LOANS ONLY</b>		<b>COMPLETE FOR CREDIT SALE-ASSUMPTION</b>			
<b>31. DISASTER DESIGNATION NUMBER</b> (See FMI)		<b>32. TYPE OF SALE</b> 1 - CREDIT SALE ONLY      2 - ASSUMPTION ONLY      4 - ASSUMPTION WITH SUBSEQUENT LOAN 3 - CREDIT SALE WITH SUBSEQUENT LOAN			
<b>FINANCE OFFICE USE ONLY</b>		<b>COMPLETE FOR FP LOANS ONLY</b>			
<b>33. OBLIGATION DATE</b> MO DA YR		<b>34. BEGINNING FARMER/RANCHER</b> (See FMI)			

If the decision contained above in this form results in denial, reduction or cancellation of USDA assistance, you may appeal this decision and have a hearing or you may request a review in lieu of a hearing. Please use the form we have included for this purpose.

Position 2

ORIGINAL - Borrower's Case Folder

COPY 1 - Finance Office

COPY 2 - Applicant/Lender

COPY 3 - State Office

## CERTIFICATION APPROVAL

For All Farmers Programs

EM, OL, FO, and SW Loans

This loan is approved subject to the availability of funds. If this loan does not close for any reason within 90 days from the date of approval on this document, the approval official will request updated eligibility information. The undersigned loan applicant agrees that the approval official will have 14 working days to review any updated information prior to submitting this document for obligation of funds. If there have been significant changes that may affect eligibility, a decision as to eligibility and feasibility will be made within 30 days from the time the applicant provides the necessary information.

If this is a loan approval for which a lien and/or title search is necessary, the undersigned applicant agrees that the 15-working-day loan closing requirement may be exceeded for the purposes of the applicant's legal representative completing title work and completing loan closing.

35. **COMMENTS AND REQUIREMENTS OF CERTIFYING OFFICIAL**  
Rural Development funds in the amount of \$2,015,000 in loan funds for construction of public works building. Approval of financial assistance is subject to the terms of the "Letter of Conditions" dated April 29, 2019.
36. I HEREBY CERTIFY that I am unable to obtain sufficient credit elsewhere to finance my actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near my community for loans for similar purposes and periods of time. I agree to use the sum specified herein, subject to and in accordance with regulations applicable to the type of assistance indicated above, and request payment of such sum. I agree to report to USDA any material adverse changes, financial or otherwise, that occur prior to loan closing. I certify that no part of the sum specified herein has been received. I have reviewed the loan approval requirements and comments associated with this loan request and agree to comply with these provisions.

(For FP loans at eligible terms only) If this loan is approved, I elect the interest rate to be charged on my loan to be the lower of the interest rate in effect at the time of loan approval or loan closing. If I check "NO", the interest rate charged on my loan will be the rate specified in Item 28 of this form. \_\_\_\_\_ YES \_\_\_\_\_ NO

**WARNING:** Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both."

Date \_\_\_\_\_, 20 \_\_\_\_\_  
*(Signature of Applicant)*

Date \_\_\_\_\_, 20 \_\_\_\_\_  
*(Signature of Co-Applicant)*

37. I HEREBY CERTIFY that all of the committee and administrative determinations and certifications required by regulations prerequisite to providing assistance of the type indicated above have been made and that evidence thereof is in the docket, and that all requirements of pertinent regulations have been complied with. I hereby approve the above-described assistance in the amount set forth above, and by this document, subject to the availability of funds, the Government agrees to advance such amount to the applicant for the purpose of and subject to the availability prescribed by regulations applicable to this type of assistance.

\_\_\_\_\_  
*(Signature of Approving Official)*

Typed or Printed Name: \_\_\_\_\_

Date Approved: \_\_\_\_\_ Title: \_\_\_\_\_

38. TO THE APPLICANT: As of this date \_\_\_\_\_, this is notice that your application for financial assistance from the USDA has been approved, as indicated above, subject to the availability of funds and other conditions required by the USDA. If you have any questions contact the appropriate USDA Servicing Office.

REQUEST FOR OBLIGATION OF FUNDS

<b>INSTRUCTIONS-TYPE IN CAPITALIZED ELITE TYPE IN SPACES MARKED ( )</b> <b>Complete Items 1 through 29 and applicable Items 30 through 34. See FMI.</b>			
<b>1. CASE NUMBER</b> ST CO BORROWER ID 58-070-*****1124		<b>LOAN NUMBER</b>	<b>FISCAL YEAR</b> 2019
<b>2. BORROWER NAME</b> Menasha, The Redevelopment Authority of		<b>3. NUMBER NAME FIELDS</b> (1, 2, or 3 from Item 2)	
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<b>17. COMMUNITY SIZE</b> 1 - 10,000 OR LESS (FOR SFH AND HPG ONLY) 2 - OVER 10,000		<b>18. USE OF FUNDS CODE</b> (See FMI)	
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<b>26. AMOUNT OF IMMEDIATE ADVANCE</b>	<b>27. DATE OF APPROVAL</b> MO DAY YR	<b>28. INTEREST RATE</b> 4.25 %	<b>29. REPAYMENT TERMS</b> 40
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35. **COMMENTS AND REQUIREMENTS OF CERTIFYING OFFICIAL**

Rural Development funds in the amount of \$9,000,000 in loan funds for construction of public works building. Approval of financial assistance is subject to the terms of the "Letter of Conditions" dated April 29, 2019.

36. I HEREBY CERTIFY that I am unable to obtain sufficient credit elsewhere to finance my actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near my community for loans for similar purposes and periods of time. I agree to use the sum specified herein, subject to and in accordance with regulations applicable to the type of assistance indicated above, and request payment of such sum. I agree to report to USDA any material adverse changes, financial or otherwise, that occur prior to loan closing. I certify that no part of the sum specified herein has been received. I have reviewed the loan approval requirements and comments associated with this loan request and agree to comply with these provisions.

(For FP loans at eligible terms only) If this loan is approved, I elect the interest rate to be charged on my loan to be the lower of the interest rate in effect at the time of loan approval or loan closing. If I check "NO", the interest rate charged on my loan will be the rate specified in Item 28 of this form. \_\_\_\_\_ YES \_\_\_\_\_ NO

**WARNING:** **Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both."**

Date \_\_\_\_\_, 20 \_\_\_\_\_  
*(Signature of Applicant)*

Date \_\_\_\_\_, 20 \_\_\_\_\_  
*(Signature of Co-Applicant)*

37. I HEREBY CERTIFY that all of the committee and administrative determinations and certifications required by regulations prerequisite to providing assistance of the type indicated above have been made and that evidence thereof is in the docket, and that all requirements of pertinent regulations have been complied with. I hereby approve the above-described assistance in the amount set forth above, and by this document, subject to the availability of funds, the Government agrees to advance such amount to the applicant for the purpose of and subject to the availability prescribed by regulations applicable to this type of assistance.

\_\_\_\_\_  
*(Signature of Approving Official)*

Typed or Printed Name: \_\_\_\_\_

Date Approved: \_\_\_\_\_ Title: \_\_\_\_\_

38. TO THE APPLICANT: As of this date \_\_\_\_\_, this is notice that your application for financial assistance from the USDA has been approved, as indicated above, subject to the availability of funds and other conditions required by the USDA. If you have any questions contact the appropriate USDA Servicing Office.

**LETTER OF INTENT TO MEET CONDITIONS**

Date \_\_\_\_\_

TO: United States Department of Agriculture

Rural Development

\_\_\_\_\_  
(Name of USDA Agency)603B Lakeland Road  
Shawano, WI 54166\_\_\_\_\_  
(USDA Agency Office Address)  
\_\_\_\_\_

We have reviewed and understand the conditions set forth in your letter dated 04-29-2019. It is our intent to meet all of them not later than 03-31-2020.

The Redevelopment Authority of the City of Menasha

\_\_\_\_\_  
(Name of Association)BY \_\_\_\_\_  
Chairperson\_\_\_\_\_  
(Title)

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a persons is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0015 and 0570-0062. The time required to complete this information collection is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data. needed, and completing and reviewing the collection of information.





United States Department of Agriculture

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April 29, 2019

Mr. Philip Vanderhyden  
The Redevelopment Authority of the City of Menasha  
100 Main Street  
Suite 250  
Menasha, WI 54952

RE: Community Facilities Project  
Direct Loan: \$11,015,000

Dear Mr. Vanderhyden:

This letter establishes conditions that must be understood and agreed to before further consideration will be given to your application. The loan will be administered on behalf of the Rural Housing Service (RHS) by the State and Area staff of USDA Rural Development, both of which are referred to throughout this letter as the Agency.

Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and concurred with by the Agency by written amendment to this letter. Changes made without obtaining prior Agency approval shall be cause for discontinuing processing of the application.

This letter is not to be considered as loan approval or representation as to the availability of funds.

If you agree to meet the conditions set forth in this letter and desire further consideration be given to your application, please complete and return the following enclosed forms no later than June 7, 2019:

- Form RD 1942-46, "Letter of Intent to Meet Conditions"
- Form RD 1940-1, "Request for Obligation of Funds"

The loan will be considered approved on the date Form 1940-1, "Request for Obligation of Funds," is signed by the Agency approving official and mailed to you.

If the conditions set forth in this letter are not met by March 31, 2020, the Agency reserves the right to discontinue processing your application.

The conditions are as follows:

Rural Development • Wisconsin State Office  
5417 Clem's Way • Stevens Point, WI 54482  
Voice (715) 345-7635 • Fax (855) 731-0161

"USDA is an equal opportunity provider, employer, and lender."

1. **LOAN AMOUNT:** The docket may be completed on the basis of a loan not to exceed **\$11,015,000.**
2. **PROJECT DESCRIPTION:** Construction of a public works building for use by the City of Menasha. The proposed facility will be located at existing site and is a 75,800 square foot building which includes a 12,000 square foot maintenance shop, 52,000 square foot vehicle storage bay and a 2,240 square foot wash bay. The building will have new office space, break room, sign and electrical shop, wood shop and a separate fabrication area for welding.
  - A. The proposed facility design must be based on the Preliminary Architectural Report (PER) concurred with by the Agency.
  - B. Facilities will be designed and constructed in accordance with sound architectural practices and must meet the requirements of Federal, State, and local agencies.
  - C. The use of funds must be in substantial compliance with the following cost estimate and financing plan. Any revisions in this financing plan must have prior Agency concurrence.

ITEM	RHS LOAN	TOTAL
Admin & Legal Services	\$75,000	\$75,000
Architect & Engr & Inspect	\$450,000	\$450,000
Construction	\$9,504,000	\$9,504,000
Equipment	\$264,000	\$264,000
Miscellaneous		\$0
Interest	\$200,000	\$200,000
Contingencies	\$522,000	\$522,000
Operation and Maint.		\$0
<b>PROJECT TOTALS</b>	<b>\$11,015,000</b>	<b>\$11,015,000</b>

3. **PROJECT COMPLETION TIME FRAME:** This project must be completed, and all funds disbursed within three (3) years of the date of obligation, which will be the Request for Obligation of Funds (Form RD 1940-1) is signed by the approving official. If funds are not disbursed within three (3) years of obligation, you must submit a written waiver request to the Agency. The extension request shall include an explanation of the extenuating circumstances beyond your control and the revised timeline for project completion and disbursement of all funds. The Agency will issue a written decision regarding your request.



**4. LOAN REPAYMENT TERMS: Mortgage Revenue Bond: \$11,015,000**

- A. Principal payments will be deferred for a period of 2 years. Interest only payments will be due on the first and second anniversary date of the loan closing.
- B. Twelve months after the second anniversary of the loan closing the first Principal will be due. Principal will be paid in 38 annual installments on anniversary date each year utilizing the schedule in the bond. Interest accrued on the unpaid principal balance will be paid in semi-annual installment. Regular payments shall be applied first to interest due through the next principal and interest installment due date and then to principal due in chronological order stipulated in the bond. The final principal payment will be due within 40 years of the date of closing. The interest rate will be 4.25% unless a lower rate is available on the date of closing. Should the interest rate be reduced, the payment will be recalculated. Bond counsel will establish the actual principal repayment schedule and include it as an attachment to the bond.
- C. The bond and any ordinance or resolution relating thereto must not contain any provision in conflict with the Agency Loan Resolution, applicable regulations, or its authorizing law. There must be no defeasance or refinancing clause in conflict with the graduation requirements of 7 U.S.C. 1983.

**5. PREAUTHORIZED DEBIT FOR PAYMENTS:** You are required to enter in to a Pre-Authorized Debit (PAD) Agreement for all new and existing Agency indebtedness which will go into effect prior to loan closing. This Agreement will authorize the Agency to electronically draw funds for payments when due.

**6. SECURITY:**

**A. MORTGAGE REVENUE BOND**

- 1. \$11,015,000 Mortgage Revenue Bond in first lien position with a pledge of all facility revenues. The loan will be repaid from lease revenues from the City of Menasha, which will be adjusted annually, and be equal to the debt service and debt reserve deposit.
- 2. Statutory Real Estate Mortgage Lien upon the facility including any additions or improvements to the facility.
- 3. A Reserve Account equal to \$700,000 to be used to pay principal and interest on the bond if there is a shortfall in the Special Redemption Fund.
- 4. Loan will be secured by Revenue Bond and backed by a Long-Term Lease Agreement with the City of Menasha. Bond Counsel to insert language to the effect the City as the Successor Agency in the event of the RDA's dissolution.

**B. CHATTEL LIENS**

- 1. Purchase price lien on all goods which are to become fixtures of the facility will be perfected with a Uniform Commercial Code (UCC) filing, at the Winnebago County Register of Deeds.
- 2. Purchase price line on all business assets associated with the facility, including an assignment of income, will be perfected with a Uniform Commercial Code (UCC) filing, at the Wisconsin Department of Financial Institutions.

7. **LEASE AGREEMENT:** The City of Menasha and The Redevelopment Authority of the City of Menasha (RDA) will enter into a lease contract having a term at least equal to the 40-year term of the Agency loan. The lease must be effective no later than the day of loan closing.
8. The City of Menasha, which is a party to the above-mentioned lease, will maintain a debt limit capacity such that its combined outstanding principal amount of general obligation bonds or notes or certificates of indebtedness plus \$700,000 (maximum annual debt service on the bonds) shall at no time exceed the City's constitutional debt limit.
9. Beginning in the year 2024, a debt service coverage ratio (DSCR) of at least 1.10 will be maintained with debt service to include the loan payments plus all required reserves. If the DSCR drops below 1.10 for any audited year, or quarterly financial report, then an independent management consultant shall be engaged at the expense of the Applicant to prepare a fiscal strategy report that documents how the debt service requirement will be met. This must be provided to RD no later than 90 days after any quarter in which the DSCR drops below 1.10. (Debt Service Coverage is defined as net income plus depreciation and amortization expense plus interest expense on structured debt divided by the sum of all structured debt payments including required reserve payments still due).
10. **TITLE EVIDENCE:** Prior to requesting closing instructions, you must provide evidence of title for the facility that is satisfactory to the Agency. This will include clear title to property owned or being purchased for the facility. All exceptions or requirements identified in the commitment for title insurance policy must be removed, waived, or complied with prior to loan closing.
11. **RESERVE REQUIREMENTS:** Reserves must be properly budgeted to maintain the financial viability and sustainability of the facility. Reserves are important to fund unanticipated emergency maintenance and repairs and assist with debt service, should the need arise. Reserves can also be established and maintained for the anticipated and expected expenses, including but not limited to operation and maintenance, customer deposits and depreciation of short-lived assets.
  - A. **Debt Service Reserve:** You must establish and fund a debt service reserve account equal to 10% of the total annual payment until you accumulate one annual installment which is \$700,000. Therefore, \$35,000 is to be deposited semiannually on same schedule as debt payments starting with first principal payment. This must be reported annually to the State Office **and included in the audit as a separate and identifiable line item.** This reserve is a required emergency fund for debt repayment, maintenance, and repairs, should the need arise. If the loan is outstanding, Agency concurrence is required to withdraw funds from this account. When funds are withdrawn during the life of the loan, deposits will continue as designated above until the fully-funded amount is reached. For any fiscal year end in which the debt service reserve account balance is less than the required account total, the applicant will provide the agency with a twelve-month budget and plan to correct the cash shortfall.

- B. **Short Lived Asset Reserve:** You must also fund a depreciation reserve for short-lived assets by depositing a sum to be determined annually and reflected in the annual budget for the facility.
- C. **Capital Asset Replacement Reserve:** Applicant is to fund a capital asset replacement reserve in an amount adequate to replace short term assets as recommended by the Applicant's architect and concurred with by the State Architect or Engineer. The amount will be based on the condition of the existing facility and the economic life of the proposed improvements. The Approval Official will ensure that the amount specified will still allow the Applicant to meet all financial covenants.

**12. PROJECT FUNDS:** All project funds will be deposited in a separate checking account to be used solely for this project. The account must be covered by the Federal Deposit Insurance Corporation (FDIC). A pledge of collateral should be obtained if deposits into the project account exceed FDIC limits.

- A. You must arrange for interim financing in the amount equal to the Agency loan through a commercial source. Interim financing funds will be expended after all other funding sources have been depleted, unless a written agreement is reached prior to the start of construction or loan closing, whichever occurs first, with all other funding sources on the order of the use of funds. Interest earned on interim financing investments, if any, will be considered project funds, and shall be deposited in the project account.
- B. All Agency loan funds will be disbursed via electronic funds transfer (EFT). The Agency will work with you to complete and submit the EFT account set-up information form at least thirty (30) days before the scheduled closing date.
- C. All project expenses must be reviewed and approved by the Agency prior to payment. The partial pay request and invoice and check information (number, date, & dollar amount) will be submitted to the Agency for review and concurrence prior to payment.
- D. The Agency will monitor and track all project expenses and will reconcile its records with the project account monthly using the bank statement.

**13. LOAN RESOLUTION (PUBLIC BODIES) (FORM RD 1942-47):** A draft is enclosed for your review. The governing board must adopt the resolution at a meeting prior to loan closing. The Chairperson and Executive Director Secretary must then certify the resolution at loan closing.

- A. Section 2 contains wording that requires refinancing when requested by the Agency.
- B. Section 6 contains wording that requires Agency approval before additional debt on the facility is incurred, as well as before the facility is sold, transferred, leased or otherwise encumbered.
- C. Section 14 contains wording that requires Agency approval before funds are withdrawn from the Debt Reserve Account.

**14. LICENSES AND PERMITS:** Provide evidence of permits and licenses from applicable regulatory agencies to construct, operate, and maintain the facility.

**15. PROFESSIONAL SERVICES:** Professional services may include architect, engineer, attorney, bond counsel, auditor, appraiser, environmental professionals, and financial advisor or fiscal agent. Contracts and other forms of agreement between the applicant and its professionals are furnished by the Agency. Agency concurrence is needed for each contract. For contracts exceeding \$25,000, the provider must also execute the Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion – Lower Tier Covered Transactions (Federal Form AD-1048).

**16. LEGAL ORGANIZATION AND BOND COUNSEL:** Prior to loan closing, you must provide evidence of being legally organized to construct, own, and operate the facility. An Agency approved bond counsel must be used to provide unqualified opinions concerning the following:

- A. The Redevelopment Authority of the City of Menasha is authorized to issue the bonds for the purpose in question and has followed proper procedures in doing so;
- B. The Redevelopment Authority of the City of Menasha is authorized to provide a real estate mortgage lien and a perfected UCC security interest in the chattel security as additional security for this loan.
- C. The bonds are valid and binding obligation of the Redevelopment Authority of the City of Menasha according to their terms; and,
- D. The interest paid on the bonds will be excludable from gross income for federal income tax purposes (subject to certain limitations which may be expressed in the opinion).
- E. The municipal attorney must provide an unqualified opinion that the Redevelopment Authority of the City of Menasha is legally organized to lease the facility.
- F. The final bond issue must be in the name of the Redevelopment Authority of the City of Menasha.
- G. Bond anticipation notes (if applicable) and final bond issue.

**17. PLANS AND SPECIFICATIONS:** All plans and specifications must be reviewed and approved by the Agency in writing. Specifications should allow for maximum free and open competition. The proposed facility must be of modest design, size, and cost. Procurement activities will not proceed until authorized by the Agency in writing. Failure to do so may result in the loss of Agency financing.

**18. PROCUREMENT METHOD: Construction Management Construction Contracts:**

- A. The owner must submit copies of the following information concerning the process used for selection of the Construction Management firm.
  - 1. Request for Proposals (RFP).
  - 2. List of firms invited to provide proposals.
  - 3. Criteria used to narrow the list of prospective firms to the semi-final list.
  - 4. Final criteria and scoring tabulation supporting the selection of the firm.
- B. The applicable AIA Document, A102-2007A201-2007, or AIA A133-1997 CMC with a GMP will be used, as well as the appropriate 1942-A, Guide 27 attachments - 2, 3, 4, & 5. Concurrence in the contract documents between the Owner and Construction

Manager must be received from the Office of General Counsel (OGC) and the Agency in writing before work can commence. Any stipulations from OGC and the Agency will be agreed to by the Owner and the Construction Management firm. All construction must be performed by bonded contractors. **All contract reviews must be completed, concurrences must be received, the docket shall be substantially complete, and closing instructions prepared before the Agency provides written permission to execute the contracts. Failure to do so may result in the loss of Agency funding.**

C. Construction Contracts:

1. **The Agency must review and concur in the contract documents, in writing, and authorize the advertisement for bids, in writing, before any procurement activities begin. Failure to do so may result in the loss of Agency financing.**
2. The invitation to bid for sub-contracts will be publicly advertised and conducted in a manner that provides maximum open and free competition. The time between the date of the first advertisement and the bid opening date shall be adequate to allow responsible bidders the opportunity to respond to the announcement.
3. Instructions to bidders should contain a clause for awards, which are subject to concurrence by the Agency, and the owner has a specified number of days (ordinarily 60 days) in which to accept the bid.
4. Immediately after the bid opening, you must provide the Agency with the bid tabulation, and recommendations for contract awards.

D. The Notice of Award may be issued when the Agency concurs in all the following:

1. The architect's recommendation.
2. Loan closing instructions can be met.
3. Adequate funds are available to pay for the total project costs.
4. Interim financing is in place.
5. All administrative conditions of approval have been satisfied.

**19. VEHICLE/EQUIPMENT PURCHASES:** Vehicles and equipment will be purchased through proposals or competitive negotiations. Documentation will be provided to the Agency documenting the search for vehicles or equipment following RD Instruction 1942 – A, 1942.18 (k). A copy of this instruction is attached. **The Agency shall review and approve the specifications prior to solicitation or advertisement. Failure to do so may result in the loss of Agency financing.**

A. You must:

1. Obtain a minimum of 2 proposals/quotes.
2. Submit a copy of the advertisement or request for quotes and a list of suppliers to whom the request was sent.
3. Send all quotes to suppliers via certified/return receipt to verify they received the request and submit a copy of that return receipt to the Agency.
4. Submit copies of all quotes received along with which supplier you select.
5. Lowest bidder will be accepted.
6. Submit copy of the board action accepting and acting on the selected bid

B. The contract may be executed when the Agency concurs in all the following:

1. Your procurement process and selected supplier.
2. Loan closing instructions can be met.

3. Adequate funds are available to pay for the total project costs.
4. Interim financing is in place, if applicable.
5. All administrative conditions of approval have been satisfied.

**20. EXCESS FUNDS REMAINING AFTER THE NOTICE OF AWARD & BEFORE CONSTRUCTION:** Obligated loan funds not needed to complete the proposed project will be deobligated prior to construction.

**21. COST OVERRUNS:** Cost overruns must be due to high bids or unexpected construction problems that cannot be reduced by negotiations, redesign, use of bid alternatives, rebidding or other means prior to consideration by the Agency for subsequent funding. Such requests will be contingent on the availability of funds. Cost overruns exceeding 20% of the development cost at the time of loan approval or where the scope of the original purpose changes will compete for funds with all other applications on hand as of that date.

**22. PRECONSTRUCTION CONFERENCE:** A Preconstruction Conference will be held prior to the issuance of the Notice to Proceed. The consulting architect will organize the meeting, track attendance, and take notes on the Record of Preconstruction Conference [Form RD 1924-16] or similar format. The consulting engineer will review the planned development with the Agency, owner, resident inspector, attorney, contractor, other funders, and other interested parties. A copy of the notes and attendance record will be provided to Agency

**23. ENVIRONMENTAL REQUIREMENTS:** As determined by the environmental review, the following mitigation measures are necessary:

- A. You will obtain all required permits for construction of the project.
- B. All planned ground disturbing activities that occur within the uncatalogued boundaries of the City of Thorns burial site, shall be monitored by a qualified archaeologist and any additional requirements are required by State Historic Preservation Office.
- C. Mitigation Measures required and enforced by others:
  1. You will limit work hours to minimize noise and traffic impacts, implement dust control measures, and utilize signage to promote safety during construction.
  2. The Wisconsin Department of Natural Resources (WDNR) best management practices will be utilized for erosion and sediment control. Best management practices include structural and non-structural measures, practices, techniques, or devices used to avoid or minimize soil, sediment, or pollutants carried in runoff to waters of the state.

**24. USE OF REMAINING FUNDS AFTER PROJECT COMPLETION:** The applicant contribution will be the first funds expended in the project, followed by other non-Agency sources of funds. Remaining funds may be considered in direct proportion to the amounts obtained from each source and handled as follows:

- A. Remaining funds may be used for eligible loan purposes, provided the use is consistent with the Preliminary Architectural Report approved by the Agency, will

not result in major changes to the original scope of work and the purpose of the loan remains the same.

- B. If it is determined before loan closing that there are Agency loan funds that will not be needed to complete the project, these funds will be de-obligated prior to loan closing, to adjust the loan amount and payments. If it is determined after loan closing that there are excess loan funds, the excess loan funds will be applied to the note as an extra principal payment. This action will not reduce the payment amounts.

**25. FINANCIAL REPORTING REQUIREMENTS:** By acceptance of these conditions you agree to submit:

**A. AUDIT FOR THE YEAR(S) IN WHICH LOAN FUNDS ARE EXPENDED:**

You are to contract with a Certified Public Accountant to conduct and provide an RDA separate and identifiable annual audited financial statements. The accountant shall complete an audit in accordance with Uniform Guidance and comply with Generally Accepted Government Auditing Standards (GAGAS) if you expend \$750,000 or more in Federal Financial Assistance per fiscal year. OR, If you expend less than \$750,000 in Federal Financial Assistance, you may submit a Revenue and Expense Statement (Form RD 442-2) and a Balance Sheet (Form RD 442-3) and footnotes in conformance with Generally Accepted Accounting Principles (GAAP).

**B. ANNUAL YEAR-END MANAGEMENT REPORT OR AUDIT:** The following criteria should be used to determine the type of report required:

1. An audit in accordance with Uniform Guidance if federal funds expended during the fiscal year are equal to or greater than \$750,000 and is due no later than 9 months after the end of the fiscal year.
2. A GAGAS audit if the Agency loan balance is equal to or greater than \$1,000,000 and is due no later than 150 days after the end of the fiscal year.
3. A Management/Compilation report if the Agency loan balance is less than \$1,000,000 and the entity has not expended over \$750,000 in federal funds during the fiscal year and is due no later than 60 days after the end of the fiscal year. A Statement of Budget, Income and Equity (Form 442-2) and Balance Sheet (Form RD 442-3) or a similar format of your own may be used.

**C. QUARTERLY MANAGEMENT REPORTS for the RDA:** For the first three (3) years after closing or until waived by the Agency. This report will include a Statement of Budget, Income, and Equity (Form 442-2) and will be due within 20 days after the end of the quarter. Agency regulations allow borrowers to be released from submitting quarterly reports if the borrower is.

1. Funding required accounts
2. Maintaining adequate insurance
3. Submitting all other required financial reports, and
4. Managing the facility responsibly.

**D. PROPOSED ANNUAL BUDGET:** Before October 15th of each year, you will develop a proposed budget for the next fiscal year. The proposed budget is to reflect adequate revenues to pay operating and maintenance expenses, debt service and other reserve requirements. The budget is to be submitted to the Agency for review prior to being adopted by the governing board.

**26. SYSTEM FOR AWARD MANAGEMENT (SAM):** The SAM registration must remain active, with current information, always during which you have an application under consideration by an agency or have an active Federal award. To remain registered in the SAM database after the initial registration, you are required to review and update on an annual basis from the date of initial registration or subsequent updates, your information in the SAM database to ensure it is current, accurate, and complete.

**27. INSURANCE AND BONDING REQUIREMENTS:** Insurance coverage will be submitted for Agency review and concurrence. If the Agency loan is outstanding, you must acquire the types of insurance and bond coverage shown below. The use of deductibles may be allowed providing you have the financial resources to cover potential claims requiring payment of the deductible. The Agency strongly recommends that you have your architect, attorney, and insurance provider review the proposed types and amounts of coverage, including any exclusions and deductible provisions. It is your responsibility and not that of the Agency to assure that adequate insurance and fidelity or employee dishonesty bond coverage is maintained.

- A. **General Liability:** Including vehicular coverage.
- B. **Property:** Prior to the acceptance of the facility from the contractor, you must obtain real property insurance (fire and extended coverage) on all facilities. The Agency will be listed as mortgagee on the policy when the Agency has a lien on the property.
- C. **Worker's Compensation:** For employees in accordance with appropriate State laws.
- D. **Position Fidelity Schedule Bond:** Position Fidelity Schedule Bond (Form RD 440-24) will be used unless you submit a written opinion acceptable to the Agency that you have insurance providing the coverage at least equal to that required in the Position Fidelity Schedule Bond. All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded. Each position will be bonded in an amount equal to the maximum amount of funds to be under the control of that position at any one time. The minimum coverage acceptable to the Agency will be for each position to be bonded for an amount at least equal to one annual installment, which is \$700,000.
- E. **Builder's Risk** with business interruption endorsement during construction is encouraged.

**28. CIVIL RIGHTS & EQUAL OPPORTUNITY:** You agree that you will comply with all applicable federal, state, and local laws and regulations. As a recipient of Agency program assistance, the attached Nondiscrimination Statement must be posted in your office and must be included on all print and non-print materials produced for public information, public education, or public distribution.

**29. CLOSING INSTRUCTIONS:** Your attorney is to provide guidance at loan closing. The Office of General Counsel, Milwaukee, WI, and the Agency will issue loan closing instructions. The docket shall be substantially complete and closing instructions prepared before contracts are executed. It is agreed that your officials and your attorney will provide and sign all evidence, forms, documents, and agreements necessary to compete the docket and to close the loan.



Information and regulations referenced in this letter may be found at our website:  
[www.rd.usda.gov](http://www.rd.usda.gov).

If you have any questions, please contact Jennifer Engel, Community Programs Specialist at the Shawano Area Office at (715) 524-8522, extension 109 or via email at [jennifer.engel@usda.gov](mailto:jennifer.engel@usda.gov).

Sincerely,

**NATHAN  
BILLINGHURST**

Digitally signed by NATHAN  
BILLINGHURST  
Date: 2019.04.30 09:22:46 -05'00'

NATHAN L. BILLINGHURST  
Community Programs Director

NLB/jle

Enclosures

cc: Jennifer Engel, Community Programs Specialist

Mark Keating, Architect

Pamela Captain, Attorney

Josh Radomski, Public Works Director

John Jacobs, Administrative Services Director