

**Report Type**  
Appraisal Report

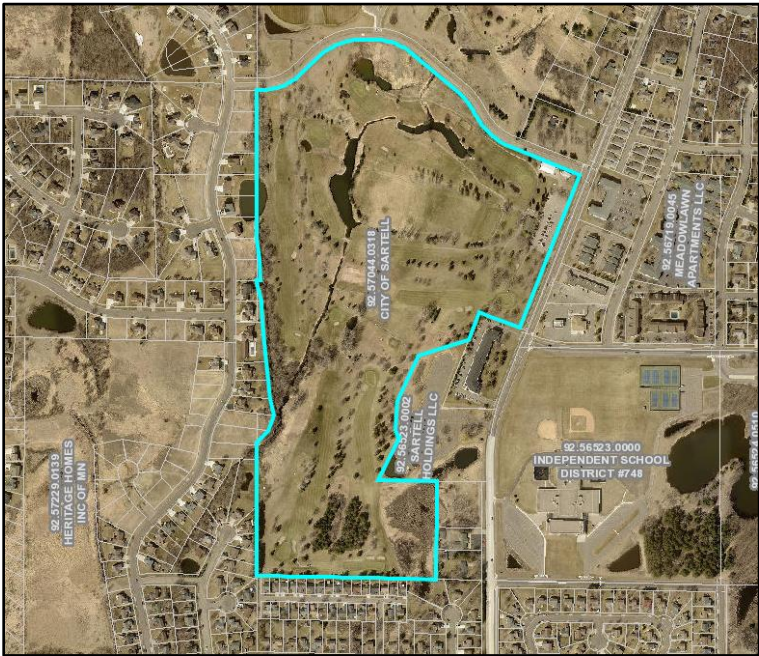
**Effective Date**  
April 25, 2022

**Client**

City of Sartell  
Attn: Rob Voshell, Finance Director  
125 Pinecone Road North  
Satell, MN 556377

**Subject Property**

**Leased Golf Course**  
801 Pine Cone Road North  
Sartell, Stearns County, Minnesota 56377  
**Owner: City of Sartell**



**File # G2203012 – Golf Course**

**Prepared By:**  
Erin Waytas, MAI, Appraiser  
William R. Waytas, Appraiser

**Nagell Appraisal Incorporated**  
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Tel: 952.544.8966 | Fax: 952.544.8969



# NAGELL APPRAISAL INCORPORATED

12805 Highway 55, #300  
Plymouth, MN 55441  
*Established in 1968*

Phone: 952-544-8966  
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City of Sartell  
Attn: Rob Voshell, Finance Director  
125 Pinecone Road North,  
Sartell, MN 56377

June 14, 2022

To Rob Voshell:

In accordance with your request, an **appraisal report** has been made on the following described property:

**Subject Property:** Leased Golf Course  
801 Pine Cone Road North  
Sartell, MN 56377

Described below is a summary of the appraisal report contained herein.

## **Property Overview**

This appraisal report reflects the data found and the conclusions from an appraisal of a property located at 801 Pine Cone Road North, Sartell. **The subject is known as Pine Ridge Golf Course.**

The property is a 9-hole golf course open to the public with an onsite clubhouse. The entire course sits on about 81.38 acres and has mostly level topography with scattered low areas and wooded areas.

The subject is owned by the city of Sartell who purchased the property in 2008. The property at time of sale was a larger golf course, which since then, the city has split off and developed. Presently the current golf course (the subject of this appraisal), is tenant occupied and there is about 10-years remaining on the lease. The subject is currently zoned residential however, guided for Park. There is reportedly a deed restriction, 30-40 years in length, which requires the subject to operate as a golf course; no documents provided to appraiser. Appraised value assumes the subject does not have immediate redevelopment potential, if found to be otherwise, appraised value could differ.

Given the subject is leased two values will be provided: fee simple and leased fee. The fee simple going concern value will be valued using sales of competing golf courses to determine the value. This will reflect the real estate value and allocation for FF&E, no business value is included.

The leased fee going concern value will be the value of the property with the current lease in-place which will look at the net present value of lease payments plus the residual value of the property at the end of the lease.

The owner of the property is considering selling off a 1.2-acre portion of the golf course for a restaurant use. The appraised does not take this into consideration.

The current use as a golf course is considered to be a special use property.

**Note:** Full impact of the COVID-19 pandemic is still not fully known at this time.

**Intended Use**

Decision making regarding a potential sale by the city

**Intended User(s)**

City of Sartell

**Extraordinary Assumptions**

Appraised value assumes continued operation with good quality management going forward and the current use is financially feasible. If otherwise, appraised value could differ.

It was reported that there is a deed restriction on the subject site and must be used as a golf course. If it is found the subject could have redevelopment potential for an alternative use i.e. residential, the appraised value could differ.

**Hypothetical Conditions**

None

**Property Rights Appraised**

- *Leased Fee & Fee Simple:* The golf course is currently leased to a tenant (land lease). Fee simple interest and leased fee will be provided.

**Property Components Appraised**

- *Real Estate:* The appraised value includes the real estate value opinion.
- *Furniture, Fixtures, & Equipment (FF&E):* Appraised value includes real estate and all FF&E needed to operate the subject as a functional golf course with a restaurant/bar, banquet/meeting facility, golf academy, etc., including, but not limited to, the following: golf carts, lawn mowers, other landscaping equipment, all kitchen and bar equipment, coolers, table, chairs, etc.  
  
FF&E valuation in this report is not itemized; it is based on the allocation/lump-sum methodology and industry standards. If the FF&E were to be appraised separately, value could differ. Appraised value does not include inventory of merchandise, food, or goods.
- *Business Value:* Not provided or included. Real estate only.

**Highest and Best Use Conclusions**

- *As Vacant:* Speculate for residential development
- *As Improved:* Continue the existing golf course use.

**Valuation Methodology**

Given the highest and best use, the following approaches are used:

- *Cost Approach:* Not applied due to subjective depreciation estimates. Furthermore, the subject likely has limited appeal/potential for redevelopment due to established course and leased nature.
- *Sales Comparison Approach:* Golf course sales which are similar to the subject.
- *Income Approach:* No financials provided, as such, not applied.

Letter of Transmittal – Continued

The following value is concluded:

<b>FINAL VALUE OPINION (as-is): Real Estate Only – Leased Fee</b>	<b>\$775,000</b>
<b>FF&amp;E (allocation only):</b>	<b>\$60,000</b>
<b>Business Value</b>	<b>Not Included*</b>
<b>Going-Concern</b>	<b>\$835,000</b>

<b>FINAL VALUE OPINION (as-is): Real Estate Only – Fee Simple Interest</b>	<b>\$840,000</b>
<b>FF&amp;E (allocation only):</b>	<b>\$60,000</b>
<b>Business Value</b>	<b>Not Included*</b>
<b>Going-Concern</b>	<b>\$900,000</b>

*If the FF&E is appraised separately, value could differ.*

### **Exposure Time / Marketing Time**

<b>Exposure Time:</b>	Final values reflect “market exposure” time of under 1 year <u>before</u> the effective date of the appraisal. Changes in the market, use, lease and/or building subsequent to the effective appraisal date could impact value.
<b>Marketing Time:</b>	Marketing times for appropriately priced properties is generally 6 to 18 months +/-.

Our company has 12 employees, has been in business since 1968 and has sufficient knowledge, education, experience, resources and/or contacts to competently complete this assignment. The accompanying report contains data secured from my personal investigation and from sources considered to be reliable; however, correctness is not guaranteed. To the best of my knowledge and belief, the statements contained in this report are true and correct. Neither my employment to make this appraisal, nor the compensation, is contingent upon the value reported. This report has been prepared in conformity with the code of professional ethics and standards of professional appraisal practice of the Appraisal Institute and appraisal standards set forth by Uniform Standards of Professional Appraisal Practice.

Please contact us if you have further questions.

Sincerely,



Erin Waytas, MAI  
Certified General MN 40368620



William R. Waytas  
Certified General MN 4000813

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**SUBJECT PHOTOGRAPHS**



**Looking east on Central Park Boulevard**



**Looking west on Central Park Boulevard**



**Looking north on Pine Cone Road North**



**Looking south on Pine Cone Road North**

Subject Photographs – continued



**Clubhouse – Exterior view**



**Clubhouse – Exterior view**



**Clubhouse – Exterior view**



**Clubhouse – Bar**

Subject Photographs – continued



**Clubhouse – Seating / Dining**



**Clubhouse – Kitchen**



**Clubhouse – Bathroom**



**Clubhouse – Mechanicals**

Subject Photographs – continued



**Outbuilding A - Exterior**



**Outbuilding A - Interior**



**Outbuilding A - Interior**



**Outbuilding A - Interior**

Subject Photographs – continued



**Outbuilding B - Exterior**



**Outbuilding B - Interior**



**Outbuilding B - Interior**



**Outbuilding B - Interior**

Subject Photographs – continued



**Course view**



**Course view**



**Course view**



**Parking lot**

## **VALUE TYPE, CONDITION & STABILITY OF PROPERTY**

<b>Type of Value:</b>	This report provides an opinion of <b>Market Value</b> .
<b>Condition of Value:</b>	This report provides an opinion of the <b>as-is</b> values.
<b>Occupancy:</b>	The subject is leased to a tenant. Property has operated as a golf course for an extended period. Golf courses are typically owner-operated.

## **INTENDED USE OF THE APPRAISAL**

<b>Intended Use:</b>	<p>The client intends to use the appraisal for <u>decision making regarding a potential sale by the city</u>.</p> <p>No party, other than the named client and listed intended users, may use or rely upon any part of this report without the prior written authorization of both the named client and the appraiser. This report is not valid unless it contains the original signatures in blue ink. Any unauthorized third party relying upon any portion of this report does so at its own risk.</p>
<b>Intended User(s):</b>	<b>City of Sartell</b>

## **DATE OF APPRAISAL**

<b>Effective Date:</b>	<b>April 25, 2022</b>
<b>Inspection Date:</b>	<b>April 25, 2022</b>
<b>Date of Report:</b>	June 14, 2022

## SCOPE OF THE APPRAISAL REPORT

**USPAP defines Scope of Work as: The type and extent of research and analyses in an assignment.**

For each appraisal, appraisal review and appraisal consulting assignment, an appraiser must:

- 1) *Identify the problem to be solved,*
- 2) *Determine and perform the scope of work necessary to develop credible assignment results; and*
- 3) *Disclose the scope of work in the report.*

1) Provide a reasonably supported value opinion as it relates to the intended use & scope.

2) Per assignment request (engagement letter retained in workfile), the following degree of research and analysis has been made. The narrative format used is an **Appraisal Report**, which is intended to comply with the reporting requirements set forth under Standards Rule 2-A of USPAP. See individual approaches for further detail.

**The scope of work for this appraisal includes:**

- **a) *Property Identification:*** Public record, plat maps, zoning maps and aerial photographs were used to identify the subject property.
- **b) *Property Inspection:*** A viewing of the subject property (interior of available space and exterior) and neighborhood by the appraiser. *Physical factors:* Based on property viewing and conversations with the client, city and county officials. Lot size is based on county information. *Economic Factors:* Consisted of gathering of information from market experts, city and/or county offices, and internet about the region, community, neighborhood, zoning, utilities, and any pending projects in the area that may affect the subject property.
- 3) • **c) *Extent of Data Researched:*** Sales data of competing properties within the subject market area were given primary consideration. The most relevant data is used in this report. Sources include, appraiser data files, assessor, internet, developers, agents, MLS, periodicals, in-office library, etc. In addition, during the course of appraisal practice and of this appraisal process, the appraiser has had ongoing discussions with market participants (buyers, sellers, property managers, real estate agents/brokers, appraisers, etc.) and/or viewed market data in relation to how the current real estate market may impact the subject value. The appraiser has not researched the title or ownership records.
- **d) *Type and Extent of Analysis Applied at Opinions or Conclusions:*** An extensive review of market data was performed. The most recent, similar and proximate data has been used. The data used will be adjusted on a grid. Reasonable and appropriate collection, verification, analysis and viewing has been performed in the valuation approaches, given the purpose and intended use of the report. A final value opinion will be discussed and correlated.

The data used was obtained from sources considered credible, yet its accuracy is not guaranteed. If found otherwise, value could differ.

## **PROPERTY RIGHTS APPRAISED**

Real property ownership consists of a group of distinct rights. There are two primary property rights, Fee Simple and Leased Fee (as defined by The Appraisal of Real Estate, 13<sup>th</sup> Edition, Appraisal Institute).

**Fee Simple Interest:** 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.

Note: This would typically reflect an owner-occupied property. When the property rights appraised are the unencumbered fee simple interest of the real estate, the appraised value is subject to normal easements for drainage, public streets and utilities, if any. The effect of any existing mortgage or delinquent taxes on the subject property has not been considered in this appraisal.

**Leased Fee Interest:** The ownership interest held by a lessor (landlord), which includes the right to the contract rent specified in the lease plus reversionary right when the lease expires. The lessor's interest in a property is considered a leased fee interest regardless of the duration of the lease, specified rent, the parties to the lease, or any of the terms in the lease contract.

A leased property, even one with rent that is consistent with market rent, is appraised as a leased fee interest, not as a fee simple interest. Even if the rent of the lease terms are not consistent with market terms, the lease fee interest must be given special consideration and is appraised as a leased fee interest. (The Appraisal of Real Estate, 13<sup>th</sup> Edition, Page 114)

The property is tenant occupied. Therefore, the appraised value reflects the **leased fee**. The **fee simple interest** is also provided.

## **PROPERTY COMPONENTS APPRAISED**

**Real Estate:** The appraised value includes the real estate value opinion. The methods utilized for the real estate valuation include:

- Sales Comparison Approach

**FF&E:** *Furniture, Fixtures, & Equipment (FF&E):* Appraised value includes real estate and all FF&E needed to operate the subject as a functional golf course with a restaurant/bar, banquet/meeting facility, golf academy, etc., including, but not limited to, the following: golf carts, lawn mowers, other landscaping equipment, all kitchen and bar equipment, coolers, table, chairs, etc.

FF&E valuation in this report is not itemized; it is based on the allocation/lump-sum methodology and industry standards. If the FF&E were to be appraised separately, value could differ. Appraised value does not include inventory of merchandise, food, or goods.

**Business Value:** Not provided or included. Real estate only.

## IDENTIFICATION

<b>Address:</b>	801 Pine Cone Road North Sartell, MN 56377
<b>County PID:</b>	92-57044-0318
<b>Legal:</b>	Block 002 Lot 002 SubdivisionCd 92264 SubdivisionName PINECONE CENTRAL PARK Section 17 Township 125 Range 028
<b>Fee Owner:</b>	City of Sartell
<b>Census Tract #:</b>	0101.02

## REAL ESTATE TAXES

Taxes, per County Records										
	Payable 2022	Payable 2023								
Tax	n/a	n/a								
Tax ratio	n/a	n/a								
Special Assessments / Solid Waste Fee / Other	n/a	\$0								
Total Tax & Assessments:	n/a	n/a								
Delinquent taxes:	None noted									
COUNTY ASSESSOR'S VALUE										
	Payable 2022	Payable 2023								
Land	n/a	n/a								
Building	n/a	n/a								
<b>TOTAL</b>	<b>\$653,400</b>	<b>n/a</b>								
<b>\$ per Hole</b>	<b>\$72,600</b>	n/a								
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;">Typical Tax Ratios by Property Type</th> </tr> </thead> <tbody> <tr> <td>Commercial (retail, office, industrial, hotel, other, etc.)</td> <td style="text-align: center;">1.5% – 4.0%</td> </tr> <tr> <td>Residential (multi-family, apartment, etc.)</td> <td style="text-align: center;">0.9% – 1.5%</td> </tr> <tr> <td>Single-family dwellings</td> <td style="text-align: center;">0.8% – 1.5%</td> </tr> </tbody> </table>			Typical Tax Ratios by Property Type		Commercial (retail, office, industrial, hotel, other, etc.)	1.5% – 4.0%	Residential (multi-family, apartment, etc.)	0.9% – 1.5%	Single-family dwellings	0.8% – 1.5%
Typical Tax Ratios by Property Type										
Commercial (retail, office, industrial, hotel, other, etc.)	1.5% – 4.0%									
Residential (multi-family, apartment, etc.)	0.9% – 1.5%									
Single-family dwellings	0.8% – 1.5%									
<p>The appraised value given in this report assumes any/all special assessments, and/or liens are paid in full and that there are no delinquent taxes, fees, payments, association dues, etc. Should it be found that any of these exist the amount should be deducted from the appraised value. Appraiser did not research these items; typically, a title search would reveal any of these.</p>										
<b>Comments</b>	The subject is tax exempt given the city is the owner.									

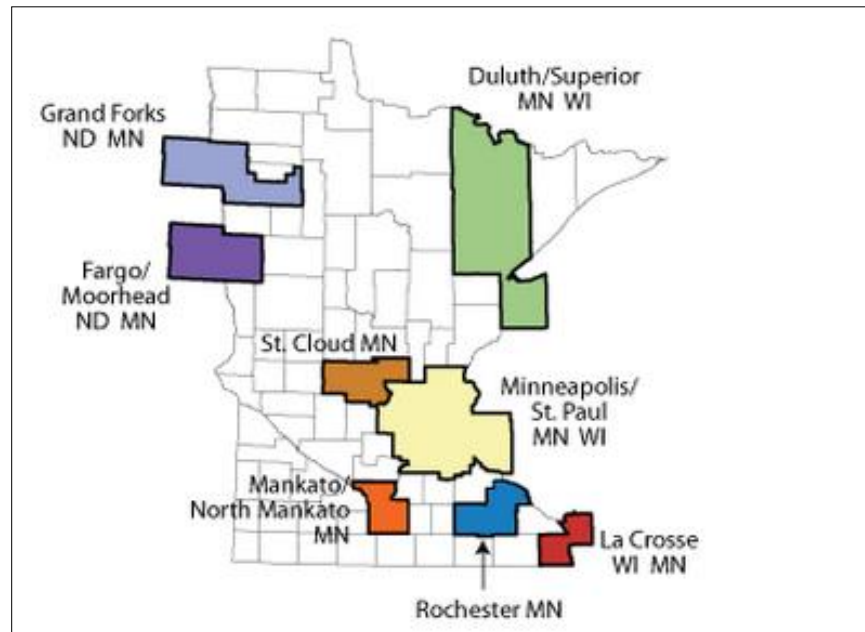
## SUBJECT SALES & BUILDING HISTORY

<b>Listing History:</b>	The subject does not appear to be publicly listed for sale.	
<b>Sales History:</b>	<b>Sale Price:</b>	<b>\$3,320,000 – real estate only</b>
	<b>Sale Date:</b>	Mid-2008
	<b>Buyer:</b>	City of Sartell
	<b>Seller:</b>	Z & L Corporation
	<b>Terms:</b>	Typical
	<b>Source:</b>	Purchase agreement
	<p>The total purchase price was \$3,425,000 which included \$105,000 of personal property, not included in above. It appears there may have been other factors that impacted the sale.</p> <p>The sale reflected a functioning 18-hole golf course. The city split the golf course and developed a portion, resulting in a 9-hole golf course which is leased to Boulder Ridge Golf Club. The original lease was 10-years.</p>	
<b>Pending Sale:</b>	The current tenant, Boulder Ridge Golf Club, is interested in potentially purchasing the subject for owner-occupancy. No purchase agreement reported.	
<b>Building History:</b>	The subject was originally part of an 18-hole golf course, but a portion was developed resulting in a 9-hole golf course. The clubhouse was built in 1982. Property has operated as a golf course for an extended period.	
<b>Lease History:</b>	The subject is leased.	
<b>Leasehold Interest:</b>	See report for details.	
<b>Association Dues:</b>	None, the subject is not part of a common interest community.	

## REGIONAL DATA

**Regional Hub - Twin Cities Metro Area (TCMA):** Minneapolis-Saint Paul is the most populous urban area in the state of Minnesota, United States, and is composed of 186 cities and townships. Built around the Mississippi, Minnesota and St. Croix rivers, the area is also nicknamed The Twin Cities for its two largest cities, Minneapolis and Saint Paul, the former the larger and the latter the state capital.

The area is part of a larger U.S. Census division named Minneapolis-St. Paul-Bloomington, MN-WI, the country's 16th-largest metropolitan area composed of eleven counties in Minnesota and two counties in Wisconsin. This larger area in turn is enveloped in the U.S. Census combined statistical area called Minneapolis-St. Paul-St. Cloud, MN-WI with an estimated population of 3.5 million people in 2006, ranked the 13th most populous in the U.S. In both of the fully developed central cities--Minneapolis and St. Paul--the population has declined due to smaller household sizes, yet growth in other areas of their counties has been offsetting.



Statistical Area	Population 2019
Minnesota	5,640,000
Minneapolis-St Paul-Bloomington, MN-WI Metro SA	3,640,043
Duluth, MN-WI Metro SA	289,383
Fargo-Moorhead, ND-MN Metro	246,145
Rochester, MN Metro SA	221,921
St Cloud, MN Metro SA	201,964
La Crosse, WI-MN Metro SA	136,616
Grand Forks, ND-MN Metro SA	246,145
Mankato, MN Metro SA	101,927

Regional Data – continued

**Economic Trends**

The current residential interest rates for a typical 30-year mortgage are around 4.0% to 6.50%. Commercial rates are around 4.0% to 7.00%. Rates are expected to be relatively stable for the foreseeable future.

The state of the macro economy (national, state, etc.) declined from its peak in 2006, but in 2010 began showing signs of recovery. Many economists are terming 2007 through 2009 as **“The Great Recession”**.

New construction labor costs have steadily increased, along with material costs as well. Overall, construction costs are less competitive to what they were 5 to 6 years ago. Generally, when vacancy is over 10%, new commercial/industrial construction is slow.

Listing prices have been increasing steadily since 2012 +/- and are starting to approach peak levels similar to the market in 2006, which was a period of high seller expectations. However, recent buyer and seller expectations regarding value and list prices appear to be trending towards equilibrium.

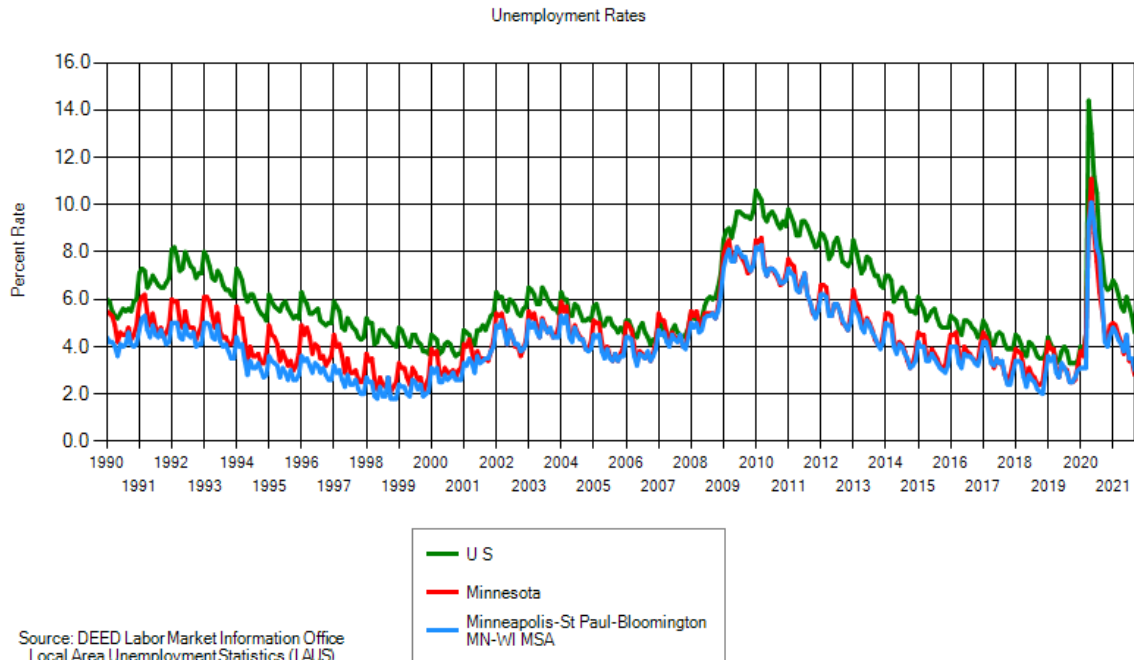
Although well diversified, the TCMA and surrounding Minnesota economy is not immune to the recent soft/declining trends of the overall economy.



Source: Minnesota DEED

The recent COVID-19 pandemic created a significant drop in the economy due to high unemployment and decreased spending. Both Minnesota and the nation are in a period of uncertain recovery.

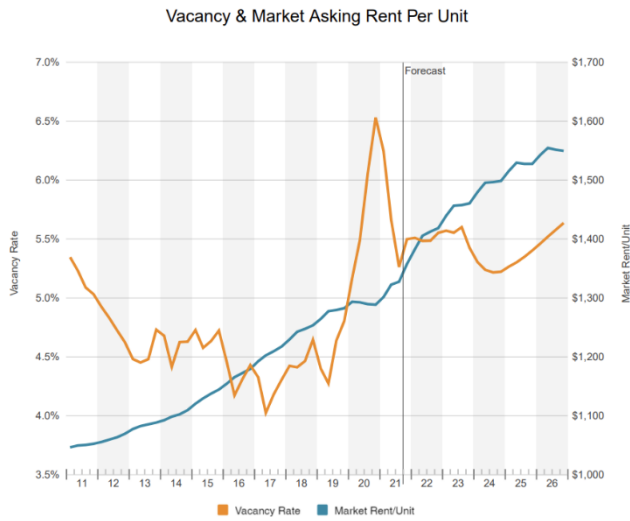
## EMPLOYMENT & LABOR



Over the past ten years, unemployment rates have gone from a peak of around 7.0% to near historical lows of around 2% in late 2018. In 2020, the COVID-19 pandemic created a significant spike in the unemployment rate. The most recent data, shown below, indicates that the rate has dropped significantly and is approaching 2019 levels.

Regional Data – continued

**APARTMENT MARKET**



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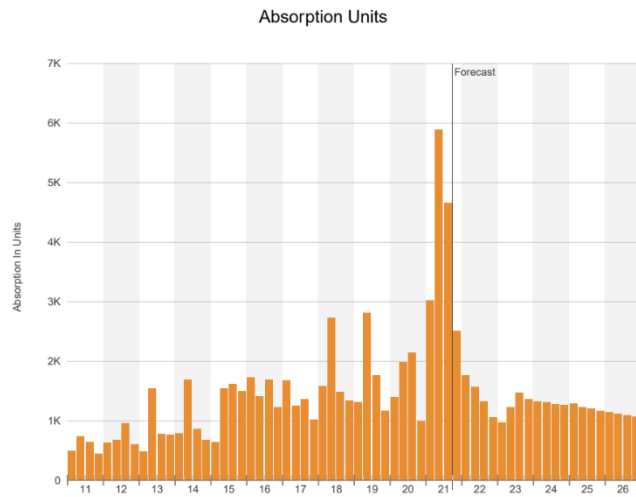
11/17/2021

CoStar reports that rents have been trending upward consistently for the past 10+ years. The current average asking rate for an apartment unit in the Twin Cities Metro is around \$1,350 per month.

Vacancy has fluctuated but was trending downward until 2020. The COVID-19 pandemic caused a spike in vacancy, which has since been declining.

However, vacancy is higher due to significant new construction, both in Minneapolis and surrounding suburbs.

The following chart shows the annual absorption of apartment units:



© 2021 CoStar Realty Information Inc.

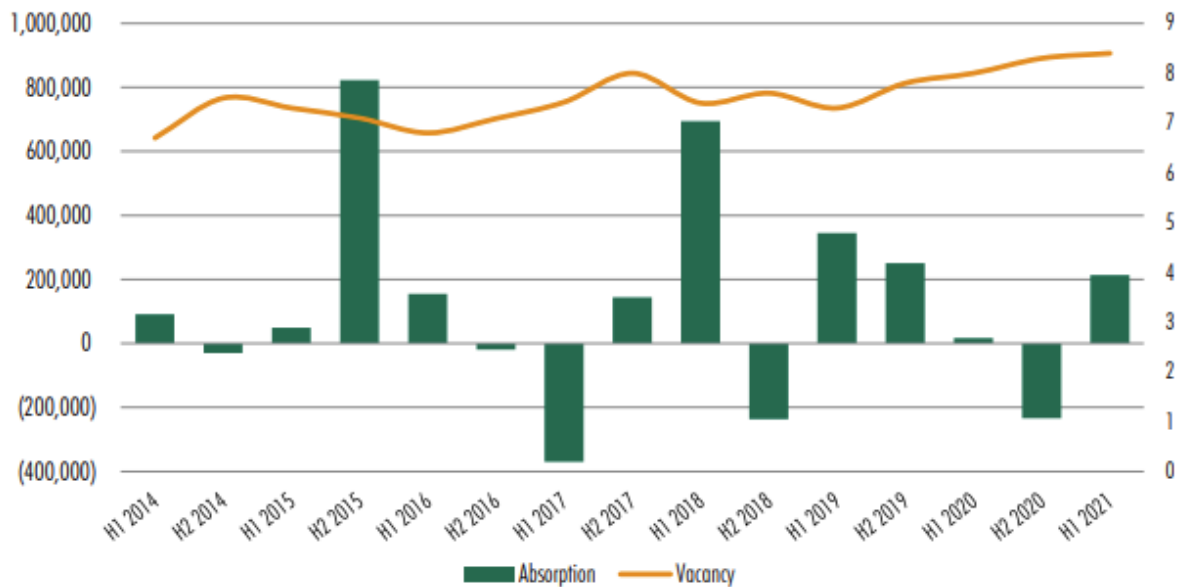
11/17/2021

Regional Data – continued

**RETAIL MARKET**



Figure 1: Direct Vacancy Rate and Absorption



Source: CBRE Research, H1 2021.

CBRE indicates that current retail vacancy rates have been increasing and asking rent rates have been declining. There has been absorption of vacant space in the market, however, many developers are cautious about new retail construction. Strong locations retain typical demand; more speculative retail construction generally does not occur.

Similarly, Cushman & Wakefield also shows stagnating retail asking rents and increasing vacancy:

**RENT / VACANCY RATE**

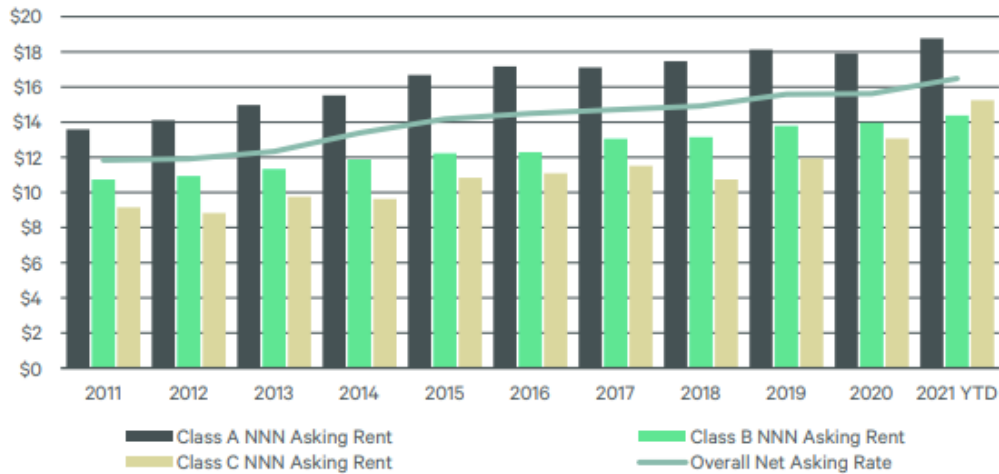


Regional Data – continued

**OFFICE MARKET**

CBRE data shows that asking rents for the overall office market have generally been increasing. This has also corresponded with an increase in vacancy rates as well. With the COVID-19 pandemic, many employers and workers realized that working remotely was a viable option. It is anticipated that many more companies will offer remote work full-time or part-time; this could impact office space as companies need less square footage. The counterpoint, however, is that companies might retain the same space and create social distancing opportunities in case of possible future COVID-19 flare-ups.

FIGURE 1: Historical Annual Net Asking Rates



Source: CBRE Research, Q3 2021.



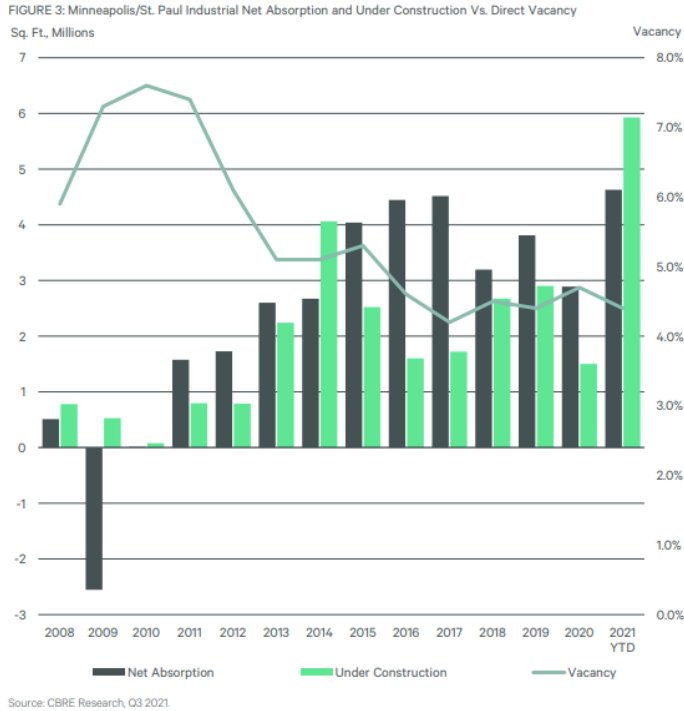
Source: CBRE Research, Q3 2021.

Regional Data – continued

**INDUSTRIAL MARKET**

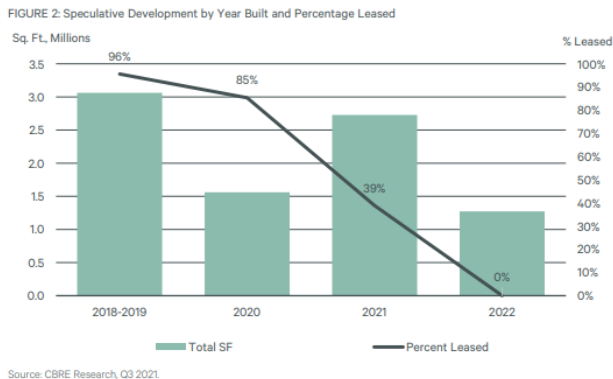
The industrial market nationwide has seen increases in rental rates and occupancy. Construction costs have been increasing as well, due to shortages created by the COVID-19 pandemic. In Minnesota the trend is similar to the country overall, vacancy has decreased, construction of new buildings is significant,

CBRE indicates that vacancy has been dropping, construction starts have increased, and absorption is significant:



Speculative development, per CBRE, has been significant. For example, almost 3 million square feet of speculative construction occurred in 2018/2019; of this, 96% has been leased. In 2020 around 1.5 million square feet was constructed, around 85% is leased.

Buildings in 2021 are about 39% leased. It appears the market is supporting speculative industrial development at this time.



Regional Data – continued

Cushman & Wakefield also reports decreasing vacancy rates and significant increases in asking rates for industrial space.

### OVERALL VACANCY & ASKING RENT

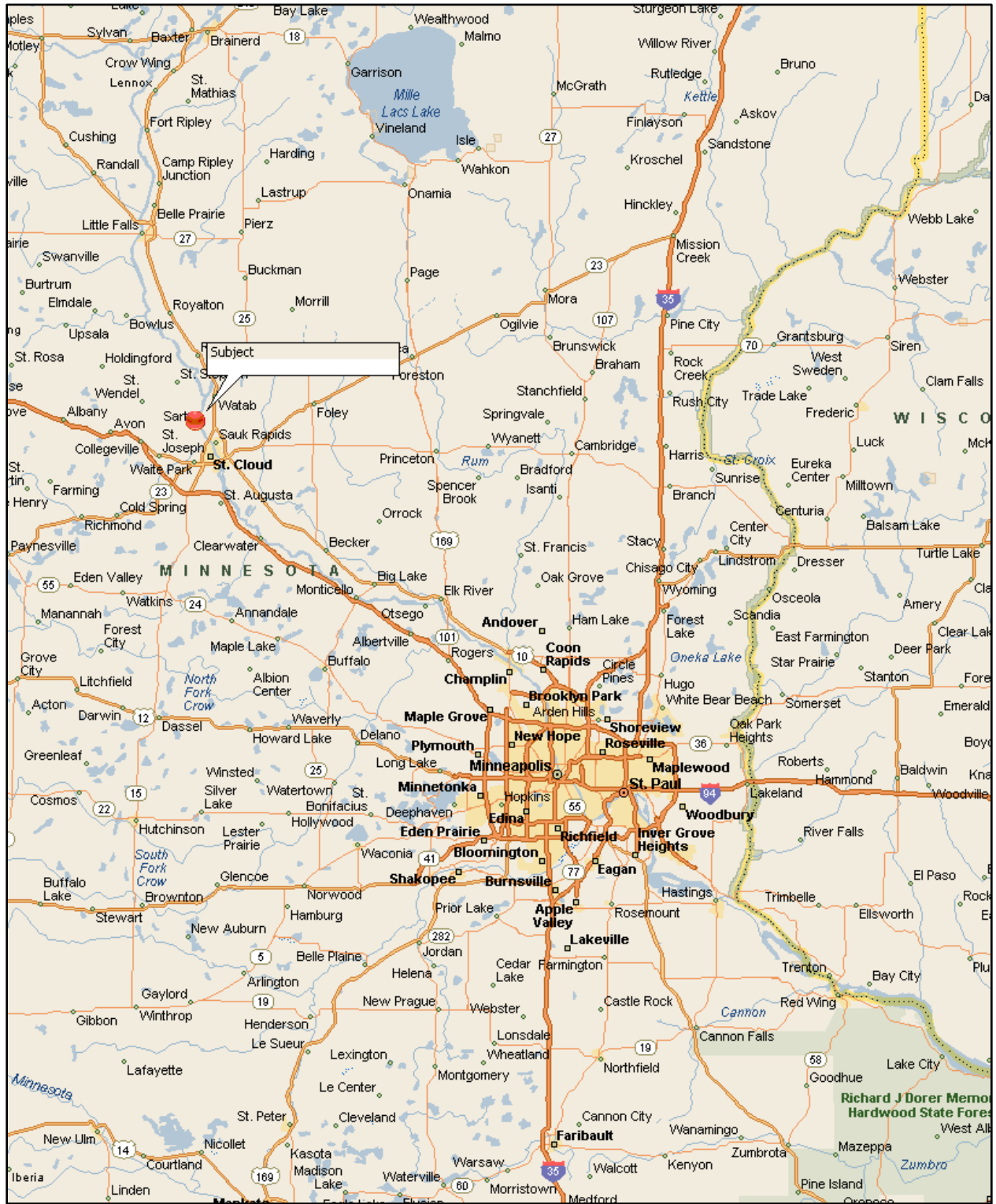


Total construction and absorption has been generally stable, but in 2021 there was significantly more absorption than construction. This would imply there is demand for more industrial space.

### SPACE DEMAND / DELIVERIES



# REGIONAL MAP



## CITY & NEIGHBORHOOD DESCRIPTION

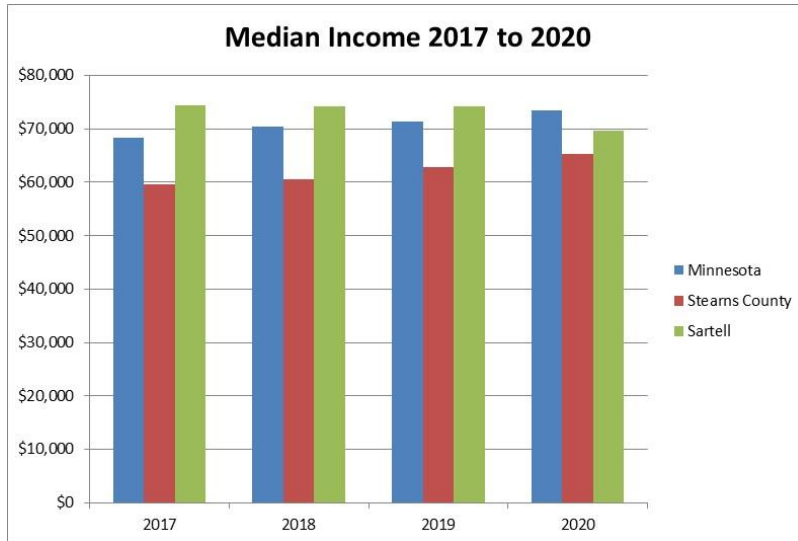
<b>Type of neighborhood:</b>	Central Minnesota Community	
<b>Percent built-up:</b>	75% developed (within city limits)	
<b>Stage of Development:</b>	Stable, growth	
<b>Neighborhood boundaries:</b>	City Limits	
<b>Redevelopment</b>	New apartment and single-family residential development	
<b>Major Transportation:</b>	Interstate 94, Highway 15, Highway 10	
<b>Predominant type &amp; conformity:</b>	<i>Single Family Residential</i>	45%
	<i>Two- &amp; Multi-Family</i>	15%
	<i>Commercial/Industrial</i>	15%
	<i>Other/Vacant/Public Land</i>	<u>25%</u>
	<i>Total:</i>	100%
	Average conformity.	
<b>Reputation of the area:</b>	Average	
<b>Typical property age:</b>	New to 100+ years, predominant under 30 years	
<b>Single-Family Home Sales:</b>	\$100,000 to \$400,000+	
<b>Apartment Sales:</b>	\$45,000 to \$150,000+ per unit, new construction on the upper end of the range	
<b>Office Property Sales:</b>	\$40 to \$150+ per SF	
<b>Retail Property Sales:</b>	\$60 to \$200 + per SF	
<b>Industrial Property Sales:</b>	\$30 to \$75+ per SF	
<b>Capitalization Rates:</b>	7-11% Historic	
<b>Subject Market:</b>	Stable with growth	
<b>Neighborhood Trend:</b>	Stable with growth	
<b>Detrimental influences:</b>	No major apparent	

**Area / City:** Sartell is in the northern portion of the Greater St. Cloud Area. It is located along the western banks of the Mississippi River. Major highways in the area include County Road 1 (Riverside Avenue) and State Highway 15. Although a relatively small community in terms of population, it has adequate commercial base to support its residents, as well as the other communities in the area. The city has good access via I-94, Highway 15, and Highway 10.

City & Neighborhood Description – continued

**Subject City:**

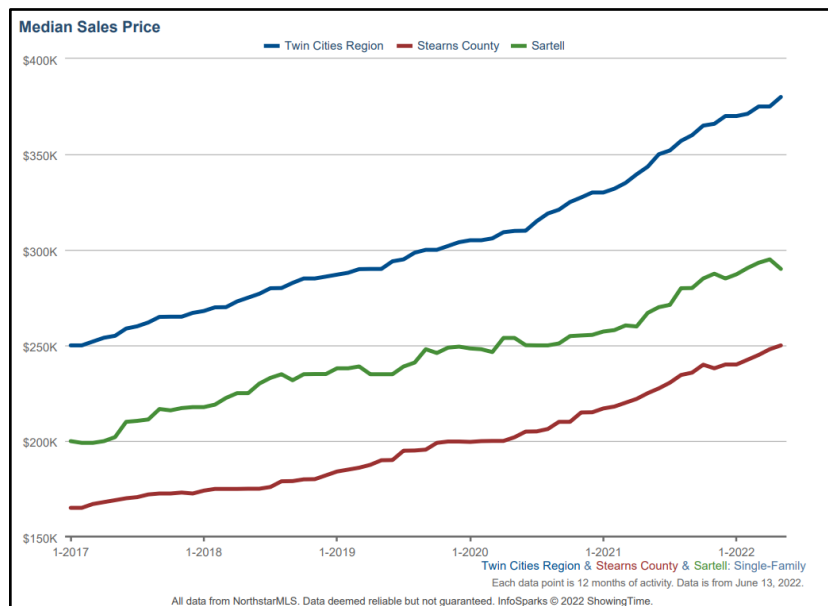
As of the 2010 census the population was 15,876, in 2000 it was 9,641. This represents an increase of about **64.7%** from 2000 to 2010. The 2020 population estimate for the city is 19,351, an increase of **21.9%**.



The median income for the city is above county and but dropped below state levels (per Census Bureau). Income has been generally stable over the time frame.

**Median Home Prices: City of Sartell**

Source: Northstar MLS



The median sale price for a single-family home in Sartell has steadily increased over the years.

## Local Market Update – April 2022

A RESEARCH TOOL PROVIDED BY MINNEAPOLIS AREA REALTORS®



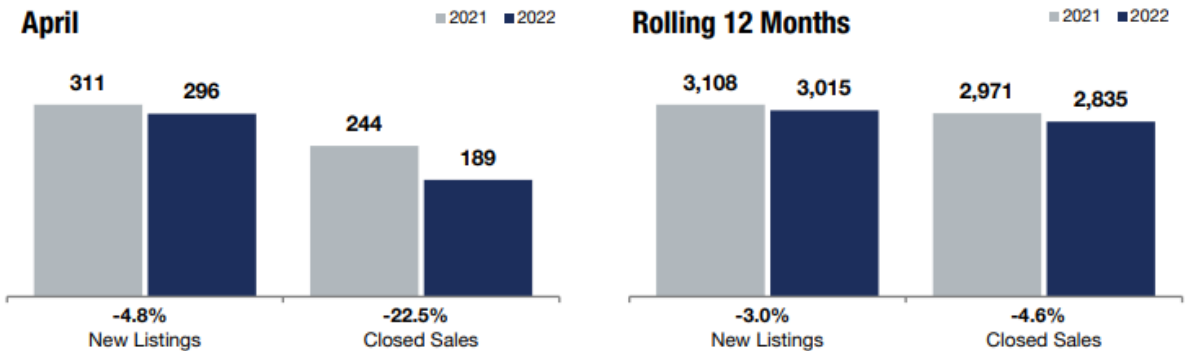
# Saint Cloud MSA

**- 4.8%**      **- 22.5%**      **+ 11.3%**

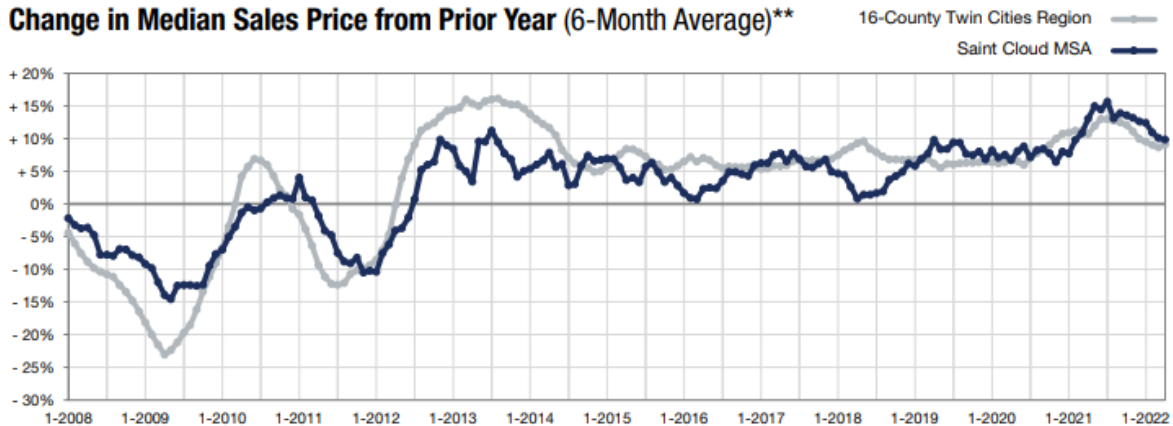
Change in **New Listings**      Change in **Closed Sales**      Change in **Median Sales Price**

	April			Rolling 12 Months		
	2021	2022	+ / -	2021	2022	+ / -
New Listings	311	296	-4.8%	3,108	3,015	-3.0%
Closed Sales	244	189	-22.5%	2,971	2,835	-4.6%
Median Sales Price*	\$233,500	\$260,000	+ 11.3%	\$220,000	\$245,000	+ 11.4%
Average Sales Price*	\$254,560	\$284,515	+ 11.8%	\$239,515	\$273,165	+ 14.0%
Price Per Square Foot*	\$132	\$148	+ 12.3%	\$122	\$139	+ 13.2%
Percent of Original List Price Received*	101.4%	101.9%	+ 0.5%	98.3%	100.5%	+ 2.2%
Days on Market Until Sale	39	28	-28.2%	54	29	-46.3%
Inventory of Homes for Sale	262	233	-11.1%	--	--	--
Months Supply of Inventory	1.0	1.0	0.0%	--	--	--

\* Does not account for seller concessions. | Activity for one month can sometimes look extreme due to small sample size.



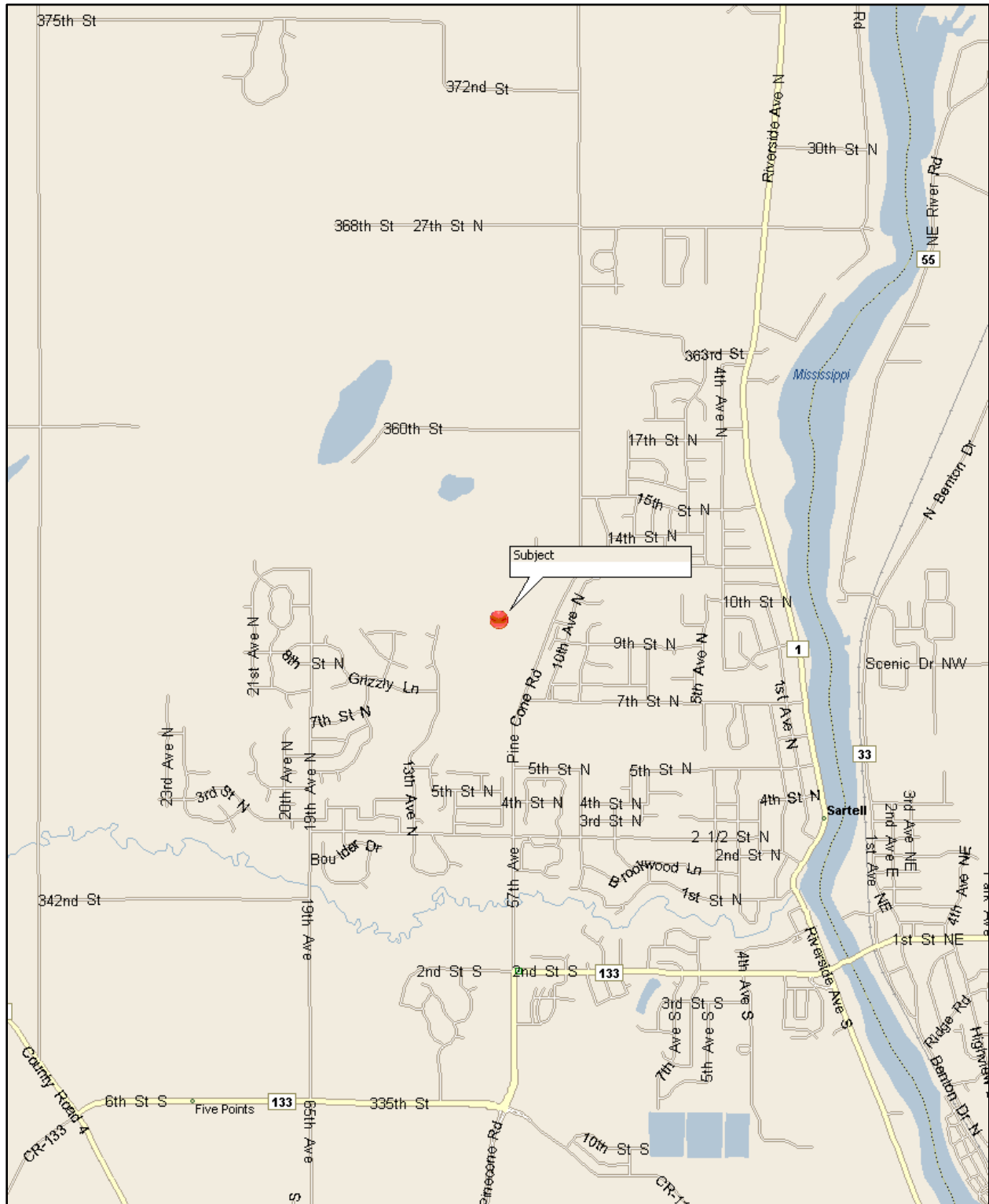
### Change in Median Sales Price from Prior Year (6-Month Average)\*\*



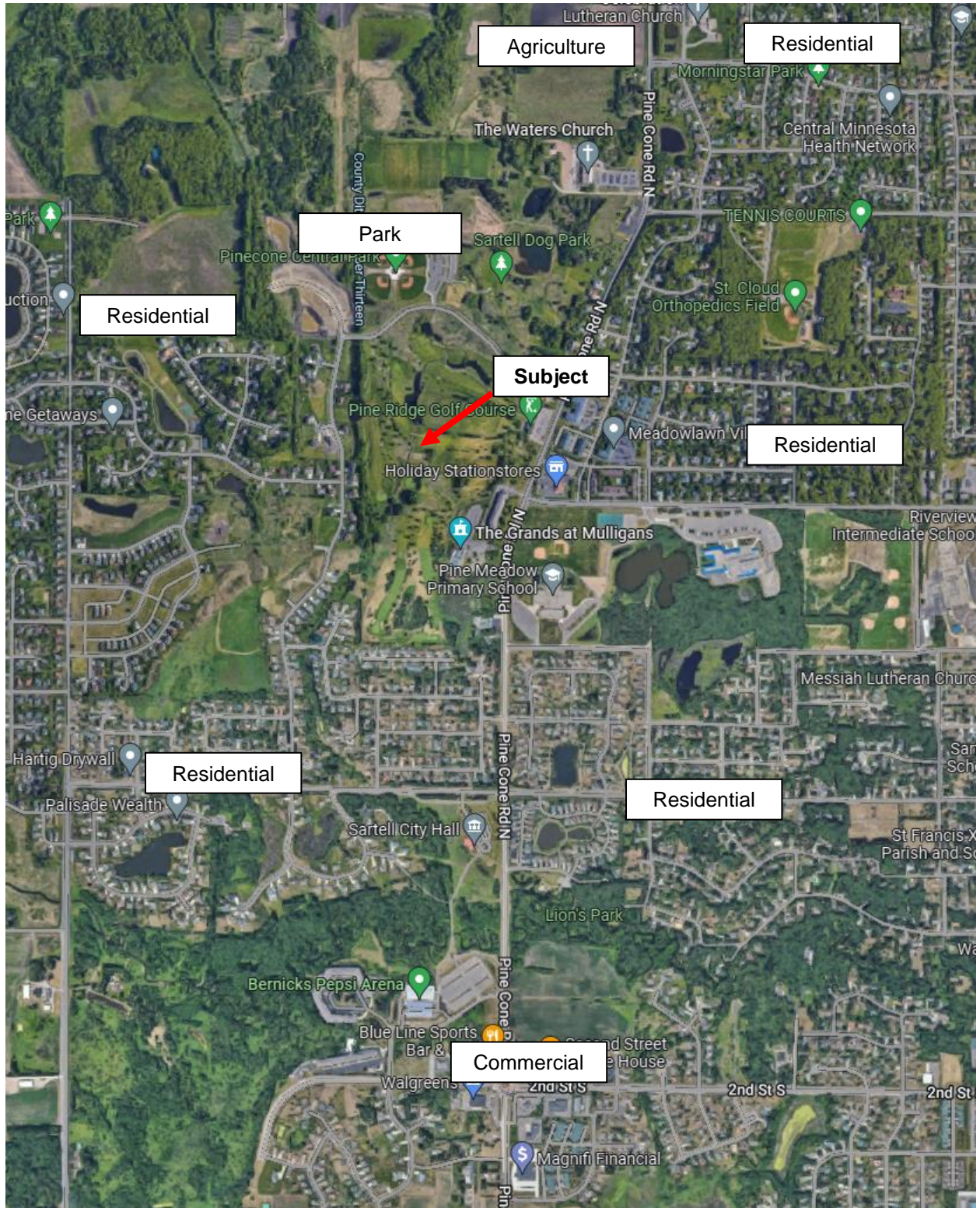
\*\* Each dot represents the change in median sales price from the prior year using a 6-month weighted average. This means that each of the 6 months used in a dot are proportioned according to their share of sales during that period.

Current as of May 6, 2022. All data from NorthstarMLS. | Copyright ShowingTime.

# NEIGHBORHOOD MAP



## SURROUNDING USES



## **MARKET CONDITIONS OVERVIEW**

**Public Courses:** The golf course market in Minnesota and the Twin Cities Metro Area experienced significant growth since 1995. Most new golf courses are of good to very good quality/appeal with superior amenities. Greens fees for newer golf courses range from \$35 - \$100+ per 18-hole round. From 1990-2000, there was a rise in demand for golf by residents and tourists. However, by mid 2000s, demand for golf began to stabilize, and started to decline in 2007. Nationally in 2003 there were 30.5 million golf players, in 2014 there are 25.5 million. In Minnesota, membership in the Minnesota Golf Association has fallen from 94,000 in 1999 to 65,000 in 2014 (statistics per StarTribune article from 8/17/2014). Nationally, and locally, total number of rounds has declined.

As a result of declining demand for golf, there is an oversupply of golf courses, resulting in greater decline in rounds played per golf course property. Due to declining revenues industry wide, there is less demand for golf course properties in this market. Given the large site area, the underlying land value of some golf course properties have approached or exceeded the value of the golf course property as improved. As a result, some poorly performing properties have been converted to alternative use, such as residential development or recreation related.

Older and inferior quality golf courses located within the metro area tend to have fewer amenities, have lower greens fees and are located in established residential areas. Some older average quality golf courses in the Metro Area have, or are in the process of, trying to convert from golf use to new residential development as their current golf use is no longer feasible. However, most/many courses have been designated for golf, public or open space use on the City Land Use Plan. In most communities, a change to the land use plan requires approval from the City Council. Many communities/councils are resisting such changes for golf courses due to the appeal of green space and the fact the nearby development was built with long term consideration given to the presence of the operating golf course.

Most golf course conversion/redevelopment has been to average quality (or less) quality courses. While excellent and championship courses have experienced decline, they have not been redeveloped due to the substantial initial investment. The following reflects an abbreviated list of championship quality golf courses located within 1 hour of Minneapolis built since 1989. New golf course construction in the Twin Cities market has virtually stopped in the past 10 years.

<b>Course</b>	<b>City</b>	<b>Age</b>	<b>Greens Fees</b>
Rush Creek	Maple Grove, MN	1995	\$79 - \$99
Stone Ridge	Stillwater, MN	2000	\$79 - \$95
Stonebrook	Shakopee, MN	1989	\$48 - \$58
Troy Burne	Hudson, WI	1999	\$64 - \$79
Wilds	Prior Lake, MN	1995	\$75 - \$99
Legends	Prior Lake, MN	1999	\$67 - \$79

New courses of this quality require large parcels of land, 150 to 250 acres of rolling terrain with other amenities such as wet areas and/or wooded areas. For the most part, due to the acquisition costs, land for new courses built in the past 20 years have been located in farther-out locations or were acquired before demand for residential development land was very high, prior to 1999. It is not uncommon for newer golf courses to be part of a larger development with a variety of residential uses. In this scenario, the developer benefits from the added value of the units created by the newly constructed golf course.

## Market Overview – continued

**Note:** The subject is a public course.

**Private Courses/Country Clubs:** Country club or private courses appeal to a wide range of golfers, but the courses are typically more difficult than municipal courses. Country clubs are family oriented and most provide a full range of amenities, such as restaurant/lounge, driving range, tennis courts and swimming pool/facilities. Fitness centers have become more popular in recent years and about 1/3 of courses have golf schools.

Private courses are either owned by members, which is referred to as equity ownership, or by a separate entity that has sold non-equity memberships (for profit). Clubs with equity ownership are nonprofit operations. About ½ of the private clubs in the United States reflect equity ownership. There are about 4,800 private courses in the United States, accounting for about 28% of golf courses.

Private facilities involve initiation fees and membership agreements, which can be extremely complicated. Every club has a different way of handling the bundle of services received for this revenue. Nationwide, initiation fees range from \$4,000 to \$200,000+. In addition to the initiation fee, annual and/or monthly dues are paid by members. Annual dues can vary by club and region. Most private clubs have an annual and/or monthly food & beverage minimum expenditure requirements; nationwide average is around \$100 per month.

In addition to initiation fees and dues, private courses can generate additional revenue by charging for greens fee, mostly for guests. Other sources of revenue can include golf cart rentals, locker/club rentals, banquet/meeting facilities, open dining/bar events, schools/lessons, etc.

Private facilities require ongoing capital expenditures. In 1999, two-thirds of private clubs indicated a recent investment in golf course renovation, reconstruction or expansion. Also, clubhouse and/or other on-going infrastructure remodeling/additions are very common.

Due to the high costs of operations, especially payroll expenses and cost of food and beverage, the total expenses as a percentage of revenue tend to be much higher for private clubs than for daily fee/public courses. Obviously, good management is important. Typical expenses can range from 70% to 95%, as reported by *“Analysis and Valuation of Golf Course and Country Clubs, by Auther E. Gimmy, MAI”*

Market Overview – continued

There are 55 private golf clubs in Minnesota. Private clubs account for 11% of all courses in Minnesota, as compared to 28% nationwide; overall, memberships are scarcer in this market. However, the immediate subject market (West Metro) includes a number of private country clubs. Based on the club, the actual market area may differ. Some clubs focus on the surrounding residential neighborhoods and can focus efforts on young families. Other courses can be more golf intensive and may focus on an older/more established clientele. Below is a list of private golf courses in the Twin Cities Metro.

Area Competition (Private Clubs)							
Club	Location	Rating		Yardage	Initiation Fee	Monthly Dues	F&B MINIMUM
		Slope	Course				
Interlachen	Edina	141	74.4	6,981	\$60,000	\$790	\$100
Minikahda	Minneapolis	143	73.4	6,815	\$60,000	\$675	\$100
Edina	Edina	137	72.8	6,696	\$50,000	\$664	\$75
Wayzata	Wayzata	142	75.5	7,106	\$40,000	\$699	\$200
Springhill	Wayzata	150	74.7	6,557	\$25,000	\$983	--
Hazeltine	Chaska	152	78.1	7,674	\$35,000	\$718	\$100
Oak Ridge	Hopkins	135	72.5	6,612	\$15,000	\$664	\$83
TPC	Blaine	148	75.7	7,164	\$12,500	\$607	--
Bearpath	Eden Prairie	139	74.4	7,025	\$12,000	\$725	\$95
Golden Valley	Golden Valley	144	74.6	7,004	\$25,250	\$765	\$100
Olympic Hills	Eden Prairie	140	72.7	6,616	\$25,000	\$625	\$100
Windsong Farm	Independence	145	75.8	7,380	\$15,000	\$665	--
Medina	Medina	136	74.7	7,257	\$14,000	\$565	\$75
Mpls Golf	Minneapolis	139	74.4	7,045	\$10,500	\$632	\$90
Lafayette	Minnetonka Beach	110	60.5	4,140	\$9,500	\$562	\$105
Minn Valley	Bloomington	138	73.0	6,810	\$7,500	\$610	\$100
<b>Brackett's</b>	<b>Lakeville</b>	<b>141</b>	<b>75.1</b>	<b>7,127</b>	<b>\$10,000</b>	<b>\$525</b>	<b>\$60</b>
Burl Oaks	Mound	143	73.6	6,739	\$3,500	\$529	\$107

**\*F&B Minimum = Food & Beverage:** Many clubs in this market require members to spend a minimum dollar amount on food and/or beverage.

Market Overview – continued

<b>Golf Course Market</b>			
<b>Residential Development Land</b>	\$1,000 - \$25,000+ per acre depending on location and allowed density		
<b>Recreational Land (no development rights)</b>	\$500 - \$5,000+ per acre depending on upland		
<b>Golf Course Sales:</b>	<b>Quality</b>	<b>Per Hole</b>	<b>Per Acre</b>
	<b>Average</b>	\$30,000 - \$100,000+	\$3,000 - \$10,000+
	<b>Good</b>	\$75,000 - \$200,000+	\$10,000 - \$50,000+
	<b>Excellent</b>	\$200,000 - \$600,000+	\$50,000 - \$100,000+
<b>Golf Course Rents</b>	N/A; Golf course properties are typically owner-operated		
<b>Operating Expenses:</b>	75% to 95%+ of revenue		
<b>Capitalization Rates:</b>	6.0% - 15.0%, golf courses located in appealing areas can be below the range, especially if the course has been updated throughout the years.		
<b>Subject Market:</b>	Soft/declining; recent trend towards stabilizing		
<b>Marketing Time:</b>	Market exposure times can vary based on seller motivations; typically 6-12 months.		
<b>Market participant comments/ observations:</b>	<p><i>Due to declining revenues industry wide, limited demand for golf course properties in this market. As a result, some poorly performing properties have been converted to alternative use; i.e., agricultural related.</i></p> <p>Per property manager, there was some slowing down due to the pandemic, however, stabilization appears to be occurring.</p>		
<b>Market Supply</b>	<p><b>Search Parameters:</b> <i>Source: CoStar</i>  <i>Property Type:</i> Golf Course Related <i>Location:</i> Minnesota  <b>Search Results:</b> Currently, there are <b>0 offerings/available properties</b></p>		
<b>Market Absorption</b>	<p><b>Search Parameters:</b> <i>Source: CoStar</i>  <i>Property Type:</i> Golf Course Related <i>Location:</i> Minnesota  <b>Search Results:</b> <b>13 sales</b> within the prior 12 months.</p>		
<b>Supply &amp; Demand:</b>	Considering the above market data/statistics, and based on market observations, the <b><i>subject market appears to be in relative balance</i></b>		
<b>Overall Market Rating:</b>	<p>Soft, recent trend toward stabilization; growth was experienced during the 2020-2021 years due to the pandemic.</p> <p><b>Potential unstable;</b> increasing cases of variants, increasing gas and costs, increasing interest rates, inflation, and the war in Ukraine could result in an unstable market.</p>		

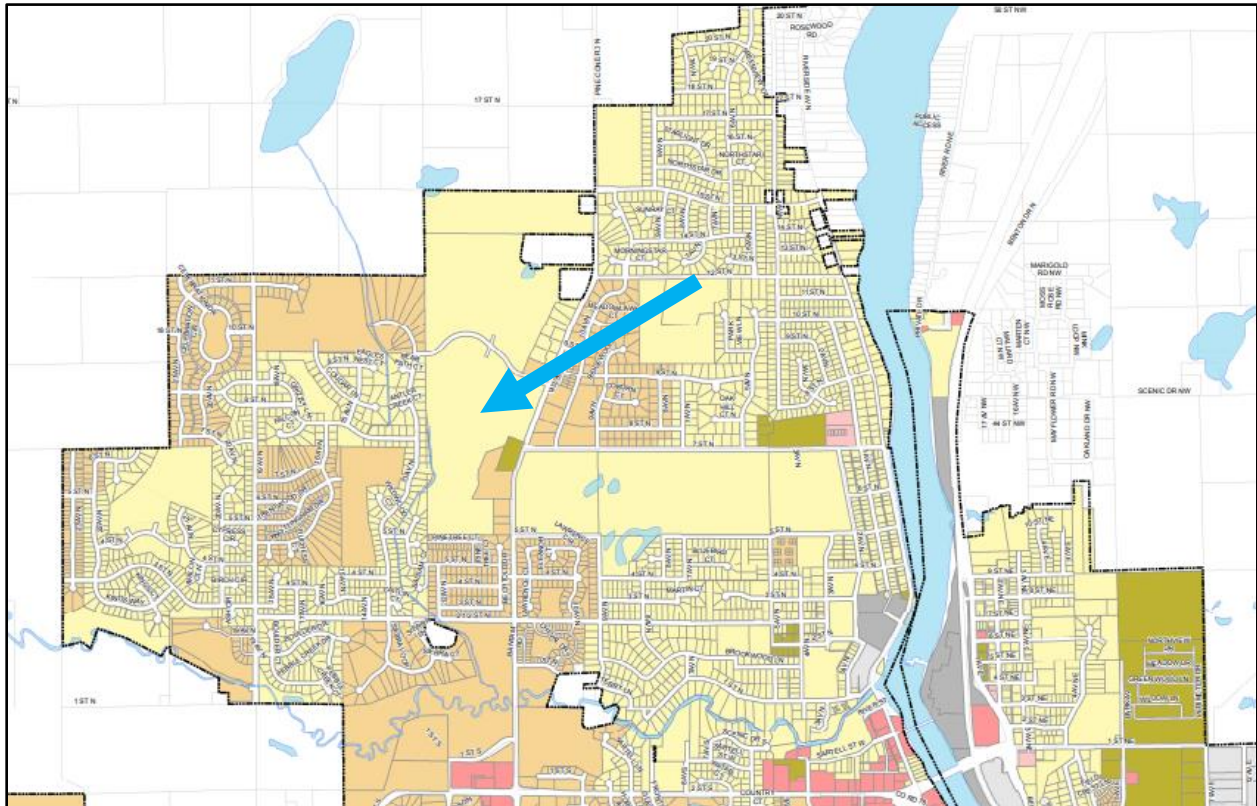
## SITE DESCRIPTION

<b>Dimensions:</b>	Irregular								
<b>Area</b>	Golf Course: <b>81.38 acres</b> , per Realist, if found to be otherwise, appraised value could differ, no survey provided.								
<b>Topography:</b>	Mostly level site, some sloped areas, tree areas, some wet/low areas, ponds, river, etc. Typical golf course elevation. No site survey was available. However, based on aerial view, wet/low area appears to encumber about 15% of the total site area.								
<b>Shape:</b>	Irregular								
<b>Soil conditions:</b>	Assumed to be stable								
<b>Drainage:</b>	Appears adequate								
<b>Utilities:</b>	City water, city sewer to clubhouse, per property rep; several wells throughout the site for irrigation; no known underground tanks								
<b>Off-Site Improvements:</b>	Typical street/utility improvements (bituminous)								
<b>Access to site:</b>	Pine Cone Road North (1), Central Park Boulevard (1)								
<b>Frontage:</b>	Pine Cone Road North, Central Park Boulevard								
<b>Visibility:</b>	Average for a golf course								
<b>Flood hazard zone:</b>	The subject does not appear to be located in a flood zone, see following map								
<b>Apparent Easements:</b>	Typical utility and drainage assumed;								
<b>Encroachments:</b>	None apparent, no survey provided								
<b>Unusual Conditions:</b>	None noted								
<b>Water Front</b>	None								
<b>Trackage:</b>	None noted								
<b>Use:</b>	Golf Course								
<b>Land to Building ratio:</b>	n/a								
<b>Excess/Surplus Land:</b>	Not uncommon for golf courses to have excess or surplus land. There are some parcels on the northern edge that appears may have standalone appeal.								
<b>Functional Adequacy:</b>	Average								
<b>Surrounding Uses:</b>	<table border="1" style="width: 100%;"> <tr> <td>N</td> <td>Pinecone Central Park</td> </tr> <tr> <td>S</td> <td>Apartments, Detached single-family</td> </tr> <tr> <td>W</td> <td>Detached single-family</td> </tr> <tr> <td>E</td> <td>Apartments, Commercial</td> </tr> </table>	N	Pinecone Central Park	S	Apartments, Detached single-family	W	Detached single-family	E	Apartments, Commercial
N	Pinecone Central Park								
S	Apartments, Detached single-family								
W	Detached single-family								
E	Apartments, Commercial								
<b>Distance to Major Road:</b>	About 4.4 miles southeast to Highway 15.								














## ZONING

<b>Subject Zoning:</b>	<b>R1, Single-Family Residence</b>
<b>Intent (city code):</b>	The R1 Residential District provides space for low-density residential living with full provision of necessary urban service facilities. Existing agricultural uses are allowed to continue, within regulations, on land not yet need for residential development, but other nonresidential uses are limited to very low and/or low-density residential development in the comprehensive Plan.
<b>Permitted Uses:</b>	Single-family detached dwellings; parks, athletic facilities, and playgrounds; public and private preschool, elementary/secondary schools; religious institutions; community centers; state licensed residential facility or a housing with services establishment; residential PUD
<b>Conditional Uses:</b>	<b>Golf course</b> , country clubs, tennis clubs; service structures, public or private; industrial and commercial parking lot; guesthouse; public or private cemeteries or exterior columbarium's
<b>Restrictions:</b>	<b>Lot area:</b> 9,500 SF <b>Lot width:</b> 75 feet, new plats; 50 feet on street <b>Front yard setback:</b> 30 feet <b>Side yard setback:</b> 10 feet to 30 feet <b>Rear yard setback:</b> 30 feet
<b>Parking</b>	Assumed to be conforming.
<b>Use:</b>	The current use as a golf course appears to be allowed with a conditional use permit. Appraised value assumes the current use is allowed, can continue going forward, and can be transferred to another entity. If found to be otherwise, appraised value could differ.  The appraised value assumes the liquor license can continue and transfer to another entity, if found to be otherwise, appraised value could differ.
<b>Source:</b>	<i>Zoning map, zoning code</i>

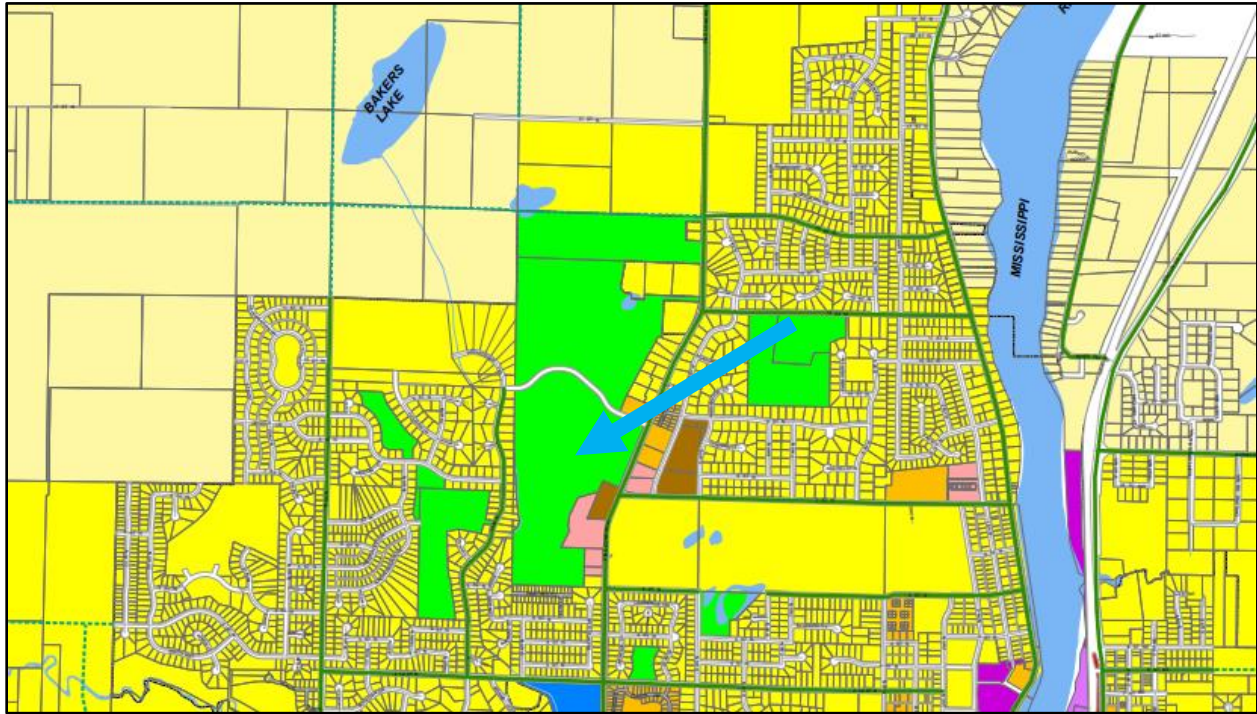
# ZONING MAP



## Legend




-  Waterbodies
-  B1 - NEIGHBORHOOD BUSINESS
-  B2 - GENERAL BUSINESS
-  B3 - MEDICAL/PROFESSIONAL
-  CDZ - COMPREHENSIVE DESIGN ZONE
-  I1 - LIGHT INDUSTRIAL
-  I2 - HEAVY INDUSTRIAL
-  R1 - SINGLE FAMILY RESIDENCE
-  R1A - TOWNHOME DISTRICT
-  R2 - SINGLE & TWO FAMILY RESIDENCE
-  R3 - MULTIPLE FAMILY RESIDENCE
-  R5 - PLANNED UNIT DEVELOPMENT
-  AG - AGRICULTURAL

# FUTURE LAND USE PLAN



## Land Use Classifications

-  TOWN SQUARE
-  GENERAL BUSINESS
-  HIGH DENSITY RESIDENTIAL
-  MEDICAL PROFESSIONAL MIX
-  INDUSTRIAL
-  OFFICE\_WAREHOUSE
-  LIMITED BUSINESS
-  LOW DENSITY RESIDENTIAL
-  MEDIUM DENSITY RESIDENTIAL
-  PARK
-  PUBLIC
-  VERY LOW DENSITY RESIDENTIAL

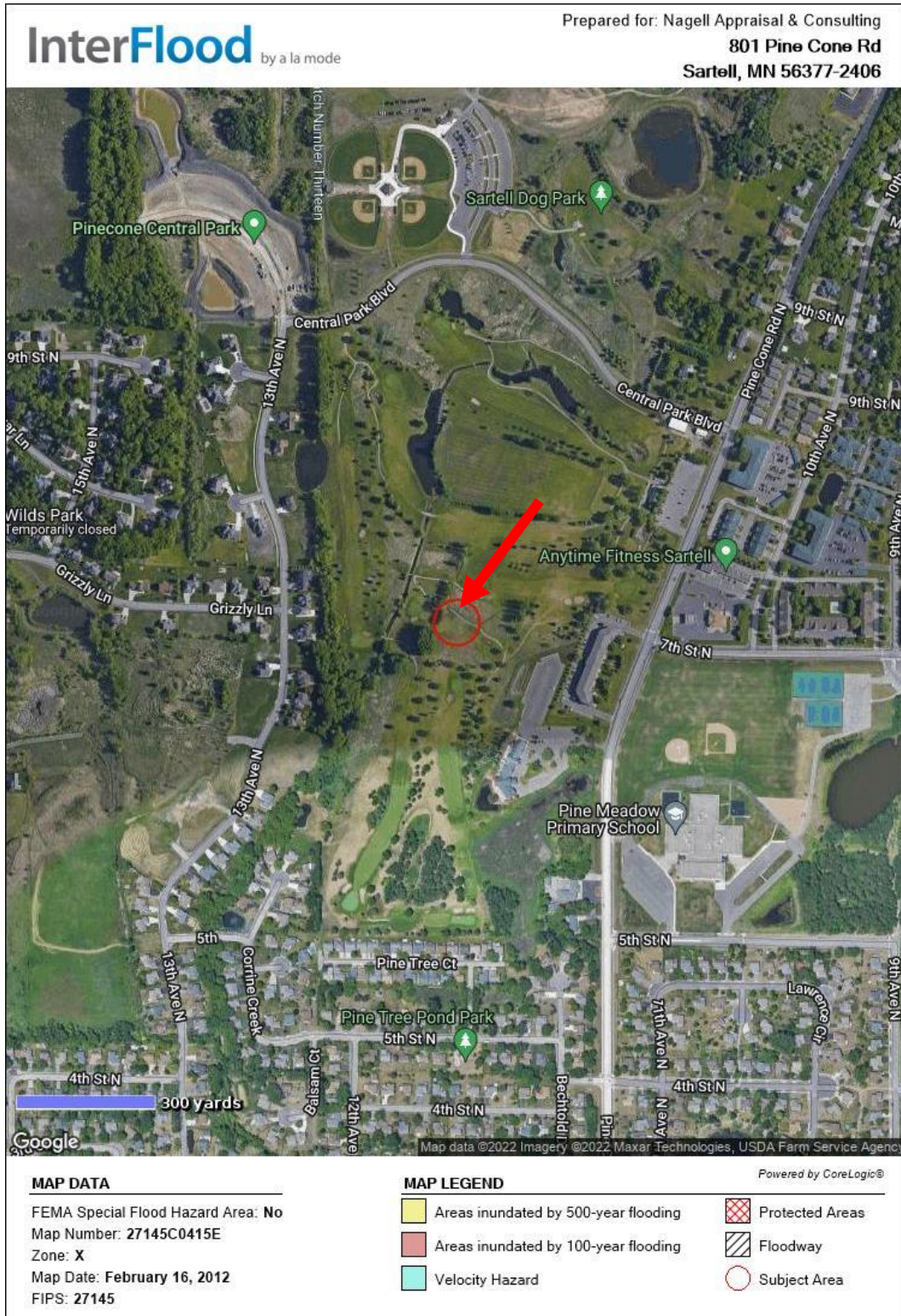
-  Roundabout
-  Future Roadways
-  Roadways



## Park

Land dedicated to active or passive recreational uses. These lands may be either publicly or privately owned and may include playgrounds, public parks, nature preserves, wildlife management areas, golf courses, recreation centers, etc. Because of the ½-cent sales tax, this is one of the land uses that has changed most dramatically since 2003. Pinecone Central Park is still the single largest recreation facility in the city at over 180 acres. The most recent significant additional to Sartell's park system is Sauk River Regional Park and the Pinecone Central Park. In addition, there are several subdivision recreational areas within the corporate limits that add to the city's overall inventory. Because it is difficult to determine appropriate future locations for future parks, specific locations for future parks will not be included in the future land use map and should not be considered a reason to not purchase or obtain property for public purposes.

# FLOOD MAP



The subject does not appear to be in a flood zone.

**PLAT MAP**

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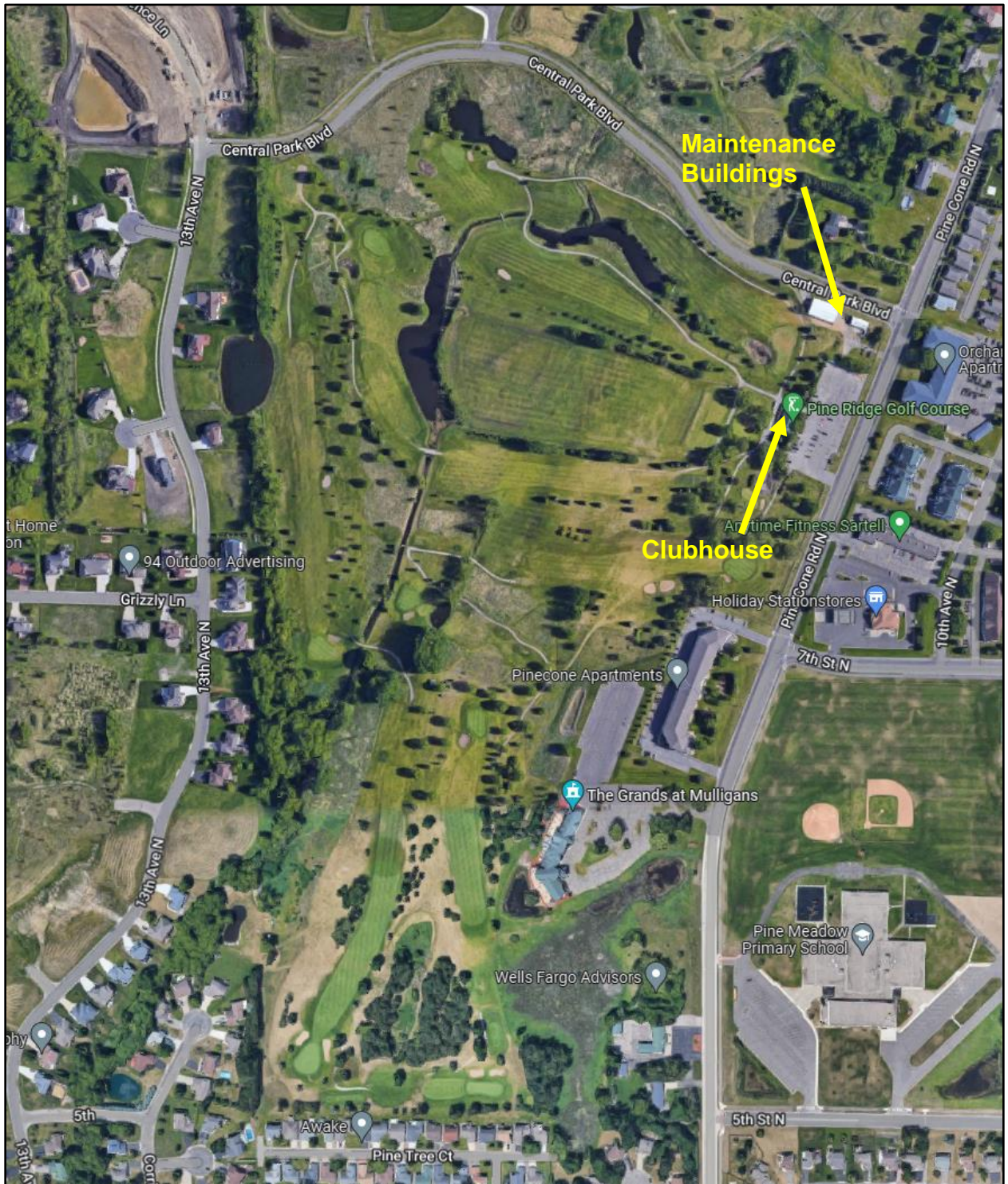
Per county

Plat Map – Continued



Per County

## AERIAL VIEW



## DESCRIPTION OF IMPROVEMENTS

<b>Improvement Data</b>	
Type	9-hole golf course,
Description	Low quality clubhouse/country club with bar, dining area, office space, minimal kitchen, and maintenance area, etc. Other improvements include two maintenance buildings.
Membership	Information not provided.
Comments	Subject is a public country club

<b>Golf Course</b>	
Number of Holes	9-holes
Design	Pine Ridge Golf Course is a 9-hole golf course with putting green, driving range, and clubhouse with bar with minimal kitchen.
Condition	Average overall condition, lower cost construction.
Amenities	Wetland, bunkers, scattered trees, rolling terrain, cart paths, tee boxes per hole, etc.
Irrigation	Underground irrigation sprinkler system, reportedly dated
Quality Class/Condition	Average / Average
Driving Range	Adequate driving range for use
Physical Depreciation	Average physical depreciation for age
Functional Depreciation	Adequate layout
External Depreciation:	Cost and value not equal, new golf courses are not being built.

Description of Improvements – continued

<b>Clubhouse</b>	
Structure	Concrete block, wood frame
Exterior	Wood
GBA	2,592 SF, per Realist
Layout	Entry, bathrooms, bar, dining area, office, pro shop space, mechanicals, storage;
Age:	1982, per assessor office
Quality / Condition:	Average / Average – limited apparent major updating
Upgrades, Interior Finishing, etc.	Basic level interior finishing;
<b>Mechanical/Plumbing/Insulation</b>	
HVAC	GFA/AC
Electrical / Plumbing	Adequate / Adequate
Hot-water heater / Sprinkler	Average / None noted
Elevator / Insulation	None / Assumed average for age
Energy Management System	Typical
Security System	Standard
Computer Network System	Assumed adequate
Wired for Phone System	Yes
<b>Site Improvements</b>	Average quality landscaping, underground irrigation, adequate onsite parking, paved.

Description of Improvements – continued

<b>Maintenance Buildings</b>	
Structure	Concrete slab, dirt floor
Exterior	Metal
GBA	1,250 SF and 3,920 SF, approximated via aerial GIS measure
Layout	Maintenance Building A (smaller) has concrete floor, bathroom, and is heated; Maintenance Building B (larger) has dirt floor, no heat
Age:	Assumed to be similar age of 1982
Quality / Condition:	Average / Average
Upgrades, Interior Finishing, etc.	None

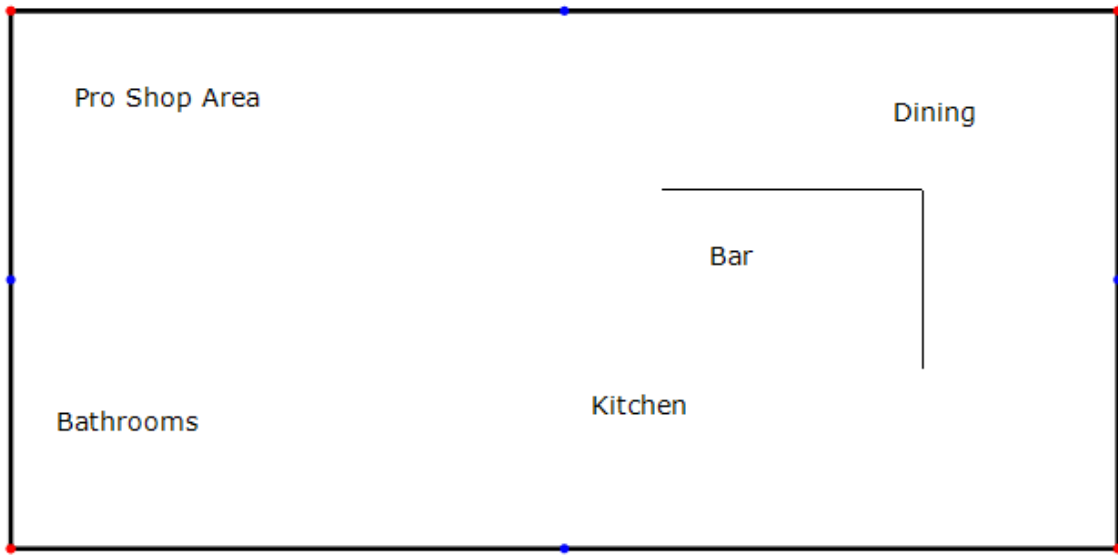
<b>Pump House</b>	Appraiser did not view the pump house, assumed adequate pump house facility for irrigation.
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<b>Furnishings, Fixtures &amp; Equipment (FF&amp;E)</b>	Lawn mowers, other landscaping equipment, all kitchen and bar equipment, dining furnishings, coolers, tables, chairs, furnishings, etc. carts are leased;
---------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------

<b>Recent Updates</b>	Parking lot
<b>Property Strengths</b>	Good onsite parking;
<b>Property Weaknesses</b>	Low quality construction;

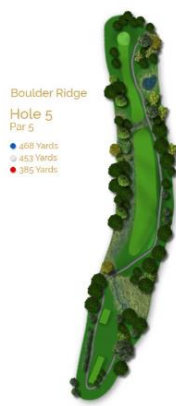
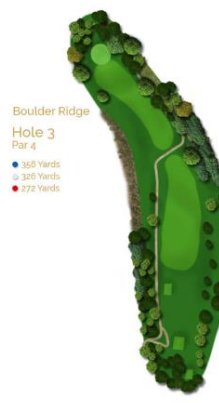
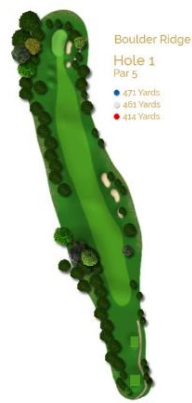
**BUILDING SKETCHES**

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Club house general layout

# SITE PLAN



Per website.

## **MEMBERSHIP INFORMATION**

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<b>PRICE</b>	<b>GREEN FEES 9 HOLES (tax included)</b>
\$13.00	Weekday Mornings Walking (before noon)
\$19.00	Weekday Mornings with Cart (before noon)
\$17.00	Afternoons, Weekends & Holidays Walking
\$25.00	Afternoons, Weekends & Holidays with 1/2 Cart
\$8.00	Additional 9 Holes Walking
\$11.00	Additional 9 Holes with 1/2 Cart

<b>PRICE</b>	<b>CART FEES 9 HOLES (tax included)</b>
\$6.00	1/2 Riding Cart Before Noon
\$8.00	1/2 Riding Cart Afternoon, Weekends & Holidays

<b>PRICE</b>	<b>DISCOUNTED PUNCH CARDS (tax included)</b>
\$130.00	10 Rounds of Golf Punch Card
\$70.00	Add 1/2 cart to 10 round golf punch card
\$65.00	Driving Range Pass, 10 large or 20 small buckets or a combination of both

<b>PRICE</b>	<b>DRIVING RANGE (tax included)</b>
\$8.00	Large Bucket of Balls
\$4.50	Small Bucket of Balls

### Golf course rates

Membership Information – Continued

PRICE	MEMBERSHIPS (see notes>)	NOTES
\$150	Add-On Dual Membership	Unlimited play at Both Boulder Ridge and Pine Ridge golf courses. (This \$150 includes tax and is added on to your regular membership rate)
\$540	Single over 30	Unlimited play (includes tax)
\$650	Couple over 30	Unlimited play (includes tax)
\$760	Family	Unlimited play. Up to 4 children under the age of 18 years only. Under 10 must be accompanied by an adult. (includes tax)
\$485	Under 30 Single	Unlimited play (includes tax)
\$595	Under 30 Couple	Unlimited play (includes tax)
\$475	Senior	Unlimited play (includes tax)
\$595	Senior Couple	Unlimited play (includes tax)
\$225	Juniors	Ages up to 18 years only. Juniors cannot make tee times after 4pm weekdays. Under 10 must be accompanied by an adult. (includes tax)
\$315	College Student	Must have college ID & full-time student status. Must be 23 years of age or under (includes tax)
\$350	Annual 1/2 Cart Rental	Additional rider must pay half cart fee. (includes tax)
\$470	Annual full Couple Cart Rental	Husband and Wife (include tax)

Golf course rates

## HIGHEST AND BEST USE

Highest and best use as defined in The Appraisal of Real Estate, Thirteenth Edition, by the Appraisal Institute, is: "The reasonably probable and legal use of vacant land or an improved property, that is physically possible, legally permissible, appropriately supported, financially feasible, and that results in the highest value." Highest and best use is analyzed in two ways, site as vacant and site as improved.

**Typically, there are four criteria in highest and best use analysis**

<i>Legally permissible uses</i>	<i>What uses are allowed by zoning?</i>
<i>Physically possible uses</i>	<i>What uses are physically possible on the site?</i>
<i>Financially feasible use</i>	<i>Which possible and permissible uses will produce a positive return?</i>
<i>Maximally productive use</i>	<i>Of the financially feasible uses, which use produces the highest return warranted by the market (the ideal improvements)?</i>

**Site as Vacant:** Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements. *The Dictionary of Real Estate Appraisal, Fifth Edition, by the Appraisal Institute.*

**Legally Permissible Uses:** The current **R1, Single-Family Residence** zoning appears to allow for predominately residential uses, golf courses are allowed with a conditional use permit. The subject appears to be guided for Parks, which appears to be recreational land. It does not note any residential related uses.

**Physically Possible Uses:** The site has varying topography with scattered low areas throughout. Development could be feasible; however, low areas will impact development potential.

**Financially Feasible Uses:** Typically, surrounding uses, market demand, and availability of financing drive financially feasible uses.

**Surrounding Uses:** The surrounding uses are predominately residential with commercial beyond.

**Financing:** Over the past 3+ years, financing has loosened up since the "Great Recession". However, borrowers typically must be well qualified with 20% to 30% down. For new projects, lenders commonly desire to see strong residential demand. New golf course development has been limited; lenders would likely require 50% or more down.

**Market Demand:** Demand for recreational land with below average visibility is rated to be soft. Residential demand in the immediate area has seen some gradual increase within recent years (new construction homes being built near subject), however, there is available residential land in the area.

**Financially Feasible Uses:** Recreational land use, potential for golf course, park.

**Maximally Productive Use:** Given the surrounding uses, location, and future land use plans, the subject could be difficult to develop given the park future land use.

As such the highest and best use of the subject site as vacant is for open space/rec land and potentially speculate for a golf course or similar use, as market demand warrants and zoning allows. Future land use appears to restrict the potential of the site as vacant. If the subject was guided for residential related use with other development potential value could differ.

Highest and Best Use – continued

**Site as Improved:** The use that should be made of a property as it exists. An existing improvement should be renovated or retained as so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one. *The Dictionary of Real Estate Appraisal, Fifth Edition, by the Appraisal Institute.*

**Legally Permissible Uses:** The subject public golf/country club use is legal and conforms to the neighborhood, assumes continued use is allowed, requires a conditional use permit.

As noted in the site as vacant section, the subject has fair to average appeal for residential development. Given the potential value, a typical buyer/investor of the subject property would consider an alternative/residential redevelopment use for the subject.

**Redevelopment of the subject is not likely given future land use plan.**

**Physically Possible Uses:** The building and golf course improvements are suited to the subject site. The improvements are functional for the average quality golf/country club. The use has average access and visibility/exposure.

**Financially Feasible Uses:**

**Surrounding Uses:** The surrounding uses are predominately residential in nature. Considered to be conforming.

**Market Demand:** Market demand for golf course properties is unique in the market. Most buyers of private or public golf courses have a passion for golf and the associated lifestyle. Buyer demand is rated to be soft as there are limited buyers in the market, however, when these properties become available there will often be multiple interested parties.

**Note:** New golf course construction in this market is virtually non-existent due high costs (cost significantly exceeds value return – external depreciation). However, courses that have “weathered the storm” and have limited or manageable debt ratios can provide a positive return with good management. This property type is highly dependent upon quality and attentive management.

**Property History / Performance:** Per county the subject was built in 1982, appears it may have an older date than this. Property has operated as a golf course for an extended period.

**Note:** The appraised value reflects the current good management; if management is changed the appraised value could differ.

**Financing:** Financing is available; interest rates are at historic lows for well qualified buyers. For properties like public golf courses, lenders will commonly require greater debt coverage ratios with 30% to 50% down (depending on underlying land value).

**Financially Feasible Uses:** The existing golf course is assumed to be feasible. No financials provided. If provided, appraised value could differ.

**Maximally Productive Use:**

Based on the above discussion and taking into consideration the overall market, the highest and best use for the subject is the current golf use.

**Most Probable Buyer:** The most probable buyer of the subject property would likely be a local or regional investor with a passion for golf and the financial reserves to carry the course if necessary.

The subject is considered to be similar to the ideal improvement for the site (as a golf course).

## ***COST APPROACH***

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Due to the subjectivity in physical and external depreciation, the Cost Approach is not considered a reliable indicator of value and therefore was not applied.

## ***SALES COMPARISON APPROACH***

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Typically, golf course properties are sold as an operating entity that includes FF & E and business value. The Sales Comparison Approach will be used to correlate a final **going-concern value** of the subject.

*“A golf course, like a resort or a hotel, is a unique grouping of facilities, amenities, and revenue-producing departments. No two courses are alike in terms of their physical characteristics, playability, reputation, social atmospheres, and other attributes. Because of these many differences, estimating the value of a course by comparing prices paid for other properties is very difficult and, thus, considered unreliable.”*  
*Analysis and Valuation of Golf Course and Country Clubs, by Arthur E. Gimmy, MAI”*

**The appraised value will rely primarily on the Income Approach while the Sales Comparison Approach will provide secondary support.**

The Sales Comparison Approach to Value is predicated upon sales of properties with similar characteristics as the subject. The primary premise of this approach is that the market value of the subject is directly related to the prices of competing properties after adjustment. The improved sales found upon research are on a national basis where adjustments would be inaccurate. Therefore, a list of comparable data will be reflected on a grid, without adjustment. The appraiser will consider all factors and correlate a per unit value for the subject qualitatively.

**Supply and Demand:** Sales in the market result from negotiations between buyers, sellers and lenders. Buyers reflect market demand and sellers supply. If demand is high, prices tend to increase, if it is low, prices usually decrease.

**Substitution:** The principle of substitution holds that the value of a property tends to be set by the price paid to acquire a substitute property of similar utility and desirability within a reasonable amount of time (The Appraisal of Real Estate, 13th Edition). The sales comparison approach is less reliable if substitute properties are not available in the market.

**Balance:** The market tends to force a balance between supply and demand. Balance can change due to shifts in population, variations in purchasing power, consumer tastes and preference, and time.

**Externalities:** When possible, select comparables with similar location, economic conditions and support facilities.

Sales Comparison Approach -- continued

As mentioned previously in this report, the Sales Comparison Approach is being outlined; it will be given primary weight in the final value conclusion given no financials were provided. The following grid shows golf course sales in Minnesota and Midwest and upper mid-west climate regions. Bank owned, foreclosure, and distressed sales excluded. Sales reflect functional operating golf courses, acquired for continued use.

The table provides a range of sale values on a per acre and per hole basis:

	Course	City	ST	Sale Date	Sale Price	Greens Fees	Acres	\$\$ per acre	# of Holes	\$\$ per Hole
1	Terrace View Golf Course	Mankato	MN	Apr-17	\$550,000	\$18 - \$46	98	\$5,629	9	\$61,111
2	Heartland Country Club	Lewiston	MN	Jun-19	\$850,000	Public	100	\$8,500	9	\$94,444
3	Pinewood Golf Course	Elk River	MN	Aug-21	\$420,000	Public	26	\$15,891	9	\$46,667
4	Fox Hollow Golf Course	St. Michael	MN	Apr-22	\$3,173,500	\$27 - \$48	150	\$21,118	18	\$176,306
5	Nordic Trails Golf	Alexandria	MN	May-21	\$450,000	\$13 to \$25	70	\$6,466	9	\$50,000
6	Turtle Golf Course	Rice Lake	WI	Mar-21	\$1,150,000	\$24 - \$46	216	\$5,315	18	\$63,889
7	Oak Valley Golf	Pevely	MO	Mar-16	\$2,840,000	Public	292	\$9,737	18	\$157,778

The comparables used bracket the subject in terms of age, quality, size, value, greens fees, etc.

Comparable 7 is used only for bracketing purposes. Property has large restaurant, water park, RV, park, and river frontage. Given less weight.

Sales Comparison Approach -- continued

The comparables reflect a unit value range of \$5,315 to \$21,118 per acre, with an average of \$10,380 per acre. The subject is in an established median household income location and has a typical land ratio per hole. Redevelopment is assumed not likely due to future land use, if found to be otherwise, value could differ. Considering all factors, a value near/at the upper mid-range is considered appropriate given location, say **\$11,000 per acre**.

The comparables reflect a unit value range of \$46,667 to \$176,306 per hole, with an average of \$92,885 per hole, and median of \$63,889. Factoring in the location in the St. Cloud Metro Area Considering the low quality improvements, the overall appeal the property, and the somewhat potentially restricted development, a value near the mid-range is considered appropriate, say **\$100,000 per hole**.

<b>SUBJECT</b>	<b>Unit Value</b>	<b>Acres</b>	<b># of Holes</b>	<b>Value, rnd.</b>
Value Per acre	\$11,000	81.38	--	\$895,000
Value Per Hole	\$100,000	--	9	\$900,000

Due to varying size of golf courses, the per acre analysis is given less weight. Primary weight is accorded to value per hole as this is a more established and relied upon unit of measure in the market.

**OPINION OF GOING CONCERN VALUE –  
SALES COMPARISON APPROACH:**

**\$900,000**

Sales Comparison Approach - continued

**COMPARABLE 1**



<b>Location:</b>	Terrace View Golf Course, Mankato
<b>Sale Date:</b>	April 2017
<b>Sale Price:</b>	\$550,000
<b>Age:</b>	1972
<b>Greens Fee:</b>	\$18 to \$46
<b>Acres:</b>	97.70 acres
<b># of Holes:</b>	9

**COMPARABLE 2**



<b>Location:</b>	Heartland Country Club, Lewiston, MN
<b>Sale Date:</b>	June 2019
<b>Sale Price:</b>	\$850,000
<b>Age:</b>	1970s
<b>Greens Fee:</b>	Not available online
<b>Acres:</b>	100 acres +/-
<b># of Holes:</b>	9

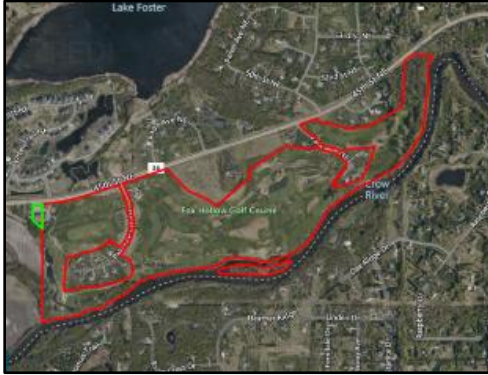
**COMPARABLE 3**



<b>Location:</b>	Pinewood Golf Course, Elk River, MN
<b>Sale Date:</b>	August 2021
<b>Sale Price:</b>	\$420,000
<b>Age:</b>	Competing
<b>Greens Fee:</b>	Public
<b>Acres:</b>	26.43 +/- acres
<b># of Holes:</b>	9

Sales Comparison Approach - continued

**COMPARABLE 4**



<b>Location:</b>	Fox Hollow Golf Course, St. Michael
<b>Sale Date:</b>	April 1, 2022
<b>Sale Price:</b>	\$3,173,500
<b>Age:</b>	1988
<b>Greens Fee:</b>	\$27 to \$48+
<b>Acres:</b>	150.28 acres
<b># of Holes:</b>	18

**COMPARABLE 5**



<b>Location:</b>	Nordic Trails Golf Course, Alexandria, MN
<b>Sale Date:</b>	May 2021
<b>Sale Price:</b>	\$450,000
<b>Age:</b>	2000
<b>Greens Fee:</b>	\$13 to \$25
<b>Acres:</b>	69.59 acres
<b># of Holes:</b>	9

**COMPARABLE 6**



<b>Location:</b>	Turtleback Golf Course, Rice Lake, WI
<b>Sale Date:</b>	March 2021
<b>Sale Price:</b>	\$1,150,000
<b>Age:</b>	Competing
<b>Greens Fee:</b>	\$24 to \$46
<b>Acres:</b>	216.35 acres
<b># of Holes:</b>	18

Sales Comparison Approach - continued

COMPARABLE 7		
	<b>Location:</b>	Oak Valley Golf Course & Resort, Pevely MO
	<b>Sale Date:</b>	March 2016
	<b>Sale Price:</b>	\$2,840,000
	<b>Age:</b>	Competing
	<b>Greens Fee:</b>	Public
	<b>Acres:</b>	291.68 acres
	<b># of Holes:</b>	18

Property has superior due to resort, RV park, larger clubhouse.

Sales Comparison Approach - continued

The subject as previously noted is tenant occupied. It is very rare that golf courses are tenant occupied, as such, rental data is considered to be very limited.

A market participant would consider the net present value of lease payments for the term of the lease and reversion costs to determine a leased fee value.

The lease appears to be net lease with the tenant responsible for operating costs. The appraiser is not an expert at interpreting legal documents, if details below are found to be otherwise, the appraised value could differ.

Below are the reported rent payments for the remaining term through 2032. Applying a discount rate of 7.00%, the net present value of the rent payments is as follows:

Year	Rent Payment
2022	\$30,729
2023	\$31,958
2024	\$33,237
2025	\$34,566
2026	\$35,949
2027	\$37,387
2028	\$38,882
2029	\$40,438
2030	\$42,055
2031	\$43,737
2032	\$45,486

7.00%	Discount Rate
\$275,145	Net Present Value
<b>\$275,000</b>	<b>NPV Rounded</b>

The net present value of the lease payments is \$275,000.

Sales Comparison Approach - continued

At the end of the lease term the landlord will get the residual value of the real estate. This will be applied to the real estate and equipment value, assuming equipment will be maintained and replaced throughout period as needed.

It is considered appropriate to apply a 2% annual appreciation rate. A slightly lower discount rate is applied given less risky than lease payments.

Year	Real Estate
2022	\$900,000
2023	\$918,000
2024	\$936,360
2025	\$955,087
2026	\$974,189
2027	\$993,673
2028	\$1,013,546
2029	\$1,033,817
2030	\$1,054,493
2031	\$1,075,583
2032	\$1,097,095
2033	\$1,119,037
6.50%	<b>Discount Rate</b>
\$559,756	<b>Residual Value</b>
<b>\$560,000</b>	<b>Value Rounded.</b>

The implied residual value of the real estate is \$560,000.

As such, the concluded leased fee value is as follows:

$$\$275,000 \text{ NPV of lease payments} + \$560,000 \text{ residual value of property} = \$835,000$$

<b>Leased Fee Value</b>	<b>\$835,000</b>
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## ***INCOME APPROACH***

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Properties like the subject are rarely leased, as such, quality and quantity of data is rated to be very poor and therefore rendering the Income Approach to be less reliable. As such, the Income Approach was considered but not applied.

## RECONCILIATION

Indicated Value by Cost Approach	Fee Simple	Leased Fee
Indicated Value by Cost Approach	Not Applied	Not Applied
Indicated Value by Sales Comparison Approach	<b>\$900,000</b>	<b>\$835,000</b>
Indicated Value by Income Approach	Not Applied	Not Applied

The **Cost Approach** to value was considered less reliable due to subjective depreciation adjustments and was therefore not applied.

The Direct **Sales Comparison Approach** to value analyzed recent sales of buildings as compared with the characteristics of the subject property. This results in an indication of market value at which a typical buyer would be willing to pay for the subject property. Because of many differences, estimating the value of a course by comparing prices paid for other properties is very difficult and, thus, considered unreliable. Due to the limited data and the market's reliance on the Cost and Income Approaches, the Sales Comparison Approach is included to add support and will be given less weight in the final value reconciliation. Quality and quantity of data rated to be fair to average.

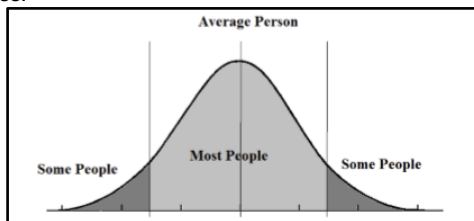
The **Income Approach** is typically preferred for income-producing properties. The reliability of this approach is a function of accuracy of income and expense data and the capitalization rate. The subject is an investment grade property type. A typical investor/buyer of this property would utilize the Income Approach to evaluate the potential income/performance. No weight given, no financials provided. If provided, value could differ.

**Conclusion:** Primary weight given to the Income Approach.

<b>Final Value Opinion – Going Concern – Fee Simple</b>	<b>\$900,000</b>
<b>Final Value Opinion – Going Concern – Leased Fee</b>	<b>\$835,000</b>

**NOTE:** *Changes in the economy, market, building, use, lease, foreclosures, and/or management, etc., subsequent to the effective appraisal date could impact market value. Typically, unstable and/or distressed properties with unusual conditions and/or motivated sellers tend to sell below market value. Based on market observations and discussions with various market experts, bank owned discounts can range from 10%-50%+.*

The appraised value opinion is considered to be indicative of the most probable price within the subject market (see Market Value Definition in rear of report). The actions of buyers and sellers operating in said market generally reflects a bell curve, with most participants and prices in the middle of the curve. However, there are right and left tail market participants that may have a different perception of value than most buyers/sellers resulting in a willingness to pay more or less than the appraised value opinion. Seller may be fortunate and find a buyer who needs this property and is willing to pay more, conversely there could only be buyers that are towards the left, that are willing to pay less.



## EXPOSURE TIME / MARKETING TIME

**Reasonable Exposure Time:** Typically 12 months before the effective date of the appraisal.

**Marketing Time Opinion:** 12 months or less after the effective date of the appraisal.

Reconciliation – continued

**BREAKDOWN OF VALUE:** The appraised value given in this report reflects the going-concern value of the subject (*The market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate*). The going concern value consists of **Real Estate, Business Value, and FF&E.**

**Note:** Typically, to determine the contributory value of the FF&E and business value, the value of the real estate is deducted from the going-concern value. However, given the unique nature of this property type, a stand-alone real estate value is not typically found within the market (unless sold for land value, most golf course transactions include FF&E, along with business value if any). Therefore, in this instance, the value of the FF&E will be subtracted from the going-concern to provide an indicated value of the real estate. Considering the golf course equipment is moveable and there is an established secondary market, this method is considered appropriate.

**Business Value:** Within the Income Approach, appropriate deductions are made to account for management, officers' salary, owners' draw, and/or other ownership related compensation. As a result the indicated value does not include business value.

**FF&E:** Appraised value includes real estate, business value, and all FF&E needed to operate the subject as a functional golf course including, but not limited to, the following: golf carts, lawn mowers, other landscaping equipment, coolers, table, chairs, all kitchen and bar equipment, etc. As reported by "*Analysis and Valuation of Golf Course and Country Clubs, by Arthur E. Gimmy, MAI*" FF & E generally accounts for 5% to 15% of total golf course property value. FF&E valuation in this report is not itemized; it is based on allocation/lump-sum methodology and industry standards. *If FF&E were to be appraised separately, value could differ.*

**Real Estate:** Includes the raw land, building improvements and all site improvements. The going concern value, less the business value and FF&E of the subject, reflects the approximate value of the real estate.

Based on the above, the following is calculated based on the going concern value:

Going Concern: \$900,000 – Fee Simple

FF&E Allocation (7% of GC): \$60,000 rounded

This will be used for both scenarios.

Based on the above, the following is calculated based on the going concern value:

Going Concern: \$835,000 – Leased Fee

FF&E Allocation (7% of GC): \$60,000 rounded

This will be used for both scenarios.

## **DEFINITIONS**

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**MARKET VALUE** - The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

*(A) buyer and seller are typically motivated;*

*(B) both parties are well informed or well advised, and each acting in what they consider their own best interest;*

*(C) a reasonable time is allowed for exposure in the open market;*

*(D) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*

*(E) 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: Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute

## **ENVIRONMENTAL & STRUCTURAL ISSUES**

Regarding any adverse environmental and/or improvement structural conditions (such as, but not limited to, hazardous wastes, toxic substances, mold, construction defects or inadequacies, etc.) present in the improvements, on the site, or in the immediate vicinity of the subject property: **None are apparent**, however, appraiser is not an expert in this field. Value assumes no hazardous or structural conditions exist. Value assumes any abandoned wells will be properly sealed. If any of these conditions exist the appraised value could differ significantly.

## **EXTRAORDINARY ASSUMPTIONS & HYPOTHETICAL CONDITIONS**

### **As stated by USPAP;**

**Extraordinary Assumption:** An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions of conclusions.

Appraised value assumes continued operation with good quality management going forward and the current use is financially feasible. If otherwise, appraised value could differ

It was reported that there is a deed restriction on the subject site and must be used as a golf course. If it is found the subject could have redevelopment potential for an alternative use, i.e. residential, the appraised value could differ.

**Hypothetical Condition:** That which is contrary to what exists but is supposed for the purpose of analysis.

None

## **ASSUMPTIONS AND LIMITING CONDITIONS**

1. The appraisers assume no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor do the appraisers render any opinion as to the title, which is assumed to be good and marketable. The property is appraised as though under responsible ownership and good management.
2. The furnished legal description is assumed to be correct.
3. Any sketch in the report may show approximate dimensions and is included to assist the reader in visualizing the property. The appraisers have made no survey of the property. It is assumed unless otherwise noted that no survey has been viewed and that all improvements are located within the legally described property.
4. The appraisers are not required to give testimony or appear in court because of having made the appraisal with reference to the property in question, unless arrangements have been previously made therefore.
5. The distribution of the total valuation in this report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.
6. The appraisers assume that there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The appraisers assume no responsibility for such conditions, or for engineering, which might be required to discover such factors.
7. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, radon gas, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
8. Information, estimates, and opinions furnished to the appraisers, and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, the appraisers can assume no responsibility for accuracy of such items furnished the appraisers.
9. Disclosure of the contents of the appraisal report is governed by the Bylaws and Regulations of the professional appraisal organizations with which the appraisers are affiliated. No part of the contents of this report, or copy thereof (including conclusions as to the property value, the identity of the appraiser, professional designations, reference to any professional appraisal organizations, or the firm with which the appraiser is connected), shall be disseminated to the public through advertising, public relations, news, sales, or any other public means of communications without the prior written consent and approval of the appraisers.

Assumptions & Limiting Conditions – continued

10. The appraisers have no present or contemplated future interest in the property appraised; and neither the employment to make the appraisal, nor the compensation for it, is contingent upon the appraised value of the property. The appraisers have no personal interest or bias with respect to the parties involved.

11. The appraiser has personally inspected the subject site (unless noted otherwise). The comparable sales data has been viewed via aerial maps, photographs and/or online street views along with file pictures, when available. To the best of the appraiser's knowledge and belief, all statements and information in this report are true and correct, and the appraisers have not knowingly withheld any significant information.

12. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is our personal, unbiased professional analyses, opinions, and conclusions. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. The appraisal is for the sole use of the named client.

13. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of the property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible non-compliance with the requirements of ADA in estimating the value of the property.

14. This appraisal assignment was not based on a requested minimum valuation or specific valuation or approval of a loan.

15. To the best of our knowledge and belief, the reported analysis, opinions, and conclusions were developed, and this report was prepared in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.

16. The appraised value opinion assumes all leases (if any) are current and paid in full as of the effective date of the appraisal.

17. Excel grids and tables may have slight deviations due to rounding, which may have a nominal impact on value.

18. The appraised value opinion assumes all formulas used in the Excel grids throughout the report are accurate.

19. Unless noted, value assumes no apparent adverse site, building or zoning issues or conditions.

20. Site and building sizes are based on public record, data services, client and/or appraiser measurement at the time of appraisal and are considered reliable, but not guaranteed. Actual sizes herein could vary if made by an engineer/surveyor/contractor.

21. Because market and property conditions may change rapidly, the appraised value set forth in this appraisal should not be relied on after thirty days from the date of the report.

22. If any of the above if found to be different, value could change.

## **CERTIFICATION**

### **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) The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analysis, opinions, and conclusions.
- 3) I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- 4) I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- 5) My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- 6) My compensation for completing this assignment is not contingent upon the development or reporting of predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- 7) My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- 8) The reported analyses, opinions and conclusions were developed, and this report has been prepared in conformity with the requirements of the Appraisal Institute's Code of Professional Ethics and Standards of Professional Appraisal Practice, which includes the Uniform Standards of Appraisal Practice.
- 9) **Erin Waytas, MAI** has made a personal inspection of the property that is the subject of this report. **William R. Waytas** has not viewed the subject property.
- 10) No one provided significant professional assistance to the person signing this report.
- 11) In accordance with the competency provision USPAP, I have verified that my knowledge, experience and education are sufficient to allow me to competently complete this appraisal. See attached qualifications.
- 12) As of the date of this report, William R. Waytas and Erin Waytas have completed the requirements of the continuing education program of the appraisal institute.
- 13) The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representative.
- 14) We **have not** provided services as an appraiser, regarding the subject property within the 3-year period immediately preceding acceptance to this assignment.



Erin Waytas, MAI  
Certified General MN 40368620  
Date: see report



William R. Waytas  
Certified General MN 4000813  
Date: see report

## **QUALIFICATIONS**

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### **Appraisal Experience**

Presently and since 2008, **Erin Waytas, MAI** has been employed as an employee of Nagell Appraisal Incorporated, an independent appraisal firm (12 employees) who annually prepares 1,500 +/- appraisal reports of all types. She is currently a full-time licensed certified general real estate appraiser and is partner of the firm since 2020.

### **Properties Appraised**

- **Commercial** – low and high-density multi-family, retail, office, office condos, storage units, mixed-use, industrial, restaurant, fast-food restaurant, strip-centers, gas stations (branded), convenience stores, auto- service and repair, greenhouse/landscaping properties, redevelopment land, resort, food production and distribution, churches, airplane hangars, bed & breakfasts, numerous special use properties, and subdivision analysis.
- **Residential** – single-family residences, residential with water frontage, hobby farms, townhouses, and land
- **Eminent Domain** – assisted with extensive partial and total acquisition appraisal services provided to numerous government agencies and private owners.
- **Special Assessment** – numerous street improvement and utilities projects for both government and private owners
- **Clients** – served include banks, trust companies, corporations, governmental bodies, attorneys, and private individuals;
- **Area of Service** – most appraisal experience is in the greater Twin Cities Metro Area (typically an hour from downtown metro). Also, numerous assignments throughout Minnesota and Wisconsin.

### **Testimony**

- District Court, has been given

### **Professional Membership, Associations & Affiliations**

License: Certified General, MN License #40368620

Holds the MAI designation from the Appraisal Institute

DNR: Approved Appraiser for Minnesota Department of Natural Resources

### **Education**

- Bemidji State University, Bemidji, MN  
Mathematical Education, Statistics and Middle Emphasis  
Summa Cum Laude Graduate (3.97 GPA)
- **General & Professional Practice Courses & Seminars**
- Basic Appraisal Procedures
- Basic Appraisal Principles
- 2012-2013 15-Hour National Uniform Standards of Professional Appraisal Practice
- Introduction to Legal Description
- The Sales Comparison Approach
- General Appraiser Income Approach -- Part 1
- General Appraiser Income Approach – Part 2
- Advanced Income Capitalization
- Real Estate Finance, Statistics, and Valuation Modeling
- Quantitative Analysis
- General Appraiser Report Writing and Case Studies
- Advanced Market Analysis & Highest and Best Use
- General Appraiser Market Analysis & Highest and Best Use
- Advanced Concepts and Case Studies
- General Appraiser Sales Comparison Approach
- General Appraiser Site Valuation and Cost Approach

Curriculum Vitae -- continued

### **Appraisal Experience**

Presently and since 1985, **William R. Waytas** has been employed as a full-time real estate appraiser. Currently a partner and President of the Nagell Appraisal Incorporated, an independent appraisal firm (12 employees) who annually prepare 1,500 +/- appraisal reports of all types. Mr. Waytas was employed with Iver C. Johnson & Company, Ltd., Phoenix, AZ from 1985 to 1987.

### **Properties appraised:**

- **Commercial** - low and high-density multi-family, retail, office, industrial, restaurant, church, strip-mall, fast-food, convenience stores, auto-service and repair, hotel, hotel water park, bed & breakfast, cinema, marina, numerous special use properties, and subdivision analysis.
- **Residential** – single-family residences, hobby farms, lakeshore, condominiums, townhouses, REO and land.
- **Eminent Domain** – extensive partial and total acquisition appraisal services provided to numerous governmental agencies and private owners.
- **Special Assessment** – numerous street improvement and utilities projects for both governmental and private owners.
- **Review** – residential, commercial and land development.
- **Clients** - served include banks, savings and loan associations, trust companies, corporations, governmental bodies, relocation companies, attorneys, REO companies, accountants and private individuals.
- **Area of Service** - most appraisal experience is in the greater Twin Cities Metro Area (typically an hour from downtown metro). Numerous assignments throughout Minnesota.

### **Professional Membership, Associations & Affiliations**

License: Certified General Real Property Appraiser, MN License #4000813.  
Appraisal Institute: SRA, Senior Residential Appraiser Designation,  
General Associate Member  
Employee Relocation Council: CRP Certified Relocation Professional Designation.  
International Right-Of-Way Association: Member  
HUD/FHA: On Lender Selection Roster and Review Appraiser  
DNR: Approved appraiser for Department of Natural Resources

### **Testimony**

-- Court, deposition, commission, arbitration & administrative testimony given.

### **Mediator**

-- Court appointed in Wright County.

### **Committees**

-- President of Metro/Minnesota Chapter, 2002, Appraisal Institute.  
-- Chairman of Residential Admissions, Metro/MN Chapter, AI.  
-- Chairman Residential Candidate Guidance, Metro/Minnesota Chapter, AI.  
-- Elm Creek Watershed Commission, Medina representative 3 years.  
-- Medina Park Commission, 3 years.

Curriculum Vitae -- continued

**Education**

- Graduate of Bemidji State University, Minnesota. B.S. degree in Bus. Ad.
- During college, summer employment in building trades (residential and commercial).
- Graduate of Cecil Lawter Real Estate School. Past Arizona Real Estate License.
  
- **General & Professional Practice Courses & Seminars**
- Course 101-Introduction to Appraising Real Property.
- Numerous Standards of Professional Practice Seminar.
- Fair Lending Seminar.
- Eminent Domain & Condemnation Appraising.
- Eminent Domain (An In-Depth Analysis)
- Property Tax Appeal
- Eminent Domain
- Business Practices and Ethics
- Scope of Work
- Construction Disturbances and Temporary Loss of Going Concern
- Uniform Standards for Federal Land Acquisitions (Yellow Book Seminar)
- Partial Interest Valuation Divided (conservation easements, historic preservation easements, life estates, subsurface rights, access easements, air rights, water rights, transferable development rights)
  
- **Commercial/Industrial/Subdivision Courses & Seminars**
- Capitalization Theory & Techniques
- Highest & Best Use Seminar
- General & Residential State Certification Review Seminar
- Subdivision Analysis Seminar.
- Narrative Report Writing Seminar (general)
- Advanced Income Capitalization Seminar
- Advanced Industrial Valuation
- Appraisal of Local Retail Properties
- Appraising Convenience Stores
- Analyzing Distressed Real Estate
- Evaluating Commercial Construction
- Fundamentals of Separating Real Property, Personal Property and Intangible Business Assets
  
- **Residential Courses & Seminars**
- Course 102-Applied Residential Appraising
- Narrative Report Writing Seminar (residential)
- HUD Training session local office for FHA appraisals
- Familiar with HUD Handbook 4150.1 REV-1 & other material from local FHA office.
- Appraiser/Underwriter FHA Training
- Residential Property Construction and Inspection
- Numerous other continuing education seminars for state licensing & AI

**Speaking Engagements**

- Bankers
- Auditors
- Assessors
- Relocation (Panel Discussion)

**Publications**

- Real Estate Appraisal Practice (book): Acknowledgement
- Articles for Finance & Commerce and Minnesota Real Estate Journal

***ADDENDA TO APPRAISAL REPORT***

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