

Item No 38

To: Mayor and City Council

From: Tracy L. Warner P.E., Municipal Engineer

Date: July 16, 2019

SUBJECT: Flood Mitigation River Flooding (Carney property acquisition)

BACKGROUND:

On June 25, 2019 Ames City Council considered the request to acquire property located at 1008 and 1016 S. Duff Avenue. Direction was given to staff at the meeting “to inquire with (Iowa) Homeland (Security) about the finer points of the timing of an acquisition versus reimbursement for the FEMA Grant”.

The following update was received from Iowa Department of Homeland Security & Emergency Management:

“A verbal agreement is a conversation that, should the project be implemented, the city might/would purchase the property. FYI: Agreements should not be contingent upon FEMA award. They could be contingent upon implementation of the construction of the project.

As long as no costs associated with implementing the purchase of the property are incurred prior to award (No money has changed hands. i.e. The property is not purchased and/or no earnest money was provided.) the post-award purchase of the property would be an eligible expense for cost sharing (75% federal, 25% local).”

Thus, following this direction, City Council could commit to purchase of the property, contingent upon moving forward with construction, as a post-award grant eligible expense. Therefore, should the City Council

members desire to satisfy the property owners request to acquire a portion of 1016 S. Duff for \$356,000 rather than acquire an easement for \$156,000, 75% or \$267,000 could be reimbursed with federal funds should the City be successful in securing the federal grant in the future. If, however, the federal grant is not approved, the City would be liable to the property owner for the total \$356,000.

COUNCIL ACTION FORM

**SUBJECT: FLOOD MITIGATION – RIVER FLOODING
(LAND ACQUISITION OF TOM CARNEY PROPERTIES AT 1008 AND
1016 SOUTH DUFF AVENUE)**

BACKGROUND:

Following the floods of 2010, the City Council established a goal of mitigating the impact of future flooding in Ames. A comprehensive Flood Mitigation Study was completed in 2013 that considered many possible mitigation alternatives. On December 10, 2013, the City Council approved a series of flood mitigation measures. These included elements targeted at: A.) Undertaking a stream bank restoration of Squaw Creek; B.) Working with IDOT to improve the conveyance capacity of the US Highway 30 bridge; C.) Working through the Squaw Creek Watershed Management Authority to pursue flood mitigation alternatives in the upper reaches of the watershed; and D.) Conducting a workshop to review and discuss the range of possible floodplain regulatory approaches.

FEMA GRANT UPDATE:

The stream bank restoration project involves flood mitigation in the Squaw Creek channel. A central component includes conveyance improvements within the channel approximately 2,000 feet either side of the South Duff Avenue bridge. In working with Iowa Department of Homeland Security & Emergency Management, City staff and the engineering consultant submitted an application to FEMA for grant funding. **On June 19, 2019 staff was notified that this project has been 'Identified for Further Review', which means:**

An application which is listed as “identified for further review” is not a notification of award. This means that a subapplication has met the requirements. At this time, the applicants are required to work with a FEMA Regional Office to complete the pre-award activities for subapplications. Regional Offices will also complete the Environmental Planning and Historic Preservation (EHP) compliance review for projects prior to award. Applicant management costs will be awarded based on the planning and project subapplications that are “identified for further review” and will not be awarded in excess of 10 percent of the total grant award. Additionally, awards will be subject to the availability of funds. FEMA may, at its discretion, request additional information or documentation regarding administrative or procedural requirements and conduct additional programmatic reviews before making a final decision.

As part of the project, land acquisition is necessary in the S. Duff Avenue area, thus staff and the design consultant held several meetings with landowners.

PROPERTY OWNER POSITION:

City Council referred a letter dated September 21, 2018 from Chuck Winkleblack regarding acquisition of property owned by Tom Carney located at 1008 (rear) and 1016 (front) S. Duff Avenue. In the letter (Attachment A), Mr. Winkleblack requests that City Council take a firm position on two fundamental questions related to this project:

1. Is the Council committed to doing the project and using approximately half of the front Carney parcel (1016 S Duff) as a part of the project, even if FEMA money does not materialize?
2. Is the City going to buy the land or try to secure an easement? The landowner will not likely agree to just an easement on the front parcel (1016 S Duff) because they desire that the front piece be purchased by the City. They would grant an easement on the rear parcel (1008 S Duff) that they own if they receive adequate compensation.

Staff brought this for City Council consideration in October 2018, however Mr. Winkleblack then requested that the item be postponed from consideration until they had their own appraisal completed. The landowner (Tom Carney and represented by Mr. Winkleblack) appraisal was submitted to staff on February 22, 2019 (See Attachment B).

The landowner has requested that the City purchase (Fee Simple Acquisition) the needed area located on 1016 S. Duff Avenue at a cost \$356,000 and obtain a permanent easement for the area located on 1008 S. Duff Avenue for \$6,840. The landowner has been asking whether or not he is able to sell the property as is or if it will be a smaller portion due to the City's acquisition. City Council referred this item to be placed on a City Council meeting agenda for consideration.

CITY APPRAISAL:

The City of Ames ordered an appraisal (Attachment C) from Iowa Appraisal and Research Corporation of both properties in question, which is considered preliminary because it has not been reviewed by an independent appraiser. In the appraisal, the following costs are associated with easement and/or land acquisition of these parcels:

1008 S Duff Avenue	Fee Simple Acquisition	\$41,280
1008 S Duff Avenue	Permanent Easement	\$6,840
1016 S Duff Avenue	Fee Simple Acquisition	\$377,470
1016 S Duff Avenue	Permanent Easement	\$150,270

1016 S. Duff Avenue (Front): The preliminary engineering demonstrates that the flood mitigation project would impact 1.44 acres of the 2.72-acre parcel located at 1016 S. Duff Avenue. The limits of the impacted area have been staked on the parcel (using lathe), at the request of the property owner. At this time it is planned that the area would be graded

to increase flow capacity of the creek and a structural retaining wall would be placed within the area to maximize allowable developable land on the parcel. Of the impacted area, 0.487 acres already lies within a permanent drainage easement donated to the City of Ames when the area went through Final Plat approval in 2011. See attached Map (Attachment D).

1008 S. Duff Avenue (Rear): The preliminary engineering demonstrates that the flood mitigation project would impact 6.31 acres of the 26.14-acre parcel located at 1008 S. Duff Avenue. Most of this parcel is located within the floodway. Of the impacted area, 2.30 acres already lies within a permanent drainage easement donated to the City of Ames when the area went through Final Plat approval in 2011. See attached Map (Attachment D).

The City's proposed flood mitigation work can be completed within a permanent easement. Therefore, it is not necessary to obtain full acquisition of the area in question in order to do the work. City staff has explained to the Mr. Carney and Mr. Winkleblack that if the City were to purchase the property (rather than by easement), any land development on the remaining southern portion of the front lot would not be able to utilize the acquisition area with their zoning requirements for green space/landscaping/setbacks. Therefore, the amount of buildable space that remains would be decreased. If the City were to acquire a permanent easement (rather than purchase), land development would be able to count the easement area toward their green space/landscape/setback requirements. Thus, this would allow a greater area on the remaining parcel to be built upon.

CITY'S LEGAL OPINION:

The Iowa Code does not require the City to buy the entire parcel outright unless the remnant parcel left is uneconomical. The eminent domain chapter of the Iowa Code indicates that "If the acquisition of only a portion of the property would leave the owner with an uneconomical remnant, the acquiring agency shall offer to buy that remnant." Iowa Code Section 6B.54 (8). **It further narrowly defines an "uneconomical remnant" as "a parcel of real property in which the owner is left with an interest after the partial acquisition of the owner's property, where the acquiring agency determines that the parcel has little or no value or utility to the owner."**

The property owner's own appraisal (done by Frandson) does not indicate that the remnant parcel is uneconomical, only that it is reduced in value by a proposed easement/flood wall. Moreover, staff believes that the failure in their appraisal to account for the existing drainage easement, which covers almost 1/3 of the total easement area for acquisition, is a major deficiency of their appraisal

The estimated construction cost for this project is \$5,040,000, including construction, engineering, and land acquisition. If approved for funding, the cost share basis for this project would be in amounts not to exceed 75% (\$3,780,000) from federal funds and the remaining 25% (\$1,260,000) from local funds. Funding for any land acquisition for this project was planned to be part of the application cost share (75% federal funds and 25% local funds)

ALTERNATIVES:

1. Direct staff to move ahead with the intent to acquire permanent easements for \$156,000 for the front property (1016 S. Duff) and \$6,840 for the rear property (1008 S. Duff).

This alternative will eliminate any uncertainty about the City's intent to use the property owner's land. However, it will pose a risk to the City if the purchase of the easements are made prior to confirmation of the federal grant award.

(Note: The property purchase would not be reimbursed nor be able to be used as a local match if done prior to grant award)

2. Direct staff to move ahead with the intent to acquire a fee simple acquisition for \$356,000 for the front property (1016 S. Duff) and a permanent easement for \$6,840 for the rear property (1008 S. Duff).

This alternative also will eliminate any uncertainty about the City's intent to use the property owner's land. However, it will pose a risk to the City if the purchases are made prior to confirmation of the federal grant award and is not needed for the City to complete its project.

(Note: The property purchases would not be reimbursed nor be able to be used as a local match if done prior to grant award)

3. Give no direction to staff at this time and continue to wait until the City receives final determination regarding the grant request.

This alternative would eliminate any risk and eliminate the need to use 100% local funds to accomplish the land acquisition. However, it will continue to cause uncertainty for the property owner regarding the City's intended to use the land.

MANAGER'S RECOMMENDED ACTION:

The landowner's representative stated that they are not willing to sign a permanent easement for the front property (1016 S Duff) and are only willing for the City to purchase the land area for the flood mitigation project. They are, however, willing to grant an easement on the rear property (1008 S Duff).

As supported by the preliminary design and the City's legal review, obtaining easements (rather than land purchase) is sufficient for completing the project. In order not to delay any longer the property owner from selling the property and developing the site, the City Council may desire to move forward with immediately acquiring permanent easements from both parcels using local funding. Even though there is some risk involved with this approach, the property owner has been more than patient in waiting for a definitive answer from City. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as noted above.

Date: September 21, 2018

To: Honorable Mayor and City Council of Ames

From: Chuck Winkleblack

RE: Carney properties on S. Duff

Following up on previous council meetings regarding the Carney's properties on S. Duff. We have already lost 2 prospects for the front property because we can't tell them how much property is available for development given that the channel straightening project is hanging out there as a possibility.

We have 2 more letters of intent for the property but neither party feels like they can move forward until the channel straightening issue is resolved.

My request is for the council to take a firm position on 2 fundamental questions.

1. Is the council committed to doing the project and using approximately half of the front parcel as a part of the project, even if FEMA money does not materialize?

2. Carney's would like a decision on whether the city is going to buy the land or try to secure an easement. The Carney's will not likely agree to just an easement on the front parcel, they prefer that the front piece be purchased by the city. They would grant an easement on the rear parcel that they own with adequate compensation.

An appraisal has been done on the property that was ordered by the city of Ames. Carney's have said that they are willing to wait for payment to see if the FEMA money comes in. They understand that if the city pays for the land now, the city cannot likely get that money back from FEMA.

We are currently at an impasse on this property. We have already lost 2 companies that wanted to buy this land and build a new building on the site. We don't want to lose 2 more.

Please help us get to some resolution. Our request is refer this issue back to staff to bring back to council as an action item as soon as possible.

Thanks in advance for your consideration



Chuck Winkleblack
Hunziker Companies

A Before and After Analysis Prepared Under Jurisdictional Exception of

**Commercial Land
1016 South Duff Avenue
Ames, Iowa**

Valuation Date

February 4, 2019

Prepared for

**M K T M LLC
Mr. Charles Winkleblack, CRB
105 South 16th Street
Ames, Iowa 50010**

Prepared by

Ted R. Frandson, MAI, CCIM

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COMMERCIAL REAL ESTATE APPRAISAL AND CONSULTING

Ted R. Frandson, MAI, CCIM

Tom P. Dowhan, MAI

Joseph M. Coffey

Don R. Vaske, MAI

February 13, 2019

M K T M LLC

Mr. Charles Winkleblack, CRB

105 South Duff Avenue

Ames, IA 50010

Subject: Commercial Land
1016 South Duff Avenue
Ames, Iowa

Dear Mr. Winkleblack:

At your request, Ted Frandson has on February 4, 2019, toured the above described property. The effective valuation date for this analysis is February 4, 2019. The complete legal description is found in the Addendum section of this report.

The purpose of the appraisal is to estimate the market value of the fee simple interest in the subject property immediately before and immediately after the acquisition of the right to construct a flood wall on a portion of the property, including all necessary easements, and extraordinary assumptions within this report, based on Iowa law, and any necessary jurisdictional exception, as of February 4, 2019. The intended use of this appraisal is for negotiation with public authorities for condemnation and compensation for the impact on the property. The client and only intended user of this report is M K T M, LLC.

The City of Ames is acquiring rights for the construction of a retaining wall on the north portion of the subject. Written acquisition easements have not been provided. This analysis is based on the extraordinary assumption that the flood wall will be installed on a permanent easement that will also provide a restricted path of access, primarily on the flood side for ongoing maintenance and any future repair or replacement. It is also assumed that all maintenance and future replacement will be entirely at the cost of the city. The wall will be constructed so that the property owner can fill the site south of the wall to at least 2 feet above the 100-year flood plain and build and improvement consistent with the highest and best use close to the new wall. Any deviation from these assumptions will require further analyses and will likely change the result of this appraisal. This analysis assumes that any temporary easement will have a duration of 18 months.

Based on the analysis summarized in this report, our opinion of the market value of the fee simple interest in the subject property immediately before the acquisition of the right to construct a flood wall on a portion of the property, including all necessary easements, and extraordinary assumptions within this report, based on Iowa Law, and any necessary jurisdictional exception, as of February 4, 2019, is:

ONE MILLION FIVE HUNDRED FORTY-SIX THOUSAND DOLLARS
\$1,546,000

Based on the analysis summarized in this report, our opinion of the market value of the fee simple interest in the subject property immediately after the acquisition of the property rights identified in this analysis, including all necessary easements, and extraordinary assumptions within this report, based on Iowa Law, and any necessary jurisdictional exception, as of February 4, 2019, is:

ONE MILLION ONE HUNDRED NINETY THOUSAND DOLLARS
\$1,190,000

Based on the analysis summarized in this report, our opinion of the difference in the market value of the fee simple interest in the subject property immediately before and after the acquisition of the property rights identified in this analysis, including all necessary easements, and extraordinary assumptions within this report, based on Iowa Law, and any necessary jurisdictional exception, as of February 4, 2019, is:

THREE HUNDRED FIFTY-SIX THOUSAND DOLLARS
\$356,000

This appraisal was prepared based on a definition of market value consistent with Iowa law and utilizing any necessary jurisdictional exception to USPAP.

This appraisal report is intended to comply with the reporting requirements set forth under the Uniform Standards of Professional Appraisal Practice. It presents discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended uses stated herein. The appraiser is not responsible for unauthorized use of this report.

The scope of this analysis includes the development of the Sales Comparison Approach. The scope of work was adequate to produce a credible appraisal result.

This appraisal report is subject to the attached Assumptions and Limiting Conditions, including the Hazardous Material and Liability and Dispute disclaimers. Do not utilize this report unless you accept these assumptions and limiting conditions.

This appraisal complies with the Uniform Standards of Professional Appraisal Practice (USPAP) guidelines.

This letter is invalid as an opinion of value if detached from the report, which contains the text, exhibits, and Addendum.

We appreciate the opportunity to provide this real estate service.

Respectfully,

FRANDSON & ASSOCIATES, L.C.



Ted R. Frandson, MAI, CCIM

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Letter of Transmittal
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Addendum

Legal Description
Qualifications of the Appraisers

Summary

Property Identification

Location	- 1016 South Duff Avenue Ames, Iowa
Legal Description	- See Addendum
Property ID	- 09-11-401-050

Ownership History (Three Years)

Current Owner	- M K T M, LLC
Transfer Date	- The subject parcel has been under similar ownership for an extended period of time (June 2011).
Offers	- Discount Tire as well as other end users have expressed interest but have declined due to the pending acquisition and uncertainty of wall construction.
Listings	- The site has been priced to end users at \$1,600,000 before fill.
Leases	- None

Purpose and Intended Use of the Appraisal

The purpose of the appraisal is to estimate the market value of the fee simple interest in the subject property immediately before and immediately after the acquisition of the right to construct a flood wall on a portion of the property, including all necessary easements, and extraordinary assumptions within this report, based on Iowa law, and any necessary jurisdictional exception, as of February 4, 2019. The intended use of this appraisal is for negotiation with public authorities for condemnation and compensation for the impact on the property. The client and only intended user of this report is M K T M, LLC.

Definition of Market Value

STATE OF IOWA DEFINITION

2500.4 Fair and Reasonable Market Value. The term “fair and reasonable market value” means the cash sales price between a voluntary, willing seller who is not forced to sell, and a voluntary, willing buyer who is not forced to buy. It assumes a buyer and seller are bargaining freely in the open market for the purchase and sale of real estate.

The term does not mean a value under circumstances where greater than its fair price would be obtained, nor does it mean the price which the property would bring at a forced sale. Also, it does not mean what the property is worth to the [owner] [contract purchaser] [tenant] nor what the acquiring agency can afford to pay.

Authority

Hamer v. Iowa State Highway Commission, 250 Iowa 1228, 98 N.W.2d 746 (1959)
Stortenbecker v. Iowa Power & Light Co., 250 Iowa 1073, 1080, 96 N.W.2d 205 (1963)
Comstock v. Iowa State Highway Commission, 254 Iowa 1301, 121 N.W.2d 205 (1963)
Nedrow v. Michigan-Wisconsin Pipe Line Co., 245 Iowa 763, 61 N.W.2d 687 (1954)
Korf v. Fleming, 239 Iowa 501, 32 N.W.2d 85, 3 A.L.R.2d 270 (1948)
29A C.J.S. Eminent Domain, Section 136(3)

Comment

Note: If the condemnation is of a limited special use property for which there is no ascertainable market value, the jury must find the fair and reasonable intrinsic value of the property. Instructions used in such a case should reflect this change in terminology. See Nichols, The Law of Eminent Domain, (Rev. 3rd Ed.) Section 232.

2500.6 Valuation Factors. Factors you may consider in determining the fair and reasonable market value of the property are:

1. The location and topography of the property.
2. The size and shape of the property.
3. The improvement made on the property since it was purchased.
4. The quality, age, and construction of the buildings and their location as to the highway boundary line.
5. Comparable sales of other property.
6. Loss of reasonable and convenient access to the adjoining property resulting from the highway construction.
7. The extent of the land actually taken.
8. Any inconvenience resulting from the taking.
9. The character of the neighborhood.
10. The use and capability of the property.
11. Other circumstances disclosed by the evidence which tend to show the fair and reasonable market value of the property.

Authority

Iowa Development Co. v. Iowa State Highway Commission, 252 Iowa 978, 108 N.W.2d 487 (1961)
Ranck v. Cedar Rapids, 134 Iowa 563, 111 N.W. 1027 (1907)
Iowa Code section 6B.21 (as amended)

2500.8 Controlled Access. The acquiring agency, (name) has the authority to put in a controlled access highway.

The [owner] [contract purchaser] [tenant]s of the property next to the controlled access highway are not entitled to get to their property at any and all points between it and the highway. They are entitled only to reasonable and convenient access to their property; however, if there is a substantial interference with the right of access, the property [owner] [contract purchaser] [tenant] adjoining the controlled access highway is entitled to fair and just compensation.

In determining whether the [owner] [contract purchaser] [tenant] has lost reasonable and convenient access to the property, you may consider the following factors:

1. The condition, situation, location and use of the property.
2. Its normal access requirements in ordinary use.
3. The location of any present access point or points available to the [owner] [contract purchaser] [tenant], and the extent to which the existing access point or points may be used by the [owner] [contract purchaser] [tenant] in entering and leaving the property.
4. The nature and extent of restrictions to the access point or points on the property.

If you find a substantial interference with access to the [owner] [contract purchaser] [tenant]'s property from (highway/street) as it was before the condemnation [or as relocated], this would be a factor in determining the value of the property after condemnation.

Authority

Iowa Code chapter 306A, Controlled Access Highways

Belle v. Iowa State Highway Commission, 256 Iowa 43, 126 N.W.2d 311,314 (1964)

Lehman v. Highway Commission, 251 Iowa 77, 99 N.W.2d 404 (1959)

Wilson v. Highway Commission, 249 Iowa 994, 90 N.W.2d 161 (1958)

Iowa State Highway Commission v. Smith, 248 Iowa 869, 82 N.W.2d 755 (1957)

2500.10 Measure of Damage Re Leasehold. The tenant, (name), had a lease on the property. The lease was to run to (date) and the tenant was operating a (business) on the leased property. The tenant's interest has been condemned by the acquiring agency.

The measure of the tenant's damages is the fair and reasonable market value of the unexpired term of lease immediately before the condemnation, taking into account the building, fixtures, and personal property on the premises, less the future rent to be paid, and the reasonable value of personal property removed by the tenant after the date of the condemnation.

The following factors may be considered in determining value:

1. The location of the premises, its surroundings and its accessibility.
2. The use to which the premises has been put.
3. Improvements to the premises.
4. The nature, character, type and general construction of the building and fixtures located on the premises.
5. The depreciation of the buildings, fixtures, and personal property since their construction or purchase.
6. Any other pertinent facts disclosed by the evidence.

Authority

Iowa Code section 6B.21 (as amended)

Estelle v. Iowa State Highway Commission, 254 Iowa 1238, 119 N.W.2d 900 (1963) In this opinion, the Court states:

“And whereas here there is more than one tract under the same lease and separated by a highway, it is the use and operation of the land that determine whether damages should be assessed to the entire leasehold or to the part taken.”

Des Moines Laundry v. City, 197 Iowa 1082, 198 N.W.486, 34 A.L.R. 1517 (1924)

2500.12 Separate Tracts Operated As One. The [owner] [contract purchaser] [tenant] claims the condemned property was used with other property owned by (name), which is not being condemned. This is denied by the acquiring agency.

You may consider the following factors in deciding if separate parcels of land were used for one operation:

1. The location of and the relation between the parcels of real estate.
2. The kind and character of the improvements.
3. The type of [business/farming] being carried on.
4. The ownership of and the location of personal property [farming equipment] used.
5. The length of time the use has been and would be in operation.
6. Any other factors and circumstances shown by the evidence.

If you find that just before the condemnation, [both] [all] parcels were [used] [operated] as a single [business] [farming] operation, then you may consider this in determining the fair market value of the condemned property.

Authority

Crist v. Iowa State Highway Commission, 255 Iowa 615, 123 N.W.2d 424 (1963)

Stortenbecker v. Iowa Power and Light Company, 250 Iowa 1073, 96 N.W.2d 468 (1959)

Paulson v. State Highway Commission, 210 Iowa 651, 231 N.W.296 (1930)

2500.15 Eminent Domain – Highest and Best Use – Zoning Classification. The most valuable legal use for which the property was reasonably suited immediately before and after the condemnation must be [a use allowed by the zoning ordinance in effect on (date of condemnation).] [a use permitted by a different zoning classification if there was a reasonable probability that a change to the different zoning classification would be made soon. The [owner] [contract purchaser] [tenant] must prove there was, on (date), a reasonable probability of a zoning change in the near future.]

Authority

Dolezal v. City of Cedar Rapids, 209 N.W.2d 84, 88-89 (Iowa 1973)

Jones v. Iowa State Highway Commission, 259 Iowa 616, 625-626, 144 N.W.2d 277, 282-283 (1966)

The zoning classification can also be disregarded when there is substantial evidence demonstrating the illegality of a restrictive zoning ordinance and the zoning authority's failure to rezone while considering acquisition of the subject property. Business Ventures, Inc. v. Iowa City, 234 N.W.2d 376 (Iowa 1975).

The determination of "Market Value" may not consider or reflect any enhancement or diminution in value of the subject, caused by the building of the project which has prompted the taking. (No sales exhibiting these effects may be used as a comparable in arriving at the value of the subject property, either before or after the date of condemnation.) *Uniform Jury Instruction 14.3 and Socony Vacuum Oil Co. v State of Iowa*, 170 N.W.2d 378. (Iowa 1969).

Scope of the Appraisal

The scope of the appraisal assignment involves a physical tour of the property, review and analysis of its sale and operating history, researching comparable sales and rentals, and analyzing all information to determine the market value defined in the appraisal report.

The subject property is identified using information provided by the owner or related party, and ownership information is verified through documents of public record. The property is then physically toured by the appraiser, which includes examining the size, shape, topography, and accessibility of the subject site as well as other factors affecting its value. Zoning, access to public utilities, and other public influences are also researched. The building improvements are inspected to determine size, construction quality, finish, functional utility, and current condition. Physical characteristics of the land and improvements are verified through public record and building plans, when available. A general inspection of the subject neighborhood is also completed to determine any characteristics which may affect the property. Demographic and economic information pertaining to the subject neighborhood and surrounding area is gathered using Census reports and economic publications.

Engineering analysis by Bolton and Menk is considered in this analysis.

Information regarding the previous sales of the subject property is obtained using public records and interviewing the present owner or related party. The subject neighborhood and other neighborhoods considered to be comparable are researched for comparable land and building sales, comparable rentals, and market rates which are pertinent to the appraisal assignment. Sales and rental information is verified through interviews with market participants and brokers as well as public sources. Additional market information is available through in-house data collected from previous assignments of similar properties.

All of the information is then used in determining the highest and best use of the property and the completion of the appropriate approaches to value. The Sales Comparison Approach is the primary analysis used in the valuation of land, however, income based methods may be used in the valuation process when applicable. The three approaches used in the valuation of land and improvements are the Cost Approach, Sales Comparison Approach, and Income Approach. Any arm's length lease agreements are analyzed and a leased fee value consideration is made when appropriate.

The final reconciliation of value is then based upon the analysis, with more consideration given to the valuation approaches that include the best market data and more conclusive analysis.

Based on the proposed acquisition, plats, easements, and information from the condemning authority the property is analyzed using all applicable approaches to value as it will be after the acquisition.

The scope of this analysis includes the development of the Sales Comparison Approach. The scope of work was adequate to produce a credible appraisal result.

Property Rights Defined

Fee Simple Estate – Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. *The Dictionary of Real Estate Appraisal, Fifth Edition.*

Leased Fee Estate – The ownership interest that the landlord or lessor maintains in a property under a lease with the rights of use and occupancy being conveyed or granted to a tenant or lessee. The ownership interest in a leased property. *The Dictionary of Real Estate Appraisal, Fifth Edition.*

Leasehold Estate – The interest which a tenant or lessee acquires under a lease including rights of use and occupancy for a stated term under certain conditions (e.g., the payment of a premium and/or rent). Leaseholds may be of various duration such as 25 years, 60 years, and 99 years, etc. *The Dictionary of Real Estate Appraisal, Fifth Edition.*

Property Rights Appraised

Fee Simple / Fee Simple subject to acquisition

Date of Inspection

February 4, 2019

Date of Valuation

February 4, 2019

Site Summary Before Acquisition

Source: Bolton & Menk Engineers

Buildable Area	- 1.31 Acres	57,246 SF
Floodway Fringe	- 0.50 Acres	21,608 SF
Floodway	<u>- 0.91 Acres</u>	<u>39,693 SF</u>
Total Area	- 2.72 Acres	118,547 SF

Shape	- Irregular
Frontage	- The subject has frontage along and access from South Duff Avenue.
Topography	<p>- The southwest part of the subject is generally at street grade. The site falls to the north and east into the floodway of Squaw Creek.</p> <p>The engineer has identified that 8,100 cubic yards of fill is needed to elevate the buildable area one foot above the flood plain to allow construction on the buildable area. This would elevate the entire buildable area, not just the building pad. The floodway fringe could be used for some site improvements.</p>
Street	- Paved, 4-lane
Accessibility	- Good. The subject has direct public full access from South Duff Avenue, which is a major north/south arterial that traverses Ames. There is no median in South Duff Avenue at the entrance to the subject.
Soil/Subsoil	- Although we have conducted no soil tests, the soil and subsoil are assumed to be adequate to support improvements which would represent the highest and best use of the subject site.
Utilities	- All public
Environmental Hazards/ Visible Contaminants	- This appraisal report is subject to the attached Assumptions and Limiting Conditions, including the hazardous material disclaimer.
Easements/Encroachments/ Restrictions	<p>- Other than typical utility easements, no adverse easements or encroachments appear to affect the property.</p> <p>As set forth in the Assumptions and Limiting Conditions, a title report has not been performed to determine if any deed restrictions exist.</p>
Flood Hazard	- The subject site is located at the edge of a flood zone. A portion of the subject is within the floodway, and floodway fringe. Panel No. 1916590163F, dated October 16, 2014. Engineering drawings by Bolton & Menk are included in this report.

Zoning Classification	- HOC; Highway Oriented Commercial District
Zoning Authority	- City of Ames
Zoning Requirements	- Various commercial uses are permitted including those that benefit the traveling public. Please refer to zoning ordinance for additional details.

Highest and Best Use, As Vacant, Before the Acquisition, Considering Iowa Law for Condemnation

After considering the legally permissible, physically possible, and financially feasible improvement alternatives it appears that the maximally productive use of the subject site as vacant is commercial. The adjacent parcel to the east is under similar ownership. This tract has little visibility, and also has a different highest and best use than the subject. Consequently, it is not considered as part of the subject property before the acquisition. It is possible however, to take some fill material from this tract to use on the subject property, potentially lowering the cost to fill the subject.

Description of Proposed Project and Acquisition

The proposed project is the construction of a flood wall structure in the area of the subject along Squaw Creek and includes a wall on the subject property. As of this analysis we have not been provided with the easement language, easement boundaries or any other final documents.

This analysis is based on the extraordinary assumption that the flood wall will be installed on a permanent easement that will also provide a restricted path of access, primarily on the flood side for ongoing maintenance and any future repair or replacement. It is also assumed that all maintenance and future replacement will be entirely at the cost of the city. The wall will be constructed so that the property owner can fill the site south of the wall to at least 2 feet above the 100-year flood plain and build and improvement consistent with the highest and best use close to the new wall. Any deviation from these assumptions will require further analyses and will likely change the result of this appraisal. This analysis assumes that any temporary easement will have a duration of 18 months.

Site Summary After Acquisition

The acquisition includes no fee taking. The easement area has not yet been defined. With the Above assumptions the primary impact on the subject will be a reduction in the useable/buildable area. The engineers Bolton & Menk have analyzed the useable area both before and after. Their analysis is included in this report. In addition to the reduction in useable area the building will have to be set back from the wall further reducing the utility of the site after the acquisition.

The following summarizes the useable site after the acquisition.

Buildable Area	- 1.01 Acres	44,089 SF
Area Between Wall & Fringe	- 0.16 Acres	6,997 SF
Setback From Wall	- 0.14 Acres (estimated)	6,160 SF (estimated)
Floodway Fringe	- 0.50 Acres	21,608 SF
Floodway	- <u>0.91 Acres</u>	<u>39,693 SF</u>
Total Area	- 2.72 Acres	118,547 SF

Highest and Best Use, After Acquisition, considering Iowa Law for Condemnation

After analyzing the proposed construction of a flood wall and any associated temporary construction easements, the locational attributes and physical characteristics of the subject property, area developments, and considering the subject property will have reduced buildable area, and the highest and best use, after acquisition, is for a commercial use similar to the types of commercial use in its before acquisition considering the extraordinary assumptions within this report.

Environmental Problems

See Assumption and Limiting Conditions

Approaches to Value

Before the Acquisition, Sales Comparison Approach	\$1,546,000
After the Acquisition, with Extraordinary Assumptions Sales Comparison Approach	\$1,190,000

Final Estimate of Market Value

Before the Acquisition	\$1,546,000
After the Acquisition, with Extraordinary Assumptions	\$1,190,000
Difference Between Before and After Acquisition	\$356,000

Exposure Period

The above estimates of market value for the subject property are based on a reasonable exposure period of 6 to 12 months. An exposure period of 6 to 12 month appears reasonable considering recent market activities in the subject's area and the physical characteristics and locational attributes of the subject property. This assumes the subject is marketed by a professional real estate broker at or near the appraised value.

Exposure Time Definition

The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market. Exposure time is always presumed to occur prior to the effective date of the appraisal. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. Exposure time is different for various types of real estate and value ranges and under various market conditions. (Appraisal Standards Board of The Appraisal Foundation, Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions").

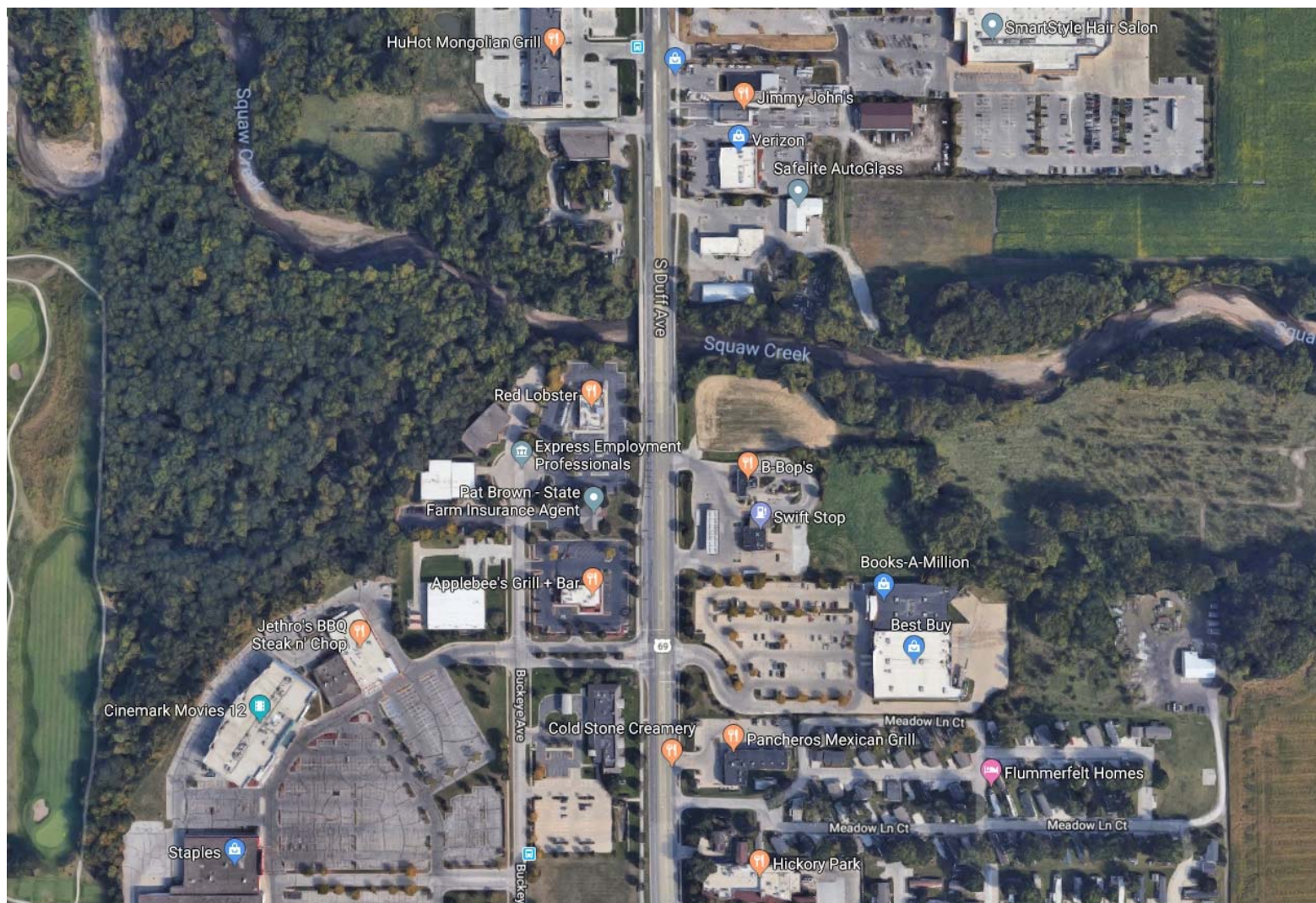
Market value estimates imply that an adequate marketing effort and reasonable time for exposure occurred prior to the effective date of the appraisal. In the case of disposition value, the time frame allowed for marketing the property rights is somewhat limited, but the marketing effort is orderly and adequate. With liquidation value, the time frame for marketing the property rights is so severely limited that an adequate marketing program cannot be implemented. (The Report of the Appraisal Institute Special Task Force on Value Definitions qualifies exposure time in terms of the three above-mentioned values.) See also marketing time.

*Source: The Appraisal Institute
The Dictionary of Real Estate Appraisal, 5th Edition*

LOCATION MAP

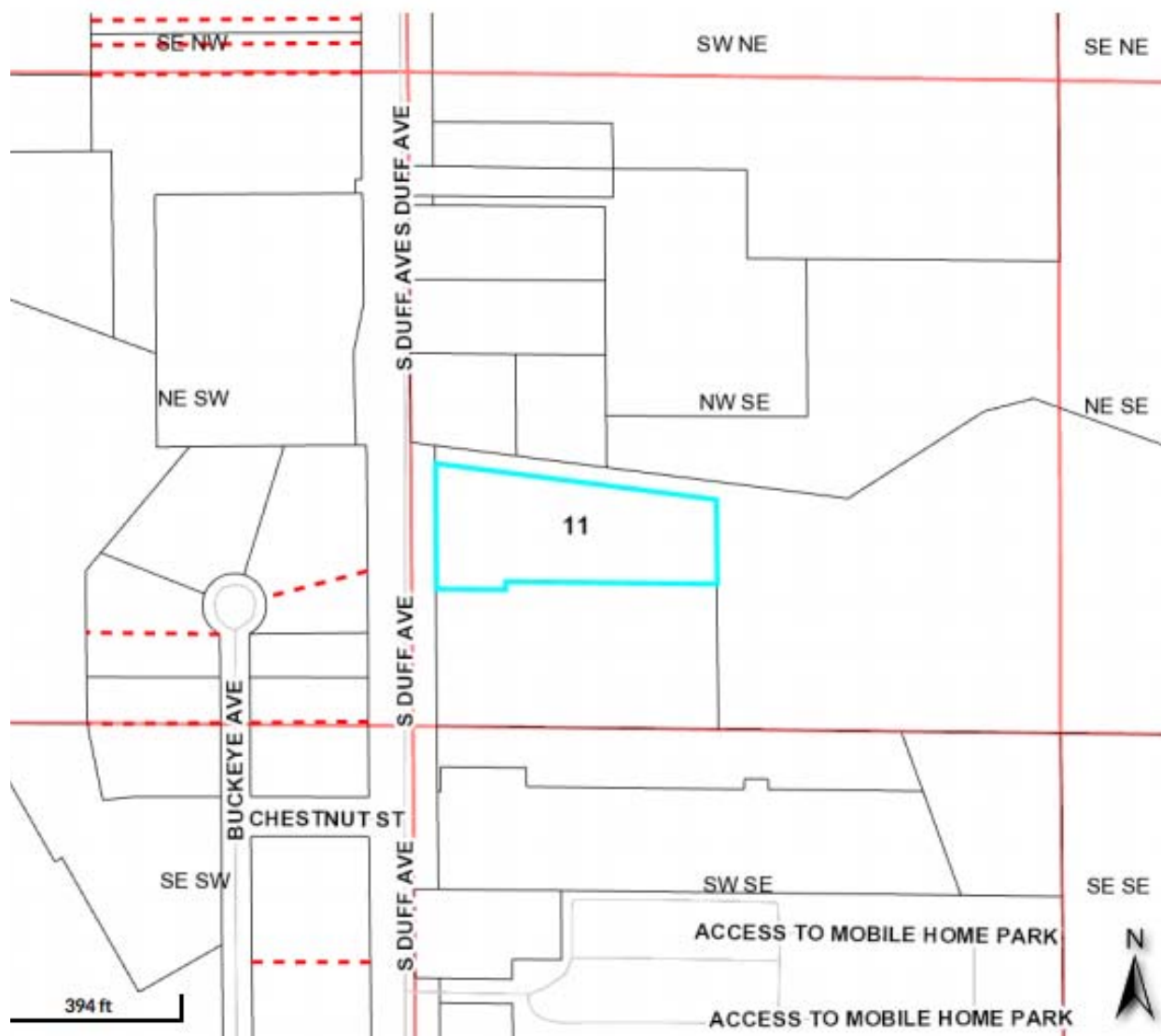


LOCATION MAP WITH BUSINESSES



FRANDSON & ASSOCIATES, L.C.

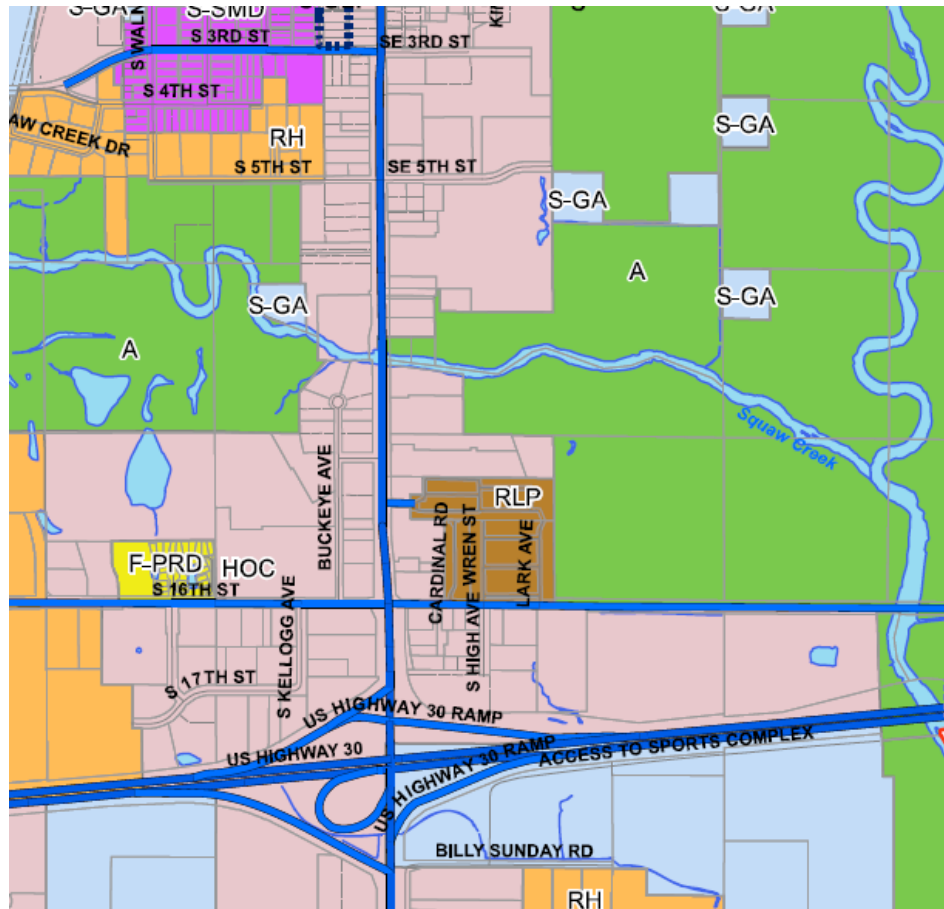
PLAT MAP



AERIAL MAP



ZONING MAP



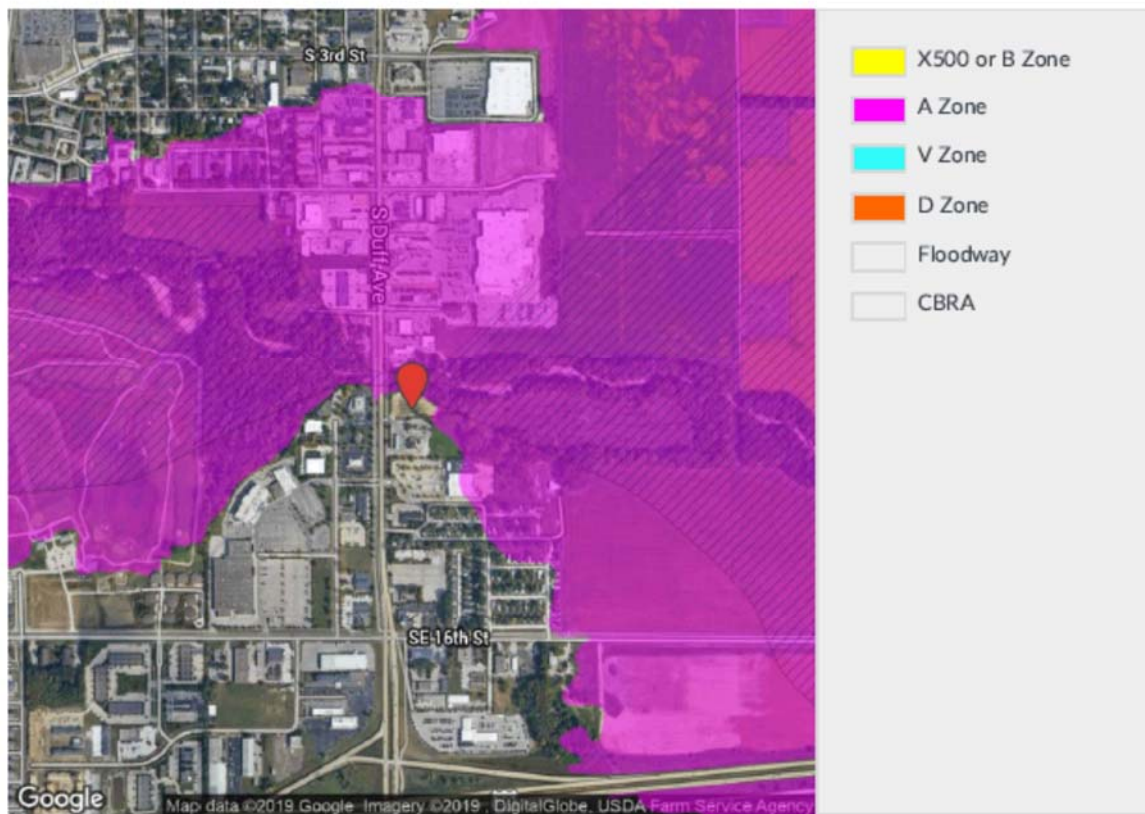
FLOOD MAP

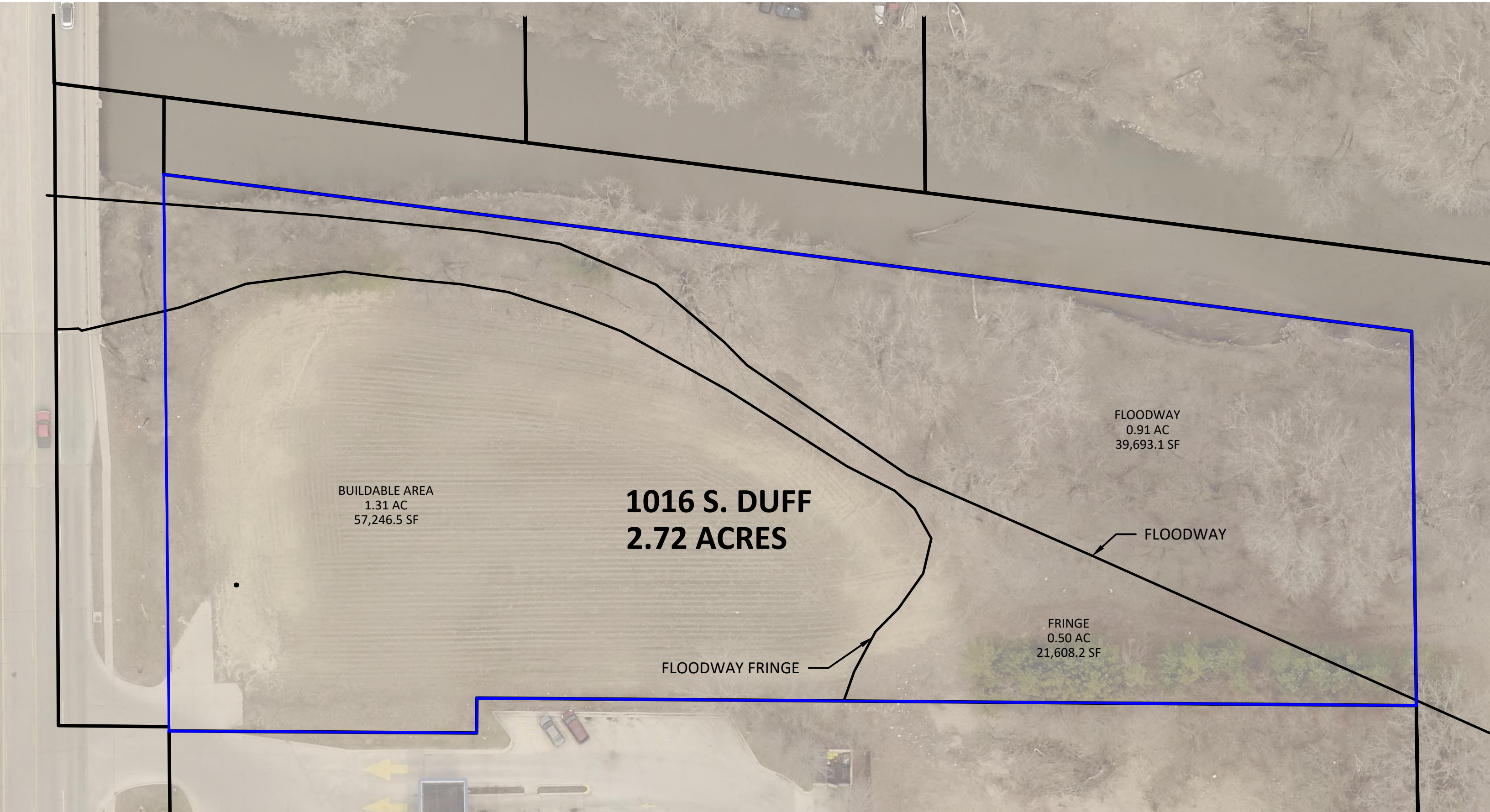
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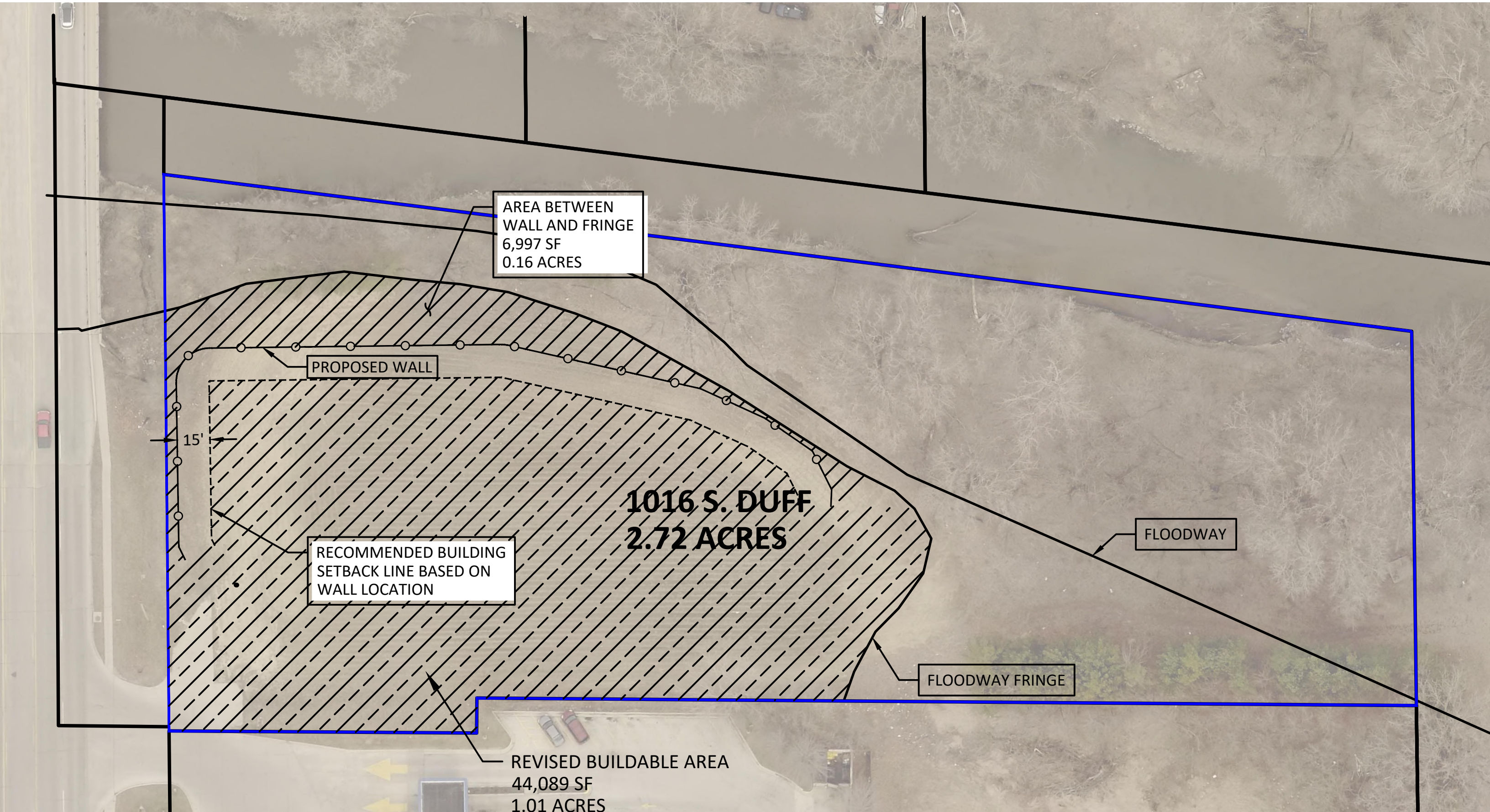
October 16, 2014

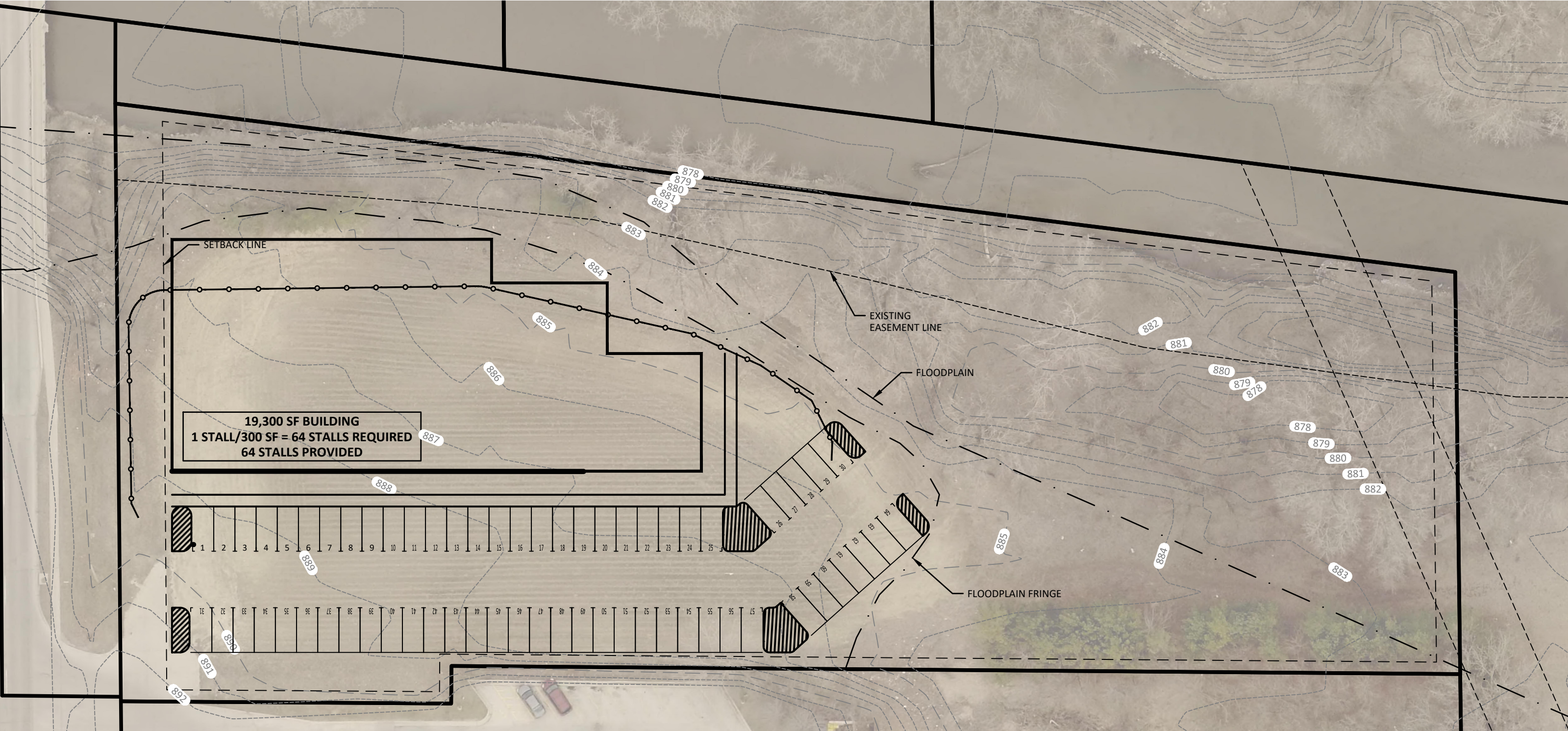
MAP NUMBER

191690163F









NEIGHBORHOOD PHOTOGRAPHS

SOUTH DUFF AVENUE LOOKING NORTH FROM SUBJECT



ADJACENT PROPERTY SOUTH

NEIGHBORHOOD PHOTOGRAPHS



LOOKING WEST ACROSS SOUTH DUFF AVENUE



SOUTH DUFF AVENUE LOOKING SOUTH FROM SUBJECT

PHOTOGRAPHS OF THE SUBJECT PROPERTY



SUBJECT LOOKING EAST FROM SOUTH DUFF



SUBJECT LOOKING NORTHEAST FROM ENTRANCE

VALUATION PROCESS

The valuation process is a systematic generalized procedure developed to produce well-researched and well-supported estimates of real property value. The process consists of a progressive series of steps, beginning with the definition of the valuation problem. The process proceeds through the collection of data pertinent to the problem's solution, the selection and application of appropriate analytical approaches and the reconciliation of value indications, into the final estimate of value. It is completed when the value conclusion is reported to the client. The steps in the process and the methods of analysis are adaptable to many appraisal situations. Although the valuation process is designed primarily for market value appraisals, it provides a general framework for most valuation assignments.

The valuation process consists of seven basic steps, which are illustrated below: (Source: *The Appraisal of Real Estate*, 14th edition)

Definition of the Problem					
Identification of Real Estate	Identification of Property Rights to Be Valued	Date of Value Estimate	Use of Appraisal	Definition of Value	Other Limiting Conditions
Preliminary Analysis and Data Selection and Collection					
General Data			Specific Data (Subject and Comparables)		
Social			Site Improvements		
Economic			Sales and Listings		
Government			Cost and Depreciation		
Environmental			Income/Expenses and Capitalization Rate		
Highest and Best Use Analysis					
Land As Though Vacant Property Property As Improved					
Land Value Estimate					
Application of the Three Approaches					
Cost Approach		Sales Comparison Approach		Income Capitalization	
Reconciliation of Value Indications and Final Value Estimate					
Report of Defined Value					

ASSUMPTIONS AND LIMITING CONDITIONS

General Conditions

Do not use this report unless you accept these assumptions and limiting conditions.

This appraisal is good for the date of the appraisal report only.

This appraisal report is intended to comply with the reporting requirements set forth under of the Uniform Standards of Professional Appraisal. It presents discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended uses stated herein. The appraiser is not responsible for unauthorized use of this report.

The date of the report on which the opinions are expressed in this report is set forth in the Letter of Transmittal. The appraiser assumes no responsibility for economic or physical factors occurring at some later date which may affect the opinions herein stated.

The scope of work utilized in the appraisal is adequate to develop a creditable valuation analysis and opinion of value.

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 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 noncompliance with the requirements of ADA in estimating the value of the property.

No opinion is intended to be expressed for legal matters or that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers, although, such matters may be discussed in the report.

No opinion as to title is rendered. Data on ownership and the legal description were obtained from sources generally considered reliable. Title is assumed to be marketable and free and clear of all liens and encumbrances, easements, and restrictions, except those specifically discussed in the report. The property is appraised assuming it to be under responsible ownership and competent management and available for its highest and best use.

No engineering survey has been made by the appraiser. Except as specifically stated, data relative to size and area were taken from sources considered reliable, and no encroachment of real property improvements is assumed to exist.

Maps, plats, and exhibits included herein are for illustration only as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose.

No opinion is expressed as to the value of subsurface oil, gas, or mineral rights and that the property is not subject to surface entry for the exploration or removal of such materials, except as is expressly stated.

The contract for the appraisal of said premises is fulfilled by the signer upon the delivery of this appraisal executed. Disclosure of the contents of this appraisal report is governed by the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation and the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which he is connected; or any reference to the Appraisal Institute and the MAI or SRA designations) shall be disseminated to the public through advertising media, public relations media, news media, sales media, or any other public means of communications without the prior written consent and approval of the undersigned. This consent and approval does not apply to government agencies which disclose appraisals and appraised values through their normal business functions.

Liability and Dispute

The extent of the firm and appraiser's liability in any dispute is limited to the amount of the fee charged by the firm for the services.

If there is a dispute the client agrees to utilize mediation or arbitration to settle the dispute.

Hazardous Material

Unless otherwise stated in this report, the existence of hazardous material, 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, 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, in, or near 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.

For Court or Hearing Testimony

Testimony or attendance in court or at any other hearing or disposition is not required by reason of rendering this appraisal. If the appraiser agrees to attend arrangements must be made a reasonable time in advance.

The appraiser shall be compensated for his or her time and expensed based on the current appraiser's rate at the time.

Because the date of value used herein is not the date of trial, the appraiser reserves the right to consider and evaluate additional data that becomes available between the date of this report and the date of trial and to make any adjustment to the value opinions that may be required.

For Title Report Non-Availability

Because no title report was made available to the appraiser, he/she assumes no responsibility for such items of record not disclosed by his/her normal investigation.

For Questionable Soil or Geologic Conditions

No detailed soil studies covering the subject property were available to the appraiser. Therefore, premises as to soil qualities employed in this report are not conclusive, but have been considered consistent with information available to the appraiser.

Plans and Specifications

This appraisal report is based in part on plans, specifications, and documentation provided to the appraiser. The general plans and specifications are considered to be a part of this real estate appraisal report.

For Partial Taking

This project will be constructed in the manner proposed as described briefly in this report and in detail in the condemnor's construction plans.

During the proposed construction, existing utilities will remain usable by properties presently dependent upon them or they will be rerouted without disruption in service during the proposed construction, after which they will be replaced to provide usage equal to or better than previously existed unless so stated.

Jurisdictional Exception

This appraisal was prepared based on a definition of market value consistent with Iowa law and utilizing any necessary jurisdictional exception to USPAP.

Extraordinary Assumption

This appraisal report is based on an extraordinary assumption. An extraordinary assumption is an underlying premise of the assignment, something that is believed to be true for the sake of the analysis, but whether or not it is in fact true is uncertain.

Extraordinary assumptions differ from the general assumptions that are often made and reported in all assignments. An extraordinary assumption is specific to the assignment at hand. Further, if an extraordinary assumption is contrary to the truth, the assignment results would be affected.

HIGHEST AND BEST USE ANALYSIS

Highest and best use may be defined as:

The reasonably probable use that produces the most benefits and highest land value at any given time. (*Appraisal Institute, The Appraisal of Real Estate, Fourteenth Edition, 2013, Page 333.*)

In cases where a site has existing improvements, the highest and best use may be different from the existing use. The existing use will continue until the land value, as if vacant, exceeds the total value of the property net of the cost to remove the improvements.

The highest and best use of a specific parcel of land or improved property is not determined through subjective analysis by the property owner, the developer, or the appraiser; rather, highest and best use is shaped by the competitive forces within the market where the property is located. Therefore, the analysis and interpretation of highest and best use is an economic study of market forces focused on the subject property. The highest and best use of the land and improvements becomes the basis for estimating value in each valuation section of this report. The use that maximizes the value represents the highest and best use.

The highest and best use of both land, as though vacant, and property, as improved, must meet four criteria. The highest and best use must be legally permissible, physically possible, financially feasible and maximally productive.

Legally Permissible - Private restrictions, zoning, building codes, historic district controls and environmental regulations that may limit or preclude many potential uses are examined. Private restrictions and deed restrictions relate to the covenants under which properties are acquired and may prohibit certain uses or may require building set-backs, building heights, or types of materials. The highest and best use must be a legally permitted use. Potential zoning changes and long-range land use plans are also considered.

Physically Possible - The size, shape, area, topography, accessibility, and risk of natural disasters such as floods or earthquakes affect the uses to which the subject can be developed. However, the location of the property is typically the primary factor to be considered and can have the greatest impact on property value and highest and best use. The capacity and availability of public utilities must also be considered.

The highest and best use of a property, as improved, also depends on physical considerations such as size, design, condition and functional utility. Part of the analysis, as improved, considers whether the existing improvements contribute to the value of the whole property or whether the improvements are completely obsolete. (The basic test is if the value of the land exceeds the value of the property, as improved, less demolition cost then the highest and best use, as improved is likely for an alternative use.)

Financially Feasible - To determine financial feasibility the net income from the proposed improvements, and land is estimated. This is compared with other possible improvements or alternate investments providing similar risk and liquidity. If the net revenue capable of being generated from a use is sufficient to satisfy the market required rate of return on the investment and provide the required return on the land, the use is considered financially feasible.

Maximally Productive - The financially feasible use that produces the highest residual land value is the highest and best use. Financially feasible uses are compared with each other and against alternate investments providing similar risk and liquidity. It is necessary to determine the appropriate rate of return that reflects the associated risk inherent in various types of developments.

Highest and Best Use, As If Vacant, Before the Acquisition, Considering Iowa Law for Condemnation

Legally Permissible - The subject is currently zoned HOC; Highway Oriented Commercial District within the city of Ames. The HOC district is intended to allow auto-accommodating commercial development in areas already predominantly developed for this use. The zone allows a full range of retail and service businesses with a large local or citywide market. Development is expected to be generally auto-accommodating, with access from major traffic ways. The zone's development standards are intended to promote an open and pleasant street appearance; development that is aesthetically pleasing for motorists, pedestrians and the businesses themselves; and compatibility with adjacent residential areas. in the C-2 district. The zoning restrictions on the subject site would provide and allow for a wide variety of commercial type uses.

Physically Possible - When analyzing the highest and best use of a site, consideration must be given to what is physically possible on the site. Typically, the larger the parcel, the greater its flexibility and development potential, depending on its amount of frontage, size/shape and topography.

The subject site is located along South Duff Avenue, with full access. South Duff Avenue is one of the main north/south arteries through the Ames community. The subject site is 2.72 acres and is irregular in shape with mostly level topography at the buildable site. The subject is at the edge of an area that floods. A portion of the subject is in the floodway and flood fringe area. The buildable area of the site is 57,246 square feet and some fill is needed. All public utilities are available to the subject site. The subject site's size, shape and topography allow for various commercial uses.

Financially Feasible – The subject neighborhood is the commercial corridor along South Duff Avenue. This area contains predominantly retail and service commercial uses. There has been significant redevelopment in recent years including new retail uses replacing older retail uses. Considering the subject's location along a high traffic arterial, a commercial use is likely.

Maximally Productive - After considering the legally permissible, physically possible, and financially feasible improvement alternatives it appears that the maximally productive use of the subject site as vacant is for commercial use.

Highest and Best Use, As If Vacant, After the Acquisition, Considering Iowa Law for Condemnation

The project includes construction of a floodway wall which will sever some of the buildable land from the main/front site. This barrier may also preclude using non-buildable area as side yard, and accessible area.

The acquisition will allow construction on the front of the site so the highest and best use continues to be for commercial development.

LAND SALES COMPARISON APPROACH BEFORE ACQUISITION

The purpose of this section is to estimate the market value of the subject site, as if vacant and ready for development, to its highest and best use.

The Sales Comparison Approach is used to estimate the market value of the site and any minor improvements. This approach compares other similar vacant land parcels that have recently sold. This involves the principle of substitution which states that a prudent purchaser would not pay more for a property than it would cost to buy an equally desirable substitute.

The following factors are considered most important in arriving at an estimate of market value:

- Financing and terms of sale
- Date of sale
- Location
- Size/Shape
- Topography
- Improvements
- Other

After researching the market the following sales have been selected as being most comparable with the subject. Details of each are included at the end of this section. The Market Data Adjustment Table summarizes the sales and the appropriate adjustments as they relate to the subject.

Description of Sales

We have researched the market and selected four sales for the land analysis as vacant. The four sales are located in Ames on the commercial corridors of South Duff Avenue and Lincoln Way.

The following sales have been selected as being most comparable with the subject. Details of each are included at the end of this section. The Market Data Adjustment Table summarizes the sales and the appropriate adjustments as they relate to the subject.

Land Sales Adjustment Table - Before Acquisition

Sale		One		Two		Three		Four	
	Subject	329 - 403 Lincoln Way Ames		419 Lincoln Way Ames		705&713 South Duff Ave Ames		551 South Duff Avenue Ames	
Sale Date	N/A	Apr-18		Sep-18		Jun-13		Jul-12	
Cash Equivalent Sale Price	N/A	\$1,290,000		\$505,000		\$1,850,000		\$725,000	
Buildable Square Feet	57,246	47,090		12,500		130,000		44,936	
Sale Price per Square Foot	N/A	\$27.39		\$40.40		\$14.23		\$16.13	
Market Conditions Adjustment		2.00%		2.00%		30.00%		30.00%	
Sale Price per Square Foot Adjusted for Market Conditions		\$27.94		\$41.21		\$18.50		\$20.97	
Other Adjustments									
Location / Zoning / Access	S. Duff / HOC / Avg	Simlr / Simlr / Simlr		Supr / Simlr / Simlr	-10.0%	Simlr / Simlr / Simlr		Simlr / Simlr / Simlr	
Size / Shape	57,246 SF / Irregular	Similar / Inferior	10.0%	Smaller / Supr	-10.0%	Larger / Inferior	25.0%	Similar / Inferior	30.0%
Topography	Gen Level - fill needed	Superior	-5.0%	Superior	-3.0%	Superior	-8.0%	Superior	-5.0%
Improvements	None	Similar		Similar		Similar		Similar	
Other									
Net Adjustments		5.0%		-23.0%		17.0%		25.0%	
Adjusted Value per Buildable SF		\$29.34		\$31.73		\$21.65		\$26.21	

Analysis and Adjustments

Financing - The financing adjustment is the first adjustment to be considered. Since the value estimate is made on a cash-equivalent basis, those sales with favorable financing have been adjusted to also reflect a cash-equivalent price. The indicated sales price on the Market Data Adjustment Table reflects this cash equivalent sales price.

Market Conditions - The market conditions adjustment is based upon changes in market conditions between the date of the comparable sales and the valuation date of the subject property. All subsequent adjustments will be made to the market conditions adjusted sales price.

Location/Zoning/Access - The location adjustment considers a variety of factors such as area development, access to utilities and support facilities, visibility, accessibility, the demand for the area, etc. This adjustment also considers differences in zoning or permitted land uses.

Size/Shape - The size adjustment is based upon the principle that typically, the larger the area, the lower the sales price per unit of comparison. The shape adjustment takes into consideration such factors as frontage to depth ratios and overall utility. Size adjustments were made to sales two and three.

Topography - The topography adjustment considers such factors as acceptable grade level, drainage, flood plain, and accessibility. The subject is valued as is with some fill needed to be buildable.

Improvements - The improvements adjustment considers differences in contributory value of minor improvements between the sales and the subject.

Conclusion - Before the Acquisition

The indicated value immediately before the acquisition ranges from \$21.65 to \$31.73 per square foot. Sale one was available for sale as a land parcel and was exposed to the market, while the grantee has continued to assemble adjoining properties at higher cost, plus demolition. This sale was the first tract marketed and sold as a land parcel. This recent comparable sale was for \$27.39 per square foot. Some consideration will be given to each of the Sales. The estimated market value of the subject property immediately before the acquisition based on Iowa Law is \$27.00 per square foot.

Buildable Area:	57,246 SF
Unit Value:	\$27.00
Total Value:	\$1,545,642
Rounded:	\$1,546,000

LAND SALES COMPARISON APPROACH AFTER ACQUISITION

As determined in the highest and best use, after acquisition, some of the buildable land from the main/front site will be severed. The acquisition will allow construction on the front of the site so the highest and best use, after acquisition continues to be for commercial development.

The above discussed factors are considered in analyzing the subject property and its land value, after acquisition.

The primary physical change to the property resulting from the proposed floodway wall is that it will reduce the size of the buildable area from 57,246 square feet to 44,089 square feet.

Written acquisition easements have not been provided. This analysis is based on the extraordinary assumption that the flood wall will be installed on a permanent easement that will also provide a restricted path of access, primarily on the flood side for ongoing maintenance and any future repair or replacement. It is also assumed that all maintenance and future replacement will be entirely at the cost of the city. The wall will be constructed so that the property owner can fill the site south of the wall to at least 2 feet above the 100-year flood plain and build and improvement consistent with the highest and best use close to the new wall. Any deviation from these assumptions will require further analyses and will likely change the result. This analysis assumes that any temporary easement will have a duration of 18 months.

This is considered when analyzing the value of the subject property, after acquisition.

Based on the research analyzed and discussed, sales one through four, discussed in the market value of the subject property, before acquisition are considered most comparable and applicable in analyzing the subject property, after acquisition. The following market data adjustment table summarizes sales one through four and their appropriate adjustments to account for their differences with the subject property, after acquisition. The above discussed acquisition and impact on the subject property are considered and applied in the adjustments. Also, the useable area is reduced consistent with the useable/buildable area determined by the engineer.

Land Sales Adjustment Table - After Acquisition

Sale		One		Two		Three		Four	
	Subject	329 - 403 Lincoln Way Ames		419 Lincoln Way Ames		705&713 South Duff Ave Ames		551 South Duff Avenue Ames	
Sale Date	N/A	Apr-18		Sep-18		Jun-13		Jul-12	
Cash Equivalent Sale Price	N/A	\$1,290,000		\$505,000		\$1,850,000		\$725,000	
Buildable Square Feet	44,089	47,090		12,500		130,000		44,936	
Sale Price per Square Foot	N/A	\$27.39		\$40.40		\$14.23		\$16.13	
Market Conditions Adjustment		2.00%		2.00%		30.00%		30.00%	
Sale Price per Square Foot Adjusted for Market Conditions		\$27.94		\$41.21		\$18.50		\$20.97	
Other Adjustments									
Location / Zoning / Access	S. Duff / HOC / Avg	Simlr / Simlr / Simlr		Supr / Simlr / Simlr	-10.0%	Simlr / Simlr / Simlr		Simlr / Simlr / Simlr	
Size / Shape	44,089 SF / Irregular	Similar / Inferior	10.0%	Smaller / Supr	-10.0%	Larger / Inferior	25.0%	Similar / Inferior	30.0%
Topography	Gen Level - fill needed	Superior	-5.0%	Superior	-3.0%	Superior	-8.0%	Superior	-5.0%
Improvements	None	Similar		Similar		Similar		Similar	
Other									
Net Adjustments		5.0%		-23.0%		17.0%		25.0%	
Adjusted Value per Buildable SF		\$29.34		\$31.73		\$21.65		\$26.21	

Analysis and Adjustments

Financing - The financing adjustment is the first adjustment to be considered. Since the value estimate is made on a cash-equivalent basis, those sales with favorable financing have been adjusted to also reflect a cash-equivalent price. The indicated sales price on the Market Data Adjustment Table reflects this cash equivalent sales price.

Market Conditions - The market conditions adjustment is based upon changes in market conditions between the date of the comparable sales and the valuation date of the subject property. All subsequent adjustments will be made to the market conditions adjusted sales price.

Location/Zoning/Access - The location adjustment considers a variety of factors such as area development, access to utilities and support facilities, visibility, accessibility, the demand for the area, etc. This adjustment also considers differences in zoning or permitted land uses. The location is similar in both the before and after valuation.

Size/Shape - The size adjustment is based upon the principle that typically, the larger the area, the lower the sales price per unit of comparison. The shape adjustment takes into consideration such factors as frontage to depth ratios and overall utility.

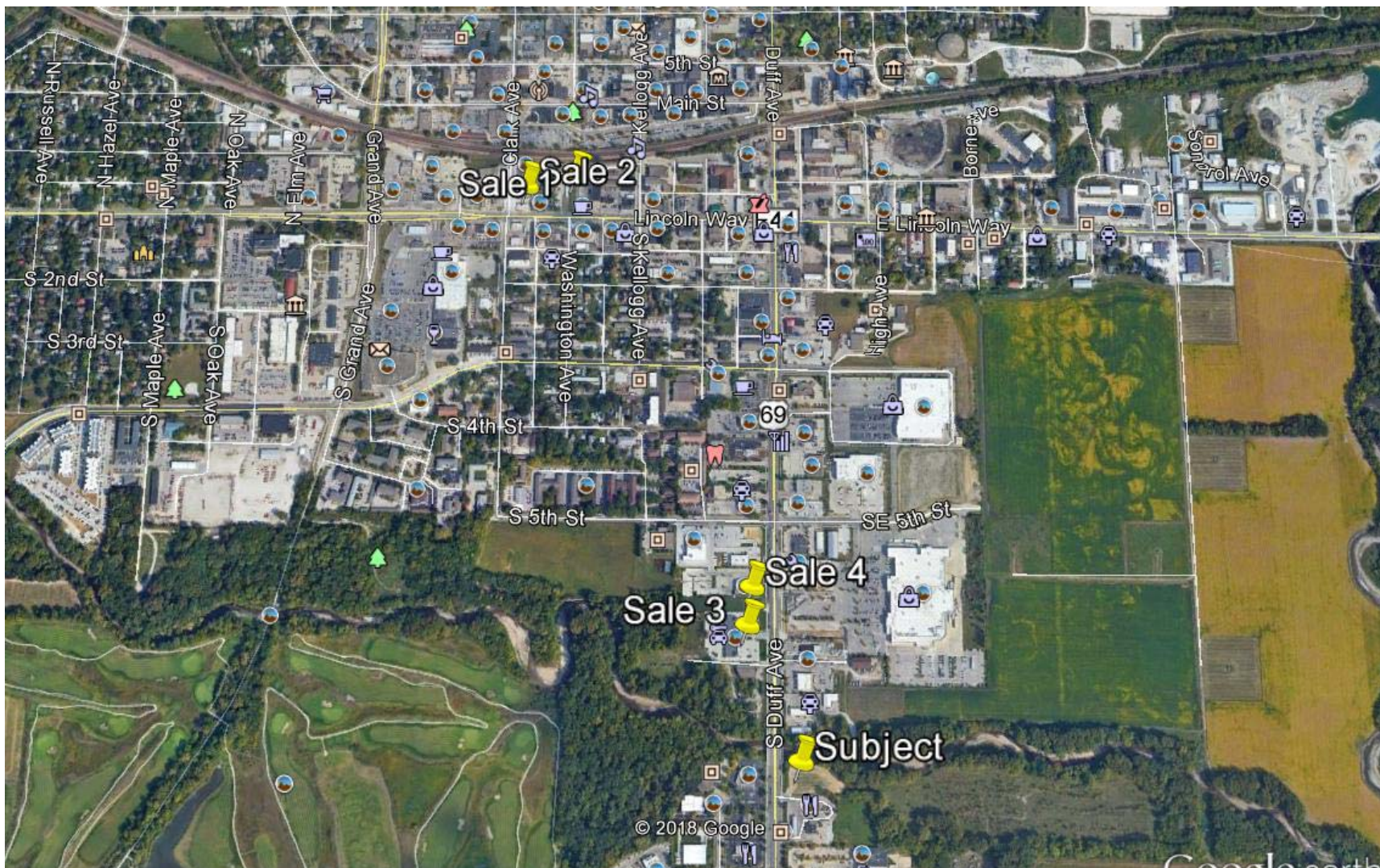
Topography - The topography adjustment considers such factors as acceptable grade level, drainage, flood plain, and accessibility. The subject is valued with some fill needed to be buildable.

Conclusion - After the Acquisition

The indicated value immediately after the acquisition ranges from \$21.65 to \$31.73 per square foot. Some consideration will be given to each of the Sales. The estimated market value of the subject property immediately after the acquisition based on Iowa Law is \$27.00 per square foot.

Area:	44,089 SF
Unit Value:	\$27.00
Total Value:	\$1,190,403
Rounded:	\$1,190,000

LAND SALES MAP





Address:	329 - 403 Lincoln Way	Sale Price:	\$1,195,000	Date:	4/18
City:	Ames	State:	Iowa	Instrument:	Warranty Deed
Frontage:	Lincoln Way	Recorded Book/Page:	2018/02583	Terms:	Cash to seller
Shape:	Irregular	Adjustment for Terms:	None		
Area SF:	47,090	Demolition Cost:	\$95,000		
Topography:	Generally level	Adj Sale Price:	\$1,290,000		
Zoning:	HOC: Highway Oriented Commercial	S P per SF:	\$27.39		
Utilities:	All public	Grantor:	Wayne Harris		
Street:	Paved	Grantee:	Hunziker Development Company		
Highest and Best Use:	Commercial	Verified by:	Public records/Grantor/Grantee		
Parcel ID #:	09-02-358-130, et al.	Exposure Period:	Property has been known to be available for an extended period.		
Legal Description:	Long legal on file.	Remarks:	Grantee razed older improvements at a cost of \$95,000 including some asbestos abatement. Assessed value was \$927,800 at the time of sale. A mixed use development is planned for this site and the tracts to the west which are being assembled with this sale. This is the first sale in assemblage, marketed as a land reuse. Additional parcels assembled at greater cost/SF.		
Reference No:	n5699land				
Property Category:	Retail				
Region:	Ames				



Address:	419 Lincoln Way	Sale Price:	\$460,000	Date:	9/18
City:	Ames	State:	Iowa	Instrument:	Warranty Deed
Frontage:	Lincoln Way: 100 feet Clark Ave.: 125 feet	Recorded Book/Page:	2018/08368	Terms:	Cash to seller
Shape:	Rectangle	Demolition Cost:	\$45,000		
Area SF:	12,500	Adj Sale Price:	\$505,000		
Topography:	Generally level	S P per SF:	\$40.40		
Zoning:	HOC; Highway Oriented Commercial	Grantor:	Norma Campbell		
Utilities:	All public	Grantee:	Hunziker Development Company LLC		
Street:	Paved	Verified by:	Public records/Grantee		
Highest and Best Use:	Commercial	Exposure Period:	Approximately 12 months. Listed by local broker.		
Parcel ID #:	09-02-358-170	Remarks:	Small convenience store was razed by the Grantee after the sale at a cost of \$45,000: No contamination was present. Grantee is attempting to assemble additional parcels in this area.		
Legal Description:	The South 125 feet of Lot 5 in Block 49, 4th Addition to Ames, Story County, Iowa.				
Reference No:	n5694land				
Property Category:	Retail				
Region:	Ames				



Address:	705 & 713 South Duff Avenue		Sale Price:	\$1,650,000	Date: 6/13
City:	Ames	State: Iowa	Instrument:	Contract	
Frontage:	245 LF		Recorded Book/Page:	2013-00007352	
Shape:	Rectangular		Terms:	\$400,000 down payment, 5.5% interest, semi-annual payments of \$82,710.44, balloon payment due July 10, 2023.	
Area SF:	156,627 SF total; 130,000 usable SF		Adjustment for Terms:	None	
Topography:	Site is located in the flood plain. South portion is low and not usable. Several feet (6-7) of fill needed at an estimated cost of \$175,000.		Demolition Cost:	\$200,000 (Demo & Fill)	
Zoning:	HOC		Adj Sale Price:	\$1,850,000	
Utilities:	All public at site		S P per SF:	\$14.23 per usable SF	
Street:	Paved four-lane arterial		Grantor:	Douglas & Wendy Livy	
Highest and Best Use:	Retail		Grantee:	E-M Hunziker, LLC	
Parcel ID #:	09-11-325-010 & 09-11-325-020		Verified by:	Records/Grantee	
Legal Description:	Part of the SW 1/4, 83-24-11, Story County, Iowa.		Exposure Period:	Grantee approached grantor	
Reference No:	n5067land		Remarks:	Former Quality Motors used car sales location. Address of 705 South Duff was the building site and large parking lot. Address of 713 South Duff was the smaller adjacent parking lot to the south. Building was vacant at the time of sale, proprietor retired. This site was assembled with the former Happy Joe's site to the north to develop Southpointe Centre, an 18,825 SF retail & restaurant center, up to ten bays w/ 158 parking stalls, 26,900 daily traffic count. (Center is 55% preleased as of Dec. 20, 2014.) Grantee based purchase on approximately \$20.00 per SF of marketable and usable area with Duff Avenue frontage.	
Property Category:	Retail				
Region:	Ames				



Address:	551 South Duff Avenue	Sale Price:	\$675,000	Date:	7/12
City:	Ames	State:	Iowa	Instrument:	Warranty Deed
Frontage:	551 LF: South Duff Avenue	Recorded Book/Page:	2012-8698	Terms:	Cash to seller
Shape:	Rectangular	Adjustment for Terms:	\$50,000 Fill		
Area SF:	44,936 SF	Adj Sale Price:	\$725,000		
Area Acres:	1.032	S P per SF:	\$16.13		
Topography:	Level. Located in flood plain. Several feet of fill needed at an approximate cost of \$50,000.	Grantor:	Pizzas On Duff, LLC		
Zoning:	HOC	Grantee:	Blue Sky Properties, LLC (Chuck Winkleblack)		
Utilities:	All public	Verified by:	Records/Grantee		
Street:	Paved, four lane arterial	Exposure Period:	Actively listed for sale		
Highest and Best Use:	Retail	Remarks:	This site and 705 & 713 South Duff were assembled to build Southpointe Center with 18,825 SF of retail & restaurant space, up to 10 bays, 158 parking stalls, 26,900 daily traffic count. Construction underway in Dec. of 2014. This is the site of the former Happy Joe's Pizza restaurant. Building was demolished prior to this sale. Approximately six feet of fill was added by the Grantee to part of the site. Grantee based purchase on approximately \$20.00 per SF of marketable and usable area with Duff Avenue frontage.		
Parcel ID #:	09-11-176-080				
Legal Description:	Cayler's 2nd Addition, Lot 20 & South 22 feet of Lot 19, City of Ames, Story County, Iowa.				
Reference No:	n5068land				
Property Category:	Retail				
Region:	Ames				

RECONCILIATION AND FINAL VALUE ESTIMATE

The following is a summary of the before acquisition and after acquisition market values developed within this appraisal based on the extraordinary assumptions within this report and any jurisdictional exceptions.

Fee Simple Interest

Before Acquisition	\$1,546,000
After Acquisition	<u>\$1,190,000</u>
Difference Between Before and After Acquisition	\$356,000

CERTIFICATION

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

I have the knowledge and experience necessary to complete the assignment competently.

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

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

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

Neither my engagement to make this appraisal nor any compensation therefore are contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

My compensation is not contingent on an action or event resulting from the analysis, opinions, or conclusions in, or the use of, this report.

The reported analysis, opinions, and conclusions were developed; and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation, FIRREA Guidelines, and the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute.

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

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

I have not provided services regarding this property in the last three years.

No one provided significant professional assistance to the persons signing this report.

Neither the appraiser nor this appraisal firm, have been sued for fraud or negligence.

The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

As of the date of this report, I, Ted R. Frandson, MAI, have completed the continuing education program for Designated members of the Appraisal Institute.

As of the date of this report I certify that I am currently a Certified General Real Property Appraiser in the State of Iowa, State License Number CG 01131. Expires June 30, 2020.

Date of Report

February 13, 2019

Appraiser:

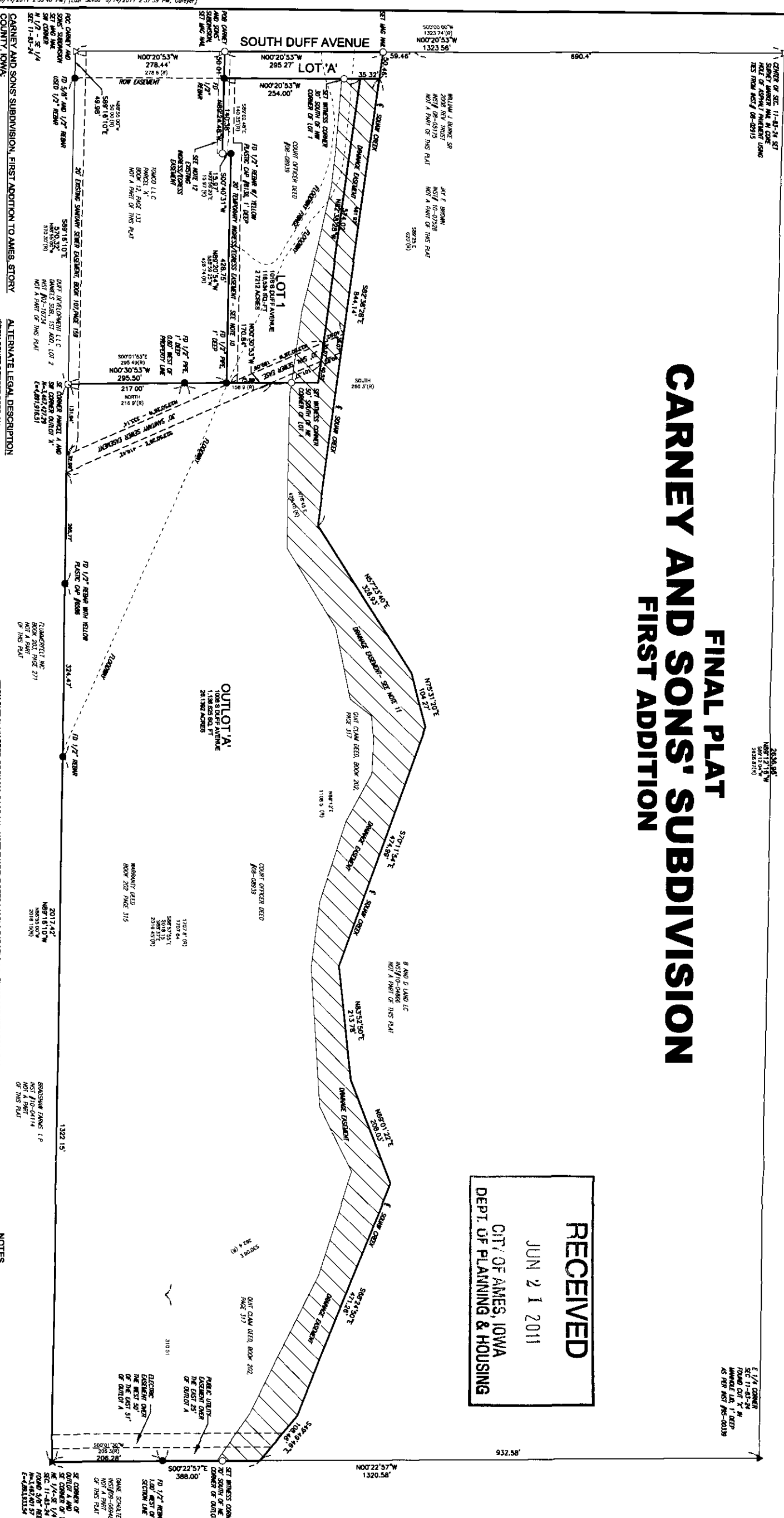


Ted R. Frandson, MAI, CCIM

Instrument: 2011- 00006037
Date: Jun 30, 2011 12:29:26P
Rec Fee: 50.00 E-Com Fee: 3.00
Aud Fee: 5.00 Trans Tax: .00
Rec Management Fee: 1.00
Non-Standard Page Fee: .00
Filed for record in Story County, Iowa
Susan L. Vande Kamp, County Recorder

CARNEY AND SONS' SUBDIVISION FIRST ADDITION

RECEIVED
JUN 21 2011
CITY OF AMES, IOWA
DEPT. OF PLANNING & HOUSING



CARNEY AND SONS' SUBDIVISION
FIRST ADDITION
AMES, IOWA

FINAL PLAT

benesch
engineers • scientists • planners
Alfred Benesch & Company
223 South Walnut Avenue, Suite C
Ames, Iowa 50010
515-232-1103 Job No. -

- NOTES
1. CARNEY AND SONS' SUBDIVISION, FIRST ADDITION, IS LOCATED IN THE NORTH 1/2 OF THE SECTION 14 OF SECTION 11-43-24 OF THE 5TH P.M., CITY OF AMES, STORY COUNTY, IOWA.
 2. THE WEST LINE OF THE SECTION 11-43-24 OF THE 5TH P.M., CITY OF AMES, STORY COUNTY, IOWA, CONTAINING 14,676 SQUARE FEET, TO BE DECEDED TO THE STATE OF IOWA FOR STREET PURPOSES.
 3. THE BOUNDARIES ARE REQUIRED IN THE AREAS WITHIN THIS PLAT WHICH HAVE BEEN IDENTIFIED BY THE CITY OF AMES AS HAVING BOUNDARIES THAT HAVE CONSTRUCTION OF BUILDINGS DIFFICULT.
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REQUESTED BY
MKT M, L.L.C.
1616 SE 5th STREET
AMES, IA 50010-8044

PROPOSED
MKT M, L.L.C.
1616 SE 5th STREET
AMES, IA 50010-8044

DATE
JUNE 9, 2011

SHEET NO
1/1

INSTRUMENT PREPARED BY:	David W. Benson, 1416 Buckeye Ave., Ames IA 50010 (Tel: 956-3900)
RETURN DOCUMENT TO:	David W. Benson, 1416 Buckeye Ave., Ames IA 50010
MAIL TAX STATEMENT TO:	MKTM, L.L.C.; 1816 SE 5 th Street, Ames IA 50010

CONSENT AND DEDICATION

KNOW ALL PERSONS BY THIS INSTRUMENT: That the undersigned, MKTM, L.L.C. is the sole, lawful owners of the real property located in Story County, Iowa, and legally described as follows:

All that part of the North Half of the Southeast Quarter (N ½ - SE ¼) of Section 11, Township 83 North, Range 24 West of the 5th P.M., in the City of Ames, Story County, Iowa, lying South of Squaw Creek; except the following:

Parcel "A" of the North Half of the Southeast Quarter (N ½ - SE ¼) of Section 11, Township 83 North, Range 24 West of the 5th P.M., in the City of Ames, Story County, Iowa, as shown on the "Plat of Survey" filed in the office of the Recorder of Story County, Iowa, on August 26, 1994, as Instrument Number 94-09700, in Book 12 at Page 133.

As owner of said real property, pursuant to section 354.11 of the Code of Iowa, the undersigned does hereby acknowledge and declare that the subdividing of said real property as it appears on the plat attached hereto is done with its free consent and in accordance with its desire. The plat of said real property is to be known as:

Carney and Sons' Subdivision, First Addition to Ames, Story County,
Iowa.


In accordance with sections 354.11 and 354.19 of the Code of Iowa, the undersigned hereby dedicate to the State of Iowa, and to the public all lands within the plat that are designated for streets and which are described as:

Lot A.

pg. 2

IN WITNESS WHEREOF the undersigned has executed this instrument on June
21, 2011.
MKTM, LLC.

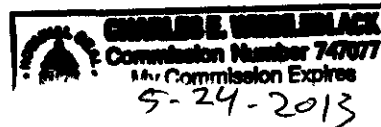
By 
Thomas Carney, Member

By 
Matt Carney, Member

STATE OF IOWA, COUNTY OF STORY, SS:

On June 21, 2011, before me the undersigned, a Notary Public in and for said state, personally appeared Thomas Carney and Matt Carney, to me personally known, who, being by me duly sworn, did say that they are all of the Members of said **LIMITED LIABILITY COMPANY** executing the foregoing instrument; that said instrument was signed on behalf of said limited liability company by authority of its members and the said members acknowledged the execution of said instrument to be the voluntary act and deed of said limited liability company by it voluntarily executed.


Notary Public



ATTORNEY'S TITLE OPINION

I, David W. Benson, the undersigned, state:

1. I am an attorney licensed to practice in the State of Iowa and my principal place of business is located at 1416 Buckeye Ave., Suite 2000 Ames, IA 50010-8070 (Telephone: 515-956-3900).

2. Pursuant to section 354.11 of the Code of Iowa, I have examined the abstract of title to the real property described in the attached subdivision plat to be known as Carney and Sons' Subdivision, First Addition to Ames, Story County, Iowa.

3. Based on such examination, I find that fee simple title to said real property is vested in:

MKTM, L.L.C.

4. Based on such examination, I find that there are no holders of mortgages, liens, or other encumbrances on said real property being platted.

Dated June 14, 2011.

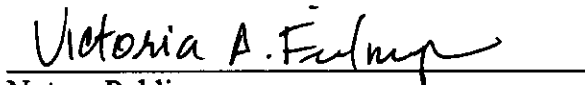


David W. Benson, Attorney

STATE OF IOWA, COUNTY OF STORY, SS:

This instrument was acknowledged before me on June 14, 2011, by David W. Benson.




Notary Public

Carney and Sons' Subdivision, First Addition to Ames, Story County, Iowa:

All that part of the North Half of the Southeast Quarter (N ½ - SE ¼) of Section 11, Township 83 North, Range 24 West of the 5th P.M., in the City of Ames, Story County, Iowa, lying South of Squaw Creek; except the following:

Parcel "A" of the North Half of the Southeast Quarter (N ½ - SE ¼) of Section 11, Township 83 North, Range 24 West of the 5th P.M., in the City of Ames, Story County, Iowa, as shown on the "Plat of Survey" filed in the office of the Recorder of Story County, Iowa, on August 26, 1994, as Instrument Number 94-09700, in Book 12 at Page 133.

Attachment No. _____
Carney and Sons' Subdivision, First Addition to Ames, Story County, Iowa

TREASURER'S CERTIFICATE

I, Renee Twedt, Treasurer of Story County, Iowa, pursuant to section 354.11 of the Code, hereby certify that the real property described in the attached subdivision plat to be known as Carney and Sons' Subdivision, First Addition to Ames, Story County, Iowa (Tax Parcel Numbers 09-11-401-005; 09-11-401-030; and 09-11-401-015, is free from certified taxes and certified special assessments.

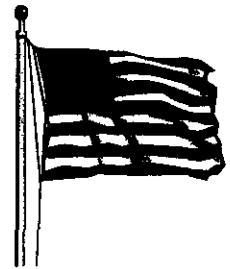
Dated this 21st day of June, 2011.

Renee Twedt, Treasurer
Jane M. Evans, Deputy
RENEE TWEDT, Treasurer

[SEAL]



LUCY MARTIN
Story County Auditor
and
Commissioner of Elections



Approval of Subdivision Plat Name by Story County Auditor

Date 06/30/11

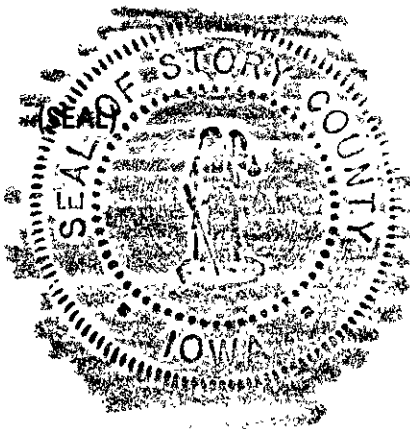
The Story County Auditor's Office has reviewed the final plat of:

Carney & Sons' Subdivision

Pursuant to Iowa Code §354.6(2) and §354.11(5), we approve of the subdivision name or title and have no objections to this subdivision plat being recorded.



Signed _____
County Auditor of Story County, Iowa



CITY OF AMES, IOWA
RESOLUTION NO. 11-313

Accepting final plat of Carney and Sons' Subdivision, First Addition to Ames, Story County, Iowa and accepting the dedication of certain land for street purposes and utility easements.

WHEREAS, there has been submitted to the City Council of the City of Ames, Iowa, a plat of the real property hereinafter described and designated as "Carney and Sons' Subdivision, First Addition to Ames, Story County, Iowa";

WHEREAS, MKTM, L.L.C., the sole owner of said real property, has executed and acknowledged an instrument consenting to said plat;

WHEREAS, it appears that said plat complies with all requirements of chapters 354 and 355 of the Code of Iowa and the platting ordinance of the City of Ames, Iowa;

NOW, THEREFORE, BE IT RESOLVED by the City Council of Ames, Iowa:

1. The City Council accepts and approves as an official subdivision plat to be known as "Carney and Sons' Subdivision, First Addition to Ames, Story County, Iowa", the subdivision plat of the real property situated in Story County, Iowa, described as:

All that part of the North Half of the Southeast Quarter (N ½ - SE ¼) of Section 11, Township 83 North, Range 24 West of the 5th P.M., in the City of Ames, Story County, Iowa, lying South of Squaw Creek; except the following:

Parcel "A" of the North Half of the Southeast Quarter (N ½ - SE ¼) of Section 11, Township 83 North, Range 24 West of the 5th P.M., in the City of Ames, Story County, Iowa, as shown on the "Plat of Survey" filed in the office of the Recorder of Story County, Iowa, on August 26, 1994, as Instrument Number 94-09700, in Book 12 at Page 133.

2. The City Council does hereby accept for street right-of-way purpose that certain tract of land designated on said plat and described as:

Lot A, dedicated to the State of Iowa for public road purposes.

3. The City Council does hereby accept for utility purposes all other land designated on said plat for easement purposes.

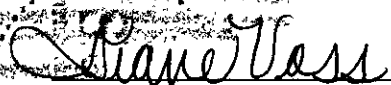
4. The Mayor and Clerk are authorized and directed to certify and affix to said plat a true copy of this resolution in accordance with sections 354.8 of the Code of Iowa.

APPROVAL BY MAYOR

The foregoing Resolution having been adopted this date by the City Council, I hereby approve the same by affixing my signature as Mayor on this 28th day of June, 2011.

ATTEST:


Ann H. Campbell, Mayor


Diane Voss, City Clerk

**RECORD OF COUNCIL PROCEEDINGS
FOR RESOLUTION NO. 11-313**

The City Council of Ames, Iowa, met in regular session in the council chambers, City Hall, Ames, Iowa, at 7:00 P.M., on June 28, 2011, with the Mayor presiding and the following Council Members present and absent:

Present: Davis, Goodman, Larson, Mahayni, Orazem, Wacha.
Absent: None.

Council Member Mahayni introduced the resolution and moved its adoption. Council Member Davis seconded the motion to adopt. Upon consideration, the Mayor put the question on the motion. The roll was called and the Council Members voted as follows:

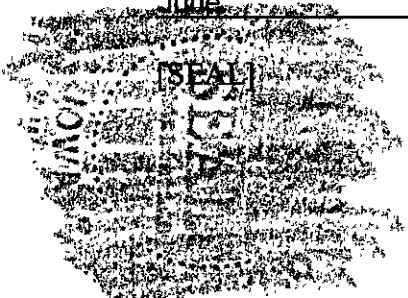
Yes: Davis, Goodman, Larson, Mahayni, Orazem, Wacha.
No: None.
Not voting: None.

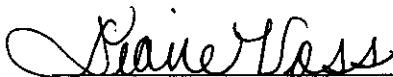
The Mayor declared the resolution adopted.

CLERK'S CERTIFICATE

I, the undersigned, the duly appointed, qualified and acting City Clerk of the City of Ames, Iowa, do hereby certify that the foregoing Resolution is a true and exact copy of Resolution No. 11-313; that the Resolution was duly adopted by the City Council of Ames, Iowa, at a meeting thereof as stated in the foregoing Record of Council Proceedings.

WITNESS my signature and the seal of the City of Ames, Iowa, on this 28 day of June, 2011.





DIANE VOSS, City Clerk

FRANDSON & ASSOCIATES, L.C.

COMMERCIAL REAL ESTATE APPRAISAL AND CONSULTING

Ted R. Frandson, MAI, CCIM **Principal & Real Estate Appraiser**

Experience

Ted has been the Principal of Frandson and Associates (formerly Frandson, Knapp & Associates) since 1995.

Professional experience includes joining Carlson, McClure & McWilliams, Inc. in 1987, as a Commercial Real Estate Appraiser, appraising all types of industrial, office, multi-tenant/multi-family, special use, and agricultural properties.

Prior experience includes being co-owner of Frandson, Knapp Properties, L.C., a Research Assistant at Iowa state University – Department of Economics in Ames, Iowa, as well as Broker/Owner of Frandson Real Estate and Management in Des Moines, Iowa.

General Appraisal and Consulting Experience includes:

- District Court testimony, presentations at PAAB, condemnation hearings, and Board of Review
- Eminent Domain Acquisition under both Iowa and Federal Law concepts presentation before state, county, and municipal compensation commissions
- Testified as an expert witness in Iowa and California District Courts
- Property tax assessment valuation and consultation for assessors and for property owners.
- Mortgage lending narrative appraisals meeting USPAP and FIRREA guidelines
- Multi-Family Financing Appraisals prepared for HUD
- Independent Appraisal Review for public acquisition
- Discounted cash flow analysis of large multitenant properties using Argus
- Feasibility and market studies
- Market rent and location consultation
- Market rent studies prepared for HUD
- Appraisal Management Services

Education

Iowa State University

Bachelor of Science

Major: Agricultural Business and Economics

Course Work Includes:

Capitalization Theory, Part A, Part B	Real Estate Finance, Value, and Investment Performance
Case Studies in Real Estate Valuation	Report Writing and Valuation Analysis
Cash Equivalency	Standards of Professional Practice
Contract or Effective Rent: Finding the Real Rent	USPAP Update
Decision Analysis for Commercial Real Estate	
Eminent Domain & Condemnation	
Financial Analysis for Commercial Investment Real Estate	
Market Analysis for Commercial Investment Real Estate	

Professional Organization

Designated Member of the Appraisal Institute, MAI

Designated Member of the Commercial Investment Real Estate Institute, CCIM

State of Iowa - Certified General Real Property Appraiser

Boards and Organizations

Story County Board of Adjustment 1994 to 2003

Story County Compensation Commission

Six Year Member, Judicial Nominating Commission, District 2B, State of Iowa

Certification Statement

As of the date of this report, Ted R. Frandson is a Certified General Real Property Appraiser in the State of Iowa. (CG01131)



Iowa
Appraisal and Research
CORPORATION

VALUE FINDING REAL ESTATE APPRAISAL



OF

Partial Acquisition of property owned by M K T M, LLC
For City of Ames Flood Mitigation Project in Ames, IA.

FOR

City of Ames
515 Clark Ave
PO Box 811
Ames, IA 50010

EFFECTIVE DATE

April 24, 2018

PREPARED BY

Daniel W. Dvorak, MAI
Nelson J. Jerabek



Iowa
Appraisal and Research
CORPORATION

July 20, 2018

Tracy Warner
City of Ames
515 Clark Ave
PO Box 811
Ames, IA 50010

Dear Ms. Warner:

**Re: Partial Acquisition of Property Owned by M K T M, LLC in Ames, IA.
For City of Ames Flood Mitigation Project in Ames, IA.**

As you requested, we have observed the property identified in the caption of this letter on April 24, 2018. The property's legal description is summarized in the Summary of Salient Data section. The property visit is part of an appraisal process to estimate just compensation. The property visit is part of an appraisal process to estimate just compensation for partial acquisition.

The estimates of market value assume the price paid for the property is unaffected by any knowledge of the proposed project.

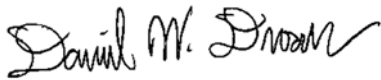
"The opinion of just compensation arrived at in this value finding appraisal report reflects the appraiser's opinion of the difference between the before and after values. Our opinion of just compensation is no different than if doing a before and after appraisal."

This appraisal is prepared in compliance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 as amended, in accordance with Part 24 of Title 49 of the Code of Federal Regulations, and under the Jurisdictional Exception contained in the Standards of Professional Appraisal Practice. Our findings are presented in an appraisal report in value finding format. We are to estimate just compensation under two scenarios: one in which the acquisitions are of permanent flowage easements and another in which the acquisitions are of fee title. We estimate just compensation for the proposed acquisitions as follows:

1016 S Duff Ave - Fee Simple Acq. Alternative	\$377,470
1016 S Duff Ave - Permanent Easement Acq. Alternative	\$150,270
1008 S Duff Ave - Fee Simple Acq. Alternative	\$41,280
1008 S Duff Ave - Permanent Easement Acq. Alternative	\$6,840

Thank you for using our appraisal services. If you have any questions regarding the estimate of market value, please feel free to contact us at your convenience.

Respectfully submitted,



Daniel W. Dvorak, MAI
Vice President



Nelson J. Jerabek
Associate Real Estate Appraiser

PRELIMINARY
NOT YET INDEPENDENTLY REVIEWED

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PREFACE

LETTER OF TRANSMITTAL

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CARNEY AND SON'S FINAL PLAT
DEFINITIONS
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STATE CERTIFICATIONS
PRIVACY POLICY



SUMMARY OF SALIENT DATA

Property Identification

The subject includes two assessment parcels located east of S Duff Avenue in Ames, IA. The parcels were split in June 2011 as part of a subdivision and development plan. Both of the parcels are titled to the M K T M, LLC. The assessment parcel with a local address of 1016 S Duff Ave has the majority of frontage along S Duff Ave and has a large area of developable land outside of the flood hazard area. The assessment parcel that has minimal frontage on S Duff, is primarily located back from the corridor and is within the flood hazard area. It is utilized for recreational/greenspace use.

Legal Description

The abbreviated legal description provided in the assessor's records for each respective subject parcel is as follows:

1016 S Duff Ave: *CARNEY AND SON'S SUBDIVISION 1ST ADDITION LOT 1 AMES*

1008 S Duff Ave: *CARNEY AND SON'S SUBDIVISION 1ST ADDITION OUTLOT A AMES*

Ownership and Sales History

According to public records, the subject is titled to the M K T M, LLC. We are not aware of any ownership involving the subject in the past five years. The parcel that has majority frontage on S Duff Ave, with developable land outside of the flood hazard (local address of 1016 S Duff Ave) is listed for sale at a price of \$1,600,000. The listing is further analyzed in the valuation section later in this approach. The parcel that primarily sits back from the corridor (local address of 1008 S Duff Ave) is not listed for sale.

Occupancy

The subject is a combination of development ready commercial land and undeveloped recreational/timber land. There are no leases in place that affect the subject.

Assessed Valuation

The assessed valuation of the subject parcels effective January 1, 2018 is summarized below.

ASSESSMENT DATA

Address	Parcel #	Land	Improvements	Total
1016 S Duff Ave	09-11-401-050	\$1,400	\$0	\$1,400
1008 S Duff Ave	09-11-401-075	<u>\$131,000</u>	<u>\$0</u>	<u>\$131,000</u>
		\$132,400	\$0	\$132,400

Public records indicate taxes are current. There are no special assessments against the subject.

Scope of the Appraisal

Please refer to the scope of work section.

Intended Users

Our intended user is the City of Ames; no other user is intended.

Intended Use

The appraisal is to be used to estimate just compensation; no other use is intended.

Client

Our client is the City of Ames.



Definition of Fair Market Value

The term fair and reasonable market value is defined as the cash price which would be arrived at as between a voluntary seller, willing but not compelled to sell, and a voluntary purchaser willing, but not compelled to buy. It assumes a buyer and seller are bargaining freely, in the open market for the purchase and sale of the real estate in question.

The term does not mean a value under circumstances where greater than its fair price could be obtained, nor does it mean the price which the property would bring at a forced sale. It does not mean what the property is worth to the plaintiff(owner) nor what the defendant(acquiring authority) can afford to pay, but what it is fairly worth in cash on the open market, as stated above. (Iowa Civil Jury Instructions 2500.4).

In short, the fair and reasonable market value of a property is to be considered in the same manner that a knowledgeable, voluntary buyer determines the fair and reasonable market value of a property: in terms of its capabilities, its detriments, and its fair and reasonable worth in the marketplace.

The jury and/or Compensation Commission is entitled to be informed of all the factors which (1) tend to show value, which the willing seller would impress upon the willing buyer, and (2) tend to indicate lack of value, which the willing buyer would impress upon the willing seller. These factors sales of comparable properties and evidence of its highest and best use. (Iowa Civil Jury Instructions 2500.6 and annotated authorities). See also *Bellew v. ISHC*, 171 N.W.2d 284, 288, 289 (Iowa 1969) and *In Re Primary Road No. 141*, 255 Iowa 711, 124 N.W.2d 141, 147 (Iowa 1963).

The determination of "Market Value" may not consider or reflect any enhancement in value of the subject, caused by the public improvement which has prompted the taking. (i.e. no sales exhibiting these effects may be used as a comparable in arriving at the value of the subject property, either before or after the date of condemnation.) (Iowa Civil Jury Instructions 2500.3). *Socony Vacuum Oil Co. v. State of Iowa*, 170 N.W.2d 378. (Iowa 1969).

Source: Iowa Department of Transportation, Office of Right of Way, Appraisal Operations Manual, March 2016.

Please refer to the Addenda for the definition of other selected terms used in this report.

Definitions

Please refer to the Addenda for the definition of other selected terms used in this report.

Zoning

The subject is zoned a mixture of HOC, Highway Oriented Commercial and A-1, Agricultural.

Flood Hazard Area

A large percentage of the site in either the Floodway or 100-year floodplain. There is an open, buildable portion of the site however that is located outside of the flood hazard at the far western and southern portion along S Duff Ave.

Property Visit and Effective Date of the Report

The subject property was observed on April 24, 2018 by Daniel W. Dvorak and Nelson J. Jerabek. The appraisal is effective as of April 24, 2018.

Date of Report

July 20, 2018

Contamination

No signs of contamination were observed. We have performed this analysis assuming the property is not contaminated.

Contacts*Owner*

M K T M, LLC

Tom Carney

1816 SE 5th St

Ames, IA 50010

(515) 232-1897

Valuation Conclusion – on April 24, 2018**Total Just Compensation:**

1016 S Duff Ave - Fee Simple Acq. Alternative	\$377,470
1016 S Duff Ave - Permanent Easement Acq. Alternative	\$150,270
1008 S Duff Ave - Fee Simple Acq. Alternative	\$41,280
1008 S Duff Ave - Permanent Easement Acq. Alternative	\$6,840

Estimated Exposure Period¹

Based upon comparable sale data and our judgment, we estimate an exposure time of up to 12 months.

Jurisdictional Exception

The jurisdictional exception rule of USPAP is invoked in order to comply with the eminent domain rules in Iowa.

¹The discussion of reasonable exposure time is not intended to be a prediction of a date of sale, but rather an expression of observed market activity relative to similar property actively marketed and properly priced for sale.



GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

The appraisal and the appraisal report do not constitute an inspection of the improvements. The appraiser(s) performed only a visual inspection of the immediately accessible areas and the appraisal cannot be relied upon to disclose conditions or defects in the improvements. In addition, regardless of who receives a copy of the appraisal, unless specifically stated in the appraisal, they are not an intended user of it.

The following assumptions and limiting conditions may or may not be applicable to every assignment:

This appraisal report has been made with the following general assumptions:

1. No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
5. All engineering studies are assumed to be correct. The plot plans and illustrative material in this report are included only to help the reader visualize the property.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
7. It is assumed that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.
8. It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless a nonconformity has been identified, described, and considered in the appraisal report.
9. It is assumed that all required licenses, certificates of occupancy, consents and other legislative or administrative authority from any local, state or national government or private entity or organization have been or can be obtained or renewed for any use on which the opinion of value contained in this report is based.
10. It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
11. Unless otherwise stated in this report, the existence of hazardous materials, pollutants, fungi or microbes commonly known as mold (collectively referred to as "environmental hazards") that may or may not be present on the property, was not observed by the appraiser. The appraiser is not trained in environmental engineering, is not qualified to detect environmental hazards and has not investigated whether environmental hazards are present on or in the property. The presence of substances such as asbestos, ureaformaldehyde foam insulation, and other environmental hazards may affect the value of the property. The estimate of value is predicated on the assumption that there are no environmental hazards on or in the property that would cause a loss in value. No responsibility is assumed for the presence of environmental hazards. To conduct an environmental assessment of the property, the intended user is urged to retain an environmental engineer.



This appraisal report has been made with the following general limiting conditions:

1. Any allocation of the total value estimated in this report between the land and the improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
2. Possession of this report, or a copy thereof, does not carry with it the right of publication.
3. The appraiser, by reason of this appraisal, is not required to give further consultation or testimony or to be in attendance in court with reference to the property in question unless arrangements have been previously made.
4. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales or other media without the prior written consent and approval of the appraiser.

Additional assumptions and limiting conditions:

1. Any opinions of value provided in the report apply to the entire property, and any proration or division of the total into fractional interests will invalidate the opinion of value, unless such proration or division of interests has been set forth in the report.
2. If only preliminary plans and specifications were available for use in the preparation of this appraisal, the analysis is subject to a review of the final plans and specifications when available.
3. Any proposed improvements are assumed to have been completed unless otherwise stipulated, so any construction is assumed to conform with the building plans referenced in the report.
4. The appraiser assumes that the reader or user of this report has been provided with copies of available building plans and all leases and amendments, if any, that encumber the property.
5. If no legal description or survey was furnished, the appraiser used the county tax plan to ascertain the physical dimensions and acreage of the property. Should a survey prove this information to be inaccurate, it may be necessary for this appraisal to be adjusted.
6. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.
7. The Americans with Disabilities Act (ADA) became effective January 26, 1992. The appraiser has not made a specific compliance survey or analysis of the property to determine whether or not it is in conformity with the various detailed requirements of ADA. It is possible that a compliance survey of the property and a detailed analysis of the requirements of the ADA would 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 impact upon the value of the property. Since the appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.
8. This appraisal report is not intended to be used and shall not be used by real estate syndications, real estate investment trusts, limited partnership or other individuals or entities in the solicitation of investors. The appraiser shall not be liable for violations or alleged violations of the Securities Act of 1933 or 1934 and the amendments thereto, or any state blue sky or securities law or similar federal or state law.



SCOPE OF WORK

Summary

The client requested an appraisal for partial acquisitions of the fee simple estate in two assessment parcels within the city limits of Ames, IA. They requested we provide estimates of just compensation both in the event of a fee title acquisition and/or permanent easement acquisition. The client requested a depth of scope of work adequate to provide a reliable indication of value, and we are providing our findings in a value finding appraisal report.

Property Visit

We visited and viewed the site. We met with the owner, in addition to the owners' real estate agent/representative during our visit. After viewing the subject property we viewed and observed the surrounding development and neighborhood. Photographs of the subject property and neighborhood were taken.

Data Collection

We researched the local and regional markets for data. We collected data on all items that affect the value of the subject property. These factors include Area and City Data, Neighborhood Data, Site and Improvement Data, Highest and Best Use Analysis, and the application of the sales comparison approach to estimate the property's value. Data was obtained from public records, the client, real estate agents, the property owner, our internal database, and other various sources. We have relied on tools and information from the assessor's site for the subject area. We have also relied on the public records for the land area of comparable properties. We verified the sale information with a party connected with each sale.

Valuation

Real estate appraisers generally use three approaches to value known as: The Cost Approach, Sales Comparison Approach (also known as the Market Data Approach) and the Income Capitalization Approach. Each approach is described prior to its development in the report. We have fully researched and completed the sales comparison approach. We did not complete the cost or income approaches.

AMES AREA ANALYSIS

General

Ames is a city located in the central part of Iowa in Story County. It is located approximately 30 miles north of Des Moines along Interstate 35 and Highway 30. The city of Ames is home to Iowa State University, the United States Department of Agriculture's Animal and Plant Health Inspection Service, the National Animal Disease Center and headquarters for the Iowa Department of Transportation.

Population

The following table summarizes the population of Ames, Story County and the State of Iowa since 2000.

POPULATION GROWTH²

	Census 2000	Census 2010	Annualized Change	Estimated 2017	Annualized Change	Projected 2022	Annualized Change
City of Ames	50,731	58,973	1.62%	65,221	1.51%	67,519	0.70%
Story County	79,981	89,542	1.19%	97,978	1.35%	101,736	0.77%
State of Iowa	2,926,324	3,046,355	0.41%	3,199,548	0.72%	3,301,135	0.63%

The population of all three subjects have increased over the time period shown. The city of Ames, Story County and the State of Iowa are expected to increase by over 0.60% each year through 2022.

Households

We have obtained census data on households and household growth and projections from a national data service. The data for Ames is shown below.

HOUSEHOLD GROWTH³

	Census 2000	Census 2010	Annualized Change	Estimated 2017	Annualized Change	Projected 2022	Annualized Change
City of Ames	18,085	22,762	2.59%	24,271	0.95%	25,327	0.87%
Story County	29,383	34,736	1.82%	37,048	0.95%	38,682	0.88%
State of Iowa	1,149,276	1,221,576	0.63%	1,279,178	0.67%	1,318,353	0.61%

Like population trends, the data indicates increases in households from 2000 through 2017 for the city, county, and state. The household growth is in line with the population growth in all three subjects. Household formations are an important factor in determining demand for housing construction.

Income

The following tables summarize median household income in Ames, Story County and the State of Iowa since 2000.

MEDIAN HOUSEHOLD INCOME

	Census 2000	Estimated 2017	Annualized Change	Projected 2022	Annualized Change
City of Ames	\$36,042	\$49,762	2.24%	\$53,429	1.47%
Story County	\$40,442	\$54,936	2.11%	\$59,079	1.51%
State of Iowa	\$39,469	\$54,832	2.29%	\$59,799	1.81%

Ames showed similar growth rates compared to the state between 2000 and 2017. The state is projected to show the largest increase compared to the city and state by over 1.81% per year through 2022.

² STDB – 2010 Census Profile/Demographic and Income Profile

³ STDB – 2010 Census Profile/Demographic and Income Profile

Employment

The following tables describe the unemployment rates from 2006 to 2017 and the city's top employers.

UNEMPLOYMENT RATES⁴

Year	Ames	Story Co.	Iowa	U.S.
2006	2.4%	2.6%	4.0%	4.6%
2007	2.5%	2.8%	3.8%	4.6%
2008	2.9%	3.2%	4.1%	5.8%
2009	4.2%	4.8%	6.2%	9.3%
2010	3.7%	4.2%	6.3%	9.6%
2011	3.6%	3.9%	5.9%	8.9%
2012	3.3%	3.6%	5.2%	8.1%
2013	3.1%	3.3%	4.7%	7.4%
2014	2.7%	2.9%	4.4%	6.2%
2015	2.3%	2.5%	3.8%	5.3%
2016	2.1%	2.3%	3.7%	4.9%
2017	1.9%	2.0%	3.1%	4.4%

TOP EMPLOYERS⁵

Employers	Industry	Employees
Iowa State University	Education	>10,000
Iowa Department of Transportation	Government	2,000-5,000
Mary Greeley Medical Center	Health Care	1,000-2,000
McFarland Clinic PC	Health Care	1,000-2,000
Danfoss	Manufacturing	1,000-2,000
Ames Community School	Education	500-1,000
City of Ames	Government	500-1,000
National Centers for Animal Health	Scientific	500-1,000

Unemployment rates in Ames and Story County have typically been similar to one another, with the city just slightly below the county. The City, county and state have been significantly lower than the United States. Since 2009, all three subjects have continued to decline in unemployment.

Iowa State University has made a significant impact on the city employing over 10,000 people. The following table shows Ames industry sectors. Education, retail trade, health care and accommodation services are among the top industries for the city.

AMES INDUSTRY SECTOR⁶

Industry	Industry
Agricultural, Forestry, Fishing & Hunting	2.1%
Mining, Quarrying, Oil & Gas Extraction	0.0%
Utilities	0.0%
Construction	3.6%
Manufacturing	7.9%
Wholesale Trade	1.6%
Retail Trade	11.9%
Transportation & Warehousing	1.1%
Information	1.5%
Finance and Insurance	1.7%
Real Estate, Rental & Leasing	1.3%
Professional, Scientific & Technical Services	4.6%
Management and Enterprises	1.6%
Administration & Support	3.6%
Educational Services	24.4%
Health Care and Social Assistance	11.9%
Arts, Entertainment, and Recreation	1.4%
Accommodation and Food Services	11.4%
Other Services	2.1%
Public Administration	6.2%

Iowa State University

Ames is home to Iowa State University (ISU), one of Iowa's three public universities. As discussed previously, ISU is the largest employer in Ames. In addition to providing a source of employment, the university attracts a large student body which has a major economic impact on rental, retail, and other properties in Ames. Fall semester enrollment data for ISU over the past nine years is summarized in the following table:

⁴ Bureau of Labor Statistics – Local Area Unemployment Statistics

⁵ Ames Economic Development Commission

⁶ On the Map – Work Area Profile Analysis, 2015

Total Enrollment at ISU⁷

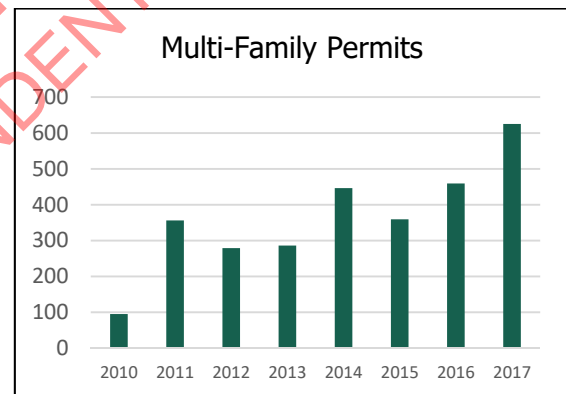
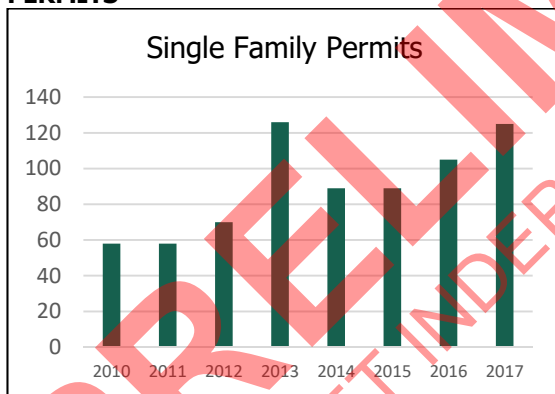
Year	Enrollment	% Chg.
2010	28,682	-
2011	29,887	4.2%
2012	31,040	3.9%
2013	33,241	7.1%
2014	34,732	4.5%
2015	36,001	3.7%
2016	36,660	1.8%
2017	36,321	-0.9%

Fall enrollment saw growth between 2010 and 2013. 2013 showed the highest increase in enrollment by over 7%. Since, enrollment has continued to grow, but is increasing in smaller increments. 2017 showed a slight decline in enrollment, falling short of about 300 students. Increasing enrollment at ISU is a boost for the community, providing demand for additional employment at ISU as well as increasing demand for rental housing, retailers, and services. Fall enrollment is typically slightly higher than spring enrollment.

Residential Construction

Single-family residential construction has shown an upward trend through the years. 2010 and 2011 remained the same at 59 permits issued. In 2012, permits increased ± 21 percent to 70 and in 2013, permits increased ± 81 percent to 127. Demand slowed down in 2014 and 2015, decreasing ± 28 percent to 91 permits. Since, we have seen a gradual incline of demand with 2017 issuing approximately 125 permits.

PERMITS⁸



Multifamily construction jumped ± 66 percent between 2010 and 2011. Enrollment at ISU caused rents to rise and vacancy to decline, spurring significant new construction starting in 2011. Since 2014, there has been a gradual rise in multi-family building permits.

Commercial Construction

We have searched the City Assessor's website for information about recently constructed commercial buildings in Ames. Major retail development has consisted of the construction of $\pm 60,000$ square feet of new retail space at the North Grand Mall. This replaced older space that was demolished. Tenants in the new space include Kohls and TJ Maxx. The mall is at the intersection of Grand Avenue and 24th Street on the north side of Ames. It is one of two major nodes of retail development in Ames, the other of which extends along South Duff Avenue from Lincoln Way to Highway 30. Several smaller new

⁷ <http://www.registrar.iastate.edu/stats/>

⁸ City of Ames, Annual Housing Starts 2001-2017

retail and fast food restaurant buildings have been built along S Duff Avenue and elsewhere around Ames in the past two years.

Several new hotels have surfaced in the Ames area. A 90-room Hampton Inn & Suites by Hilton was completed in 2016 near the Iowa State University campus and the new research park. A new Marriott Courtyard hotel is planned for the south of Ames, being completed in early 2019. The 165,000 square foot hotel is expected to have about 120 rooms and create 50-60 part- and full-time jobs.

The Ames community landed three significant projects in 2013. WebFilings began phase two of their campus located in the ISU Research Park. The company expanded their Ames location that cost over \$15.5 million dollars and created nearly 700 jobs. 3M, which manufactures products, improved their facilities with better quality equipment to allow additional manufacturing; which in return will create more jobs. Kingland Systems built a new facility which included multiple tenant options for retail and office. This site is the start to further development in the Ames community.

Ames Racquet and Fitness built a new 52,000 square-foot workout facility near the Iowa State University Research Park. Construction was completed in 2017. The new facility features a 150-meter indoor track, new strength and conditioning equipment, sauna, steam room, and a nursery/kids' gym. There is also additional space used for yoga, spinning, personal training, group fitness, and fitness workshops.

Construction of a new 157-unit, six-story mixed-use building is expected to cost approximately \$51.9 million. The ±321,531 square foot building will provide additional housing option for Iowa State University students, with unit options ranging from studio to four-bedrooms. The building will also include underground parking and commercial space on the street level. The building is expected to be completed summer, 2018.

Summary

The Ames MSA has experienced a growing population during the last ten years. With it, job growth has been steady and predictable. We have seen household formations and median income rise during the same period, which has provided a strong economic base to this area.

A strong local economy has spurred single-family residential construction, and increasing ISU enrollment has led to a sharp increase in multifamily residential construction. Growing population has led to construction of new several new retail and restaurant buildings over the past two years, while new industrial and office development has been limited. The trend for the Ames MSA is continued growth. Having Iowa State University in Ames provides an excellent, stable economic base.

NEIGHBORHOOD ANALYSIS

General

The subject neighborhood includes those properties located along S Duff Avenue between U.S. Highway 30 and Lincoln Way in Ames, Iowa.

Linkages

Linkages in the neighborhood are good. Highway 30 provides an approximately 5 minute drive to Interstate 35. The drive from the remainder of Ames to the subject neighborhood is less than 15 minutes. Duff Avenue is the major north/south traffic artery. Lincoln Way, SE 16th Street and Highway 30 are the major east/west traffic arteries.

Topography and Flood Hazard Area

The neighborhood's topography is generally level. Most of the land between S 3rd Street and Squaw Creek is in Flood Zone AE, a part of the 100-year floodplain where base flood elevations have been determined. Most properties in the flood zone are improved with commercial buildings, some recently constructed. Buildings may be constructed in the flood zone, but they are subject to additional requirements by the City. The balance of the neighborhood is in Flood Zone X, which is not part of the 100-year flood plain.

Utilities

Properties in the neighborhood have access to all public utilities and city services.

Recent Development

Most properties along Duff Avenue are developed with retail use. Some are developed with office use or service commercial use.

Recent development includes the construction of a multi-tenant retail property located at 701/703 S Duff Avenue. The site includes a 17,750 square foot multi-tenant building and a 2,079 square foot single-tenant building. Additional recent development includes two tenant, 40,000 square-foot building, located on Southeast Fifth Street between Target and Walmart east of Duff Avenue. Sports Authority, a national sporting goods retailer and Petco, a national animal care retailer opened in late 2013. In 2016, a Jimmy John's restaurant was built at 716 S Duff, and in 2016 a Panda Express restaurant was built at 436 S Duff. Chick-Fil-A has constructed a new restaurant at 230 S Duff within the past three years as well.

A former bowling alley at 505 South Duff was razed after flooding in 2010. In 2012, a Texas Roadhouse restaurant opened in the 500 block of South Duff Avenue on the southern portion of the site. Several smaller retail and fast food restaurant buildings have also been built in the past five years. Two in-line retail centers at 400 South Duff opened in 2010. Tenants include, Buffalo Wild Wings, Verizon, Mattress Firm and Noodles and Company. A new Taco Bell restaurant was constructed in 2012 at 421 South Duff Avenue.

Pattern of Growth

Little land remains available for development in the neighborhood which has led to the redevelopment of older properties in recent years.

Competitive Areas

The subject area competes with other commercial corridors, such as Lincoln Way and N Grand Avenue.



Anticipated Trend

The subject neighborhood includes Duff Avenue, the most desirable retail corridor in Ames. Multiple properties have been developed or redeveloped within the past five years. Properties damaged by flooding in the summer of 2010 have been or are being repaired and redeveloped, and the large retail anchors (Target and Wal-Mart) reopened quickly after the floods. The neighborhood will remain prosperous, with ongoing redevelopment of older properties for the foreseeable future.

PRELIMINARY
NOT YET INDEPENDENTLY REVIEWED

DETERMINATION OF PARENT TRACTS

We note that there are two assessment parcels that are being affected by the acquisition which are under the same ownership. The parcels were split and subdivided in June 2011, to allow for the potential of partial development.

The assessment parcels are being operated as separate economic units. The parcel with the local address of 1008 S Duff Ave is located entirely within the 100-year flood hazard, with much being located in the floodway. It is currently being utilized as recreational land/greenspace. The parcel with a local address of 1016 S Duff Ave has a large, buildable area that is outside of the flood hazard and is currently listed available for sale as a commercial development site. Further, we later conclude that the assessment parcels have separate highest and best uses.

Though the two parcels meet the test of unity of ownership, they do not meet the test of unity of use. We conclude there are two parent tracts for this assignment. Parent Tract 1 is the ±2.72 acre tract of land that has a local address of 1016 S Duff Ave. Parent Tract 2 is the ±26.14 acre tract of land that has a local address of 1008 S Duff Ave. We will refer to each Parent Tract by their local addresses for the remainder of this report. An aerial map detailing the designated parent tracts follows.





DESCRIPTION OF PARENT TRACTS

SITE

General

The subject is split into two separate assessment parcels, which are locally known as 1016 S Duff Ave and 1008 S Duff Ave.

The area of 1016 S Duff Ave is $\pm 118,534$ square feet, or ± 2.72 acres, net of road right-of-way, according to the subdivision plat recorded as Instrument 2011-00006037 in Story County. It has frontage on S Duff Ave, a two-way, four-lane paved road plus turning lane on a north/south axis. The site has full access (both left and right turn) to S Duff Ave.

The area of 1008 S Duff Ave is ± 26.14 acres, net of road right-of-way. The property has a small ± 35 foot strip of frontage along S Duff Ave, although it does not have direct access as the fronting area appears to be underneath Squaw Creek.

Squaw Creek bounds the north edge of the property. Adjacent south is a B-Bop's fast food restaurant and gas/convenience station. Across S Duff Ave to the west is a Red Lobster full service restaurant. Properties nearby north and south of the subject along S Duff Avenue are predominantly developed with restaurant and retail uses. Other uses include service commercial and office.

Soil Conditions

Although we have conducted no soil tests, it is assumed that the site would support those improvements that represent the highest and best use of the site.

Shape

Both parent tracts are irregular in shape.

Topography

1016 S Duff Ave is generally level and open. Far northern and eastern portions gradually slope downward to the north and east towards Squaw Creek. Said areas proximate to the creek are also partially timbered.

1008 S Duff Ave is level to gently rolling and partially wooded. Northern portions of the site slope downward towards Squaw Creek. The owner reports planting several hundred trees on this parcel after the property flooded in 2010.

Flood Hazard Area

Based on documents provided by our client, approximately ± 1.4164 acres (52 percent) of the site at 1016 S Duff Ave is located within a flood hazard area. Of this, approximately ± 0.496 acres is located in the 100-year flood plain, and ± 0.921 acres is located within the floodway. The remaining ± 1.307 acres (48 percent) of the site is outside of the hazard. The ground nearest Squaw Creek is within the floodway, while the area outside of the hazard is furthest southwest along S Duff Ave.

The entire site at 1008 S Duff Ave is located within a flood hazard. Approximately ± 2.354 acres is within the 100-year floodplain, with the remaining ± 23.774 acres being in the floodway.



Easements & Encroachments⁹

According to the recorded Carney & Son's Subdivision plat in Story County, Instrument 2011-00006037, upon issuance of a building permit for the site at 1016 S Duff Ave a permanent ingress/egress easement will be created allowing for access purposes to the site at 1008 S Duff. Said easement runs along the far southern twenty feet of the site at 1016 S Duff Ave. A temporary easement for access purposes currently exists in its place.

There is also an existing drainage easement across both parent tracts. Said easement is located along the northern edge of the subject, adjacent Squaw Creek. According to our client, the easement is $\pm 199,821$ square feet in size, and it was recorded at the same time as the plat noted above. We have included a copy of the plat in our addendum later in this report.

Other than the noted above easements, and other typical public and utility easements, we are unaware of any further that affect the subject site. During our observation we did not note any encroachment.

Utilities

The site at 1016 S Duff Ave has access to all utility services. The site at 1008 S Duff Ave does not have utilities.

Zoning

The site at 1016 S Duff Ave is zoned HOC, Highway Oriented Commercial. Most all retail, service, and office uses are permitted. The zoning restricts most residential uses without a Special Use Permit but does allow for "short-term lodgings".

This zone is intended to "accommodate the use of automobile in developments that offer a wide variety of retail and service businesses. Although oriented toward the automobile, the street should have a pleasant appearance and should be pleasing to most pedestrians and motorists. This zone should also be compatible with adjacent residential uses."

The typical bulk regulations for HOC are summarized next.

⁹ Please refer to the assumptions and limiting conditions regarding easements and encroachments.

**Highway-Oriented Commercial (HOC) Zone Development Standards**

DEVELOPMENT STANDARDS	HOC ZONE
Maximum FAR	.50
Minimum Lot Area	No minimum except for mixed uses, which must provide 6,000 ft. of lot area for the first dwelling unit and 1,000 sf for each additional dwelling unit in a group living use
Minimum Lot Frontage	50 ft.
Minimum Building Setbacks: Front Lot Line Side Lot Line Rear Lot Line Lot Line Abutting a Residentially Zoned Lot	20 ft., except for a fuel pump canopy, which shall maintain a 10 ft. setback measured from the front edge of the canopy 5 ft. 10 ft. 20 ft. side, 20 ft. rear
Landscaping in Setbacks Abutting a Residentially Zoned	High Screen. See Section 29.403
Maximum Building Coverage	50%
Minimum Landscaped Area	15%
Maximum Height	85 ft. or 7 stories, except for fuel pump canopies, which are limited to 18 ft. with a minimum clearance of 14 ft.
Parking Allowed Between Buildings and Streets	Yes
Drive-Through Facilities permitted	Yes. See Section 29.1303
Outdoor Display permitted	Yes. See Section 29.405
Outdoor Storage permitted	Yes. See Section 29.405
Trucks and Equipment Permitted	Yes

(Ord. No. 3595, 10-24-00; Ord. No. 4312, 6-27-17)

The site at 1008 S Duff Ave is zoned A-1 Agricultural. Permitted uses in the A-1 district include agricultural uses including crop production, livestock production, single-family dwellings, cemeteries, stables, parks, and forest preserves. The typical bulk regulations for A-1 are summarized next.

**Agricultural (A) Zone Development Standards**

DEVELOPMENT STANDARDS	A ZONE
Minimum Lot Area	43,560 sf
Minimum Principal Building Setbacks:	
Front Lot Line	50 ft.
Side Lot Line	20 ft.
Rear Lot Line	50 ft.
Corner Lots	Provide 2 front yards and 2 side yards
Minimum Frontage	35 ft. @ street line 100 ft. @ building line
Maximum Building Coverage	N/A
Maximum Site Coverage (includes all buildings, paving and sidewalks on lot)	N/A
Minimum Landscaped Area	N/A
Maximum Height Principal Building	40 ft. or 3 stories, except for farm building, communications towers, flag poles, bell towers and steeples
Maximum Height Accessory Building	12 ft. to midpoint of roof; 15 ft. to ridge
Parking Between Buildings and Streets	N
Drive-Through Facilities	N
Outdoor Display	Plants & Produce only
Outdoor Storage	Y
Trucks and Equipment	Y

We further note that the large majority of the site at 1008 S Duff Ave is located within a Floodway Overlay District. Within this overlay district, further restrictions are imposed on potential uses and development. According to city code, generally accepted uses within the overlay include agricultural uses (farming, pasture, grazing, nurseries, etc.), signs, billboards, public utility lines, private/public recreational uses, residential accessory uses (lawns, gardens, play areas), and other such open-space uses similar to those described above. We note that limited grading is allowed, provided that there is no change of surface topography of more than one foot and no fill is introduced into the floodway. Any use or excavation that results in an alteration of a watercourse is prohibited (except as needed for public infrastructure). Any other use or development use that involved structures, fill, or storage of materials or equipment may be permitted only upon issuance of a Major Site Development Plan.



HIGHEST AND BEST USE

This section seeks to determine the most profitable use of the subject land, as if it were vacant as well as the improved property. Refer to the Definition pages in the Addenda for a full definition of highest and best use.

The appraisal problem did not warrant an intensive highest and best use study, in which a survey of the local market would have been conducted to determine supply and demand factors to determine the feasibility of alternative uses. Our conclusion of highest and best use is based on our experience, historical data and observation of the market. This is considered an inferred analysis.

Highest and Best Use, As Vacant – Before the Acquisition

Physically Possible

The site at 1016 S Duff Ave contains a total area of ± 2.72 acres. The site has generally level, open topography. Far norther portions of the site that are proximate to Squaw Creek are located within the 100-year flood plain and floodway hazard. Based on documents provided by our client, we estimate 52 percent of 1016 S Duff to be within the hazard, and 48 percent to be outside the hazard. Areas within the 100-year flood hazard are generally developable, subject to fill being brought in to elevate said areas from the hazard, or constructing improvements in accordance to flood specifications. Areas within the floodway however, have much stricter development standards. In general, open space agricultural and green space/recreational uses are permitted. Grading and filling are permitted to an extent, however doing such in any manner that results in the altering of the watercourse is prohibited. The site has access to S Duff Ave.

The site at 1008 S Duff Ave contains a total area of ± 26.14 acres. Documents provided by our client indicate that ± 91 percent of the site is within the floodway, with the remaining ± 9 percent being in the 100-year floodplain. The site is partially wooded and rolling. The site has access to S Duff Ave via ingress/egress easement.

Legally Permissible

The highest and best use of a property must also be legally permissible. Private deed restrictions and municipal restrictions of zoning are the most common considerations. We note a drainage easement that runs along the northern edge of the subject parcel. We are unaware of any other private deed restrictions on this property.



The site at 1016 S Duff Ave is zoned HOC, Highway Oriented Commercial. Permitted uses include most retail, office, and service uses. Prohibited uses include residential dwellings, schools and industrial uses, except mini-storage.

The site at 1008 S Duff Ave is zoned A-1, Agricultural. In general, permitted uses in the A-1 district include agricultural uses including crop production, livestock production, single-family dwellings, cemeteries, stables, parks, and forest preserves. We note however, that the site is also located within a Floodway Overlay District. Within said district, further restrictions are enforced impeding development. In general, use or excavation that results in an alteration of a watercourse is prohibited. Open space or green space is permitted, recreational use is permitted.

Financially Feasible

Of those physically possible and legally permissible uses, we must determine which are financially feasible. More specifically, which uses are likely to produce an income that provides a positive return to the land. All uses that are expected to produce a positive return are regarded as financially feasible.

Properties near the subject on S Duff Avenue are primarily developed with a mixture of service, office, and retail use. For the site at 1016 S Duff Ave, we conclude all three uses are financially feasible.

For the site at 1008 S Duff Ave, we conclude it is financially feasible to use the area as green space or for recreational use.

Maximally Productive

Of the financially feasible uses, the use that provides the highest price or value is the highest and best use.

The site at 1016 S Duff Ave has good visibility from a highly trafficked street. We conclude the maximally productive and highest and best use of the site is retail use.

The site at 1008 S Duff has limited visibility, and floodway restrictions significantly reduce its development potential. We conclude the maximally productive and highest and best use of it is for recreational use.

HIGHEST AND BEST USE-AFTER ACQUISITION

Subject's highest and best use after acquisition is the same as its highest and best use before the acquisition.

PROPOSED PROJECT

The City of Ames plans to acquire partial fee simple title and/or permanent easement for flood mitigation purposes relating a project along Squaw Creek.

We have not considered any benefits that may accrue to the property due to this project. However, we are considering negative effects caused by the project and associated acquisitions. Because we are not considering the benefits to the property due to the project, the Jurisdictional Exception rule of USPAP is exercised. The requirement to not consider the benefits from the project is according to Iowa Code.

DESCRIPTION OF RIGHTS TO BE ACQUIRED

The City of Ames proposes to acquire partial fee title and/or permanent easement to both sites. The total area to be acquired over the site at 1016 S Duff Ave is $\pm 62,675$ square feet, or ± 1.44 acres. The total area to be acquired over the site at 1008 S Duff Ave is $\pm 274,975$ square feet, or ± 6.31 acres. As of the date of this report, it is not yet certain whether partial fee title or permanent flowage easement will be acquired. Therefore, we have estimated compensation for both. Copies of the project plans provided by the City of Ames/WKHS & Co. are included later in this report.

EFFECT OF THE ACQUISITION

The acquisition areas across both sites are irregular in shape and are located along the northern edges of each parcel, respectively. According to documents provided by our client, the total area being acquired over the site at 1016 S Duff Ave is $\pm 62,675$ square feet, or ± 1.44 acres. The total area to be acquired over the site at 1008 S Duff Ave is $\pm 274,975$ square feet, or ± 6.31 acres. Both areas of acquisition are located within the flood hazard and are partially wooded. There are no building or site improvements within the acquisition area, however we note an area of existing drainage easement adjacent Squaw Creek. The easement extends twenty feet south of the bank of the creek, according to the city's engineering consultant. Said easement was recorded in Story County, instrument number 2011-00006037 at the same time as the Carney and Son's Final Plat. The area of the drainage easement is $\pm 21,221$ square feet across 1016 S Duff Ave and $\pm 196,846$ square feet across 1008 S Duff Ave, according to our client. We note that the entire area of proposed acquisition across 1016 S Duff overlaps with the existing drainage easement, and we estimate that approximately $\pm 100,000$ square feet overlaps across 1008 S Duff. Also, per the city's engineering consultant, the proposed permanent easement acquisition will have the same function as the existing drainage easement.

The highest and best use of the subject property will not be changed by the acquisition. The acquisition does not result in damage to the remainder.



VALUATION - 1016 S DUFF AVE

The diminution in value is best measured by considering the value of the land and easements acquired as part of the whole. A value finding appraisal will adequately measure the just compensation to the property owner.

The essence of the sales comparison approach is to discover what similar properties have sold for and, after an appropriate adjustment process, to develop indications of what they would have sold for if they had possessed all of the physical and economic characteristics of the property being appraised.

We researched the market for comparable sales that are good indications of value. We have included four comparable sales in our analysis. All are located along the S Duff Ave corridor in Ames. The most consistent indicator of value is the sale price per square foot and adjustments have been made on this basis.

Land Valuation

To estimate the market value of the land, we have analyzed comparable land sales similar to the subject. We have selected four sales for presentation within this section. We have reviewed the comparables on the basis of their sale price per acre. Additional information on the sales is included in the Addenda.

The Sales Comparison Adjustment Table follows. We were unable to locate adequate data to quantify some of the adjustments. Therefore, we have made qualitative adjustments for some items. Qualitative adjustment is similar to how typical market participants analyze sales and are made on a plus (+) or minus (-) basis. We have also made quantitative adjustments for some items. An adjustment greater than 1.00 indicates that an upward quantitative adjustment is necessary, and an adjustment less than 1.00 indicates that a downward quantitative adjustment is necessary. The table is followed by a discussion of the relevant adjustments.

**LAND SALES COMPARISON AND ADJUSTMENT TABLE - 1016 S DUFF AVE**

Sale	Subject	1		2		3		4	
Comp ID	N/A	280034		219066		206449		235919	
Address	1016 S Duff Ave	716 S Duff		705 S Duff		551 S Duff Avenue		230 S Duff Ave	
City	Ames	Ames		Ames		Ames		Ames	
Sale Price (SP)	N/A	\$409,360		\$1,173,451		\$700,000		\$1,590,000	
Area (Sq Ft)	118,534	21,902		85,077		44,936		48,203	
SP/\$SF	N/A	\$18.69		\$13.79		\$15.58		\$32.99	
Grantor	N/A	716 S Duff, LLC		Douglas Livy, Jr. and Wendy Livy		Pizzas on Duff, LLC		Great Southern Bank & JMH Corporation	
Grantee	N/A	Rafferty Construction		E-M Hunziker, LLC		Blue Sky Properties, LLC		Chick-Fil-A, Inc.	
		Attribute	Adj	Attribute	Adj	Attribute	Adj	Attribute	Adj
Property Rights Conveyed	Fee Simple	Fee Simple		Fee Simple		Fee Simple		Fee Simple	
Cash Equivalency	Typical	Typical		Typical		Typical		Typical	
Conditions of Sale	Typical	Typical		Typical		Typical		Typical	
Market Conditions	4/24/2018	9/8/2015	1.05	6/21/2013	1.10	8/2/2012	1.11	4/29/2015	1.06
Adjusted Sale Price	N/A	\$429,828		\$1,290,796		\$777,000		\$1,685,400	
Adjusted Price / Sq. Ft.	N/A	\$19.63		\$15.17		\$17.29		\$34.96	
Other Considerations									
Location	Ames	Similar		Similar		Similar		Superior	0.70
Size	118,534	21,902		85,077		44,936		48,203	
Shape	Irregular	Similar		Similar		Similar		Similar	
Utilities	All Public	Similar		Similar		Similar		Similar	
Topo/Flood Hazard	19% FP/61% FW	100% FH	0.40	100% FH	0.40	100% FH	0.40	No	0.30
Zoning	HOC	HOC		HOC		HOC		HOC	
Total Adjustment (Rounded)			0.40		0.40		0.40		0.21
Indicated Subject Value Per Sq Ft			\$7.85		\$6.07		\$6.92		\$7.34
Additional Qualitative Adjustment Necessary									



Explanation for Adjustments

Property Rights - For this analysis, we are estimating the market value of the fee simple estate in the subject property. The comparables are all fee simple sales and adjustments are not required.

Cash Equivalency - If a comparable sale occurred under conditions other than cash to the seller, then a cash equivalency adjustment may be necessary. All of the comparable sales had typical financing terms and no adjustments are required.

Conditions of Sale - This category considers buyer or seller motivation. Conditions of sale may include desperation exchange, tax ramifications, reinvestment or condemnation money, assemblage, or non-arm's length transactions. No adjustments are necessary based on conditions of sale.

Market Conditions - We have observed increasing construction and real estate values over the past several years. We will apply a two percent per year upward adjustment to the comparable sales.

Location - This category gives consideration to the demand for and desirability of the subject site in comparison to the sales. The major factors considered are access to major traffic arteries and type and quality of development in the immediate vicinity. Sales 1 through 3 are similar and no adjustments are necessary. Sale 4 is located on a corner with two access points, and we conclude its location to be superior and have adjusted it downward.

Size - This category takes into consideration the size of the comparable sales in relation to the subject. All of the sales are similar and do not require adjustment.

Utilities - The subject and comparables have access to all city services and utilities. No adjustments are needed.

Topography/Flood Hazard - Based on documents provided by our client, approximately ± 1.4164 acres (52 percent) of the entire site at 1016 S Duff Ave is located within a flood hazard area. Of this, approximately ± 0.496 acres is located in the 100-year flood plain, and ± 0.921 acres is located within the floodway. The remaining ± 1.307 acres (48 percent) of the site is outside of the hazard.

We note however, that the proposed area of acquisition is more highly concentrated within the flood hazard area. The acquisition area is located along the northern edge of the site, adjacent Squaw Creek. Approximately ± 19 of the area being acquired is within the 100-year floodplain and ± 61 percent is within the floodway. The remaining ± 20 percent of the area being acquired is outside of the hazard. We note that the area within the floodway is heavily restricted in terms of development potential, as the watercourse/path of flow is not to be altered. It can be utilized for open/green space and recreation purposes, however. Areas within the floodplain are developable/buildable, however fill and other specific development standards are required.

Sales 1 through 3 are all entirely located within the 100-year floodplain. As noted above, land within the 100-year floodplain is developable. Because the sites have greater potential than a large majority of the land to be acquired, we conclude they require downward adjustment. Sale 4 is located entirely out of the flood hazard, and also requires downward adjustment. The adjustments are quantified based on contributory values of both the areas within the floodway versus those that are not. Overall, the data reviewed indicates that large adjustments are necessary. We note that Sale 4 requires further adjustment than Sales 1 through 3, as it is located entirely outside of the hazard, whereas Sales 1 through 3 are not.

Easement – As noted earlier, the subject is burdened by a drainage easement. Said easement runs along the northern edge of the subject site, adjacent Squaw Creek. According to documents provided by our client, the area of the easement across 1016 S Duff Ave is ±21,221 square feet in size. None of the comparable sales are burdened by atypical easements and require downward consideration in comparison to the subject. Rather than adjust here, we have considered this in our final reconciliation.

Zoning – No adjustments are necessary.

Subject Listing for Sale – We note that the subject site at 1016 S Duff Ave is currently listed for sale. According to a listing flyer provided by the owner's agent, the ±2.72 acre site is being marketed at a price of \$1,600,000, or \$13.50 per square foot. We note that this list price is a blended average value across the entire site including both the developable ground outside of the hazard and the ground that is included within the floodplain and floodway. We note that the area being acquired has a larger concentration of land within the hazard and flood way, and a lower value per square foot would be appropriate in our reconciliation.

Reconciliation – Market Value of Land – 1016 S Duff Ave

After quantitative adjustments, the comparable sales indicate a range of values from \$6.07 to \$7.85 per square foot, with an average of \$7.05 per square foot. None of the sales require addition consideration for qualitative purposes.

After reviewing the available data, we reconcile to a market value for the subject land being acquired of \$7.25 per square foot, before consideration of the existing drainage easement.

Fee Simple Acquisition Compensation

In the event of a fee title acquisition, the land proposed to be acquired across 1016 S Duff Ave is ±62,675 square feet in size, net of existing road right-of-way. We note however, that a portion of the area being acquired is already burdened by a drainage easement. Said easement runs along the northern edge of the site, adjacent Squaw Creek, and is ±21,221 square feet in size. Because some rights are already restricted within the existing easement area, we estimate its value is diminished by 50 percent. The remaining area of acquisition area, or ±41,454 square feet, is not encumbered. Our estimate of compensation, in the event of a fee title acquisition, is shown below:

FEE TITLE COMPENSATION

Fee Value/Sq. Ft.	\$7.25
Sq. Ft. Affected (Unencumbered by Existing Easement)	41,454
Estimated Compensation for Unencumbered Land	\$300,542
Sq. Ft. Affected (Encumbered by Existing Easement)	21,221
Percentage Applied	50%
Estimated Compensation for Encumbered Land	\$76,926
Total Compensation (Rounded)	\$377,470

Permanent Easement Compensation

In the event of a permanent easement acquisition, the proposed area across 1016 S Duff Ave is ±62,675 square feet in size. The purpose of the easement would be for water flowage purposes. The easement is located along the northern edge of the subject property, adjacent south of Squaw Creek. After the acquisition we assume the owner will be allowed able to utilize the area for green space purposes and to meet zoning requirements. We note however, that the project plans call for cutting and grading of the creek bank to better allow for water flowage. No improvements or alterations to the ground within the area of easement will be allowed, after the acquisition. We also note an existing drainage easement within the proposed acquisition area. The easement is recorded in Story County, Instrument 2011-



00006037. Said easement overlaps $\pm 21,221$ square feet with the proposed acquisition, according to documents provided by our client. The rights within said easement will not change materially after the proposed acquisition, per the client's engineering consultant.

Overall, we estimate that the value of the land currently encumbered by drainage easement will not be further diminished. Because the rights will not materially change within the existing easement area, after the acquisition, we conclude no additional compensation is necessary for within this area. The acquisition of the land outside of the existing drainage easement however, will reduce the property owner's usable rights, and compensation is necessary. We apply a percentage of 50 percent.

In the event of a permanent easement acquisition, our estimate of compensation is shown below.

PERMANENT FLOWAGE EASEMENT COMPENSATION

Fee Value/Sq Ft	\$7.25
Total Sq Ft Affected	62,675
Existing Drainage Easement (Sq Ft)	<u>21,221</u>
Net/Compensable Area (Sq Ft)	41,454
Total Value	\$300,542
Percentage Applied	50%
Total Compensation (Rounded)	\$150,270

PRELIMINARY
NOT YET INDEPENDENTLY REVIEWED



VALUATION - 1008 S DUFF AVE

As previously discussed, the entire site at 1008 S Duff Ave is within a flood hazard. Further, the large majority is located within the floodway, and we conclude it is undevelopable. We have searched for sales of sales of properties within floodplains and floodways, in addition to sale of green space/recreational land. Due the lack of comparable data in the immediate vicinity, we have expanded our search to other parts of the state.

PRELIMINARY
NOT YET INDEPENDENTLY REVIEWED

LAND SALES COMPARISON AND ADJUSTMENT TABLE - 1008 S DUFF AVE

Sale	Subject	1	2	3	4	5
Comp ID	NA	274385	239903	274387	274393	258825
Address	1008 S Duff	3034 560th Ave	S Side of 250th St @ I-35	W of 3034 560th Ave	56311 260th St	S of 40th Dr SE, E of 1st Ave SE
City	Ames	Ames	Ames	Ames	Ames	Marion
Sale Price (SP)	NA	\$635,000	\$875,000	\$960,000	\$75,000	\$200,000
Area (Acres)	26.14	48.24	87.70	98.94	10.00	49.32
SP/\$Acre	N/A	\$13,163	\$9,977	\$9,703	\$7,500	\$4,055
Grantor	N/A	Doris M. Plath Revoc. Trust	Charles & Catherine Potter	Lowell & Debra Kingsbury	Marilyn Baldus	OTB II, Ltd.
Grantee	N/A	Tanam Real Estate, LLC	Ag Land Specialist, LLC	Manatt's Inc.	CH Lee, LLC	HJ Bjornsen Family Trust
		Attribute Adj	Attribute Adj	Attribute Adj	Attribute Adj	Attribute Adj
Property Rights Conveyed	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Cash Equivalency	Typical	Typical	Typical	Typical	Typical	Typical
Conditions of Sale	Typical	Typical	Typical	Typical	Typical	Typical
Market Conditions	4/24/2018	6/21/2017 1.02	12/30/2014 1.07	5/22/2014 1.08	5/10/2016 1.04	4/22/2016 1.04
Adjusted Sale Price	N/A	\$647,700	\$936,250	\$1,036,800	\$78,000	\$208,000
Adjusted Price / Acre	N/A	\$13,427	\$10,676	\$10,479	\$7,800	\$4,217
Other Considerations						
Location	Ames	Similar	Similar	Similar	Similar	Similar
Size	26.14	48.24	87.70 1.05	98.94 1.05	10.00	49.32
Shape	Irregular	Similar	Similar	Similar	Similar	Similar
Utilities	All Public	Similar	Similar	Similar	Similar	Similar
Topo/Flood Hazard	See Below	Superior -	Superior -	Superior -	Superior -	Similar
Easement	Drainage	See Below	See Below	See Below	See Below	See Below
Zoning	HOC	A-1	A-1	A-1	A-1	R-1
Total Adjustment (Rounded)		1.00	1.05	1.05	1.00	1.00
Indicated Subject Value Per Acre		\$13,427	\$11,210	\$11,003	\$7,800	\$4,217
Additional Qualitative Adjustment Necessary		-	-	-	-	None

The sales are adjusted in a similar manner as for 1016 S Duff Ave. Sales 1 through 4 are located in south Ames. Sales 1 through 3 were purchased for potential mining use, however it is noted that any potential for such is limited. We have observed other sales with greater mining potential in the same vicinity as Sales 1 through 3, that sold at a significant premium. Therefore, we conclude any adjustment necessary for mining potential is minimal. We also note Sales 1 through 4 are all located within in a flood hazard, although it appears that only Sale 3 is within the floodway. Prior to adjustments for other factors however, the sale partially within the floodway indicates a similar value per acre as the others. The rural locations of Sales 1 through 4 also indicate minimal development for development, further diminishing any necessary adjustments for topo or flood hazard. However, we do note that Sales 1 through 4 are either partially or entirely row cropped, whereas the subject is not. The subject has limited potential for such. For this reason, we conclude downward adjustment is necessary. We were unable to quantify said adjustment though, so we will apply a negative qualitative one in our final reconciliation. All of the sales also require downward adjustment for easement, as the subject is burdened by a drainage easement whereas the sales are not. We have considered this in our final reconciliation.

Sale 5 is located in Marion and was purchased for recreational use. Although a party involved in the sale stated that it has development potential in the future, we note its poor access and topography will highly restrict such.

Reconciliation – Market Value of Land at 1008 S Duff Ave

The sales indicate a range of values for the subject from \$4,217 per acre to \$13,427 per acre. Sales 1 through 4 require downward adjustment for topography/flood hazard. Sale 5 does not require additional consideration.

After considering the available data, we reconcile to a market value for the subject land on April 24, 2018 of \$8,000 per acre.

Fee Simple Acquisition Compensation

In the event of a fee title acquisition, the land proposed to be acquired across 1008 S Duff Ave is ± 6.312557 acres in size, net of existing road right-of-way. We note however, that a portion of the area being acquired is already burdened by a drainage easement. Said easement runs along the northern edge of the site, adjacent Squaw Creek, and is $\pm 178,600$ square feet in size. Of this, we estimate that approximately $\pm 100,000$ square feet overlaps (± 2.30 acres) with the proposed acquisition area using a measuring tool on the assessor's aerial photograph. We note much of this is shown on the aerial photograph to be under the waters of Squaw Creek. Because some rights are already restricted within the existing easement area, we estimate its value is diminished by 50 percent. The remaining area of acquisition area, or ± 4.01 acres ($6.312557 - 2.30$, rounded), is not encumbered. Our estimate of compensation, in the event of a fee title acquisition, is shown below:

FEE TITLE COMPENSATION

Fee Value/Acre	\$8,000
Acres Affected (Unencumbered by Existing Easement)	4.01
Estimated Compensation for Unencumbered Land	\$32,080
Acres Affected (Encumbered by Existing Easement)	2.30
Percentage Applied	50%
Estimated Compensation for Encumbered Land	\$9,200
Total Compensation (Rounded)	\$41,280

Permanent Easement Compensation

In the event of a permanent easement acquisition, the proposed area across 1008 S Duff Ave is ± 6.312557 acres in size. The purpose of the easement would be for water flowage purposes. The

easement is located along the northern edge of the subject property, adjacent south of Squaw Creek. Further, we note that the drainage easement across 1016 S Duff Ave also spans across $\pm 196,846$ (square feet across the site at 1008 S Duff Ave. Of this, we estimate approximately $\pm 100,000$ square feet (± 2.30 acres) overlaps with the existing easement area.

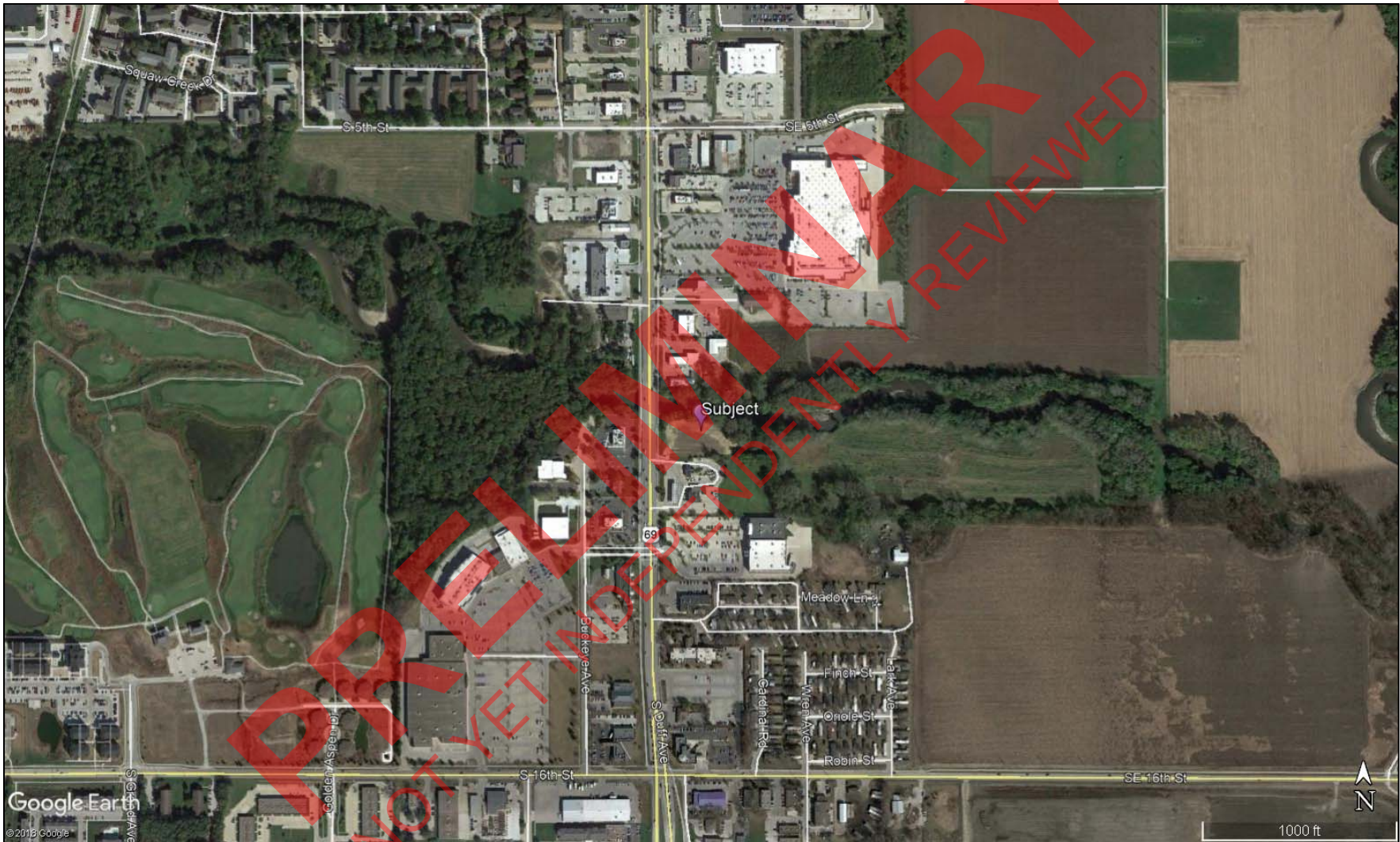
Similar to the estimate of permanent easement compensation across 1016 S Duff Ave, we estimate that the value of the land currently held by drainage easement will not be further diminished. Because the rights will not materially change within the existing easement area, after the acquisition, we conclude no additional compensation is necessary for within the area of existing easement. The acquisition of the land outside of the existing drainage easement however, will reduce the property owner's usable rights, and compensation is necessary. We apply a percentage of 50 percent.

In the event of a permanent easement acquisition, our estimate of compensation is shown below.

PERMANENT FLOWAGE EASEMENT COMPENSATION

Fee Value/Acre	\$8,000
Total Acres Affected	4.01
Existing Drainage Easement Overlap (Acres)	<u>2.30</u>
Net/Compensable Area (Acres)	1.71
Total Value	\$13,680
Percentage Applied	50%
Total Compensation (Rounded)	<u>\$6,840</u>

LOCATION MAP





PHOTOGRAPHS



**PHOTO 1: 1016 S DUFF AVE, LOOKING EAST
OVER ACQUISITION AREA**



**PHOTO 4: 1016 S DUFF AVE, LOOKING WEST
OVER ACQUISITION AREA**



**PHOTO 2: 1016 S DUFF AVE, LOOKING
NORTHEAST OVER ACQUISITION AREA**



PHOTO 5: 1008 S DUFF AVE, LOOKING EAST

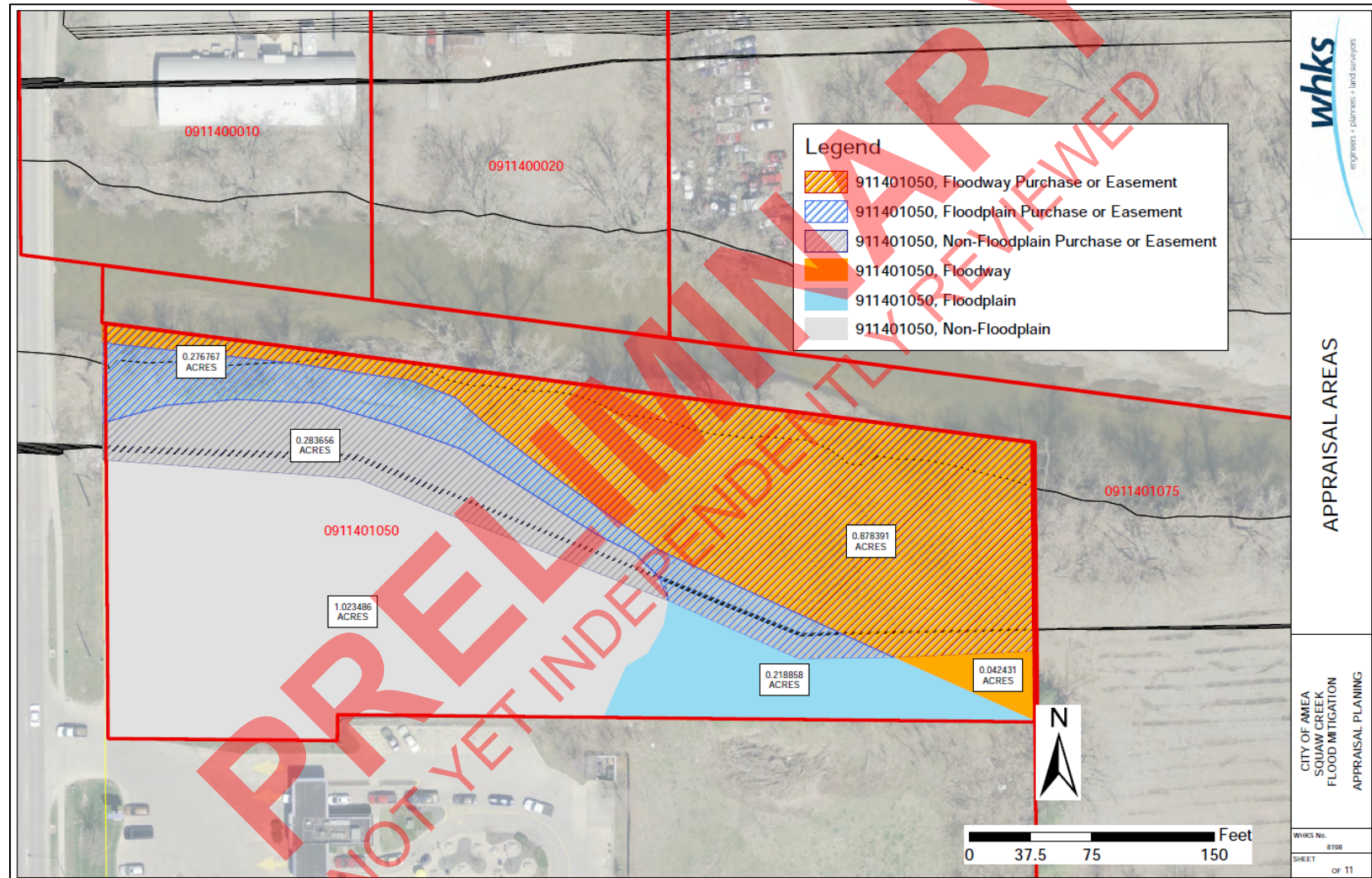


**PHOTO 3: 1016 S DUFF AVE, LOOKING EAST
OVER ACQUISITION AREA**

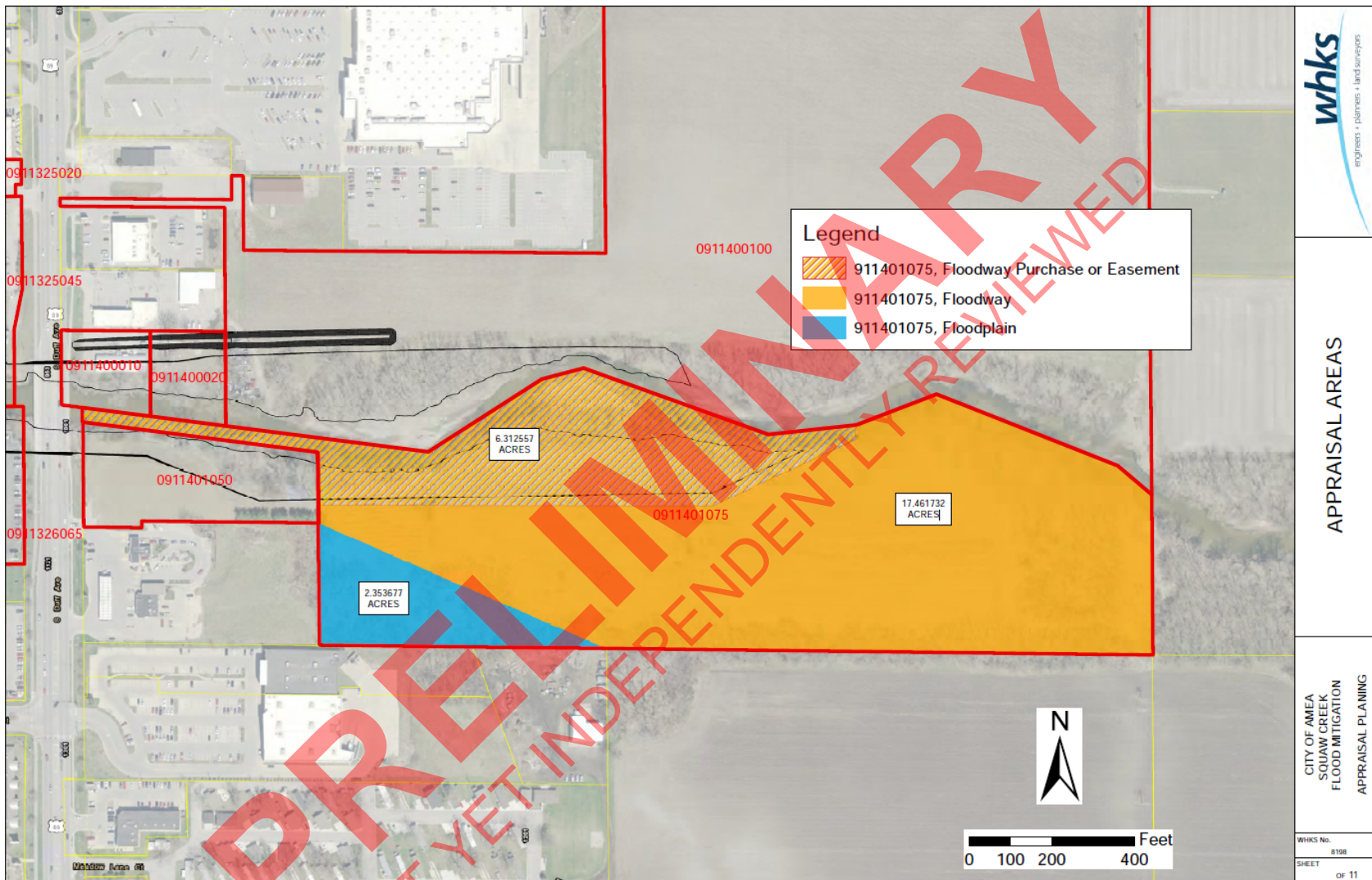


PHOTO 6: 1008 S DUFF AVE, LOOKING EAST

AERIALS WITH ACQUISITION OVERLAY



Shown above is an aerial photo with acquisition overlay of 1016 S Duff Ave

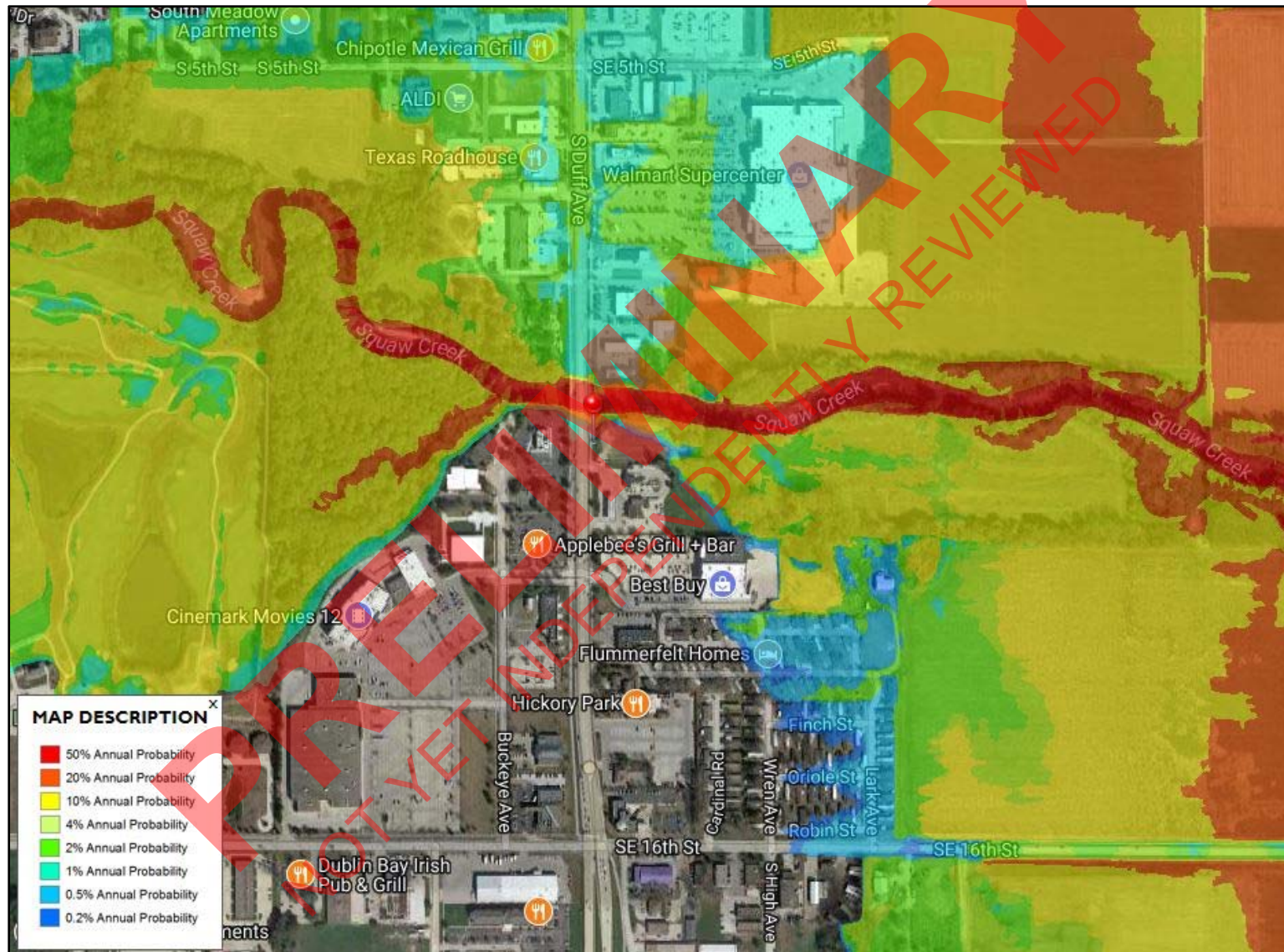


Shown above is an aerial photo with acquisition overlay of 1008 S Duff Ave

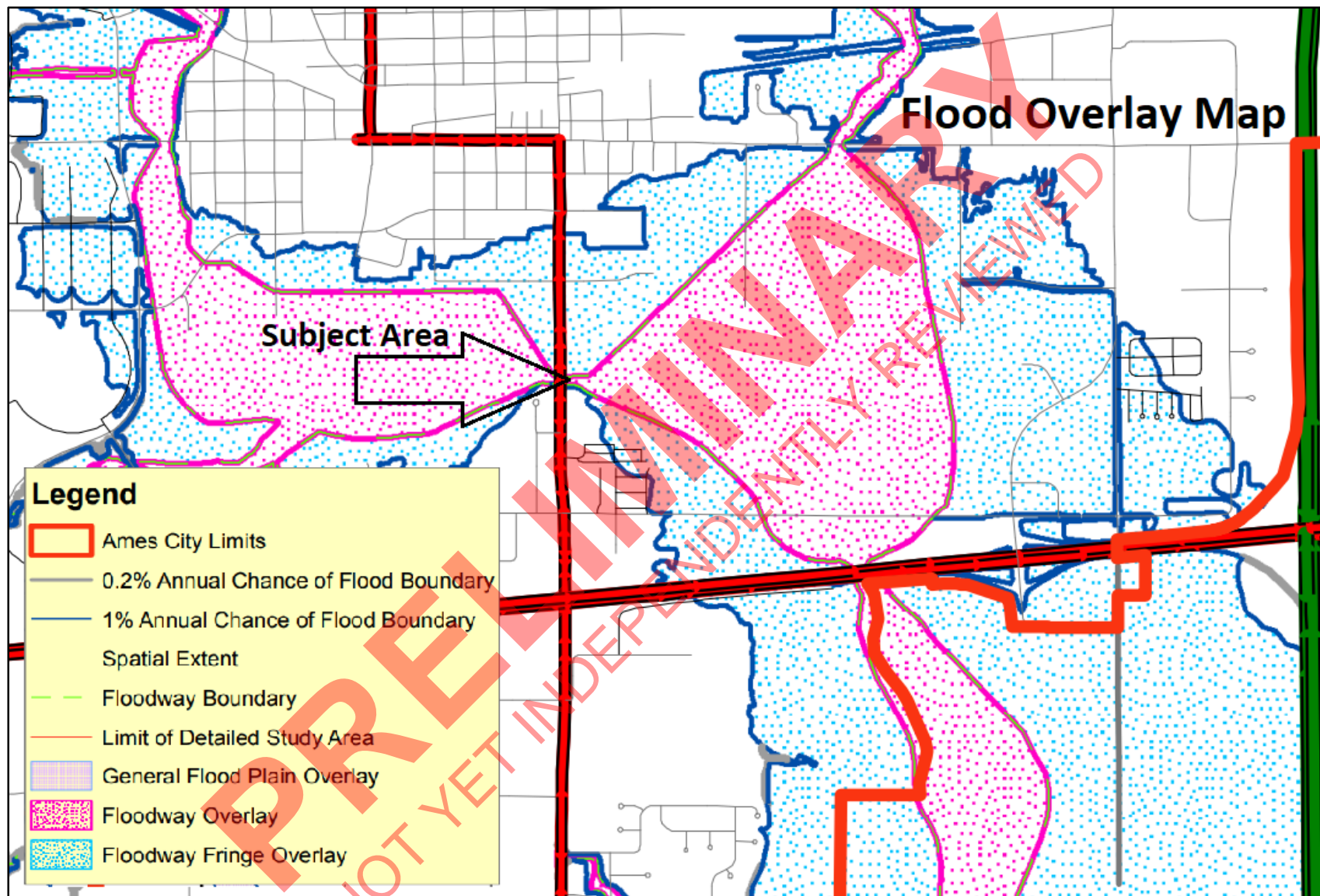
AERIAL MAP



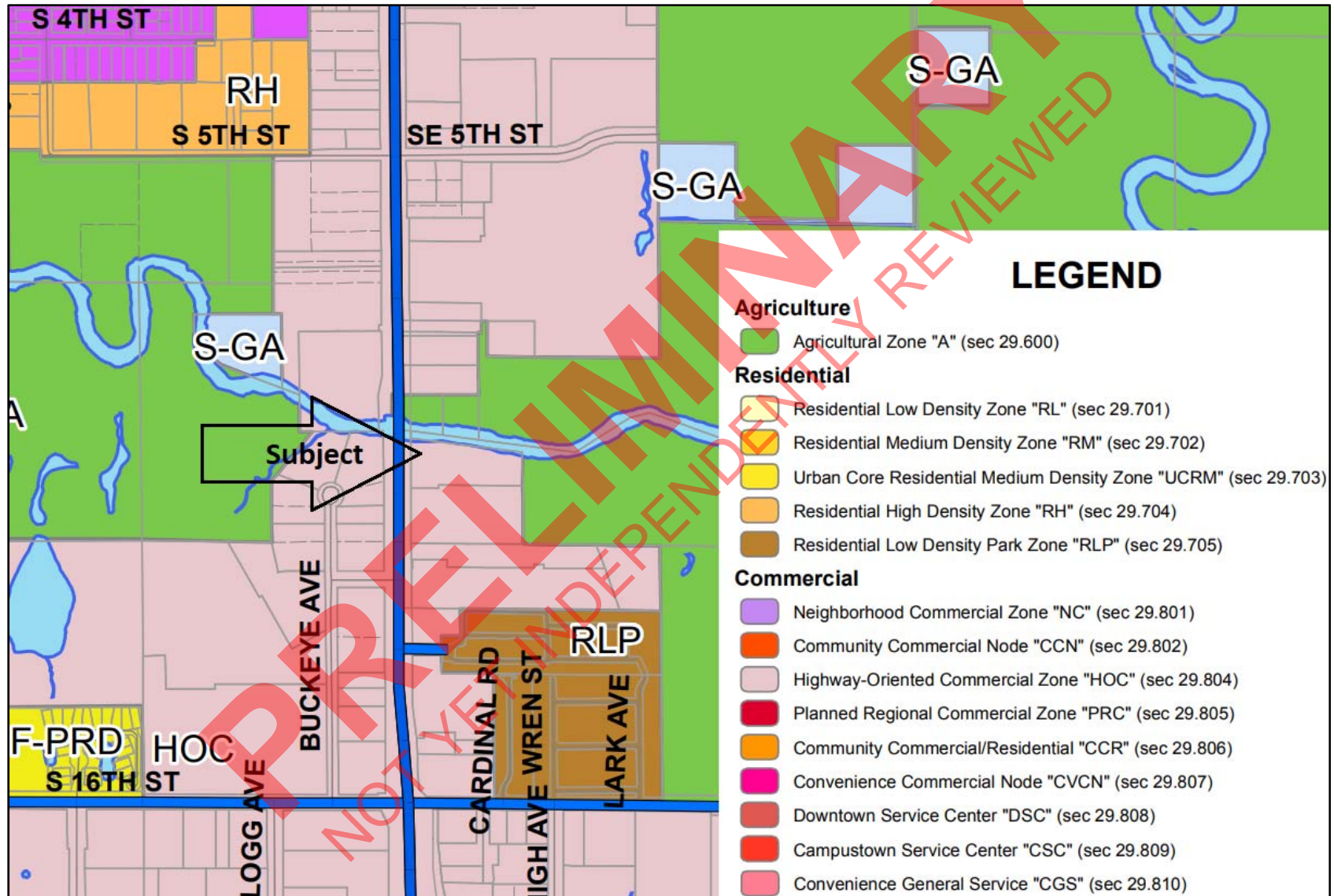
FLOOD MAPS







ZONING MAP





CERTIFICATION

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We 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.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- Daniel W. Dvorak has observed the subject property for this assignment.
- Nelson J. Jerabek has observed the subject property for this assignment.
- No significant professional assistance was provided to the person signing this report.
- As of the date of this report, Daniel W. Dvorak has completed the continuing education program for Designated Members of the Appraisal Institute.
- As of the date of this report, Nelson J. Jerabek has completed the Standards and Ethics Education Requirement of the Appraisal Institute for Practicing Affiliates.
- We have not performed any real property services related to the subject property within the three year period immediately preceding acceptance of this assignment.

Daniel W. Dvorak, MAI
Vice President
State #CG02880

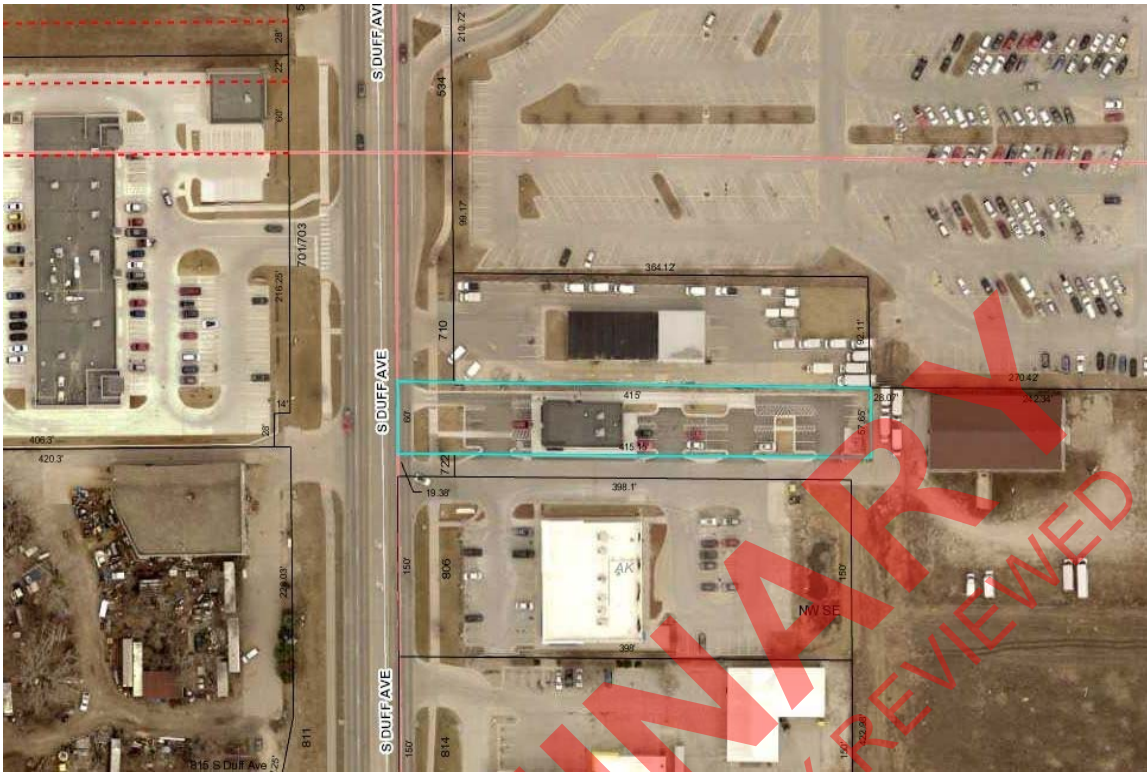
Nelson J. Jerabek
Associate Real Estate Appraiser
State #AG03441



COMPARABLE LAND SALES MAP 1016 Duff Avenue



Comparable Land Sale 1



Comp ID:	280034	Date:	09-08-2015
Address:	716 S Duff	Instrument:	Warranty Deed
City, State:	Ames, IA	Revenue Stamps:	\$639.20
County:	Story	Book/Page:	2015/8880
Land Area:	21,902 SqFt, or .503 Acres	Sale Price:	\$400,000
Shape:	Rectangle	Adjustment Up:	\$9,360
Topography:	Level	Adjustment Down:	\$0
Zoning:	HOC: Highway Oriented Commercial	Adj. Sale Price:	\$409,360
Utilities:	All Available	Sale Price/\$SF:	\$18.69 per SF
Access:	Paved	Sale Price/\$Acre:	\$814,160 per Acre
Highest/Best Use:	Restaurant-Quick Service	Grantor:	716 S Duff, LLC
Sale Conditions:	Arm's Length	Grantee:	Rafferty Construction
Terms:	Cash	Verified:	Matt w/ Buyer
Marketing Time:	Not Marketed		
Rights Conveyed:	Fee Simple		
Tax Parcel No:	0911400080		
Legal:	Lengthy - please refer to file.		
Remarks:	<p>Site was improved with ±15,600 square feet of paving prior to sale but this appears to have been replaced. Adjustment up is for appraiser estimated paving demolition cost. Buyer constructed a Jimmy John's restaurant. Property is in Flood Zone AE, part of the 100-year floodplain. Many nearby properties in the flood zone have been developed after bringing in fill to raise the building pad, but buyer says the City permitted them to build this without bringing in fill. Instead, they installed flood doors in the building, which they describe as being similar in appearance to typical doors with additional seals.</p> <p>Lot has right-in, right-out only access to S Duff Avenue due to 2016 median project. Property adjacent east is to grant and construct easement connecting this and other properties to WalMart to get out to stop light on S Duff by October 2018, per City. However, this would be via a "backage" road.</p>		



Comparable Land Sale 2



Comp ID:	219066	Date:	06-21-2013
Address:	705 S Duff	Instrument:	Warranty Deed
City, State:	Ames, IA	Revenue Stamps:	\$2,639.20
County:	Story	Book/Page:	2013-7352
Land Area:	85,077 SqFt, or 1.953 Acres	Sale Price:	\$1,083,451
Shape:	Rectangle	Adjustment Up:	\$90,000
Topography:	Level	Adjustment Down:	\$0
Zoning:	HOC: Highway Oriented Commercial	Adj. Sale Price:	\$1,173,451
Utilities:	All Public	Sale Price/\$SF:	\$13.79 per SF
Access:	Paved	Sale Price/\$Acre:	\$600,815 per Acre
Highest/Best Use:	Retail	Grantor:	Douglas Livy, Jr. and Wendy Livy
Sale Conditions:	Arm's Length	Grantee:	E-M Hunziker, LLC
Terms:	Cash	Verified:	Grantee
Marketing Time:	Unknown		
Rights Conveyed:	Fee Simple		
Tax Parcel No:	09-11-325-010		
Legal:	All the North 155.25 feet of the East 641 feet of the Northeast Quarter of the Southwest Quarter of Section Eleven, Township Eighty-three North, Range Twenty-four West of the 5th PM, Story County, Iowa except for the ditch and road across the East 93 feet of the aforesaid property. AND		

A part of the Southwest Quarter of Section Eleven, Township Eighty-three North, Range Twenty-Four West of the 5th PM, in the City of Ames, Iowa described as follows: Commencing at the NE Corner of the SW1/4 of Sec. 11-T83N-R24W of the 5th PM, in the City of Ames, Iowa, thence S 89°54' W, along the North line of said SW1/4, 641 feet, thence South 155.25 feet, thence N 89°54'E, 506.85 feet, thence South along the West line of Duff Avenue, 80 feet, thence S 89°54' W, 420.3 feet, thence South, 331.2 feet, thence N 68°44' W, along the approximate centerline of Squaw Creek, 92.5 feet, thence N 0°06' W, 377.85 feet to the point of beginning, except the South 19 feet of the East 14 feet. And beginning at a point on the quarter section line 235.25 feet South of the Center of Section Eleven, Township Eighty-three North, Range Twenty-Four West of the 5th PM, Story County, Iowa, thence West 513 feet, thence South 9 feet, thence East 513 feet, thence North 9 feet along the quarter



Comparable Land Sale 2

Remarks:

section line to the Point of Beginning, except the East 107 feet thereof.

Purchased for assemblage with parcel adjacent north (see 206449). Buyer spent \$40,000 on demolition of building and paving and a total of \$75,000 for fill dirt on both assembled sites. Sale price is adjusted up for demolition costs and 2/3 of fill cost. Buyer said they will build-up the front portion of the site where a building will be constructed and will leave the back part of the site below flood elevation and only use for parking. Parcel adjacent north was purchased Aug. 2012 for \$15.02/sf. Combined sale price is \$13.37/sf, before adjustments. Adjusted sale price is \$14.41/sf.

S Duff Avenue median project changed some nearby properties to right-in, right-out access, but this property connects to S Duff via a traffic light, full intersection.

PRELIMINARY
NOT YET INDEPENDENTLY REVIEWED



Comparable Land Sale 3

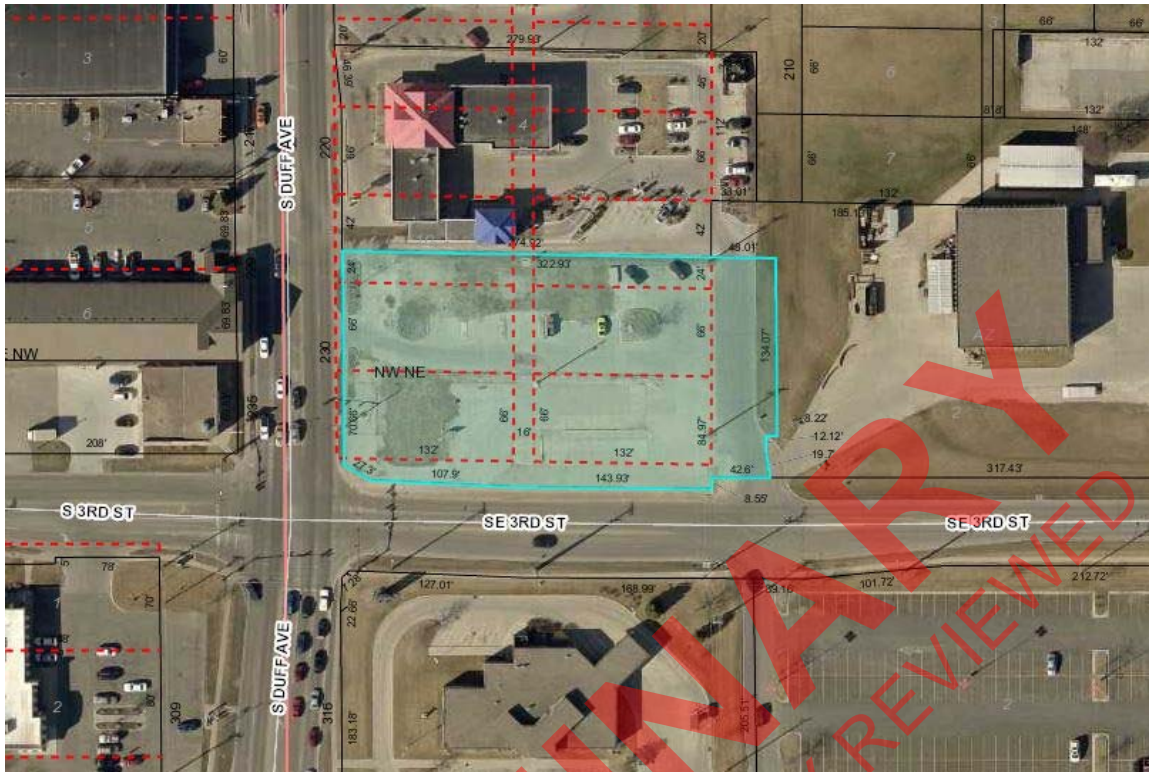


Comp ID:	206449	Date:	08-02-2012
Address:	551 S Duff Avenue	Instrument:	Corporate Warranty Deed
City, State:	Ames, IA	Revenue Stamps:	\$0.00
County:	Story	Book/Page:	2012/00008698
Land Area:	44,936 SqFt, or 1.032 Acres	Sale Price:	\$675,000
Shape:	Rectangle	Adjustment Up:	\$25,000
Topography:	Level	Adjustment Down:	\$0
Zoning:	HOC: Highway Oriented Commercial	Adj. Sale Price:	\$700,000
Utilities:	All Public	Sale Price/\$SF:	\$15.58 per SF
Access:	Paved	Sale Price/\$Acre:	\$678,565 per Acre
Highest/Best Use:	Retail	Grantor:	Pizzas on Duff, LLC
Sale Conditions:	Arm's Length	Grantee:	Blue Sky Properties, LLC
Terms:	Cash	Verified:	Chuck Winkleblack/Buyer & Agent
Marketing Time:	> 1 Year < 2 Years		
Rights Conveyed:	Fee Simple		
Tax Parcel No:	09-11-176-080		
Legal:	Lot Twenty (20) and the South Twenty-two (22) feet of Lot Nineteen (19) in Cayler's Second Addition to Ames, Story County, Iowa		
Remarks:	Former site of Happy Joe's Pizza. At the time of sale the building was completely demolished and the site was clear except for a small area of concrete paving. Buyer wants to develop for a national franchise. Site was purchased for assemblage with parcel adjacent south (see 219066). Buyer spent \$75,000 on fill for both sites. Sale price is adjusted upward for 1/3 of the cost representing this sites proportionate share. Combined sale price is \$14.41/sf, after adjustments. Buyer indicated front part of site will be raised above flood elevation and a building will be constructed but the back part of the site will remain below flood elevation and be used for parking only.		

S Duff Avenue median project changed some nearby properties to right-in, right-out access, but this property connects to S Duff via a traffic light, full intersection.



Comparable Land Sale 4



Comp ID:	235919	Date:	04-29-2015
Address:	230 S Duff Ave	Instrument:	Limited Warranty Deed
City, State:	Ames, IA	Revenue Stamps:	\$2,399.20
County:	Story	Book/Page:	2015-3572
Land Area:	48,203 SqFt, or 1.107 Acres	Sale Price:	\$1,590,000
Shape:	Rectangle	Adjustment Up:	\$0
Topography:	Generally level, some sloping	Adjustment Down:	\$0
Zoning:	HOC: Highway Oriented Commercial	Adj. Sale Price:	\$1,590,000
Utilities:	All Public	Sale Price/\$SF:	\$32.99 per SF
Access:	Paved Street	Sale Price/\$Acre:	\$1,436,834 per Acre
Highest/Best Use:	Commercial	Grantor:	Great Southern Bank & JMH Corporation
Sale Conditions:	Arm's Length	Grantee:	Chick-Fil-A, Inc.
Terms:	Cash	Verified:	Agent - Kurt Friedrich
Marketing Time:	>3 Years		
Rights Conveyed:	Fee Simple		
Tax Parcel No:	09-11-204-005		
Legal:	Parcel "E" a part of Lots Nine (9), Ten (10), Eleven (11), Twelve (12), Thirteen (13), Fourteen (14) and the alley in Block Four (4), in Kingsbury's Addition to the City of Ames, Story County, Iowa, and a part of Lot Three (3) in the Northwest Quarter (NW 1/4) of the Northeast Quarter (NE 1/4) of Section Eleven (11), Township Eighty-three (83) North, Range Twenty-four (24), West of the 5th P.M., Sotry County, Iowa, as shown on the "Plat of Survey" filed in the office of the Recorder of Story County, Iowa, on March 11, 2008, as Inst. No. 08-02384, Slide 328, Page 1.		
Remarks:	Site was listed for 4-5 years with an asking price of \$1,900,000; this was the amount the seller had purchased it for in 2008. Offer was made and accepted in January 2014. The site was purchased by Valley Bank in 2008 for development of a new bank branch but decided not to build, it was not a distressed sale or acquisition via foreclosure. However, the FDIC had taken over Valley Bank in June 2014 and Great Southern Bank has assumed all of the deposits and customers of Valley Bank. Agent said this did not affect the sale price.		



Comparable Land Sale 4

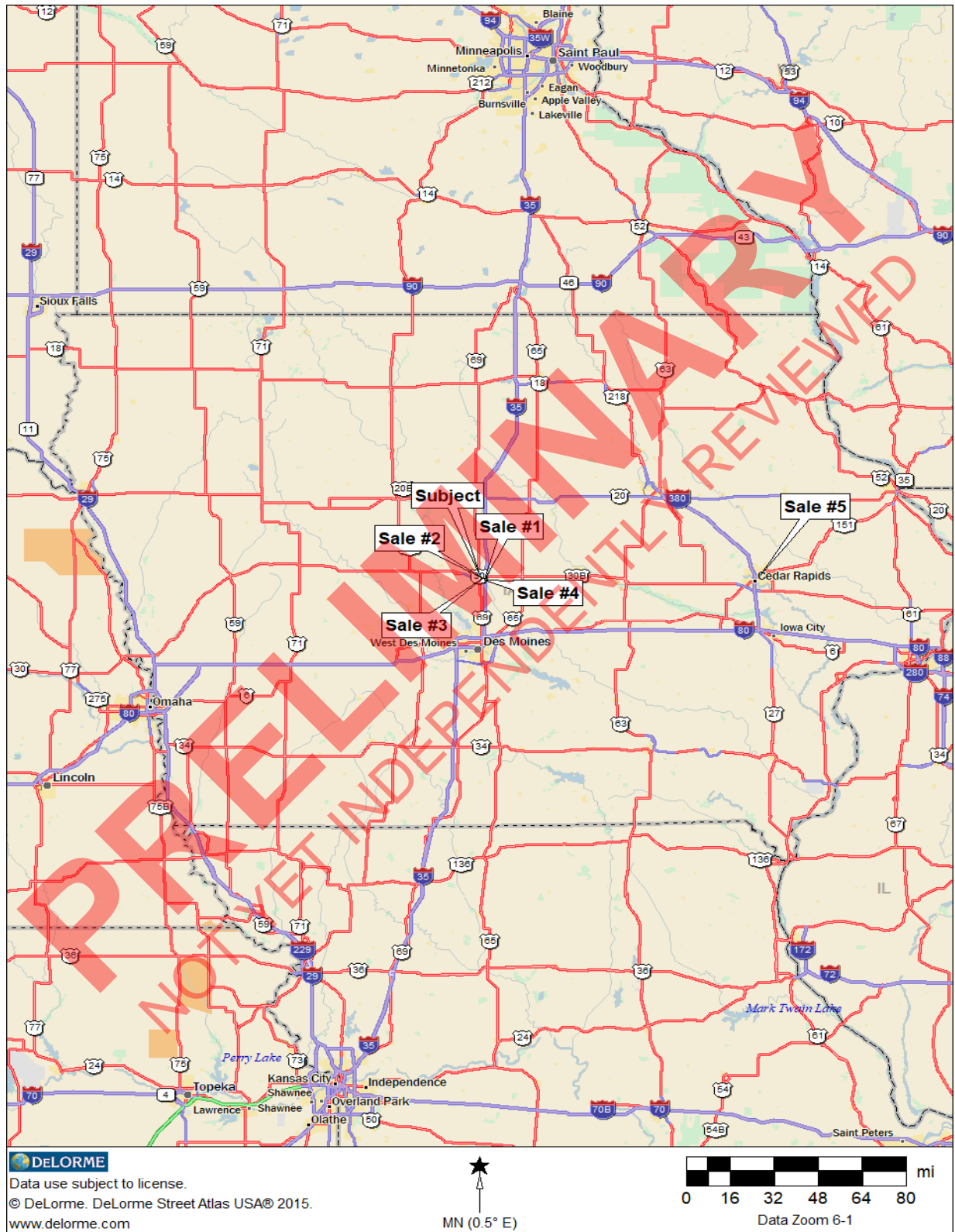
Buyer will develop with a Chick-Fil-A fast food restaurant. Site is outside of flood plain.

PRELIMINARY
NOT YET INDEPENDENTLY REVIEWED

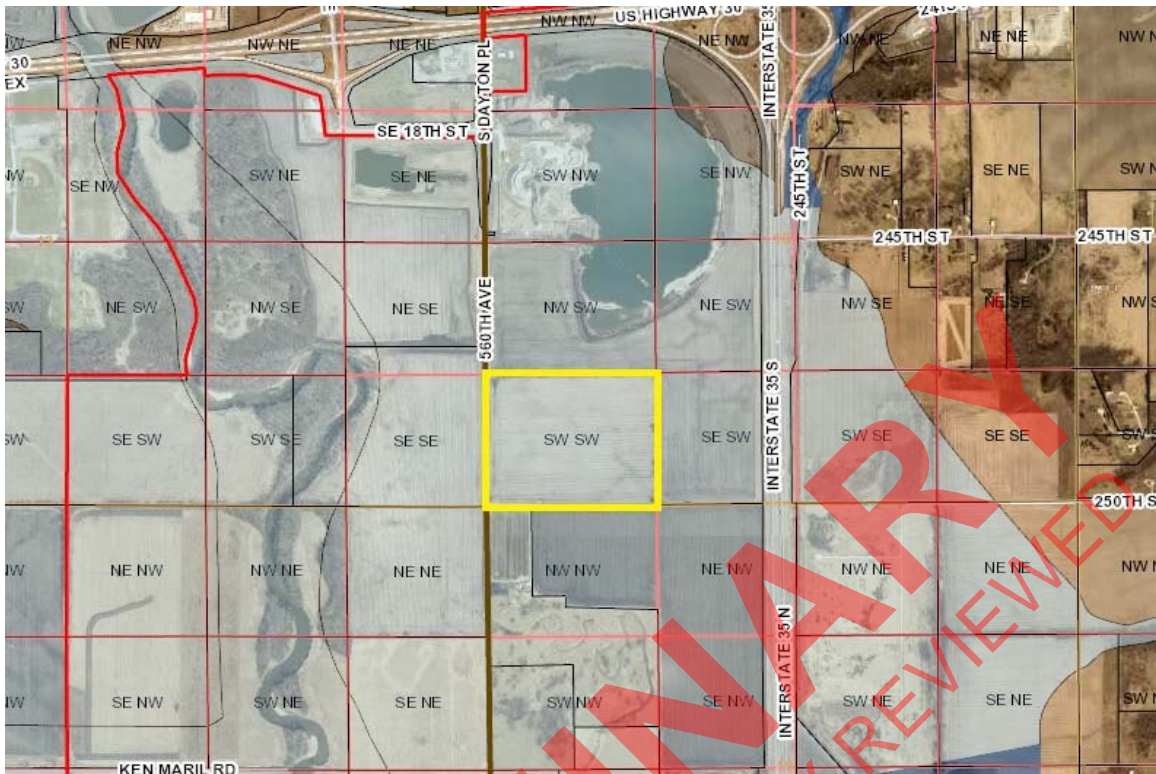




COMPARABLE LAND SALES MAP 1008 Duff Avenue



Comparable Land Sale 1



Comp ID:	274385	Date:	06-21-2017
Address:	3034 560th Ave	Instrument:	Trustee Warranty Deed
City, State:	Ames, IA	Revenue Stamps:	\$1,015.20
County:	Story	Book/Page:	2017-06188
Land Area:	2,101,334 SqFt, or 48.240 Acres	Sale Price:	\$635,000
Shape:	Rectangle	Adjustment Up:	\$0
Topography:	Level	Adjustment Down:	\$0
Zoning:	A-1: Agricultural	Adj. Sale Price:	\$635,000
Utilities:	Typical Rural	Sale Price/\$SF:	\$0.30 per SF
Access:	Gravel	Sale Price/\$Acre:	\$13,163 per Acre
Highest/Best Use:		Grantor:	Doris M. Plath Revocable Trust
Sale Conditions:	Arm's Length	Grantee:	Tanam Real Estate, LLC
Terms:	Cash	Verified:	Mark Gannon
Marketing Time:	Unknown		
Rights Conveyed:	Fee Simple		
Tax Parcel No:	10-18-300-300		
Legal:	SECTION:18 TOWNSHIP:83 RANGE:23 SW SW		
Remarks:	Entire site located in 100-year flood hazard. Site adjacent south of an active mine. Buyer operates adjoining mine. Refer to file for information about deposits and overburden.		



Comparable Land Sale 2



Comp ID:	239903	Date:	12-30-2014
Address:	S Side 250th St. @ I-35	Instrument:	Contract
City, State:	Ames, IA	Revenue Stamps:	
County:	Story	Book/Page:	2015-00060
Land Area:	3,820,212 SqFt, or 87.700 Acres	Sale Price:	\$875,000
Shape:	Irregular	Adjustment Up:	\$0
Topography:	Level	Adjustment Down:	\$0
Zoning:	A-1: Agricultural	Adj. Sale Price:	\$875,000
Utilities:	Unknown	Sale Price/\$SF:	\$0.23 per SF
Access:	Gravel	Sale Price/\$Acre:	\$9,977 per Acre
Highest/Best Use:	Row Crops	Grantor:	Charles & Catherine Potter
Sale Conditions:	Arm's Length	Grantee:	Ag Land Specialist, LLC
Terms:	Cash	Verified:	Brian w/ Buyer (Concrete Tech Inc.)
Marketing Time:	Not Marketed		
Rights Conveyed:	Fee Simple		
Tax Parcel No:	1019100210		
Legal:	Parcel C in NW 1/4 Sec. 19-83-23 as shown on Plat of Survey 97-00299		
Remarks:	Area above is net taxable acres. Average CSR2 is 65.5 points/acre per Surety Maps. 86% of site is Zook Silty Clay Loam, per soil map. Site is in Flood Zone AE near Skunk River. Property sold on contract with 17.1% down (\$150,000), balance at 3 percent interest amortized over five years with annual payments. Contract does not permit prepayment.		

Not marketed publicly. Seller owns land next to buyer's land in Clarke County, so they know one another. Buyer says the fact that the sale was not marketed or auctioned publicly did not affect the sale price. They also say the contract terms did not affect the sale price, and that the property was sold on contract so the seller could spread their capital gain over multiple years.

Property just south of Highway 30 interchange on Interstate 35. Land nearby north is mined. Buyer says there may be mining potential on this site, but they do not intend to mine it (though they are in



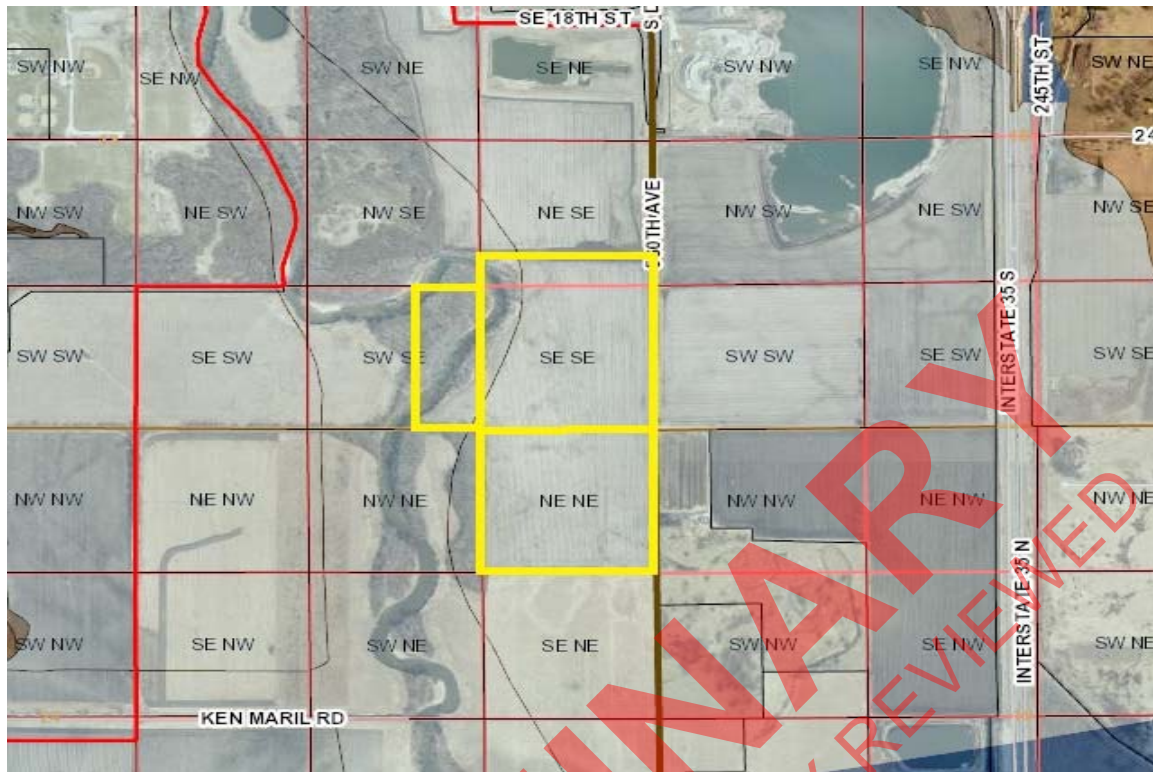
Comparable Land Sale 2

the ready mix business) and they say potential to be mined did not affect sale. They bought the property as an investment. Buyer says they think the property has good upside and that they can get their money back out of it even if it is never mined.

PRELIMINARY
NOT YET INDEPENDENTLY REVIEWED



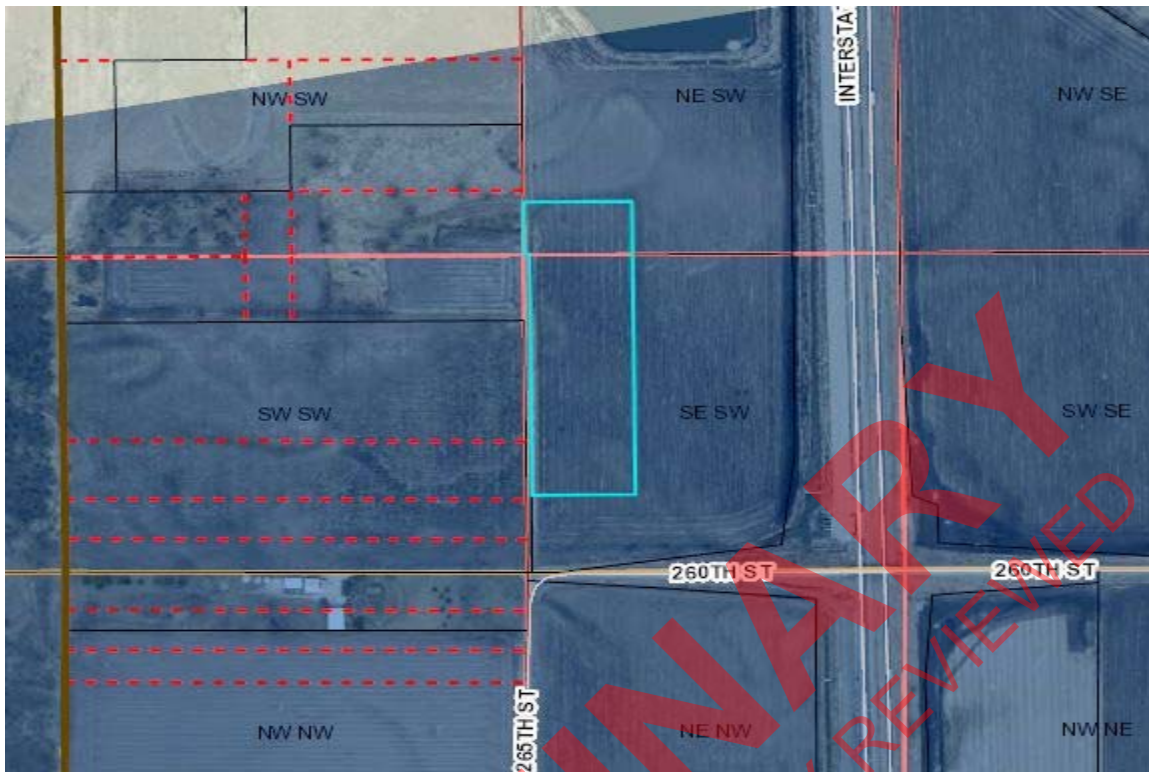
Comparable Land Sale 3



Comp ID:	274387	Date:	05-22-2014
Address:	W of 3034 560th Ave	Instrument:	Warranty Deed
City, State:	Ames, IA	Revenue Stamps:	\$1,535.20
County:	Story	Book/Page:	14-03842
Land Area:	4,309,826 SqFt, or 98.940 Acres	Sale Price:	\$960,000
Shape:	Irregular	Adjustment Up:	\$0
Topography:	See Comments	Adjustment Down:	\$0
Zoning:	A-1: Agricultural	Adj. Sale Price:	\$960,000
Utilities:	Typical Rural	Sale Price/\$SF:	\$0.22 per SF
Access:	Gravel	Sale Price/\$Acre:	\$9,703 per Acre
Highest/Best Use:		Grantor:	Lowell & Debra Kingsbury
Sale Conditions:	Arm's Length	Grantee:	Manatt's Inc.
Terms:	Cash	Verified:	Grantor
Marketing Time:	Unknown		
Rights Conveyed:	Fee Simple		
Tax Parcel No:	09-13-400-410, 09-13-400-350, 09-24-200-200		
Legal:	Lengthy. See deed. S24 T83 R24		
Remarks:	Sale was a trade for land southwest of Kelley, Iowa. Grantor indicated recorded sale price is market value. Site purchased by entity who owns mine to the northeast. See rough file for LIDAR map.		



Comparable Land Sale 4



Comp ID:	274393	Date:	05-10-2016
Address:	56311 260TH ST	Instrument:	Warranty Deed
City, State:	Ames, IA	Revenue Stamps:	\$119.20
County:	Story	Book/Page:	16-3983
Land Area:	435,600 SqFt, or 10.000 Acres	Sale Price:	\$75,000
Shape:	Rectangle	Adjustment Up:	\$0
Topography:		Adjustment Down:	\$0
Zoning:	A-1: Agricultural	Adj. Sale Price:	\$75,000
Utilities:	Typical Rural	Sale Price/\$SF:	\$0.17 per SF
Access:	Gravel	Sale Price/\$Acre:	\$7,500 per Acre
Highest/Best Use:		Grantor:	Marilyn Baldus
Sale Conditions:	Arm's Length	Grantee:	CG Lee, LLC
Terms:	Cash	Verified:	Mark Gannon (Grantee's Agent)
Marketing Time:	Unknown		
Rights Conveyed:	Fee Simple		
Tax Parcel No:	10-19-300-250		
Legal:	SECTION:19 TOWNSHIP:83 RANGE:23 E1/2 SW BEG 326.8' N & 16.53' E SW COR N997.2' W16.53' N218' E372' S1215.2' W355.5' TO BEG		
Remarks:	Site not listed for sale. Grantee approached Grantor. Buyer owned adjoining land.		



Comparable Land Sale 5



Comp ID:	258825	Date:	04-22-2016
Address:	S of 40th Dr. SE, E of 1st Ave SE	Instrument:	Warranty Deed
City, State:	Marion, IA	Revenue Stamps:	\$319.20
County:	Linn	Book/Page:	9518/1
Land Area:	2,148,379 SqFt, or 49.320 Acres	Sale Price:	\$200,000
Shape:	Irregular	Adjustment Up:	\$0
Topography:	See Comments	Adjustment Down:	\$0
Zoning:	R-1: Low Density Single-Family Residential District	Adj. Sale Price:	\$200,000
Utilities:	All Near	Sale Price/\$SF:	\$0.09 per SF
Access:	Paved	Sale Price/\$Acre:	\$4,055 per Acre
Highest/Best Use:	Recreation/Conservation	Grantor:	OTB II, Ltd.
Sale Conditions:	Arm's Length	Grantee:	H. J. Bjornsen Family Trust
Terms:	Cash	Verified:	Greg Seyfer (Attorney)
Marketing Time:	Unknown		
Rights Conveyed:	Fee Simple		
Tax Parcel No:	141115300300000		
Legal:	Very lengthy, please refer to file.		
Remarks:	<p>Unable to reach buyer or seller. Attorney who prepared deed is familiar with sale and confirmed price and acres shown by assessor (reported ±50 acres sold for \$200,000). He reports sale is arm's length and that the buyer purchased for green space/recreation. He said they may develop it some day but that would be far down the road.</p>		

Property is wooded and bounded along its western and northern edges by Indian Creek. Land along creek is in a mixture of floodplain and flood way, but most of site is outside floodplain, per FEMA map. There is a steep slope in places along Indian Creek, but most of the rest of the site is gently sloping, per topo map and observations from public roads. County-owned land and Indian Creek Nature Center adjacent northeast.

Site is connected to public road right-of-way for Glenbrook Drive SE on its north Side, but using this



Comparable Land Sale 5

would require accessing across Indian Creek. Based on trails observed on aerial photos, it appears site is being accessed from south end from end of Tama Street SE across property presently (Fall 2016) owned by Donna G. Reilly.

PRELIMINARY
NOT YET INDEPENDENTLY REVIEWED



✓
 Instrument: 2011- 00004038
 Date: Jun 30, 2011 12:30:17P
 Rec Fee: 20.00 E-Com Fee: 3.00
 Aud Fee: .00 Trans Tax: .00
 Rec Management Fee: 1.00
 Non-Standard Page Fee: .00
 Filed for record in Story County, Iowa
 Susan L. Vande Kamp, County Recorder

INSTRUMENT PREPARED BY:	David W. Benson, 1416 Buckeye Ave., Ames IA 50010 (Tel: 956-3900)
RETURN DOCUMENT TO:	David W. Benson, 1416 Buckeye Ave., Ames IA 50010 - 8070 (211)

Nyemaster Law Firm

Ste. 200

EASEMENT

KNOW ALL PERSONS BY THIS INSTRUMENT: That the undersigned, MKTM, L.L.C., an Iowa limited liability company, hereinafter referred to as the GRANTOR, for good and valuable consideration, does hereby grant unto the City of Ames, Iowa, a municipal corporation, its successors and assigns, hereinafter referred to as the GRANTEE, upon the conditions hereinafter recited, the perpetual right to enter upon the land hereinafter described as the Easement Area to construct, reconstruct, cover over, clean up, operate, use, maintain and repair the systems described for the uses set forth hereinafter over, upon, across and under the Easement Area. The Easement Area is a strip of land situated in Story County, Iowa, as shown on the final plat drawing of **Carney and Sons' Subdivision, First Addition to Ames, Story County, Iowa**, and described as **Exhibit "A", attached.**

The foregoing rights are granted by the Grantor and shall be accepted and exercised by the Grantee subject to the following terms and conditions:

- OBSTRUCTIONS PROHIBITED.** The Grantor, as the fee simple owner of the underlying real estate, and the Grantor's successors and assigns, shall not erect or place within the Easement Area any building or other structure or improvement or any trees, shrubs or other landscape plantings other than grass or comparable ground cover except with the prior written consent of the Grantee. The Grantee shall have the right to trim or remove trees and shrubs within the Easement Area to prevent damage to a utility service line of the Grantee located within the Easement Area.
- SEEDING.** Immediately following construction, reconstruction or repair work by the Grantee within the Easement Area, weather and season permitting, ground area with previously existing grass cover that is disturbed by such work shall be planted with grass seed in accordance with customary methods of soil preparation and planting by the Grantee.
- NONEXCLUSIVE EASEMENT.** The easement rights granted under this instrument to the Grantee are nonexclusive. This instrument shall not preclude the Grantor from granting similar easement rights to third parties upon terms and conditions that do not impair or diminish the rights granted under this instrument to the Grantee.

4. **TITLE WARRANTY.** The Grantor warrants to the Grantee that the Grantor holds the Easement Area by title in fee simple; that the Grantor has good and lawful authority to grant the easement rights herein provided for; and that the Easement Area is free and clear of all liens and encumbrances except as may be described in the Mortgagee's Subordination attached hereto.

5. **CONSTRUCTION.** Words and phrases used in this instrument shall be construed as in the single or plural number, and as masculine, feminine or neuter gender, according to the context. This instrument shall be governed exclusively by and construed in accordance with the laws of the State of Iowa. The paragraph headings in this instrument are for convenience only and in no way define or limit the scope or intent of any provisions of this instrument.

IN WITNESS WHEREOF the undersigned have executed this instrument on June 21, 2011.

MKTM, LLC.

By Thomas Carney

Thomas Carney, Member

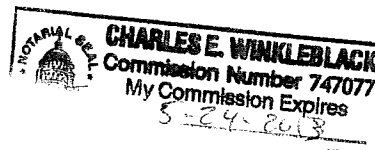
By Matt Carney

Matt Carney, Member

STATE OF IOWA, COUNTY OF STORY, SS:

On June 21, 2011, before me the undersigned, a Notary Public in and for said state, personally appeared Thomas Carney and Matt Carney, to me personally known, who, being by me duly sworn, did say that they are all of the Members of said **LIMITED LIABILITY COMPANY** executing the foregoing instrument, that said instrument was signed on behalf of said limited liability company by authority of its members and the said members acknowledged the execution of said instrument to be the voluntary act and deed of said limited liability company by it voluntarily executed.

Charles E. Winkleblack
Notary Public



**CARNEY AND SONS' SUBDIVISION
FIRST ADDITION
AMES, STORY COUNTY, IOWA
EASEMENT DESCRIPTIONS
MARCH 2, 2011**

PUBLIC UTILITIES EASEMENTS

The East 25 feet of Outlot A;

IN, Carney and Sons' Subdivision, First Addition, City of Ames, Story County, Iowa.

DRAINAGE EASEMENT - From the centerline of Squaw Creek to a line that is parallel with, and 20 feet South of the top of bank of Squaw Creek

Lot 1; AND,

Outlot A;

ALL IN, Carney and Sons' Subdivision, First Addition, City of Ames, Story County, Iowa.

ELECTRICAL UTILITY EASEMENT

The West 50 feet of the East 51 feet of Outlot A,

IN, Carney and Sons' Subdivision, First Addition, City of Ames, Story County, Iowa.

SANITARY SEWER EASEMENT

Lot 1 - Commencing at the Northeast corner of Lot 1, Carney and Sons' Subdivision, First Addition to the City of Ames; Thence N82°38'28"W, 40.52 feet along the North line of said Lot 1 to the Point of Beginning; Thence S23°50'28"E, 101.37 feet to the East line of said Lot 1; Thence S00°30'53"E, 75.89 feet along the East line of said Lot 1; Thence N23°50'28"W, 189.09 feet to the North line of said Lot 1; Thence S82°38'28"E, 35.07 feet along the North line of said Lot 1 to the Point of Beginning; AND,

Outlot A - Commencing at the Northwest corner of Outlot A, Carney and Sons' Subdivision, First Addition to the City of Ames; Thence S82°38'28"E, 481.79 feet along the North line of said Outlot A to the Point of Beginning; Thence continuing S82°38'28"E, 35.07 feet long the North line of said Outlot A; Thence S23°50'28"E, 40.92 feet to the North line of Lot 1; Thence N82°38'28"W, 35.07 feet along the North

line of said Lot 1; Thence N23°50'28"W, 40.92 feet to the Point of Beginning on the North line of said Outlot A; AND,

Outlot A- Commencing at the Southwest corner of Outlot A; Thence S89°16'10"E, 131.94 feet along the South line of said Outlot A to the Point of Beginning; Thence N23°50'28"W, 333.14 feet to the West line of said Outlot A; Thence N00°30'53"W, 75.89 feet along the West line of said Outlot A; Thence S23°50'28"E, 416.42 feet to the South line of said Outlot A; Thence N89°16'10"W, 32.99 feet to the Point of Beginning on the South line of said Outlot A;

ALL IN, Carney and Sons' Subdivision, First Addition, City of Ames, Story County, Iowa.

TEMPORARY INGRESS/EGRESS EASEMENT

The South 20 feet of Lot 1;

IN, Carney and Sons' Subdivision, First Addition, City of Ames, Story County, Iowa.

**CARNEY AND SONS' SUBDIVISION
FIRST ADDITION
AMES, STORY COUNTY, IOWA
PUBLIC DEDICATION
MAY 5, 2010**

Lot A, Public Street (South Duff Avenue) to the State of Iowa.

Return to: David W. Benson, Nyemaster Law Firm, 1416 Buckeye Ave,
Ste. 200, Ames IA 50010-8070 (env)

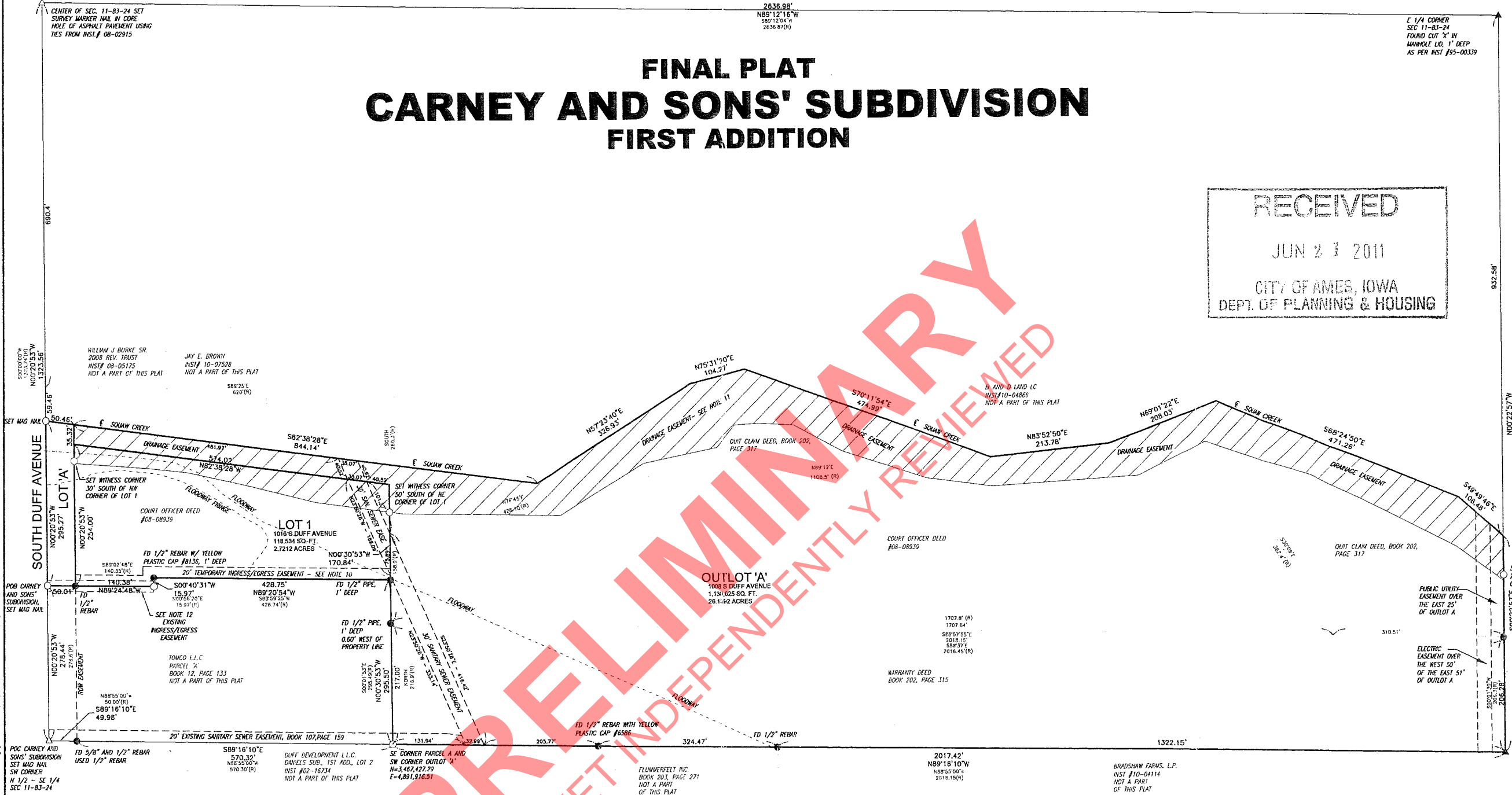
Instrument: 2011-00006037
Date: Jun 30, 2011 12:29:26P
Rec Fee: 50.00 E-Com Fee: 3.00
Aud Fee: 5.00 Trans Tax: .00
Rec Management Fee: 1.00
Non-Standard Page Fee: .00
Filed for record in Story County, Iowa
Susan L. Vande Kome, County Recorder

FINAL PLAT

CARNEY AND SONS' SUBDIVISION

FIRST ADDITION

RECEIVED
JUN 21 2011
CITY OF AMES, IOWA
DEPT. OF PLANNING & HOUSING



CARNEY AND SONS' SUBDIVISION, FIRST ADDITION TO AMES, STORY COUNTY, IOWA:
ALL THAT PART OF THE NORTH HALF OF THE SOUTHEAST QUARTER (N 1/2 - SE 1/4) OF SECTION 11, TOWNSHIP 83 NORTH, RANGE 24 WEST OF THE 5TH P.M., IN THE CITY OF AMES, STORY COUNTY, IOWA, LYING SOUTH OF SQUAW CREEK; EXCEPT THE FOLLOWING:
PARCEL 'A' OF THE NORTH HALF OF THE SOUTHEAST QUARTER (N 1/2 - SE 1/4) OF SECTION 11, TOWNSHIP 83 NORTH, RANGE 24 WEST OF THE 5TH P.M., IN THE CITY OF AMES, STORY COUNTY, IOWA, AS SHOWN ON THE 'PLAT OF SURVEY' FILED IN THE OFFICE OF THE RECORDER OF STORY COUNTY, IOWA, ON AUGUST 28, 1994, AS INSTRUMENT NUMBER 94-09700, IN BOOK 12 AT PAGE 133;
THE PARCEL OF REAL ESTATE DESCRIBED ABOVE IS ALSO MORE PARTICULARLY DESCRIBED AS FOLLOWS:
COMMENCING AT THE SOUTHWEST CORNER OF THE NORTH HALF OF THE SOUTHEAST QUARTER (N 1/2 - SE 1/4) OF SAID SECTION 11; THENCE N00°20'53\"/>

ALTERNATE LEGAL DESCRIPTION
(FROM COURT OFFICER DEED #08-08939)
COMMENCING AT THE CENTER OF SECTION ELEVEN (11), TOWNSHIP EIGHTY-THREE (83) NORTH, RANGE TWENTY-FOUR (24) WEST OF THE 5TH P.M., IN THE CITY OF AMES, STORY COUNTY, IOWA, LYING SOUTH OF SQUAW CREEK; EXCEPT THE FOLLOWING:
PARCEL 'A' OF THE NORTH HALF OF THE SOUTHEAST QUARTER (N 1/2 - SE 1/4) OF SECTION 11, TOWNSHIP 83 NORTH, RANGE 24 WEST OF THE 5TH P.M., IN THE CITY OF AMES, STORY COUNTY, IOWA, AS SHOWN ON THE 'PLAT OF SURVEY' FILED IN THE OFFICE OF THE RECORDER OF STORY COUNTY, IOWA, ON AUGUST 28, 1994, AS INSTRUMENT NUMBER 94-09700, IN BOOK 12 AT PAGE 133;
THE PARCEL OF REAL ESTATE DESCRIBED ABOVE IS ALSO MORE PARTICULARLY DESCRIBED AS FOLLOWS:
COMMENCING AT THE SOUTHWEST CORNER OF THE NORTH HALF OF THE SOUTHEAST QUARTER (N 1/2 - SE 1/4) OF SAID SECTION 11; THENCE N00°20'53\"/>

(FROM QUIT CLAIM DEED, BOOK 202, PAGE 317 - NOTE THAT THE DEED LABELS PARCELS 1-4. THESE ARE NOT LEGAL PARCELS, BUT REFERENCES FROM THE DEED)
ALL THAT PART OF THE NORTH HALF (N 1/2) OF THE SOUTHEAST QUARTER (SE 1/4) OF SECTION ELEVEN (11), TOWNSHIP EIGHTY-THREE (83) NORTH, RANGE TWENTY-FOUR (24) WEST OF THE 5TH P.M., IN THE CITY OF AMES, STORY COUNTY, IOWA, LYING SOUTH OF SQUAW CREEK; EXCEPT THE FOLLOWING:
PARCEL 'A' OF THE NORTH HALF OF THE SOUTHEAST QUARTER (N 1/2 - SE 1/4) OF SECTION 11, TOWNSHIP 83 NORTH, RANGE 24 WEST OF THE 5TH P.M., IN THE CITY OF AMES, STORY COUNTY, IOWA, AS SHOWN ON THE 'PLAT OF SURVEY' FILED IN THE OFFICE OF THE RECORDER OF STORY COUNTY, IOWA, ON AUGUST 28, 1994, AS INSTRUMENT NUMBER 94-09700, IN BOOK 12 AT PAGE 133;
THE PARCEL OF REAL ESTATE DESCRIBED ABOVE IS ALSO MORE PARTICULARLY DESCRIBED AS FOLLOWS:
COMMENCING AT THE SOUTHWEST CORNER OF THE NORTH HALF OF THE SOUTHEAST QUARTER (N 1/2 - SE 1/4) OF SAID SECTION 11; THENCE N00°20'53\"/>

- NOTES**
- CARNEY AND SONS' SUBDIVISION, FIRST ADDITION, IS LOCATED IN THE NORTH 1/2 OF THE SOUTHEAST 1/4 OF SECTION 11-83-24 OF THE 5TH P.M., CITY OF AMES, STORY COUNTY, IOWA.
 - THE WEST LINE OF THE SE 1/4 BEARS N 00° 20' 53\"/>
 - TOTAL AREA OF ADDITION - 29.1958 ACRES.
 - LOT 'A', CONTAINING 14,615 SQUARE FEET, TO BE DEEDED TO THE STATE OF IOWA FOR STREET PURPOSES.
 - SOIL BORINGS ARE REQUIRED IN THE AREAS WITHIN THIS PLAT WHICH HAVE BEEN IDENTIFIED BY THE CITY OF AMES AS HAVING SOILS THAT MAKE CONSTRUCTION OF BUILDINGS DIFFICULT.
 - EASEMENTS AS SHOWN.
 - THIS SURVEY MEETS OR EXCEEDS IOWA CODE 355.8 (15).
 - COORDINATES SHOWN AT THE SW AND SE CORNER OF OUTLOT 'A', CARNEY AND SONS' SUBDIVISION, FIRST ADD., ARE STATE PLANE COORDINATE SYSTEM, IOWA NORTH ZONE (NAD 83). THE NORTH LINE OF CARNEY AND SONS' SUBDIVISION, FIRST ADDITION, IS THE CENTERLINE OF SQUAW CREEK.
 - NEW DRAINAGE EASEMENT THAT EXTENDS FROM THE CENTERLINE OF SQUAW CREEK TO A LINE THAT IS PARALLEL WITH, AND 20 FEET SOUTH OF THE SOUTH TOP OF BANK.
 - EXISTING INGRESS/EGRESS EASEMENT FROM BOOK 90, PAGE 176, 10 FEET ON EACH SIDE OF THE PROPERTY LINE.
 - AREA OF LOT 1, CARNEY AND SONS' SUBDIVISION IN THE DRAINAGE EASEMENT IS 21,221 SQ. FT.
 - THE STORMWATER MANAGEMENT PLAN WILL BE REVIEWED AT THE TIME THE SITE IS REDEVELOPED.
 - THE BASE FLOOD ELEVATIONS WILL NEED TO BE DETERMINED PRIOR TO ANY DEVELOPMENT ACTIVITIES.

benesch
engineers • scientists • planners

FINAL PLAT

CARNEY AND SONS' SUBDIVISION
FIRST ADDITION
AMES, IOWA

REVISIONS	
NO.	DESCRIPTION

DATE
JUNE 9, 2011

JOB NO.
140030

SHEET NO.
1/1



DEFINITIONS

Unless otherwise noted, all definitions are those set forth by the Appraisal Institute, in the *Dictionary of Real Estate Appraisal*, Sixth Edition.

Easement: The right to use another's land for a stated purpose.

Eminent Domain: The right of government to take private property for public use upon the payment of just compensation. The Fifth Amendment of the U.S. Constitution, also known as the *takings clause*, guarantees payment of just compensation upon appropriation of private property.

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

Going-Concern Value: 1. An outdated label for 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; more accurately termed the *market value of the going concern* or *market value of the total assets of the business*.

2. The market value of an established and operating business including the real property, financial assets, and the intangible assets of the business.

Goodwill:

1. Unidentifiable intangible assets.
2. The amount by which the acquisition price exceeds the fair value of identified assets.
3. The intangible asset arising as a result of name, reputation, customer loyalty, location, products, and similar factors not separately identified. (International Glossary of Business Valuation Terms)
4. The intangible asset arising as a result of elements such as name, reputation, customer loyalty, location, products, and related factors not separately

identified and quantified. (ASA Glossary)

Grantee: A person to whom property is transferred by deed or to whom property rights are granted by a trust instrument or other document.

Grantor: A person who transfers property by deed or grants property rights through a trust instrument or other document.

Highest & Best Use:

1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permission, physical possibility, financially feasible, and maximum productivity.
2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS)
3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal land Acquisitions)

Leased Fee Estate (Interest): The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.



Leasehold Improvements:

Improvements or additions to leased property that have been made by the lessee.

Leasehold Interest: The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

Lessee: One who has the right to occupancy and use of the property of another for a period of time according to a lease agreement.

Lessor: One who conveys the rights of occupancy and use to others under a lease agreement.

Liquidation Value: The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. 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.

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 and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is consummation of a sale as of a specified date and passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised and acting in what they consider their best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.¹⁰

Obsolescence: One cause of depreciation; an impairment of desirability and usefulness caused by new inventions, changes in design, improved processes for production, or external factors that make a property less desirable and valuable for a continued use; may be either functional or external.

Uniform Standards of Professional Appraisal Practice (USPAP):

In the United States, professional standards, developed for appraisers and users of appraisal services by the Appraisal Standards Board of The Appraisal Foundation, that are required for use in federally related transactions. Compliance with USPAP is also required in certain appraisals by state certification and licensing boards.

¹⁰ Source: Office of the Comptroller of the Currency, effective date August 24, 1990.

Daniel W. Dvorak, MAI
Vice President

Dan joined Iowa Appraisal and Research Corporation in 2006. He is a Certified General Real Property Appraiser and a member of the Appraisal Institute. Dan provides expert witness services and is experienced in providing appraisals for a wide variety of property types including:

- Agricultural, commercial and residential land
- Multifamily, office, and industrial
- Rail corridor
- Religious facility
- Eminent domain appraisal
- Hospitality
- Car wash

Education

Iowa State University, College of Liberal Arts and Sciences
Bachelor of Science, with Distinction, May 2006
Majors in History and Economics

Professional Affiliations

Member, Appraisal Institute (MAI)
Appraisal Institute, Iowa Chapter

State Certification

State of Iowa, Certified General Real Estate Appraiser, CG02880
State of Minnesota, Non-Resident Appraiser: Certified General, 40363667

Representative Assignments

- ±3,500 Acre Farm Land Appraisal for Estate, Dallas County, Iowa
- Existing Church with Proposed Addition, ±50,000 Square Feet Total, Ames, Iowa
- Mixed Use Subdivision, ±35 acres, Norwalk, Iowa
- Hospitality Property, 285 Rooms, West Des Moines, Iowa
- Timberland Subject to Unique Deed Restriction, ±17 acres, Ames, Iowa
- Retail Center, ±35,000 Square Feet, Omaha, Nebraska
- Multiple Property Industrial Appraisal for Divorce, Ames, Iowa
- Office Building for Assessment Appeal, ±400,000 Square Feet, Des Moines, Iowa
- Multiple Property Eminent Domain Appraisal, Ottumwa, Iowa
- Automobile Dealership for Divorce, ±40,000 Square Feet, Johnston, Iowa
- Multiple Bank Branch Appraisal for Agent of FDIC, Various, Iowa
- Multifamily Appraisal, ±100 Units, Ames, Iowa



Nelson J. Jerabek
Real Estate Appraiser

Since joining Iowa Appraisal and Research Corporation in January 2015, Nelson has completed additional education towards becoming a Certified General Real Property Appraiser. He is a practicing affiliate with the Appraisal Institute and is following the educational and work-related requirements to become MAI designated. Nelson has supervised experience in providing appraisals for a wide variety of commercial property types, including:

- Commercial and residential land
- Multi-family
- Office
- Retail
- Industrial

Education

University of Northern Iowa
B.S. Finance, December 2014.
B.S. Real Estate, December 2014.

Professional Affiliations

Practicing Affiliate, Appraisal Institute

State Registration

State of Iowa, Associate Real Property Appraiser, AG03411



STATE CERTIFICATIONS



STATE OF IOWA

IOWA DEPARTMENT OF COMMERCE
PROFESSIONAL LICENSING AND REGULATION

THIS IS TO CERTIFY THAT THE BELOW NAMED
HAS BEEN GRANTED A CERTIFICATE AS A
GENERAL REAL PROPERTY APPRAISER

CERTIFICATE NO. CG02880

EXPIRES: 6/30/2018

DVORAK, DANIEL W.
IOWA APPRAISAL
1707 HIGH STREET
DES MOINES, IA 50309



STATE OF IOWA

IOWA DEPARTMENT OF COMMERCE
PROFESSIONAL LICENSING AND REGULATION

THIS IS TO CERTIFY THAT THE BELOW NAMED
HAS BEEN GRANTED A REGISTRATION AS AN
ASSOCIATE GENERAL REAL PROPERTY APPRAISER

CERTIFICATE NO. AG03411

EXPIRES: 6/30/2018

JERABEK, NELSON
IOWA APPRAISAL AND RESEARCH CORPORATION
1707 HIGH ST.
DES MOINES, IA 50309



IOWA APPRAISAL AND RESEARCH CORPORATION PRIVACY NOTICE

The implementation of the Gramm-Leach-Bliley Act, effective July 2001, requires all financial service companies (including appraisers) to notify their clients of their (the company's) policies to protect your non-public information.

If you have questions, you can contact us at 515-283-0146.

Iowa Appraisal and Research Corporation understands our clients' concerns about the privacy of their information collected by us. Our company is dedicated to protecting the confidentiality and security of nonpublic personal information we collect about our customers in accordance with applicable laws and regulations. This notice refers to the Company by using terms "us", "we" and "our". This notice describes our privacy policy and describes how we treat non-public personal information that we receive from our clients.

WHY WE COLLECT AND HOW WE USE INFORMATION

We collect and use information for business purposes with respect to our real estate appraisal and consulting services. We gather this information to evaluate our clients' requests for property appraisal and consulting, and to process these requests according to the Uniform Standards of Professional Appraisal Practice, as well as particular requirements an appraisal reviewer may require.

HOW WE COLLECT INFORMATION

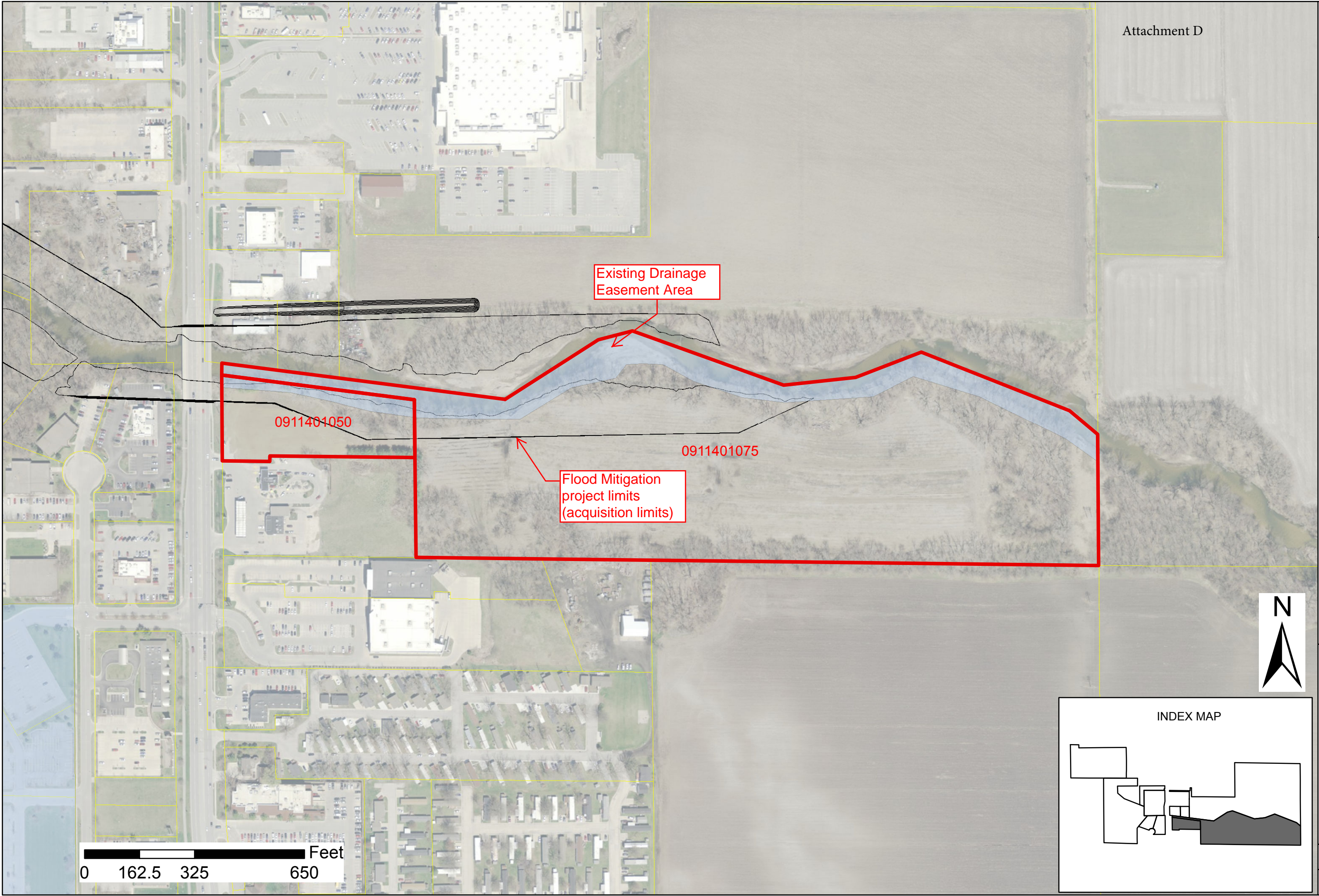
Some information collected by us is provided by you, your lender, your attorney or CPA. We receive copies of purchase agreements, copies of income and expense information, copies of building costs and other pertinent information. We also obtain information from public sources, multiple listing services and other appraisers.

HOW WE PROTECT INFORMATION

We require our appraisers and staff to protect the confidentiality of the information we receive from you. We also maintain physical, electronic, and procedural safeguards designed to protect information. When you, your lender, or your attorney orders an appraisal on your behalf, we hold this request in strict confidence. For example, we will not divulge to unrelated parties whether we are or whether we are not completing an appraisal for you. Once the appraisal document has been completed, we will not, unless requested by you, your lender/your attorney (see intended user section of appraisal report) divulge the results of this report to anyone other than the intended user.

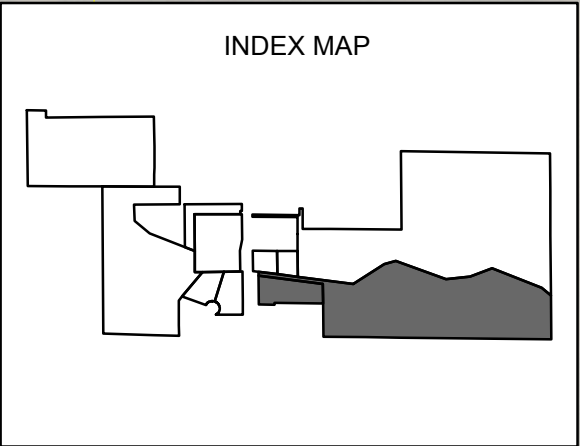
TO WHOM INFORMATION MAY BE DISCLOSED

1. The intended users of our services
2. Peer review groups as may be required to continue our professional designations
3. Law enforcement, regulatory, governmental agencies, courts or parties therein pursuant to a subpoena or court order.
4. A review appraiser, performing a review of your appraisal



Attachment D

M K T M LLC



**CITY OF AMEA
SQUAW CREEK
FLOOD MITIGATION
IMPACTED PARCELS**