

APPRAISAL OF REAL PROPERTY

PROPERTY

Former Shell Gas Station/Retail Property
6401 Highway 10
Ramsey, Anoka County, MN 55303

DATE OF REPORT

December 23, 2016

CLIENT

Mr. Patrick Brama
Economic Development Manager/Assistant City
Administrator
City of Ramsey
7550 Sunwood Drive NW
Ramsey, MN 55303

EFFECTIVE DATES OF VALUE

December 2, 2016 – “As-Is”
March 1, 2017 – “As-Completed”
June 1, 2017 – “As-Stabilized”

PREPARED BY

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Insight File #: 2016-491



INSIGHT
REALTY ADVISORS, INC.



Former Shell Gas Station/Retail Property
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Ramsey, Anoka County, MN 55303

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December 23, 2016

Mr. Patrick Brama
City of Ramsey
7550 Sunwood Drive NW
Ramsey, MN 55303

RE: Appraisal of the Former Shell Gas Station/Retail Property located at 6401 Highway 10, Ramsey, Anoka County, MN 55303

Insight File Number: 2016-491

Dear Mr. Brama,

In accordance with your request, we are pleased to submit the accompanying appraisal of the Former Shell Gas Station/Retail Property located at 6401 Highway 10, Ramsey, Anoka County, MN 55303. The purpose of the appraisal is to estimate the 'as-is', 'as-completed' and 'as-stabilized' market values of the subject property. The client for the assignment is City of Ramsey and the intended use is for assistance in determining a purchase price. City of Ramsey, the State of MN, the MN Department of Transportation, the Metropolitan Council, and the current property owners (Series Sunfish of Athans Holdings, Inc.) are the intended users of this appraisal; the report was prepared for their exclusive use and is not intended for use by any other party.

The subject property is a single existing building, originally constructed and most recently used as a gas station/car wash with a small restaurant space. The building contains a total of 8,998 square feet of Gross Building Area (GBA) and Net Rentable Area (NRA), which includes the gas station, car wash and restaurant space. The improvements were originally constructed in 2003. The subject is currently 100% vacant, and while the fuel pumps have been removed, the canopy and underground fuel tanks are still present on the site. The site area of the subject parcel is 1.65 acres (or 71,996 SF), and has above average visibility, but poor access. Access was changed in conjunction with a road improvement project of US Highway 10 and Sunfish Lake Boulevard, circa 2007/2008, whereby access to the site is now provided only by right-in, right-out along northbound US Highway 10 and southbound Sunfish Lake Boulevard. The site is zoned H1 -

Highway 10 Business District, which is an interim use zoning district that allows for less traffic-oriented commercial uses until at which point the US Highway 10 transportation system improvement project commences.

The main value scenario relevant to the current state of the subject is the “as is” value, however, as a result of our Highest and Best Use conclusion, which was to keep the existing improvements but renovate and convert them to general retail space, it was necessary to develop and report an “as complete” and “as stabilized” values as well.

Based on our subject property tour, and after examining and considering the subject’s location, physical and economic characteristics, current market conditions, demographic influences, and other legal, social, economic factors, the details of which are included in the valuation analysis in the accompanying report, subject to the definitions, assumptions, and limiting conditions expressed in the report, our value opinions are as follows:

VALUE CONCLUSIONS					
Valuation Premise	Interest Appraised	Date of Value	Value Conclusion	per SF of NRA	
Market Value "As-Is"	Fee Simple	December 2, 2016	\$645,000	\$71.68	
Market Value "As-Completed"	Fee Simple	March 1, 2017	\$845,000	\$93.91	
Market Value "As-Stabilized"	Fee Simple	June 1, 2017	\$1,025,000	\$113.91	

Exposure Time and Marketing Time

Based on our review of national, regional and local investor surveys, discussions with market participants and information gathered during the sales verification process, a reasonable exposure time for the subject property at the value concluded within this report would have been approximately 12 months. This assumes an active and professional marketing plan would have been employed by the current owner.

We believe, based on the assumptions employed in our analysis, as well as our selection of investment parameters for the subject, that our value conclusion represents a price achievable within 12 months.

Extraordinary Assumptions

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

- The subject has historically operated as a gas station, and while the fuel pumps have been removed, it is our observation and understanding that the canopy and the underground

fuel tanks are still present on the site. It is also our understanding that a Phase I environmental assessment report has been completed, the results of which have indicated the need for a Phase II assessment. We have not been provided with a copy of the Phase I report, or any other summary of the potential issues it uncovered. Our analysis is subject to the Extraordinary Assumption that there is no environmental contamination or impact of any kind. Should there turn out to be any environmental or contamination-related issues, our value conclusions could change substantially. Specifically, the costs of remediating any environmental contamination would most likely be subtracted from the value conclusion.

- Our 'as-complete' and 'as-stabilized' values are subject to the assumption that the required renovations would be completed to the specifications and within the timeline we have outlined in our appraisal. Furthermore, we also assume that market conditions will remain as anticipated during the construction and lease up period. Should anything turn out to be different than what we have outlined in this report, then our value conclusions could change substantially.

Hypothetical Conditions

A hypothetical condition is defined by the USPAP as “that which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.”

- While the purchase negotiations between the City of Ramsey and the current property owner are not part of condemnation proceedings, we believe that the acquisition does appear to qualify for the 'Scope of the Project Rule' as part of the Uniform Appraisal Standards for Federal Land Acquisitions. Specifically, there is a public purpose requiring the acquisition of the land, the particular lands required for the public purpose have been clearly identified, and the acquisition of the particular lands is evident to the public. Based on our market research and market participant interviews, the market is well aware of the US Highway 10 transportation system improvement plans, and we have observed specific market evidence measuring the impact. For the purposes of this appraisal, we have employed the 'Scope of the Project Rule' and our analysis is therefore subject to the Hypothetical Condition that the looming highway improvement project has not impacted market values for the particular properties affected. Should it be determined that the

'Scope of the Project Rule' does not apply, then we reserve the right to revise our analysis and conclusions.¹

Other Important Risk Factors

- The subject property, as well as most of the properties along US Highway 10 from Anoka to Elk River (particularly the northern parcels in between Highway 10 and the Burlington Northern Railroad Tracks), are being impacted the looming US Highway 10 transportation system improvement project. Aside from the rise in acquisitions of properties along the corridor by the Cities of Ramsey and Anoka, the prices of many properties listed or sold in recent years have been negatively impacted by the anticipated/planned future reduction of access points along Highway 10, and also the cloud of eventual condemnation when the project begins. We have observed direct market evidence to this affect, including but not limited to, would-be buyers of properties walking away from purchases once they learn of the project, as well as longer marketing/exposure periods for land and improved parcels listed on the market.
- Access to the subject site is considered to be poor. A prior road improvement project (circa 2007/2008) has restricted access from US Highway 10 and created the median along Sunfish Lake Boulevard, thereby limiting the subject's access to right-in, right-out only, from northbound Highway 10 and southbound Sunfish Lake Boulevard. This access issue had the largest affect on the highest and best use and value conclusion.
- Based on our market data research, as well as our conversations with market participants, gas station use (or other traffic-intensive retail use) is not the Highest and Best Use (H&BU) of the subject. Nor is the H&BU to demolish the improvements and redevelop the site with another use. It is our conclusion that the H&BU of the property, as-improved, is to renovate and convert the property from a gas station/car wash use to a general retail/office use.
- As part of this H&BU conclusion, the renovation would entail removing the fuel tanks and canopy, as well as some construction on interior demising for the convenience store space and renovation of the car wash space to increase its functional utility. This would also require a lease up period to find new tenants (and the related appropriate costs), and to provide an appropriate amount of landlord-paid tenant improvement allowance for the finishing of the space to the tenant's specifications.

¹ See: Uniform Appraisal Standards for Federal Land Acquisitions, section B-10, "Enhancement or Diminution in Value Due to the Project."

- The adjacent retail center to the west of the subject (which shares access), has also been significantly impacted by the above-referenced change in access, but has bounced back recently with some recent leasing activity which will be described in greater detail within this report. This center provides strong support for our concluded highest and best use.

This letter is accompanied by an Appraisal Report as defined by the Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(a). Accordingly, it provides a summary or description of the appraisal process, subject and market data and valuation analyses. The report was also prepared to comply with the requirements of the Code of Professional Ethics of the Appraisal Institute. The depth of discussion contained in this report is specific to the needs of the client and the intended use of the appraisal.

This appraisal has been prepared for the client, and may not be used or relied upon by anyone other than the client for any purposes whatsoever without the express written consent of the appraiser and the client.

If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,



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SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

BASIC INFORMATION

Common Property Name:	Former Shell Gas Station/Retail Property
Address:	6401 Highway 10
City:	Ramsey
State:	MN
Zip Code:	55303
County:	Anoka
Property Ownership Entity:	Series Sunfish of Athans Holdings LLC
Report Type:	Appraisal
Property Rights Appraised:	Fee Simple
Date of Property Tour:	12/2/2016
Date of Report:	12/23/2016
Date of Value:	
"As-Is"	12/2/2016
"As-Completed"	3/1/2017
"As-Stabilized"	6/1/2017
Legal Description:	
	Lot 2, Block 1, Sunfish Commons, Subject to Easement of Record

SITE INFORMATION

Land Area SF:	71,996
Land Area Acres:	1.65
Excess/Surplus Land?	No
Flood Zone:	Zone X
Flood Map Number:	27003C0281E
Flood Map Date:	12/16/2015
Site Utility:	Below Average
Site Topography:	Level
Site Shape:	Irregular
Lot Location:	Corner
Frontage:	Average
Access:	Poor
Visibility:	Above Average
Utilities Available:	All available at site
Number of Parking Spaces:	30
Parking Ratio (per 1,000 SF):	3.3341
Parking Type:	Surface

BUILDING INFORMATION

Type of Property:	Retail
Type of Construction:	Block/Masonry, Steel
Number of Buildings:	One (1)
Gross Building Area (SF):	8,998
Net Rentable Area (SF):	8,998
Usage:	
	Retail/C-Store - 5,748
	(% of GBA) - 64%
	Car Wash - 3,250
	(% of GBA) - 36%
	Total (SF) - 8,998
Number of Stories:	One (1)
Deferred Maintenance:	None noted
Occupancy Status:	Multi-tenant
Actual Age:	13 years
Year Built:	2003
Year Renovated:	N/A
Quality:	Average
Condition:	Above Average
Land to Building Ratio:	8 : 1
Sprinkler Protection:	0%

MUNICIPAL INFORMATION:

Assessing Authority: Anoka County
Assessor's Parcel ID Number: 34-32-25-14-0027
Current Taxes Payable Year: 2016
Current Assessor's Estimated Market Value (as of January 2, 2015): \$986,000
Current Tax Liability (Payable 2016):

Base Tax: \$38,490.07
Special Assessments: \$3,488.93
Service Charges: \$0.00
Total: \$41,979.00

Current Tax Rate (base tax only): 3.90%
Taxes Per SF of NRA (base tax only): \$4.28

Special Assessment Summary:

Based on readily available county records, the current tax year indicates \$3,488.93 in special assessments.

Are Taxes Current? Yes
Is a grievance underway? Not to our knowledge
Zoning Authority: City of Ramsey
Current Zoning Designation: H1 - Highway 10 Business District
Is current use permitted? Yes
Zoning Change Pending? No
Zoning Variance Applied for? No

HIGHEST AND BEST USE:

As Though Vacant:
Immediate general retail development

As Improved:
Immediate renovation to general retail use

See Highest and Best Use section for additional analysis and detail.

VALUE CONCLUSIONS:			
Type of Value:	Market Value "As-Is"	Market Value "As-Completed"	Market Value "As-Stabilized"
Date of Value:	12/2/2016	3/1/2017	6/1/2017
Real Property Interest:	Fee Simple	Fee Simple	Fee Simple
Land Value:			
Indicated Land Value:	\$360,000	\$360,000	\$360,000
Per Square Foot:	\$5.00	\$5.00	\$5.00
Sales Comparison Approach:			
Concluded Value (Rounded):	\$1,030,000	\$1,030,000	\$1,030,000
LESS: Lease-Up Cost	(\$180,000)	(\$180,000)	-
LESS: Construction Cost	(\$200,000)	-	-
Value Indication via Sales Approach:	\$650,000	\$850,000	\$1,030,000
Per Square Foot (NRA):	\$72.24	\$94.47	\$114.47
Income Approach:			
Direct Capitalization:			
Net Operating Income (Stabilized):	\$91,589	\$91,589	\$91,589
Capitalization Rate:	9.00%	9.00%	9.00%
Preliminary Value:	\$1,017,660	\$1,017,660	\$1,017,660
Concluded Value (Rounded):	\$1,020,000	\$1,020,000	\$1,020,000
LESS: Lease-Up Cost	(\$180,000)	(\$180,000)	-
LESS: Construction Cost	(\$200,000)	-	-
Value Indication via Direct Capitalization (Rounded):	\$640,000	\$840,000	\$1,020,000
Per Square Foot (NRA):	\$71.13	\$93.35	\$113.36
FINAL VALUE CONCLUSION:			
Concluded Value:	\$645,000	\$845,000	\$1,025,000
Exposure Period:	12 months	12 months	12 months
Marketing Period:	12 months	12 months	12 months

Subject Photos (photos taken December 2, 2016)



Subject Exterior



Subject Exterior



Subject Exterior



Subject Exterior



Subject Exterior



Subject Exterior



Subject Exterior



Subject Exterior



Subject Exterior



View of Adjacent Retail Center



View of Adjacent Retail Center



Subject Exterior



Subject Exterior



Subject Exterior



Subject Exterior



Subject Exterior



Subject Exterior



Subject Exterior



Subject Exterior



Subject Exterior

Oblique Aerial Photo - Subject



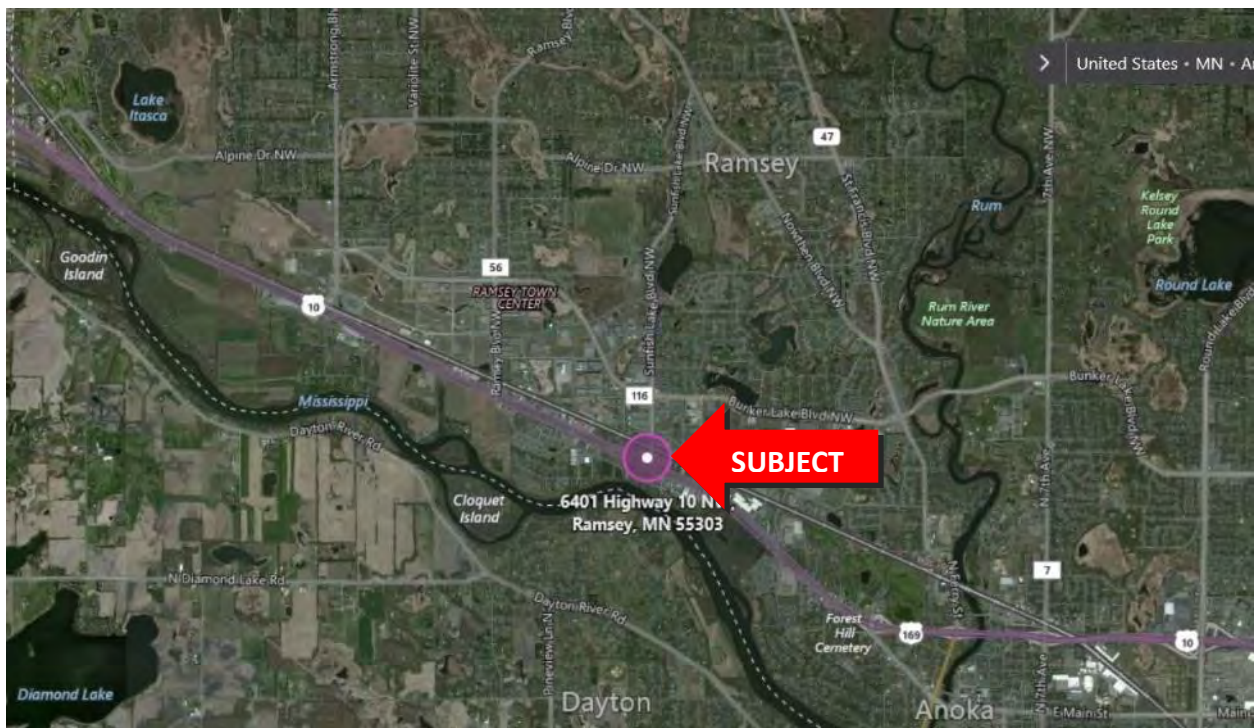
Aerial Photo - Subject



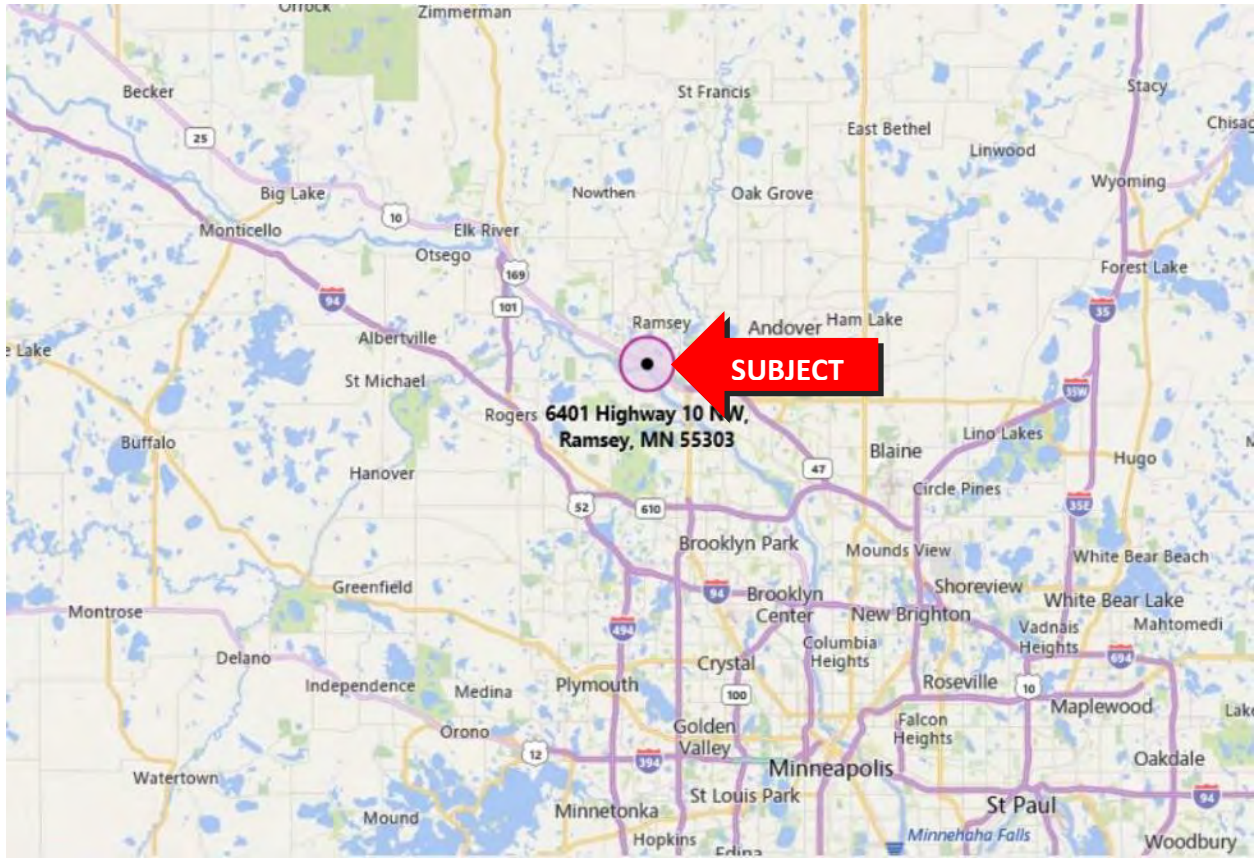
Neighborhood Map



Community Map



General Location Map



SCOPE OF WORK

To determine the appropriate scope of work for the assignment, we considered the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors. Our concluded scope of work is described below.

Insight Realty Advisors, Inc. requires a “second read” of all appraisals. Assignments are read by another appraiser who is not participating in the assignment. For this assignment, quality control oversight was provided by Nathan Hansen. In addition to a qualitative assessment of the appraisal report, Nathan Hansen is a signatory to the appraisal report and concurs in the value opinions set forth herein.

Valuation Methodology

Appraisers usually consider the use of three approaches to value when developing a market value opinion for real property. These are the Cost Approach, Sales Comparison Approach, and Income Capitalization Approach. Use of the approaches in this assignment is summarized as follows:

APPROACHES TO VALUE		
Approach	Necessary for Credible Results?	Use in Assignment
Cost Approach	No	Not Utilized
Sales Comparison Approach	Yes	Utilized
Income Capitalization Approach	Yes	Utilized

This appraisal utilizes the Sales Comparison and Income Approaches. The Cost Approach was excluded due to the presence of significant depreciation at the subject, and to the concluded highest and best use resulting in a remodeling of the improvements, and finally because most market participants do not rely on this approach for properties such as the subject.

Data Research and Analysis

The process employed to collect, verify, and analyze relevant data is detailed in individual sections of the report, which included the following:

- Background information on the subject property was obtained relating to ownership, occupancy, property history, financial performance, and site and improvement data.
- Records and data were reviewed relating to real estate taxes, zoning regulations, flood plain status, and other public and governmental influences.
- Regional, city and neighborhood data were gathered and examined.
- Market research was conducted to find the best available comparable land and improved sales, rental comparables, comparable expense data and capitalization rate data. Unless otherwise stated, the comparables were not personally visited or verified by the appraisers for this assignment.
- The subject’s competitive position in the appropriate real estate market was examined.

- The highest and best use of the subject was analyzed.
- Reconciliation of the values indicated by the approaches to value utilized was completed. A final value conclusion represents our opinion of the subject's market value as of the effective date of this appraisal.

Data sources used in this report included, but are not limited to, the following:

- The property owner and/or property manager;
- Government and public sources;
- Market reports and surveys prepared by national and regional real estate companies;
- Buyers and sellers of real estate;
- Real estate brokers and agents;
- Other real estate appraisers;
- Primary and secondary data published by marketing firms;
- General information and non-confidential data contained in our own files.

Property Tour

Tony Lesicka, MAI has conducted a physical tour of the exterior of the property on December 2, 2016. Nathan Hansen has not toured the property.

Report Format

This is an Appraisal Report as defined by the Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(a). Accordingly, it provides a summary or description of the appraisal process, subject and market data and valuation analyses. The report was also prepared to comply with the requirements of the Code of Professional Ethics of the Appraisal Institute. The depth of discussion contained in this report is specific to the needs of the client and the intended use of the appraisal.

Exclusions from Scope of Work

The scope of this appraisal did not require us to perform the following:

- Engage an environmental engineering company to determine if asbestos or other hazardous wastes exist within the subject's improvements, soil or groundwater.
- Engage a mechanical engineer or technician to inspect the HVAC or other mechanical systems in place at the subject property.
- Engage a roofing contractor to inspect the roof and estimate the remaining life thereof, or prepare a conditions report with suggested repairs.
- Engage a soil scientist or engineer to determine soil properties such as load bearing capacity, depth to groundwater, or other characteristics.

We assume the subject property does not contain any hazardous wastes and that soil conditions allow commercial development on the site.

CLIENT, INTENDED USE AND USERS, AND PURPOSE OF THE APPRAISAL

Client: The client for this assignment is City of Ramsey.

Purpose of the Appraisal: The purpose of this appraisal is to estimate the 'as-is', 'as-completed' and 'as-stabilized' market values of the subject property, in the Fee Simple interest, as of the effective dates of the appraisal.

Intended Use: The intended use of the appraisal is to assist the Client in making a decision for assistance in determining a purchase price.

Intended User: City of Ramsey, the State of MN, the MN Department of Transportation, the Metropolitan Council, and the current property owners (Series Sunfish of Athans Holdings, Inc.) are the intended users of this appraisal; the report was prepared for their exclusive use and is not intended for use by any other party.

PROPERTY TOUR AND DATES OF VALUATION

Effective Date of Valuation: December 2, 2016 – “As-Is”
March 1, 2017 “As-Completed”
June 1, 2017 “As-Stabilized”

Date of Tour: December 2, 2016

Property Toured By: Tony Lesicka, MAI

Tour Type: Exterior

IDENTIFICATION OF THE SUBJECT PROPERTY

Property Name:	Former Shell Gas Station/Retail Property
Location:	The subject property is located at 6401 Highway 10, Ramsey, Anoka County, MN 55303
Legal Description:	Lot 2, Block 1, Sunfish Commons, Subject to Easement of Record
Assessor's Parcel Number:	34-32-25-14-0027

OWNERSHIP AND HISTORY OF THE SUBJECT PROPERTY

Current Ownership:	Series Sunfish of Athans Holdings LLC
Occupancy of the Subject Property:	Overall, the subject is currently vacant.
History of the Subject Property:	Per county records, there have been no recorded sales or transfers of the subject property within the past three years.

According to our research, the subject was sold and developed in 2002. We were able to obtain a Certificate of Real Estate Value (CREV) for the land sale of the subject which was dated 10/28/2002, and had a sale price of \$450,000, or \$6.25 per SF of land area. We note that this sale occurred prior to the change in access to the subject along both Highway 10 and Sunfish Lake Boulevard.

Subsequent to this sale, the subject was developed with the gas station/restaurant use in 2003.

There was one additional sale we were able to identify in our research. The property sold on 12/10/2008 for \$1,558,514, or \$173.21 per SF of Gross Building Area (GBA)/Net Rentable Area (NRA). According to the CREV, this appears to be a sale/leaseback situation where the seller leased the property back for a reported 60 month term after the sale. It was also reported that this sale was directly negotiated by the parties involved, and that an appraisal had been completed at the time, with an indicated value of \$1,400,000.

Current Disposition

The property is currently listed for sale for \$695,000, which is equal to \$77.24 per SF of GBA/NRA, or \$9.65 per SF of land area. It has been listed with the current broker for roughly 6 months. According to the listing broker, there has been little interest from potential buyers in the subject property. Importantly, the broker stated that they have presented the subject property to numerous potential gas station users, all of which were reportedly not interested due to the access limitations. The listing broker thought that converting the property to a general retail use would be the most probable scenario for the subject.

Prior to the current listing, the entire real property, personal property and business value (if any) had been listed for sale for a couple of years by Calhoun Companies. We were provided with an old listing that stated the asking price was \$1,495,000.

PROPERTY DESCRIPTION AND ANALYSIS

The following is a description of the subject property's physical characteristics of both the site and the improvements.

Site Description

The subject site is located on the northwestern corner of US Highway 10 and Sunfish Lake Boulevard, in a transitional area that runs in between Highway 10 and the Burlington Northern Railroad, in Ramsey, MN. The site has an irregular shape and a level topography.

Access to the site is considered to be poor. A prior road improvement project (circa 2007/2008) has restricted access from US Highway 10 and created the median along Sunfish Lake Boulevard, thereby limiting the subject's access to right-in, right-out only, from northbound Highway 10 and southbound Sunfish Lake Boulevard.

Visibility from both roads is considered above average.

Specific land features are as follows:

LAND AREA DIMENSIONS	
Source:	Subject Plat, County Records
Land Area (SF):	71,996
Land Area (Acres):	1.65

SETTING	
Site Utility:	Below Average
Lot Location:	Corner
Accessibility:	Poor
Visibility:	Above Average
Frontage:	Average
Adjacent Properties/Land Uses:	North: Railroad Tracks/Industrial/Flex Buildings East: Sunfish Lake Blvd/Garden Center South: Highway 10/General Commercial Uses West: Retail Center/Mobile Home Park
Street Surface:	Bituminous
Number of Street Lanes: (in Each Direction)	US Highway 10 - two lanes each direction Sunfish Lake Boulevard - two lanes each direction
Curb and Gutter:	Concrete

UTILITIES

Utilities Available: All available at site

PHYSICAL FEATURES

Approximate Shape: Irregular

Flood Zone: Zone X

Flood Map Number: 27003C0281E

Flood Map Date: 12/16/2015

Flood Plain Status: Area of minimal flooding per the FEMA Flood Map Service Center website

Topography: Level

Soils: Assumed stable

Drainage: Overall the drainage appears adequate

Apparent Easements / Encroachments, or Restrictions: No survey or titlework were provided for review. This appraisal assumes there are no known easements that negatively affect the use of the subject property.

Environmental Conditions: An Environmental Assessment was not provided for review. This appraisal assumes that the subject is not affected by any environmental conditions.

Tax Map



Improvements Description

The subject property is a single, existing building, originally constructed and most recently used as a gas station/car wash with a small restaurant space. The building contains a total of 8,998 square feet of Gross Building Area (GBA) and Net Rentable Area (NRA), which includes the gas station, car wash and restaurant space. The improvements were originally constructed in 2003. The subject is currently 100% vacant, and while the fuel pumps have been removed, the canopy and underground fuel tanks are still present on the site.

As will be discussed in our Highest and Best Use section, we have concluded that the highest and best use of the subject property would be to renovate the existing improvements and convert them into general retail space. This would entail removing the fuel tanks and canopy, as well as some construction on interior demising for the convenience store space and renovation of the car wash space to increase its functional utility. This would also require a lease up period to find new tenants (and the related appropriate costs), and to provide an appropriate amount of landlord-paid tenant improvement allowance for the finishing of the space to the tenant's specifications.

Specific improvements features are as follows, though we note that aside from general building characteristics, specific interior demising and finishes are our estimation of the "as-complete" condition required to meet market standard.

BUILDING AREA STATISTICS

Source:	County Records, Listing, Tour, Web Records	
Existing/Proposed?:	Existing	
Gross Building Area (SF):	8,998	
Net Rentable Area (SF):	8,998	
Usage:		
	Retail/C-Store -	5,748 64%
	<u>Car Wash -</u>	<u>3,250</u> <u>36%</u>
	Total (SF) -	8,998 100%
Number of Buildings:	One (1)	
Land-to-Building Ratio:	8 : 1	

GENERAL - AFTER RENOVATION

Current Occupancy:	Multi-tenant
Type of Building:	Retail
Type of Construction:	Block/Masonry, Steel
Quality of Construction:	Average
Date of Construction:	2003
Actual Age:	13
Effective Age:	5
Remaining Economic Life:	40
Total Economic Life:	45
Building Condition:	Above Average
Deferred Maintenance	None noted
Number of Stories:	One (1)

BASIC CONSTRUCTION

Foundation:	Poured concrete footings/slab
Frame:	Steel/Masonry
Floor Structure:	Poured concrete slab
Exterior Walls:	Block/Brick/Stucco
Roof Structure:	Flat
Roof Cover:	Built-up with tar and gravel

SITE IMPROVEMENTS

General:	Asphalt parking areas, curbing, signage, landscaping, yard lighting and drainage
Landscaping:	Grass and trees along the perimeter of the site
Number of Parking Spaces:	30
Parking Ratio (per 1,000 SF of GBA):	3.3341
Parking Type:	Surface

ZONING INFORMATION

The subject is zoned H1 - Highway 10 Business District, by the City of Ramsey. According to the City, the properties lying between Highway 10 and Burlington Railroad tracks are integral to the future improvement of the U.S. Highway 10 transportation system. These properties are therefore in a state of transition. The intent of the H-1 Highway 10 Business District is to allow for uses that minimize traffic, vehicular access, and facilitate orderly transition of the corridor while allowing the property owners the ability to utilize their property for economic benefit until such time as the U.S. Highway 10 transportation system improvements are initiated.

The following is a brief summary of the subject's relation to the district:

ZONING:

Municipality Governing Zoning:	City of Ramsey
Current Zoning:	H1 - Highway 10 Business District
Current Use:	Retail
Is current use permitted:	Yes
Permit Details:	According to the zoning code, all structures, buildings and uses in existence upon the effective date of the ordinance from which this section is derived shall be considered legal nonconforming. There is an additional limitation on expansion or intensification of certain uses over a certain size threshold.
Change in Zoning Pending?:	No
Zoning Variance Applied For:	No
Permitted Uses:	Various Non-Traffic Intensive Commercial Uses

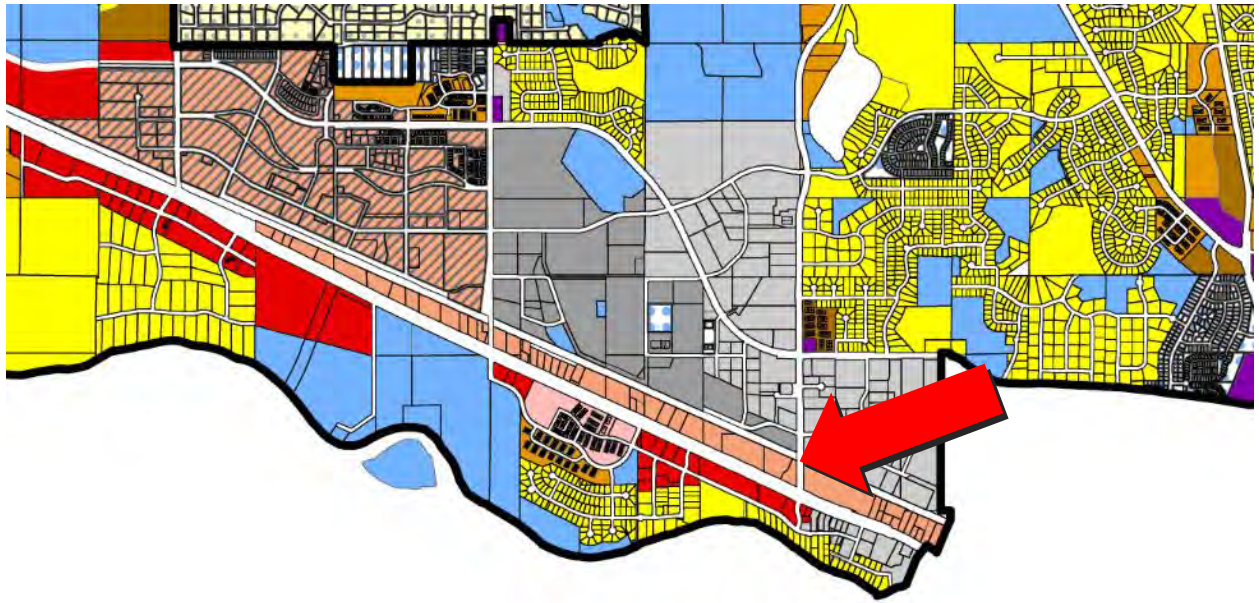
Zoning Compliance

We are not experts in the interpretation of complex zoning ordinances but based on our review of public information, **the subject property, as a low-traffic retail/commercial use, would appear to conform to the H1 - Highway 10 Business District district zoning code.**
















To verify compliance, it is recommended that the user obtain a Zoning Compliance letter from the City or hire a third party zoning compliance specialist.

A zoning map with the subject property and surrounding properties is found on the next page.

Zoning Map



Legend

-  2030 MUSA
-  R-1 Residential (MUSA)
-  R-1 Residential (Central Rural Reserve)
-  R-1 Residential (Rural Developing)
-  R-2
-  R-3
-  B-1
-  B-2
-  H-1
-  E-1
-  E-2
-  MU-PUD
-  Public/Quasi-Public
-  PUD
-  Town Center (See Master Plan for Sub-Districts)

Update: March 2011

REAL ESTATE TAX ANALYSIS

Real estate taxes are a key determinant of value in Minnesota, because properties are taxed at rates that are higher than rates for comparable properties in neighboring states. Commercial properties are taxed at about 2% to 5% of the assessor's estimated market value of the property each year. Taxes are paid one year in arrears in Minnesota, which means that the taxes payable in 2016 relate to the January 2, 2015 assessor's estimated market values.

The effective tax rate is comprised of the class rate adjusted by the rates for local taxing authorities such as:

- The city
- The county
- Watershed district
- Library system
- School district

Total real estate taxes payable each year may be a combination of:

- Base taxes (based on the type of property and its AEMV)
- Special assessments (property specific payments for public works)
- County / city service charges (annual fees charged to fund certain programs)

Subject Taxes and Assessor's Estimate of Market Value

The various taxes are summarized in the following tables:

REAL ESTATE TAXES						
Payable in 2016						
PID#	Base Tax	Effective Tax Rate	Special Assessments	Service Charges	Total Real Estate Taxes	Taxes per SF of NRA
34-32-25-14-0027	\$38,490.07	3.90%	\$3,488.93	\$0.00	\$41,979.00	
Total	\$38,490.07	3.90%	\$3,488.93	\$0.00	\$41,979.00	\$4.28

Effective Tax Rate = Base Tax / AEMV

ASSESSOR'S ESTIMATED MARKET VALUE - PAYABLE 2016						
(as of January 2, 2015)						
PID#	Land Value	per SF of Land	Improvements Value	per SF of NRA	Total Value	per SF of NRA
34-32-25-14-0027	-	-	-	-	\$986,000	\$109.58
Total	-	-	-	-	\$986,000	\$109.58

PROPOSED ASSESSOR'S ESTIMATED MARKET VALUE - PAYABLE 2017						
(as of January 2, 2016)						
PID#	Land Value	per SF of Land	Improvements Value	per SF of NRA	Total Value	per SF of NRA
34-32-25-14-0027	\$450,700	\$6.26	\$562,200	\$62.48	\$1,012,900	\$112.57
Total	\$450,700	\$6.26	\$562,200	\$62.48	\$1,012,900	\$112.57

Special Assessments

Special assessments are charges levied by the city and/or county on a property to pay for public infrastructure that directly benefits that property. In theory, the value of a property should increase at least by the amount of the special assessment.

Special assessments are often charged to property owners for public works such as streets and roads, water lines, sanitary sewer lines, storm sewer lines, and storm water retention areas. Special assessments are paid annually over a specific term and the property owner is charged interest on the unpaid balance. The property owner has the option to pay the principal balance at any time.

Based on readily available county records, the current tax year indicates \$3,488.93 in special assessments.

The value conclusion of this appraisal assumes special assessments are paid in full.

MARKET ANALYSIS

Introduction

Market Analysis identifies the interaction of the four forces on supply and demand, which in turn directly influences the value of real property. The four forces are categorized as follows:

- 1) Economic
- 2) Governmental
- 3) Social
- 4) Environmental

The subject property is located in the City of Ramsey in the northwest Retail submarket of the Minneapolis/St. Paul/Bloomington MSA.

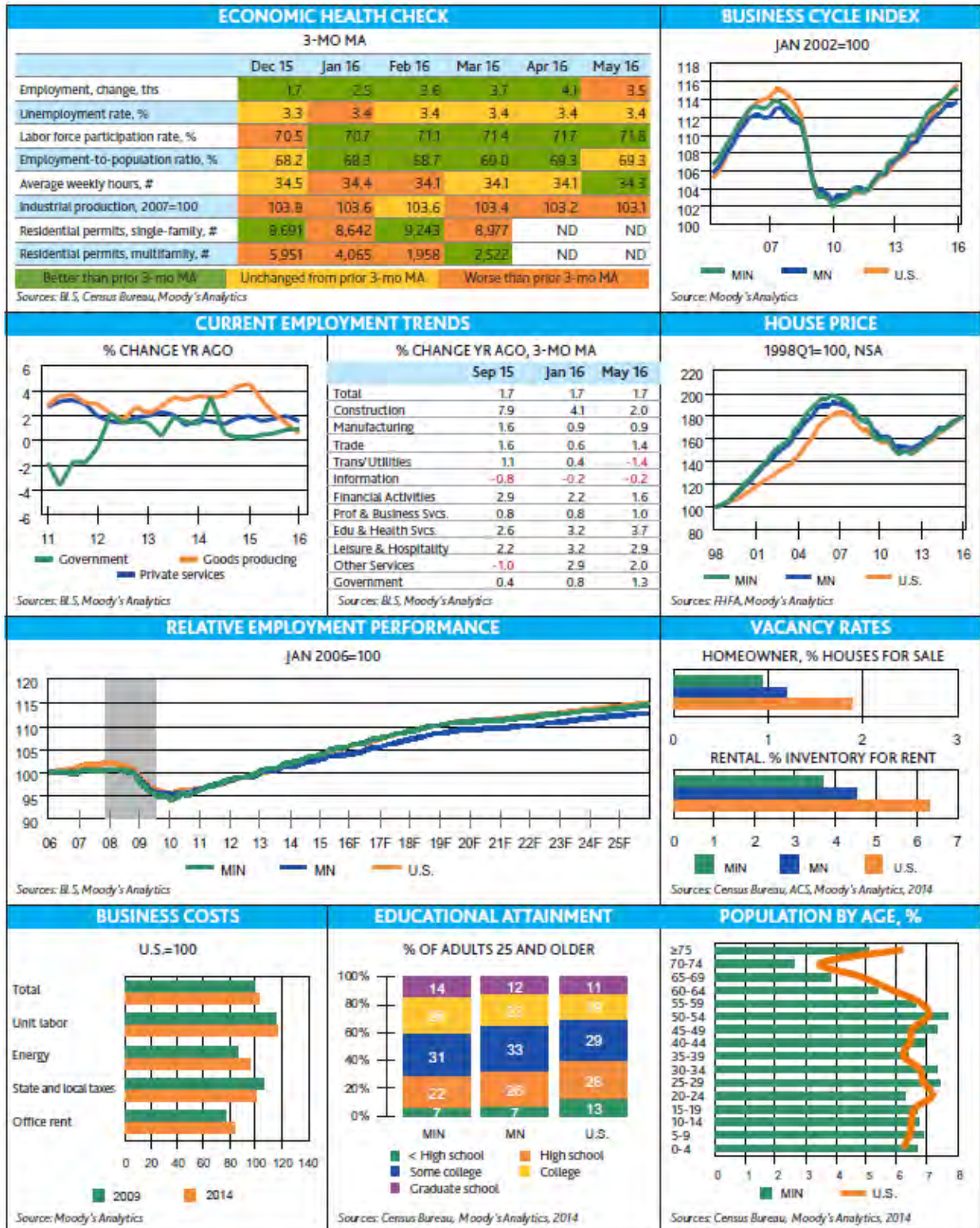
Economic Analysis

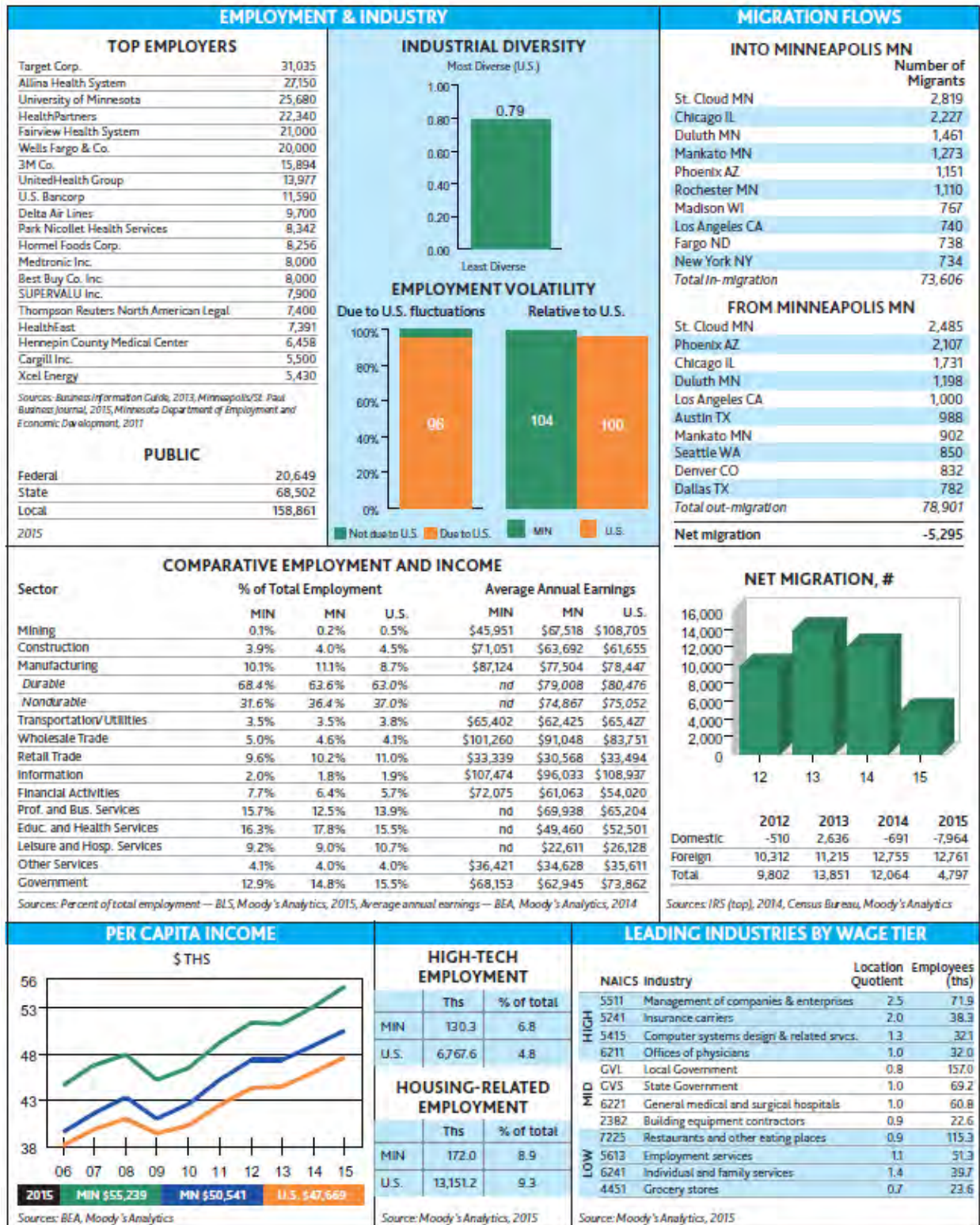
The following profile of the Minneapolis/St. Paul/Bloomington MSA was provided by Moody's Economy.com. Economy.com's core assets of proprietary editorial and research content as well as economic and financial databases are a source of information on national and regional economies, industries, financial markets, and demographics.

Economy.com's approach to the analysis of the U.S. economy consists of building a large-scale, simultaneous-equation econometric model, which they simulate and adjust with local market information, creating a model of the U.S. macro economy that is both top-down and bottom-up. In this model, those variables that are national in nature are modeled nationally while those that are regional in nature are modeled regionally. Interest rates, prices, and business investment are modeled as national variables; key sectors such as labor markets (employment, labor force), demographics (population, households, and migration), and construction activity (housing starts and sales) are modeled regionally and then aggregated to national totals. This approach allows local information to influence the macroeconomic outlook. Therefore, changes in fiscal policy at the national level (changes in tax rates, for example) are translated into their corresponding effects on state economies. At the same time, the growth patterns of large states, such as California, New York, and Texas, play a major role in shaping the national outlook. In addition, on a regional basis, the modeling system is explicitly linked to other states through migration flows and unemployment rates. Economy.com's model structure also takes into account migration between states.

Twin Cities Metropolitan Area Economic Analysis







Twin Cities Retail Market Analysis

The following Twin Cities retail market analysis is provided by the July 2016 Cushman & Wakefield NorthMarq Compass Report.

Retail Market Is Healthy, But Space-Constrained: Lack of Construction is Driving Upward Pressure on Rates, Renovations of Existing Centers

Fueled by a stronger economy and increasing consumer spending, the Twin Cities retail market has rebounded and retailers are looking to capitalize and expand. However, the market is very competitive, and retailers face two major obstacles: a lack of available quality space and rising rates.

At 6.7%, the vacancy rate remains near its lowest since the pre-recession levels of 2006. Expanding retailers are having difficulty finding space that meets their requirements, primarily due to a lack of new construction. Although construction has increased, it remains well below pre-recession levels, and much of the product being delivered is smaller in scale—including mixed-use developments with a residential component—compared with past cycles where developers were building larger suburban retail centers.

Coming off of nearly 900,000 square feet (sf) of absorption in 2015, the market took a dip to 263,293 sf in the first half of the year. However, absorption is expected to rebound by year end as new construction is delivered, including stores at Eagan's Hy-Vee-anchored Central Park Commons.

Solid Interest From Same 'Active List' of Retailers

The retailers that are performing well continue filling holes that are popping up—whether they are snapping up the limited new construction or backfilling existing spaces (including those left behind as bankrupt Sports Authority and Hancock Fabrics leave the market). There is an active list of seven or eight retailers scooping up the majority of the vacant space. Discount retailers are driving much of the demand.

Rates Soar for Prime Small-Shop Space

As retailers compete for a limited amount of available space, rents are being pushed to unprecedented levels. For newer small-shop space at top-performing centers in high-demand trade markets, landlords can draw rents in the \$60-per-square-foot (psf) range, which is a new benchmark and up from approximately \$40 psf in 2015. Examples of sought-after markets include Edina's France Avenue, St. Paul's Grand Avenue, Minneapolis' 26th and Hennepin and Woodbury's Radio Drive. These increasing rates are pricing out some retailers and forcing them to think outside the box to get deals done. They may turn to secondary locations or space that needs more tenant improvements.

Landlords/Developers Also Get Innovative

The lack of new construction is also driving owners to invest in existing properties through renovation and/or adding retail pad sites. An example is Burnsville Market where Cub Foods is being razed and relocated on the site and new junior-box pads are being added. In other cases, developers are snagging sites where they can add a small-shop building and fill it with a coffee shop, quick-serve restaurant, cell phone company, etc., which drive the highest rates.

Grocery Shakeup Continues

Grocery is retail's hottest category, and a battle continues as more grocer concepts compete in a very crowded market. Newer arrivals Hy-Vee and Fresh Thyme Farmers Market are aggressively expanding and have entered a market that traditionally has been dominated by Cub Foods, Target and Walmart. They also face competition from warehouse clubs Sam's Club and Costco. In addition, Aldi, Jerry's Foods, Whole Foods Market, Trader Joe's, Lunds & Byerly's, and Kowalski's Markets are active. Newcomers Lucky's Market, 365 By Whole Foods and Meijer's are scouting locations. Food co-ops such as Eastside, Linden Hills and The Wedge are exploring mergers to stay competitive.

New Coffee Players 'Percolating' in the Market

New coffee competition is coming as Dunkin' Donuts and Tim Hortons announced they are opening Twin Cities locations. They will compete for prime sites with established coffee shops Caribou Coffee, Starbucks and Dunn Bros.

Other Hot Concepts

In addition to grocer and coffee, additional growth categories include quick-serve restaurants like Piada Italian Street Food, Five Guys Burgers and Fries, Naf Naf Grill, Chick-fil-A and Shake Shack; value and off-price retailers like T.J. Maxx and Marshalls; retail health clinics like MedExpress; banks; fitness concepts; and daycare centers.

Next Big Development Is Still Missing

Large retail projects are underway in Eagan and Woodbury. However, once this round of development is complete, there are no large retail projects on the horizon. While there may be many factors, the cost of land, labor and materials is high, making development challenging. Also, there may not be enough new suburban housing development yet to justify large-scale new construction. In addition, the market may have been a bit overbuilt in the last boom and developers may be a little gun shy.

Outlook

Approximately 800,000 to 950,000 sf of absorption is projected in the second half of the year, which could help push the vacancy rate below 6%. As the supply of space continues to shrink, finding quality space will remain very competitive. Prime small-shop space, in particular, will likely continue to be scarce, prompting retailers to get creative to get deals done.

The recycling of older concepts will likely continue, offering retailers the opportunity to expand or enter the market. For example, Office Max, Sports Authority, Old Country Buffet and Hancock Fabrics are closing stores, and strong competition exists to backfill these spaces.

Rates should continue trending higher due to the space-constrained environment.

Retail - Neighborhood Centers

- Vacancy Flat at 8.5%
- Absorption Turned negative
- Rental Rates Increased to \$16.25

Highlights

- “Battle of the grocers” continues as more concepts compete in a very crowded market. Newer arrivals Hy-Vee and Fresh Thyme Farmers Market have entered a market that traditionally has been dominated by Cub Foods, Target and Walmart. They also face competition from warehouse clubs Sam’s Club and Costco.
- Aldi, Jerry’s Foods, Whole Foods Market, Lunds & Byerly’s, and Kowalski’s Markets are actively seeking sites. In addition, Niwot, Colo.-based Lucky’s Market—owned by Kroger Co.—and 365 by Whole Foods are scouting neighborhood locations.
- Rents for newer, small-shop space at class “A” centers in high-demand trade markets increased to an unprecedented \$60-psf range in some instances, up from approximately \$40 psf in 2015. There is not a very deep cast of retailers that can pay these escalated rates, which is forcing retailers to think outside the box and consider a secondary location or one that needs more tenant improvements.
- Approximately 300,000 sf of positive absorption is projected for the second half of 2016.

Next, we present the 3rd Quarter 2016 Research & Forecast Report by Colliers International for the Twin Cities Retail Market.



Research &
Forecast Report

MINNEAPOLIS-ST. PAUL | RETAIL Q3 2016



Accelerating success.

National tenants and grocers compete for space, push up rental rates while several struggling retailers close stores

There was an increase in the Minneapolis-St. Paul retail vacancy rate during the third quarter of 2016. Vacancy increased to 5.1 percent from 4.6 percent at Quarter Two, with negative quarterly absorption of 110,428 square feet. Strong absorption in the grocery sector couldn't offset store closings due to bankruptcies at Sports Authority and Hancock Fabrics, which closed seven and three stores, respectively. In addition, struggling grocer Rainbow Foods closed another store in Maple Grove. Golfsmith, which also recently filed for bankruptcy, is closing its Minnetonka store, although there has been no announcement regarding the status of its Richfield and Roseville stores. For 2016, the year-to-date absorption remains positive at 355,435 square feet.

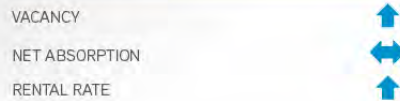
Outside of these store closings, the area continues to be a magnet for new retailers ready to backfill the spaces left behind, especially in prime trade areas. While the vacancy rate in the total market is 5.1 percent, vacancy in the prime trade areas we track is 3.5 percent overall and is as low as 0.2 percent in the Ridgedale and Plymouth areas.

Grocers Contend for Market Share

The Minneapolis-St. Paul grocery market is fast-growing and competitive, serving as the corporate home of Target, Supervalu and Lunds and Bylerys, the area has seen the entrance of new grocers in the last few years, including Hy-Vee and Fresh Thyme Farmer's Market. Hy-Vee opened two stores, one in Brooklyn Park and another in Eagan at Central Park Commons, adding to existing stores in New Hope, Oakdale, and Lakeville. Hy-Vee also has stores under construction in Cottage Grove and Savage, and has two stores planned for Maple Grove, with additional stores planned in the cities of Columbia Heights, Farmington, and Shakopee. The retailer is also planning two large gas station/convenience stores in Eden Prairie and Lakeville. These c-stores will be 7,900 square feet, approximately twice the size of the stores it locates near its grocery stores, and will include a coffee partner.

Market Indicators

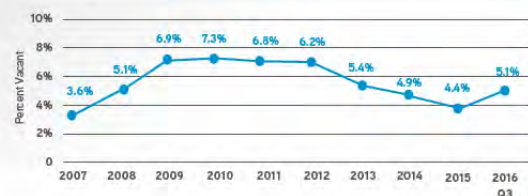
Relative to prior period Q3 2016



Net Absorption



Vacancy



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Grocers Contend for Market Share (con't.)

Fresh Thyme Farmer's Market opened three new stores in Plymouth, Vadnais Heights, and Savage, adding to existing stores in Bloomington and Apple Valley. There are also plans for stores in Waite Park and West St. Paul. Aldi recently opened a Cottage Grove store, is opening a new store in Apple Valley, and has a store planned for Burnsville. Whole Foods, Cub Foods, Kowalskis, and Trader Joe's are all expanding locations, and Cub Foods, Kowalskis, and Lunds and Byerlys are remodeling existing stores.

Coffee Competition

Tim Hortons and Dunkin' Donuts are new entrants in the coffee market this year. Existing players Caribou Coffee and Starbucks are already well-established here. Starbucks has several new stores planned, and is partnering with Hy-Vee to open shops in their Minneapolis-St. Paul stores.



Restaurants, Wine & Spiking Rates

Fast casual/quick serve restaurants continue to dominate growth in this category. Naf Naf Grill, Café Zupas, Piada Italian Street Food, and Pancheros are all expanding or looking for new locations in this market, and will compete with established brands Chipotle and Noodles & Co.

Total Wine continues to scout locations and post strong volumes in the stores it has opened. Their search is not without its challenges, as local liquor owners petition city council's to block their entrance. Minnetonka recently rejected Total Wine's appeal for a liquor license after the retailer had spent two years working to comply with the city of Minnetonka's requirements. There are stores in Bloomington, Burnsville, Chanhassen, Roseville, Maple Grove, and Woodbury, and a new store will be opening soon at Central Park Commons in Eagan.

Discount department stores T.J. Maxx, Marshalls, HomeGoods, and Nordstrom Rack are also expanding and thriving.

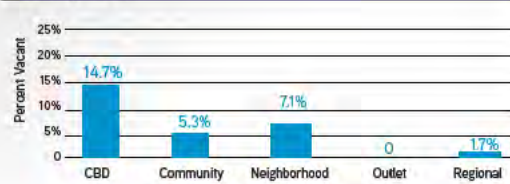
The competitive retail landscape and low vacancy continues to push rental rates upward to all-time highs. We are seeing growing demand in secondary locations as retailers try to expand or open new stores. Overall occupancy costs will continue to rise as CAM and taxes increase. Many assets have changed hands at high prices, leading to higher assessed values and pushing up the tax burden, which landlords pass on to tenants.

We expect to see weakness in the office products category as OfficeMax and Staples pull back on expansion plans and close stores. Competition from online sales will continue to plague apparel, footwear and handbag sectors and hamper brick-and-mortar growth among these retailers.

Net Absorption - Q3



Vacancy - Q3



Tenant Activity

- › Sears is planning to close 64 additional Kmart stores across the country, including their store in West St. Paul. Sears also announced it will be closing its store at Eden Prairie mall in Eden Prairie. The REIT that owns Sears properties is marketing all of its St. Paul store and portions of its Maplewood Mall and Burnsville Center locations.
- › Costco will break ground with a new store in Woodbury, which is planned to be completed in the fall of 2017. The company has scouted locations in the suburb for 18 years. The 165,000-square-foot store will be built at the northwest quadrant of Interstate 494 and Tamarack Road, and will be Costco's seventh store in the Minneapolis-St. Paul area.
- › At Hy-Vee's planned Maple Grove location at Maple Grove Parkway and Highway 610, the company is proposing a mixed-use development that will include partnering with a housing developer for either senior living or multifamily residential in addition to its standard inclusion of a full-service restaurant, pharmacy, medical clinic, post office, and drive-through coffee shop.
- › Canadian coffee purveyor Tim Hortons' local franchisee submitted plans for a store in Brooklyn Park at 8500 Xylon Ave. N., where it is proposing a 1,800-square-foot drive-through coffee shop. It is also planning a shop in Dinkytown.
- › Nordstrom Rack signed a lease to open a 40,000-square-foot store at IDS Center along Nicollet Mall, opening in the fall of 2017.
- › After closing seven Twin Cities locations, Ruby Tuesday is left with four restaurants at Southdale Center, Rosedale Center, Shakopee, and Inver Grove Heights. Nationally, the restaurant chain is closing 95 locations.

Tenant Tracker

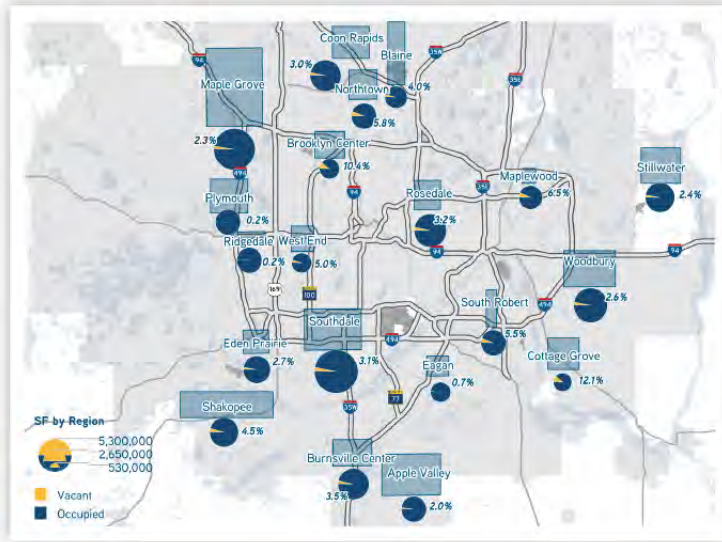
Expanding



New or Looking



Minneapolis-St. Paul Retail Trade Areas



Please note for historical comparisons, since Q2 2016 we have added eight additional trade areas to our retail report: Plymouth, Coon Rapids, Stillwater, Blaine, Shakopee, West End, Brooklyn Center, and Cottage Grove.

Data Summary							
TRADE AREA	SF	VACANT	% VACANT	Q1 2016 ABSORPTION	Q2 2016 ABSORPTION	Q3 2016 ABSORPTION	YTD ABSORPTION
Ridgedale	2,099,343	4,303	0.2%	41,646	0	(1,445)	40,201
Plymouth	1,976,620	3,993	0.2%	NA	1,200	51,680	NA
Eagan Town Center	1,391,715	9,642	0.7%	(6,618)	453	98,141	91,976
Apple Valley	2,054,496	41,293	2.0%	5,456	43,336	(5,703)	43,089
Eden Prairie	2,425,004	65,425	2.7%	4,422	2,091	(42,365)	(35,852)
Coon Rapids	2,887,028	86,562	3.0%	NA	(18,070)	(33,811)	NA
Burnsville	3,020,067	105,214	3.5%	1,100	119,371	(39,661)	80,810
Maple Grove	5,037,849	113,916	2.3%	8,644	10,440	(3,954)	15,130
Southdale	5,256,356	161,779	3.1%	7,496	13,866	(27,833)	(6,471)
Rosedale	3,216,932	103,740	3.2%	(10,638)	45	19,976	9,383
Woodbury	3,371,769	87,856	2.6%	1,044	104,179	(20,081)	85,142
Stillwater	2,562,007	62,027	2.4%	NA	241	30,076	NA
Blaine	1,635,869	64,924	4.0%	NA	(1,257)	(798)	NA
Shakopee	2,525,038	112,986	4.5%	NA	1,698	(435)	NA
West End	1,276,323	63,937	5.0%	NA	0	0	NA
Northtown	2,122,701	123,714	5.8%	1,500	0	(11,201)	(9,701)
Maplewood	1,875,383	122,098	6.5%	(23,686)	(5,443)	(21,055)	(50,184)
South Robert	2,100,642	115,811	5.5%	7,146	(23,916)	1,634	(15,136)
Brooklyn Center	1,429,582	148,146	10.4%	NA	25,432	22,229	NA
Cottage Grove	1,213,220	146,470	12.1%	NA	(7,005)	10,840	NA
Total	49,477,944	1,743,836	3.5%	37,512	266,661	26,234	248,387

Market Statistics

Submarket	Total SF	Direct Vacant SF	% Vacant Direct	Sublease Vacant SF	% Vacant W/ Sublease	Q3 Absorption	YTD Absorption
Minneapolis CBD	980,041	143,912	14.7%	0	14.7%	(28,672)	(25,425)
Northeast							
Community Center	4,187,322	172,630	4.1%	0	4.1%	70,926	(14,038)
Neighborhood Center	5,058,437	299,296	5.9%	0	5.9%	(49,724)	(42,842)
Regional Center	2,914,077	97,973	3.4%	0	3.4%	(60,000)	(60,960)
Totals:	12,159,836	569,899	4.7%	0	4.1%	(38,798)	(117,840)
Northwest							
Community Center	5,707,514	392,998	6.9%	0	6.9%	(52,494)	16,356
Neighborhood Center	9,069,693	627,926	6.9%	4,967	7.0%	111,698	90,930
Outlet Mall	430,000	0	0.0%	0	0.0%	0	0
Regional Center	3,900,369	61,536	1.6%	0	1.6%	7,397	31,626
Totals:	19,107,576	1,082,460	5.7%	4,967	5.7%	66,601	138,912
Southeast							
Community Center	4,421,257	211,028	4.8%	61,736	6.2%	55,029	45,245
Neighborhood Center	7,172,786	607,980	8.5%	1,500	8.5%	(149,193)	68,562
Outlet Mall	409,000	0	0.0%	0	0.0%	0	0
Regional Center	6,015,202	87,186	1.4%	0	1.4%	12,294	48,737
Totals:	18,018,245	906,194	5.0%	63,236	4.4%	(81,870)	162,544
Southwest							
Community Center	3,550,912	174,367	4.9%	0	4.9%	18,410	33,381
Neighborhood Center	6,641,480	447,461	6.7%	0	6.7%	(70,621)	129,947
Regional Center	5,934,679	78,538	1.3%	0	1.3%	24,522	905
Totals:	16,127,071	700,366	4.3%	0	2.5%	(27,689)	164,233
Total All Markets							
CBD of Minneapolis	980,041	143,912	14.7%	0	14.7%	(28,672)	(25,425)
Community Center	17,867,005	951,023	5.3%	61,736	5.7%	91,871	80,944
Neighborhood Center	27,942,396	1,982,663	7.1%	6,467	7.1%	(157,840)	246,597
Outlet Mall	839,000	0	0.0%	0	0.0%	0	0
Regional Center	18,764,327	325,233	1.7%	0	1.7%	(15,787)	20,308
Totals:	66,392,769	3,402,831	5.1%	68,203	5.2%	(110,428)	322,424

Subject's Neighborhood Analysis

Subject's Neighborhood Boundaries

The property is located in the eastern portion of the city of Ramsey. This market area is generally delineated as follows:

North:	Bunker Lake Boulevard
South:	Mississippi River
East:	Thurston Avenue/Western Anoka
West:	Armstrong Boulevard, and eastern Elk River beyond

Neighborhood Access and Linkages

The subject fronts US Highway 10, the main northwest/southeast thoroughfare in the area. US Highway 10 connects to US Highway 169 to the southeast in Anoka, and Highway 101 to the northwest in Otsego/Elk River. Highways 10, 169 and 101 are part of the Minneapolis/St. Paul freeway system and provide regional ingress and egress. Overall, vehicular access to the subject's neighborhood is average.

The three major roads that branch off from US Highway 10 in the subject's immediate neighborhood are Sunfish Lake Boulevard (which the subject also fronts) and then Ramsey Boulevard and Armstrong Boulevard, both to the west of the subject.

As discussed earlier, the subject is located in an area that has been identified as being part of a future road/transportation improvement project along Highway 10. The subject's zoning district code states "The city finds that the properties lying between Highway 10 and Burlington Railroad tracks are integral to the future improvement of the US Highway 10 transportation system. These properties are therefore in a state of transition...In order to preserve the land that is needed for the US Highway 10 Transportation System, the city has identified said corridor on its official map."

Aside from the rise in acquisitions of properties along the corridor by the Cities of Ramsey and Anoka, the prices of many properties listed or sold in recent years have been negatively impacted by the anticipated/planned future reduction of access points along Highway 10, and also the cloud of eventual condemnation when the project begins. We have observed direct market evidence to this affect, including but not limited to, would-be buyers of properties walking away from purchases once they learn of the project.

Neighborhood Land Use

Land uses along major thoroughfares in the subject's neighborhood are primarily commercial in nature, including office, retail, and multifamily uses. In the immediate vicinity of the subject, land uses include a mix of retail, mobile home park, industrial and office/showroom.

Other land use characteristics for the subject's immediate area are summarized below.

Subject's Immediate Surrounding Land Uses

North: Railroad Tracks/Industrial/Flex Buildings

South: Highway 10/General Commercial Uses

East: Sunfish Lake Blvd/Garden Center

West: Retail Center/Mobile Home Park

Market Participant Interviews

For this specific appraisal assignment, market participants were interviewed to discuss general market conditions, as well as specific factors influencing the subject property. A brief summary of the discussions is as follows:

- **Subject Listing Broker – (Nate Hansen, Colliers International):**

Comments:

- The subject had good, successful operation as a gas station until the access changed as part of the 2007/2008 road project along US Highway 10 and Sunfish Lake Boulevard.
- Now, the right-in, right-out only access from Highway 10 and Sunfish Lake Boulevard has limited potential buyers of the subject, particularly those desiring high-traffic uses. The train tracks to the north of the property also limit the potential for u-turns.
- In all four Anoka County long-term plans associated with the subject's corridor, the subject (and other nearby properties) are specifically identified as being eventually taken by the County via eminent domain or other, earlier means.
- Since listing the property approximately 6 months ago, they have presented the subject to numerous gas station owner/operators, all of which were not interested in the subject given the access constraints.
- He stated that the most probable use for the subject would be to remove the canopy and fuel tanks, and to renovate the improvements into a general retail use with 1-3 tenants. He noted that they would not be national-credit tenants (which would be precluded given the access issue), but that it would most likely be local-credit tenants that are more destination oriented as opposed to traffic-centric.
- He did not have an exact estimate of the cost of removing the canopy and tanks, or of the interior demising or car wash conversion costs. However, he thought the canopy and tanks could potentially cost \$50,000 to \$75,000 total. He stated that the property would need a new façade, and while it was structurally sound, it was a little beat up inside, and would require some work to get it to a vanilla shell.

- **Broker 1 – (Confidential)**

Comments:

- Has several land listings along US Highway 10.
- Access is a big issue, because people know that they (i.e. the County and Cities) are taking away access points.
- Retailers want full access and visibility; they need both.

- Along Highway 10, very few get full access.
 - He knew of the subject property and thought that the underlying land value would be in the \$5.00 to \$7.00 per SF range.
-
- **Broker 2 – (Confidential)**
Comments:
 - Very active in the northern/northwestern Twin Cities market area.
 - Knew the subject property and has been inside of it in the past.
 - In order to convert the space to general retail, he estimated the following costs:
 - \$6.00 to \$10.00 per SF for interior demising of the existing retail/c-store space.
 - \$20.00 to \$25.00 per SF for remodeling of the car wash space, converting it to rentable retail space, considering the possibility for it to be either fully functional retail space or perhaps storage space for the retail units.
 - In addition, a landlord-paid tenant improvement allowance of \$5.00 to \$10.00 would be required, above and beyond the vanilla shell conversion, which would go toward minimal interior finish for the local-credit, low quality build out that would be anticipated (not a Starbuck’s build-out requirement, or rent amount).
 - In a scenario with better access, rents could be high teen’s to as high as \$20 per SF. But as a result of the access issue at the subject, the rent would most likely be in the \$10.00 to \$12.00 per SF range on a net basis.
-
- **Market Participant 1 – (Confidential)**
Comments:
 - Canopy and Tank Removal costs would likely be as low as \$20,000, but no higher than \$100,000 unless major environmental issues were identified.
-
- **Market Participant 2 – (Confidential)**
Comments:
 - Tank Removal costs are typically \$1.00 per gallon of tank size, noting economies of scale with smaller versus larger sizes.

HIGHEST AND BEST USE ANALYSIS

HIGHEST AND BEST USE DEFINITION

The Dictionary of Real Estate Appraisal, Fifth Edition. (Appraisal Institute, Chicago, 2010), defines the highest and best use as:

The most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value of the property being valued.

To determine the highest and best use the subject site is typically evaluated under two scenarios: as though vacant land and as presently improved. In both cases, the property's highest and best use must meet the four criteria described above.

Highest and Best Use – As Though Vacant

Physically Possible

The physical possibility of a use is dictated by the size, shape, topography, availability of utilities, and any other physical aspects of the site. The subject site contains 1.65 acres, or 71,996 square feet. The site is irregular in shape, and has a level topography. It has average frontage, poor access, and above average visibility. The overall utility of the site is considered to be below average.

Legally Permissible

The zoning regulations in effect at the time of the appraisal determine the legal permissibility of a potential use of the subject site. As described in the Zoning section, the subject site is zoned H1 - Highway 10 Business District by the City of Ramsey. Permitted uses within this district include various non-traffic intensive commercial uses. Given the interim nature of this zoning district, new development on the subject site, if it were vacant, would likely be limited. However, as discussed in our Hypothetical Condition, we are invoking the Scope of the Project Rule, and are therefore considering the potential legally permissible uses of the subject outside of the proposed project. Based on our analysis of the zoning code, it appears that the desired uses include commercial uses that minimize traffic and access. This is already a limitation posed to the subject property given its existing access configuration. We consider this type of use as the physically possible and legally permissible uses in our analysis.

Financially Feasible

In order to be seriously considered, a use must have the potential to provide a sufficient return to attract investment capital over alternative forms of investment. A positive net income or acceptable rate of return would indicate that a use is financially feasible. Financially feasible uses are those uses that can generate a profit over and above the cost of acquiring the site, and constructing the improvements.

Given the developed nature of the subject's immediate neighborhood, the site could accommodate a variety of non-traffic-oriented retail uses and would likely be developed immediately with some type of retail use. This would include more destination-oriented users similar to those in the adjacent retail center to the west of the subject property.

Maximally Productive

Of the uses that are permitted, possible, and financially feasible, the one that will result in the maximum value for the property is considered the highest and best use. There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than immediate general retail development. Accordingly, it is our opinion that immediate general retail development, consistent with the normal market density level permitted by zoning, is the maximally productive use of the property as though vacant.

CONCLUSION

We have considered the legal issues related to zoning and legal restrictions. We also analyzed the physical characteristics of the site to determine what legal uses would be possible, and considered the financial feasibility of these uses to determine the use that is maximally productive.

Considering the subject site's physical characteristics and location, as well as the state of the local market, it is our opinion that the concluded highest and best use of the subject as though vacant, is immediate general retail development.

Highest and Best Use – As Improved

The Dictionary of Real Estate Appraisal, Fifth Edition (Appraisal Institute, Chicago, 2010) defines highest and best use of the property as improved as:

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

In analyzing the Highest and Best Use of a property as improved, it is recognized that the improvements should continue to be used until it is financially advantageous to alter physical elements of the structure or to demolish it and build a new one.

Physically Possible

The subject improvements were constructed in 2003. In the “as-is” condition, the property is configured for gas station and car wash use, with a small retail/restaurant component. However, as discussed earlier, the access to the subject (right-in, right-out only from both northbound Highway 10 and southbound Sunfish Lake Boulevard), significantly impacts the possible uses of the subject. It would be physically possible to remove the subject’s canopy and underground fuel tanks, and to convert the car wash space and demise the interior of the c-store space to accommodate a general retail use. This would result in a use similar to the adjacent retail center to the west of the subject, which shares the same access as the subject.

Legally Permissible

As described in the Zoning Analysis section of this report, the subject site is zoned H1 - Highway 10 Business District. The site is improved with an existing gas station/retail building. In the Zoning section of this appraisal, we determined that the existing improvements represent a legal nonconforming use. Again, permitted uses within this district include various non-traffic intensive commercial uses. Given the interim nature of this zoning district, new development on the subject site, if it were vacant, would likely be limited. However, as discussed in our Hypothetical Condition, we are invoking the Scope of the Project Rule, and are therefore considering the potential legally permissible uses of the subject outside of the proposed project. Based on our analysis of the zoning code, it appears that the desired uses include commercial uses that minimize traffic and access. This is already a limitation posed to the subject property given its existing access configuration.

Financially Feasible

The subject property had reportedly been successfully occupied and operated as a gas station/fast food restaurant until the road improvement project along Highway 10 and Sunfish Lake Boulevard (circa 2007/2008) changed the access to right-in, right-out only from northbound Highway 10 and southbound Sunfish Lake Boulevard. After that road project, the property continued to operate at lower levels than historically had been achieved, but was eventually vacated. This included both the gas station as well as the restaurant space which had originally been a Taco Johns but was subsequently converted to an off-brand “Taco Pulco” restaurant. The property was marketed for a couple years by Calhoun Companies as an operating gas station/restaurant property for \$1,495,000, but was not sold. Approximately 6 months ago, the property was listed with another broker who listed the property for \$695,000. Our interview with the listing broker revealed that he had presented the listing to numerous gas station owner/operators, none of whom were interested in the subject given the access issue.

Based on our market analysis and market participant interviews, it is our conclusion that there are two financially feasible uses for the subject in our analysis: demolish the site and re-develop with an alternative use, or to renovate the existing improvements into a general retail use.

Maximally Productive

In the previous analysis, we determined that both demolishing the improvements and redeveloping the site as well as renovating the existing improvements to a general retail use would be financially feasible. In order to determine which would be the maximally productive, we consider our land value conclusion and our “as-is” market value conclusion for the subject both concluded in this appraisal. The conclusions show that there is some residual value to the existing improvements above and beyond the land value, particularly when factoring in potential razing costs for demolishing the entire improvements and redeveloping the site. As a result, it is our conclusion that the maximally productive use is to renovate the existing improvements into a general retail use.

CONCLUSION

It is our opinion that the existing improvements add value to the site as though vacant. It is our opinion that **immediate renovation to general retail use is maximally productive and therefore the highest and best use of the site as improved.**

MOST PROBABLE BUYER

Taking into account the size and class of the property, as well as its projected occupancy, the likely buyer is a local owner-user (full or partial) or investor.

THE VALUATION PROCESS

Valuation Methodology

The traditional methods of processing market data into a value indication include:

- Cost Approach;
- Sales Comparison Approach; and
- Income Capitalization Approach.

The Cost Approach is based on the assumption that an informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land, or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The Sales Comparison Approach is based on the assumption that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data that can be verified from authoritative sources. The Sales Comparison Approach is less reliable in an inactive market, or when estimating the value of properties for which no real comparable sales data is available. It is also questionable when sales data cannot be verified with principals to the transaction.

The Income Capitalization Approach reflects the market's perception of a relationship between a property's potential income and its market value, a relationship expressed as a capitalization rate. This approach converts the anticipated benefits (dollar income or amenities) to be derived from the ownership of property into a value indication through capitalization. This approach is widely applied when appraising income-producing properties.

In appraisal practice, an approach to value is included or eliminated based on its applicability to the property type being valued and the quality of information available. The reliability of each approach depends on the availability and comparability of market data as well as the motivation and thinking of purchasers.

Use of the approaches in this assignment is summarized as follows:

APPROACHES TO VALUE		
Approach	Necessary for Credible Results?	Use in Assignment
Cost Approach	No	Not Utilized
Sales Comparison Approach	Yes	Utilized
Income Capitalization Approach	Yes	Utilized

This appraisal utilizes the Sales Comparison and Income Approaches. The Cost Approach was excluded due to the presence of significant depreciation at the subject, and to the concluded highest and best use resulting in a remodeling of the improvements, and finally because most market participants do not rely on this approach for properties such as the subject.

Final Reconciliation Process

The valuation process is concluded by analyzing each approach to value used in the appraisal. When more than one approach is used, each approach is judged based on its applicability, reliability, and the quantity and quality of its data. A final value opinion is chosen that either corresponds to one of the approaches to value, or is a correlation of all the approaches used in the appraisal.

LAND VALUATION

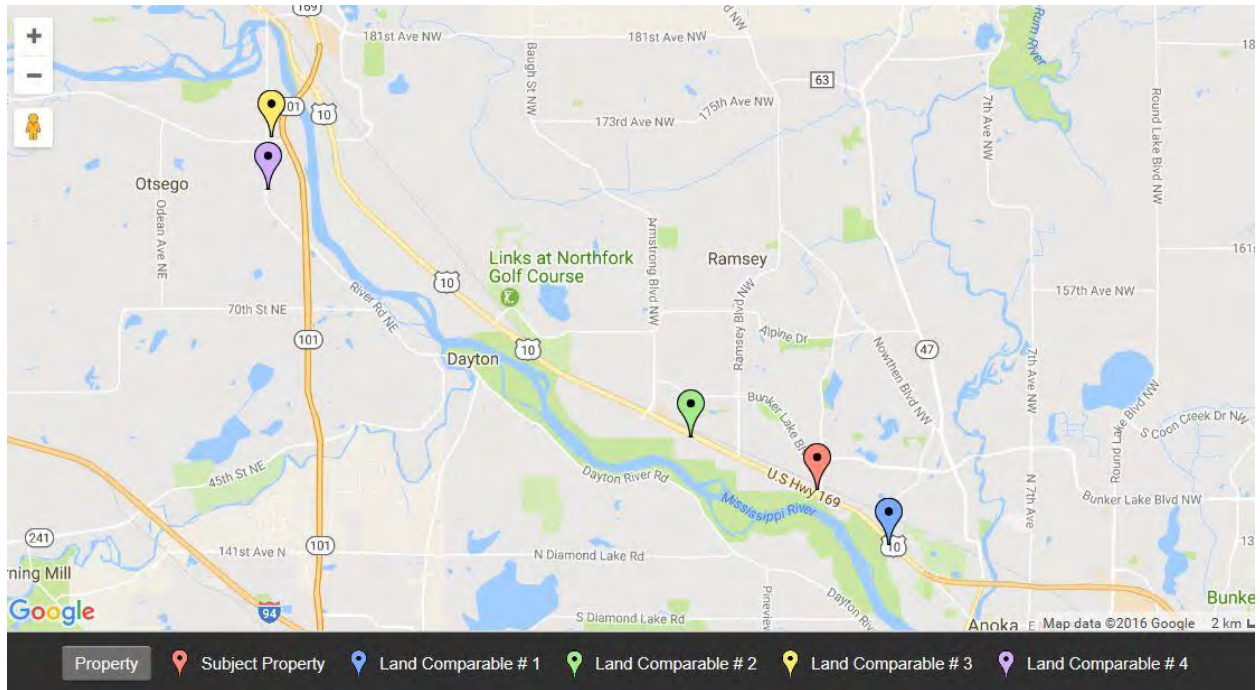
To develop an opinion of the subject's land value, we utilize the Sales Comparison Approach, which is usually the most appropriate method for valuing land. A search of public records and proprietary data sources was conducted to identify recent land sales and listings in proximity to the subject and having a similar highest and best use.

Out of all data reviewed, the following sales are selected as the best indicators of the subject's value. We choose price per square foot of land area as the most appropriate unit of comparison because market participants typically compare sale prices and land values of properties similar to the subject on this basis.

SUMMARY OF COMPARABLE LAND SALES

#	Property Name Address, City, State	Usable Land:	Access; Visibility	Shape; Topography	Zoning; Use	Grantor; Grantee	Sale Date	Sale Price	\$ per SF of Land
		SF; Acres							
1	Kwik Trip Site 2900 Cutters Grove Avenue Anoka, MN 55303 Comments: This was an existing gas station that was purchased and subsequently redeveloped with a Kwik Trip brand gas station. Based on our research, it appears that the entire property was remodeled whereby the position of the building and canopies essentially switched.	62,291 1.43	Excellent Above Average	Irregular Generally level	B-2, Shopping Center Business Gas Station Redevelopment	Gulf Coast Bank & Trust Convenience Store Investments	Sep-11	\$600,000	\$9.63
2	7817 Riverdale Drive Site 7817 Riverdale Drive Ramsey, MN 55303 Comments: This is a purchase of a land parcel that was bought in conjunction (simultaneously) with the adjacent improved property. The details of this sale reflect the land parcel only, as it was reportedly negotiated separately and a separate CREV was filed, etc. The property was subsequently developed/used as an RV/auto-related sales lot.	50,530 1.16	Average Above Average	Rectangular Generally level	B-2 RV/Auto Sales Lot	Parent Professional Properties DSB Ventures, LLC	Nov-12	\$257,000	\$5.09
3	90th Street NE & Quantrell Avenue NE 90th Street NE & Quantrell Avenue NE Otsego, MN 55330 Comments: This is the sale of two land parcels with above average access and visibility along Highway 101 just south of Elk River where Highway 101 meets Highway 10/169. The buyer, who has no immediate plans for development, is also assuming the outstanding special assessment balance of \$105,705.50. However, the buyer anticipates meeting the minimum value threshold once the site is developed in order to qualify for a development incentive payment from the City in the amount of \$108,690.35. As such, the buyer considered the two amounts to offset each other. These parcels were lender-owned, and based on our verification of the sale, this appears to have negatively influenced the price achieved.	145,490 3.34	Above Average Above Average	Irregular Generally level	PUD Future retail	GCI Capital Otsego Devs, LLC	Oct-16	\$390,000	\$2.68
4	Kwik Trip Site 70th Street & Highway 101 Otsego, MN 55330 Comments: This site is located at the northeast quadrant of Highway 101 and 70th Street. The site is situated at the exit ramp onto 70th, a signalized intersection providing direct access to the site. The property is a platted site.	258,979 5.95	Excellent Above Average	Irregular Level	B-3/General Business Kwik Trip	Darkenwald's Riverbend Company II, LLP Kwik Trip, Inc.	Dec-15	\$1,839,575	\$7.10
STATISTICS									
		Land SF					Sale Date	Sale Price	\$ per SF of Land
	Low	50,530					Sep-11	\$257,000	\$2.68
	High	258,979					Oct-16	\$1,839,575	\$9.63
	Average	129,322					May-14	\$771,644	\$6.13
	Median	103,891					May-14	\$495,000	\$6.09
SUBJECT									
	Former Shell Gas Station/Retail Property 6401 Highway 10 Ramsey, MN 55303	71,996	Poor Above Average	Irregular Level	H1 - Highway 10 Business District				

Comparable Land Sales Map



Property	Address
Subject Property	6401 Highway 10, Ramsey, MN 55303
Land Comparable # 1	2900 Cutters Grove Avenue, Anoka, MN 55303
Land Comparable # 2	7817 Riverdale Drive, Ramsey, MN 55303
Land Comparable # 3	90th Street NE & Quantrell Avenue NE, Otsego, MN 55330
Land Comparable # 4	70th Street & Highway 101, Otsego, MN 55330

Location & Property Identification

Property Name: Kwik Trip Site
Sub-Property Type: Land: Commercial
Address: 2900 Cutters Grove Avenue
City, State, Zip: Anoka, MN, 55303
County: Anoka
MSA: Minneapolis/St. Paul
Legal/Tax/Parcel ID: 02-31-25-11-0018

Acres (gross): 1.43
Land SF (gross): 62,291
Acres (usable): 1.43
Land SF (usable): 62,291
Shape: Irregular
Topography: Generally level
Access: Excellent
Visibility: Above Average



Zoning Designation:
 B-2, Shopping Center Business

Sale Information

Sale Price: \$600,000
Effective RE Sale Price: \$600,000
Sale Date: 9/30/2011

Sale Status: Closed

\$/Acre (gross): \$419,580
\$/Land SF (gross): \$9.63

\$/Acre (usable): \$419,580
\$/Land SF (usable): \$9.63

Grantor/Seller: Gulf Coast Bank & Trust
 Convenience Store
Grantee/Buyer: Investments

Property Rights Conveyed: Fee Simple
% of Interest Conveyed: 100%
Terms of Sale: Market oriented

Verification Type: Reliable third party

Comments:

This was an existing gas station that was purchased and subsequently redeveloped with a Kwik Trip brand gas station. Based on our research, it appears that the entire property was remodeled whereby the position of the building and canopies essentially switched.

Location & Property Identification

Property Name: 7817 Riverdale Drive Site
Sub-Property Type: Land: Commercial
Address: 7817 Riverdale Drive
City, State, Zip: Ramsey, MN, 55303
County: Anoka
MSA: Minneapolis/St. Paul
Legal/Tax/Parcel ID: 28-32-25-32-0008 (Now part of -0025)

Acres (gross): 1.16
Land SF (gross): 50,530
Acres (usable): 1.16
Land SF (usable): 50,530
Shape: Rectangular
Topography: Generally level
Access: Average
Visibility: Above Average

Sale Information

Sale Price: \$257,000
Effective RE Sale Price: \$257,000
Sale Date: 11/8/2012

Sale Status: Closed

\$/Acre (gross): \$221,552
\$/Land SF (gross): \$5.09

\$/Acre (usable): \$221,552
\$/Land SF (usable): \$5.09

Grantor/Seller: Parent Professional Properties
Grantee/Buyer: DSB Ventures, LLC

Property Rights Conveyed: Fee Simple
% of Interest Conveyed: 100%
Terms of Sale: Market oriented

Verification Type: Reliable third party



Zoning Designation: B-2

Comments:

This is a purchase of a land parcel that was bought in conjunction (simultaneously) with the adjacent improved property. The details of this sale reflect the land parcel only, as it was reportedly negotiated separately and a separate CREV was filed, etc. The property was subsequently developed/used as an RV/auto-related sales lot.

Location & Property Identification

Property Name: 90th Street NE & Quantrell Avenue NE
Sub-Property Type: Land: Commercial
Address: 90th Street NE & Quantrell Avenue NE
City, State, Zip: Otsego, MN, 55330
County: Wright
MSA: Minneapolis/St. Paul
Legal/Tax/Parcel ID: 118-264-000030, & -000040

Acres (gross): 3.34
Land SF (gross): 145,490
Acres (usable): 3.34
Land SF (usable): 145,490
Shape: Irregular
Topography: Generally level
Access: Above Average
Visibility: Above Average



Zoning Designation:
 PUD

Sale Information

Sale Price: \$390,000
Effective RE Sale Price: \$390,000
Sale Date: 10/11/2016
List Date: 8/1/2016
Sale Status: Closed

\$/Acre (gross): \$116,766
\$/Land SF (gross): \$2.68

\$/Acre (usable): \$116,766
\$/Land SF (usable): \$2.68

Grantor/Seller: GCI Capital
Grantee/Buyer: Otsego Devs, LLC

Property Rights Conveyed: Fee Simple
% of Interest Conveyed: 100%
Terms of Sale: Market oriented

Verification Type: Buyer, seller, reliable third party

Comments:

This is the sale of two land parcels with above average access and visibility along Highway 101 just south of Elk River where Highway 101 meets Highway 10/169. The buyer, who has no immediate plans for development, is also assuming the outstanding special assessment balance of \$105,705.50. However, the buyer anticipates meeting the minimum value threshold once the site is developed in order to qualify for a development incentive payment from the City in the amount of \$108,690.35. As such, the buyer considered the two amounts to offset each other. These parcels were lender-owned, and based on our verification of the sale, this appears to have negatively influenced the price achieved.

Location & Property Identification

Property Name: Kwik Trip Site
Sub-Property Type: Land: Commercial
Address: 70th Street & Highway 101
City, State, Zip: Otsego, MN, 55330
County: Wright
MSA: Minneapolis/St. Paul
Legal/Tax/Parcel ID: 118-289-001010

Acres (gross): 5.95
Land SF (gross): 258,979
Acres (usable): 5.95
Land SF (usable): 258,979
Shape: Irregular
Topography: Level
Access: Excellent
Visibility: Above Average



Utilities:

Available: Electric, Natural Gas, City Water, City Sewer,

Zoning Designation:

B-3/General Business

Sale Information

Sale Price: \$1,839,575
Effective RE Sale Price: \$1,839,575
Sale Date: 12/17/2015
List Date: 1/0/1900
Sale Status: Closed

\$/Acre (gross): \$309,415
\$/Land SF (gross): \$7.10

\$/Acre (usable): \$309,415
\$/Land SF (usable): \$7.10

Grantor/Seller: Darkenwald's Riverbend Company II, LLP
Grantee/Buyer: Kwik Trip, Inc.

Property Rights Conveyed: Fee Simple
% of Interest Conveyed: 100%
Terms of Sale: Cash to seller
Document Type: Warranty Deed
 Reliable Third Party, Public
Verification Type: Record

Comments:

This site is located at the northeast quadrant of Highway 101 and 70th Street. The site is situated at the exit ramp onto 70th, a signalized intersection providing direct access to the site. The property is a platted site.

Analysis and Adjustment of Sales

The major points of comparison for this type of analysis include the property rights conveyed, the financial terms incorporated into the transaction, the conditions or motivations surrounding the sale, changes in market conditions since the sale, the location of the real estate, its physical traits and the economic characteristics of the property.

The first adjustment made to the market data takes into account differences between the subject property and the comparable property sales with regard to the legal interest transferred. Advantageous financing terms or atypical conditions of sale are then adjusted to reflect a normal market transaction. Next, changes in market conditions are accounted for, creating a time adjusted price. Lastly, adjustments for location, physical traits and the economic characteristics of the market data are made in order to generate the final adjusted unit rate for the subject property.

Downward adjustments were applied to those factors of comparison where the comparables were considered superior to the subject and, conversely, upward adjustments where the comparables considered inferior. The adjustable elements of comparison are:

Real Property Rights Conveyed

This adjustment is generally applied to reflect the transfer of property rights different from those being appraised, such as differences between properties owned in fee simple and in leased fee.

In this analysis, no adjustments are required.

Financing Terms

This adjustment is generally applied to a property that transfers with atypical financing, such as having assumed an existing mortgage at a favorable interest rate. Conversely, a property may be encumbered with an above-market mortgage which has no prepayment clause or a very costly prepayment clause. Such atypical financing often plays a role in the negotiated sale price.

In this analysis, no adjustments are required.

Conditions of Sale

This adjustment category reflects extraordinary motivations of the buyer or seller to complete the sale. Examples include a purchase for assemblage involving anticipated incremental value or a quick sale for cash. This adjustment category may also reflect a distress-related sale, or a corporation recording a non-market price.

In this analysis, comparable 3 was lender-owned, and according to the listing broker, they had owned the property for several years and were motivated to sell for a below market price.

Expenditures at Purchase

This adjustment is appropriate in situations where the sale price has been influenced by expenditures that the buyer intended to make immediately after purchase. Examples include buyer-paid sales commissions, buyer-paid back taxes, and costs to demolish obsolete structures to clear a site for redevelopment.

In this analysis, any expenditures at purchase were included in the effective sale price listed in the table, and therefore are reflected in the per unit indication.

The previous adjustments, if required, are applied sequentially.

Time - Market Conditions

Real estate values normally change over time. The rate of this change fluctuates due to investors' perceptions of prevailing market conditions. This adjustment category reflects value changes, if any, that have occurred between the date of the sale and the effective date of the appraisal.

In this analysis, we determined the "as-is" market value using the date of December 2, 2016. All of the comparables were adjusted to this date. The sales that are included in this analysis occurred between September 2011 and October 2016. The market has improved over this time period; as such, we apply a compound annual market conditions adjustment of 2.0 percent.

Time - Market Conditions adjustments are applied after the previous adjustments, but before any of the following adjustments.

Location

Location has a great impact on property values. This adjustment category considers general market area influences as well as a property's accessibility and visibility from a main thoroughfare.

In this analysis, we first applied macro-level location adjustments to comparables 1, 3 and 4 to account for overall differences in locations, surrounding development, proximity to the core TCMA and general neighborhood access characteristics.

Subsequently, we applied specific adjustments for access and visibility, as follows:

DERIVATION OF ACCESS ADJUSTMENT				
Rating Scale:	Incremental Adjustment:			
-Poor	5.00%			
-Below Average				
-Average				
-Above Average				
-Excellent				
	SALE # 1	SALE # 2	SALE # 3	SALE # 4
Access Rating of Comparable	Excellent	Average	Above Average	Excellent
Subject Access Rating	Poor	Poor	Poor	Poor
Difference in Rating (1 per Increment)	-4	-2	-3	-4
Adjustment Percentage (per increment)	5.00%	5.00%	5.00%	5.00%
Final Indicated Access Adjustment	-20.00%	-10.00%	-15.00%	-20.00%

DERIVATION OF VISIBILITY ADJUSTMENT				
Rating Scale:	Incremental Adjustment:			
-Poor	5.00%			
-Below Average				
-Average				
-Above Average				
-Excellent				
	SALE # 1	SALE # 2	SALE # 3	SALE # 4
Visibility Rating of Comparable	Above Average	Above Average	Above Average	Above Average
Subject Visibility Rating	Above Average	Above Average	Above Average	Above Average
Difference in Rating (1 per increment)	0	0	0	0
Adjustment Percentage (per increment)	5.00%	5.00%	5.00%	5.00%
Final Indicated Visibility Adjustment	0.00%	0.00%	0.00%	0.00%

Physical Characteristics

This adjustment category generally reflects differences such as site size, configuration, availability of utilities, or topography.

In this analysis, we apply size adjustments to comparables 3 and 4.

Use

This adjustment category generally addresses any differences between the highest and best use of the subject and the comparables.

In this analysis, we apply downward adjustments to comparables 1 and 4, which were bought for gas station use, as the subject's zoning (and our H&BU) conclusion precludes the subject from being a gas station or high-traffic retail use site. We have considered this adjustment in combination with the access and visibility adjustments.

A summary of all the adjustments applied to the comparables is located on the following table:

Land Sales Adjustment Grid

DESCRIPTION	SUBJECT	1	2	3	4
Address	Former Shell Gas Station/Retail Property 6401 Highway 10 Ramsey, MN 55303	Kwik Trip Site 2900 Cutters Grove Avenue Anoka, MN 55303	7817 Riverdale Drive Site 7817 Riverdale Drive Ramsey, MN 55303	90th Street NE & Quantrell Avenue NE 90th Street NE & Quantrell Avenue NE Otsego, MN 55330	Kwik Trip Site 70th Street & Highway 101 Otsego, MN 55330
Access	Poor	Excellent	Average	Above Average	Excellent
Visibility	Above Average	Above Average	Above Average	Above Average	Above Average
Land Area (SF)	71,996	62,291	50,530	145,490	258,979
Zoning	H1 - Highway 10 Business District	B-2, Shopping Center Business	B-2	PUD	B-3/General Business
Unadjusted Price per SF		\$9.63	\$5.09	\$2.68	\$7.10
Sale Date		Sep-11	Nov-12	Oct-16	Dec-15
Cumulative Adjustments					
Property Rights					
Financing					
Conditions of Sale				25%	
Market Conditions		10.8%	8.4%	0.3%	1.9%
Effective \$/SF		\$10.67	\$5.51	\$3.36	\$7.24
Additive Adjustments					
Location		-5%		5%	5%
Access		-20%	-10%	-15%	-20%
Visibility		0%	0%	0%	0%
Physical Characteristics				5%	10%
Zoning/Use		-25%			-25%
Net Adjustment		-50%	-10%	-5%	-30%
Adjusted Price per SF		\$5.34	\$4.96	\$3.19	\$5.07

LAND VALUE CONCLUSION

Based on the preceding analysis and adjustments, the comparable land sales provide a range of adjusted value indications from \$3.19 to \$5.34 per SF of land area, with an average of \$4.64 and a median of \$5.01 per SF of land area. Giving roughly equal weight to each comparable, though less weight to comparable 3, it is our opinion that the applicable unit value is \$5.00 per SF of land area, resulting in the following indicated land value:

Indicator	Unadjusted Price per SF	Adjusted Price per SF
Range	\$2.68 - \$9.63	\$3.19 - \$5.34
Average	\$6.13	\$4.64
Median	\$6.09	\$5.01
Site Size (SF)	Value per SF	Total
71,996	\$5.00	\$359,980
Opinion of Value Site as Vacant - Rounded to Nearest: \$10,000		\$360,000

Other Sales or Listings Considered

In addition to the comparables analyzed above, we also considered the following listings and/or sales in our analysis and conclusion:

2520 N Ferry Street, Anoka

This former Sinclair Gas Station is located on the northeast quadrant of US Highway 10 and Ferry Street N, in Anoka. The site is located just off the interchange, and access is considered average. Visibility is considered average to below average. The building and canopy remain on the site, but according to the listing, the tanks have been removed and there is a no action letter from the MPCA. The building area is 500 SF, and the year built was 1966.



The asking price for this property is \$239,000, or \$10.55 per SF of land area. The property has been on the market for 2,573 days (or over 7 years).

Overall, it is considered to have general comparability to the subject, and while it has inferior visibility, it has superior access to the subject. It's location closer to the core City of Anoka is also a factor. The most important consideration is the very long time the property has been exposed to the market, which would indicate a lack of interest at the list price.

XXX Armstrong Boulevard NW, Ramsey (PID#29-32-25-11-0011)

This is a 5.37 acre parcel of land, zoned TC-2, that is listed for \$1,561,408 or \$6.68 per SF of land area. This property has been listed for 162 days (or 0.44 years).



XXX Highway 10 NW, Anoka, MN (PID#s 01-31-25-22-0050 & -0067)

This is a closed sale of a 0.66 acre parcel of land where the City of Anoka purchased the property, reportedly related to the Highway 10 transportation system improvement project. The sale date was 4/29/2015, and the sale price was \$140,000, or \$4.87 per SF of land area.

6050-6080 Highway 10 NW, Anoka, MN (Former PID#s 35-32-25-31-0001 & -0004)

This was the sale of a total of 3.55 acres of land (with economically depleted improvements) that were purchased by the City of Anoka. The sale date was 3/2/2015, and the sale price was \$388,100, which is equal to \$2.51 per SF of land area. The property had reportedly been on the market for five years, with an initial asking price of \$575,000.



XXX Yale Court, Elk River, MN (PID#75-784-0120)

This 1.45 acre parcel of land was purchased on 6/5/2015 for \$185,000 (or \$2.93 per SF of land area) by the City of Elk River Economic Development department. The property was zoned for Highway Commercial use.



SALES COMPARISON APPROACH

In the Sales Comparison Approach, sales of comparable properties are adjusted for differences to estimate a value for the subject property. This approach relies on the principle of substitution, which holds that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution.

A unit of comparison such as price per square foot of building area or effective gross income multiplier is typically used to value the property. Adjustments are applied to the unit of comparison from an analysis of comparable sales, and the adjusted unit of comparison is then used to derive an opinion of value for the subject property.

The following pages contain a summary of the improved properties that were compared to the subject property, a map showing their locations, detailed write-ups of each sale, as well as the adjustment process.

To apply the Sales Comparison Approach, we searched for sale transactions within the following parameters:

- Property Type: Retail
- Location: Throughout the Northwest Submarket
- Size: 5,000 to 25,000 square feet of NRA
- Age/Quality: Ideally within 10 years effective age of the subject
- Transaction Date: 1/1/2014 to present

Summary of Comparable Sales

A search of public records and proprietary data sources was conducted to identify recent improved sales and listings in proximity to the subject and having a similar highest and best use.

Out of all data reviewed, the following sales are selected as the best indicators of the subject's value. We choose price per square foot of Net Rentable Area (NRA) as the most appropriate unit of comparison because market participants typically compare sale prices and values on this basis.

SUMMARY OF COMPARABLE IMPROVED SALES

Name # Address	GBA (SF); NRA (SF)	Yr Built; # Stories	Condition	Acres; LTB Ratio; Pkg Ratio	Grantor; Grantee	% Occ.; NOI/SF; Cap Rate	Sale Price; Sale Date; Prop. Rights	\$ per SF of NRA
1 Ham Lake Retail Center 16210-16230 Aberdeen Street NE Ham Lake, MN 55304 Comments:	17,144 17,144	1998 1	Average	2.35 5.97 2.04	BankCherokee HTP LLC	NAV \$6.77 10.00%	\$1,160,000 Jan-14 Leased Fee	\$67.66
This is a sale of a multi-tenant retail center in Ham Lake, MN. The property was on the market for one year, with an initial asking price of the property was \$1,200,000. The transaction was in escrow for approximately 60 days. This sale had no reported sale conditions. The sale was verified with the seller broker and with seller.								
2 Boulevard Center 6211-6225 Brooklyn Blvd Brooklyn Center, MN 55429 Comments:	20,120 20,120	1965 1	Average	2.22 4.81 8.15	Kraus-Anderson Realty Company RP Mallery Group, LLC	100% \$11.32 9.97%	\$2,285,000 Aug-13 Leased Fee	\$113.57
The 20,120 square foot retail center sold for \$2,285,000 or \$113.57 per square foot. The center is fully leased with a cap rate near 10%. 70% of tenants have lease terms of longer than 5 years. Details were confirmed by parties on both sides of the transaction as well as through county documents.								
3 Albertville Plaza 11011 61st Street NE Albertville, MN 55301 Comments:	11,688 11,688	2001 1	Average	2.41 8.98 3.42	Albertville Plaza, LLC Excelsior Property, LLC	100% \$8.00 8.50%	\$1,100,000 Aug-16 Leased Fee	\$94.11
This is a sale of a multi-tenant retail center in Albertville, MN. The property was reportedly 100% occupied by 5 tenants at the time of sale, and sold for an 8.50% cap rate on in-place NOI. Tenants were local-credit quality.								
4 Family Dollar/O'Reilly's 180 Jefferson Boulevard Big Lake, MN 55309 Comments:	14,000 14,000	2004 1	Average	0.58 1.80 2.14	Charles Crotty Big Lake Center, LLC	100% \$9.30 7.75%	\$1,680,000 Jun-15 Leased Fee	\$120.00
This is a sale of a two-tenant net leased property. The two tenants are Family Dollar and O'Reilly's Auto Parts.								
5 Jefferson Plaza 8501-8511 Jefferson Lane N Brooklyn Park, MN 55445 Comments:	17,927 17,927	2002 1	Average	1.91 4.64 4.24	Jefferson Properties, LLC Jefferson Plaza Partners, LLC	79% \$12.10 8.34%	\$2,600,000 Dec-15 Leased Fee	\$145.03
This is a sale of a multi-tenant retail center in Brooklyn Park. Reported occupancy was just under 80%, and the reported cap rate was 8.34%. The tenants were mostly local credit quality.								

STATISTICS

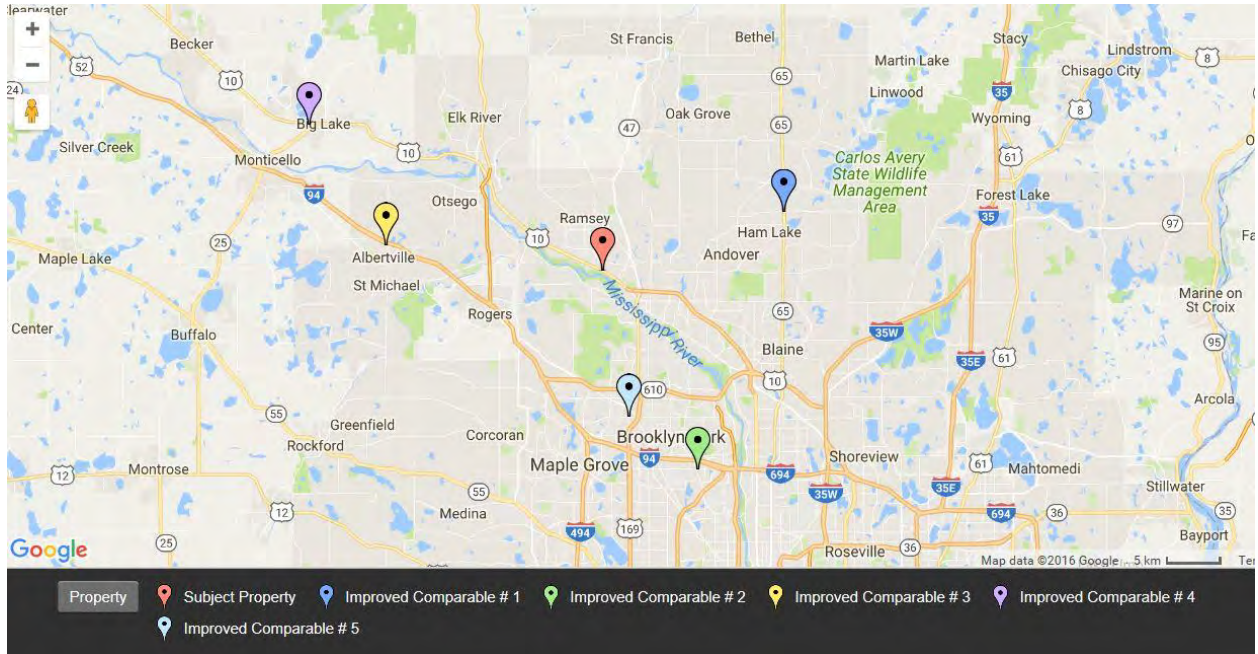
	NRA	Year Built	Parking Ratio	LTB Ratio	Sale Date	Cap Rate	Sale Price	\$ per SF of NRA
Low	11,688	1965	2.04	1.80	Aug-13	7.75%	\$1,100,000	\$67.66
High	20,120	2004	8.15	8.98	Aug-16	10.00%	\$2,600,000	\$145.03
Average	16,176	1994	4.00	5.24	Feb-15	8.91%	\$1,765,000	\$108.08
Median	17,144	2001	3.42	4.81	Jun-15	8.50%	\$1,680,000	\$113.57

SUBJECT

Former Shell Gas Station/Retail Property
6401 Highway 10
Ramsey, MN 55303

8,998 2003 Above Average 8.00
3.33

Improved Sales Map



Property	Address
Subject Property	6401 Highway 10, Ramsey, MN 55303
Improved Comparable # 1	16210-16230 Aberdeen Street NE, Ham Lake, MN 55304
Improved Comparable # 2	6211-6225 Brooklyn Blvd, Brooklyn Center, MN 55429
Improved Comparable # 3	11011 61st Street NE, Albertville, MN 55301
Improved Comparable # 4	180 Jefferson Boulevard, Big Lake, MN 55309
Improved Comparable # 5	8501-8511 Jefferson Lane N, Brooklyn Park, MN 55445

Location & Property Identification

Property Name: Ham Lake Retail Center
Sub-Property Type: Commercial/Retail
Address: 16210-16230 Aberdeen Street NE
City, State, Zip: Ham Lake, MN, 55304
County: Anoka
MSA: Minneapolis/St. Paul
Legal/Tax/Parcel ID: 17-32-23-13-0017



Sale Information

Sale Price: \$1,160,000
Effective RE Sale Price: \$1,160,000
Sale Date: 1/21/2014

Sale Status: Closed

\$/SF (GBA): \$67.66
\$/SF (NRA): \$67.66

Grantor/Seller: BankCherokee
Grantee/Buyer: HTP LLC

Property Rights Conveyed: Leased Fee
% of Interest Conveyed: 100%
Terms of Sale: Market oriented
Document Type: Warranty Deed
Verification Type: Verified with Buyer

Operating Data and Key Indicators

% Occupied: NAV
of Tenants: 9
Net Operating Income: \$116,000
Reserves Included: NAV
Operating Data Type: NAV
Capitalization Rate: 10.00%
Management Included: NAV

Comments:

This is a sale of a multi-tenant retail center in Ham Lake, MN. The property was on the market for one year, with an initial asking price of the property was \$1,200,000. The transaction was in escrow for approximately 60 days. This sale had no reported sale conditions. The sale was verified with the seller broker and with seller.

Site and Improvement Data

Acres (gross): 2.35
Land SF (gross): 102,366
Acres (usable): 2.35
Land SF (usable): 102,366

Access: Average
Visibility: Average

Zoning Designation: Commercial

GBA SF: 17,144
NRA SF: 17,144
Year Built/Renovated: 1998/
Condition of Improvements: Average
Buildings/# Stories: 1 / 1
Occupancy Type: Multi-tenant
Units: 9

Land-to-Building Ratio: 5.97
Parking Ratio (per 1,000 SF GBA): 2.04

Property Information Source: Reliable third party

Location & Property Identification

Property Name: Boulevard Center
Sub-Property Type: Commercial/Retail
Address: 6211-6225 Brooklyn Blvd
City, State, Zip: Brooklyn Center, MN, 55429
County: Hennepin
MSA: Minneapolis/St. Paul
Legal/Tax/Parcel ID: 34-119-21-43-0006



Sale Information

Sale Price: \$2,285,000
Effective RE Sale Price: \$2,285,000
Sale Date: 8/14/2013
List Date: 8/14/2013
Sale Status: Closed

\$/SF (GBA): \$113.57
\$/SF (NRA): \$113.57

Grantor/Seller: Kraus-Anderson Realty Company
Grantee/Buyer: RP Mallery Group, LLC

Property Rights Conveyed: Leased Fee
% of Interest Conveyed: 100%
Terms of Sale: Market oriented
Document Type: Warranty Deed
Verification Type: Verified with Buyer

Operating Data and Key Indicators

% Occupied: 100%
of Tenants: 6
Net Operating Income: \$227,815
Reserves Included: NAV
Operating Data Type: NAV
Capitalization Rate: 9.97%
Management Included: NAV

Comments:

The 20,120 square foot retail center sold for \$2,285,000 or \$113.57 per square foot. The center is fully leased with a cap rate near 10%. 70% of tenants have lease terms of longer than 5 years. Details were confirmed by parties on both sides of the transaction as well as through county documents.

Site and Improvement Data

Acres (gross): 2.22
Land SF (gross): 96,703
Acres (usable): 2.22
Land SF (usable): 96,703

Access: Average
Visibility: Average

GBA SF: 20,120
NRA SF: 20,120
Year Built/Renovated: 1965/
Condition of Improvements: Average
Buildings/# Stories: 1 / 1
Occupancy Type: Multi-tenant
Units: 6

Land-to-Building Ratio: 4.81
Parking Ratio (per 1,000 SF GBA): 8.15

Property Information Source:
 Reliable third party

Location & Property Identification

Property Name: Albertville Plaza
Sub-Property Type: Retail Center
Address: 11011 61st Street NE
City, State, Zip: Albertville, MN, 55301
County: Wright
MSA: Minneapolis/St. Paul
Legal/Tax/Parcel ID: 101-078-001010



Sale Information

Sale Price: \$1,100,000
Effective RE Sale Price: \$1,100,000
Sale Date: 8/26/2016

Sale Status: Closed

\$/SF (GBA): \$94.11
\$/SF (NRA): \$94.11

Grantor/Seller: Albertville Plaza, LLC
Grantee/Buyer: Excelsior Property, LLC

Property Rights Conveyed: Leased Fee
% of Interest Conveyed: 100%
Terms of Sale: Market oriented

Verification Type: Reliable 3rd Party, Public Record

Operating Data and Key Indicators

% Occupied: 100%
of Tenants: 5
Net Operating Income: \$93,500
Reserves Included: NAV
Operating Data Type: NAV
Capitalization Rate: 8.50%
Management Included: NAV

Comments:

This is a sale of a multi-tenant retail center in Albertville, MN. The property was reportedly 100% occupied by 5 tenants at the time of sale, and sold for an 8.50% cap rate on in-place NOI. Tenants were local-credit quality.

Site and Improvement Data

Acres (gross): 2.41
Land SF (gross): 104,980
Acres (usable): 2.41
Land SF (usable): 104,980

Access: Average
Visibility: Below Average

GBA SF: 11,688
NRA SF: 11,688
Year Built/Renovated: 2001/
Condition of Improvements: Average
Buildings/# Stories: 1 / 1
Occupancy Type: Multi-tenant
Units: 5

Land-to-Building Ratio: 8.98
Parking Ratio (per 1,000 SF GBA): 3.42

Property Information Source: Reliable 3rd Party, Public Record

Location & Property Identification

Property Name: Family Dollar/O'Reilly's
Sub-Property Type: Retail Center
Address: 180 Jefferson Boulevard
City, State, Zip: Big Lake, MN, 55309
County: Sherburne
MSA: Minneapolis/St. Paul
Legal/Tax/Parcel ID: 65-542-0110, -0105



Sale Information

Sale Price: \$1,680,000
Effective RE Sale Price: \$1,680,000
Sale Date: 6/4/2015
List Date: 1/12/2015
Sale Status: Closed

\$/SF (GBA): \$120.00
\$/SF (NRA): \$120.00

Site and Improvement Data

Acres (gross): 0.58
Land SF (gross): 25,265
Acres (usable): 0.58
Land SF (usable): 25,265

Grantor/Seller: Charles Crotty
Grantee/Buyer: Big Lake Center, LLC

Access: Above Average
Visibility: Above Average

Property Rights Conveyed: Leased Fee
% of Interest Conveyed: 100%
Terms of Sale: Market oriented

Verification Type: Reliable 3rd Party, Public Record

GBA SF: 14,000

NRA SF: 14,000
Year Built/Renovated: 2004/
Condition of Improvements: Average
Buildings/# Stories: 1 / 1
Occupancy Type: Multi-tenant
Units: 2

Operating Data and Key Indicators

% Occupied: 100%
of Tenants: 2
Net Operating Income: \$130,200
Reserves Included: NAV
Operating Data Type: NAV
Capitalization Rate: 7.75%
Management Included: NAV

Land-to-Building Ratio: 1.80
Parking Ratio (per 1,000 SF GBA): 2.14

Comments:

This is a sale of a two-tenant net leased property. The two tenants are Family Dollar and O'Reilly's Auto Parts.

Property Information Source:
 Reliable 3rd Party, Public Record

Location & Property Identification

Property Name: Jefferson Plaza
Sub-Property Type: Retail Center
Address: 8501-8511 Jefferson Lane N
City, State, Zip: Brooklyn Park, MN, 55445
County: Hennepin
MSA: Minneapolis/St. Paul
Legal/Tax/Parcel ID: 18-119-21-33-0032



Sale Information

Sale Price: \$2,600,000
Effective RE Sale Price: \$2,600,000
Sale Date: 12/3/2015

Sale Status: Closed

\$/SF (GBA): \$145.03
\$/SF (NRA): \$145.03

Grantor/Seller: Jefferson Properties, LLC
Grantee/Buyer: Jefferson Plaza Partners, LLC

Property Rights Conveyed: Leased Fee
% of Interest Conveyed: 100%
Terms of Sale: Market oriented

Verification Type: Reliable 3rd Party, Public Record

Operating Data and Key Indicators

% Occupied: 79%
of Tenants: 5
Net Operating Income: \$216,840
Reserves Included: NAV
Operating Data Type: NAV
Capitalization Rate: 8.34%
Management Included: NAV

Comments:

This is a sale of a multi-tenant retail center in Brooklyn Park. Reported occupancy was just under 80%, and the reported cap rate was 8.34%. The tenants were mostly local credit quality.

Site and Improvement Data

Acres (gross): 1.91
Land SF (gross): 83,200
Acres (usable): 1.91
Land SF (usable): 83,200

Access: Average
Visibility: Average

GBA SF: 17,927
NRA SF: 17,927
Year Built/Renovated: 2002/
Condition of Improvements: Average
Buildings/# Stories: 1 / 1
Occupancy Type: Multi-tenant
Units: 5

Land-to-Building Ratio: 4.64
Parking Ratio (per 1,000 SF GBA): 4.24

Property Information Source: Reliable 3rd Party, Public Record

Adjustment Process – “AS-STABILIZED” BASIS

Adjustments can be applied through quantitative or qualitative analysis, or both. Quantitative adjustments are specific numeric adjustments that are most credible when adequate data and analysis can be performed such as statistical analysis or matched-pair-sales. Consistent with the scope of work for this assignment, we present numerical adjustments (using percentages) in the sales comparison analysis that follows, but note that they are based on qualitative judgment rather than empirical data. This methodology is commonly used by participants that buy and sell property similar to the subject property, therefore, it is considered the appropriate methodology to use in this assignment. Our qualitative adjustments are based on a scale calibrated in 5% increments, with a minor adjustment considered to be 5% and a substantial adjustment considered to be 25%.

Downward adjustments were applied to those factors of comparison where the comparables were considered superior to the subject and, conversely, upward adjustments where the comparables considered inferior.

Property Rights Conveyed

The property rights conveyed in a transaction typically have an impact on the price that is paid. Acquiring the fee simple interest implies that the buyer is acquiring the full bundle of rights. Acquiring a leased fee interest typically means that the property being acquired is encumbered by at least one lease, which is a binding agreement transferring rights of use and occupancy to the tenant. A leasehold interest involves the acquisition of a lease, which conveys the rights to use and occupy the property to the buyer for a finite period of time. At the end of the lease term, there is typically no reversionary value to the leasehold interest.

In this case, since we are valuing the fee simple interest, an adjustment for property rights is not required. We account for differences in rent and investment risk in our Economics Characteristics adjustment category.

Financial Terms

The financial terms of a transaction can have an impact on the sale price of a property. A buyer who purchases an asset with favorable financing might pay a higher price, as the reduced cost of debt creates a favorable debt coverage ratio. A transaction involving above-market debt will typically involve a lower purchase price tied to the lower equity returns after debt service. We analyzed all of the transactions to account for atypical financing terms.

To the best of our knowledge, all of the sales used in this analysis were accomplished with cash or market-oriented financing. Therefore, no adjustments were required.

Conditions of Sale

Adjustments for conditions of sale usually reflect the motivations of the buyer and the seller. In many situations the conditions of sale may significantly affect transaction prices.

In this case, no adjustments were applied.

The previous adjustments, if required, are applied sequentially.

Market Conditions

Real estate values normally change over time. The rate of this change fluctuates due to investors' perceptions of prevailing market conditions. This adjustment category reflects value changes, if any, that have occurred between the date of the sale and the effective date of the appraisal.

In this analysis, we determined the as-stabilized market value using the date of December 1, 2016/June 1, 2017. All of the comparables were adjusted to this date. The sales that are included in this analysis occurred between August 2013 and August 2016. The market has improved over this period; as such, we apply an annual market conditions adjustment of 2.00%.

Time - Market Conditions adjustments are applied after the previous adjustments, but before any of the following adjustments.

Location

Location has a significant impact on property values. This adjustment category considers general market area influences as well as a property's accessibility and visibility from a main thoroughfare. Differing rent levels or land values are typically good indications that a location adjustment is required.

First, macro-level location adjustments were applied to comparables 1, 4 and 5, to account for overall differences in locations, surrounding development, proximity to the core TCMA and general neighborhood access characteristics

Second, we apply specific micro-level location adjustments to all comparables as appropriate, based on the following analysis:

DERIVATION OF ACCESS ADJUSTMENT					
Rating Scale:	Incremental Adjustment:				
-Poor	5.00%				
-Below Average					
-Average					
-Above Average					
-Excellent					
	SALE # 1	SALE # 2	SALE # 3	SALE # 4	SALE # 5
Access Rating of Comparable	Average	Average	Average	Above Average	Average
Subject Access Rating	Poor	Poor	Poor	Poor	Poor
Difference in Rating (1 per Increment)	-2	-2	-2	-3	-2
Adjustment Percentage (per increment)	5.00%	5.00%	5.00%	5.00%	5.00%
Final Indicated Access Adjustment	-10.00%	-10.00%	-10.00%	-15.00%	-10.00%

DERIVATION OF VISIBILITY ADJUSTMENT					
Rating Scale:	Incremental Adjustment:				
-Poor	5.00%				
-Below Average					
-Average					
-Above Average					
-Excellent					
	SALE # 1	SALE # 2	SALE # 3	SALE # 4	SALE # 5
Visibility Rating of Comparable	Average	Average	Below Average	Above Average	Average
Subject Visibility Rating	Above Average	Above Average	Above Average	Above Average	Above Average
Difference in Rating (1 per Increment)	1	1	2	0	1
Adjustment Percentage (per increment)	5.00%	5.00%	5.00%	5.00%	5.00%
Final Indicated Visibility Adjustment	5.00%	5.00%	10.00%	0.00%	5.00%

Physical Characteristics

Each property has various physical traits that determine its appeal. These traits include size, age, condition, quality, parking ratio and utility.

- We note size differences, but do not apply adjustments as no clear adjustable difference was observed.
- All comparables were adjusted for differences in Age/Quality/Condition, as measured by Effective Age, as follows:

DERIVATION OF AGE ADJUSTMENT					
	SALE # 1	SALE # 2	SALE # 3	SALE # 4	SALE # 5
Date of Sale	Jan-14	Aug-13	Aug-16	Jun-15	Dec-15
Date of Construction	1998	1965	2001	2004	2002
Effective Age at Sale	8	25	8	5	7
Effective Age of Subject Property	5	5	5	5	5
Difference in Age	3	19.5	3	0	2
Annual Depreciation	2.22%	2.22%	2.22%	2.22%	2.22%
<i>(45 year economic life)</i>					
Preliminary Indicated Age Adjustment	6.67%	43.33%	5.56%	0.00%	3.33%
Less: Adjustment to Account for Land*	0.75	0.75	0.75	0.75	0.75
Final Indicated Age Adjustment	5.00%	32.50%	4.17%	0.00%	2.50%

*Land does not depreciate

- Comparable 2 was adjusted for a significantly superior parking ratio.

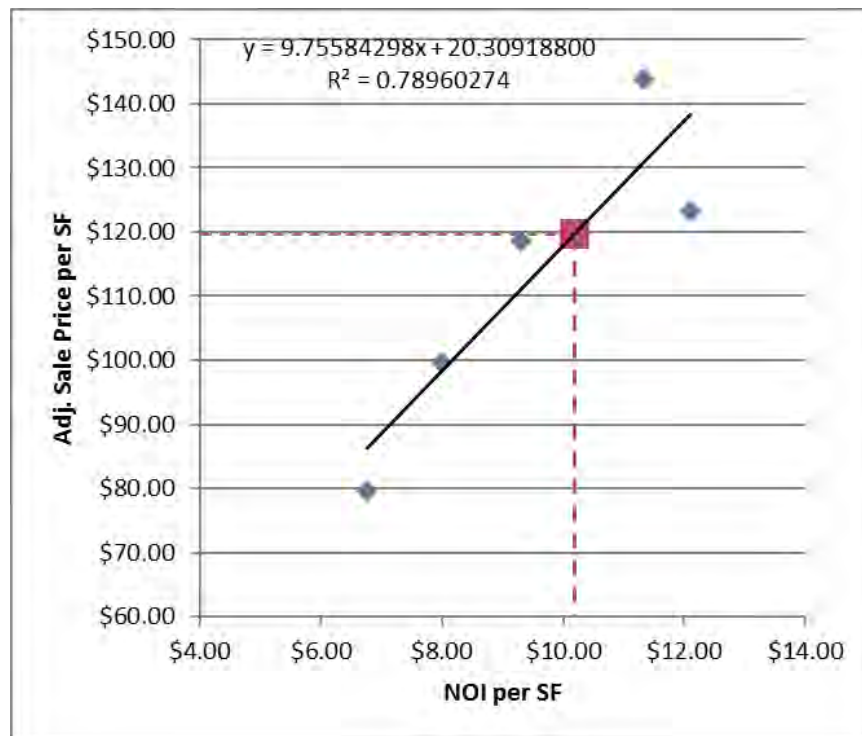
Economic Characteristics

The economic characteristics of a property include its occupancy levels, operating expense ratios, tenant quality, and other items not covered under prior adjustments that would have an economic impact on the transaction.

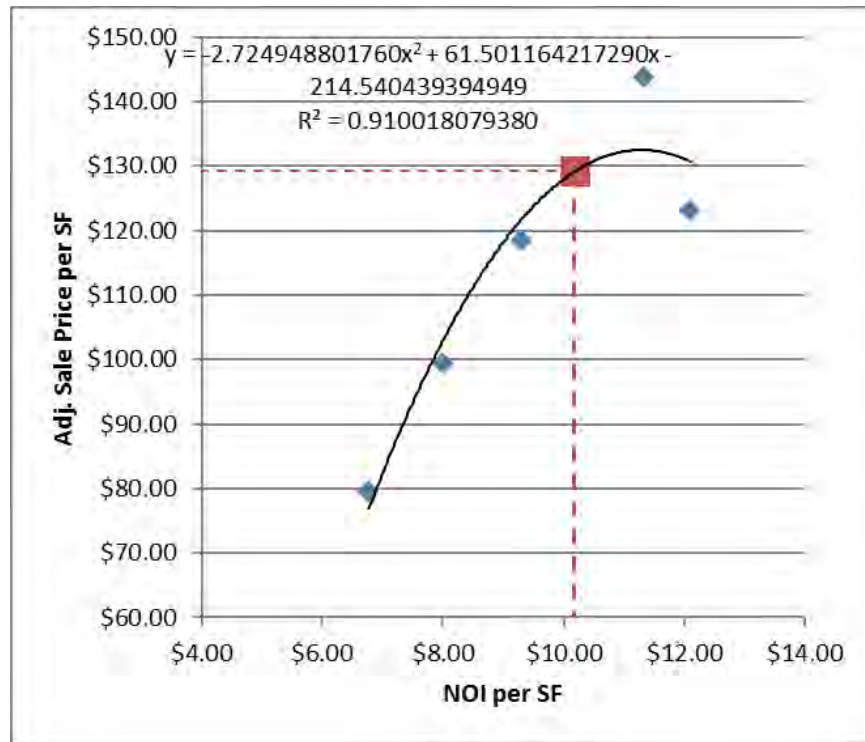
For retail properties such as the subject (in it's as-stabilized condition) we observe a strong correlation between the economic characteristics of the property and its corresponding sale price. To measure this difference, we will apply regression analysis, comparing the NOI per SF for each of the comparables with the Adjusted Price per SF (including all adjustments except for Economic Characteristics). Our analysis is as follows:

Sale No.	NOI per SF	Adjusted Sale Price per SF
1	\$6.77	\$79.55
2	\$11.32	\$143.87
3	\$8.00	\$99.53
4	\$9.30	\$118.59
5	\$12.10	\$123.25

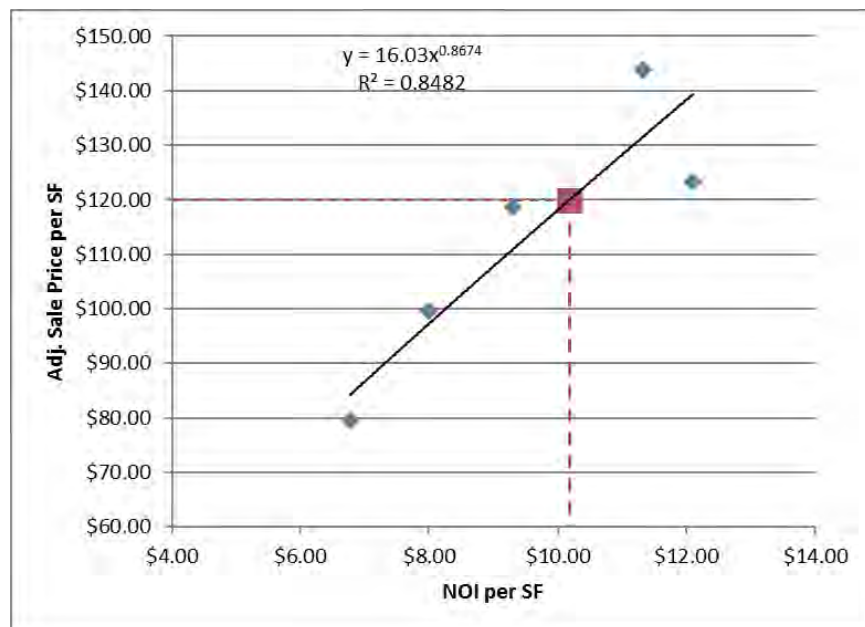
First, we present the regression analysis with a linear trendline:



Next, we present the same analysis but with a polynomial trendline:



Finally, we present the same with a power trendline:



We note that in each case the r-squared, which is a measure of correlation, is very high, indicating a strong correlation between the two variables.

We then apply the regression analyses toward our concluded NOI for the subject, which results in an indication of price per SF for the subject, as follows:

Subject's NOI per SF	\$10.18
Forecast (Excel Function)	\$119.61
Linear Regression	\$119.61
Polynomial Regression	\$129.14
Power Regression	\$119.95
Average Indication:	\$122.79

While this analysis provides support for a clear correlation between NOI per SF and sale price per SF, we do not apply the precise analysis directly in the economic characteristics adjustment, but rather, we will use the indicated correlation to apply qualitative adjustments to each comparable consistent with the trend indicated.

A summary of all the adjustments applied to the comparables is located on the following table:

Improved Sales Adjustment Grid

DESCRIPTION	SUBJECT	1	2	3	4	5
Address	Former Shell Gas Station/Retail Property 6401 Highway 10 Ramsey, MN 55303	Ham Lake Retail Center 16210-16230 Aberdeen Street NE Ham Lake, MN 55304	Boulevard Center 6211-6225 Brooklyn Blvd Brooklyn Center, MN 55429	Albertville Plaza 11011 61st Street NE Albertville, MN 55301	Family Dollar/O'Reilly's 180 Jefferson Boulevard Big Lake, MN 55309	Jefferson Plaza 8501-8511 Jefferson Lane N Brooklyn Park, MN 55445
Access	Poor	Average	Average	Average	Above Average	Average
Visibility	Above Average	Average	Average	Below Average	Above Average	Average
Year Built	2003	1998	1965	2001	2004	2002
NRA (SF)	8,998	17,144	20,120	11,688	14,000	17,927
Parking Ratio	3.33	2.04	8.15	3.42	2.14	4.24
NOI/SF	\$10.18	\$6.77	\$11.32	\$8.00	\$9.30	\$12.10
Unadjusted Price per SF		\$67.66	\$113.57	\$94.11	\$120.00	\$145.03
Sale Date		Jan-14	Aug-13	Aug-16	Jun-15	Dec-15
Cumulative Adjustments						
Property Rights						
Financing						
Conditions of Sale						
Market Conditions*		6.9%	7.8%	1.5%	4.0%	3.0%
Effective \$/SF		\$72.32	\$122.44	\$95.55	\$124.83	\$149.39
Additive Adjustments						
Location		10%			10%	-15%
Access		-10%	-10%	-10%	-15%	-10%
Visibility		5%	5%	10%	0%	5%
Size						
Age/Quality/Condition		5%	33%	4%	0%	3%
Parking Ratio			-10%			
Economics		40%	-30%	20%	5%	0%
Net Adjustment		50%	-13%	24%	0%	-18%
Adjusted Price per SF		\$108.48	\$107.14	\$118.64	\$124.83	\$123.25

Value Indicated via Sales Comparison Approach – “AS-STABILIZED” BASIS

Based on the preceding analysis and adjustments, the comparable sales provide adjusted value indications ranging from \$107.14 to \$124.83 per square foot of NRA, with an average of \$116.47, and a median of \$118.64. Giving roughly equal weight to all comparables, it is our opinion that the applicable unit value is \$115.00 per square foot. This results in the following estimate of value by the Sales Comparison Approach:

Indicator	Unadjusted Price per SF	Adjusted Price per SF
Range	\$67.66 - \$145.03	\$107.14 - \$124.83
Average	\$108.08	\$116.47
Median	\$113.57	\$118.64
Size (NRA SF)	Value per SF	Total
8,998	\$115.00	\$1,034,770
Market Value "As-Stabilized" - Rounded to Nearest: \$10,000		\$1,030,000

Other Sales or Listings Considered – “As-Stabilized” Basis

In addition to the comparables analyzed above, we also considered the following listings and/or sales in our analysis and conclusion:

7157 Highway 10 NW, Ramsey, MN (PID#27-32-25-33-0005)

This is the former Holiday Gas Station located on the northeast corner of Highway 10 and Ramsey Boulevard that was purchased by the City of Ramsey in July 2009. The land area is 87,120 SF. The sale price was \$860,000, which is the equivalent to \$9.87 per SF of land area. The Holiday station was subsequently constructed on the southeast corner of the same intersection. We note that this property has equal visibility as the subject, and at the time, had superior access characteristics. We chose not to include this sale in our analysis above given the buyer was the City of Ramsey, but we feel like this is a good comparable sale, when considering the fact that it is superior to the subject given its superior access characteristics.



Value Indicated via Sales Comparison Approach – “AS-COMPLETED” BASIS

The previous value conclusion was of the “as-stabilized” condition. To arrive at the “as-complete” condition, we will deduct the appropriate lease up costs that the most probable buyer would anticipate. Our lease up analysis, which is supported by our market analysis and market participant interviews, is as follows:

LEASE-UP COSTS	
	Assumptions
Average Lease-Up Period (years)	0.25
Vacant Space (SF)	8,998
Market Rent (\$/SF)	\$12.00
Leasing Commissions (\$ or %)	6.50%
Tenant Improvements	\$10.00
Free Rent (months)	0
Entrepreneurial Profit (% of lease-up)	10.00%
Lease-Up Costs	Value
Rent Loss	\$26,994
Expense Carry	\$16,025
Leasing Commissions	\$35,092
Free Rent	\$0
Tenant Improvements	\$89,980
Total Lease-Up Costs	\$168,091
Plus Entrepreneurial Profit	\$16,809
Total Lease-Up Costs (With Profit)	\$184,900
Total Lease-Up Costs (With Profit, Rounded)	\$180,000

Deducting the lease up costs, plus profit, from the “as-stabilized” value indication results in the following conclusion for the “as-complete” scenario:

Market Value "As-Stabilized"	\$1,034,770
LESS: Lease-Up Costs	(\$180,000)
Market Value "As-Completed" - Rounded to Nearest: \$10,000	\$850,000

Value Indicated via Sales Comparison Approach – “AS-IS” BASIS

The previous value conclusion was of the “as-complete” condition. To arrive at the “as-is” condition, we will deduct the appropriate construction costs that the most probable buyer would anticipate in order to remove the canopy and tanks, and to demise the interior of the convenience store and to convert the car wash space into usable, rentable space. Our lease up analysis, which is supported by our market analysis and market participant interviews, is as follows:

CONSTRUCTION COSTS		Assumptions
Canopy Removal		\$25,000
Tanks Removal		\$25,000
<u>Interior and Car Wash Demising Construction (\$15/SF)</u>		<u>\$135,000</u>
Total Construction Costs		\$185,000
Plus Entrepreneurial Profit	10%	\$18,500
Total Construction Costs (With Profit)		\$203,500
Total Construction Costs (With Profit)		\$200,000

Deducting the lease up costs, plus profit, from the “as-complete” value indication results in the following conclusion for the “as-is” scenario:

Market Value "As-Stabilized"		\$1,034,770
	LESS: Lease-Up Costs	(\$180,000)
	LESS: Construction Costs and Profit	(\$200,000)
Market Value "As-Is" - Rounded to Nearest:	\$10,000	\$650,000

Other Sales Considered – “As-Is” Basis

We also present the following comparable sales which reflect direct market evidence of properties in need of renovation and stabilization, which reflects our subject property’s “as-is” condition. Generally, these sales were purchased as dark, vacant buildings, which were subsequently renovated and occupied.

17315 Zane Street, Elk River, MN



This 7,000 SF commercial/retail building, originally built in 1992 but renovated in 2005, sold on 02/21/2013 for \$525,000, or \$75.00 per SF. The property had been an auto sales dealer/lot, was vacant at the time of sale, and was purchased for the conversion to a dialysis center. The property was bank-owned at the time, but had been actively marketed for 1,260 days (3.45 years). We confirmed this sale directly with the seller, who stated that there were no unusual sale conditions.

This property is considered to be overall slightly superior to the subject in that while it is located farther out of the Twin Cities (north of the subject along Highway 10), it has much better access than the subject, and at least equal visibility. We were unable to obtain the exact renovation costs, though we note that the change in use (auto sales to dialysis center) is significant, and likely

required a significant build-out. Regardless, this comparable provides direct market support for the methodology employed in our lease up and construction cost deductions to arrive at the “as-completed” and “as-is” market value conclusions. We further note that this property is technically outside of the specifically identified properties that are subject to the future Highway 10 transportation system improvement project.

2830 Cutters Grove Avenue, Anoka, MN

This 14,104 SF commercial/retail building, built in 2005, sold on 7/31/2013 for \$900,000, or \$63.81 per SF. The property was vacant and in vanilla shell condition at the time of sale, and was purchased for the partial conversion (estimated 20% of GBA) to a medical office use (buyer is a retinal surgeon) and then leasing out the remaining portion to third party tenants. The property was lender-owned at the time, but had been actively marketed for 1,274 days (3.5 years). There were no unusual sale conditions reported.



This property is considered to be overall similar to the subject in that while it has inferior visibility (particularly from Highway 10), it has superior access. We were unable to obtain the exact renovation costs. Regardless, this comparable provides direct market support for the methodology employed in our lease up and construction cost deductions to arrive at the “as-completed” and “as-is” market value conclusions. We further note that this property is located south of Highway 10 on Cutters Grove Avenue, south of the Kwik Trip station on the southeast corner of Highway 10 and Cutters Grove, and appears to fall outside of the range of those properties affected by the future Highway 10 transportation system improvement project.

6360-6346 Highway 10 NW



This 5,048 SF former gas station/car wash building, built in 1996, sold on 6/23/2011 for \$110,000, or \$21.79 per SF. The property was vacant at the time of sale, and was purchased for the conversion to a print shop use (Do All Printing). The property was owned by BP America, Inc. of Warrenville, IL at the time, but had been actively marketed for 364 days (1 year). One of our sources stated there may have been soil contamination issues, but we verified this sale directly with the buyer who stated that there were none. The buyer also stated that the prior owner had removed the canopy/underground fuel tanks prior to/as part of the sale.

The significance of this comparable is that it is located in the opposite corner (SEC) of Highway 10 and Sunfish Lake Boulevard as the subject property (NWC). There are too many unknown factors involved in this sale that we were unable to verify, including the cost, if any, of canopy/tank removal, any soil conditions, any renovation costs associated with the change in use

to a print shop, etc. We also note that the seller specifically stated that he was not aware of the Highway 10 transportation system improvement project when he purchased the property.

21135 South Diamond Lake Road, Rogers, MN (PID#14-120-23-43-0030)

On 2/22/2013 the retail property located at 21135 S Diamond Lake Road in Rogers sold for \$775,000, or \$63.46 per SF of GBA. This 12,213 SF of GBA retail building was 40% occupied at the time of sale, and was purchased for partial owner-occupancy. The buyer built-out their portion of the space after sale. The property was originally built in 2005, and was on the market for roughly 6 months prior to sale. The initial asking price was \$850,000, or \$69.60 per SF of GBA. The buyer stated that they liked the location for their business and that they could collect rental revenue from the rest of the property.



INCOME CAPITALIZATION APPROACH

The Income Capitalization Approach determines the value of a property based on the anticipated economic benefits. The principle of “anticipation” is essential to this approach, which recognizes the relationship between an asset’s potential future income and its value. To value the anticipated economic benefits of a property, potential income and expenses must be projected, and the most appropriate capitalization method must be selected.

The most common methods of converting net income into value are Direct Capitalization and Yield Capitalization. In direct capitalization, net operating income is divided by an overall capitalization rate to indicate an opinion of market value. In the yield capitalization method, anticipated future cash flows and a reversionary value are discounted to an opinion of net present value at a chosen yield rate (internal rate of return).

Depending on certain factors, each of the Income Approach methods has merit. Considering all of the aspects that would influence an investment decision in the subject property, we conclude that **only the Direct Capitalization Analysis is appropriate in this assignment, and necessary for a credible value indication.**

Potential Gross Income – “AS-STABILIZED” BASIS

Potential gross income is generated by a number of distinct elements: minimum rent determined by lease agreement; reimbursement of certain expenses incurred in the ownership and operation of the real estate; and other miscellaneous revenues. Minimum base rent is a legal contract between landlord and tenant establishing a return to investors in the real estate. The lease terms also dictate specific expense reimbursement charges that can be billed to the tenant. Finally, miscellaneous income can be generated from a variety of sources. The first step in this appraisal is to analyze all potential gross income, starting with an analysis of the subject’s tenancy.

Subject Tenancy

The subject property has been demised for multi-tenant occupancy, but could be occupied by a single tenant as well. In our highest and best use conclusion, we determined that renovating the improvements into a general retail use would be the maximally productive use. Therefore, we will analyze the subject as a single general retail property for our income analysis.

On the following pages we will discuss the subject's occupancy, lease structure and rent levels, and we will contrast this information against comparable properties in the market.

Expense Structure

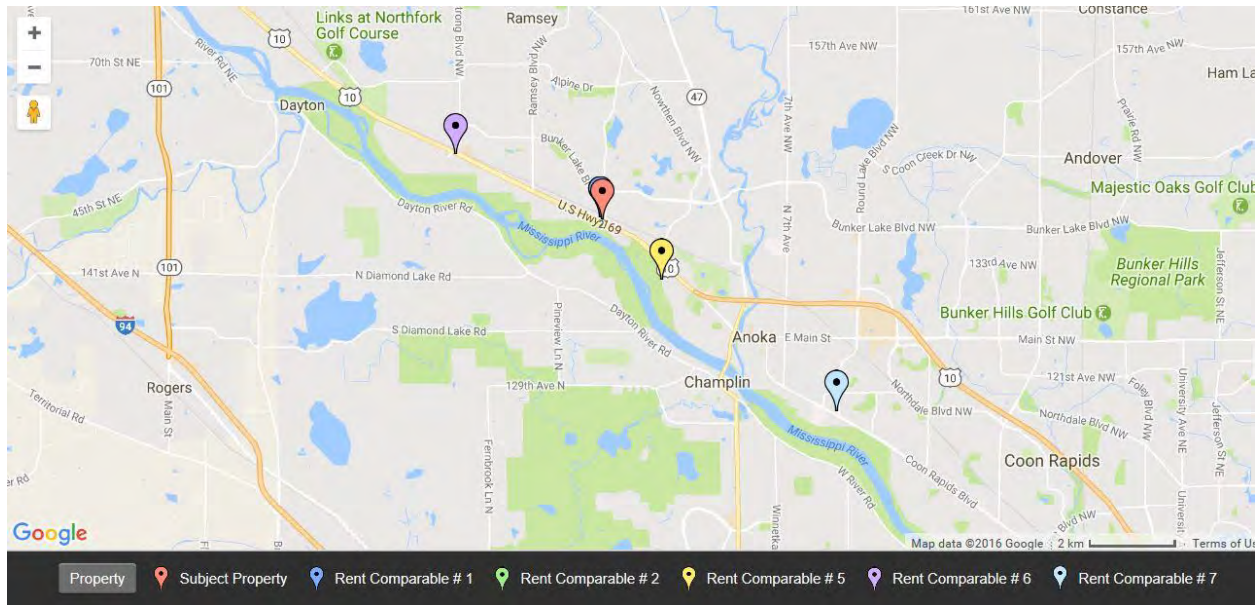
It is our expectation that typical lease terms for current and future vacant space at the subject would be on a net lease basis with most expenses being paid by the tenant.

Analysis of Comparable Rents

The following table summarizes rental activity for comparable space in competing buildings in the market.

SUMMARY OF RENT COMPARABLES							
#	Name Address	NRA (SF); Year Built;	Tenant Name	Lease Start; Lease Type; Term (Months)	Initial Rent/SF; Months Free	Taxes per SF; CAM per SF; Total per SF	TI's per SF; Rent Escalations
1	Sunfish Commons Retail Center 6415 Highway 10 Ramsey, MN 55303	<5,000 2001	Award Staffing	9/1/2016 Net NAV	\$9.00-9.25 0	NAV NAV \$6.00	\$0.00 NAV
	Comments:	We were not provided with all of the details regarding this lease. However, the broker stated that they just signed Award Staffing at \$9-9.25 per SF on a net basis, with no TI's and no free rent. This is located across the parking lot from the subject. The broker also stated that total taxes and CAM reimbursements were "sub \$6.00/SF".					
2	Sunfish Commons Retail Center 6415 Highway 10 Ramsey, MN 55303	27,736 2001	Asking Rent	Asking Rent Net NAV	\$11.00 - \$13.00 NAV	NAV NAV \$6.00	NAV NAV
	Comments:	The listing broker stated that this is the asking rent range for this property, subject to different TI and free rent allowances. This is located across the parking lot from the subject. The broker also stated that total taxes and CAM reimbursements were "sub \$6.00/SF".					
3	Confidential Confidential Coon Rapids, MN	1,557 2006	Confidential	Effective 2015 Net NAV	\$16.00 NAV	\$0.00 \$0.00 \$8.67	NAV NAV
	Comments:	Multi-tenant retail center adjacent to a large retailer. Typical market-level rent steps.					
4	Confidential Confidential Monticello, MN	1,500 2004	Confidential	11/15/2015 Net 60	\$16.45 0	\$3.25 \$3.56 \$6.81	\$13.33 2% annual
	Comments:	Multi-tenant retail center on Highway 25 in Monticello.					
5	Riverview Plaza Retail 2830 Cutters Grove Avenue Ramsey, MN 55303	6,700 2005	Asking Rent	Asking Rent Net NAV	\$14.00 NAV	\$2.93 NAV NAV	NAV NAV
	Comments:	This is the asking rent for first generation space in a retail building south of Highway 10 on Cutters Grove Avenue. Space is vanilla shell, and would require TI allowance to finish the space.					
6	Ramsey Commons 8035 Riverdale Drive NW Ramsey, MN 55303	4,372 2009	Asking Rent	Asking Rent Net NAV	\$14.00 - \$16.00 NAV	\$4.10 \$5.70 \$9.80	NAV NAV
	Comments:	Asking rent for a US Bank-anchored strip center across Highway 10 from the Coborn's-anchored development Northstar Marketplace and from the COR Development.					
7	Coon Rapids Marketplace 11650 Round Lake Boulevard NV Coon Rapids, MN 55433	7,132 2007	Asking Rent	Asking Rent Net NAV	\$15.00 NAV	NAV NAV \$9.56	NAV NAV
	Comments:	Asking rent for retail/office space in Coon Rapids.					
STATISTICS							
		NRA (SF)		Lease Start Date	Initial Rent/SF	Total Taxes & CAM	TI's per SF
	Low	1,500		Nov-15	\$9.00	\$6.00	\$0.00
	High	27,736		Sep-16	\$16.45	\$9.80	\$13.33
	Average	8,166		Apr-16	\$13.19	\$7.81	\$6.67
	Median	5,536		Apr-16	\$14.00	\$7.74	\$6.67

Rent Comparables Map



Property	Address
Subject Property	6401 Highway 10, Ramsey, MN 55303
Rent Comparable # 1	6415 Highway 10, Ramsey, MN 55303
Rent Comparable # 2	6415 Highway 10, Ramsey, MN 55303
Rent Comparable # 3	Confidential, Coon Rapids, MN
Rent Comparable # 4	Confidential, Monticello, MN
Rent Comparable # 5	2830 Cutters Grove Avenue, Ramsey, MN 55303
Rent Comparable # 6	8035 Riverdale Drive NW, Ramsey, MN 55303
Rent Comparable # 7	11650 Round Lake Boulevard NW, Coon Rapids, MN 55433

Discussion of Comparable Rents

We analyzed recent leases negotiated in competitive buildings in the marketplace and considered competitive listings. The comparables range in size from 1,500 square feet to 27,736 square feet. These are all located in buildings similar in class to the subject, and in the subject’s competitive submarket. The comparables exhibit a range of rents from \$9.00 to \$16.45 per square foot. All of these are triple-net leases in which the tenant is required to pay all operating costs.

We note that active listings were also included, and based on our conversations with market participants, would likely achieve \$1.00 to \$2.00 less than asking for actual contract rent.

We place primary emphasis on the two comparables in the retail center adjacent to the subject (Sunfish Commons Retail Center). We also consider differences in TI allowances, and other factors such as location. Our concluded market rent also considers our estimate of TI allowance for the subject property, which was factored into our lease up cost analysis.

Based on our analysis of the comparables, we conclude to the following market rent for the subject property:

MARKET RENT CONCLUSION	
Market Rent	
Retail Space	\$12.00
Lease Term (years)	5
Lease Type (reimbursements)	Net
Contract Rent Increase Projection	2.0% per year

Revenue and Expenses Analysis

We developed an opinion of the property’s annual income and operating expenses after reviewing the operating performance of similar buildings. No historical operating statements for the subject property were reviewed. We analyzed each item of expense and developed an opinion regarding what an informed investor would consider typical.

Base Rental Revenue

The subject’s potential gross rent for the first forecast year is calculated by multiplying the market rental rates by the entire space. The resulting potential gross rent is \$107,976.

POTENTIAL GROSS RENT CALCULATION			
Space Type	SF	Market	
		Rent per SF	Annual Net Rent
Retail Space	8,998	\$12.00	\$107,976
Totals/Averages:	8,998	\$12.00	\$107,976

Expense Reimbursements

Tenants in the subject’s market are responsible for their pro-rata share of real estate taxes and operating expenses. Based on our analysis, we estimated total reimbursement revenue for year one at \$64,099 , which equates to \$7.12 per square foot.

Vacancy and Collection Loss

Vacancy and collection loss is a function of the interrelationship between absorption, lease expiration, renewal probability, estimated downtime between leases, and a collection loss factor based on the relative stability and credit of the subject’s tenant base. The following table summarizes the relevant vacancy data related to the subject property:

VACANCY ANALYSIS		
Vacancy Statistics	Rate	Building Class and Market
Current Vacancy at Subject Property	100.0%	(Subject is vacant)
Regional Vacancy Statistics	15.6%	Office Space, Twin Cities Office Market
Local Vacancy Statistics	21.7%	Office Space, Northwest Submarket
Regional Vacancy Statistics	8.5%	Neighborhood Centers, Twin Cities Market

We also present the following table from the NorthMarq Compass report that shows vacancy and absorption data:

Office Market - Vacancy and Absorption - 2nd Quarter 2016									
Submarket	Total # of Buildings	NRA	Vacant Space	Sublease Space	Percent Vacant	Percent Vacant w/ Sublease	Absorption		
							2nd Half 2015	1st Half 2016	
Northwest									
Class A	12	739,704	99,656	0	13.50%	13.50%	(644)	5,501	
Class B	16	1,102,734	263,563	1,386	23.90%	24.00%	27,286	33,131	
Class C	7	399,273	123,057	0	30.80%	30.80%	(11,801)	(31,869)	
Total Northwest	35	2,241,711	486,276	1,386	21.70%	21.80%	14,841	6,763	
Office Market - Vacancy and Absorption - 2nd Quarter 2016									
Submarket	Total # of Buildings	NRA	Vacant Space	Sublease Space	Percent Vacant	Percent Vacant w/ Sublease	Absorption		
							2nd Half 2015	1st Half 2016	
Total Market									
Class A	158	33,688,668	4,412,599	507,362	13.10%	14.60%	64,214	(77,442)	
Class B	350	31,449,970	5,826,262	438,611	18.50%	19.90%	357,326	132,181	
Class C	116	6,211,457	905,146	32,339	14.60%	15.10%	92,551	96,856	
TOTAL MARKET	624	71,350,095	11,144,007	978,312	15.60%	17.00%	514,091	151,595	
Retail Vacancy and Absorption - 1st Half 2016									
Submarket	Total # Of Buildings	NRA	Vacant Space	Sublease Space	Percent Vacant	Percent Vacant w/ Sublease	1st Half 2015	Absorption	
								2nd Half 2015	1st Half 2016
Community	124	31,669,481	1,774,602	195,272	5.60%	6.20%	3,563	100,193	167,044
Minneapolis CBD	18	1,319,301	186,848	0	14.20%	14.20%	12,431	7,857	85,094
Neighborhood	309	20,194,375	1,726,324	67,930	8.50%	8.90%	111,018	271,635	(22,923)
Outlet Mall	4	1,197,440	74,350	0	6.20%	6.20%	0	0	(4,000)
Regional	8	10,981,097	475,012	0	4.30%	4.30%	69,630	242,669	68,205
Specialty	22	2,342,341	321,375	0	13.70%	13.70%	(4,929)	74,292	(30,127)
St. Paul CBD	9	368,737	12,596	0	3.40%	3.40%	0	(2,304)	0
TOTAL MARKET									

We have included an 7.00% vacancy rate and a 2.00% collection loss for the subject property, based primarily on the reported local/neighborhood vacancy in conjunction with the subject's historic owner-occupancy. Deducting vacancy and collection loss from potential gross income, we arrive at effective gross income.

Total Effective Gross Income (EGI)

By adding the Potential Gross Rent and Expense Reimbursements, and then deducting for vacancy/collection loss, the resulting subject's EGI is projected to be \$156,589 for the 12-month period following the effective date of the appraisal.

Operating Expense Analysis

Typical terms of leases in the subject's submarket are on a net basis which means that the tenant is responsible for most operating expenses. Projected expenses are for the 12-month period following the effective date of the appraisal.

We present the following table from the NorthMarq Compass report that shows average net rent and expense data relevant to the subject:

Office Northwest Submarket - Quoted Average Net Rental Rates and Op. Exp. - 2nd Quarter 2016						
Submarket	1st Quarter 2016			2nd Quarter 2016		
	Avg. Rate	Total OE & Tax	Taxes	Avg. Rate	Total OE & Tax	Taxes
Northwest						
Class A	\$12.54	\$10.55	\$3.67	\$12.65	\$10.62	\$3.69
Class B	\$10.69	\$8.96	\$2.44	\$10.41	\$8.96	\$2.44
Class C	\$7.81	\$7.89	\$1.63	\$8.73	\$7.89	\$1.63
Total Northwest	\$10.79	\$9.29	\$2.70	\$10.85	\$9.32	\$2.71
Office Total Market - Quoted Average Net Rental Rates and Op. Exp. - 2nd Quarter 2016						
Submarket	1st Quarter 2016			2nd Quarter 2016		
	Avg. Rate	Total OE & Tax	Taxes	Avg. Rate	Total OE & Tax	Taxes
Total Market						
Class A	\$16.89	\$12.64	\$4.97	\$16.89	\$13.16	\$5.46
Class B	\$12.36	\$9.98	\$2.77	\$12.25	\$10.00	\$2.86
Class C	\$10.17	\$7.93	\$1.96	\$10.44	\$8.04	\$2.12
TOTAL MARKET	\$14.55	\$11.22	\$3.85	\$14.55	\$11.52	\$4.16
Retail Market Quoted Average Net Rental Rates - 1st Half 2016						
Submarket	2nd Half 2015			1st Half 2016		
	Avg Rate	Total OE & T	Taxes	Avg Rate	Total OE & T	Taxes
Community	\$18.92	\$8.23	\$4.88	\$18.87	\$8.52	\$4.95
Minneapolis CBD	\$24.14	\$14.25	\$4.01	\$24.66	\$15.04	\$4.59
Neighborhood	\$16.04	\$7.17	\$3.68	\$16.25	\$7.22	\$3.73
Outlet Mall	\$33.74	\$6.19	\$2.32	\$33.74	\$6.19	\$2.32
Regional	\$62.99	\$33.49	\$14.28	\$62.99	\$33.49	\$14.28
Specialty	\$31.89	\$14.79	\$8.81	\$32.34	\$14.34	\$8.33
St. Paul CBD	\$16.42	\$8.92	\$2.09	\$16.42	\$8.92	\$2.09
TOTAL MARKET	\$27.48	\$13.22	\$6.44	\$27.54	\$13.35	\$6.47

Income and Expense Pro Forma

The following chart summarizes our opinion of income and expenses for the first stabilized year in this analysis.

INCOME AND EXPENSE RECONSTRUCTION		
	Stabilized Proforma	per SF
Potential Gross Rent	\$107,976	\$12.00
Reimbursements - Real Estate Taxes	\$38,490	\$4.28
Reimbursements - Other Expenses	\$25,609	\$2.85
Potential Gross Income	\$172,075	\$19.12
Vacancy	-\$12,045	7.00%
Collection Loss	-\$3,442	2.00%
Effective Gross Income	\$156,589	\$17.40
EXPENSES:		
CAM	\$17,996	\$2.00
Property Insurance	\$1,350	\$0.15
Management Fees	\$6,264	4.00%
Professional Fees	\$900	\$0.10
Subtotal	\$26,509	\$2.95
RE Taxes	\$38,490	\$4.28
Total Operating Expenses:	\$64,999	\$7.22
Operating Expense Ratio		41.51%
Net Operating Income	\$91,589	\$10.18

Capitalization Rate Analysis

We have used three methods to estimate a capitalization rate applicable to the estimated stabilized NOI for the subject: the band of investment method, a review of investor surveys and an analysis of capitalization rate comparables.

Capitalization Rates from Band-of-Investment Method

Most properties are purchased with financing and equity; therefore, the overall capitalization rate must satisfy the market return requirements of both investment positions. The lender must anticipate a rate of return that is appropriate for the investment's perceived risk in order to make the loan; the loan principal is typically repaid through periodic amortization payments. The equity investor must also anticipate a rate of return that is commensurate with the investment's perceived risk or they opt for an alternative investment. Therefore, we analyze capitalization rates for debt and equity.

BAND OF INVESTMENT - CAPITALIZATION RATE		
MORTGAGE COMPONENT		
Mortgage Rate	4.50%	
Amortization Term (Years)	20	
Number of Payments	240	
Loan-to-Value Ratio (M)	75.00%	
Mortgage Constant (Rm)	7.59%	
EQUITY COMPONENT		
Equity Ratio (E)	25.00%	
Equity Dividend Rate (Re)	14.00%	
RO BY BAND OF INVESTMENT		
Mortgage Ratio	75.00%	
Annual Mortgage Constant	7.59%	
Mortgage Component		5.69%
Equity Ratio	25.00%	
Equity Dividend Rate	14.00%	
Equity Component		3.50%
Indicated Overall Rate (Ro)		9.19%

Capitalization Rates from Investor Surveys

We considered data extracted from the PwC Real Estate Investor Survey for competitive properties. The most recent information from this survey is summarized below:

CAPITALIZATION RATES					
Survey	Date	Range			Average
PwC (National Strip Shopping Center)	Q4-2016	4.00%	-	9.50%	6.18%
PwC (National Strip Shopping Center, Non-Institutional)	Q4-2016	-	-	-	7.52%
PwC (National Office - CBD)	Q4-2016	3.50%	-	7.50%	5.57%
PwC (National Office - Suburban)	Q4-2016	5.00%	-	9.50%	6.63%
PwC (National Secondary Office)	Q4-2016	4.50%	-	10.00%	7.36%
PwC (National Secondary Office, Non-Institutional)	Q4-2016	-	-	-	8.62%

Capitalization Rates from Comparable Sales

We present details on the individual cap rate comparables below.

CAPITALIZATION RATES						
Property	Property Type	Year Built	Sale Date	Sale Price/SF	NOI/SF	Cap Rate
Ham Lake Retail Center 16210-16230 Aberdeen Street NE Ham Lake, MN 55304	Commercial/Retail	1998	Jan-14	\$67.66	\$6.77	10.00%
Boulevard Center 6211-6225 Brooklyn Blvd Brooklyn Center, MN 55429	Commercial/Retail	1965	Aug-13	\$113.57	\$5.77	9.97%
Albertville Plaza 11011 61st Street NE Albertville, MN 55301	Retail Center	2001	Aug-16	\$94.11	\$9.92	8.50%
Family Dollar/O'Reilly's 180 Jefferson Boulevard Big Lake, MN 55309	Retail Center	2004	Jun-15	\$120.00	\$8.29	7.75%
Jefferson Plaza 8501-8511 Jefferson Lane N Brooklyn Park, MN 55445	Retail Center	2002	Dec-15	\$145.03	\$6.47	8.34%
Retail Center 601 125th Avenue NE Blaine, MN 55434	Commercial/Retail	1985	Jul-15	-	-	8.30%
Retail Center 15704 90th Street NE Otsego, MN 55330	Commercial/Retail	2007	Nov-14	-	-	9.00%
Rogers Marketplace 21135 South Diamond Lake Road Rogers, MN 55374	Commercial/Retail	2005	Feb-13	\$63.46	\$6.35	10.00%
Retail Center 1966 Bunker Lake Blvd NW Andover MN 55304	Commercial/Retail	2005	Jul-14	-	-	7.75%
					Min:	7.75%
					Max:	10.00%
					Average:	8.85%
					Median:	8.50%

Capitalization Rate Conclusions

To reconcile the results of the three methods, considering the investment risks associated with the subject property in its “as-stabilized” condition, we conclude a capitalization rate of **9.00%** for the subject.

Value Indication via Income Approach – “AS-STABILIZED” BASIS

In the Direct Capitalization Method, we developed an opinion of market value by dividing year one net operating income by the selected overall capitalization rate. Our conclusion using the Direct Capitalization Method is as follows:

DIRECT CAPITALIZATION METHOD			
NET OPERATING INCOME		\$91,589	\$10.18
Sensitivity Analysis Spread of:	0.50%	Value	\$ / SF of NRA
Based on Low-Range of	8.50%	\$1,077,523	\$119.75
Based on Most Probable Range of	9.00%	\$1,017,660	\$113.10
Based on High-Range of	9.50%	\$964,099	\$107.15
Preliminary Value		\$1,017,660	\$113.10
Market Value "As-Stabilized" - Rounded to Nearest: \$10,000		\$1,020,000	\$113.36

Value Indication via Income Approach - “AS-COMPLETED” BASIS

The previous value conclusion was of the “as-stabilized” condition. To arrive at the “as-complete” condition, we will deduct the appropriate lease up costs that the most probable buyer would anticipate. Our lease up analysis, which is supported by our market analysis and market participant interviews, is as follows:

LEASE-UP COSTS	
	Assumptions
Average Lease-Up Period (years)	0.25
Vacant Space (SF)	8,998
Market Rent (\$/SF)	\$12.00
Leasing Commissions (\$ or %)	6.50%
Tenant Improvements	\$10.00
Free Rent (months)	0
Entrepreneurial Profit (% of lease-up)	10.00%
Lease-Up Costs	Value
Rent Loss	\$26,994
Expense Carry	\$16,025
Leasing Commissions	\$35,092
Free Rent	\$0
Tenant Improvements	\$89,980
Total Lease-Up Costs	\$168,091
Plus Entrepreneurial Profit	\$16,809
Total Lease-Up Costs (With Profit)	\$184,900
Total Lease-Up Costs (With Profit, Rounded)	\$180,000

Deducting the lease up costs, plus profit, from the “as-stabilized” value indication results in the following conclusion for the “as-complete” scenario:

		<i>\$ / SF of NRA</i>	
Market Value "As-Stabilized"		\$1,017,660	\$113.10
	LESS: Lease-Up Costs	(\$180,000)	
Market Value "As-Completed"	Rounded to Nearest: \$10,000	\$840,000	\$93.35

Value Indication via Income Approach - “AS-IS” BASIS

The previous value conclusion was of the “as-complete” condition. To arrive at the “as-is” condition, we will deduct the appropriate construction costs that the most probable buyer would anticipate in order to remove the canopy and tanks, and to demise the interior of the convenience store and to convert the car wash space into usable, rentable space. Our lease up analysis, which is supported by our market analysis and market participant interviews, is as follows:

CONSTRUCTION COSTS		
		Assumptions
Canopy Removal		\$25,000
Tanks Removal		\$25,000
<u>Interior and Car Wash Demising Construction (\$15/SF)</u>		<u>\$135,000</u>
Total Construction Costs		\$185,000
Plus Entrepreneurial Profit	10%	\$18,500
Total Construction Costs (With Profit)		\$203,500
Total Construction Costs (With Profit)		\$200,000

Deducting the lease up costs, plus profit, from the “as-complete” value indication results in the following conclusion for the “as-is” scenario:

		<i>\$ / SF of NRA</i>	
Market Value "As-Stabilized"		\$1,017,660	\$113.10
	LESS: Lease-Up Costs	(\$180,000)	
	LESS: Construction Costs	(\$200,000)	
Market Value "As-Is"	Rounded to Nearest: \$10,000	\$640,000	\$71.13

RECONCILIATION AND FINAL VALUE OPINION

This appraisal utilizes the Sales Comparison and Income Approaches. The Cost Approach was excluded due to the presence of significant depreciation at the subject, and to the concluded highest and best use resulting in a remodeling of the improvements, and finally because most market participants do not rely on this approach for properties such as the subject. The approaches indicated the following:

VALUE CONCLUSIONS:			
Type of Value:	Market Value "As-Is"	Market Value "As-Completed"	Market Value "As-Stabilized"
Date of Value:	12/2/2016	3/1/2017	6/1/2017
Real Property Interest:	Fee Simple	Fee Simple	Fee Simple
Land Value:			
Indicated Land Value:	\$360,000	\$360,000	\$360,000
Per Square Foot:	\$5.00	\$5.00	\$5.00
Sales Comparison Approach:			
Concluded Value (Rounded):	\$1,030,000	\$1,030,000	\$1,030,000
LESS: Lease-Up Cost	(\$180,000)	(\$180,000)	-
LESS: Construction Cost	(\$200,000)	-	-
Value Indication via Sales Approach:	\$650,000	\$850,000	\$1,030,000
Per Square Foot (NRA):	\$72.24	\$94.47	\$114.47
Income Approach:			
Direct Capitalization:			
Net Operating Income (Stabilized):	\$91,589	\$91,589	\$91,589
Capitalization Rate:	9.00%	9.00%	9.00%
Preliminary Value:	\$1,017,660	\$1,017,660	\$1,017,660
Concluded Value (Rounded):	\$1,020,000	\$1,020,000	\$1,020,000
LESS: Lease-Up Cost	(\$180,000)	(\$180,000)	-
LESS: Construction Cost	(\$200,000)	-	-
Value Indication via Direct Capitalization (Rounded):	\$640,000	\$840,000	\$1,020,000
Per Square Foot (NRA):	\$71.13	\$93.35	\$113.36
FINAL VALUE CONCLUSION:			
Concluded Value:	\$645,000	\$845,000	\$1,025,000
Exposure Period:	12 months	12 months	12 months
Marketing Period:	12 months	12 months	12 months

We have given approximately equal weight to both the Sales Comparison Approach and the Income Approach, given the subject property's configuration and use. The Cost Approach is not considered to be necessary for credible results and was therefore omitted from the analysis.

Conclusion of Market Value

Based on our tour of the subject property, and after examining and considering the subject's location, physical and economic characteristics, current market conditions, demographic influences, and other legal, social, economic factors, the details of which are included in the valuation analysis in the accompanying report, subject to the definitions, assumptions, and limiting conditions expressed in the report, our value opinion is as follows:

VALUE CONCLUSIONS					
Valuation Premise	Interest Appraised	Date of Value	Value Conclusion	per SF of NRA	
Market Value "As-Is"	Fee Simple	December 2, 2016	\$645,000	\$71.68	
Market Value "As-Completed"	Fee Simple	March 1, 2017	\$845,000	\$93.91	
Market Value "As-Stabilized"	Fee Simple	June 1, 2017	\$1,025,000	\$113.91	

Exposure Time and Marketing Time

Based on our review of national, regional and local investor surveys, discussions with market participants and information gathered during the sales verification process, a reasonable exposure time for the subject property at the value concluded within this report would have been approximately 12 months. This assumes an active and professional marketing plan would have been employed by the current owner.

We believe, based on the assumptions employed in our analysis, as well as our selection of investment parameters for the subject, that our value conclusion represents a price achievable within 12 months.

Extraordinary Assumptions

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

- The subject has historically operated as a gas station, and while the fuel pumps have been removed, it is our observation and understanding that the canopy and the underground fuel tanks are still present on the site. It is also our understanding that a Phase I environmental assessment report has been completed, the results of which have indicated the need for a Phase II assessment. We have not been provided with a copy of the Phase I report, or any other summary of the potential issues it uncovered. Our analysis is subject to the Extraordinary Assumption that there is no environmental contamination or impact of any kind. Should there turn out to be any environmental or

contamination-related issues, our value conclusions could change substantially. Specifically, the costs of remediating any environmental contamination would most likely be subtracted from the value conclusion.

- Our 'as-complete' and 'as-stabilized' values are subject to the assumption that the required renovations would be completed to the specifications and within the timeline we have outlined in our appraisal. Furthermore, we also assume that market conditions will remain as anticipated during the construction and lease up period. Should anything turn out to be different than what we have outlined in this report, then our value conclusions could change substantially.

Hypothetical Conditions

A hypothetical condition is defined by the USPAP as “that which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.”

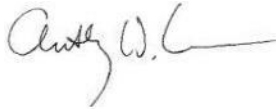
- While the purchase negotiations between the City of Ramsey and the current property owner are not part of condemnation proceedings, we believe that the acquisition does appear to qualify for the 'Scope of the Project Rule' as part of the Uniform Appraisal Standards for Federal Land Acquisitions. Specifically, there is a public purpose requiring the acquisition of the land, the particular lands required for the public purpose have been clearly identified, and the acquisition of the particular lands is evident to the public. Based on our market research and market participant interviews, the market is well aware of the US Highway 10 transportation system improvement plans, and we have observed specific market evidence measuring the impact. For the purposes of this appraisal, we have employed the 'Scope of the Project Rule' and our analysis is therefore subject to the Hypothetical Condition that the looming highway improvement project has not impacted market values for the particular properties affected. Should it be determined that the 'Scope of the Project Rule' does not apply, then we reserve the right to revise our analysis and conclusions.

CERTIFICATION AND ADDENDA

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 are 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.
- Tony Lesicka, MAI has made a personal tour of the property that is the subject of this report. Nathan Hansen has not made a personal tour of the property that is the subject of this report.
- We have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the Code of Professional Ethics and 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.
- As of the date of this report, Tony Lesicka, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.
- As of the date of this report, Richard Nordquist has completed the Standards and Ethics Education Requirements for Candidates for Designation of the Appraisal Institute.



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Assumptions and Limiting Conditions

"Report" means the appraisal report and conclusions stated therein, to which these Assumptions and Limiting Conditions are annexed.

"Property" means the subject of the Report.

"Appraiser(s)" means the person(s) who prepared and signed the Report.

The Report has been made subject to the following assumptions and limiting conditions:

- No opinion is intended to be expressed and no responsibility is assumed for the legal description or for any matters that are legal in nature or require legal expertise or specialized knowledge beyond that of a real estate appraiser. Title to the Property is assumed to be good and marketable and the Property is assumed to be free and clear of all liens unless otherwise stated. No survey of the Property was undertaken.
- The information contained in the Report or upon which the Report is based has been gathered from sources the Appraiser assumes to be reliable and accurate. The owner of the Property may have provided some of such information. The Appraiser shall not be responsible for the accuracy or completeness of such information, including the correctness of estimates, opinions, dimensions, sketches, exhibits and factual matters. Any authorized user of the Report is obligated to bring to the attention of the Appraiser any inaccuracies or errors that it believes are contained in the Report.
- The opinions are only as of the date stated in the Report. Changes since that date in external and market factors or in the Property itself can significantly affect the conclusions in the Report.
- The Report is to be used in whole and not in part. No part of the Report shall be used in conjunction with any other analyses. Publication of the Report or any portion thereof without the prior written consent of the Appraiser is prohibited. Reference to the Appraisal Institute or to the MAI designation is prohibited. Except as may be otherwise stated in the letter of engagement, the Report may not be used by any person(s) other than the party(ies) to whom it is addressed or for purposes other than that for which it was prepared. No part of the Report shall be conveyed to the public through advertising, or used in any sales, promotion, offering or SEC material without the Appraiser's prior written consent. Any authorized user(s) of this Report who provides a copy to, or permits reliance thereon by, any person or entity not authorized by the Appraiser in writing to use or rely thereon, hereby agrees to indemnify and hold the Appraiser harmless from and against all damages, expenses, claims and costs, including attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the Report by any such unauthorized person(s) or entity(ies).

- Except as may be otherwise stated in the letter of engagement, the Appraiser shall not be required to give testimony in any court or administrative proceeding relating to the Property or the Appraisal.
- The Report assumes (a) responsible ownership and competent management of the Property; (b) there are no hidden or unapparent conditions of the Property, subsoil or structures that render the Property more or less valuable (no responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them); (c) full compliance with all applicable federal, state and local zoning and environmental regulations and laws, unless noncompliance is stated, defined and considered in the Report; and (d) all required licenses, certificates of occupancy and other governmental consents have been or can be obtained and renewed for any use on which the value opinion contained in the Report is based.
- The physical condition of the improvements considered by the Report is based on visual observation by the Appraiser or other person identified in the Report. The Appraiser assumes no responsibility for the soundness of structural components or for the condition of mechanical equipment, plumbing or electrical components.
- In this appraisal, we received and relied upon various information provided by other parties including, but not limited to, property owners, property managers, brokers, realtors, appraisers, engineers, assessors, planning officials, etc. Should any of the information provided to us change in any way, then our value conclusions could also change substantially.
- The forecasted potential gross income referred to in the Report may be based on lease summaries provided by the owner or third parties. The Report assumes no responsibility for the authenticity or completeness of lease information provided by others. The Appraiser recommends that legal advice be obtained regarding the interpretation of lease provisions and the contractual rights of parties.
- The forecasts of income and expenses are not predictions of the future. Rather, they are the Appraiser's best opinions of current market thinking on future income and expenses. The Appraiser makes no warranty or representation that these forecasts will materialize. The real estate market is constantly fluctuating and changing. It is not the Appraiser's task to predict or in any way warrant the conditions of a future real estate market; the Appraiser can only reflect what the investment community, as of the date of the Report, envisages for the future in terms of rental rates, expenses, and supply and demand.
- Unless otherwise stated in the Report, the existence of potentially hazardous or toxic materials that may have been used in the construction or maintenance of the improvements or may be located at or about the Property was not considered in arriving at the opinion of value. These materials (such as formaldehyde foam insulation, asbestos insulation and other potentially hazardous materials) may adversely affect the value of

the Property. The Appraisers are not qualified to detect such substances. The Appraiser recommends that an environmental expert be employed to determine the impact of these matters on the opinion of value.

- Unless otherwise stated in the Report, compliance with the requirements of the Americans with Disabilities Act of 1990 (ADA) has not been considered in arriving at the opinion of value. Failure to comply with the requirements of the ADA may adversely affect the value of the Property. The Appraiser recommends that an expert in this field be employed to determine the compliance of the Property with the requirements of the ADA and the impact of these matters on the opinion of value.
- If the Report is submitted to a lender or investor with the prior approval of the Appraiser, such party should consider this Report as only one factor, together with its independent investment considerations and underwriting criteria, in its overall investment decision. Such lender or investor is specifically cautioned to understand all Extraordinary Assumptions and Hypothetical Conditions and the Assumptions and Limiting Conditions incorporated in this Report.
- Appraiser and Client agree that the following mutual limitation of liability is agreed to in consideration of the fees to be charged and the nature of Appraiser's services under this Agreement. Appraiser and Client agree that to the fullest extent permitted by applicable law, each party's and its Personnel's maximum aggregate and joint liability to the other party for claims and causes of action relating to this Agreement or to appraisals or other services under this Agreement shall be limited to the higher of \$10,000 or the total fees and costs charged by Appraiser for the services that are the subject of the claim(s) or cause(s) of action. This limitation of liability extends to all types of claims or causes of action, whether in breach of contract or tort, including without limitation claims/causes of action for negligence, professional negligence or negligent misrepresentation on the part of either party or its Personnel, but excluding claims/causes of action for intentionally fraudulent conduct, criminal conduct or intentionally caused injury. The Personnel of each party are intended third-party beneficiaries of this limitation of liability. "Personnel," as used in this paragraph, means the respective party's staff, employees, contractors, members, partners and shareholders. Appraiser and Client agree that they each have been free to negotiate different terms than stated above or contract with other parties.
- If the Report is referred to or included in any offering material or prospectus, the Report shall be deemed referred to or included for informational purposes only and the Appraiser has no liability to such recipients. The Appraiser disclaims any and all liability to any party other than the party that retained the Appraiser to prepare the Report.

- By use of this Report each party that uses this Report agrees to be bound by all of the Assumptions and Limiting Conditions, Hypothetical Conditions and Extraordinary Assumptions stated herein.

Addenda Contents

ADDENDUM A: GLOSSARY

ADDENDUM B: APPRAISER QUALIFICATIONS

A: GLOSSARY

Glossary

This glossary contains the definitions of common words and phrases, used throughout the appraisal industry, as applied within this document. Please refer to the publications listed in the **Works Cited** section below for more information.

Works Cited:

- Appraisal Institute. *The Appraisal of Real Estate*. 14th ed. Chicago: Appraisal Institute, 2013. Print.
- Appraisal Institute. *The Dictionary of Real Estate Appraisal*. 6th ed. 2015. Print.

As-Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal's effective date. –*Interagency Appraisal and Evaluation Guidelines (12/2010)*

Band of Investment

A technique in which the capitalization rates attributable to components of an investment are weighted and combined to derive a weighted-average rate attributable to the total investment (i.e., debt and equity, land and improvements). (Dictionary, 6th Edition)

Common Area

1. The total area within a property that is not designed for sale or rental but is available for common use by all owners, tenants, or their invitees, e.g., parking and its appurtenances, malls, sidewalks, landscaped areas, recreation areas, public toilets, truck and service facilities.
2. In a shopping center, the walkways and areas onto which the stores face and which conduct the flow of customer traffic. (ICSC) (Dictionary, 6th Edition)

Common Area Maintenance (CAM)

1. The expense of operating and maintaining common areas; may or may not include management charges and usually does not include capital expenditures on tenant improvements or other improvements to the property.
2. The amount of money charged to tenants for their shares of maintaining a [shopping]

center's common area. The charge that a tenant pays for shared services and facilities such as electricity, security, and maintenance of parking lots. The area maintained in common by all tenants, such as parking lots and common passages. Items charged to common area maintenance may include cleaning services, parking lot sweeping and maintenance, snow removal, security, and upkeep. (ICSC) (Dictionary, 6th Edition)

Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service ($DCR = NOI/I_m$), which measures the relative ability of a property to meet its debt service out of net operating income; also called *debt service coverage ratio (DSCR)*. A larger *DCR* indicates a greater ability for a property to withstand a reduction of income, providing an improved safety margin for a lender. (Dictionary, 6th Edition)

Depreciation

1. In appraisal, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date.
2. In accounting, an allocation of the original cost of an asset, amortizing the cost over the asset's life; calculated using a variety of standard techniques. (Dictionary, 6th Edition)

Discount Rate

A rate of return on capital used to convert future payments or receipts into present value; usually considered to be a synonym for yield rate. (Dictionary, 6th Edition)

Effective Age

The age of property that is based on the amount of observed deterioration and obsolescence it has sustained, which may be different from its chronological age. (Dictionary, 6th Edition)

Effective Date

1. The date on which the appraisal or review opinion apply.
2. In a lease document, the date upon which the lease goes into effect. (Dictionary, 6th Edition)

Exposure Time

1. The time a property remains on the market.
2. The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. (Dictionary, 6th Edition)

External Obsolescence

A type of depreciation; a diminution in value caused by negative external influences and generally incurable on the part of the owner, landlord, or tenant. The external influence may be either temporary or permanent. (Dictionary, 6th Edition)

Extraordinary Assumption

An assumption, directly related to a specific assignment, as of the date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions. Comment: Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject

property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2016-2017 ed.) (Dictionary, 6th Edition)

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. (Dictionary, 6th Edition)

Functional Obsolescence

The impairment of functional capacity of improvements according to market tastes and standards. (Dictionary, 6th Edition)

Functional Utility

The ability of a property or building to be useful and to perform the function for which it is intended according to current market tastes and standards; the efficiency of a building's use in terms of architectural style, design and layout, traffic patterns, and the size and type of rooms. (The Appraisal of Real Estate, 14th Edition) (Dictionary, 6th Edition)

Gross Building Area (GBA)

1. Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved.
2. Gross leasable area plus all common areas.
3. For residential space, the total area of all floor levels measured from the exterior of the walls and including the superstructure and substructure basement; typically does not include garage space. (Dictionary, 6th Edition)

Gross Leasable Area (GLA)

Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces. (Dictionary, 6th Edition)

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 permissibility, physical possibility, financial feasibility, 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) (Dictionary, 6th Edition)

Hypothetical Condition

1. A condition that is presumed to be true when it is known to be false. (SVP)
2. A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2016-2017 ed.) (Dictionary, 6th Edition)

Leased Fee 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. (Dictionary, 6th Edition)

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. (Dictionary, 6th Edition)

Market Area

The geographic region from which a majority of demand comes and in which the majority of competition is located. Depending on the market, a market area may be further subdivided into components such as primary, secondary, and tertiary market areas, or the competitive market area may be distinguished from the general market area. (Dictionary, 6th Edition)

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs). (Dictionary, 6th Edition)

Market Value

A type of value that is the major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined, such as the following.

1. The most widely accepted components of market value are incorporated in the following definition: The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.

2. Market value is described, not defined, in the Uniform Standards of Professional Appraisal Practice (USPAP) as follows: A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal. Comment: Forming an opinion of market value is the purpose of many real property appraisal assignments, particularly when the client's intended use includes more than one intended user. The conditions included in market value definitions establish market perspectives for development of the opinion. These conditions may vary from definition to definition but generally fall into three categories:
 - a. the relationship, knowledge, and motivation of the parties (i.e., seller and buyer);
 - b. the terms of sale (e.g., cash, cash equivalent, or other terms); and
 - c. the conditions of sale (e.g., exposure in a competitive market for a reasonable time prior to sale).

Appraisers are cautioned to identify the exact definition of market value, and its authority, applicable in each appraisal completed for the purpose of market value. (USPAP, 2016-2017 ed.)

USPAP also requires that certain items be included in every appraisal report. Among these items, the following are directly related to the definition of market value:

 - Identification of the specific property rights to be appraised.
 - Statement of the effective date of the value opinion.
 - Specification as to whether cash, terms equivalent to cash, or other precisely described financing terms are assumed as the basis of the appraisal.
- If the appraisal is conditioned upon financing or other terms, specification as to whether the financing or terms are at, below, or above market interest rates and/or contain unusual conditions or incentives. The terms of above- or below-market interest rates and/or other special incentives must be clearly set forth; their contribution to, or negative influence on, value must be described and estimated; and the market data supporting the opinion of value must be described and explained.
3. The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States: The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and the seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:
 - Buyer and seller are typically motivated;
 - Both parties are well informed or well advised, and acting in what they consider their best interests;
 - A reasonable time is allowed for exposure in the open market;
 - Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
 - The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)

4. The International Valuation Standards Council defines *market value* for the purpose of international standards as follows: The estimated amount for which a property should exchange on the *valuation date* between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion. (IVS)
5. The Uniform Standards for Federal Land Acquisitions defines *market value* as follows: Market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal. (Uniform Appraisal Standards for Federal Land Acquisitions) (Dictionary, 6th Edition)

Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time.) (Dictionary, 6th Edition)

Net Operating Income (NOI or I_o)

The actual or anticipated net income that remains after all operating expenses are

deducted from effective gross income but before mortgage debt service and book depreciation are deducted. Note: This definition mirrors the convention used in corporate finance and business valuation for EBITDA (earnings before interest, taxes, depreciation, and amortization). (Dictionary, 6th Edition)

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. (Dictionary, 6th Edition)

Parking Ratio

A ratio of parking area or parking spaces to an economic or physical unit of comparison. Minimum required parking ratios of various land uses are often stated in zoning ordinances. (Dictionary, 6th Edition)

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy. (Dictionary, 6th Edition)

Prospective Market Value "As Completed" and "As Stabilized"

A prospective market value may be appropriate for the valuation of a property interest related to a credit decision for a proposed development or renovation project. According to USPAP, an appraisal with a prospective market value reflects an effective date that is subsequent to the date of the appraisal report. Prospective value opinions are intended to reflect the current expectations and perceptions of market

participants, based on available data. Two prospective value opinions may be required to reflect the time frame during which development, construction, and occupancy will occur. The prospective market value—as completed—reflects the property’s market value as of the time that development is expected to be completed. The prospective market value—as stabilized—reflects the property’s market value as of the time the property is projected to achieve stabilized occupancy. For an income-producing property, stabilized occupancy is the occupancy level that a property is expected to achieve after the property is exposed to the market for lease over a reasonable period of time and at comparable terms and conditions to other similar properties. (See USPAP Statement 4* and Advisory Opinion 17.) (Interagency Appraisal and Evaluation Guidelines) (Dictionary, 6th Edition)

Rentable Area

For office or retail buildings, the tenant’s pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The rentable area of a floor is computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations of the floor. Alternatively, the amount of space on which the rent is based; calculated according to local practice. (Dictionary, 6th Edition)

Replacement Cost

The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout. (Dictionary, 6th Edition)

Scope of Work

1. The type of data and the extent of research and analyses. (SVP)
2. The type and extent of research and analyses in an appraisal or appraisal review assignment. (USPAP, 2016-2017 ed.) (Dictionary, 6th Edition)

Stabilized Occupancy

1. The occupancy of a property that would be expected at a particular point in time, considering its relative competitive strength and supply and demand conditions at the time, and presuming it is priced at market rent and has had reasonable market exposure. A property is at stabilized occupancy when it is capturing its appropriate share of market demand.
2. An expression of the average or typical occupancy that would be expected for a property over a specified projection period or over its economic life. (Dictionary, 6th Edition)

Tenant Improvements (TIs)

1. Fixed improvements to the land or structures installed and paid for use by a lessee.
2. The original installation of finished tenant space in a construction project; subject to periodic change for succeeding tenants. (Dictionary, 6th Edition)

Vacancy and Collection Loss

A deduction from potential gross income (*PGI*) made to reflect income reductions due to vacancies, tenant turnover, and nonpayment of rent; also called *vacancy and credit loss* or *vacancy and contingency loss*. (Dictionary, 6th Edition)

Operating Expenses

Other Taxes, Fees & Permits - Personal property taxes, sales taxes, utility taxes, fees and permit expenses.

Property Insurance – Coverage for loss or damage to the property caused by the perils of fire, lightning, extended coverage perils, vandalism and malicious mischief, and additional perils.

Management Fees - The sum paid for management services. Management services may be contracted for or provided by the property owner. Management expenses may include supervision, on-site offices or apartments for resident managers, telephone service, clerical help, legal or accounting services, printing and postage, and advertising. Management fees may occasionally be included among recoverable operating expenses

Total Administrative Fees – Depending on the nature of the real estate, these usually include professional fees and other general administrative expenses, such as rent of offices and the services needed to operate the property. Administrative expenses can be provided either in the following expense subcategories or in a bulk total. 1) Professional Fees – Fees paid for any professional services contracted for or incurred in property operation; or 2) Other Administrative – Any other general administrative expenses incurred in property operation.

Heating Fuel - The cost of heating fuel purchased from outside producers. The cost of heat is generally a tenant expense in single-tenant, industrial or retail properties, and apartment projects with individual heating units. It is a major expense item shown in operating statements for office buildings and many apartment properties. The fuel consumed may be coal, oil, or public steam. Heating supplies, maintenance, and workers' wages are included in this expense category under certain accounting methods.

Electricity - The cost of electricity purchased from outside producers. Although the cost of electricity for leased space is frequently a tenant expense, and therefore not included in the operating expense statement, the owner may be responsible for lighting public areas and for the power needed to run elevators and other building equipment.

Gas - The cost of gas purchased from outside producers. When used for heating and air conditioning, gas can be a major expense item that is either paid by the tenant or reflected in the rent.

Water & Sewer - The cost of water consumed, including water specially treated for the circulating ice water system, or purchased for drinking purposes. The cost of water is a major consideration for industrial plants that use processes depending on water and for multifamily projects, in which the cost of sewer service usually ties to the amount of water used. It is also an important consideration for laundries, restaurants, taverns, hotels, and similar operations.

Other Utilities - The cost of other utilities purchased from outside producers.

Total Utilities - The cost of utilities net of energy sales to stores and others. Utilities are services rendered by public and private utility companies (e.g., electricity, gas, heating fuel, water/sewer and other utilities providers). Utility expenses can be provided either in expense subcategories or in a bulk total.

Repairs & Maintenance - All expenses incurred for the general repairs and maintenance of the building, including common areas and general upkeep. Repairs and maintenance expenses include elevator, HVAC, electrical and plumbing, structural/roof, and other repairs and maintenance expense items. Repairs and Maintenance expenses can be provided either in the following expense subcategories or in a bulk total. 1) Elevator - The expense of the contract and any additional expenses for elevator repairs and maintenance. This expense item may also include escalator repairs and maintenance. 2) HVAC – The expense of the contract and any additional expenses for heating, ventilation and air-conditioning systems. 3) Electrical & Plumbing – The expense of all repairs and maintenance associated with the property's electrical and plumbing systems. 4) Structural/Roof - The expense of all repairs and maintenance associated with the property's building structure and roof. 5) Pest Control – The expense of insect and rodent control. 6). Other Repairs & Maintenance - The cost of any other repairs and maintenance items not specifically included in other expense categories.

Common Area Maintenance - The common area is the total area within a property that is not designed for sale or rental, but is available for common use by all owners, tenants, or their invitees, e.g., parking and its appurtenances, malls, sidewalks, landscaped areas, recreation areas, public toilets, truck and service facilities. Common Area Maintenance (CAM) expenses can be entered in bulk or through the sub-categories. 1) Utilities – Cost of utilities that

are included in CAM charges and passed through to tenants. 2) Repair & Maintenance – Cost of repair and maintenance items that are included in CAM charges and passed through to tenants. 3) Parking Lot Maintenance – Cost of parking lot maintenance items that are included in CAM charges and passed through to tenants. 4) Snow Removal – Cost of snow removal that are included in CAM charges and passed through to tenants. 5) Grounds Maintenance – Cost of ground maintenance items that are included in CAM charges and passed through to tenants. 6) Other CAM expenses are items that are included in CAM charges and passed through to tenants.

Painting & Decorating - This expense category is relevant to residential properties where the landlord is required to prepare a dwelling unit for occupancy in between tenancies.

Cleaning & Janitorial - The expenses for building cleaning and janitorial services, for both daytime and night-time cleaning and janitorial service for tenant spaces, public areas, atriums, elevators, restrooms, windows, etc. Cleaning and Janitorial expenses can be provided either in the following subcategories or entered in a bulk total. 1) Contract Services - The expense of cleaning and janitorial services contracted for with outside service providers. 2) Supplies, Materials & Misc. - The cost any cleaning materials and any other janitorial supplies required for property cleaning and janitorial services and not covered elsewhere. 3) Trash Removal - The expense of property trash and rubbish removal and related services. Sometimes this expense item includes the cost of pest control and/or snow removal .4) Other Cleaning/Janitorial - Any other cleaning and janitorial related expenses not included in other specific expense categories.

Advertising & Promotion - Expenses related to advertising, promotion, sales, and publicity and all related printing, stationary, artwork, magazine space, broadcasting, and postage related to marketing.

Professional Fees - All professional fees associated with property leasing activities including legal, accounting, data processing, and auditing costs to the extent necessary to satisfy tenant lease requirements and permanent lender requirements.

Total Payroll - The payroll expenses for all employees involved in the ongoing operation of the property, but whose salaries and wages are not included in other expense categories. Payroll expenses can be provided either in the following subcategories or entered in a bulk total. 1) Administrative Payroll – The payroll expenses for all employees involved in on-going property administration. 2) Repair & Maintenance Payroll - The expense of all employees involved in on-going repairs and maintenance of the property. 3) Cleaning Payroll - The expense of all employees involved in providing on-going cleaning and janitorial services to the property 4) Other Payroll - The expense of any other employees involved in providing services to the property not covered in other specific categories.

Security - Expenses related to the security of the Lessees and the Property. This expense item includes payroll, contract services and other security expenses not covered in other expense categories. This item also includes the expense of maintenance of security systems such as alarms and closed circuit television (CCTV), and ordinary supplies necessary to operate a security program, including batteries, control forms, access cards, and security uniforms.

Roads & Grounds - The cost of maintaining the grounds and parking areas of the property. This expense can vary widely depending on the type of property and its total area. Landscaping improvements can range from none to extensive beds, gardens and trees. In addition, hard-surfaced public parking areas with drains, lights, and marked car spaces are subject to intensive wear and can be costly to maintain.

Other Operating Expenses - Any other expenses incurred in the operation of the property not specifically covered elsewhere.

Real Estate Taxes - The tax levied on real estate (i.e., on the land, appurtenances, improvements, structures and buildings); typically by the state, county and/or municipality in which the property is located.

B: APPRAISER QUALIFICATIONS

Professional Qualifications of:

Anthony W. Lesicka, MAI

Mr. Lesicka is a co-founder of Insight Realty Advisors, Inc. where he performs real estate valuation and consulting analyses on various property types (industrial, office, retail, multifamily and vacant land), as well as appraisal-related regulatory consulting for various clients and intended uses across the Upper Midwest. Prior to co-founding Insight, Mr. Lesicka was the Chief Appraiser for Stillwater, MN-based Central Bank, a bank that grew from roughly \$350 million in size to \$1.2 billion over the 2008-2011 time period through the acquisition of several failed banks. Prior to joining Central Bank, he set up and managed the appraisal review department for another bank in the Twin Cities. Mr. Lesicka began his appraisal career as a fee appraiser. He has also worked as an in-house valuation expert for a major commercial property developer and as an underwriter for a lender specializing in multifamily and seniors housing loans.

Experience

His appraisal experience encompasses virtually all property types, covering appraisal, appraisal review and appraisal consulting. He also has experience consulting with federally related financial institutions on appraisal-related regulations. Importantly, he has experience from the perspective of several different users of appraisal services, having worked for a developer, a multifamily/seniors housing agency lender, as well as two different banks.

Education

University of Minnesota-Twin Cities

Bachelor of Individualized Studies (2004)

Management/Information & Decision Sciences, Communication Studies, and Global Studies

Professional Activities

- Minnesota Certified General Real Property Appraiser License No. 20371321
- Wisconsin Certified General Real Property Appraiser License No. 1400-10
- Iowa Certified General Real Property Appraiser License No. CG03439
- Designated Member: Appraisal Institute, Member No. 457907
- Member – Board of Directors: North Star Chapter of the Appraisal Institute (2010-2012)
- President: North Star Chapter of the Appraisal Institute (2016)
- Member – Public Relations Committee: North Star Chapter of the Appraisal Institute (2009-)
 - Frequent presenter of various valuation-related seminars through various industry organizations including the Appraisal Institute, the MN Banker’s Association, the Risk Management Association and the Real Estate Journal seminar series. Author/co-author various research and commentary articles for industry and other publications in an effort to promote the Appraisal Institute, its members, and its designations. Develop/Support other marketing/public relations opportunities to promote the valuation profession.
Examples Include:
 - <http://finance-commerce.com/2010/11/missing-forest-for-the-trees-with-cre-data/>
 - <http://news.investors.com/article/556313/201012091757/property-worth-its-tough-to-tell.htm?Ntt=tony-lesicka>
 - <http://www.startribune.com/housing/commercial/124099969.html>
 - http://www.northwesternfinancialreview.com/archives/Archives2013/June%2015%202013/june15_2013appraiserscorner_lesicka.html
- Published Author: Real Estate Appraisal Practice: A Collection of Examples (2013)
 - Co-authored a real estate appraisal textbook highlighting the best practices of real estate appraisal collected from real world examples.
- Adjunct Lecturer: University of Wisconsin-Stout, School of Hospitality Leadership, Real Estate Appraisal Course

Professional Qualifications of:**Nathan Hansen**

Mr. Hansen is a Principal of Insight Realty Advisors, Inc. where he performs real estate valuation and consulting analyses on various property types (industrial, office, retail, multifamily and vacant land) for various clients and intended uses across the Upper Midwest. Prior to joining Insight, Mr. Hansen was with Nagell Appraisal & Consulting since 2002. He has completed appraisals in all of Minnesota, and portions of Wisconsin, Iowa, and North Dakota. Appraisal assignments included multiple properties types for financing, condemnation, and estate purposes.

Experience

His appraisal experience encompasses all property types, including: retail centers, office buildings, apartment complexes, industrial buildings, bare land, subdivisions, new development, hotels/motels, etc.

Education

Bachelor of Science

North Dakota State University

Professional Activities

- Minnesota Certified General Appraiser License #20302614
- Wisconsin Certified General Appraiser License #1666-010
- Candidate for Designation, Appraisal Institute

Successfully completed numerous education courses, including the continuing education program, from the Appraisal Institute. Appraisal Institute coursework completed include the following:

- Advanced Income Capitalization
- Basic Income Capitalization
- Evaluation of Commercial Construction
- Fundamentals of Separating Real Property, Personal Property and Intangible Business Assets
- General Market Analysis & Highest and Best Use
- Income Valuation of Small, Mixed-use Properties
- Real Estate Finance – Market Number Impact on Value and Appraisal
- Regression Analysis in Appraisal Practice
- Report Writing & Valuation Analysis
- USPAP and other appropriate Standard & Ethics update courses

Phase I Environmental Site Assessment

Vacant Gasoline Station/Convenience Store
6401 Highway 10 NW
Ramsey, Minnesota

Prepared For

City of Ramsey

and

State of Minnesota

January 10, 2017

Project B1610732

Mr. Patrick Brama
City of Ramsey
7550 Sunwood Drive NW
Ramsey, MN 55303

Re: Phase I Environmental Site Assessment
Vacant Gasoline Station/Convenience Store
6401 Highway 10 NW
Ramsey, Minnesota

Dear Mr. Brama:

In accordance with your written authorization, Braun Intertec Corporation conducted a Phase I environmental site assessment (ESA) of the above-referenced site (Site). The objective of the Phase I ESA was to evaluate the Site for indications of recognized environmental conditions and to assist in satisfying All Appropriate Inquiries (AAI) standards and practices. The Phase I ESA was conducted in general conformance with the scope and limitations of American Society for Testing and Materials (ASTM) Practice E1527-13 and 40 Code of Federal Regulations (CFR) Part 312.

The Phase I ESA was prepared on behalf of, and for use by the City of Ramsey and the State of Minnesota. No other party has a right to rely on the contents of the Phase I ESA without written authorization by Braun Intertec. The Phase I ESA was prepared in association with the purchase of the Site. Please refer to the attached report for the scope, methods and conclusions of our assessment.

We appreciate the opportunity to provide our professional services for you for this project. If you have any questions regarding this letter or the attached report, please contact Kelly Brown at 952.995.2614 or James Stephan at 952.995.2676.

Sincerely,

BRAUN INTERTEC CORPORATION



Kelly W. Brown
Senior Scientist



James E. Stephan
Senior Scientist

Attachment:
Phase I Environmental Site Assessment Report

AA/EOE

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Executive Summary

Braun Intertec Corporation conducted a Phase I Environmental Site Assessment (ESA) of a vacant gasoline station/convenience store located at 6401 Highway 10 NW in Ramsey, Minnesota (Site) in general conformance with the scope and limitations of American Society for Testing and Materials (ASTM) Practice E1527-13 and 40 Code of Federal Regulations (CFR) Part 312.

At the time of this assessment, the Site consisted of an approximate 1.64-acre parcel developed with a vacant gasoline station/convenience store with an attached carwash. The building has been vacant for approximately the past three years. Four empty underground storage tanks are located on the Site. The surrounding area is developed for commercial uses.

Our research has revealed that the Site had been used as a farmstead from at least 1938 through at least 1957. The Site was then occupied by a commercial building from 1965 until 2001. The commercial building was located in the west-central portion of the Site and extended northwesterly onto what is now the adjoining parcel. Past occupants of the commercial building included automobile sales and services businesses and a sign and graphics business. The automobile dealerships were identified on the storage tank, leak site, hazardous waste generator, and Voluntary Investigation and Cleanup Program databases. Petroleum impacted soils and groundwater have been documented on the Site from the past automobile sales and services uses. The existing Site building was constructed in 2002-03 as a gasoline station/convenience store with an attached carwash. The surrounding area was historically developed as cultivated cropland with scattered farmsteads and has been progressively redeveloped for commercial use.

This assessment identified no recognized environmental conditions in connection with the Site, with the exception of the following:

- The Site was formerly occupied by automobile dealerships. The automobile dealerships were identified on the storage tank, leak site, hazardous waste generator, and Voluntary Investigation and Cleanup Program databases. Soil and groundwater impacts on the Site and the adjacent parcel to the west were documented in association with these database listings. This represents a recognized environmental condition.
- The existing Site building was constructed in 2002-03 as a gasoline station/convenience store with an attached carwash. Four empty underground storage tanks are located on the Site. There is a potential for past unreported releases associated with the use of the tanks. This represents a recognized environmental condition.

This assessment identified no controlled recognized environmental conditions or historical recognized environmental conditions in connection with the Site.

Additional Considerations

An additional consideration is a condition that does not meet the definition of a recognized environmental condition, controlled recognized environmental condition, or historical recognized environmental condition but, in our opinion, should be brought to the attention of the User. The following additional considerations were identified during the Phase I ESA.

Historically, farmstead buildings and a commercial building were located on the Site. It is unknown if the demolition debris associated with the buildings was buried on the Site or hauled away for disposal. The potential exists that buried materials are present at the Site that may require management as solid or hazardous waste if encountered during future earthwork or redevelopment activities. If fill soils, which could include demolition debris and other wastes, are encountered during such activities, then additional evaluation of the fill soils might be required for management and disposal purposes.

Braun Intertec prepared a hazardous material survey report on November 28, 2016 pertaining to the Site building that identified and quantified asbestos-containing materials (ACM), lead-based paint, and other hazardous materials that would require special management, handling and disposition prior to demolition.

A. Introduction

A.1. Purpose

Braun Intertec Corporation received authorization from Mr. Patrick Brama of the City of Ramsey (Client) to conduct a Phase I Environmental Site Assessment (ESA) of a vacant gasoline station/convenience store located at 6401 Highway 10 NW in Ramsey, Minnesota (Site). The objective of the Phase I ESA was to evaluate the Site for indications of recognized environmental conditions and to assist in satisfying All Appropriate Inquiries (AAI) standards and practices. The Phase I ESA was conducted in general conformance with the scope and limitations of American Society for Testing and Materials (ASTM) Practice E1527-13 and 40 Code of Federal Regulations (CFR) Part 312. No intentional deviations from the ASTM Practice E1527-13 were made in conducting this Phase I ESA for the Site. The Phase I ESA was prepared on behalf of, and for the use by the City of Ramsey and the State of Minnesota (Users) in accordance with the contract between the City of Ramsey and Braun Intertec, including the Braun Intertec General Conditions. No other party has a right to rely on the contents of the Phase I ESA without written authorization by Braun Intertec. All authorized parties are entitled to rely on the attached report according to our contract with Client, and under the same terms, conditions and circumstances. Please note that our contract with Client may contain a limitation of our total liability. If so, such limitation also applies to all those receiving this permission.

According to the User, the Phase I ESA was conducted in association with the purchase of the Site.

The purpose of this Phase I ESA was to evaluate the Site for indications of “recognized environmental conditions.” A recognized environmental condition is defined by ASTM Practice E1527-13 as: “the presence or likely presence of any hazardous substances or petroleum products in, on, or at a property: 1) due to any release to the environment, 2) under conditions indicative of a release to the environment, or 3) under conditions that pose a material threat of a future release to the environment. *De minimis* conditions are not recognized environmental conditions.”

In addition, a “controlled recognized environmental condition” is also a recognized environmental condition. A controlled recognized environmental condition is defined by ASTM Practice E1527-13 as “a recognized environmental condition resulting from a past release of hazardous substances or petroleum products that has been addressed to the satisfaction of the applicable regulatory authority, with hazardous substances or petroleum products allowed to remain in place subject to the implementation of required controls.”

A.2. Scope of Services

Services provided for this project included:

- Preparing a description of the Site location, current use and improvements, and surrounding area.
- Preparing a general description of the topography, soils, geology, and groundwater flow direction at the Site.
- Reviewing reasonably ascertainable and practically reviewable regulatory information published by state and federal agencies, health, and/or environmental agencies.
- Reviewing the history of the Site, including aerial photographs, fire insurance maps, directories, and other readily available Site development data.
- Conducting a reconnaissance and environmental review of the Site, including observations of the Site for indications of hazardous materials, petroleum products, polychlorinated biphenyls (PCBs), wells, storage tanks, solid waste disposal, pits and sumps, and utilities.
- Conducting an area reconnaissance, including a brief review of adjoining property uses and pertinent environmental information noted in the Site vicinity.
- Interviewing current owners and/or occupants of the Site and accessible past Site owners, operators and/or occupants, as available.
- Interviewing local government officials or agencies having jurisdiction over hazardous waste disposal or other environmental matters in the area of the Site, as available.
- Reviewing previous environmental reports prepared for the Site, if provided.
- Preparing a written report of our methods, results, and conclusions.

The Standard Scope of the ASTM Practice E1527-13 is not intended to provide a universal analysis of potential environmental risks and hazards. This assessment included no analysis of non-standard scope environmental risks and hazards unless otherwise listed above. Analysis of other non-standard scope issues by Braun Intertec would require additional contractual arrangements.

This assessment does not include vapor encroachment screening as defined in ASTM Practice E2600-10, *Standard Guide for Vapor Encroachment Screening on Property Involved in Real Estate Transactions*. ASTM Practice E2600-10 is not a requirement or component of “all appropriate inquiry,” but a tool for evaluating vapor migration. Its results are not determinative of whether hazardous substances from a release are or may be present at the property for the sake of “all appropriate inquiry” or ASTM Practice E1527-13. An ASTM Practice E2600-10 vapor encroachment screen is not within the scope of this Phase I ESA and will not be conducted unless specifically requested by the User. However, vapors present or likely present from hazardous substances or petroleum products are considered no differently than hazardous substances or petroleum products present or likely present as a result of a release to the environment. Therefore, while a vapor encroachment screening per the ASTM Practice E2600-10 standard is not part of this assessment, the potential for impacts to the property from vapor migration that is a result of a release of hazardous substances and/or petroleum products to the environment will be considered when assessing for the presence of a recognized environmental condition as defined by ASTM E1527-13.

A.3. User-Provided Information

The purpose of this section is to describe tasks to be performed by the “User.” The “User” as defined by ASTM Practice E1527-13, is “the party seeking to use ASTM Practice E1527-13 to complete an environmental site assessment of the property. A User may include, without limitation, a potential purchaser of property, a potential tenant of property, an owner of property, a lender, or a property manager.”

As stated in 40 CFR 312 (the rule), the Brownfields Amendments provide important liability protections for Users who qualify as contiguous property owners, bona fide prospective purchasers, or innocent landowners. To meet the statutory requirements for any of these Landowner Liability Protections (LLPs), a User must meet certain threshold requirements and satisfy certain continuing obligations. To qualify as one of the three LLPs, the User must perform “all appropriate inquiries” (AAI) on or before the date on which the User acquired the Site. The rule defines AAI, which includes inquiries and activities performed by the User and an environmental professional (EP).

The rule allows (but does not mandate) the User performing AAI to conduct inquiries or activities that may include searches for environmental liens, assessments of any specialized knowledge on the part of the User, an assessment of commonly known or reasonably ascertainable information about the Site, and an assessment of the relationship of the purchase price to fair market value. However, if the User performing AAI conducts one or more of these inquiries and/or activities, the rule allows (but does not mandate) that the User may communicate information gathered from these inquiries and/or activities to their EP to identify a possible recognized environmental condition.

Braun Intertec provided a User Questionnaire to the Client as a means to communicate information gathered from these inquiries and/or activities to the EP. The User may elect whether to communicate this information to the EP and/or to communicate this information to the EP by other means (e.g., through conversation or submission of documents). As indicated in our contract, if multiple Users are requesting reliance on the Phase I ESA, the Client was responsible for forwarding a copy of the questionnaire to all appropriate entities (collectively the User).

User-supplied information is discussed in applicable sections of this report. Sections A.4.a through A.4.f present any information communicated to us by the User that the EP has determined to indicate the possible presence or likely presence of a recognized environmental condition.

A.3.a. Environmental Liens

An environmental lien is a charge, security, or encumbrance, upon title to the Site to secure the payment of a cost, damage, debt, obligation, or duty arising out of response actions, cleanup, or other remediation of environmental issues at the Site.

The User was not aware of a record or awareness of environmental liens recorded against the Site.

A.3.b. Activity and Use Limitations

Activity and Use Limitations (AULs) are legal or physical restrictions or limitations on the use of, or access to, a Site to reduce or eliminate potential exposure to hazardous substances or petroleum products in the soil, soil vapor, groundwater, and/or surface water on the Site or to prevent activities that could interfere with the effectiveness of a response action, in order to ensure maintenance of a condition of no significant risk to public health or the environment. AULs, which may include institutional and/or engineering controls, are intended to prevent adverse impacts to individuals or populations that may be exposed to hazardous substances and petroleum products in the soil, groundwater, and/or surface water on the Site.

The User was not aware of a record or awareness of AULs recorded against the Site.

A.3.c. Specialized Environmental Knowledge

Specialized environmental knowledge includes any information and/or experience related to the Site or adjoining properties including, but not limited to, any obvious indicators that point to the presence or likely presence of environmental issues at the Site.

The User was not aware of specialized environmental knowledge for the Site.

A.3.d. Valuation Reduction for Environmental Issues

Valuation reduction for environmental issues includes the relationship of the purchase price to the fair market value of the property.

The User was not aware of information indicating any reduction in purchase price or fair market value due to environmental issues at this time and until completion of this Phase I ESA.

A.3.e. Commonly Known or Reasonably Ascertainable Information

Commonly known or reasonably ascertainable information includes information about the Site that generally is known to the public within the community where the Site is located and can be easily sought and found from individuals familiar with the Site or from easily attainable public sources of information.

The User was not aware of commonly known or reasonably ascertainable information for the Site except for the past use as a gasoline station.

A.3.f. Degree of Obviousness

The User must consider the degree of obviousness of the presence or likely presence of releases or threatened releases at the Site and the ability to detect releases or threatened releases by appropriate investigation.

The User was not aware of any obvious indications of the presence or likely presence of releases or threatened releases at the Site.

B. Records Review

The purpose of the records review is to obtain and review records that will help identify recognized environmental conditions in connection with the Site. We consulted only those regulatory and historical sources that were readily available, practically reviewable, and likely to be useful to develop a history of previous uses of the Site and surrounding area within the time and cost constraints of this Phase I ESA.

B.1. Site Location

We accessed various documents and online sources to obtain Site location information. The following is a summary our findings:

Address:	6401 Highway 10 NW
City:	Ramsey
County:	Anoka
State:	Minnesota
Property Identification Number:	34-32-25-14-0027
Construction Year:	2002-03
Owner:	Series Sunfish of Athans Holdings LLC
Legal Description:	Lot 2, Block 1, Sunfish Commons Addition
Latitude:	45.221 North
Longitude:	-93.430 West
Section, Township, Range:	SE ¼ of NE ¼ of Section 34, Township 32 North, Range 25 West
Size:	1.64 acres

A Site location map and Site sketch are attached in Appendices A and B, respectively. Information obtained from the Anoka County Property Information web page is attached in Appendix C.

The Site is occupied by a slab-on-grade, 8,583 square foot, vacant gasoline station/convenience store with an attached carwash.

B.2. Physical Setting

B.2.a. Topography

According to the United States Geological Survey (U.S.G.S) 7.5-minute topographic map series, Anoka, Minnesota quadrangle, the Site is located at an elevation of approximately 865 feet above mean sea level. The topography of the Site is relatively level with a slight downward slope to the south.

B.2.b. Geology

The unconsolidated sediment in the Site vicinity are Quaternary Wisconsin Episode Langdon Terrace deposits, which consist of sand and gravelly sand (Meyer, 2012).

The uppermost bedrock unit in the Site vicinity is the Upper Cambrian St. Lawrence Formation (Mossler, 2012). The St. Lawrence Formation is described as light gray to yellowish-gray and pale yellowish-green, dolomitic, feldspathic siltstone with interbedded very fine-grained sandstone and shale.

The depth to bedrock in the Site vicinity is approximately 150 feet to 200 feet below land surface (Mossler, 2012).

B.2.c. Hydrogeology

The depth to groundwater in the vicinity of the Site is estimated to be 15 to 30 feet below land surface. Based on previous investigations at the Site, groundwater was measured at depths of approximately 20 to 24 feet below land surface.

According to published geologic information, the regional groundwater flow direction within the unconsolidated deposits in the Site vicinity is generally south-southwest (Palen et al., 1993).

The Site-specific groundwater flow direction was not determined through direct measurement during this Phase I ESA. Additional field investigation, beyond the Scope of Services of this Phase I ESA, would be required to determine this information.

B.3. Regulatory Report

We obtained regulatory database information pertaining to the Site and surrounding area from Environmental Risk Information Services, Ltd. (ERIS). The ERIS report is a compilation of records of facilities that are included on current federal and state environmental regulatory databases. The databases were searched based on the specified minimum search distances from the Site as established by ASTM Practice E1527-13.

The ERIS report also includes a description, source reference, date of acquisition, and the specified approximate minimum search distance criteria for each database and list. A copy of the ERIS report is attached in Appendix D.

We reviewed the ERIS report to identify records that indicate known or potential recognized environmental conditions on the Site and/or surrounding area and to evaluate the likelihood for those recognized environmental conditions to impact the Site based on the information obtained in this Phase I ESA.

B.3.a. Site

The Site is listed on the following federal and/or state databases in the ERIS report:

- Sunfish Express, 6401 Highway 10. The ERIS report indicates that the Site is listed on the underground storage tank (UST) and What's In My Neighborhood (WIMN) databases. One 20,000-gallon gasoline UST, two 10,000-gallon gasoline USTs, and one 10,000-gallon diesel UST are registered to the Site. All four tanks are listed as installed on October 31, 2002 and as out of service (not formally temporarily closed). All of the tanks are double-walled fiberglass with spill containment, overflow protection, and leak detection.

- McKay's Rapids Auto Sales, 6415 Highway 10 NW, formerly located on the Site and extending onto the adjacent parcel to the northwest. The ERIS report indicates that the facility is listed on the UST, aboveground storage tank (AST), leak site (LEAKSITES), WIMN and Resource Conservation and Recovery Act (RCRA) Conditionally Exempt Small Quantity Generator (CESQG) databases.

One 265-gallon bulk oil AST, two 265-gallon used oil ASTs, one 6,000-gallon gasoline UST, one 6,000-gallon fuel oil UST, one 4,000-gallon used oil UST, and one 560-gallon motor oil UST are registered to the facility. All of the ASTs are listed as active. All of the USTs are listed as removed in 1993.

A petroleum tank release (hydraulic fluid) was reported on June 15, 2001 (Leak #14284). The file on the reported release was closed by the Minnesota Pollution Control Agency (MPCA) on March 14, 2002 indicating that the investigation/cleanup of the reported release has been completed to the satisfaction of the MPCA. The ERIS report indicates that contaminated soils reportedly remain.

Identification of the facility on the RCRA CESQG database indicates that the facility is required to register their hazardous waste activity under RCRA and does not imply that a release has occurred at the facility. McKay's Auto Sales is listed as having generated tetrachloroethylene, ignitable waste, benzene and lead.

- Barnett Oldsmobile/Jeep/Eagle, 6415 Highway 10 NW, formerly located on the Site and extending onto the adjacent parcel to the northwest. The ERIS report indicates that the facility is listed on the LEAKSITES, WIMN and RCRA non-generator of hazardous waste (RCRA NON GEN) databases.

A petroleum tank release (fuel oil) was reported on January 6, 1994 (Leak #7134). The file on the reported release was closed by the MPCA on August 22, 1995. The ERIS report indicates that groundwater was reportedly contaminated by the release.

A petroleum tank release (gasoline) was reported on February 23, 1994 (Leak #7205). The file on the reported release was closed by the MPCA on September 26, 1995. The ERIS report indicates that groundwater was reportedly contaminated by the release.

Barnett Oldsmobile/Jeep/Eagle is listed as having generated ignitable waste, halogenated solvents, and non-halogenated solvents.

- Barnett Olds, 6415 Highway 10 NW, formerly located on the Site and extending onto the adjacent parcel to the northwest. The ERIS report indicates that the facility is listed on the Voluntary Investigation and Cleanup (VIC) Program database. The ERIS report indicates the VIC file (VP4770) is inactive indicating that the MPCA is not currently involved with any actions or activities at the facility. The ERIS report indicates that soil is impacted with diesel range organics (DRO) and gasoline range organics (GRO), soil remediation was conducted in 1994, and a Limited No Action Letter was issued by the MPCA in 1995.
- Barnett Olds #2, 6415 Highway 10 NW, formerly located on the Site and extending onto the adjacent parcel to the northwest. The ERIS report indicates that the facility is listed on the VIC database. The ERIS report indicates the VIC file (VP4771) is inactive. The ERIS report indicates that a Response Action Plan (RAP) Approval letter was issued by the MPCA in 2001.

B.3.b. Adjoining Properties

The following facilities are identified on properties that adjoin the Site in the ERIS report:

- Parabody Inc., 6410 Highway 10, located on an adjoining property south of the Site across Highway 10. The ERIS report indicates that the facility is listed on the AST and WIMN databases. One active 265-gallon kerosene AST is registered to the facility. No releases have been reported in association with the tank.
- Listul Industries, 13900 Sunfish Lake Boulevard, located on an adjoining property north of the Site across the railroad tracks. The ERIS report indicates that the facility is listed on the RCRA CESQG database. No releases, violations, or enforcement actions pertaining to the generation, storage, or disposal of hazardous waste were noted.
- Peck Construction, 13900 Sunfish Lake Boulevard, located on an adjoining property north of the Site across the railroad tracks. The ERIS report indicates that the facility is listed on the leaking aboveground storage tank (LAST), Petroleum Brownfields (BROWNFIELDS) and WIMN databases. A petroleum tank release was reported in 2008 and was closed by the MPCA in 2009. The ERIS report indicates that contaminated soil reportedly remains; however, groundwater was not contaminated by the release.
- Midwest Overhead Crane Corp, 13900 Sunfish Lake Boulevard, located on an adjoining property north of the Site across the railroad tracks. The ERIS report indicates that the facility is listed on the WIMN database as an active small to minimal hazardous waste generator, as an inactive industrial stormwater permit site, and as an inactive air permit site.

- Amoco #14673, 6360 Highway 10, located on an adjoining property southeast of the Site across Highway 10 and Sunfish Lake Boulevard. The ERIS report indicates that the facility is listed on the UST, leaking underground storage tank (LUST) and WIMN databases. Three USTs are registered to the facility. All three tanks are listed as removed. A petroleum tank release was reported in July 2004 and was closed by the MPCA in December 2004. The ERIS report indicates that groundwater was not contaminated by the release.

B.3.c. Surrounding Area

We reviewed the ERIS report for facilities located beyond adjoining properties that may indicate a release or likely release of hazardous substances and/or petroleum products that may impact the Site. Based on factors that include regulatory status, distance from the Site, and/or location relative to the regional groundwater flow direction, as referenced in Section B.2., no facilities are identified in the ERIS report that warrant further consideration as potential recognized environmental conditions.

B.3.d. Unmapped Sites

The ERIS report identified unmappable sites, which, because of poor or inadequate address information could not be mapped by ERIS. Using online mapping resources, all unmappable sites were identified outside the appropriate minimum search distances for the Site or could not be located based on the information provided. It is our opinion the unmappable sites do not warrant further consideration as potential recognized environmental conditions.

B.4. Additional Federal, State, and Local Environmental Records

To enhance and supplement the regulatory database report, we obtained or reviewed practically reviewable or reasonably ascertainable local city and/or county records and/or additional state records to identify records that indicate known or potential recognized environmental conditions at the Site.

B.4.a. Well Databases

The Minnesota Geological Survey (MGS) maintains the Minnesota Well Index (MWI), which is a limited database of water well records. The MWI was accessed through the Minnesota Department of Health (MDH) website. Not all private water wells are listed in that database. Our review of the MWI database revealed no documentation of water wells located on the Site.

B.4.b. State Regulatory Web Pages

We accessed Minnesota Department of Agriculture (MDA) "What's In My Neighborhood" Agricultural Interactive Mapping web page and the MPCA's "What's In My Neighborhood" web pages for information regarding the potential for the Site, adjoining properties, or surrounding properties to be of

environmental concern that were not identified in the regulatory database report. We did not identify facilities on the state regulatory web pages we accessed that were not already listed in the ERIS report discussed in Section B.3 above with the exception of the following listing for the Site:

- Barnett Anoka Motor – F Bath, 6415 Highway 10 NW, formerly located on the Site and extending onto the adjacent parcel to the northwest. The MPCA WIMN web page lists this as a leak site. A petroleum tank release (unknown product) was reported on July 1, 2000 (Leak #14065). The file on the reported release was closed by the MPCA on August 18, 2005. The ERIS report indicates that groundwater was reportedly contaminated by the release.

B.5. Regulatory Agency File and Records Review

The purpose of the regulatory file review is to obtain sufficient information to assist in determining if a recognized environmental condition, historical recognized environmental condition, controlled recognized environmental condition, or a *de minimis* condition exists at the Site in connection with a regulatory report listing.

Based on our review of the regulatory report, it is our opinion that a regulatory agency file and records review is warranted to determine if a recognized environmental condition, historical recognized environmental condition, controlled recognized environmental condition, or a *de minimis* condition exists at the Site in connection with the LEAKSITES and VIC sites identified in Sections B.3.a and B.4.b. Braun Intertec was authorized to review the MPCA files pertaining to these LEAKSITES and VIC sites. The following is a discussion of the information reviewed.

B.5.a. Leak #7134

The information in the MPCA file was limited. A petroleum tank release was reported on January 6, 1994 following the removal of underground storage tanks. The MPCA closed the file on the reported release on August 22, 1995. The file apparently overlapped with the VIC file (VP4770).

An excavation report dated September 28, 1994 for Leak #7134 was in the VIC VP4770 file. According to the excavation report, a 6,000-gallon waste oil UST, an 8,000-gallon fuel oil UST, and a 560-gallon motor oil UST were removed in January 1994. The waste oil and fuel oil USTs were located along the west exterior wall of the auto dealership building (west of the Site). The motor oil tank was located in the northeast portion of the auto dealership building (on the Site). The excavations were completed to depths ranging from 4 to 10 feet below grade. Groundwater was not encountered in the excavations. Approximately 20 cubic yards of soil was excavated from the fuel oil tank basin and stockpiled on-site. Confirmation samples of the stockpiled soils were analyzed for DRO, benzene, toluene, ethylbenzene and

xylene (BTEX) and total lead; all analytical values were below the practical quantitation limit (PQL) with the exception of lead. The 20 cubic yards of stockpiled soil were later commingled with soil excavated from a nearby drainfield and was thinspread on the adjoining property to the north across the railroad tracks. Soils samples from the base of each excavation were collected and analyzed for DRO and BTEX. Samples from the bottom of the waste oil and fuel oil tank excavations did not indicate any residual petroleum compounds. One sample collected from the bottom of the motor oil tank (on the Site) nearest to the tank fill line and vent line had a DRO concentration of 68 parts per million (ppm). The motor oil tank excavation was backfilled and sealed with concrete. A hand boring was later advanced in the near the east end of the motor oil tank excavation; DRO and BTEX were not detected above the PQL. A Class V injection well drainfield was noted near the tank locations. The excavation report indicated that based on the field headspace readings and laboratory analyses, further remedial investigation associated with the removed tanks was not warranted at the time.

B.5.b. Leak #7205

The information in the MPCA file was limited. A petroleum tank release was reported on February 23, 1994 following the discovery of contaminated soil in the area of a former pump island that was removed in the 1970s. Contamination was encountered in the upper 10 feet of soil. Four groundwater monitoring wells associated with the investigation of the release were abandoned on September 8, 1995. The MPCA closed the file on the reported release on September 26, 1995. The file apparently overlapped with the VIC file (VP4770).

An excavation report dated October 7, 1994 for Leak #7205 was in the VIC VP4770 file. According to the excavation report, approximately 400 cubic yards of petroleum impacted soils were removed from the former dispensing island area (located on the Site) located south of the southeast corner of the former auto dealership building on July 19, 1994. The excavated soil was transported off-site to the adjoining property to the north across the railroad tracks for land application treatment. The excavation was completed to an average depth of 15 feet. Groundwater was encountered in the excavation at approximately 23 feet below ground surface. Soil samples were collected from the excavation sidewalls and bottom and were analyzed for GRO, BTEX and lead. GRO and BTEX were not detected above PQLs. Low levels of lead were detected in all five soil samples.

B.5.c. Leak #14065

The information in the MPCA file was limited to a Public Water Supply Well Assessment dated January 2002. A well (Unique Well Number 165575) was located at the southwest corner of the former auto dealership building (the well was located approximately 60 feet west of the Site). The well was sampled in August 1993 and January 1994. In August 1993, a concentration of 0.6 ug/l of 1,4-dichlorobenzene was detected. In January 1994, concentrations of 2.1 ug/l of benzene, 0.3 ug/l of xylenes, and 1.0 ug/l of styrene were detected. The well was listed as inactive and the former auto dealership had been demolished and replaced with the existing retail strip mall.

B.5.d. Leak #14284

A petroleum tank release was reported on June 15, 2001 following the removal of fifteen hydraulic lifts from the former auto dealership building; eight of the lifts appear to have been located on the Site. Each lift had an approximate 25-gallon hydraulic oil underground storage tank. The initial release was identified during the removal of lift #15 (located west of the Site) based on a slightly elevated PID reading. Subsequently obtained analytical testing results of soil samples obtained from beneath the other lifts indicated detectable DRO concentrations beneath eight of the fifteen lifts (including five lifts formerly located on the Site) and detectable concentrations of ethylbenzene, toluene and xylene beneath lift #15. The excavations were completed to depth of 8 feet below ground surface. Groundwater was not encountered in the excavations. A Supplemental Phase II Field Investigation was completed in August 2000 in the area of the lifts prior to their removal. Six probes were advanced as near as possible to several of the lifts; three of the probes appear to have been advanced on the Site. Soil samples were collected and analyzed for DRO, GRO, and petroleum volatile organic compounds (PVOCs) and groundwater samples were collected and analyzed for DRO and volatile organic compounds (VOCs). No impacts to soils were identified and a low level DRO impact to groundwater was identified in one of the sample locations (a probe that was advanced on the Site). The MPCA closed the file on the reported release on March 14, 2002. The file apparently overlapped with the VIC file (VP4771).

B.5.e. VP4770

A Phase I ESA was conducted in 1994 on a larger 6.75-acre property that included the Site. At the time, the larger property was occupied by an auto dealership building that included sales and repair services (the eastern portion of the building was located on the Site). The 1994 Phase I report indicates that auto dealership building was constructed in 1965, gasoline fuel sales occurred from 1969 to 1970, and that an addition of a new shop/service area was constructed in 1979. The 1994 Phase I ESA indicated the larger property was previously developed as a farmstead with a riding stable. The 1994 Phase I ESA identified several environmental conditions existing at the larger 6.75-acre property, including the Site. The environmental conditions included the presence of two sand traps (considered Class V injection wells) which have been used in the shop areas to collect shop wastewater and any small spills that may have occurred inside the building. The west sand trap was located just west of the Site and the east sand trap was located on the Site. Drainfields were associated with both sand traps. Three USTs (waste oil, fuel oil, and gasoline) were registered to the facility at the time. The gasoline UST was reportedly formerly located along the east boundary of the larger property (and the Site). A second gasoline UST was reportedly also located in this area. Both gasoline tanks were reportedly installed in 1969. One of the gasoline USTs was removed in 1971 and the second gasoline UST was removed in 1985 or 1986. The waste oil and fuel oil USTs, located on the west side of the auto dealership building, were removed in January 1994 along with an unused motor oil UST that was located under the north end of the building (on the Site).

The 1994 Phase I report also indicated that a water well was located near the southwest corner of the auto dealership building and a domestic septic system was located near the northeast corner of the auto dealership building (on the Site).

A 1994 Phase II Environmental Assessment discussed the results of investigations conducted to assess areas of concern identified in the 1994 Phase I ESA including a former gasoline UST basin (located on the Site near Sunfish Lake Boulevard), two former gasoline dispensing islands (located on the Site near the southeast corner of the former auto dealership building), a motor oil UST basin (located on the Site in the northeastern portion of the former auto dealership building), and two drainfields connected to sand traps located in the building (the east sand trap and drainfield were located on the Site). Groundwater was encountered at depths ranging from 20 to 22 feet below ground surface. Soil and groundwater contamination (GRO and BTEX) was encountered in the area of the former dispensing island to the south of the auto dealership building (located on the Site). One soil sample collected from the area of the motor oil UST (located on the Site) had no detectable concentrations of petroleum compounds (this was the hand auger sample previously discussed in Leak #7134). No soil or groundwater contamination (GRO or BTEX) was identified near the east dispensing island or along the eastern edge of the larger property near the location of the two former gasoline USTs (both areas located on the Site). No soil contamination (VOCs, RCRA metals or DRO) was identified near the east drainfield (located on the Site). Soil and groundwater contamination (VOCs including trichloroethene and tetrachloroethene, RCRA metals and/or DRO) was encountered in the area near the west drainfield (located just west of the Site). Further assessment was recommended in the areas of the former dispensing island to the south of the former auto dealership building and in the area of the west drainfield.

Approximately 400 cubic yards of petroleum impacted soil was excavated from the location of the former south dispensing island on July 19, 1994. The soil was landfarmed on the adjoining property to the north across the railroad tracks. The excavation appeared to be effective in removing all petroleum impacted soil above the water table in the area. Four groundwater monitoring wells were installed in the area of the former south dispensing island. The wells were sampled in November 1994 and March 1995. Low levels of PVOCs were detected in three of the wells during the November 1994 sampling event at concentrations below their Health Risk Limits (HRLs). Samples were analyzed for GRO and BTEX during the March 1995 sampling event. All compounds were less than the laboratory reporting limit with the exception of a low detection of xylene in one well. The petroleum release (Leak #7205) was closed on September 26, 1995.

A work plan was prepared to address excavation of the west drainfield and all impacted soil along with the installation of four additional groundwater monitoring wells. The work plan was approved by the MPCA in a letter dated August 3, 1994. Excavation of the west drainfield area occurred in September 1994. Approximately 350 cubic yards of contaminated soil was removed and was thin spread on the adjacent property to the north across the railroad tracks with the approval of the MPCA. Contamination

was encountered in the excavation between approximately six and nine feet below grade. Confirmatory samples from the sidewalls and bottom of the excavation were analyzed for VOCs, polynuclear aromatic hydrocarbons (PAHs), DRO, and eight metals. No VOCs, PAHs, or DRO were detected above method detection limits. Metals were detected at concentrations within natural background levels. The MPCA determined that no further soil monitoring of the soil thinspread on the adjoining property to the north in a letter dated August 22, 1995.

Four monitoring wells were installed in the area of the west drainfield in September 1994. During installation, soil samples were collected at 14 to 16 feet below grade. Soil samples were analyzed for VOCs, PAHs, DRO, and eight metals. No VOCs, PAHs or DRO were detected above method detection limits. Metals detected were all within natural background levels. Groundwater was encountered at 20 to 22 feet below grade. Two rounds of groundwater samples were collected and analyzed for VOCs, PAHs, eight metals, mercury and polychlorinated biphenyls (PCBs). PCBs were not detected above method detection limits. Metals, PAHs, and VOCs were detected at levels below their respective Health Risk Limits. All VOCs detected were petroleum related. The PAHs and VOCs together comprised the Identified Release. Based on the approved soil response action and a review of the environmental documents, the MPCA issued a No Action Determination letter pertaining to the Identified Release (VP4770) on June 14, 1995.

A VIC application was completed on April 18, 1994 for the purpose of obtaining a technical review and approval of voluntary response action plans that may lead to the MPCA entering into an agreement with the voluntary parties.

B.5.f. VP4771

A Phase I ESA was conducted in 2000 in regard to a larger 6.75-acre property (6415 Highway 10) that included the Site. At the time, the larger property was occupied by a one-story commercial building (offices, showroom and shop area) and a smaller office building. The larger commercial building was occupied by McKay's Auto Sales and Mark's Signs (located in one of the former service bays) and the smaller building was occupied by Value Auto Sales. The eastern half of the larger building was located on the Site with the remainder of the building located on what is now the adjoining parcel to the west. The smaller commercial building was located in the southcentral portion of the larger parcel (to the west of the Site). The 2000 Phase I ESA identified fifteen underground hydraulic oil lifts within the auto dealership building as being potential sources of petroleum impacts. As discussed in Section B.5.d, eight of the lifts appear to have been located on the Site.

Demolition of the former automobile dealership was completed in June 2001. As part of the demolition activities, the fifteen underground hydraulic lifts in the garage portion of the building were removed. A test pit was dug following the removal of each lift and a soil sample was collected from a depth of approximately 8 feet below grade at each lift. The soil samples were analyzed for DRO and BTEX. DRO

was detected in seven of the soils sample at concentrations ranging from 4 to 70 milligrams per kilogram (mg/kg). A petroleum tank release was reported to the State (Leak #14284). Contaminated soil was not excavated and stockpiled during lift removal activities since the samples did not indicated headspace readings exceeding 10 ppm. Approximately two cubic yards of soil became contaminated during the removal of the lifts. The contaminated soil was excavated and stockpiled on plastic. It was requested to thinspread the contaminated soil on-site beneath a parking or drive area. The footings for the existing building that were located in the area of past releases were screened with a PID. No elevated PID readings were noted.

A 2000 Supplemental Phase II Investigation Report was prepared that discussed the investigation of potential soil and groundwater impacts from the underground hydraulic hoists. Six test holes were advanced near the underground hydraulic hoists. No elevated PID headspace measurements were recorded in any of the soil samples collected. No impacts were detected in selected soil samples. Groundwater samples were collected and analyzed for DRO and VOCs from three of the test holes. No VOCs were detected above the laboratory reporting limits in any of the samples. DRO was detected at a concentration of 500 micrograms/liter (ug/l) in one sample (collected from the Site); DRO was not detected above the laboratory reporting limit in the other two groundwater samples.

The Phase II report concluded that soil impacts above the water table had been removed in the areas of the previously identified releases. A minimal amount of relatively low level petroleum contaminated soil is present beneath the former unused motor oil UST (on the Site). Groundwater impacts were found to consist mainly of low level petroleum related compounds. All of the contaminants were below their respective HRLs at the time the files were closed by the MPCA. The Phase II report states, "Based on the historical water samples and the low to non-detect results of the recently completed test holes, no further investigation or cleanup of groundwater appears necessary".

A Development Response Action Plan (DRAP) was prepared and approved by the MPCA on June 4, 2001 to properly address any contamination that might be encountered during demolition of the automobile dealership building in the areas of the west drainfield, the east drainfield (on the Site), the former south dispensing island (on the Site), and the hydraulic lifts (eight of the lifts were located on the Site). An Implementation of the DRAP letter was prepared on November 30, 2001 that discussed the soil screening procedures used during the sub-grade redevelopment work. The water well associated with the former auto dealership was abandoned on May 25, 2001. DRO was detected during the removal of the hydraulic vehicle hoists within the dealership garage (Leak #14284), though at low concentrations that did not require soil removal or other response actions. The larger property, including the Site, entered into the VIC Program in April 2001 as VP4771 for the purpose of obtaining liability assurance letters regarding the historical releases identified at the larger property. Based on review of the environmental documents, the MPCA issued a Lender No Association Determination letter and a Retroactive No Association Determination letter both dated March 15, 2002. The Identified Release for the No Association letters was defined as petroleum-related VOCs and DRO impacted soils.

B.6. Historical-Use Information

The objective of the historical-use information review was to develop a history of the previous uses of the Site and surrounding area, and to help evaluate the likelihood of past uses having led to recognized environmental conditions in connection with the Site. The following table summarizes the historical information reviewed. Details regarding the information reviewed are provided in the sections below.

Historical Source	Provided By:	Years Available
Historical Maps	Historical Information Gatherers, Inc. (HIG)	No coverage
Topographic Maps	HIG	1902, 1955, 1967, 1972, 1980, 1993, 2013
Aerial Photographs	HIG	1938, 1947, 1953, 1957, 1966, 1970, 1980, 1984, 1991, 1997, 2000, 2003, 2008, 2015
City Directories	HIG	1977, 1982, 1987, 1992, 1997, 2002, 2007, 2012

B.6.a. Historical Maps/Fire Insurance Maps

According to HIG, no historic map coverage is available for the Site. A copy of the no coverage letter is attached in Appendix E.

B.6.b. Historical Topographic Maps

Copies of the historical topographic maps are attached in Appendix F. The following is a summary of the information reviewed.

1902

No structures are depicted at the Site. Roads border the Site to the south and east. A railroad track borders the Site to the north.

1955

Structures, typical of residences, are depicted at the Site and along Highway 10. Highway 10 appears to be in its current configuration. A road and a railroad track border the Site to the east and north, respectively.

1967 - 1993

A building is depicted on the Site similar to the commercial building apparent on the aerial photographs for the same time periods. The manufactured home community to the northwest of the Site is depicted. Roads border the Site to the south and east. A railroad track borders the Site to the north.

2013

The maps only depicts topography, roads, waterways, and railroad tracks with only some landmark buildings noted. Therefore, no buildings are depicted on the maps.

B.6.c. Aerial Photographs

Copies of the aerial photographs are attached in Appendix G. The following is a summary of the information reviewed.

1938 - 1957

The Site is developed as a multi-building farmstead, which extends onto the existing parcel to the northwest. A railroad track borders the Site to the north. A road borders the Site to the east. A divided road, similar to Highway 10, borders the Site to the South. The surrounding land is developed as cultivated cropland with scattered farmsteads to the north, east, southeast and northwest.

1966 - 2000

A commercial building is apparent in the west-central portion of the Site. An addition to the west side of the building is apparent by 1980 and extends onto the parcel to the northwest. Automobile parking or storage is apparent around the building and along Highway 10 extending onto parcel to the northwest. The Site is bordered by a railroad track to the north with the land further to the north progressively developed into its current commercial uses. The existing building adjacent to the north across the railroad tracks is first apparent in 1997. The farmstead to the east of Sunfish Lake Boulevard is redeveloped into commercial use. The land to the south of Highway 10 is a mixture of undeveloped land and residential and commercial development. The manufactured home community further to the northwest is apparent.

2003 - 2015

The existing gasoline station/convenience store is apparent in its current configuration. No significant changes are noted on the surrounding properties except that the existing multi-tenant commercial building adjacent northwest and the existing hotel adjacent southwest across Highway 10 are apparent.

B.6.d. City Directory Information

City directories were reviewed for Highway 10 and Sunfish Lake Boulevard. The following is a summary of the information reviewed.

The following occupants were listed as occupying the Site for the indicated years:

6401 Highway 10 NW

No listings (1977 - 2002)

Taco John's (2007)

Sunfish Express (2007 - 2012)

6415 Highway 10 NW

Greenberg's Inc. and/or Greenberg's Olds (1977 - 1987)

Mark Signs & Graphics (1997)

McKay's Rapids Auto Inc. (1997)

Various retail businesses associated with existing building (2002 - 2012)

Listing for surrounding properties along Highway 10 NW and Sunfish Lake Boulevard were predominately for commercial/light industrial uses from 1977 through 2012.

B.7. Previous Environmental Documents

No previous environmental documents regarding the Site were made available for review except the following documents in the MPCA file, as discussed in Section B.5:

- *Phase I Environmental Site Assessment, Barnett Oldsmobile/Jeep/Eagle, 6415 Highway 10 Northwest, Ramsey, Minnesota*, prepared by Science & Engineering Analysis Corporation (SEACOR), dated January 17, 1994.
- *Phase II Environmental Assessment, Barnett Oldsmobile/Jeep/Eagle, 6415 Highway 10 Northwest, Ramsey, Minnesota*, prepared by SEACOR, dated March 15, 1994.
- *Excavation Report for Petroleum Release Sites, Former Barnett Olds, 6415 Highway 10 NW, Ramsey, Minnesota, Leak 7134*, prepared by SEACOR, dated September 28, 1994.
- *Excavation Report for Petroleum Release Sites, Former Barnett Oldsmobile/Jeep/Eagle Dealership, 6415 Hwy 10 NW, Ramsey, Minnesota, Leak 7205*, prepared by SEACOR, dated October 7, 1994.
- *Phase II Report, Barnett Olds/Jeep/Eagle, Ramsey, Minnesota*, prepared by SEACOR, dated February 23, 1995.

- *Remedial Investigation Data, Former Barnett Olds Property, Ramsey, Minnesota*, prepared by SEACOR, dated March 22, 1995.
- *No Action Letter, Barnett Oldsmobile/Jeep/Eagle Site, 6415 Highway 10 Northwest, Ramsey, Minnesota*, prepared by the MPCA, dated June 14, 1995.
- *Petroleum Tank Release Site File Closure, Barnett Olds, Jeep, Eagle, 6415 Highway 10, Ramsey, Minnesota, Leak 7134*, prepared by the MPCA, dated August 22, 1995.
- *Petroleum Tank Release Site File Closure, Barnett Olds, 6415 Highway 10 Northwest, Ramsey, Minnesota, Leak 7205*, prepared by the MPCA, dated September 26, 1995.
- *Phase I Environmental Site Assessment, McKay Auto Sales, 6415 US Highway 10, Ramsey, Minnesota*, prepared by ProSource Technologies, Inc. (ProSource), dated May 3, 2000.
- *Supplemental Phase II Field Investigation Report, Former McKay's Auto, 6415 Highway 10 Northwest, Ramsey, Minnesota*, prepared by ProSource, dated August 1, 2000.
- *Excavation Report Worksheet for Petroleum Release Sites, Former McKay Auto, 6415 Highway 10 Northwest, Ramsey, Minnesota*, prepared by ProSource, dated November 30, 2001.
- *Implementation of Development Response Action Report, Former McKay Auto (Barnett Olds Property), Ramsey, Minnesota*, prepared by ProSource, dated November 30, 2001.
- *Public Water Supply Well Assessment, Barnett Anoka Motors, 6415 Highway 10 Northwest, Anoka, Minnesota, Leak 14065*, prepared by Terracon, dated January 2002.
- *Petroleum Tank Release Site File Closure (Hydraulic Lifts), Former McKay Auto, 6415 Highway 10, Ramsey, Minnesota, Leak 14284*, prepared by the MPCA, dated March 14, 2002.

C. Interviews

We contacted the following individuals to obtain knowledge or historical and current land-use information regarding the Site:

George Athans, Site owner

According to Mr. Athans, he has owned the Site for the past seven years. He indicated that the building has been vacant for approximately three years and that there is no product remaining in the underground storage tanks. Mr. Athans was not aware of any releases associated with the Site during his ownership. Mr. Athans confirmed the Site is connected to the municipal water and sanitary sewer systems and he was not aware of any past or current water wells or septic systems on the Site. Mr. Athans indicated there is a catch basin in the carwash that is connected to the municipal sewer system. Mr. Athans had no knowledge of any past releases on the Site or environmental liens against the Site.

We made inquiry to the following local government offices and/or officials with the city of Ramsey to obtain knowledge or records of historical and current land-use information regarding the Site and surrounding area:

Casey Schiferli, Fire Marshal, City of Ramsey

There have been no responses to our inquiry from Mr. Schiferli. An addendum will be provided if information is received after the issuance of this report that alters the findings of this report. Refer to Section F for a discussion regarding Data Gaps encountered during our inquiry.

D. Site Reconnaissance

The objective of the Site reconnaissance is to obtain information indicating the likelihood of identifying recognized environmental conditions in connection with the Site.

A Braun Intertec environmental professional, Kelly Brown, conducted a Site reconnaissance on November 11, 2016. Site access was provided by Matt Elder, real estate agent for Colliers International representing the Site owner; however, we were unaccompanied during the Site reconnaissance.

At the time of the Site reconnaissance, the weather was sunny and calm with a temperature of about 45 degrees Fahrenheit.

D.1. Methodology

Observations made at the time of the Site reconnaissance were conducted by physically traversing and visually observing the exterior aspects of the Site and its improvements, as well the interior areas, such as common, mechanical, storage, or other interior areas that were deemed representative of such Site improvements. Adjoining properties were visually observed from the Site boundaries or nearby public right-of-way areas.

D.2. Site Characteristics

At the time of the reconnaissance, the Site consisted of a parcel totaling approximately 1.64 acres. The Site was developed with a vacant gasoline station/convenience store with an attached carwash. Paved parking areas and driveways surround the building. The Site topography was relatively flat with a gentle slope downward toward the south.

D.3. Adjoining Property Use and Characteristics

The Site was bordered on the north by railroad tracks with commercial development located beyond; on the east by Sunfish Lake Boulevard with commercial development located beyond; on the south by Highway 10 with commercial and residential development located beyond; and on the west by a multi-tenant commercial building with a manufactured home community located beyond. The Site was located in a commercial area within the city of Ramsey.

No observations of environmental concern were noted on adjoining properties to the Site at the time of the reconnaissance.

D.4. Site Improvements and Layout

The Site was developed with a slab-on-grade 8,583 square-foot vacant gasoline station/convenience store constructed in 2002-03. A carwash tunnel was attached to the northwest side of the building. A portion of the building was also formerly occupied by an express service fast food restaurant. Seven dispensing pump islands and canopy were located along the east side of the building (the dispensing pumps were no longer present). Four underground storage tanks were located to the east of the dispensing pump islands. A vacuum station was located near the carwash entrance at the north end of the building. The building was centrally located with paved parking areas and driveways surrounding the building. The building was heated and cooled by natural gas-fired rooftop forced air units. The building was connected to the municipal water and sanitary sewer systems. Access to the Site was provided by bituminous driveways from Sunfish Lake Boulevard on the east side of the Site. A Site Sketch and Site Photographs are attached in Appendices B and H, respectively.

D.5. Pits, Ponds, Pools of Liquid, or Lagoons

No indications of pits, ponds, pools of liquid, or lagoons having the potential to contain hazardous substances or petroleum products were observed at the Site or on adjoining properties at the time of our reconnaissance.

D.6. Stained Soil, Pavement, or Corroded Surfaces

No stained soil, pavement, or surfaces such as floors, walls, or ceilings were observed at the Site at the time of our reconnaissance except for the floors in the carwash chemical storage area.

D.7. Solid Waste Disposal

At the time of the reconnaissance, no indications of waste disposal areas, observed fill, mounds, depressions, burn pits or graded areas by non-natural causes were observed at the Site that would indicate a potential for the presence of trash, construction debris, demolition debris, or other solid waste disposal.

D.8. Stressed Vegetation

No areas of stressed, discolored, stained or dead vegetation beyond what would be expected due to seasonal conditions were observed at the time of the Site reconnaissance.

D.9. Hazardous Substances

No indications of current and/or historic use, storage, staining, or spills of hazardous substances were observed at the Site at the time of the reconnaissance with the exception of very limited quantities of paints, Low pH Presoak and Wall Cleaner, High pH Presoak and Wheel Cleaner, Low pH Foaming Polish, Clear Coat Sealer, and Cable Pulling Lubricant stored in containers ranging from 1 to 5 gallons.

D.10. Petroleum Products

No indications of current and/or historic use, storage, staining, or spills of petroleum products were observed at the Site at the time of the reconnaissance except for the four underground storage tanks, as discussed below.

D.11. Storage Tanks

One 20,000-gallon gasoline UST, two 10,000-gallon gasoline USTs, and one 10,000-gallon diesel UST are registered to the Site and are located in the central portion of the eastern side of the Site. All four tanks are listed as installed on October 31, 2002. The Site owner stated that the product has been removed from all of the tanks. All of the tanks are double-walled fiberglass with spill containment, overfill protection, and leak detection.

As discussed in Section B.3.a, USTs and ASTs were registered to a former automobile dealership that occupied the Site and the existing adjoining parcel to the northwest.

A 165-gallon AST was observed in the carwash and appeared to be a flow-through tank for carwash chemicals. No evidence of a leak was observed.

D.12. Unidentified Drums and Containers

No drums containing unidentified substances suspected of being a hazardous substance or petroleum product were observed at the Site at the time of our reconnaissance.

D.13. Odors

No indications of strong, pungent, or noxious odors were observed at the time of the Site reconnaissance.

D.14. Potential PCB-Containing Electrical and Hydraulic Equipment

A slab-mounted electrical transformer was located near the southwest corner of the building. The transformer appeared to be in good condition with no indications of leaking or staining.

D.15. Wastewater Discharges

No indications of wastewater discharging into a drain, ditch, underground injection system, or stream on or adjacent to the Site were observed at the time of the reconnaissance.

Floor drains in the carwash discharge to sediment/flammable waste trap system. The system has a catch basin that is pumped out as needed. The system was connected to the municipal sewer system.

D.16. Sewage Disposal System

According to Mr. Athans, the Site is connected to municipal sewer services.

D.17. Wells

No indications of wells such as monitoring wells, dry wells, irrigation wells, injection wells, abandoned wells, or other non-potable wells were observed at the Site at the time of the reconnaissance.

D.18. Potable Water Supply

According to Mr. Athans, the Site is connected to municipal water services.

D.19. Additional On-Site Observations

An inedible restaurant grease container was located in a room in the southwest corner of the building. Staining was apparent on the wall and floor around the grease container.

Markers for a CenterPoint Energy natural gas pipeline were observed along the south and east boundaries of the Site parallel with Highway 10 and Sunfish Lake Boulevard, respectively.

Various suspect asbestos-containing materials (ACM) were observed in the Site building during the reconnaissance. Suspect materials observed included thermal system insulation, drywall, and various types of floor materials and ceiling materials. The observations conducted during this assessment are not intended to represent an asbestos building survey as defined by the MDH or other regulatory agencies.

E. Summary of Land-Use Activities

E.1. Historical Site and Adjoining Property Land Use

Our research has revealed that the Site had been used as a farmstead from at least 1938 through at least 1957. The Site was then occupied by a commercial building from 1965 until 2001. The commercial building was located in the west-central portion of the Site and extended northwesterly onto what is now the adjoining parcel. Past occupants of the commercial building included automobile sales and services businesses and a sign and graphics business. The automobile dealerships were identified on the storage

tank, leak site, hazardous waste generator, and Voluntary Investigation and Cleanup Program databases. Petroleum impacted soils and groundwater have been documented on the Site from the past automobile sales and services uses. The existing Site building was constructed in 2002-03 as a gasoline station/convenience store with an attached carwash. The surrounding area was historically developed as cultivated cropland with scattered farmsteads and has been progressively redeveloped for commercial uses.

E.2. Current Site and Adjoining Property Land Use

At the time of this assessment, the Site consisted of an approximate 1.64-acre parcel developed with a vacant gasoline station/convenience store with an attached carwash. The building has been vacant for approximately the past three years. Four empty underground storage tanks are located on the Site. The surrounding area is developed for commercial uses.

F. Limiting Conditions and Data Gaps

The findings and conclusions presented in this report are based on procedures described in ASTM Practice E1527-13, inquiries with public officials, available literature cited in this report, conditions noted at the time of our Phase I ESA, and our interpretation of the information obtained as part of this Phase I ESA. Our findings and conclusions are limited to the specific project and properties described in this report and by the accuracy and completeness of information provided by others.

An environmental site assessment cannot wholly eliminate uncertainty regarding the potential for recognized environmental conditions in connection with a property. Performance of this practice is intended to reduce, but not eliminate, uncertainty regarding the potential for recognized environmental conditions in connection with a property within reasonable limits of time and cost.

In performing its services, Braun Intertec used that degree of care and skill ordinarily exercised under similar circumstances by reputable members of its profession currently practicing in the same locality. No warranty, express or implied, is made.

No data gaps were identified during the Phase I ESA process, with the exception of the following:

- Responses to our inquiries to local government offices and/or officials were not received prior to issuance of the assessment.

The identified data gaps did not affect the environmental professional's ability to render opinions regarding conditions indicative of a release or threatened release.

G. Findings

The findings include identified known or suspect recognized environmental conditions, controlled recognized environmental conditions, historical recognized conditions, *de minimis* conditions and additional issues in connection with the Site.

The following findings are based on the results of our assessment:

- Information regarding the Site was available back to 1938. The information indicates that the Site was developed at that time with an apparent farmstead that extended northwesterly onto the adjoining parcel. Based on available information, it is reasonable to assume that the first developed use of the Site was as a farmstead.
- The Site was occupied by a commercial building from 1965 until 2001. The commercial building was located in the west-central portion of the Site and extended northwesterly onto the adjoining parcel. Past occupants of the commercial building included automobile sales and services businesses and a sign and graphics business. The automobile dealership was identified on the storage tank, leak site, hazardous waste generator, and Voluntary Investigation and Cleanup Program databases.
- Underground storage tanks, fuel dispensing pumps, sand traps with drainfields, in-ground hydraulic lifts, a water well, and a domestic septic system were associated with the automobile dealerships. Some of the underground storage tanks, the fuel dispensing pumps, one of the sand traps and drainfields, some of the in-ground hydraulic lifts, and the domestic septic system were located on the Site. The automobile dealership building and the systems discussed above were demolished, sealed, and/or removed by 2001.
- Four petroleum tank releases have been reported at the Site in association with the former automobile dealerships. The Site is also listed twice on the VIC database. All of the leak and VIC files have been closed by the MPCA indicating that investigation/cleanup of the reported releases had been completed to the satisfaction of the MPCA. A review of the regulatory files indicates that some petroleum-related contaminated soils remained on the Site and that low level petroleum impacts to groundwater on the Site were documented.
- The existing Site building was constructed in 2002-03 as a gasoline station/convenience store with an attached carwash. The Site building has been vacant for the past three years. No releases of hazardous substances or petroleum products have been reported in association with the existing building.

- Four underground storage tanks are located on the Site. The tanks are empty of product.
- Very limited quantities of paints and car washing chemicals are present at the Site.
- The city of Ramsey is considering purchasing the Site and demolishing the existing structures.
- The government database records review identified several regulated facilities within the vicinity of the Site.

H. Opinions

According to the User, the Phase I ESA was conducted in association with the purchase of the Site. Opinions expressed herein are influenced by the stated reason for conducting the Phase I ESA. Furthermore, the expressed opinions might not be applicable to alternate reasons for reliance on the content of the Phase I ESA.

H.1. Recognized Environmental Conditions

A recognized environmental condition is defined by ASTM Practice E1527-13 as: “the presence or likely presence of any hazardous substances or petroleum products in, on, or at a property: 1) due to any release to the environment, 2) under conditions indicative of a release to the environment, or 3) under conditions that pose a material threat of a future release to the environment. *De minimis* conditions are not recognized environmental conditions.”

This assessment identified no recognized environmental conditions in connection with the Site, with the exception of the following:

- The Site was formerly occupied by automobile dealerships. The automobile dealerships were identified on the storage tank, leak site, hazardous waste generator, and Voluntary Investigation and Cleanup Program databases. Soil and groundwater impacts on the Site and the adjacent parcel to the west were documented in association with these database listings. This represents a recognized environmental condition.
- The existing Site building was constructed in 2002-03 as a gasoline station/convenience store with an attached carwash. Four empty underground storage tanks are located on the Site. There is a potential for past unreported releases associated with the use of the tanks. This represents a recognized environmental condition.

H.2. Controlled Recognized Environmental Conditions

A controlled recognized environmental condition is defined by ASTM Practice E1527-13 as “a recognized environmental condition resulting from a past release of hazardous substances or petroleum products that has been addressed to the satisfaction of the applicable regulatory authority, with hazardous substances or petroleum products allowed to remain in place subject to the implementation of required controls.”

This assessment identified no controlled recognized environmental conditions in connection with the Site.

H.3. Historical Recognized Environmental Conditions

A historical recognized environmental condition is defined by ASTM Practice E1527-13 as “a past release of any hazardous substances or petroleum products that has occurred in connection with the Site and has been addressed to the satisfaction of the applicable regulatory authority or meeting unrestricted use criteria established by a regulatory authority, without subjecting the Site to any required controls.”

This assessment identified no historical recognized environmental conditions in connection with the Site.

H.4. *De Minimis* Conditions

A *de minimis* condition is defined by ASTM Practice E1527-13 as “a condition that generally does not present a threat to human health or the environment and that generally would not be the subject of an enforcement action if brought to the attention of appropriate governmental agencies.”

The following findings are considered *de minimis* conditions:

- The Site was used for farmstead purposes from at least 1938 through 1957. It is our opinion that the use of the Site for farmstead purposes is considered a *de minimis* condition for the Site.
- The government database records review identified several regulated facilities in the vicinity of the Site. Based on mitigating factors that affect the apparent significance of the identified facilities on the Site, such as regulatory status, distance from the Site, location of the facility in relation to the groundwater flow direction, and/or the database(s) the identified regulated facilities are listed on, it is our opinion that the identified regulated facilities are considered *de minimis* conditions.

H.5. Additional Considerations

An additional consideration is a condition that does not meet the definition of a recognized environmental condition, controlled recognized environmental condition, or historical recognized environmental condition but, in our opinion, should be brought to the attention of the User. The following additional considerations were identified during the Phase I ESA.

Historically, farmstead buildings and a commercial building were located on the Site. It is unknown if the demolition debris associated with the buildings was buried on the Site or hauled away for disposal. The potential exists that buried materials are present at the Site that may require management as solid or hazardous waste if encountered during future earthwork or redevelopment activities. If fill soils, which could include demolition debris and other wastes, are encountered during such activities, then additional evaluation of the fill soils might be required for management and disposal purposes.

Braun Intertec prepared a hazardous material survey report on November 28, 2016 pertaining to the Site building that identified and quantified asbestos-containing materials (ACM), lead-based paint, and other hazardous materials that would require special management, handling and disposition prior to demolition.

I. Conclusions

We have conducted this Phase I ESA of the Site in general conformance with the scope and limitations of ASTM Practice E1527-13. Any exceptions to, or deletions from, this practice are described in Section F of this report.

This assessment identified no recognized environmental conditions in connection with the Site, with the exception of the following:

- The Site was formerly occupied by automobile dealerships. The automobile dealerships were identified on the storage tank, leak site, hazardous waste generator, and Voluntary Investigation and Cleanup Program databases. Soil and groundwater impacts on the Site and the adjacent parcel to the west were documented in association with these database listings. This represents a recognized environmental condition.
- The existing Site building was constructed in 2002-03 as a gasoline station/convenience store with an attached carwash. Four empty underground storage tanks are located on the Site. There is a potential for past unreported releases associated with the use of the tanks. This represents a recognized environmental condition.
-

This assessment identified no controlled recognized environmental conditions or historical recognized environmental conditions in connection with the Site.

J. References

References are listed in Appendix I.

K. Environmental Professional Statement and Qualifications

We have the specific qualifications based on education, training, and experience to assess a property of the nature, history and setting of the subject property. We have developed and performed the all-appropriate inquiries in conformance with the standards and practices set forth in 40 CFR Part 312.

Qualifications of the environmental professional and the qualifications of the personnel conducting the site reconnaissance and interviews, if conducted by someone other than an environmental professional, are attached in Appendix J.

We declare that, to the best of our professional knowledge and belief, we meet the definition of Environmental Professional as defined in §312.10 of 40 CFR 312.

BRAUN INTERTEC CORPORATION

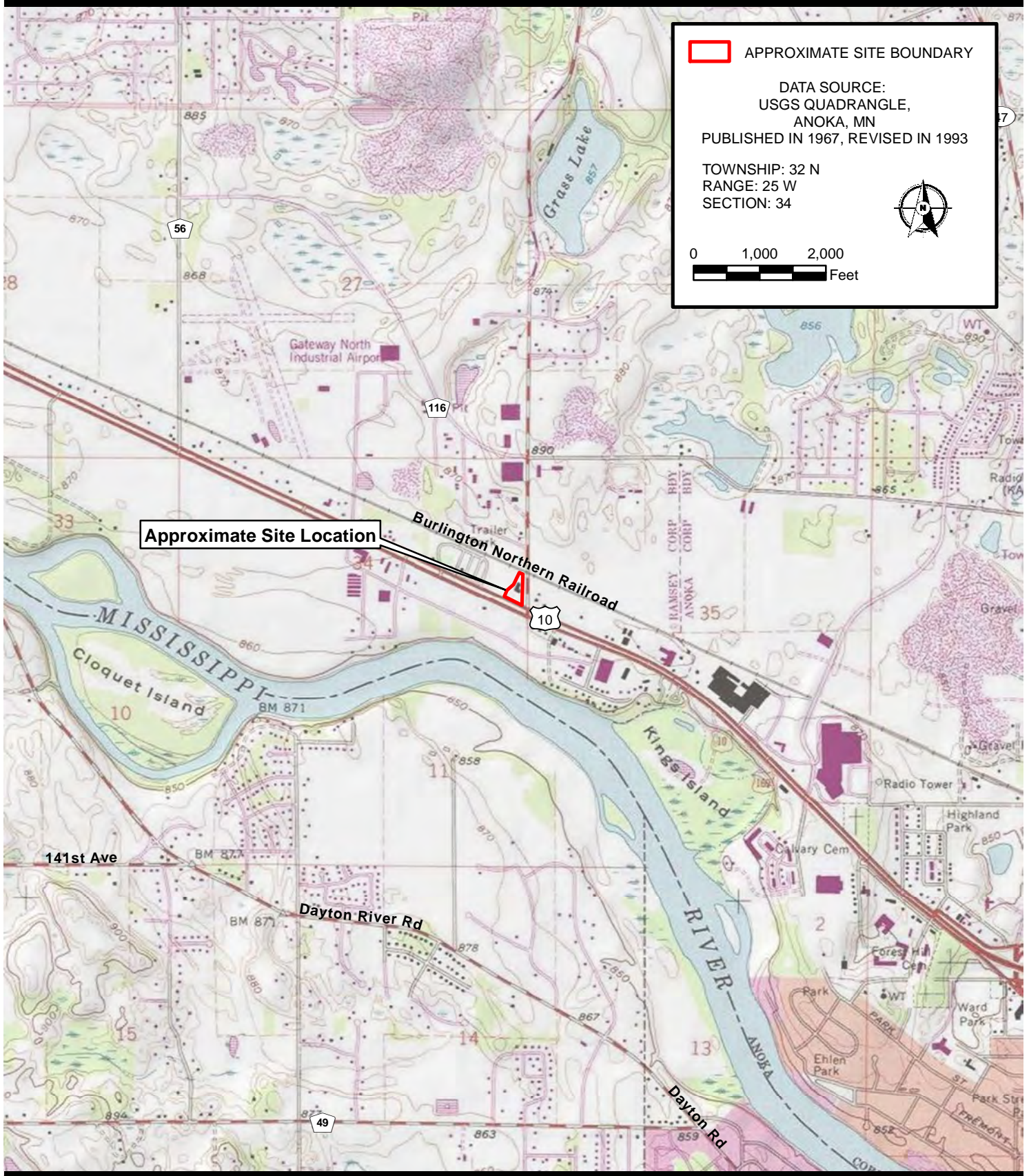


Kelly W. Brown
Senior Scientist



James E. Stephan
Senior Scientist

Appendix A
Site Location Map



Sheet:	Project No:
1 of 1	B1610732
	Drawing No.
	B1610732_SiteLoc
	Scale:
	1 in = 2,000 ft
	Drawn By:
	FER
	Date Drawn:
	11/10/16
	Checked By:
	KWB
	Last Modified:
	11/10/16

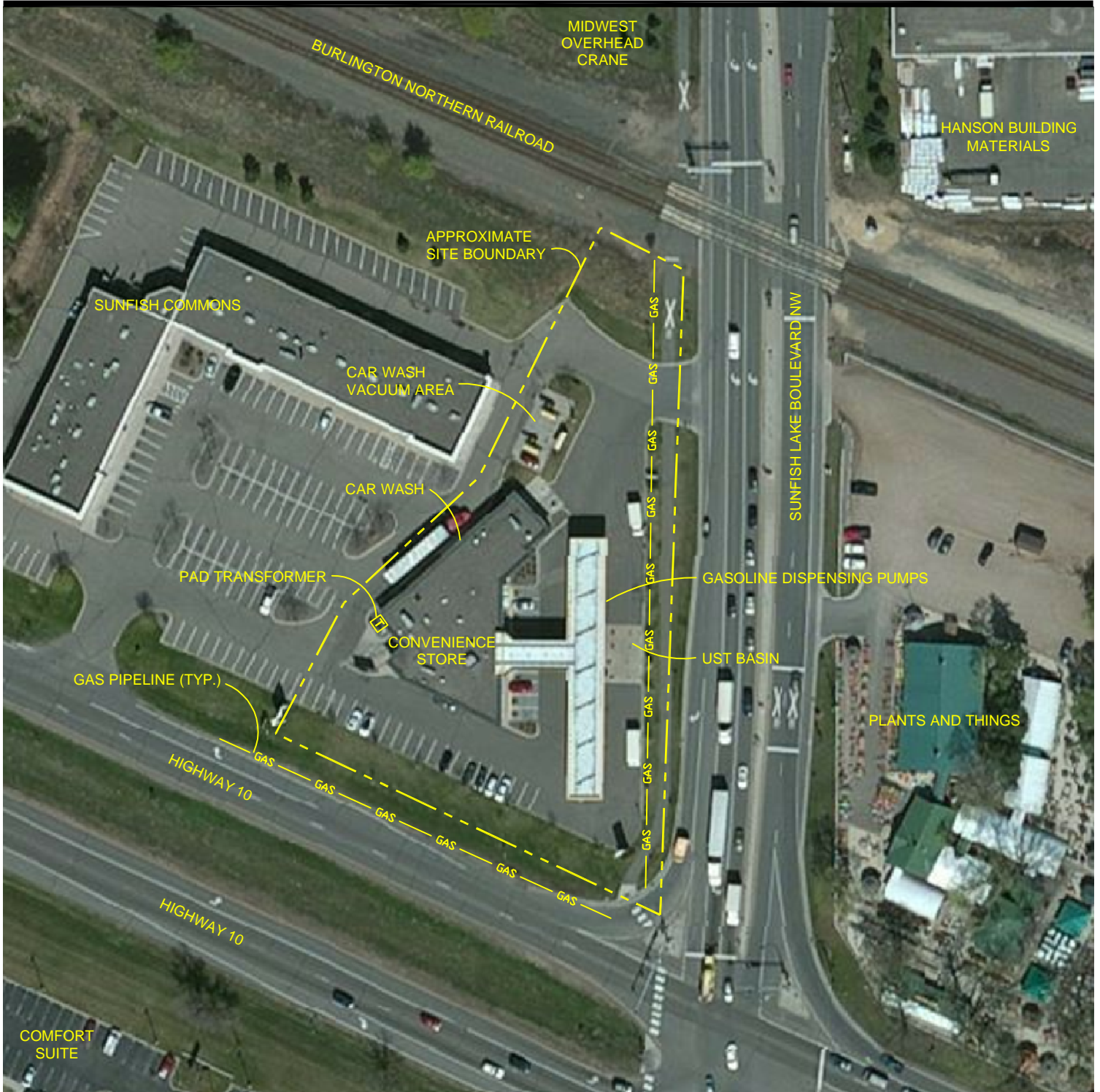
SITE LOCATION MAP
 GASOLINE STATION - CONVENIENCE STORE
 6401 HIGHWAY 10
 RAMSEY, MINNESOTA

BRAUN
INTERTEC

11001 Hampshire Avenue So.
 Minneapolis, MN 55438
 PH. (952) 995-2000
 FAX (952) 995-2020

Appendix B

Site Sketch



SCALE: 1" = 100'

Sheet of	Project No:	B1610732
	Drawing No:	B1610732
Fig: 2	Scale:	1" = 100'
	Drawn By:	JMS
	Date Drawn:	11/15/16
	Checked By:	KWB
	Last Modified:	11/18/16

SITE SKETCH
 PHASE I ENVIRONMENTAL SITE ASSESSMENT
 GASOLINE STATION - CONVENIENCE STORE
 6401 HIGHWAY 10
 RAMSEY, MINNESOTA

BRAUN
INTERTEC
 The Science You Build On.
 11001 Hampshire Avenue S
 Minneapolis, MN 55438
 PH. (952) 995-2000
 FAX (952) 995-2020

Appendix C

Anoka County Property Information



Identify

Select the feature type you would like to identify from the dropdown below, then click a point on the map to find features at that location

PARCELS

Base Map

2014 Aerial



DRAFT

Phase II Environmental Site Assessment

Former Sunfish Express
6401 West Highway 10
Ramsey, Minnesota 55303

Prepared for

City of Ramsey

Professional Engineer:

I hereby certify that this plan, specification, or report was prepared by me or under my direct supervision and that I am a duly Licensed Professional Engineer under the laws of the State of Minnesota.

Professional Geologist:

I hereby certify that this plan, document, or report was prepared by me or under my direct supervision and that I am a duly Licensed Professional Geologist under the laws of the State of Minnesota.

Robert J. Rykken
Principal Engineer
License Number:

Project B1700969
March XX1, 2017

Braun Intertec Corporation



Braun Intertec Corporation
11001 Hampshire Avenue S
Minneapolis, MN 55438

Phone: 952.995.2000
Fax: 952.995.2020
Web: braunintertec.com

March XX, 2017

Project B1700969

Patrick Brama
City of Ramsey
7550 Sunwood Drive NW
Ramsey, Minnesota 55303

Re: Phase II Environmental Site Assessment - **DRAFT**
Former Sunfish Express
6401 West Highway 10
Ramsey, Minnesota 55303

Dear Mr. Brama:

On behalf of the City of Ramsey, Braun Intertec Corporation conducted a Phase II Environmental Site Assessment (ESA) of the above-referenced site (Site) in accordance with the authorized scope of services described in our proposal dated January 27, 2017. The work was conducted in association the proposed purchase of the Site. For a complete discussion of our assessment, please refer to the attached Phase II ESA report.

The objective of the Phase II ESA was to evaluate whether the soil, soil vapor and/or groundwater beneath the Site has been impacted due to the recognized environmental conditions identified in a Phase I ESA conducted at the Site by Braun Intertec (Project B1610732) and documented in a report dated January 10, 2017.

This Phase II ESA was prepared on behalf of and for use by the City of Ramsey. No other party has a right to rely on the contents of this Phase II ESA without the written authorization of Braun Intertec. We appreciate the opportunity to provide our professional services to you for this project. If you have any questions or comments regarding this report or the project in general, please contact Imants Pone at 952.995.2665 or Robert Rykken at 952.995.2672.

Sincerely,

BRAUN INTERTEC CORPORATION

Imants Pone
Project Scientist

Robert J. Rykken, PE, PG
Principal Engineer

Attachment:
Phase II Environmental Site Assessment

AA/EOE

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A. Introduction

A.1. Authorization

Braun Intertec Corporation received authorization from Patrick Brama of the City of Ramsey to conduct a Phase II Environmental Site Assessment (ESA) of the Former Sunfish Express located at 6401 West Highway 10 in Ramsey, Minnesota (Site) in accordance with the scope of services described in Braun Intertec's proposal dated January 27, 2017. These services were conducted in association with the proposed purchase and redevelopment of the Site. It is our understanding that the City of Ramsey plans to acquire the Site to facilitate future road and infrastructure improvements.

This Phase II ESA was prepared on behalf of and for use by the City of Ramsey in accordance with the contract between the City of Ramsey and Braun Intertec. No other party has a right to rely on the contents of this PHASE II ESA without the written authorization of Braun Intertec.

A.2. Project Objective

The objective of the Phase II ESA was to evaluate whether the soil, soil vapor and/or groundwater beneath the Site has been impacted due to the recognized environmental conditions identified in a Phase I ESA conducted at the Site by Braun Intertec (Project B1610732) and documented in a report dated January 10, 2017.

B. Site Background

B.1. Site Location and Description

The Site is located at 6401 West Highway 10 (see Figure 1). The Site is located within the SE quarter of the NE quarter of Section 34, Township 32 North, Range 25 West, in the city of Ramsey, Anoka County, Minnesota.

The Site consists of one parcel, approximately 1.64-acres in size, developed with a vacant gasoline station/convenience store with an attached carwash. The existing Site building, constructed in 2002-03, has been vacant for approximately three years. The surrounding area is developed for commercial uses.

According to the recently conducted Phase I ESA, the Site had been used as a farmstead from at least 1938 through at least 1957. The Site was then occupied by a commercial building from 1965 until 2001.

Past occupants of the commercial building included automobile sales and services businesses and a sign and graphics business. The automobile dealerships were identified on the storage tank, leak site, hazardous waste generator, and Voluntary Investigation and Cleanup Program databases. Petroleum impacted soils and groundwater have been documented on the Site from the past automobile sales and services uses. The surrounding area was historically developed as cultivated cropland with scattered farmsteads and has been progressively redeveloped for commercial use.

The Site is currently occupied by an out-of-service former retail fueling facility. The associated underground storage tanks (USTs), which included one 20,000-gallon gasoline UST, two 10,000-gallon gasoline USTs, and one 10,000-gallon diesel UST, were removed during the week of March 13, 2017. The USTs were removed by a licensed tank removal contractor in accordance with MPCA guidance, including Guidance Document c-prp3-01, *Excavation of petroleum-contaminated soil and tank removal sampling*. The tank removal activities and sample results are reported under separate cover. Sampling results are also summarized in Section B.2 of this report.

B.2. Previous Site Investigations

Numerous environmental investigations and activities have been conducted at the Site, including Phase I and Phase II ESAs, petroleum storage tank and hydraulic lift removals, and contaminated soil excavations. Available documents associated with previous environmentally-related activities were reviewed and summarized as part of a recently completed Phase I ESA, which is documented in the following report:

- *Phase I Environmental Site Assessment, Vacant Gasoline Station/Convenience Store, 6401 Highway 10 NW, Ramsey, Minnesota*, prepared by Braun Intertec Corporation, dated January 10, 2017. (2017 Phase I ESA)

Previous environmental investigations at the Site, conducted from 1994 to 2002, identified soil and groundwater contamination in several Site locations. Due to the previously identified contamination, the Site is associated with four closed MPCA leaking petroleum storage tank cases (Leak #7134, 7205, 14065, 14284) and two Voluntary Investigation and Cleanup (VIC) cases (VP4770, and VP4771). A summary of the previous investigations and leak/VIC cases is presented in the 2017 Phase I ESA.

B.3. Published Geologic Information

B.3.a. Topography

According to the United States Geological Survey (U.S.G.S) 7.5-minute topographic map series, Anoka, Minnesota quadrangle, the Site is located at an elevation of approximately 865 feet above mean sea level. The topography of the Site is relatively level with a slight downward slope to the south.

B.3.b. Geology

The unconsolidated sediments in the Site vicinity are Quaternary Wisconsin Episode Langdon Terrace deposits, which consist of sand and gravelly sand (Meyer, 2012).

The uppermost bedrock unit in the Site vicinity is the Upper Cambrian St. Lawrence Formation (Mossler, 2012). The St. Lawrence Formation is described as light gray to yellowish-gray and pale yellowish-green, dolomitic, feldspathic siltstone with interbedded very fine-grained sandstone and shale.

The depth to bedrock in the Site vicinity is approximately 150 feet to 200 feet below land surface (Mossler, 2012).

B.3.c. Hydrogeology

Based on the findings of this Phase II ESA, groundwater is present under the Site at depths of approximately 20 to 28 feet below land surface.

According to published geologic information, the regional groundwater flow direction within the unconsolidated deposits in the Site vicinity is generally south-southwest, towards the Mississippi River (Palen et al., 1993). The Site-specific groundwater flow direction was not determined through direct measurement during this Phase II ESA.

C. Scope of Services

The following tasks were conducted at the Site as part of this Phase II ESA:

- Cleared public utilities through Gopher State One Call and private utilities through a private contractor for the investigation locations.
- Advanced 9 environmental soil borings (S-1 through S-9) and collected soil samples.

- Installed five temporary monitoring wells in five of the soil borings (S-1, S-4, S-6, S-8, and S-9) and collected groundwater samples.
- Installed three temporary soil vapor probes (SG-1 through SG-3) and collected soil vapor samples.
- Conducted environmental monitoring during drilling and screened soil samples collected from the borings for the presence of organic vapors using a photoionization detector (PID). Visual and olfactory observations regarding potential contamination were also made and recorded.
- Analyzed representative samples of soil, vapor, and groundwater for one or more of the following parameters: Volatile organic compounds (VOCs), polycyclic aromatic hydrocarbons (PAHs), gasoline range organics (GRO), diesel range organics (DRO), and Resource Conservation and Recovery Act (RCRA) metals.
- Evaluated the data and prepared this report.

Investigation locations are shown on Figure 2 and soil boring logs are included in Appendix A.

D. Deviations from Work Plan/Proposal

The proposal included 12 soil borings: 5 to be completed as temporary monitoring wells and 7 to be advanced by the former fueling dispensers. However, sampling under the dispensers was conducted as part of the concurrent tank removal activities. Instead of the 7 dispenser borings, 4 shallow (8 feet deep) soil borings were advanced for general coverage of the Site.

E. Investigation Methods and Procedures

The field work relating to the Phase II ESA investigation was conducted on March 13, 2017. Prior to beginning the field investigation, public utilities were cleared through Gopher State One Call and private utilities were cleared through a subcontracted private utility locator.

Soil boring rationale and analytical testing parameters are summarized in Section E.1.c. The locations and ground surface elevations of soil borings, temporary monitoring wells, and soil vapor probes were

determined using Global Positioning System (GPS) technology. GPS coordinates for the investigation locations are included in Appendix B. Standard Operating Procedures (SOPs) for the investigation are included in Appendix C.

E.1. Soil Evaluation

E.1.a. Soil borings

Braun Intertec subcontracted Bergeson-Caswell, Inc. of Maple Plain, Minnesota to advance nine soil borings, designated as S-1 through S-9, at the Site to depths ranging from 8 to 28 feet bgs.

The soil borings were advanced with a hydraulically-driven push-probe sampling rig. To collect the soil samples from the borings, a disposable thin-walled PVC liner was placed inside of a 4-foot long sampling tool. The borehole was then advanced using a dual-tube system, which allows for the inner sampling tool to be pushed through a larger outer-diameter rod a total penetration depth of up to 4 feet. After advancing the tooling, the sampler was removed from the borehole, but the outer rod remained, keeping the borehole open, and the soil sample was retrieved from the PVC liner for field screening and classification. The process was then repeated to the termination depths of the borings.

Prior to arrival onsite, the drill rig and sampling equipment were cleaned with a high pressure, hot water sprayer. Between sampling locations, non-dedicated sampling equipment was cleaned with a soap and water scrub followed by a clean water rinse.

Upon completion, soil borings were sealed in accordance with Minnesota Department of Health (MDH) regulations and, if applicable, the concrete or asphalt surface at the boring location was patched.

E.1.b. Soil Classification and Monitoring

Soil samples from the soil borings were visually and manually classified in the field by an environmental technician using ASTM D 2487 "Unified Soils Classification System" and ASTM D 2488 "Recommended Practice for Visual and Manual Description of Soils." Additionally, soils were classified at the Braun Intertec soils laboratory by a geotechnical engineer using ASTM D 2487 and ASTM D 2488.

Soil samples retrieved were examined by an environmental technician for unusual staining, odors, and other apparent signs of contamination. In addition, the soil samples were screened for the presence of organic vapors using a PID. The PID was equipped with a 10.6-electron-volt lamp and calibrated to an isobutylene standard. The PID was used to perform direct measurement and a headspace method of field

analyses, as recommended by the MPCA in Petroleum Remediation Program Guidance Document 4-04 (September 2008).

E.1.c. Soil Analyses

Selected soil samples were collected from the soil borings for laboratory analysis as identified in the following table. The table also includes a rationale for soil boring placement. Samples were submitted to Pace Analytical Services of Minneapolis, Minnesota.

Soil Boring Sample Name	Sampling Depth (feet bgs)	Rationale	Analytical Parameters
S-1	8-10	South (assumed downgradient) side of most recent UST system tankhold	VOCs, GRO, DRO, PAHs, and 8 RCRA metals
S-1	20-22	South (assumed downgradient) side of most recent UST system tankhold	DRO
S-2	6-8	Near surface soil for general site coverage.	VOCs, GRO, DRO, PAHs, and 8 RCRA metals
S-3	0.5-2	Near surface soil for general site coverage.	VOCs, GRO, DRO, PAHs, and 8 RCRA metals
S-4	6-8	Vicinity of former sand trap and associated drain field.	VOCs, GRO, DRO, PAHs, and 8 RCRA metals
S-4	18-20	Vicinity of former sand trap and associated drain field.	DRO
S-5	0.5-2	Near surface soil for general site coverage.	VOCs, GRO, DRO, PAHs, and 8 RCRA metals
S-6	2-4	Vicinity of former hydraulic lift leak (Closed MPCA LEAK 14284)	VOCs, GRO, DRO, PAHs, and 8 RCRA metals
S-6	24-26	Vicinity of former hydraulic lift leak (Closed MPCA LEAK 14284)	DRO
S-7	2-4	Near surface soil for general site coverage.	VOCs, GRO, DRO, PAHs, and 8 RCRA metals
S-8	4-6	Apparent vicinity of former USTs.	VOCs, GRO, DRO, PAHs, and 8 RCRA metals
S-8	18-20	Apparent vicinity of former USTs.	DRO
S-9	0.5-2	South (assumed downgradient) side of most recent UST system and dispensers.	VOCs, GRO, DRO, PAHs, and 8 RCRA metals
S-9	22-24	South (assumed downgradient) side of most recent UST system and dispensers.	DRO

E.2. Groundwater Evaluation

Temporary monitoring wells were installed in five of the soil borings (S-1, S-4, S-6, S-8, and S-9) to evaluate groundwater conditions at the Site. The wells were permitted with the MDH. Temporary monitoring well locations are shown on Figure 2.

E.2.a. Temporary Monitoring Wells

After the soil borings were advanced about 2 feet into the water table, temporary monitoring wells were constructed using 1-inch-diameter PVC riser and a 5-foot long, 10-slot screens. Following well use, the well materials were removed, and the boreholes were sealed in accordance with applicable code requirements.

E.2.b. Groundwater Analyses

Groundwater samples collected from the temporary wells were submitted to Pace Analytical Services of Minneapolis, Minnesota and analyzed for the following parameters:

- VOCs using EPA Method 8260
- DRO using the WDNR Method

E.3. Soil Vapor Evaluation

E.3.a. Soil Vapor Probes

Three temporary soil vapor probes (SG-1 through SG-3) were advanced, using a hydraulically-driven push-probe rig, to a depth of 5 feet bgs and then retracted to a depth of 4 feet bgs. New, inert tubing was attached to the top of the downhole sampler, and the sampling point and tubing were purged with a hand pump to remove two volumes of air prior to sample collection. Following purging, organic vapor concentrations were screened with a PID and the value was recorded. The soil vapor samples were then collected using laboratory-supplied negative pressure air-sample collection canisters (6-liter canisters) equipped with 200 milliliter per minute (mL/min) flow restrictors in accordance with the MPCA guidelines. Following sample collection, the temporary sampling point was removed from the borehole, and the borehole was sealed in accordance with MDH guidelines.

The soil vapor samples were submitted to Pace Analytical Services of Minneapolis, Minnesota and analyzed for VOCs using EPA Method TO-15.

F. Investigation Results

F.1. Geologic Conditions

Soil boring logs with descriptions of the various soil strata encountered during the soil boring operations and water level information are contained in Appendix A. The depths shown as changes between the soil types are approximate. The actual changes may be transitional, and the transition depths are likely to be horizontally variable.

All soil borings encountered sand from the surface to the terminal depth of the boring. Groundwater was encountered in borings S-1, S-4, S-6, S-8, and S-9 at depths ranging from 20.49 to 27.36 feet bgs.

F.2. Field Screening

Soil recovered from the soil borings was screened by the field technician for evidence of contamination, including odors, staining, and the presence of debris. No odors, staining, or debris were observed in the soils recovered from any of the nine borings, with the exception of concrete debris observed in borings S-3, S-4, S-6, and a piece of coal in boring S-3.

Organic vapor/PID readings were recorded for soil samples collected from each borings. Observed organic vapor concentrations ranged from 0.0 to 1.4 parts per million (ppm), which are considered to be general background readings. Soil screening PID results are included on the boring logs in Appendix A.

F.3. Soil Analytical Results

A summary of the soil analytical results is provided in Table 1. The complete laboratory reports with chain-of-custody forms are included in Appendix D.

The soil analytical results can be compared with the Soil Reference Values (SRVs) and Screening Soil Leaching Values (SLVs) which are also listed on Table 1. SRVs and SLVs are allowable risk-based contaminant concentrations derived by the Minnesota Pollution Control Agency (MPCA) using risk assessment methodology, modeling, and risk management policy to guide investigation and cleanup actions. SRVs relate to direct-contact exposure scenarios and SLVs relate to potential leaching of contaminants to groundwater. Concentrations of contaminants in soil, SRVs, and SLVs are expressed in units of milligrams per kilogram (mg/kg).

The following provides a summary of the soil analytical results from the Phase II ESA.

- No VOCs were detected at concentrations greater than or equal to the laboratory reporting limits.
- Varying concentrations of PAHs were detected in 4 of the 9 soil samples analyzed. The concentrations of the detected PAHs were below Residential SRVs and SLVs.
- No DRO were detected at concentrations greater than or equal to the laboratory reporting limits.
- GRO was detected in 4 of the 9 soil samples analyzed. The concentrations of GRO did not exceed the MPCA unregulated fill criterion of 100 mg/kg.
- Varying concentrations of the eight RCRA metals were detected in each of the soil samples analyzed. However, none of the metal concentrations exceeded the respective Residential SRVs and SLVs.

F.4. Groundwater Analytical Results

A summary of the groundwater analytical results is provided in Table 2. The complete laboratory reports with chain-of-custody forms are included in Appendix D.

For comparison purposes, Table 2 includes Drinking Water Criteria from the Minnesota Department of Health (MDH) Human Health-Based Water guidance. Drinking Water Criteria include MDH Health Risk Limits (HRLs), MDH Health Based Values (HBVs), MDH Risk Assessment Advice (RAA), and Maximum Contaminant Levels (MCLs) established by the Environmental Protection Agency (EPA). Concentrations of contaminants in water and Drinking Water Criteria are expressed in units of micrograms per liter ($\mu\text{g}/\text{L}$).

The following provides a summary of the groundwater analytical results.

- No VOCs were detected at concentrations greater than or equal to the laboratory reporting limits.
- DRO was detected at a concentration of 140 $\mu\text{g}/\text{L}$ in groundwater sample GP-15, which is below the provisional MDH HBV of 200 $\mu\text{g}/\text{L}$ for total petroleum hydrocarbons.

- DRO was detected at concentrations of 240 µg/L, 300 µg/L, and 310 µg/L in groundwater samples S-6W, S-8W, and S-9W, respectively. These concentrations exceed the provisional MDH HBV of 200 µg/L for total petroleum hydrocarbons.

F.5. Soil Vapor Analytical Results

A summary of the soil vapor analytical results is provided in Table 3. The complete laboratory reports with chain-of-custody forms are included in Appendix D.

For comparison purposes, Table 3 includes Intrusion Screening Values (ISVs). ISVs were developed by the Minnesota Pollution Control Agency (MPCA) in coordination with the Minnesota Department of Health (MDH) as screening values for evaluating vapor intrusion risks from VOCs identified in indoor air. The potential for indoor air to be impacted by soil vapor intrusion can also be assessed using ISVs. Concentrations of VOCs in air or soil vapor and ISVs are expressed in units of micrograms per cubic meter (µg/m³).

Per 2016 MPCA guidance, soil vapor results are compared to 33X ISVs to assess vapor intrusion risk. According to the guidance, soil vapor concentrations greater than 33X ISVs indicate a vapor source with potential vapor intrusion risk is present. A Site with contaminant concentrations greater than 33X ISVs would typically require either mitigation or additional assessment of potential pathways and receptors to better quantify risks, which might include collection of sub-slab or indoor air samples.

The following provides a summary of the soil vapor analytical results.

- Tetrachloroethene (PCE or PERC) was detected at a concentration between its Residential and Industrial ISV.
- No other VOCs were detected at concentrations greater than Residential ISVs.

G. Conclusions

Based on the results of this assessment, the following conclusions are provided:

- With the exception of concrete debris observed in borings S-3, S-4, S-6, and a piece of coal in boring S-3, evidence of potential environmental impacts were not observed.
- The sampling and testing conducted as part of this Phase II ESA did not detect chemicals of concern at concentrations greater than MPCA cleanup levels or Unregulated Fill Criteria¹. However, based on the history of the Site and the Site's status as a closed leaking petroleum storage tank site, it is likely that petroleum impacted soil is present in places at the Site. Based on the lack of detected soil impacts and the relatively low concentrations of DRO identified in groundwater, any soil contamination is likely to be limited in magnitude and extent.
- Groundwater is impacted by DRO at concentrations greater than its MDH HBV. Based on the Site's association with several former leaking petroleum storage tank cases, and the absence of detected contamination during the recent tank removal activities, the identified groundwater impacts are likely due to a historical petroleum release.
- Soil vapor is not impacted at concentrations greater than Industrial ISVs. However, based on the presence of detectable concentrations of PCE in soil vapor sample SG-2, it appears that a source of the vapor may be present in the vicinity of the collected sample. Based on the relatively low concentration, the release is either small and/or SG-2 is on the edge of a vapor plume. The other two soil vapor samples, SG-1 and SG-3, did not exhibit detectable concentrations of PCE, indicating that the Site is not significantly impacted by PCE vapors.

¹ Best Management Practices for the Off-Site Reuse of Unregulated Fill, dated February 2012, prepared by the Minnesota Pollution Control Agency.

H. Recommendations

The following recommendations are based on the results of this assessment, as well as the known history of the Site which was reviewed as part of this assessment.

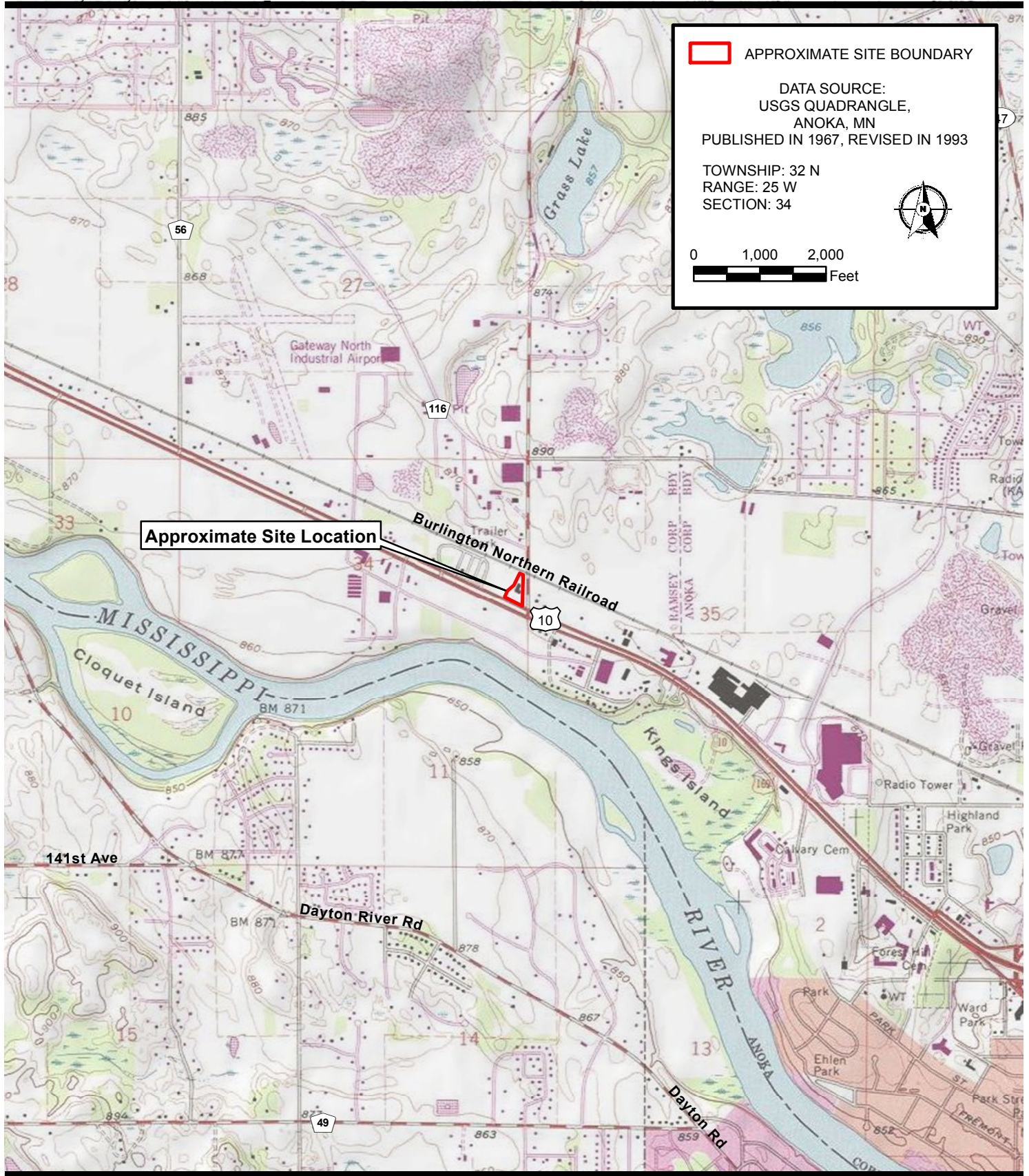
- Prepare a Construction Contingency Plan (CCP) that provides a plan to evaluate and manage environmental issues that may arise during redevelopment of the Site. The CCP should include procedures for the management of non-petroleum and petroleum-contaminated soil and/or groundwater that may be encountered during redevelopment.
- Prior to significant redevelopment-related earthwork activities, conduct a test pit investigation of proposed cut areas to verify the presence/absence of debris or other contaminants.

I. Assessment Limitations

The analyses and conclusions submitted in this report are based on field observations and the results of laboratory analyses of soil samples, groundwater samples, and soil vapor samples collected from the soil borings and soil vapor probes completed for this project.

In performing its services, Braun Intertec used that degree of care and skill ordinarily exercised under similar circumstances by reputable members of its profession currently practicing in the same locality. No warranty, express or implied, is made.


Figures



APPROXIMATE SITE BOUNDARY

DATA SOURCE:
USGS QUADRANGLE,
ANOKA, MN
PUBLISHED IN 1967, REVISED IN 1993

TOWNSHIP: 32 N
RANGE: 25 W
SECTION: 34



0 1,000 2,000
Feet

Approximate Site Location

Burlington Northern Railroad

MISSISSIPPI
Cloquet Island

Kings Island
RIVER
ANOKA

141st Ave

Dayton River Rd

Dayton Rd

Sheet:	Project No:
1 of 1	B1610732
	Drawing No.
	B1610732_SiteLoc
	Scale:
	1 in = 2,000 ft
	Drawn By:
	FER
	Date Drawn:
	11/10/16
	Checked By:
	KWB
	Last Modified:
	11/10/16

SITE LOCATION MAP
GASOLINE STATION - CONVENIENCE STORE
6401 HIGHWAY 10
RAMSEY, MINNESOTA

**BRAUN
INTERTEC**

11001 Hampshire Avenue So.
Minneapolis, MN 55438
PH. (952) 995-2000
FAX (952) 995-2020



DRAFT

Sheet:	Project No:
1 of 1	B1610732
	Drawing No.
	B1610732_SiteVisit
	Scale:
	1 in = 100 ft
	Drawn By:
	FER
	Date Drawn:
	11/10/16
	Checked By:
	KWB
	Last Modified:
	11/10/16

SITE VISIT MAP
GASOLINE STATION - CONVENIENCE STORE
 6401 HIGHWAY 10
 RAMSEY, MINNESOTA

BRAUN
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 11001 Hampshire Avenue So.
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 FAX (952) 995-2020

Tables

**Table 1
Soil Analytical Results
Former Sunfish Express
Ramsey, MN
Project B1700969**

Compound/Parameter	CAS No.	Sample Identifier and Date Collected														Residential Soil Reference Value (SRV) (mg/kg)	Industrial Soil Reference Value (SRV) (mg/kg)	Screening Soil Leaching Value (SLV) (mg/kg)
		S-1 (8-10')	S-1 (20-22')	S-2 (6-8')	S-3 (0.5-2')	S-4 (6-8')	S-4 (18-20')	S-5 (0.5-2')	S-6 (2-4')	S-6 (24-26')	S-7 (2-4')	S-8 (4-6')	S-8 (18-20')	S-9 (0.5-2')	S-9 (22-24')			
		03/13/2017	03/13/2017	03/13/2017	03/13/2017	03/13/2017	03/13/2017	03/13/2017	03/13/2017	03/13/2017	03/13/2017	03/13/2017	03/13/2017	03/13/2017	03/13/2017			
Volatiles Organic Compounds (VOCs) (mg/kg)																		
All reported VOCs	---	---	<RL	<RL	---	---	<RL	---	---	<RL	---	---	<RL	---	<RL	---	---	---
Polycyclic Aromatic Hydrocarbons (PAHs) (mg/kg)																		
Benz(a)anthracene	56-55-3	<0.010	---	<0.011	0.052	<0.011	---	0.017	0.012	---	<0.011	<0.011	---	0.12	---	cPAH	cPAH	cPAH
Benzo(b)fluoranthene	205-99-2	<0.010	---	<0.011	0.094	<0.011	---	0.04	0.024	---	<0.011	<0.011	---	0.28	---	cPAH	cPAH	cPAH
Benzo(k)fluoranthene	207-08-9	<0.010	---	<0.011	0.04	<0.011	---	0.015	<0.011	---	<0.011	<0.011	---	0.088	---	cPAH	cPAH	cPAH
Benzo(a)pyrene	50-32-8	<0.010	---	<0.011	0.069	<0.011	---	0.022	0.017	---	<0.011	<0.011	---	0.19	---	cPAH	cPAH	cPAH
Benzo(g,h,i)perylene	191-24-2	<0.010	---	<0.011	0.084	<0.011	---	0.025	0.016	---	<0.011	<0.011	---	0.17	---	NE	NE	NE
Chrysene	218-01-9	<0.010	---	<0.011	0.082	<0.011	---	0.024	0.015	---	<0.011	<0.011	---	0.16	---	cPAH	cPAH	cPAH
Fluoranthene	206-44-0	<0.010	---	<0.011	0.094	<0.011	---	0.038	0.023	---	<0.011	<0.011	---	0.23	---	1,080	6,800	670
Indeno(1,2,3-cd)pyrene	193-39-5	<0.010	---	<0.011	0.042	<0.011	---	0.019	0.013	---	<0.011	<0.011	---	0.11	---	cPAH	cPAH	cPAH
Phenanthrene	85-01-8	<0.010	---	<0.011	0.029	<0.011	---	0.011	<0.011	---	<0.011	<0.011	---	0.1	---	NE	NE	NE
Pyrene	129-00-0	<0.010	---	<0.011	0.091	<0.011	---	0.031	0.022	---	<0.011	<0.011	---	0.21	---	890	5,800	440
All other reported PAHs	---	<RL	---	<RL	<RL	<RL	---	<RL	<RL	---	<RL	<RL	---	<RL	---	---	---	---
BaP Equivalent ^[c]	---	0.0	---	0.0	0.1	0.0	---	0.0	0.0	---	0.0	0.0	---	0.3	---	2	3	1.4
Metals (mg/kg)																		
Arsenic, Total	7440-38-2	2.8	---	1.2	2.0	1.6	---	2.5	2.6	---	2.6	2.2	---	2.3	---	9	20	5.8
Barium, Total	7440-39-3	186	---	37.2	37.4	34.5	---	46.7	53.7	---	43.5	23.2	---	45.4	---	1,100	18,000	1,700
Cadmium, Total	7440-43-9	<0.16	---	<0.15	<0.15	<0.16	---	0.36	<0.15	---	<0.15	<0.15	---	<0.16	---	25	200	8.8
Chromium, Total ^[e]	7440-47-3	7.2	---	8.1	6.4	4.2	---	6.4	8.8	---	5.9	6.6	---	7.3	---	44,000/87 ^[e]	100,000/650 ^[e]	1,000,000,000/36 ^[e]
Lead, Total	7439-92-1	3.2	---	3.3	10.4	2.3	---	99.7	15.5	---	2.5	3.2	---	7.8	---	300	700	2,700
Mercury, Total	7439-97-6	<0.020	---	<0.021	0.027	<0.019	---	<0.019	0.019	---	<0.020	<0.020	---	<0.021	---	0.5	1.5	3.3
Selenium, Total	7782-49-2	<1.0	---	<1.0	<0.97	<1.1	---	<1.0	<0.98	---	<1.0	<1.0	---	<1.0	---	160	1,300	2.6
Silver, Total	7440-22-4	<0.52	---	<0.50	<0.49	<0.53	---	<0.51	<0.49	---	<0.50	<0.51	---	<0.52	---	160	1,300	7.9
Other Parameters (mg/kg)																		
Diesel Range Organics (DRO)	---	<8.7	---	<7.6	85.8 ^[2]	<8.6	---	14.1 ^[2]	48.1 ^[2]	---	<8.3	<8.4	---	16.5 ^[2]	---	NE	NE	NE
Gasoline Range Organics (GRO)	---	---	<10.5	---	---	---	<10.9	---	---	<10.7	---	---	<10.4	---	<11.5	NE	NE	NE

Notes

^[1] [M1] Matrix spike recovery exceeded QC limits. Batch accepted based on laboratory control sample (LCS) recovery.

^[2] [T6] High boiling point hydrocarbons are present in the sample.

Minnesota Pollution Control Agency (MPCA) SRVs updated June 2009 and SLVs updated June 2013.

mg/kg = Milligrams per kilogram.

< = Not detected at or above the laboratory reporting limit indicated.

--- = Not analyzed or calculated for this parameter or not applicable.

RL = Reporting limits for other parameters that are not listed individually in this table because their concentrations were below reporting limits provided in the laboratory report.

NE = Regulatory limit not established for this parameter.

cPAH = Individual regulatory limit not established for this carcinogenic PAH; included in BaP equivalent calculation.

^[c] = Benzo(a)pyrene (BaP) equivalent is calculated based on the concentration and weighted toxicity of cPAHs; MPCA; 2009. If no cPAHs were detected above reasonable laboratory reporting limits the BaP equivalent is reported as 0 mg/kg per MPCA Remediation Division Policy; June 2011.

^[e] = Reported result is total chromium, regulatory limit for chromium III and chromium VI are provided.

Table 2
Groundwater Analytical Results
Former Sunfish Express
Ramsey, MN
Project B1700969

Compound/Parameter	CAS No.	Sample Identifier, Depth to Groundwater, and Date Collected					Drinking Water Criteria (µg/L)	Source- Date
		S-1W	S-4W	S-6W	S-8W	S-9W		
		22.05	20.6	27.36	20.49	25.67		
		03/13/2017	03/13/2017	03/13/2017	03/13/2017	03/13/2017		
Volatile Organic Compounds (VOCs) (µg/L)								
All other reported VOCs	---	<RL	<RL	<RL	<RL	<RL	---	---
Other Parameters (µg/L)								
Diesel Range Organics (DRO)	---	140	<98	240	300 ^[2]	310	200	HBV ^[e]

Notes

^[1] [L3] Analyte recovery in the laboratory control sample (LCS) exceeded QC limits. Analyte presence below reporting limits in associated samples.

^[2] [T6] High boiling point hydrocarbons are present in the sample.

Drinking Water Criteria = The most conservative value for chronic or cancer exposures provided from the following sources including the Minnesota Department of Health (MDH) Health Risk Limit (HRL), MDH Health Based Value (HBV), MDH Risk Assessment Advice (RAA) or Maximum Contaminant Level (MCL). The date of promulgation is provided, if available. Values updated 7/27/16.

µg/L = Micrograms per liter.

< = Not detected at or above the laboratory reporting limit indicated.

--- = Not analyzed or calculated for this parameter or not applicable.

RL = Reporting limits for other parameters that are not listed individually in this table because their concentrations were below reporting limits provided in the laboratory report.

^[e] = Provisional MDH Health Based Value for total petroleum hydrocarbons (sum of DRO and GRO).

Exceeds Drinking Water Criteria

Table 3
Soil Vapor Analytical Results
Former Sunfish Express
Ramsey, MN
Project B1700969

Compound/Parameter	CAS No.	Sample Identifier and Date Collected			Residential ISV ($\mu\text{g}/\text{m}^3$)	Industrial ISV ($\mu\text{g}/\text{m}^3$)
		SG-1	SG-2	SG-3		
		03/13/2017	03/13/2017	03/13/2017		
Volatile Organic Compounds (VOCs) ($\mu\text{g}/\text{m}^3$)						
Acetone	67-64-1	49.3	37.9	49.2	31,000	87,000
Benzene	71-43-2	2.1	10.4	4.3	4.6	45
2-Butanone (Methyl ethyl ketone, MEK)	78-93-3	29.3	14.3	17.7	5,000	10,000
Carbon disulfide	75-15-0	4.0	12.0	6.5	700	2,000
Cyclohexane	110-82-7	1.4	2.6	2.1	6,000	20,000
Dichlorodifluoromethane	75-71-8	121	173	93.1	NE	NE
1,2-Dichlorotetrafluoroethane	76-14-2	<2.3	163	<2.4	NE	NE
Ethanol	64-17-5	<3.0	<2.4	5.5	15,000	42,000
Ethylbenzene	100-41-4	2.1	1.6	1.5	4.1	39
n-Heptane	142-82-5	3.2	4.7	3.0	NE	NE
n-Hexane	110-54-3	37.2	6.8	7.5	2,000	6,000
Methylene chloride (Dichloromethane)	75-09-2	<5.6	5.1	12.9	630	2,100
Propylene	115-07-1	<0.56	<0.44	79.8	3,000	8,000
Styrene	100-42-5	<1.4	1.8	<1.5	1,000	3,000
Tetrachloroethene	127-18-4	<2.2	7.8	<2.3	3.4	33
Tetrahydrofuran	109-99-9	41.4	<0.76	<1.0	NE	NE
Toluene	108-88-3	8.2	13.3	13.4	5,200	18,000
Xylenes, m- & p-	179601-23-1	4.8	4.5	4.7	100 ^[b]	350 ^[b]
Xylene, o-	95-47-6	1.4	1.4	1.5	100 ^[b]	350 ^[b]
All other Reported VOCs	---	<RL	<RL	<RL	---	---

Notes

Minnesota Pollution Control Agency (MPCA) Intrusion Screening Value (ISV) is a Revised Interim ISV if established. ISVs updated 2/13/2017. EISV = Expedited ISV. EISVs apply only to existing buildings. Sub-slab results exceeding 33X EISV or indoor air results exceeding the EISV may require expedited action.

$\mu\text{g}/\text{m}^3$ = Micrograms per cubic meter.

< = Not detected at or above the laboratory reporting limit indicated.

--- = Not analyzed or calculated for this parameter or not applicable.

RL = Reporting limits for other parameters that are not listed individually in this table because their concentrations were below reporting limits provided in the laboratory report.

NE = Regulatory limit not established for this parameter.

^[a] = In existing buildings, indoor air results exceeding the ISV or sub-slab results exceeding 33X ISV may require expedited action when a woman who is pregnant or could become pregnant is present.

^[b] = Regulatory limit for combination of m-, p-, and o-xylenes.

Appendix A
Soil Boring Logs

Appendix B

GPS Coordinates of Investigation Locations

Appendix C
Standard Operating Procedures

Appendix D
Laboratory Analytical Reports

Appendix E
References/Bibliography

ASTM Standard E1527-13, "Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process," ASTM International, West Conshohocken, PA., 2013. DOI: 10.1520/E1527-13, www.astm.org.

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Pre-Demolition Hazardous Building Materials Inspection Report

Gasoline Station/Convenience Store
6401 Highway 10
Ramsey, Minnesota

Prepared for

City of Ramsey



Project B1610732.00
November 28, 2016

Braun Intertec Corporation

November 28, 2016

Project B1610732.00

Mr. Patrick Brama
Economic Development Manager/Assistant City Administrator
City of Ramsey
c/o SRF Consulting Group
1 Carlson Parkway North, Suite 150
Minneapolis, MN 55447

Re: Pre-Demolition Hazardous Building Materials Inspection Report
Gasoline Station/Convenience Store
6401 Highway 10
Ramsey, Minnesota

Dear Mr. Brama:

The enclosed report provides the results of the pre-demolition hazardous building materials inspection conducted on November 10 & 11, 2016, at the gas station/convenience store located at 6401 Highway 10 in Ramsey, Minnesota (Site). Braun Intertec Corporation was authorized to conduct this inspection in accordance with our Proposal QTBO48371 dated November 8, 2016 and the Braun Intertec General Conditions.

If you have any questions or need further assistance, please call Eric Bieniek at 612.834.4627 or Derek Schilling at 952.995.2674.

Sincerely,

BRAUN INTERTEC CORPORATION



Eric W. Bieniek *Wak!*
Environmental Technician



Derek M. Schilling, PG, CHMM
Associate Principal – Senior Scientist

Attachments:

Pre-Demolition Hazardous Building Materials Inspection Report

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Appendices

- A: Table I. Asbestos Building Inspection Results
- B: Table II. Bulk Asbestos Analytical Results
- C: Table III. Lead-Based Paint Testing Results
- D: Bulk Asbestos Analysis Reports
- E: Asbestos Inspector Certificate

A. Scope of Services

The scope of our services was limited to:

- Visually examine accessible areas and identify locations of suspect asbestos-containing material (ACM), lead, poly-chlorinated biphenyls (PCB), mercury, and other miscellaneous hazardous material.
- Collect and analyze representative bulk samples of materials suspected of containing asbestos.
- Conduct limited lead-based paint (LBP) testing of potential re-useable components with painted surfaces suspected of containing lead (where applicable). Testing will be accomplished using a Niton X-ray fluorescence (XRF) spectrum analyzer.
- Assign a hazard rating based on asbestos content with respect to the materials condition, friability, accessibility, and hazard potential.
- Document the various materials' current conditions and ACM quantities.
- Generate a final report documenting the sample locations, analysis results, conditions, ACM quantities and recommendations.

B. Site Description

The subject of the inspection is the gas station/convenience store located at 6401 Highway 10 in Ramsey, Minnesota. The building is a single level, slab-on-grade, metal structure. It was originally constructed in 2003 and encompasses approximately 9,950 square feet. The building is constructed of metal, concrete and concrete block foundation walls. The typical interior finishes included epoxy flooring, sheetrock/joint compound, and lay-in ceiling panels. The exterior of the building has a stucco finish with an assumed rubber membrane roof system. The property also has a metal canopy that encompasses approximately 6,100 square feet. The building was vacant and unoccupied at the time of the inspection.

C. Results

C.1. Asbestos

Twenty-eight (28) bulk samples were collected on November 10 & 11, 2016 and submitted to EMSL Analytical, Inc., a microscopy laboratory that is fully accredited for asbestos bulk analysis.

C.1.a. Asbestos-Containing Materials

The following is a summary of building materials found or assumed to contain greater than one percent asbestos (asbestos-containing materials by regulatory definition).

- Asphalt roof material (assumed), no roofing samples were collected to protect the integrity of the roofing systems

C.1.b. Non-Asbestos-Containing Materials

The following is a summary of building materials found to contain no asbestos or materials that contain one percent or less asbestos (non-asbestos-containing materials by regulatory definition).

- 2-foot by 2-foot lay-in ceiling panels (red), sheetrock with vinyl cover
- 2-foot by 2-foot lay-in ceiling panels (white), pocks & pinholes
- 2-foot by 2-foot lay-in ceiling panels (white), sheetrock with vinyl cover
- 2-foot by 4-foot lay-in ceiling panels (white), sheetrock with vinyl cover
- 4-inch baseboard (gray) with adhesive (tan)
- 8-inch by 8-inch concrete block & mortar
- Adhesive (tan) - behind fiberglass wall paneling
- Brick & mortar
- Caulk (brown) - window frames
- Caulk (gray) - vertical wall expansion joints
- Caulk (gray, rubbery) - concrete floor expansion joints
- Caulk (gray, tacky) - glass block window frames
- Caulk (gray/white) - window & door frames, wall expansion joints
- Caulk (purple) - door frame
- Caulk (tan) - horizontal wall expansion joints
- Caulk (tan/orange) - wall, window, & door frames
- Epoxy flooring (gray)
- Epoxy flooring (green)
- Gasket (white, cloth) - HVAC gaskets
- Glaze (black, rubbery) - on windows
- Red fire caulk
- Sheetrock/joint compound
- Stucco (green, tan, orange, & red)
- Wall partition paneling (brown)

Refer to Table I in Appendix A, which lists individual functional spaces of the building, the suspect materials identified in that functional space, whether the suspect material was identified by analysis to be an asbestos-containing material, an estimated amount of each suspect material for the functional space, and includes condition, assessment categories and hazard ratings based on subjective observations made by our representatives.

Refer to Table II in Appendix B, which lists the homogenous material sample numbers, sample locations, suspect material descriptions, and the analysis results for each sample. This table summarizes the results from the Bulk Asbestos Laboratory Report, which is attached in Appendix D.

Bulk asbestos analysis was conducted in accordance with the Environmental Protection Agency's (EPA) Method 40 CFR, Chapter 1, Part 763, Subpart F, and Appendix A (7/1/87 Edition).

C.2. Lead-Based Paint

Testing of limited building components for lead-based paint was accomplished utilizing a Niton XL X-Ray Fluorescence (XRF) field portable analyzer, Model No. XLP303A - Serial No. 22287, equipped with a 40-milcurie CD-109 source - Serial No. TR3277, installed on March 17, 2015.

Analysis decision-making protocols were based on compliance with the United States (US) EPA and Minnesota Department of Health (MDH), which consider any x-ray fluorescence (XRF) result of 1.0 milligram per square centimeter (mg/cm²) or greater to be "lead-based paint." The following is a list of lead-based paints that were found on the limited building components tested.

- **No "lead-based paint" was detected in the surfaces tested at the time of the inspection.**

Refer to Table III in Appendix C, which lists the sample numbers, sample locations, component descriptions, XRF field results, and the paint condition for each sample.

C.3. Miscellaneous Regulated Waste

A visual inspection for miscellaneous regulated waste materials that require separate handling and disposal prior to disturbance during building demolition was also performed as part of this assessment. The following is a list of items documented at the site:

C.3.a. Poly-Chlorinated Biphenyls (PCBs)

- Light ballasts
- Transformers

C.3.b. Mercury

- Batteries – smoke detectors, emergency lighting, exit signs and security system.
- Electrical Systems – electrical panels, load meters, supply relays, control switches, fuses, motors, and pumps.
- Heating – natural gas furnace, gauges, space heater controls, thermostats, and unit heater controls.
- Lighting – fluorescent lamps, "silent" wall switches, explosion proof lighting, high-intensity discharge, neon and high-pressure sodium lamps.

C.3.c. Chlorofluorocarbons (CFCs) and Hydrochlorofluorocarbons (HCFCs)

- Fire extinguishers
- Refrigerants – heat pumps, roof-top air conditioners and walk-in coolers.

C.3.d. Hazardous Waste

- Chemicals – antifreeze, paint cans, paint drums, polyurethane, solvents, stains, industrial lubricants, chemical sealer, presoak/wall cleaner, and foaming polish.
- Lead – exit signs, lead-acid batteries, and security system.
- Petroleum products – oils in miscellaneous motors and door closers, machine oil, and machine pistons.

C.3.e. Miscellaneous

- 165-gallon tank (contents unknown)
- Air compressor
- Automotive parts
- Computer equipment
- Drive-thru system
- Meters
- Miscellaneous cleaning supplies
- Stove/oven
- Television
- Water heater
- Water softener

D. Discussion

D.1. Asbestos-Containing Materials

D.1.a. Category I Non-Friable ACM

The following asbestos-containing materials are classified as Category I non-friable materials according to EPA 40 CFR Part 61 National Emission Standard for Hazardous Air Pollutants (NESHAPs):

- Asphalt roof material (assumed), no roofing samples were collected to protect the integrity of the roofing systems.

Note: The various roofing materials were noted at the time of this inspection. Roofing materials were not sampled for asbestos content as part of this inspection in order to maintain the integrity of the roofing system. The roofing materials should be sampled for asbestos content prior to building renovation/demolition.

The above Category I non-friable ACMs were observed to be in good condition at the time of our assessment. These materials should be maintained in good condition to prevent potential exposure to asbestos. Category I non-friable ACMs are not considered a hazard unless cut, drilled, sanded, or otherwise abraded. However, any Category I material that may become friable during demolition must be removed prior to that activity. Secondly, if left in place, the crushing or recycling of demolition debris is strictly prohibited. In addition, all demolition debris containing Category I materials must be disposed of at a landfill specifically permitted to accept this type of waste.

D.2. Lead-Based Paint

No lead-based paint was identified on the surfaces tested during this inspection. In addition, given the date of construction (2003) it is unlikely that lead-based paint is present.

D.3. Miscellaneous Regulated Waste

In the case of building renovation/demolition, any of the miscellaneous regulated waste items listed in Section C.3 that will be disturbed, must be removed prior to disturbance and must be recycled or disposed of in accordance with state and federal guidelines.

E. Limitations

This inspection was limited to areas available for observation via non-destructive means. In any building, the potential exists for hazardous building materials to be located inside walls, above ceilings, under floors, and other inaccessible areas. Braun Intertec cannot be held responsible for the presence of any such hidden materials. In the case of building renovation/demolition, contractors involved in the project should be made aware of this potential. If previously unidentified suspect hazardous building materials are exposed during their activities they should be sampled and analyzed for content prior to any disturbance.

Note: A destructive ACM investigation is required by the MPCA prior to building renovation/demolition. It is recommended that the destructive ACM investigation is performed once the building is vacant.

Note: *It is assumed that pipe insulation may be present in currently inaccessible chases, wall cavities, and above hard ceilings.*

Note: It should also be noted that in order to maintain the integrity of the roof systems, no roofing materials were sampled. For the purpose of this report, the roofing and flashing materials are assumed to contain asbestos until proven otherwise by sampling and analysis.

Note: Various electrical systems were identified during the survey. These systems were believed to be currently "charged" and active. Suspect materials are located within these electrical boxes, control panels (breaker bars, insulation, and electrical wire insulation). For the purpose of this report, all electrical systems associated in these areas assessed are to be assumed to contain asbestos until proven otherwise by sampling and analysis.

In performing its services, Braun Intertec used that degree of care and skill ordinarily exercised under similar circumstances by reputable members of its profession currently practicing in the same locality. No warranty, express or implied, is made.

F. Asbestos Inspector Certification

I, the undersigned, do hereby certify that I am an accredited Asbestos Inspector in the State of Minnesota. A photocopy of my current asbestos inspector certificate is attached in Appendix E.

Signature:  Date: Nov 28, 2016
Eric W. Bieniek *cor!*
Environmental Technician III
Minnesota Department of Health Asbestos Inspector No: AI12781

Appendix A

Table I. Asbestos Building Inspection Results

Client: City of Ramsey
 Location: 6401 Highway 10, Ramsey, MN 55303
 Date of Inspection: November 10 & 11, 2016
 Project: B1610732.00

Functional Space	Homogeneous Material Description	Contains Asbestos (Yes/No)	Ref. Client Sample No. (See Table II)	Estimated Quantity Units	Material Condition ¹	Hazard Category ²
Exterior	Stucco (green, tan, orange, & red)	No	1A-E	5,000 ft ²	ND	0
Exterior	Brick & mortar	No	2	1,100 ft ²	ND	0
Exterior	Caulk (gray) - vertical wall expansion joints	No	3	250 lin. ft.	ND	0
Exterior	Caulk (tan) - horizontal wall expansion joints	No	4	350 lin. ft.	ND	0
Exterior	Caulk (brown) - window frames	No	5	20 lin. ft. (visible)	ND	0
Exterior	Caulk (tan/orange) - wall, window, & door frames	No	6	300 lin. ft.	ND	0
Exterior	Caulk (gray, tacky) - glass block window frames	No	7	40 lin. ft.	ND	0
Exterior	8" x 8" concrete block & mortar	No	8	1,000 ft ²	ND	0
Kitchen Spaces	Sheetrock/joint compound	No	9	Throughout	D	0
Kitchen Spaces	Caulk (gray, rubbery) - concrete floor expansion joints	No	10	175 lin. ft.	ND	0
Kitchen Spaces	2' x 4' lay-in ceiling panels (white), sheetrock with vinyl cover	No	11	1,000 ft ²	D	0
Kitchen Spaces	2' x 2' lay-in ceiling panels (red), sheetrock with vinyl cover	No	12	200 ft ²	ND	0
Kitchen Spaces	2' x 2' lay-in ceiling panels (white), pocks & pinholes	No	13	60 ft ²	D	0
Kitchen Spaces	Adhesive (tan) - behind fiberglass wall paneling	No	14	1,500 ft ²	ND	0
Kitchen Spaces	4" baseboard (gray) with adhesive (tan)	No	15	100 lin. ft.	ND	0
Kitchen Spaces	Glaze (black, rubbery) - on windows	No	16	70 lin. ft.	ND	0
Kitchen Spaces	Epoxy flooring (green)	No	17	650 ft ²	ND	0
Kitchen Spaces	Epoxy flooring (gray)	No	18	1,200 ft ²	ND	0
Dining & Sales Areas	Sheetrock/joint compound	No	9	Throughout	ND	0

Table I. Asbestos Building Inspection Results

6401 Highway 10, Ramsey, MN 55303

B1610732.00

Page 2

Functional Space	Homogeneous Material Description	Contains Asbestos (Yes/No)	Ref. Client Sample No. (See Table II)	Estimated Quantity Units	Material Condition ¹	Hazard Category ²
Dining & Sales Areas	Caulk (gray, rubbery) - concrete floor expansion joints	No	10	300 lin. ft.	ND	0
Dining & Sales Areas	2' x 2' lay-in ceiling panels (white), pocks & pinholes	No	13	650 ft ²	ND	0
Dining & Sales Areas	Adhesive (tan) - behind fiberglass wall paneling	No	14	125 ft ²	ND	0
Dining & Sales Areas	4" baseboard (gray) with adhesive (tan)	No	15	300 lin. ft.	ND	0
Dining & Sales Areas	Glaze (black, rubbery) - on windows	No	16	600 lin. ft.	ND	0
Dining & Sales Areas	Epoxy flooring (green)	No	17	200 ft ²	ND	0
Dining & Sales Areas	Epoxy flooring (gray)	No	18	1,500 ft ²	ND	0
Bathrooms	Sheetrock/joint compound	No	9	Throughout	ND	0
Bathrooms	Caulk (gray, rubbery) - concrete floor expansion joints	No	10	20 lin. ft.	ND	0
Bathrooms	Epoxy flooring (gray)	No	18	200 ft ²	ND	0
Bathrooms	2' x 2' lay-in ceiling panels (white), sheetrock with vinyl cover	No	19	200 ft ²	ND	0
North Offices	Sheetrock/joint compound	No	9	Throughout	ND	0
North Offices	Caulk (gray, rubbery) - concrete floor expansion joints	No	10	30 lin. ft.	ND	0
North Offices	2' x 2' lay-in ceiling panels (white), pocks & pinholes	No	13	250 ft ²	ND	0
North Offices	4" baseboard (gray) with adhesive (tan)	No	15	90 lin. ft.	ND	0
North Offices	Glaze (black, rubbery) - on windows	No	16	56 lin. ft.	ND	0
North Offices	Epoxy flooring (gray)	No	18	250 ft ²	ND	0
Walk-In Cooler	Epoxy flooring (gray)	No	18	400 ft ²	ND	0
Walk-In Cooler	Gasket (white, cloth) - HVAC gaskets	No	20	6 lin. ft. (visible)	ND	0
Carwash	Glaze (black, rubbery) - on windows	No	16	100 lin. ft.	ND	0
Carwash	Caulk (purple) - door frame	No	21	18 lin. ft.	ND	0

Table I. Asbestos Building Inspection Results

6401 Highway 10, Ramsey, MN 55303

B1610732.00

Page 3

Functional Space	Homogeneous Material Description	Contains Asbestos (Yes/No)	Ref. Client Sample No. (See Table II)	Estimated Quantity Units	Material Condition ¹	Hazard Category ²
Carwash	Caulk (gray/white) - window & door frames, wall expansion joints	No	22	175 lin. ft.	ND	0
Carwash	Wall partition paneling (brown)	No	23	110 ft ²	ND	0
West Sprinkler, Garage, Storage, & Electrical Rooms	Caulk (gray/white) - window & door frames, wall expansion joints	No	22	210 lin. ft.	ND	0
West Sprinkler, Garage, Storage, & Electrical Rooms	Red fire caulk	No	24	90 lin. ft.	ND	0
Recycling Room	Caulk (gray/white) - window & door frames, wall expansion joints	No	22	10 lin. ft.	ND	0
Recycling Room	Red fire caulk	No	24	25 lin. ft.	ND	0
Roof	Roof materials	Assume	—	9,800 ft²	ND	1

1. Condition of ACM:

ND = Not Damaged

D = Damaged

SD = Significantly Damaged

2. Hazard Category:

0 = No hazard - material does not contain asbestos

1 = ACM with potential for damage

2 = ACM with potential for significant damage

3 = Damaged or significantly damaged asbestos-containing miscellaneous material

4 = Damaged or significantly damaged friable asbestos-containing thermal system insulation

5 = Damaged or significantly damaged friable asbestos-containing surfacing material

Appendix B

Table II. Bulk Asbestos Analytical Results

Client: City of Ramsey
Location: 6401 Highway 10, Ramsey, MN 55303
Date of Inspection: November 10 & 11, 2016
Project: B1610732.00

Sample No.	Sample Location			Material	Asbestos Content (%) ¹
1A	Exterior	East Side	South End	Stucco (green, tan, orange, & red)	N.D. ²
1B	Exterior	North Side	Above Garages	Stucco (green, tan, orange, & red)	N.D.
1C	Exterior	West Side	North End	Stucco (green, tan, orange, & red)	N.D.
1D	Exterior	West Side	Middle	Stucco (green, tan, orange, & red)	N.D.
1E	Exterior	West Side	South End	Stucco (green, tan, orange, & red)	N.D.
2	Exterior	East Side	SE Corner	Brick & mortar	N.D.
3	Exterior	East Side	South End	Caulk (gray) - vertical wall expansion joints	N.D.
4	Exterior	East Side	South End	Caulk (tan) - horizontal wall expansion joints	N.D.
5	Exterior	East Side	North End	Caulk (brown) - window frames	N.D.
6	Exterior	West Side	North End	Caulk (tan/orange) - wall, window, & door frames	N.D.
7	Exterior	West Side	South End	Caulk (gray, tacky) - glass block window frames	N.D.
8	Exterior	South End	By Entrance	8" x 8" concrete block & mortar	N.D.
9	Kitchen	South End	By Door	Sheetrock/joint compound	N.D.
10	Kitchen	By-Drive Thru Window	At Floor	Caulk (gray, rubbery) - concrete floor expansion joints	N.D.
11	Kitchen	South End	At Ceiling	2' x 4' lay-in ceiling panels (white), sheetrock with vinyl cover	N.D.
12	Kitchen	East Side	At Ceiling	2' x 2' lay-in ceiling panels (red), sheetrock with vinyl cover	N.D.
13	Kitchen	South End	At Ceiling	2' x 2' lay-in ceiling panels (white), pocks & pinholes	N.D.
14	Kitchen	South End	At Wall End	Adhesive (tan) - behind fiberglass wall paneling	N.D.
15	Kitchen	South End	By Door	4" baseboard (gray) with adhesive (tan)	N.D.
16	Kitchen	South End	At Window	Glaze (black, rubbery) - on windows	N.D.
17	Dining Room	North Side	At Door	Epoxy flooring (green)	N.D.
18	Dining Room	North Side	At Floor	Epoxy flooring (gray)	N.D.

Table II. Bulk Asbestos Analytical Results

6401 Highway 10, Ramsey, MN 55303

B1610732.00

Page 2

Sample No.	Sample Location			Material	Asbestos Content (%) ¹
19	Women's Bathroom	Middle	At Ceiling	2' x 2' lay-in ceiling panels (white), sheetrock with vinyl cover	N.D.
20	Walk-In Cooler	At South End	On HVAC Debris	Gasket (white, cloth) - HVAC gaskets	N.D.
21	Carwash	North End	At Door	Caulk (purple) - door frame	N.D.
22	Carwash	North End	At Window	Caulk (gray/white) - window & door frames, wall expansion joints	N.D.
23	Carwash	South End	Above Door Frame	Wall partition paneling (brown)	N.D.
24	West Storage Room	North Side	On Wall	Red fire caulk	N.D.

* Materials containing 1 percent of asbestos or less are not considered to be asbestos-containing materials by the U.S. EPA.

1. Asbestos content is indicated as an approximate percent by area.

2. N.D. = None Detected

Appendix C

Table III. Lead-Based Paint Testing Results

Client: City of Ramsey

Location: 6401 Highway 10, Ramsey, MN 55303

Date of Inspection: November 10 & 11, 2016

Project: B1610732.00

Sample I.D. No.	Room/Area	Component Description			Results	Paint Condition G = Good P = Peeling
1	Calibration	Surface			1.10	NA
2	Calibration	Buried			1.10	NA
3	Calibration	Surface			1.00	NA
6401 Highway 10, Ramsey, MN 55303						
4	Kitchen, Dining, & Sales Areas	Wall	Sheetrock	Red	0.00	G
5	Kitchen, Dining, & Sales Areas	Wall	Sheetrock	Orange	0.00	G
6	Kitchen, Dining, & Sales Areas	Window	Metal	Maroon	0.00	G
7	Kitchen, Dining, & Sales Areas	Window Sill	Metal	Maroon	0.00	G
8	Kitchen, Dining, & Sales Areas	Floor	Epoxy	Green	0.00	G
9	Kitchen, Dining, & Sales Areas	Floor	Epoxy	Gray	0.00	G
10	Kitchen, Dining, & Sales Areas	Column	Metal	Beige	0.00	G
11	Kitchen, Dining, & Sales Areas	Door	Metal	Maroon	0.00	G
12	Kitchen, Dining, & Sales Areas	Door Frame	Metal	Maroon	0.00	G
13	Kitchen, Dining, & Sales Areas	Truss	Metal	Yellow	0.00	G
14	Kitchen, Dining, & Sales Areas	Roof Deck	Metal	Yellow	0.00	G
15	Kitchen, Dining, & Sales Areas	HVAC Duct	Metal	Yellow	0.00	G
16	Offices	Wall	Sheetrock	White	0.00	G
17	Carwash	Wall	Concrete Block	White	0.00	G
18	Carwash	Door	Metal	White	0.00	G
19	Carwash	Door Frame	Metal	White	0.00	G
20	Carwash	Floor	Concrete	White	0.00	G
21	Carwash	Floor	Concrete	Gray	0.00	G
22	Carwash	Washer Posts	Metal	Gray	0.23	G
23	Carwash	Carwash Track	Metal	Brown	0.00	G
24	Carwash	Carwash Track	Metal	Orange	0.00	G
25	Carwash	Carwash Track	Metal	Yellow	0.00	G
26	Sprinkler, Garage, Storage, & Electrical Rms	Roof Deck	Concrete	Gray	0.00	G
27	Sprinkler, Garage, Storage, & Electrical Rms	Roof Hatch	Metal	Brown	0.00	G
28	Sprinkler, Garage, Storage, & Electrical Rms	Stair Stringer	Metal	Gray	0.00	G
29	Sprinkler, Garage, Storage, & Electrical Rms	Stair Railing	Metal	Gray	0.00	G
30	Exterior	Wall	Concrete Block	Tan	0.00	G
31	Exterior	Canopy Column	Metal	White	0.00	G
32	Exterior	Safety Bumpers	Metal	Yellow	0.00	G
33	Exterior	Curb	Concrete	Yellow	0.00	P
34	Exterior	Canopy Soffit	Metal	White	0.00	G
35	Calibration	Surface			1.10	NA
36	Calibration	Buried			1.10	NA
37	Calibration	Surface			1.00	NA

mg/cm² = milligrams of lead per square centimeter of paint

Appendix D

Bulk Asbestos Analysis Reports



EMSL Analytical, Inc.

14375 23rd Avenue North Minneapolis, Mn 55447

Tel/Fax: (763) 449-4922 / (763) 449-4924

<http://www.EMSL.com> / minneapolislab@emsl.com

EMSL Order: 351607999

Customer ID: BRAU50

Customer PO:

Project ID:

Attention: Rob Nordby
Braun Intertec
11001 Hampshire Avenue South
Bloomington, MN 55438

Phone: (952) 995-2000

Fax: (952) 995-2020

Received Date: 11/11/2016 4:40 PM

Analysis Date: 11/16/2016

Collected Date: 11/11/2016

Project: ANOKA C-STORE/B1610732.00

Test Report: Asbestos Analysis of Bulk Materials via EPA 600/R-93/116 Method using Polarized Light Microscopy

Sample	Description	Appearance	Non-Asbestos		Asbestos
			% Fibrous	% Non-Fibrous	% Type
1A-Gray Layer 351607999-0001	EXTERIOR EAST SIDE SOUTH END, STUCCO (GRN, TAN, ORANGE, RED)	Gray Non-Fibrous Homogeneous		100% Non-fibrous (Other)	None Detected
1A-Tan Layer 351607999-0001A	EXTERIOR EAST SIDE SOUTH END, STUCCO (GRN, TAN, ORANGE, RED)	Tan/Green Non-Fibrous Homogeneous		100% Non-fibrous (Other)	None Detected
<i>Inseparable paint / coating layer included in analysis</i>					
1B-Gray Layer 351607999-0002	EXTERIOR NORTH SIDE ABOVE GARAGES, STUCCO (GRN, TAN, ORANGE, RED)	Gray Fibrous Homogeneous	15% Glass	85% Non-fibrous (Other)	None Detected
1B-Tan Layer 351607999-0002A	EXTERIOR NORTH SIDE ABOVE GARAGES, STUCCO (GRN, TAN, ORANGE, RED)	Tan Non-Fibrous Homogeneous		100% Non-fibrous (Other)	None Detected
1C-Gray Layer 351607999-0003	EXTERIOR WEST SIDE NORTH END, STUCCO (GRN, TAN, ORANGE, RED)	Gray Fibrous Homogeneous	15% Glass	85% Non-fibrous (Other)	None Detected
1C-Tan Layer 351607999-0003A	EXTERIOR WEST SIDE NORTH END, STUCCO (GRN, TAN, ORANGE, RED)	Tan Non-Fibrous Homogeneous		100% Non-fibrous (Other)	None Detected
1D-Gray Layer 351607999-0004	EXTERIOR WEST SIDE MIDDLE, STUCCO (GRN, TAN, ORANGE, RED)	Gray Fibrous Homogeneous	15% Glass	85% Non-fibrous (Other)	None Detected
1D-Tan Layer 351607999-0004A	EXTERIOR WEST SIDE MIDDLE, STUCCO (GRN, TAN, ORANGE, RED)	Tan Non-Fibrous Homogeneous		100% Non-fibrous (Other)	None Detected
1E-Gray Layer 351607999-0005	EXTERIOR WEST SIDE SOUTH END, STUCCO (GRN, TAN, ORANGE, RED)	Gray Fibrous Homogeneous	15% Glass	85% Non-fibrous (Other)	None Detected
1E-Tan Layer 351607999-0005A	EXTERIOR WEST SIDE SOUTH END, STUCCO (GRN, TAN, ORANGE, RED)	Tan Non-Fibrous Homogeneous		100% Non-fibrous (Other)	None Detected
2-Brick 351607999-0006	EXTERIOR EAST SIDE SE CORNER, BRICK & MORTAR	Red Non-Fibrous Homogeneous		100% Non-fibrous (Other)	None Detected
2-Mortar 351607999-0006A	EXTERIOR EAST SIDE SE CORNER, BRICK & MORTAR	Gray Non-Fibrous Homogeneous		100% Non-fibrous (Other)	None Detected

Initial report from: 11/16/2016 17:51:27



EMSL Analytical, Inc.

14375 23rd Avenue North Minneapolis, Mn 55447

Tel/Fax: (763) 449-4922 / (763) 449-4924

<http://www.EMSL.com> / minneapolislab@emsl.com

EMSL Order: 351607999
Customer ID: BRAU50
Customer PO:
Project ID:

Test Report: Asbestos Analysis of Bulk Materials via EPA 600/R-93/116 Method using Polarized Light Microscopy

Sample	Description	Appearance	Non-Asbestos		Asbestos
			% Fibrous	% Non-Fibrous	% Type
3 351607999-0007	EXTERIOR EAST SIDE SOUTH END, CAULK (GRAY) - VERT. WALL EXP. JOINTS	Gray Non-Fibrous Homogeneous		100% Non-fibrous (Other)	None Detected
4 351607999-0008	EXTERIOR EAST SIDE SOUTH END, CAULK (TAN) - HORIZONTAL WALL EXP. JOINTS	Gray/Tan Non-Fibrous Homogeneous		100% Non-fibrous (Other)	None Detected
5 351607999-0009	EXTERIOR EAST SIDE NORTH END, CAULK (BRN) - WINDOW FRAMES	Brown Non-Fibrous Homogeneous		100% Non-fibrous (Other)	None Detected
6 351607999-0010	EXTERIOR WEST SIDE NORTH END, CAULK (TAN/ORANGE) - WALL/WIND./DOOR FRAMES	Tan Non-Fibrous Homogeneous		100% Non-fibrous (Other)	None Detected
7 351607999-0011	EXTERIOR WEST SIDE NORTH END, CAULK (GRAY/TACKY) - GLASS BLOCK WIND. FRAMES	Gray Non-Fibrous Homogeneous		100% Non-fibrous (Other)	None Detected
8 351607999-0012	EXTERIOR SOUTH END BY ENTRANCE, 8x8" CONCRETE BLOCKS & MORTAR	Gray Non-Fibrous Homogeneous		100% Non-fibrous (Other)	None Detected
9 351607999-0013 <i>This is a composite result of sheetrock and jt. compound.</i>	KITCHEN SOUTH END BY DOOR, SR/JC	Brown/White Fibrous Heterogeneous	10% Cellulose 2% Glass	88% Non-fibrous (Other)	None Detected
10 351607999-0014	KITCHEN BY DRIVE-THRU WIND. @ FLOOR, CAULK (GRAY, RUBBERY) - CON. FL. EXP. JOINTS	Gray Non-Fibrous Homogeneous		100% Non-fibrous (Other)	None Detected
11 351607999-0015	KITCHEN SOUTH END @ CEILING, 2x4' LAY-IN C.P. (WHITE) SR W/ VINYL COVER	Brown/White Fibrous Heterogeneous	10% Cellulose 2% Glass	88% Non-fibrous (Other)	None Detected
12 351607999-0016	KITCHEN EAST END @ CEILING, 2x2' LAY-IN C.P. (RED) SR W/ VINYL CORNER	Brown/White Fibrous Heterogeneous	10% Cellulose 2% Glass	88% Non-fibrous (Other)	None Detected
13 351607999-0017	KITCHEN SOUTH END @ CEILING, 2x2' LAY-IN E.P. (WHITE), POCKS/PINHOLES	Gray/White Fibrous Heterogeneous	50% Cellulose 30% Glass	15% Perlite 5% Non-fibrous (Other)	None Detected
14 351607999-0018	KITCHEN SOUTH END @ WALL END, ADHESIVE (TAN) - BEHIND F.G. WALL PANELS	Tan Non-Fibrous Homogeneous		100% Non-fibrous (Other)	None Detected

Initial report from: 11/16/2016 17:51:27



EMSL Analytical, Inc.

14375 23rd Avenue North Minneapolis, Mn 55447

Tel/Fax: (763) 449-4922 / (763) 449-4924

<http://www.EMSL.com> / minneapolislab@emsl.com

EMSL Order: 351607999
Customer ID: BRAU50
Customer PO:
Project ID:

Test Report: Asbestos Analysis of Bulk Materials via EPA 600/R-93/116 Method using Polarized Light Microscopy

Sample	Description	Appearance	Non-Asbestos		Asbestos
			% Fibrous	% Non-Fibrous	% Type
15-Baseboard 351607999-0019	KITCHEN SOUTH END BY DOOR, 4" BASEBOARD (GRAY) W/ ADH. (TAN)	Gray Non-Fibrous Homogeneous		100% Non-fibrous (Other)	None Detected
15-Mastic 351607999-0019A	KITCHEN SOUTH END BY DOOR, 4" BASEBOARD (GRAY) W/ ADH. (TAN)	Tan Non-Fibrous Homogeneous		100% Non-fibrous (Other)	None Detected
16 351607999-0020	KITCHEN SOUTH END @ WIND., GLAZE (BLACK, RUBBERY) - ON WINDOWS	Black Non-Fibrous Homogeneous		100% Non-fibrous (Other)	None Detected
17 351607999-0021	DINING ROOM NORTH SIDE @ FLOOR, EPOXY FLOORING (GREEN)	Gray/White/Green Non-Fibrous Homogeneous		100% Non-fibrous (Other)	None Detected
18 351607999-0022	DINING ROOM NORTH SIDE @ FLOOR, EPOXY FLOORING (GRAY)	Gray/White Non-Fibrous Homogeneous		100% Non-fibrous (Other)	None Detected
19 351607999-0023	WOMENS BATHROOM MIDDLE @ CEILING, 2x2' LAY-IN C.P. (WHITE) SR W/ VINYL CORNER	Brown/White Fibrous Heterogeneous	10% Cellulose 2% Glass	88% Non-fibrous (Other)	None Detected
20-Gasket 351607999-0024	WALK-IN COOLER @ SOUTH END ON HVAC DEBRIS, GASKET (WHITE CLOTH) - HVAC GASKETS	White Fibrous Homogeneous	100% Glass		None Detected
20-Caulk 351607999-0024A	WALK-IN COOLER @ SOUTH END ON HVAC DEBRIS, GASKET (WHITE CLOTH) - HVAC GASKETS	Gray Non-Fibrous Homogeneous		100% Non-fibrous (Other)	None Detected
21 351607999-0025	CAR WASH NORTH END @ DOOR, CAULK (PURPLE) - DOOR FRAME	Purple Non-Fibrous Homogeneous		100% Non-fibrous (Other)	None Detected
22 351607999-0026	CAR WASH NORTH END @ WIND., CAULK (GRAY/WHITE) - WIND./DOOR/WALL EXP. JOINTS	Gray Non-Fibrous Homogeneous		100% Non-fibrous (Other)	None Detected
23 351607999-0027	CAR WASH SOUTH END ABOVE DR. FRAME, WALL PARTITION PANELING (BROWN)	Brown Fibrous Homogeneous	95% Cellulose	5% Non-fibrous (Other)	None Detected
24 351607999-0028	W. STORAGE ROOM NORTH SIDE ON WALL, RED FIRE CAULK	Red Non-Fibrous Homogeneous	3% Glass	97% Non-fibrous (Other)	None Detected

Initial report from: 11/16/2016 17:51:27



EMSL Analytical, Inc.

14375 23rd Avenue North Minneapolis, Mn 55447

Tel/Fax: (763) 449-4922 / (763) 449-4924

<http://www.EMSL.com> / minneapolislab@emsl.com

EMSL Order: 351607999

Customer ID: BRAU50

Customer PO:

Project ID:

Analyst(s)

Nicholas Asuncion (36)

Rachel Travis, Laboratory Manager
or Other Approved Signatory

EMSL maintains liability limited to cost of analysis. This report relates only to the samples reported and may not be reproduced, except in full, without written approval by EMSL. EMSL bears no responsibility for sample collection activities or analytical method limitations. Interpretation and use of test results are the responsibility of the client. This report must not be used by the client to claim product certification, approval, or endorsement by NVLAP, NIST or any agency of the federal government. Non-friable organically bound materials present a problem matrix and therefore EMSL recommends gravimetric reduction prior to analysis. Samples received in good condition unless otherwise noted. Estimated accuracy, precision and uncertainty data available upon request. Unless requested by the client, building materials manufactured with multiple layers (i.e. linoleum, wallboard, etc.) are reported as a single sample. Reporting limit is 1%

Samples analyzed by EMSL Analytical, Inc. Minneapolis, Mn NVLAP Lab Code 200019-0

Initial report from: 11/16/2016 17:51:27



EMSL ANALYTICAL, INC
LABORATORY PRODUCTS TRAINING

Asbestos Chain of Custody

EMSL Order Number (Lab Use Only):

7999

EMSL ANALYTICAL, INC.
200 ROUTE 130 NORTH
CINNAMINSON, NJ 08077
PHONE: (800) 220-3675
FAX: (856) 786-5974

Company Name : Braun Intertec Corporation		EMSL Customer ID:	
Street: 11001 Hampshire Avenue South		City: Bloomington	State/Province: MN
Zip/Postal Code: 55438	Country: USA	Telephone #: 952.995.2424	Fax #: 952.995.2020
Report To (Name): Robert Nordby & Eric Bieniek		Please Provide Results: <input type="checkbox"/> Fax <input checked="" type="checkbox"/> Email	
Email Address: RNordby / EBieniek @braunintertec.com		Purchase Order:	
Project Name/Number: AYLKA C-STORE /B1610732.00		EMSL Project ID (Internal Use Only):	
U.S. State Samples Taken: Minnesota		CT Samples: <input type="checkbox"/> Commercial/Taxable <input type="checkbox"/> Residential/Tax Exempt	
EMSL-Bill to: <input type="checkbox"/> Same <input checked="" type="checkbox"/> Different - If Bill to is Different note instructions in Comments** <i>Third Party Billing requires written authorization from third party</i>			

Turnaround Time (TAT) Options* - Please Check

3 Hour
 6 Hour
 24 Hour
 48 Hour
 72 Hour
 96 Hour
 1 Week
 2 Week

*For TEM Air 3 hr through 6 hr, please call ahead to schedule *There is a premium charge for 3 Hour TEM AHERA or EPA Level II TAT. You will be asked to sign an authorization form for this service. Analysis completed in accordance with EMSL's Terms and Conditions located in the Analytical Price Guide

PCM - Air <input type="checkbox"/> Check if samples are from NY <input type="checkbox"/> NIOSH 7400 <input type="checkbox"/> w/ OSHA 8hr. TWA PLM - Bulk (reporting limit) <input checked="" type="checkbox"/> PLM EPA 600/R-93/116 (<1%) <input type="checkbox"/> PLM EPA NOB (<1%) Point Count <input type="checkbox"/> 400 (<0.25%) <input type="checkbox"/> 1000 (<0.1%) Point Count w/Gravimetric <input type="checkbox"/> 400 (<0.25%) <input type="checkbox"/> 1000 (<0.1%) <input type="checkbox"/> NYS 198.1 (friable in NY) <input type="checkbox"/> NYS 198.6 NOB (non-friable-NY) <input type="checkbox"/> NYS 198.8 SOF-V <input type="checkbox"/> NIOSH 9002 (<1%)	TEM - Air <input type="checkbox"/> 4-4.5hr TAT (AHERA only) <input type="checkbox"/> AHERA 40 CFR, Part 763 <input type="checkbox"/> NIOSH 7402 <input type="checkbox"/> EPA Level II <input type="checkbox"/> ISO 10312 TEM - Bulk <input type="checkbox"/> TEM EPA NOB <input type="checkbox"/> NYS NOB 198.4 (non-friable-NY) <input type="checkbox"/> Chatfield SOP <input type="checkbox"/> TEM Mass Analysis-EPA 600 sec. 2.5 TEM - Water: EPA 100.2 Fibers >10µm <input type="checkbox"/> Waste <input type="checkbox"/> Drinking All Fiber Sizes <input type="checkbox"/> Waste <input type="checkbox"/> Drinking	TEM- Dust <input type="checkbox"/> Microvac - ASTM D 5755 <input type="checkbox"/> Wipe - ASTM D6480 <input type="checkbox"/> Carpet Sonication (EPA 600/J-93/167) Soil/Rock/Vermiculite* <input type="checkbox"/> PLM CARB 435 - A (0.25% sensitivity) <input type="checkbox"/> PLM CARB 435 - B (0.1% sensitivity) <input type="checkbox"/> TEM CARB 435 - B (0.1% sensitivity) <input type="checkbox"/> TEM CARB 435 - C (0.01% sensitivity) <input type="checkbox"/> TEM Qual. via Filtration Technique <input type="checkbox"/> TEM Qual. via Drop-Mount Technique <small>*Can not accept New York State Loose Fill Vermiculite Samples</small> Other: <input checked="" type="checkbox"/> Point Count (400-non-grav) if <1%. Do not point count if None Detected.
---	--	--

Check For Positive Stop - Clearly Identify Homogenous Group Filter Pore Size (Air Samples): 0.8µm 0.45µm

Samplers Name: Eric Bieniek **Samplers Signature:** *[Signature]*

Sample #	Sample Description	Volume/Area (Air) HA # (Bulk)	Date/Time Sampled
IA-24	See Attached "Table II"	---	11/11/2016 AUPM

Client Sample # (s): IA - 24 **Total # of Samples:** 28

Relinquished (Client): *[Signature]* **Date:** 11/11/2016 **Time:** 4:40 PM

Received (Lab): *[Signature]* **Date:** 11/11/16 **Time:** 4:40

Comments/Special Instructions: Okay to send to other EMSL locations. Point count up to 5 samples; if >5 samples <1%, call for approval. Invoice: *[Signature]* (EG: EG@braunintertec.com) - same address.
JEN CROFT J CROFT



The Science You Build On.

7999

Table II. Bulk Asbestos Analytical Results

Client:

Location: 6401 HWY 10, ANOKA, MN

Date of Inspection: 10/11/16

Project: R1610732.00

Sample No.	Sample Location		Material	Asbestos Content (%) ¹
1A	EXTERIOR	EAST SIDE SOUTH END	STUCCO (BRN, TAN, ORANGE, RED)	
1B		NORTH SIDE ABOVE GARAGES		
1C		WEST SIDE NORTH END		
1D		MIDDLE		
1E		SOUTH END		
2		EAST SIDE SE CORNER	BRICK & MORTAR	
3		SOUTH END	CAULK (GRAY) - VERT. WALL EXP. JOINTS	
4			CAULK (TAN) - HORIZONTAL WALL EXP. JOINTS	
5		NORTH END	CAULK (BRN) - WINDOW FRAMES	
6		WEST SIDE	CAULK (TAN/ORANGE) - WALL/WIND./DOOR FRAMES	
7		SOUTH END	CAULK (GRAY/TACKY) - GLASS BLOCK WIND. FRAMES	
8		SOUTH END BY ENTRANCE	8x8" CONCRETE BLOCKS & MORTAR	
9	KITCHEN	SOUTH END BY DOOR	STR/JC	
10		BY DRIVE-THRU WALL @ FLOOR	CAULK (GRAY, RUBBERY) - CON. PL. EXP. JOINTS	
11		SOUTH END @ CEILING	2x4' LAY-IN C.P. (WHITE) SR w/ VINYL COVER	
12		EAST SIDE	2x2' LAY-IN C.P. (RED) SR w/ VINYL COVER	
13		SOUTH END	2x2' LAY-IN C.P. (WHITE), POLKS/PIM-DUES	
14			ADHESIVE (TAN) - BEHIND F.G. WALL PANELS	
15			4" BASEBOARD (GRAY) w/ ADM. (TAN)	
16			GATE (BLACK, RUBBERY) - ON WINDOWS	
17	DINING ROOM	NORTH SIDE @ DOOR	2x2' LAY-IN C.P. (WHITE) , EPOXY FLOORING (GREEN)	

Appendix E

Asbestos Inspector Certificate

Certificate No: 5LM11081603IR

Expiration Date: November 8, 2017

This is to certify that

Eric Bieniek

has attended and successfully completed an

**ASBESTOS INSPECTOR
REFRESHER TRAINING COURSE**

permitted by

the State of Minnesota under Minnesota Rules 4620.3702 to 4620.3722

and meets the requirements of

Section 206 of Title II of the Toxic Substances Control Act (TSCA)

conducted by

Lake States Environmental, Ltd.

Hudson, WI on November 8, 2016

Examination Date: November 8, 2016

Lake States Environmental, Ltd
P. O. Box 645, Rice Lake, WI 54868
(800) 254-9811



Director, Env. Health Div.

No. A12781

Issued: 11/16/2016

MDH
STATE OF MINNESOTA
DEPARTMENT OF HEALTH

ASBESTOS
INSPECTOR

Certified by:
State of Minnesota
Department of Health

Expires: 11/08/2017

Eric W Bieniek
2008 Juliet Ave
St Paul, MN 55105

Paul D. McNeill
Training Inspector

ALTA/NSPS LAND TITLE SURVEY

~for~ SERIES SUNFISH OF ATHANS HOLDINGS, LLC

~of~ 6401 HIGHWAY 10 NW
RAMSEY, MN 55303

CERTIFICATION

I hereby certify to the City of Ramsey, a Minnesota municipal corporation; Series Sunfish of Athans Holdings, LLC, an Illinois limited liability company; and to Commercial Partners Title, that this is a survey of:

Lot 2, Block 1, SUNFISH COMMONS, according to the recorded plat thereof, LESS AND EXCEPT that part described as follows:

Parcel 9, ANOKA COUNTY HIGHWAY RIGHT-OF-WAY PLAT NO. 72, according to the map or plat thereof on file and of record in the office of the Anoka County Recorder and Registrar of Titles.

and is based upon information found in the commitment for title insurance prepared by Commercial Partners Title, LLC, File No. 52156, dated effective October 25, 2016 at 7:00 A.M., and that all easements, if any, listed in Schedule B-II on the herein referenced commitment for title insurance, are shown hereon; and that this map or plat and the survey on which it is based were made (i) in accordance with "Minimum Standard Detail Requirements for ALTA/NSPS Land Title Surveys," jointly established and adopted by ALTA and NSPS in 2016, and (ii) pursuant to the Accuracy Standards as adopted by ALTA and NSPS and in effect on the date of this certification, the undersigned further certifies that in my professional opinion, as a land surveyor licensed in the State of Minnesota, the Relative Positional Accuracy of this survey does not exceed that which is specified therein and includes Items 1, 2, 3, 4, 6(a), 7(a), 7(b)(1), 7(c), 8, 9, 11, 13 and 19 of Table A thereof. The field work was completed on March 29, 2017.

I further certify that this survey was prepared by me or under my direct supervision and that I am a duly Licensed Land Surveyor under the laws of the State of Minnesota.

Date: April 3, 2017

E.G. Rud & Sons, Inc.

Jason E. Rud, Land Surveyor
Minnesota License No. 41578

GENERAL NOTES

- Fee ownership is vested in Series Sunfish of Athans Holdings, LLC, an Illinois limited liability company. Parcel ID Number: 34-32-25-14-0027.
- Address of the surveyed premises: 6401 Highway 10 NW, Ramsey, Minnesota 55303
- Bearings shown hereon are based on the Anoka County Coordinate System.
- Surveyed premises shown on this survey map is in Flood Zone X (Areas determined to be outside the 0.2% annual chance floodplain.), according to Flood Insurance Rate Map Community No. 270681 Panel No. 0281 Suffix E by the Federal Emergency Management Agency, effective date December 16, 2015.
- Boundary area of the surveyed premises: 70,483± sq. ft. (1.62 acres).
- A zoning endorsement letter was not furnished to the surveyor. A search of the City of Ramsey's web site indicates that the surveyed premises shown on this survey is currently zoned H-1 (Business District). Under the applicable zoning regulations, the current setbacks are:

Building: Front = 35 feet
Side = 10 feet
Side (corner) = 20 feet
Rear = 35 feet
Major and minor arterials and county and state roadways = 60 feet from centerline of roadway plus local applicable setback
Parking: 20 feet

For additional information contact the Community Development Department at the City of Ramsey at (763) 433-9824.

- There are 29 marked or striped parking areas onsite. (29 regular, 0 handicapped)
- The surveyed premises has physical access to and adjoins Sunfish Lake Boulevard, a public street.
- Location of utilities existing on or serving the surveyed property determined by:
 - Observed evidence collected pursuant to Section 5.E.iv.
 - Markings requested by ZoneOne Locating per Gopher State One Call Ticket No. 170810573.
 - Excavations were not made during the process of this survey to locate underground utilities and/or structures. The location of underground utilities and/or structures may vary from locations shown hereon and additional underground utilities and/or structures may be encountered. Contact Gopher State One Call Notification Center at (651) 454-0002 for verification of utility type and field location, prior to excavation.
- Subsurface and environmental conditions were not examined or considered during the process of this survey. No statement is made concerning the existence of underground or overhead containers or facilities that may affect the use or development of the surveyed premises.
- Commercial Partners Title, File No. 52156, Schedule B-II Survey Related Exceptions:
 - Item 15) Easement for telephone lines in favor of Northwestern Bell Telephone Company as created in instrument dated September 23, 1963, filed September 24, 1963, as Document No. 252668, in Book 610, Page 252. (Surveyor's note: Easement shown on survey.)
 - Item 18) Drainage and utility easements as shown on the recorded plat of Sunfish Commons. (Surveyor's note: Easements shown on survey.)
 - Item 19) Right of access dedications to Anoka County and the State of Minnesota as shown on the recorded plat of Sunfish Commons. (Surveyor's note: Rights of access shown on survey.)
 - Item 20) Right of way of Trunk Highway No. 10 as shown on State Trunk Highway 10 Official Map filed May 28, 2004, as Document No. 1927049. (Surveyor's note: Highway 10 shown per MINNESOTA DEPARTMENT OF TRANSPORTATION MONUMENTATION PLAT NO. 02-M5.)
 - Item 22) Terms and conditions of Declaration of Access, Utility and Operating Easement dated October 28, 2002, filed October 29, 2002, as Document No. 1724904, by Sunfish Properties, LLC, a Minnesota limited liability company. (Surveyor's note: Easements shown on survey.)
 - Item 23) Terms and conditions of Pedestrian Trail Easement Agreement dated October 28, 2002, filed October 29, 2002, as Document No. 1724906, by and between Sunfish Properties, LLC, a Minnesota limited liability company, and the City of Ramsey, a Minnesota municipal corporation. (Surveyor's note: Easements shown on survey.)
 - Item 24) Terms and conditions of Commuter Rail Service Easement Agreement (Second Train Set) dated December 11, 2007, filed January 22, 2008, as Document No. 1998378.001, by and between BNSF Railway Company, a Delaware corporation, and the State of Minnesota. (Surveyor's note: This easement affects the Burlington Northern Railroad parcel adjacent to and northerly of subject property.)
 - Item 25) Right of way of County State Aid Highway No. 57 (Sunfish Lake Boulevard) as shown on Anoka County Highway Right-of-Way Plat No. 72, filed May 19, 2008, as Document No. 2000713-002. (Surveyor's note: Shown on survey.)
 - Item 26) Terms and conditions of Commuter Rail Service Easement Agreement (Third Train Set) dated May 30, 2008, filed June 19, 2008, as Document No. 2001324.001, by and between BNSF Railway Company, a Delaware corporation, and the State of Minnesota. (Surveyor's note: This easement affects the Burlington Northern Railroad parcel adjacent to and northerly of subject property.)
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 - Item 28) Terms and conditions of Commuter Rail Service Easement Agreement (Fifth Train Set) dated November 1, 2009, filed November 6, 2009, as Document No. 2011301.002, by and between BNSF Railway Company, a Delaware corporation, and the State of Minnesota. (Surveyor's note: This easement affects the Burlington Northern Railroad parcel adjacent to and northerly of subject property.)
 - Item 29) Final Certificate dated July 16, 2013, filed September 9, 2013, as Document No. 2068473.008. (Surveyor's note: This Document is the condemnation of Parcel 9, ANOKA COUNTY HIGHWAY RIGHT-OF-WAY PLAT NO. 72, by Anoka County.)

LEGEND

- DENOTES IRON MONUMENT FOUND AS LABELED
- DENOTES IRON MONUMENT SET, MARKED RLS# 41578 (UNLESS OTHERWISE NOTED)
- ⊙ DENOTES BOLLARD
- DENOTES CATCH BASIN
- ⊞ DENOTES ELECTRICAL BOX/TRANSFORMER
- ⊞ DENOTES CABLE PEDESTAL
- ⊞ DENOTES ELECTRICAL MANHOLE
- ⊞ DENOTES GAS METER
- ⊞ DENOTES HYDRANT
- ⊞ DENOTES WATER VALVE
- ⊞ DENOTES POWER POLE
- ⊞ DENOTES LIGHT POLE
- ⊞ DENOTES SANITARY SEWER MANHOLE
- ⊞ DENOTES RESTRICTED ACCESS
- ⊞ DENOTES EXISTING SANITARY SEWER
- ⊞ DENOTES EXISTING STORM SEWER
- ⊞ DENOTES EXISTING WATER MAIN
- ⊞ DENOTES UNDERGROUND ELECTRIC LINE
- ⊞ DENOTES UNDERGROUND GAS LINE
- ⊞ DENOTES UNDERGROUND CABLE LINE
- ⊞ DENOTES BITUMINOUS SURFACE
- ⊞ DENOTES CONCRETE SURFACE
- ⊞ DENOTES ADJACENT PARCEL OWNER INFORMATION (PER ANOKA COUNTY TAX INFORMATION)

PIN No. 17-119-22-14-0008
Owner: City of X
Address: Unassigned

PIN No. 34-32-25-14-0027
Owner: Series Sunfish of Athans Holdings, LLC
Address: 6401 Highway 10 NW

PIN No. 17-119-22-14-0008
Owner: City of X
Address: Unassigned

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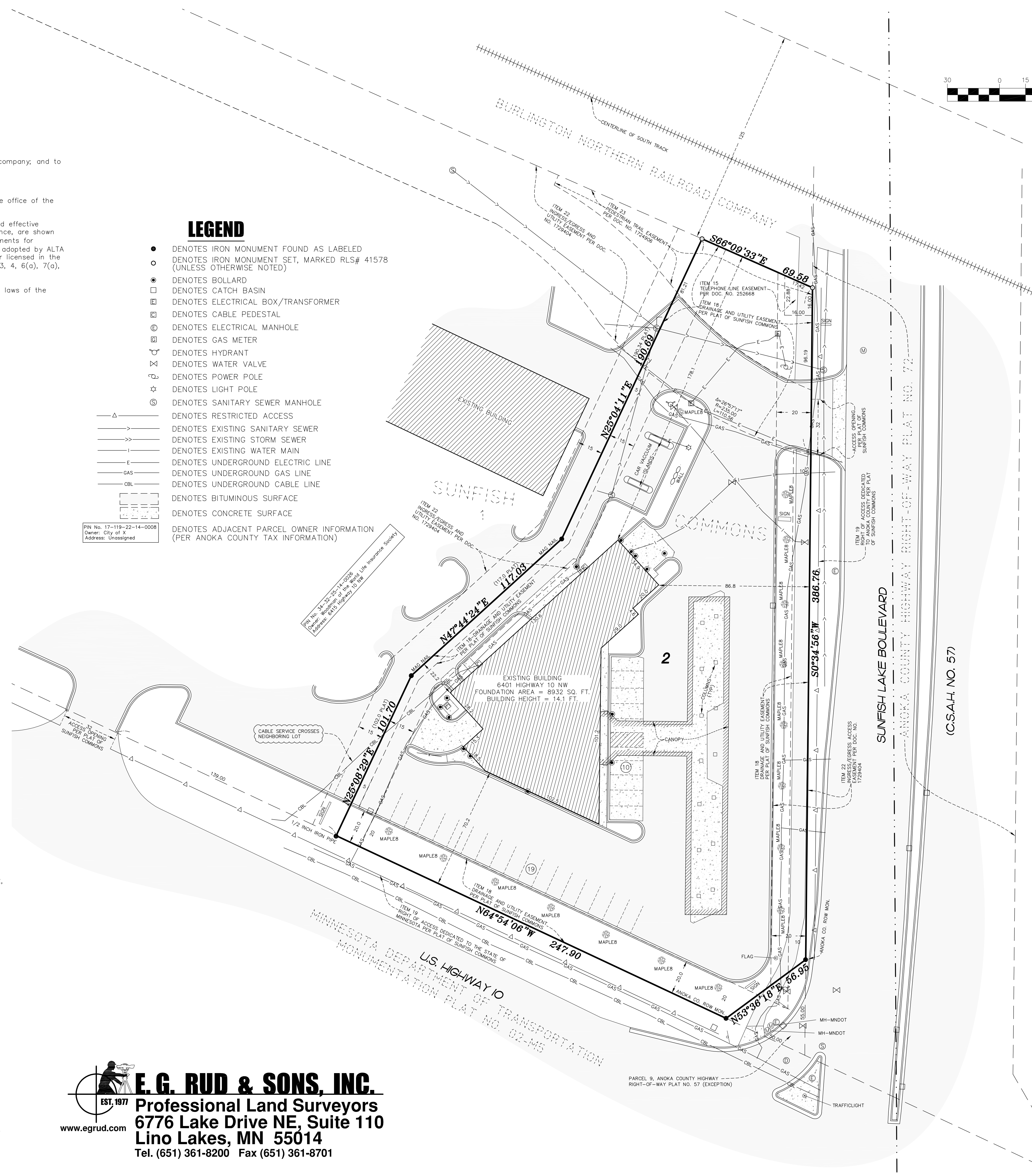
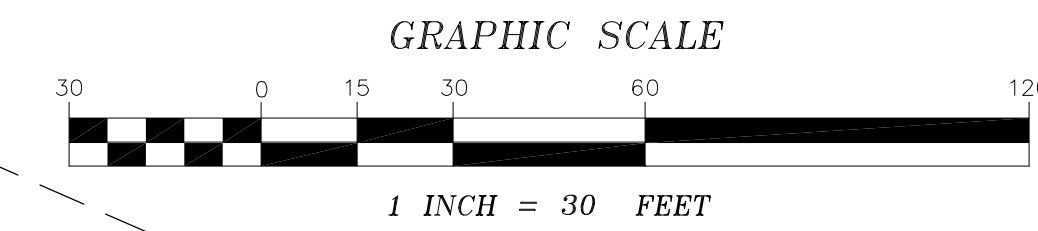
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E. G. RUD & SONS, INC.
EST. 1977
Professional Land Surveyors
6776 Lake Drive NE, Suite 110
Lino Lakes, MN 55014
Tel. (651) 361-8200 Fax (651) 361-8701
www.egrund.com

DRAWN BY: BAB	JOB NO: 17175AB	DATE: 3/31/17	
CHECK BY: JER	SCANNED <input type="checkbox"/>		
1			
2			
3			
NO.	DATE	DESCRIPTION	BY



COMMERCIALPARTNERS

T I T L E, L L C

200 South Sixth Street, Suite 1300
Minneapolis, MN 55402
Phone: (612) 337-2470
Fax: (612) 337-2471

Privacy Policy Notice

PURPOSE OF THIS NOTICE

Title V of the Gramm-Leach-Bliley Act (GLBA) generally prohibits any financial institution, directly or through its affiliates, from sharing nonpublic personal information about you with a nonaffiliated third party unless the institution provides you with a notice of its privacy policies and practices, such as the type of information that it collects about you and the categories of persons or entities to whom it may be disclosed. In compliance with the GLBA, we are providing you with this document, which notifies you of the privacy policies and practices of Old Republic National Title Insurance Company.

We may collect nonpublic personal information about you from the following sources:

- Information we receive from you such as on applications or other forms.
- Information about your transactions we secure from our files, or from [our affiliates or] others.
- Information we receive from a consumer reporting agency.
- Information that we receive from others involved in your transaction, such as the real estate agent or lender.

Unless it is specifically stated otherwise in an amended Privacy Policy Notice, no additional nonpublic personal information will be collected about you.

We may disclose any of the above information that we collect about our customers or former customers to our affiliates or to nonaffiliated third parties as permitted by law.

We also may disclose this information about our customers or former customers to the following types of nonaffiliated companies that perform services on our behalf or with whom we have joint marketing agreements:

- Financial service providers such as companies engaged in banking, consumer finance, securities and insurance.
- Non-financial companies such as envelope stuffers and other fulfillment service providers.

WE DO NOT DISCLOSE ANY NONPUBLIC PERSONAL INFORMATION ABOUT YOU WITH ANYONE FOR ANY PURPOSE THAT IS NOT SPECIFICALLY PERMITTED BY LAW.

We restrict access to nonpublic personal information about you to those employees who need to know that information in order to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.



**ALTA COMMITMENT FORM
COMMITMENT FOR TITLE INSURANCE**

**Issued By
CHICAGO TITLE INSURANCE COMPANY**

Chicago Title Insurance Company, a Nebraska corporation ("Company"), for a valuable consideration, commits to issue its policy or policies of title insurance, as identified in Schedule A, in favor of the Proposed Insured named in Schedule A, as owner or mortgagee of the estate or interest in the land described or referred to in Schedule A, upon payment of the premiums and charges and compliance with the Requirements; all subject to the provisions of Schedules A and B and to the Conditions of this Commitment.

This Commitment shall be effective only when the identity of the Proposed Insured and the amount of the policy or policies committed for have been inserted in Schedule A by the Company.

All liability and obligation under this Commitment shall cease and terminate six months after the Effective Date or when the policy or policies committed for shall issue, whichever first occurs, provided that the failure to issue the policy or policies is not the fault of the Company.

The Company will provide a sample of the policy form upon request.

IN WITNESS WHEREOF, Chicago Title Insurance Company has caused its corporate name and seal to be affixed by its duly authorized officers on the date shown in Schedule A.



This Commitment shall not be valid or binding until countersigned by a validating officer or authorized signatory.

CHICAGO TITLE INSURANCE COMPANY

Issuing Agent:

Commercial Partners Title, LLC
200 South 6th Street, Suite 1300
Minneapolis, MN 55402
(612) 337-2470



By:  President
ATTEST  Secretary

Countersigned



Authorized Signatory

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AMERICAN
LAND TITLE
ASSOCIATION





**ALTA COMMITMENT FORM
COMMITMENT FOR TITLE INSURANCE**

Issued By
CHICAGO TITLE INSURANCE COMPANY

CONDITIONS

1. The term mortgage, when used herein, shall include deed of trust, trust deed, or other security instrument.
2. If the proposed Insured has or acquired actual knowledge of any defect, lien, encumbrance, adverse claim or other matter affecting the estate or interest or mortgage thereon covered by this Commitment other than those shown in Schedule B hereof, and shall fail to disclose such knowledge to the Company in writing, the Company shall be relieved from liability for any loss or damage resulting from any act of reliance hereon to the extent the Company is prejudiced by failure to so disclose such knowledge. If the proposed Insured shall disclose such knowledge to the Company, or if the Company otherwise acquires actual knowledge of any such defect, lien, encumbrance, adverse claim or other matter, the Company at its option may amend Schedule B of this Commitment accordingly, but such amendment shall not relieve the Company from liability previously incurred pursuant to paragraph 3 of these Conditions.
3. Liability of the Company under this Commitment shall be only to the named proposed Insured and such parties included under the definition of Insured in the form of policy or policies committed for and only for actual loss incurred in reliance hereon in undertaking in good faith (a) to comply with the requirements hereof, or (b) to eliminate exceptions shown in Schedule B, or (c) to acquire or create the estate or interest or mortgage thereon covered by this Commitment. In no event shall such liability exceed the amount stated in Schedule A for the policy or policies committed for and such liability is subject to the insuring provisions and Conditions and the Exclusions from Coverage of the form of policy or policies committed for in favor of the proposed Insured which are hereby incorporated by reference and are made a part of this Commitment except as expressly modified herein.
4. This Commitment is a contract to issue one or more title insurance policies and is not an abstract of title or a report of the condition of title. Any action or actions or rights of action that the proposed Insured may have or may bring against the Company arising out of the status of the title to the estate or interest or the status of the mortgage thereon covered by this Commitment must be based on and are subject to the provisions of this Commitment.
5. *The policy to be issued contains an arbitration clause. All arbitrable matters when the Amount of Insurance is \$2,000,000 or less shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. You may review a copy of the arbitration rules at <http://www.alta.org/>.*

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AMERICAN
LAND TITLE
ASSOCIATION



ISSUED BY
COMMERCIAL PARTNERS TITLE, LLC
200 South 6th Street, Suite 1300, Minneapolis, MN 55402
AS AGENT FOR
CHICAGO TITLE INSURANCE COMPANY

COMMITMENT

Reference Name: 6401 Highway 10

SCHEDULE A

- | | |
|---|-----------------|
| 1. Effective Date: October 25, 2016 at 07:00 AM | File No.: 52156 |
| 2. Policy (or Policies) to be issued: | Amount |
| (a) Owner's Policy ALTA Owner's Policy (06/17/06)
Proposed Insured: City of Ramsey, a Minnesota municipal corporation | \$695,000.00 |
| (b) Loan Policy ALTA Loan Policy (06/17/06)
Proposed Insured: | \$0.00 |
3. The estate or interest in the land described or referred to in this Commitment is Fee Simple.
4. Title to the Fee Simple estate or interest in the land is at the Effective Date vested in:
- Series Sunfish of Athans Holdings, LLC, an Illinois limited liability company
5. The land referred to in the Commitment is described as follows:
- Lot 2, Block 1, Sunfish Commons, according to the recorded plat thereof, LESS AND EXCEPT that part described as follows:
- Parcel 9, Anoka County Highway Right-of-Way Plat No. 72, according to the map or plat thereof on file and of record in the office of the Anoka County Recorder and Registrar of Titles.
- Anoka County, Minnesota
Abstract Property

ISSUED BY
COMMERCIAL PARTNERS TITLE, LLC
AS AGENT FOR
CHICAGO TITLE INSURANCE COMPANY

COMMITMENT NUMBER 52156
SCHEDULE B - PART I
REQUIREMENTS

The following are the requirements to be complied with:

1. This Commitment was prepared by:
Commercial Partners Title, LLC
200 South Sixth Street, Suite 1300
Minneapolis, MN 55402

Phone: (612) 337-2470
Fax: (612) 337-2471

Please direct questions regarding this Commitment to: Doug Berg, Underwriting Counsel, at (612) 337-2475 and direct questions regarding the closing to: Chelsy Jantsch, Commercial Closer, at (612) 337-2492.

If you would like to arrange for additional parties to receive this documentation, please contact our Production Department at (612) 337-2470.

2. Instruments creating and/or perfecting the priority of the estate or interest(s) to be insured, the form and execution of which shall be satisfactory to the Company must be executed, delivered and duly filed of record.
3. Upon our receipt and review of a standard form of affidavit disclosing no adverse matters, Item Nos. 1, 2, 4, 5 and 6 of Schedule B - Part II will be deleted from the final policy. Item No. 8 of Schedule B - Part II will be modified to reflect the interests of specific tenants. A current survey, certified to Commercial Partners Title, LLC and Fidelity National Title Insurance Company, will be required to delete Item No. 3 of Schedule B - Part II from the final policy.
4. We require a Well Disclosure Certificate be completed and furnished at the time of closing for all deeds that require a Certificate of Real Estate Value, or one of the following statement must be added to the deed:

The seller certifies that the seller does not know of any wells on the described real property.
or
I am familiar with the property described in this instrument and I certify that the status and number of wells on the described real property have not changed since the last previously filed well disclosure certificate.
5. The Tax Reform Act of 1986 requires that the seller provide the following information at the time of closing: 1. Tax Identification Number 2. Full Forwarding Address.
6. Commercial Partners Title, LLC does not have the Abstract of Title for the subject property.

ISSUED BY
COMMERCIAL PARTNERS TITLE, LLC
AS AGENT FOR
CHICAGO TITLE INSURANCE COMPANY

COMMITMENT NUMBER 52156
SCHEDULE B - PART I
REQUIREMENTS

(Continued)

7. Submit the following documentation prior to closing for review and approval:

Copies of Good Standing Certificate for Seller and/or Buyer/Borrower and Resolutions authorizing both the transaction and execution of documents (or incumbency certificate with the authorizing resolutions), or other evidence acceptable to the Company.

8. In the event this transaction involves new construction or if there has been construction on the property during the last six months please immediately contact the closer or underwriting attorney listed above to discuss the transaction.

If the transaction involves a construction mortgage or is a vacant land acquisition mortgage no construction related work can be performed on the property until after the mortgage is recorded and pictures have been taken at the site, in order to establish priority for the construction mortgage. Indemnities will be required at closing from the appropriate parties, depending upon the nature of the transaction.

9. The legal description at Item No. 5 of Schedule A is related to the property address of 6401 Highway 10 Northwest, Ramsey, MN.

END OF SCHEDULE B – PART I REQUIREMENTS

ISSUED BY
COMMERCIAL PARTNERS TITLE, LLC
AS AGENT FOR
CHICAGO TITLE INSURANCE COMPANY

COMMITMENT NUMBER 52156
SCHEDULE B - PART II
EXCEPTIONS

The policy or policies to be issued will include exceptions to the following unless they are disposed of to the satisfaction of the Company.

1. Defects, liens encumbrances, adverse claims or other matters, if any, created, first appearing in the public records or attaching subsequent to the effective date hereof but prior to the date the proposed Insured acquires for value of record the estate or interest or mortgage thereon covered by this commitment.
2. Rights or claims of parties in possession not shown by the public records.
3. Any encroachment, encumbrance, violation, variation or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land.
4. Easements or claims of easements not shown by the public records.
5. Any lien, or right to a lien, for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by the public records.
6. Taxes or special assessments which are not shown as existing liens by the public records.
7. General and special taxes and assessments as hereafter listed, if any (all amounts shown being exclusive of interest, penalties and costs):

A. Real estate taxes payable in 2016 are \$38,490.07 and are paid.
Base tax \$35,001.14 Property Identification No. 34-32-25-14-0027

NOTE: There are no delinquent taxes of record.

B. There are no levied or pending assessments of record.

8. Rights or claims of tenants, as tenants only, in possession under unrecorded leases.
9. Combination Mortgage, Security Agreement and Fixture Financing Statement dated October 28, 2002, filed October 29, 2002, as Document No. 1724908, executed by Vanak, LLC, a Minnesota limited liability company, mortgagor, in favor of Northeast Bank, a Minnesota corporation, mortgagee, to secure the original principal amount of \$2,504,970.00.

As modified by Mortgage and Assignment Modification Agreement dated December 10, 2008, filed December 15, 2008, as Document No. 2004433.004.

As further modified by Mortgage Modification Agreement dated December 26, 2013, filed January 7, 2014, as Document No. 2075750.001.

As further modified by Mortgage Modification Agreement dated March 26, 2016, filed April 14, 2016, as Document No. 2134453.001.

ISSUED BY
COMMERCIAL PARTNERS TITLE, LLC
AS AGENT FOR
CHICAGO TITLE INSURANCE COMPANY

COMMITMENT NUMBER 52156
SCHEDULE B - PART II
EXCEPTIONS

(Continued)

10. Assignment of Leases and Rents dated October 28, 2002, filed October 29, 2002, as Document No. 1724909, from Vanak, LLC, a Minnesota limited liability company, assignor, to Northeast Bank, a Minnesota corporation, assignee.

As modified by Mortgage and Assignment Modification Agreement dated December 10, 2008, filed December 15, 2008, as Document No. 2004433.004.

11. Mortgage, Security Agreement and Fixture Financing Statement dated August 28, 2003, filed September 9, 2003, as Document No. 1846969, executed by Vanak, LLC, a Minnesota limited liability company, mortgagor, in favor of Central Minnesota Development Company, a Minnesota corporation, mortgagee, to secure the original principal amount of \$880,000.00.

Assigned to the Small Business Administration by Assignment of Mortgage, Security Agreement and Fixture Financing Statement dated August 28, 2003, filed September 9, 2003, as Document No. 1846971.

Further assigned to Athans Company, an Illinois general partnership, by Assignment of Mortgage, Security Agreement and Fixture Financing Statement dated September 23, 2008, filed October 27, 2008, as Document No. 2003645.005.

Subordinated by Subordination Agreement dated December 10, 2008, filed December 15, 2008, as Document No. 2004433.007.

12. Assignment of Rents and Leases dated August 28, 2003, filed September 9, 2003, as Document No. 1846973, from Vanak, LLC, a Minnesota limited liability company, assignor, to Central Minnesota Development Company, assignee.

Assigned to the Small Business Administration by Assignment of Assignment of Rents and Leases dated August 28, 2003, filed September 9, 2003, as Document No. 1846974.

Further assigned to Athans Company, an Illinois general partnership, by Assignment of Assignment of Rents and Leases dated September 23, 2008, filed October 27, 2008, as Document No. 2003645.006.

Subordinated by Subordination Agreement dated December 10, 2008, filed December 15, 2008, as Document No. 2004433.007.

ISSUED BY
COMMERCIAL PARTNERS TITLE, LLC
AS AGENT FOR
CHICAGO TITLE INSURANCE COMPANY

COMMITMENT NUMBER 52156
SCHEDULE B - PART II
EXCEPTIONS

(Continued)

13. Mortgage dated March 29, 2006, filed April 12, 2006, as Document No. 1983577.010, executed by Vanak, LLC, mortgagor, in favor of Northeast Bank, a Minnesota corporation, mortgagee, to secure the original principal amount of \$701,505.80.

Assigned to Athans Company, an Illinois general partnership, by Assignment of Promissory Note, Mortgage and Loan Documents dated December 10, 2008, filed December 15, 2008, as Document No. 2004433.006.

Subordinated by Subordination Agreement dated December 10, 2008, filed December 15, 2008, as Document No. 2004433.007.

14. Mortgage dated July 31, 2006, filed August 15, 2006, as Document No. 1986822.004, executed by Vanak, LLC, mortgagor, in favor of Northeast Bank, a Minnesota corporation, mortgagee, to secure the original principal amount of \$150,000.00.

Assigned to Athans Company, an Illinois general partnership, by Assignment of Promissory Note, Mortgage and Loan Documents dated December 10, 2008, filed December 15, 2008, as Document No. 2004433.005.

Subordinated by Subordination Agreement dated December 10, 2008, filed December 15, 2008, as Document No. 2004433.007.

15. Easement for telephone lines in favor of Northwestern Bell Telephone Company as created in instrument dated September 23, 1963, filed September 24, 1963, as Document No. 252668, in Book 610, Page 252.

16. Terms and conditions of matters disclosed in Affidavit filed May 17, 1994, as Document No. 1115910.

17. Terms and conditions of matters disclosed in Affidavit filed May 17, 1994, as Document No. 1115911.

18. Drainage and utility easements as shown on the recorded plat of Sunfish Commons.

19. Right of access dedications to Anoka County and the State of Minnesota as shown on the recorded plat of Sunfish Commons.

20. Right of way of Trunk Highway No. 10 as shown on State Trunk Highway 10 Official Map filed May 28, 2004, as Document No. 1927049.

21. Terms and conditions of Development Agreement dated August 9, 2001, filed October 16, 2002, as Document No. 1720136, by and between the City of Ramsey, a Minnesota municipal corporation, and Sunfish Properties, LLC.

22. Terms and conditions of Declaration of Access, Utility and Operating Easement dated October 28, 2002, filed October 29, 2002, as Document No. 1724904, by Sunfish Properties, LLC, a Minnesota limited liability company.

ISSUED BY
COMMERCIAL PARTNERS TITLE, LLC
AS AGENT FOR
CHICAGO TITLE INSURANCE COMPANY

COMMITMENT NUMBER 52156
SCHEDULE B - PART II
EXCEPTIONS

(Continued)

23. Terms and conditions of Pedestrian Trail Easement Agreement dated October 28, 2002, filed October 29, 2002, as Document No. 1724906, by and between Sunfish Properties, LLC, a Minnesota limited liability company, and the City of Ramsey, a Minnesota municipal corporation.
24. Terms and conditions of Commuter Rail Service Easement Agreement (Second Train Set) dated December 11, 2007, filed January 22, 2008, as Document No. 1998378.001, by and between BNSF Railway Company, a Delaware corporation, and the State of Minnesota.
25. Right of way of County State Aid Highway No. 57 (Sunfish Lake Boulevard) as shown on Anoka County Highway Right-of-Way Plat No. 72, filed May 19, 2008, as Document No. 2000713-002.
26. Terms and conditions of Commuter Rail Service Easement Agreement (Third Train Set) dated May 30, 2008, filed June 19, 2008, as Document No. 2001324.001, by and between BNSF Railway Company, a Delaware corporation, and the State of Minnesota.
27. Terms and conditions of Commuter Rail Service Easement Agreement (Fourth Train Set) dated March 31, 2009, filed April 2, 2009, as Document No. 2006510.001, by and between BNSF Railway Company, a Delaware corporation, and the State of Minnesota.
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29. Final Certificate dated July 16, 2013, filed September 9, 2013, as Document No. 2068473.008.

END OF SCHEDULE B - PART II EXCEPTIONS

EXHIBIT "A"

Lot 2, Block 1, Sunfish Commons, according to the recorded plat thereof, LESS AND EXCEPT that part described as follows:

Parcel 9, Anoka County Highway Right-of-Way Plat No. 72, according to the map or plat thereof on file and of record in the office of the Anoka County Recorder and Registrar of Titles.

Anoka County, Minnesota
Abstract Property