

REVIEW APPRAISER'S REPORT**PREPARED BY**

DOUGLAS J. HATTERY
HATTERY REAL ESTATE APPRAISALS, LLC
2717 COLLEGE AVENUE
DAVENPORT, IOWA 52803

PREPARED FOR

RYAN GURWELL
A & R LAND SERVICES, INC.
2302 SUNCREST DRIVE
AMES, IA 50014

County: Muscatine Project: Colorado Street Parcel #: Pierce-124

Appraiser	Value Before	Value After	Compensation
1. <u>Cook/Droll</u>	<u>\$ 548,000</u>	<u>\$ 258,000</u>	<u>\$ 290,000</u>
2. _____	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>

Recommended just compensation and allocation among interests:

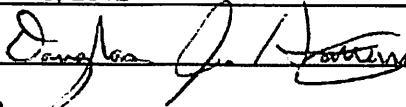
Owner: David and Curtis Pierce \$ 290,000

Lessee: N/A \$ 0

Date of review appraiser's inspection: May 2, 2012

Date of review appraiser's report: May 3, 2012

Effective Date of Appraisal: April 13, 2012

Review Appraiser Signature: 

Date of Signature: May 3, 2012

CERTIFICATION OF REVIEW APPRAISERCounty: Muscatine Project: Colorado Street Parcel #: Pierce-124

I certify the following to be correct:

I am a contract review appraiser with the duty of recommending an estimate of "Just Compensation" to a governmental administrative authority.

I understand that this recommendation or determination of "Just Compensation" is to be used in connection with the acquisition of property utilizing Governmental funds.

I have made a visual inspection of the subject property and the comparable sales used in its valuation.

To the best of my knowledge no non-compensable items under the established law of the State of Iowa have been included in the final value recommended or approved to be offered as "Just Compensation" for the proposed acquisition from this property.

Neither my employment nor my compensation for making this review and "Just Compensation" determination or recommendation of "Just Compensation" are in any way contingent upon the values concluded in this review.

I have no direct or indirect, present or contemplated future personal interest in this property or in any benefit from the acquisition of the property.

The determination or recommendation has been reached independently based on the appraisal(s) and other factual data of record without collaboration or direction. The appraisal has been reviewed for adequacy and relevancy given the purpose and function of the appraisal and nature and extent of the proposed acquisition; and, to the appropriateness and reasonableness of the analysis, opinions and conclusions.

The Eminent Domain Appraisal Review has been completed under the following appraisal requirements:

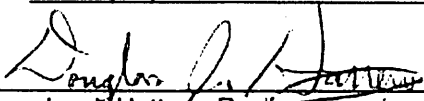
- The Iowa Constitution, Article 1, Section 18;
- Code of Iowa, Chapters 6A, 6B and 316 and other eminent domain statutes;
- Iowa Supreme Court interpretations of the Iowa Constitution and eminent domain statutes;
- Iowa Administrative Code, 761, Chapter 111;
- Uniform Relocation Assistance and Real Property Acquisition Regulations, Code of Federal Regulations, Title 49, Part 24 (Uniform Act);

Guidance can be found at

- The Iowa Department of Transportation Appraisal Policy and Procedure Manual
- The Federal Highway Administration (FHWA) Appraisal Guide
- Uniform Standards for Federal Land Acquisition
- Uniform Standards of Professional Appraisal Practice (USPAP)

Date of Appraisal Review Report: May 3, 2012

Review Appraiser Signature: _____


Douglas J. Hattery, Review Appraiser

Review Assumptions and Procedure

The client for this review appraisal report is A & R Land Services, Inc., who is also the intended user, together with any agents, agencies, or persons as they shall so designate in the development, acquisition, and/or funding of the Colorado Street Realignment project. It is the understanding of the reviewer that the appraisal review report is to be used in conjunction with the establishment of a payment to be made for an acquisition of property or property rights for said project.

This appraisal review report has been prepared to comply with Iowa law, the Iowa Department of Transportation "Appraisal Policy & Procedures Manual" and in compliance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 as amended, in accordance with Part 24 of Title 49 of the Code of Federal Regulations, and under the Jurisdictional Exception contained in the Uniform Standards of Professional Appraisal Practice effective as of the date of this Appraisal Review.

This appraisal review assumes that the appraisal being reviewed has been prepared following accepted appraisal principles and techniques, as required by the Uniform Standards of Professional Appraisal Practice (USPAP) effective as of the date of the appraisal.

Unless otherwise noted, the information, analyses, opinions, and conclusions presented in this appraisal review report are based solely on the data contained in the referenced appraisal report, which are assumed to be accurate. It is also assumed that there are no errors in the data used in the appraisal or any undisclosed conditions of the property or market place.

Please note that the Iowa Department of Transportation (IDOT) Appraisal Operational Manual is prepared in response to the Code of Federal Regulations (CFR) as the pertinent eminent domain manual for all acquisitions under Iowa law including those not related to highway or road acquisitions.

Scope of Work

The review appraisal process has included a field inspection of the subject property, a field inspection of all comparable sales used by the acquisition appraiser, and an examination of pertinent plans, maps, and plats showing the property and the rights to be acquired. The acquisition appraisal report has been reviewed for adequacy and appropriateness given the purpose and function of the appraisal and the nature and extent of the proposed acquisition; and as to the appropriateness and reasonableness of the analyses, opinions, and conclusions.

Appraisal Review Summary

The appraisal is performed by Kyran Cook and Steven Droll. The appraisal date is April 13, 2012, which is the date of the inspection. The date of the report is April 19, 2012. The report is a **Detailed Narrative Appraisal** as defined within the Appraisal Operational Manual, August 2003 edition, provided by the Iowa Department of Transportation, Office of Right of Way. The acquisition by the City of Muscatine is a **partial acquisition** which includes a total area of 7,230 SF acquired in the form of a Permanent Easement and a 13,337 SF Temporary Construction Easement. There is also a 15,120 SF Permanent Easement being acquired to provide parking for the adjacent parcel to the west

Appraisal Review Summary (Continued)

I was not provided with the final temporary easement documents and I have presumed that the easement language will adequately describe the property rights needed for the activities proposed in the easement area.

The subject property is located at 124 Colorado Street and consists of a 75,707 SF site improved with a 10,240 SF retail/warehouse building. The acquisition involves a strip of land along the north side of the property and a temporary easement on the north side of the subject building. The acquisition will involve the removal of the building and the site improvements (paving). The Highest and Best Use is concluded to be for retail or office development (as if vacant) and as improved (Before the acquisition) and as commercial development land (After the acquisition). In my opinion, the Highest and Best Use conclusion is reasonable and adequately supported.

The appraisal is a detailed narrative appraisal and a before and after value have been estimated. The appraiser has utilized the Cost Approach exclusively in this appraisal. The Sales Comparison Approach and the Income Approach were not developed in the appraisal. Although these approaches are often utilized, the Cost Approach is sufficient for this situation, considering the extent of the acquisition and the damage items to be evaluated. In the Cost Approach, the appraiser has estimated the value of the subject land (as if vacant) based on three closed comparable land sales and one pending land sale. The sales are all of land in the northern portion of Muscatine that were purchased for commercial development purposes. The sales appear to have been adequately analyzed and adjusted reasonably. The vacant land value is estimated at \$4.50 per SF. The replacement cost and the depreciation estimates appear to be reasonable and adequately supported. The value of the property before the acquisition is estimated at \$548,000.

The value of the property after the acquisition is also estimated with the Cost Approach. The land acquired is reflected in the vacant land value estimate. The value of the building and paving acquired are appropriately removed from the value estimated. The land value is reduced to \$4.25 per SF in the after situation for the change in the shape of the northerly area of the site. The value after the acquisition is essentially the value of the vacant land. In my opinion, the value estimate of \$291,000 after the acquisition is reasonable and is adequately supported. The compensation for the **Temporary Construction Easement** is estimated at 10% of the Fee Value of the land and is a total of \$6,000. This is based on a land rental analysis, which is also reasonable. The additional damages involve the **15,120 SF Permanent Easement** for a parking area to be located on the subject site which is to provide a replacement for parking lost on the parcel to the west (141 Colorado Street). The presumption is that this area will serve both properties and that the placement of the area (not defined as of the date of the appraisal) will not hinder future development. The compensation for the easement is estimated at 40% of fee value, which appears to be reasonable. The compensation for the easements are deducted from the after value estimate to arrive at a final estimate of value after the acquisition of \$258,000.

The appraisal report, as written, is recommended by the reviewer and the recommendation of just compensation for the subject property is in the amount of \$290,000 as allocated on Page 1 of this Appraisal Review report. The breakdown of said Just Compensation is as follows:

Permanent Easement Acquisition	\$ 256,800
Additional Damages	<u>\$ 33,200</u>
Total Just Compensation	\$ 290,000

APPRAISER QUALIFICATIONS - DOUGLAS J. HATTERY

EDUCATION:

Graduate of Galesburg Senior High School, Galesburg, Illinois, 1981

Graduate of University of Colorado, Boulder, Colorado, 1985

Bachelor of Science in Business with majors in Marketing and Small Business Management

APPRAISAL INSTITUTE COURSES:

Course 1A-1, Real Estate Appraisal Principles, June 1992, Tom Bennett, MAI, sponsored by the University of Colorado and the Appraisal Institute, Boulder, Colorado

Course SPP Parts A & B, Standards of Professional Practice, March 1993, Guy Romito, MAI and Jim Schroeder, MAI, sponsored by Chicago Chapter of the Appraisal Institute, Chicago, Illinois

Course 120, Real Estate Appraisal Procedures, February 1994, Joseph Magdziarz, SRPA, SRA, sponsored by Chicago Chapter of the Appraisal Institute, Chicago, Illinois

Course 210, Residential Case Study, March 2001, Maggie Hambleton, SRA, sponsored by Chicago Chapter of the Appraisal Institute, Chicago, Illinois

Course 310, Income Capitalization, October 1999, Joseph Magdziarz, SRPA, SRA, sponsored by Chicago Chapter of the Appraisal Institute, Chicago, Illinois

Course ILVII, Nonresidential Report Writing, April 2001, Susan Rex, sponsored by Chicago Chapter of the Appraisal Institute, Chicago, Illinois

EXPERIENCE:

Present Hattery Real Estate Appraisals, LLC, Davenport, Iowa

August 1995 – September 2006 Stahl-Hattery Valuation Services, LLC, Davenport, Iowa

January 1992 - August 1995 American Real Estate Ltd. Davenport, Iowa

CERTIFICATION:

Certified General Real Property Appraiser by the State of Iowa, Certificate #CG01824

Certified General Real Estate Appraiser by the State of Illinois, License #553.001382



1459 Washington St.
Muscatine, IA 52761-5040
(563) 263-8933
Fax (563) 263-2127

Public Works

City Transit
263-8152

MEMORANDUM

Equipment Maintenance
Roadway Maintenance
Collection & Drainage
Building & Grounds
Engineering

To: Gregg Mandsager, City Administrator
CC: Fran Donelson, Secretary
FROM: Randy Hill, Public Works Director
DATE: May 15, 2012
RE: Completed Appraisal and Review Reports – Pierce Acquisitions

INTRODUCTION:

A&R Land Services was hired by the City of Muscatine in March 2012 to provide Right of Way Services to the City of Muscatine for the Colorado Street Improvement Project.

BACKGROUND:

The City needs to acquire property for the Colorado Street Reconstruction Project in order to realign the street's footprint. Before any further design work can be completed property acquisition is necessary for the final determination of the alignment.

RECOMMENDATION/RATIONALE:

Attached in an accompanying memorandum from Ryan Gurwell (A&R Land Services Inc.) to the City are appraisal reports submitted for City Council review and approval. With the completion of the Appraisals and Appraisal Reviews for 141 and 124 Colorado Street, IDOT regulations and procedures require these reports be approved by the City Council before acquisition negotiations can begin. Once the approval has been granted A&R will send the appraisals to the affected property owners who have 10 days to review. At that time the negotiation process will be underway.

A&R explained that these reports are generally reviewed with city councils in closed session and then approved in open session.

BACKUP INFORMATION:

1. Four Attachments sent in prior memorandum

**"I remember Muscatine for its sunsets. I have never seen any
on either side of the ocean that equaled them" — Mark Twain**

Cook Appraisal

COMMERCIAL VALUATION
RESEARCH GROUP

KYRAN "CASEY" COOK MAI, M.A.

APPRAISERS AND CONSULTANTS OF REAL ESTATE

April 19, 2012

Mr. Ryan K. Gurwell
President
A & R Land Services, Inc
2302 Suncrest Drive
Ames, Iowa 50014

Subject: Detailed Narrative Before and After Appraisal on the Pierce property (dba Pierce Mattress) located at 124 Colorado Street, Muscatine, Iowa. This is related to the Colorado Street Improvement Project proposed by the City of Muscatine.

Dear Mr. Gurwell:

At your request, we have completed a detailed narrative before and after appraisal on the above referenced property. The legal description is included in this report. The purpose of this appraisal is to estimate the just compensation for damages associated with permanent right of way acquisition of 7,230 square feet, along with a temporary construction easement containing 13,337 square feet. The proposed acquisitions are associated with the Colorado Street Improvement Project proposed by the City of Muscatine, Iowa. The effective date of this appraisal is the date of the inspection, April 13, 2012.

Muscatine County Assessor records indicate the subject contains 1.74 acres (75,707 SF) in a single tax parcel. The subject property parcel is identified by the City of Muscatine County Assessor as follows:

Parcel #0825401014
Land Value: \$120,570
Building Value: \$203,070
Total Value: \$323,540

Annual Property Taxes: \$13, 150 (1st ½ has been paid)

The function of this appraisal is to assist in negotiations concerning the just compensation attributable to permanent easement acquisition (7,230 SF) and a temporary construction easement (13,337 SF) for road realignment.

We would note that the project includes a proposal to realign Colorado Street that extends through the northwest corner of the existing building.

April 19, 2012
Mr. Gurwell
Page 2

We have included compensation for the loss of the building, site improvements and for the reduction in the size of the site. We have also included compensation for the area included in the temporary construction easement.

After carefully analyzing all of the data and other pertinent factors presented in this report, it is our opinion that the value of the subject property immediately **before** the acquisition is:

Five Hundred Forty Eight Thousand Dollars
(\$548,000)

It is also our opinion that the value of the subject property immediately **after** the acquisition is:

Two Hundred Fifty Eight Thousand Dollars
(\$258,000)

The total estimate of just compensation is:

Two Hundred Ninety Thousand Dollars
(\$290,000)

The Appraisal is being prepared in accordance with the Appraisal Operational Manual of the *Iowa Department of Transportation*, Office of Right-of-Way, dated August 2003. The appraisal is solely for A & R Land Services, the City of Muscatine or any governmental body as they designate. It is prepared under the Jurisdictional Exception provision to the Uniform Standards of Professional Appraisal Practice. This appraisal does conform with all parts of USPAP except those that are contrary to State and Federal requirements. The value opinion reported is qualified by certain definitions, limiting conditions and certifications that are set forth in the body of this report.

This report was prepared for the benefit of and our professional fee billed to the A & R Land Services. It is intended only for your use and for use by appropriate regulatory authorities. It may not be distributed to or relied upon by other persons or entities without written permission. We understand that a copy of this report will be given to the property owners.

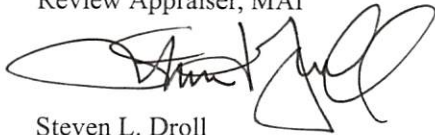
April 19, 2012
Mr. Gurwell
Page 3

We received authorization for this appraisal from Ryan Gurwell, President of A & R Land Services, Inc.
If you have any questions concerning the report, please contact us.

Sincerely,
COOK APPRAISAL, LLC



Kyran J. Cook, MAI
Review Appraiser, MAI



Steven L. Droll
Certified General Real Property Appraiser CG02562

SLD/skk - 2012087

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Eminent Domain Detailed Narrative Report
Permanent Easement Acquisition

Parcel Pierce property-Lot 2 Project No. Colorado Street Realignment County Muscatine
Record Owner David L. and Curtis P. Pierce
Owner's Mailing Address 141 Colorado Street, Muscatine, Iowa 52761
Address of Property being Appraised 124 Colorado Street, Muscatine, Iowa 52761

This property is described as:

Lot 2, of Colorado Addition Replat in the City of Muscatine, Muscatine County, Iowa, as shown by Plat attached to Resolution recorded in Book 336 of Lots, at page 1096 in the office of the Recorder of Muscatine County, Iowa.

This property consists of 75,707 taxable square feet before the acquisition and 68,477 taxable square feet will remain after the acquisition. The land to be acquired for road realignment purposes consists of 7,230 square feet permanent easement.

There is also a proposed temporary construction easement containing 13,337 square feet.

The present zoning is C1-Neighborhood Commercial and its present use is Commercial. The property is appraised on the basis of its highest and best use for commercial before the acquisition and for Commercial (land) after the acquisition.

MARKET VALUE UNDER EMINENT DOMAIN LAW OF THE STATE OF IOWA

Value of the entire property before acquisition is:	\$ <u>548,000</u>
Value of the remaining property after acquisition is:	\$ <u>258,000</u>
The estimate of just compensation* is:	\$ <u>290,000</u>

Date of Valuation April 13, 2012

Signed _____

Appraiser

Signed _____

Review Appraiser

CERTIFICATION OF APPRAISER

Parcel Pierce Property-Lot 2 Project No. Colorado Street Realignment County Muscatine

I hereby certify:

That I have personally made a field inspection of the property herein appraised and that I have afforded the property owner or authorized representative the opportunity to accompany me at the time of inspection. I have also personally made a field inspection of the comparable sales relied upon in making said appraisal. The subject and comparable sales relied upon in preparing this appraisal are as represented by the photographs supplied.

That to the best of my knowledge and belief the statements contained in the appraisal herein set forth are true, and the information upon which the opinions expressed therein are based is correct, subject to the limiting conditions therein set forth.

That I understand the intended use of this appraisal is for eminent domain related acquisition of property by the **City of Muscatine**.

This appraisal was prepared according to the contract/assignment from the **City of Muscatine**. The appraisal is prepared under the Jurisdictional Exception provision contained in the Uniform Standards of Professional Appraisal Practice (USPAP). In preparing the appraisal; I have conformed with all parts of USPAP except those that are contrary to State and Federal requirements.

This eminent domain appraisal has been completed under the following appraisal requirements

- The Iowa Constitution, Article 1, Section 18
- Code of Iowa, Chapters 6A, 6B, 316 and other eminent domain statutes
- Iowa Supreme Court interpretations of Iowa Constitution and eminent domain statutes
- Regulations 761, IAC 111
- Federal Uniform Act and Regulations, 49CFR, part 24

Guidance can be found at

- The Iowa Department of Transportation Appraisal Policy and Procedure Manual
- The Federal Highway Administration (FHWA) Appraisal Guide
- Uniform Standards for Federal Land Acquisition
- Uniform Standards of Professional Appraisal Practice (USPAP)

That neither my employment nor my compensation for making this appraisal and report are in any way contingent upon the values reported therein.

That I have no direct or indirect present or contemplated future personal interest in such property or in any benefit from the acquisition of such property appraised.

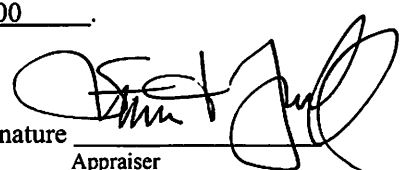
That I have not revealed the findings and results of the appraisal to anyone other than the proper officials of the **City of Muscatine** and I will not do so until so authorized, or until I am required to do so by due process of law, or until I am released from the obligation by having publicly testified as to such findings.

That I am aware the **City of Muscatine** will provide a copy of this appraisal to the property owner or their designee.

That the conclusion set forth in this appraisal is my independent opinion of the difference between the fair market value of this property immediately before and immediately after the proposed acquisition.

As of April 13, 2012, the estimate of just compensation is \$ 290,000.

Date of Signature 5/7/12

Signature 
Appraiser

CERTIFICATION OF APPRAISER

Parcel Pierce Property-Lot 2 Project No. Colorado Street Realignment County Muscatine

I hereby certify:

That Steve Droll has personally made a field inspection of the property herein appraised and that he has afforded the property owner or authorized representative the opportunity to accompany him at the time of inspection. He has also personally made a field inspection of the comparable sales relied upon in making said appraisal. The subject and comparable sales relied upon in preparing the appraisal are as represented by the photographs supplied.

That to the best of my knowledge and belief the statements contained in the appraisal herein set forth are true, and the information upon which the opinions expressed therein are based is correct, subject to the limiting conditions therein set forth.

That I understand the intended use of this appraisal is for eminent domain related acquisition of property by the **City of Muscatine**.

This appraisal was prepared according to the contract/assignment from the **City of Muscatine**. The appraisal is prepared under the Jurisdictional Exception provision contained in the Uniform Standards of Professional Appraisal Practice (USPAP). In preparing the appraisal; I have conformed with all parts of USPAP except those that are contrary to State and Federal requirements.

This eminent domain appraisal has been completed under the following appraisal requirements

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- The Iowa Department of Transportation Appraisal Policy and Procedure Manual
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- Uniform Standards for Federal Land Acquisition
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That neither my employment nor my compensation for making this appraisal and report are in any way contingent upon the values reported therein.

That I have no direct or indirect present or contemplated future personal interest in such property or in any benefit from the acquisition of such property appraised.

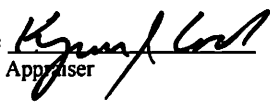
That I have not revealed the findings and results of the appraisal to anyone other than the proper officials of the **City of Muscatine** and I will not do so until so authorized, or until I am required to do so by due process of law, or until I am released from the obligation by having publicly testified as to such findings.

That I am aware the **City of Muscatine** will provide a copy of this appraisal to the property owner or their designee.

That the conclusion set forth in this appraisal is my independent opinion of the difference between the fair market value of this property immediately before and immediately after the proposed acquisition.

As of April 13, 2012, the estimate of just compensation is \$290,000.

Date of Signature 5-7-12

Signature 
Appraiser

Project No. Colorado St. Realignment
Parcel Pierce Property-124 Colorado St.

PURPOSE OF THIS APPRAISAL:

To estimate the market value of the ownership interest, and the leasehold interest if any, in this property before the proposed acquisition by the City of Cedar Rapids and the market value of the same interest in the remainder property immediately after the proposed acquisition.

DEFINITION OF MARKET VALUE:

The cash price which would be arrived at as between a voluntary seller willing but not compelled to sell and a voluntary purchaser willing but not compelled to buy, both of whom are acting freely, intelligently, and at arm's length, bargaining in the open market for the sale and purchase of the real estate in question. (State of Iowa Uniform Jury Instruction No. 14.4)

DEFINITION OF HIGHEST AND BEST USE:

The utilization of a property to its best and most profitable use. It is that use, chosen from among the reasonably probable and financially feasible alternative uses which is found to be physically practical, legally acceptable and which results in the highest present value, as defined, as of the effective date of the appraisal.

HAZARDOUS SUBSTANCE CONTAMINATION:

The appraiser observed the following signs of possible contamination: ☒None, ☐As described

FIVE YEAR DELINEATION OF TITLE: (If none, so state)

Grantor	Grantee	Type of Inst.	Date of Instr.	Book	Page	Sales Price
Jane A Evans and Richard R. Buller husband and wife		WD	10/12/07	2007/06615		\$425,000

This Deed was given to convey title to the property in full performance of a contract from January 2005.

LEASES: (Lessee's Name, Address and Lease Term): The subject is owner occupied.

DATE OF INSPECTION AND INVITATION:

I offered David/Curtis Pierce (owners) an opportunity to accompany me on my inspection of this property by ☐ personal contact ☒ telephone ☐ letter on April 11, 2012.

This invitation was ☒ accepted ☐ declined.

Telephone number of owner or representative contacted 563-260-2634 (Dave-cell #)

Steve Droll personally inspected the subject property on April 13, 2012. Visited the property on April 13 and discussed the project with Dave and Curt Pierce. Dave accompanied me on the inspection of the property.

Photographs of the Subject Property



Front of the building, looking southeasterly from Colorado Street



South building elevation-loading well and overhead doors

Photographs of the Subject Property



Interior-showroom



Interior-rear show room area

Photographs of the Subject Property



Warehouse area



Interior-Reznor heater in warehouse area

Photographs of the Subject Property



Parking area along west side of the building



Colorado Street to the north of the subject

Project Overview

It is the intention of the City of Muscatine to realign Colorado Street east of Park Avenue. This will result in a more efficient and safe traffic corridor in the area of the subject. The proposed acquisitions will assist the City in accomplishing these street improvements along Colorado Street.

Summary of Salient Facts and Conclusions

Property Identification

The subject is legally described as: Lot 2, Colorado Addition Replat in the City of Muscatine, Muscatine County, Iowa, as shown by Plat attached to Resolution recorded in Book 336 of Lots, at page 1096 in the office of the Recorder of Muscatine County, Iowa.

Ownership History

Current property owners are: David L. and Curtis P. Pierce. A Warranty Deed given in satisfaction of a prior contract was recorded October 12, 2007. The prior (contract) sale price from 2005 was \$425,000.

Current Listings/Offers

None

Assessed Valuation (2011)

Parcel #0825401014
Land Value: \$120,570
Building Value: \$203,070
Total Value: \$323,540

Annual Property Taxes: \$13,150 (1st ½ has been paid)

Authorization

Ryan Gurwell, President of A & R Land Services, Inc. authorized this appraisal.

Date of the Inspection

April 13, 2012

Date of Valuation

April 13, 2012 the date of inspection

Scope of the Appraisal

The appraisal reflects a before and after value for the subject property. It is an estimate of just compensation for permanent easement acquisition and a temporary construction easement needed as part of the Colorado Street realignment project proposed by the City of Muscatine.

The scope of the appraisal involves researching the comparable land market, comparable improved property sales, rent comparables and the determination of appropriate market rates that are applicable to the particular appraisal assignment. In determining a value estimate for both improved and unimproved properties, the sales comparison approach is often heavily relied on.

Information supporting this approach is gathered from a number of sources. They include public records, interviews with local realtors and auctioneers, interviews with owners, tenants, neighbors and information from the appraiser's files. Potential comparable properties must be looked at in terms of similarities between land and soils, improvements, location, sale conditions and other general market information. Once reliable comparable properties are found, and in depth look at each sale and a direct comparison to the subject property is necessary before a final values estimate is concluded.

In the cost approach an overall value is indicated by the sum of the value of the unimproved land and the depreciated cost or contributory market value of the buildings and improvements. In valuing building improvements, the appraiser first estimates their replacement or reproduction cost new. From the cost new estimate the appraiser then subtracts depreciation from all causes. The depreciation would include physical deterioration along with functional and economic obsolescence. Marshall Valuation Service is the typical source of new construction cost estimates utilized in most reports.

The income capitalization approach develops an indication of market value by first estimating gross revenues and then subtracting expenses. The resulting net income is then capitalized by an overall rate. This rate, the direct relationship between net revenues and market price before depreciation, taxes or debt service, is obtained by abstraction from market sales. This rate may be more or less than the mortgage interest rate. Capitalization is the process by which anticipated annual net income is converted into an indication of the present value.

For this appraisal, the cost approach is solely relied on. The value and use of the subject improvements is impacted by the project. The cost approach does add to the reliability of the report and analysis supporting the cost approach is included. The income approach and sales comparison approach were not included in this appraisal, as they are not as sensitive to changes to the property that can be illustrated in the cost approach.

Analysis supporting the Income Capitalization Approach was not applicable and was not included in this appraisal. The Sales Comparison Approach as it relates to land value was utilized in order to provide a land value estimate which was then included in the Cost Approach.

Definition of Value

The term fair and reasonable market value means the cash price which would be arrived at as between a voluntary seller willing but not compelled to sell and a voluntary purchaser willing but not compelled to buy, both of whom are acting freely, intelligently and at arm's length, bargaining in the open market for the sale and purchase of the real estate in question. Such term does not mean the value under peculiar circumstances where greater than its fair price could be obtained, nor does it mean the price, which the property would bring at a forced sale. It does not mean what the property is worth to the plaintiff nor what the defendant can afford to pay, but what it is fairly worth in cash on the open market, as above stated. (Uniform Jury Instruction No. 2500.4)

Purpose of the Appraisal

The purpose of the appraisal is to estimate the just compensation for permanent easement acquisition for road right of way and a temporary construction easement needed as part of the Colorado Street Improvement Project that is proposed by the City of Muscatine, Iowa. The intended use is for eminent domain acquisition purposes. The intended users are authorized representatives from the City of Muscatine and the subject property owners.

Type of Appraisal Report

This detailed narrative before and after appraisal is prepared in accordance with guidelines set forth in the Appraisal Operational Manual of the Iowa Department of Transportation, Office of Right of Way, dated August 2003. The appraisal is solely for the City of Muscatine and is prepared under the Jurisdictional Exceptions Provision to the Uniform Standards of Professional Appraisal Practice (USPAP). This appraisal does conform with all parts of USPAP except those that are contrary to State and Federal requirements.

The proposed street realignment impacts the existing building to the extent that the entire building will be removed. Following acquisition, only vacant land will remain. A comprehensive narrative before and after appraisal is appropriate to measure just compensation.

Intended Use and Users

The intended use is for eminent domain acquisition purposes. The intended users are authorized representatives from the City of Muscatine. It is also understood that the property owners will be given a copy of this report.

Property Rights Appraised

Fee simple interest

Site Summary

Size -

Before Fee Simple Acquisition: - 75,707 square feet

After Fee Simple Acquisition: - 68,477 square feet

Zoning - C1-Neighborhood Commercial/CO-A1

Flood Plain Influence - NA

Highest and Best Use - Commercial development/parking to benefit nearby commercial/public uses

Improvements - Note: No building plans were obtained for this appraisal. The building areas were taken from Assessor records and during the inspection.

The subject is improved with a 1 story retail/warehouse building containing a total of 10,240 square feet. The original building, containing 8,000 square feet was constructed in 1972. This portion is the showroom and retail area. The remaining 2,240 square feet is warehouse and was constructed in 1989. In addition to the building improvements, there is a 2,835 square foot truck well along the south side of the building.

Summary of Acquisitions and Compensation

Permanent Easement Acquisition - 7,230 square feet

Temporary Construction Easement - 13,337 Square feet

Additional Damages - The proposed permanent easement travels through the north portion of the subject property building and will result in the removal of the building.

Compensation has been included for the depreciated value of the building along with diminished value of the reduced size of the site following acquisition.

Compensation has also been included for damages associated with the temporary construction easement.

Fee Simple Value before the acquisition	\$548,000
Fee Simple Value after the acquisition	<u>\$258,000</u>
Estimate of Just Compensation	\$290,000

Project Overview

The City of Muscatine is seeking to acquire an irregular shaped parcel of land along the subjects' Colorado Street frontage for road re-alignment. There is also an irregular-shaped parcel that is proposed for a temporary construction easement.

The project, which is expected to be completed during the 2012-2013 construction season, will include installing a realigned road surface through the northwest portion of the subject building at 124 Colorado Street.

The street improvement project is necessary to assist with safer traffic flow resulting from existing, ongoing and future development in this area of the city.

Area and City Data Overview

Location, General Description

Muscatine County is located at the east central border of Iowa. The Mississippi River occupies the eastern boundary of the county. The county seat is located in the City of Muscatine, which borders the Mississippi River. Muscatine County is located 15 miles south of I-80 and just east of the Quad Cities area. The topography is a steep decline near the river at Muscatine; this moderates to gently rolling to level as one moves away from the river. The City of Muscatine is an industrial community approximately 28 mile downstream from the Quad Cities area.

Population

The table below was compiled based on the U.S. census figures, published by the State Library of Iowa. The following table compares changes in population between the major metropolitan areas in the state. The State of Iowa, overall, saw an increase of 5.39 percent from 1990 to 2000, and an increase of 4.10% from 2000 to 2010.

Population of Iowa					
County	1990	2000	2010	1990-2000 % Change	2000-2010 % Change
Allamakee	13,855	14,675	14,330	5.92%	-2.35%
Benton	22,429	25,308	26,076	12.84%	3.03%
Blackhawk	123,798	128,012	131,090	3.40%	2.40%
Bremer	22,813	23,325	24,276	2.24%	4.08%
Cedar	17,381	18,187	18,499	4.64%	1.72%
Clinton	51,040	50,149	49,116	-1.75%	-2.06%
Delaware	18,035	18,404	17,764	2.05%	-3.48%
Dubuque	86,403	89,143	93,653	3.17%	5.06%
Henry	19,226	20,336	20,145	5.77%	-0.94%
Iowa	14,630	15,671	16,355	7.12%	4.36%
Johnson	96,119	111,006	130,882	15.49%	17.91%
Lee	38,687	38,052	35,862	-1.64%	-5.76%
Linn	168,767	191,701	211,226	13.59%	10.19%
Muscatine	39,907	41,722	42,745	4.55%	2.45%
Polk	327,140	374,601	430,640	14.51%	14.96%
Scott	150,979	158,668	165,224	5.09%	4.13%
Story	74,252	79,981	89,542	7.72%	11.95%
Washington	19,612	20,670	21,704	5.39%	5.00%
Winneshiek	20,847	21,310	21,056	2.22%	-1.19%
State-wide	2,776,755	2,926,324	3,046,355	5.39%	4.10%

United States Census Department

According to U.S. Census figures, the Muscatine County population increased 4.55% from 1990 to 2000, and 2.45% from 2000 to 2010. Below is a population table for some of the cities in Muscatine County. From 2000 to 2010 most of the communities saw an increase in population except for the city of Wilton.

Population of Muscatine County Cities

Area	1990	2000	2010	90-00 % Change	00-10 % Change
Conesville	334	424	432	26.95%	1.89%
Fruitland	511	703	977	37.57%	38.98%
Muscatine	22881	22697	22886	-0.80%	0.83%
Nichols	366	374	374	2.19%	0.00%
West Liberty	2935	3332	3736	13.53%	12.12%
Wilton	2577	2825	2802	9.62%	-0.81%
State of Iowa	2,776,755	2,926,324	3,046,355	5.39%	4.10%

Iowa Department of Economic Development

Public Schools

Public school enrollments have been as follows:

Muscatine			Louisa-Muscatine		
School Year Beginning			School Year Beginning		
1999-00	5,318		1999-00	1,000	
2000-01	5,380	1.17%	2000-01	964	-3.60%
2001-02	5,390	0.19%	2001-02	930	-3.53%
2002-03	5,388	-0.04%	2002-03	941	1.18%
2003-04	5,174	-3.97%	2003-04	966	2.66%
2004-05	5,323	2.88%	2004-05	941	-2.59%
2005-06	5,259	-1.20%	2005-06	949	0.85%
2006-07	5,305	0.87%	2006-07	934	-1.58%
2007-08	5,298	-0.13%	2007-08	937	0.32%
2008-09	5,269	-0.55%	2008-09	892	-4.80%
2009-10	5,395	2.38%	2009-10	805	-9.71%
2010-11	5,293	-1.89%	2010-11	785	-2.58%
2011-12	5,249	-0.82%	2011-12	760	-3.14%
Estimated			Estimated		
2012-13	5,230	-0.36%	2012-13	744	-2.11%
2013-14	5,232	0.04%	2013-14	729	-2.02%
2014-15	5,253	0.40%	2014-15	701	-3.84%
% Change 1999 - 2005		-1.12%	% Change 1999 - 2005		-5.37%
% Change 2006 - 2011		-1.07%	% Change 2006 - 2011		-22.89%

Iowa Department of Education

Iowa Department of Education

Industrial Base and Employment

Population information is difficult to analyze due to the infrequency of its collection, therefore changes in employment are also good indicators of current growth trends. Employment is a particularly critical measure of growth since households tend to be built around a job or, alternatively, a second wage earner adds significantly to the disposable household income. Total Muscatine County employment over the last decade has been an up and down cycle with the largest the largest drop of 8.3% in 2009. Muscatine County employment information is summarized in the following table.

Muscatine County Employment-Place of Work										2006- 2010	Annualized last 5 yrs
	2002	2003	2004	2005	2006	2007	2008	2009	2010		
Goods Producing	8,160.0	8,260.0	8,110.0	8,490.0	8,480.0	9,430.0	9,310.0	7,650.0	7,390.0		
		1.2%	-1.8%	4.7%	-0.1%	11.2%	-1.3%	-17.8%	-3.4%	-14.7%	-2.9%
Service Producing	13,650.0	13,800.0	14,270.0	14,780.0	14,510.0	14,520.0	14,190.0	13,900.0	13,930.0		
		1.1%	3.4%	3.6%	-1.8%	0.1%	-2.3%	-2.0%	0.2%	-4.2%	-0.8%
Total	21,810	22,060	22,380	21,810	22,990	23,950	23,500	21,550	21,320		
		1.1%	1.5%	-2.5%	5.4%	4.2%	-1.9%	-8.3%	-1.1%	-7.8%	-1.6%

Unemployment for Muscatine County is well below the nationwide average of 8.3% as of January 2012. The unemployment rate for Muscatine County was 6.4% and the State unemployment rate was 5.6% as of December 2011.

Noted businesses in the Muscatine area include Muscatine Foods Corp, HNI Corp (The HON Company), West Liberty Foods and the Muscatine School District. There are 38 manufacturing plants in the community.

Major Area Employers	
Name	# Employed
HNI Corp (the HON Company, Allsteel, et al)	3900
Muscatine Foods Corp	1033
West Liberty Foods	950
Muscatine School Dist	900
Unity HealthCare	520
SSAB	425
Monsanto Company	400
Hy-Vee	380
Musco Lighting, LLC	375
HJ Heinz LP	350
Stanley Consultants	340
Wal-Mart Superstore	325
CDS Global	325

Greater Muscatine Chamber of Commerce & Industry Fact Sheet

Retail Sales

If people are secure in their jobs they tend to have and spend more disposable income on relatively short lived retail items.

Sustained increases in retail sales spending bode well for increased longer term spending on housing. Muscatine County has increased in retail sales for seven of the past ten years. In 2008 retail sales for Muscatine County increased 9.33%, which was above the State increase at 4.56%.

Fiscal Year Taxable Retail Sales											
Expressed in thousands of dollars											
County (Main City)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Allamakee (Waukon)	86,576 -3.09%	96,508 11.47%	90,109 -6.63%	90,831 0.80%	84,418 -7.06%	105,092 24.49%	85,338 -18.80%	87,697 2.76%	84,563 -3.57%	83,253 -1.55%	84,551 1.56%
Benton (Vinton)	125,181 8.01%	157,154 25.54%	191,407 21.80%	149,941 -21.66%	119,066 -20.59%	108,851 -8.58%	109,706 0.79%	116,516 6.21%	122,303 4.97%	116,506 -4.74%	114,707 -1.54%
Blackhawk (Waterloo)	1,369,668 3.67%	1,361,679 -0.58%	1,381,818 1.48%	1,431,147 3.57%	1,477,876 3.27%	1,528,291 3.41%	1,573,506 2.96%	1,651,477 4.96%	1,736,707 5.16%	1,683,237 -3.08%	1,710,561 1.62%
Bremer (Waverly)	141,129 2.37%	142,833 1.21%	143,725 0.62%	145,331 1.12%	141,726 -2.48%	142,696 0.68%	155,593 9.04%	162,833 4.65%	175,274 7.64%	168,007 -4.15%	171,703 2.20%
Cedar (Tipton)	77,753 1.35%	78,751 1.28%	81,346 3.30%	78,561 -3.42%	81,538 3.79%	81,392 -0.18%	85,015 4.45%	86,469 1.71%	89,755 3.80%	87,827 -2.15%	89,131 1.48%
Clinton (Clinton)	403,810 11.50%	385,226 -4.60%	383,598 -0.42%	386,769 0.83%	404,616 4.61%	472,977 16.90%	494,700 4.59%	522,201 5.56%	504,336 -3.42%	475,987 -5.62%	462,113 -2.91%
Delaware (Manchester)	102,902 4.17%	101,011 -1.84%	99,142 -1.85%	99,706 0.57%	97,771 -1.94%	97,621 -0.15%	102,629 5.13%	109,893 7.08%	114,367 4.07%	109,939 -3.87%	110,282 0.31%
Dickinson (Milford)	217,392 4.61%	218,974 0.72%	229,435 4.56%	225,727 -1.64%	233,066 3.15%	243,906 4.44%	250,902 2.79%	258,438 2.92%	249,589 -3.55%	241,921 -3.17%	247,236 2.20%
Dubuque (Dubuque)	944,244 2.20%	946,236 0.21%	959,935 1.45%	993,191 3.46%	1,035,094 4.22%	1,086,906 5.01%	1,109,417 2.07%	1,132,135 2.05%	1,105,825 -2.32%	1,113,590 0.70%	1,162,499 4.39%
Henry (Mt. Pleasant)	127,602 3.01%	130,854 2.55%	126,057 -3.67%	129,740 2.92%	143,287 10.44%	138,733 -3.18%	148,606 7.12%	160,819 8.22%	157,653 -1.97%	152,158 -3.49%	156,644 2.95%
Jackson (Maquoketa)	108,543 4.60%	106,545 -1.84%	104,258 -2.15%	102,650 -1.54%	102,522 -0.12%	103,249 0.71%	109,023 5.59%	111,232 2.03%	115,487 3.83%	113,993 -1.29%	115,120 0.99%
Jefferson (Fairfield)	144,410 1.93%	138,180 -4.31%	146,772 6.22%	160,358 9.26%	168,636 5.16%	162,212 -3.81%	172,876 6.57%	170,209 -1.54%	162,098 -4.77%	144,855 -10.64%	140,902 -2.73%
Johnson (Iowa City)	1,264,827 5.20%	1,275,763 0.86%	1,307,586 2.49%	1,445,692 10.56%	1,486,208 2.80%	1,547,811 4.14%	1,621,152 4.74%	1,692,334 4.39%	1,725,365 1.95%	1,538,476 -10.83%	1,587,452 3.18%
Keokuk (Sigourney)	32,944 8.82%	33,892 2.88%	32,060 -5.41%	32,352 0.91%	32,380 0.09%	31,448 -2.88%	33,099 5.25%	34,708 4.86%	35,501 2.28%	35,790 0.81%	38,353 7.16%
Linn (Cedar Rapids)	2,789,528 6.50%	2,721,092 -2.45%	2,751,305 1.11%	2,832,703 2.96%	2,872,536 1.41%	2,925,785 1.85%	3,015,781 3.08%	3,112,522 3.21%	3,486,815 12.03%	3,204,097 -8.11%	3,425,264 6.90%
Marion (Pella)	218,990 5.21%	208,815 -4.65%	223,559 7.06%	221,213 -1.05%	224,283 1.39%	229,032 2.12%	238,190 4.00%	251,580 5.62%	244,274 -2.90%	245,030 0.31%	249,717 1.91%
Marshall (Marshalltown)	345,407 1.19%	353,539 2.35%	347,686 -1.66%	333,245 -4.15%	329,775 -1.04%	336,815 2.13%	334,897 -0.57%	349,978 4.50%	348,368 -0.46%	324,326 -6.90%	327,833 1.08%
Mills (Glenwood)	49,684 8.91%	48,547 -2.29%	47,179 -2.82%	46,133 -2.22%	46,015 -0.26%	51,061 10.97%	50,357 -1.38%	51,914 3.09%	54,027 4.07%	54,482 0.84%	61,127 12.20%
Muscatine (Muscatine)	369,996 8.91%	350,910 -5.16%	353,898 0.85%	366,768 3.64%	371,251 1.22%	392,446 5.71%	404,033 2.95%	441,734 9.33%	439,501 -0.51%	428,856 -2.42%	437,212 1.95%
Polk (Des Moines)	6,108,422 78.00%	6,052,831 -0.91%	6,190,408 2.27%	6,035,166 -2.51%	6,173,622 2.29%	6,462,999 4.69%	6,473,577 0.16%	6,571,608 1.51%	6,471,323 -1.53%	6,341,034 -2.01%	6,563,581 3.51%
Pottawattamie (Council Bluffs)	846,966 2.92%	888,558 4.91%	869,679 -2.12%	871,223 0.18%	917,290 5.29%	968,391 5.57%	1,025,836 5.93%	1,012,047 -1.34%	977,543 -3.41%	1,002,616 2.56%	997,226 -0.54%
Scott (Davenport)	1,964,027 2.34%	1,947,298 -0.85%	2,049,636 5.26%	2,185,793 6.64%	2,220,571 1.59%	2,283,300 2.82%	2,317,619 1.50%	2,349,373 1.37%	2,397,888 2.07%	2,290,880 -4.46%	2,379,339 3.86%
Tama (Tama)	97,856 20.79%	89,859 -8.17%	92,163 2.56%	84,184 -8.66%	73,929 -12.18%	101,081 36.73%	102,243 1.15%	106,118 3.79%	80,479 -24.16%	71,679 -10.93%	68,896 -3.88%
Wapello (Ottumwa)	308,339 2.50%	300,976 -2.39%	302,684 0.57%	298,700 -1.32%	338,300 13.26%	345,326 2.08%	354,455 2.64%	358,531 1.15%	369,817 3.15%	361,059 -2.37%	368,069 1.94%
Washington (Washington)	121,201 -1.19%	119,953 -1.03%	123,987 3.36%	125,746 1.42%	122,006 -2.97%	124,380 1.95%	140,694 13.12%	147,940 5.15%	159,220 7.62%	158,053 -0.73%	163,144 3.22%
State of Iowa	28,408,283 2.98%	28,446,629 0.13%	28,704,897 0.91%	29,099,277 1.37%	29,805,300 2.43%	31,108,387 4.37%	31,645,718 1.73%	33,089,024 4.56%	33,132,730 0.13%	31,943,593 -3.59%	32,904,017 3.01%

Information pertaining to retail sales taxes by store group is displayed on the following table.

Muscatine County Retail Sales Taxes by Store Group											
Retail Sales Taxes Actual											
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2003-11	Annualized
Utilities	\$4,155,120	\$3,994,848	\$3,727,849	\$3,952,565	\$3,438,176	\$3,991,579	\$4,910,836	\$4,650,491	\$4,328,249	4.17%	0.46%
Building Materials	\$1,359,215	\$1,368,493	\$1,393,383	\$1,363,887	\$1,423,899	\$1,933,089	\$2,241,724	\$2,149,534	\$2,144,979	57.81%	6.42%
General Merchandise	\$2,926,849	\$2,916,424	\$2,931,254	\$3,038,477	\$3,260,899	\$3,410,392	\$4,565,228	\$4,675,081	\$4,557,838	55.73%	6.19%
Food	\$734,816	\$890,041	\$991,998	\$1,051,107	\$1,089,305	\$1,210,161	\$1,532,182	\$1,604,778	\$1,612,770	119.48%	13.28%
Motor Vehicles	\$736,491	\$712,505	\$674,522	\$777,697	\$785,085	\$832,568	\$1,019,366	\$1,020,999	\$1,068,464	45.07%	5.01%
Apparel	\$48,612	\$180,192	\$271,480	\$292,828	\$312,279	\$258,287	\$67,290	\$70,736	\$72,079	48.27%	5.36%
Home Furnishings	\$341,301	\$411,661	\$351,495	\$370,789	\$339,999	\$306,141	\$402,758	\$388,506	\$324,243	-5.00%	-0.56%
Eating & Drinking	\$1,510,295	\$1,580,386	\$1,612,750	\$1,698,479	\$1,863,757	\$1,934,806	\$2,308,126	\$2,181,905	\$2,303,732	52.54%	5.84%
Specialty	\$1,018,982	\$1,007,292	\$1,010,312	\$982,420	\$1,029,428	\$1,129,902	\$1,484,605	\$1,604,452	\$2,077,079	103.84%	11.54%
Services	\$1,996,103	\$2,124,164	\$2,132,188	\$2,078,220	\$2,146,434	\$2,256,284	\$2,951,115	\$2,726,867	\$2,777,253	39.13%	4.35%
Wholesale	\$1,445,566	\$1,385,566	\$1,512,864	\$1,656,458	\$1,776,284	\$1,830,231	\$1,975,999	\$1,804,352	\$1,864,275	28.97%	3.22%
Miscellaneous	\$1,421,459	\$1,767,259	\$1,952,451	\$2,359,559	\$2,736,171	\$2,997,131	\$2,848,897	\$2,808,658	\$3,048,393	114.46%	12.72%
Total	\$17,694,809	\$18,338,831	\$18,562,546	\$19,622,486	\$20,201,716	\$22,090,571	\$26,308,125	\$25,686,360	\$26,179,355	24.84%	2.76%

State of Iowa Department of Revenue and Finance, Retail Sales and Use Tax Report

Building Permits

Housing Permits in Muscatine County									5 Year Average
	2004	2005	2006	2007	2008	2009	2010		06-10
Muscatine									
Single Family Units	43	22	24	25	16	15	14		19
Multi-Family	12	66	32	98	0	4	2		27
Muscatine County									
Single Family Units	56	73	47	37	31	15	15		29

Permits issued for single-family dwellings in the Muscatine County were strong in the early part of the decade but have seen a decline since 2004.

Facilities

Located along the Mississippi River Muscatine County is part of the Great River Road that stretches from Ontario, Canada to New Orleans, Louisiana. The "Island" of Muscatine, which was once an island, is renowned for produce such as the Muscatine Melon. Wildcat Den State Park is one of many recreational sites; it is home to a trail system that winds through the bluffs and rock outcroppings. West Liberty is home to the Eulenspiegel Puppet Theatre, while Wilton is home to the oldest Ice Cream Parlor in the Nation and is on the National Register of Historic Places. The City of Muscatine recently opened a new aquatic center and rejuvenating its trail system to connect all the parks within the city.

Utilities

The City of Muscatine has a municipal sanitary and storm sewer system that serves 90% of the community. The plant has an anaerobic process and liquefied sludge disposal. Capacity of the water plant is 44,000,000 gallons of water. Average consumption is 27,000,000 gpd.

Transportation

Interstate Highway 80, running east-west, is located just 15 miles north of Muscatine County. State Highway 38 runs north and south and provides access for the City of Muscatine to I-80. Highway 61 runs on the southern portion of Muscatine County roughly following the river and passing through the city of Muscatine.

Muscatine Municipal Airport is operated by Carver Aero Inc. Commercial air service is located approximately 70 minutes to Cedar Rapids or 35 minutes to Quad Cities.

Rail service is the I.C. & E. Rail transportation line.

Waterways consist of 3 barge terminals with two served by rail and located within 20 minutes of I-80.

Climate

The climate is moderate to extreme. Average winter temperature is 22.7 degrees and average summer temperature is 72.4 degrees. Average annual rainfall is 35.1 inches and average snowfall is 28.5 inches.

Description of the Site

General

The subject property is a single tax parcel that contains 75,707 square feet. This property has frontage along the south side of Colorado Street. This is on the east side of Muscatine.

Legal Description - Lot 2, of Colorado Addition Replat in the City of Muscatine, Muscatine County, Iowa, as shown by Plat attached to Resolution recorded in Book 336 of Lots, at Page 1096 in the office of the Recorder of Muscatine County, Iowa

Physical

Shape - The property is primarily rectangle shaped. See the displays at the end of this section.

Frontage - The property has frontage on Colorado Street to the north.

Area - 75,707 square feet

Improvements - The property is improved with a 1 story retail/warehouse building originally constructed around 1972. A 2,240 square foot warehouse addition was completed in 1989. It is in overall average condition.

There is 3,600 square feet of concrete paving that was installed in 1972. Paving is in overall fair condition.

Topography - The site is level

Accessibility - Access to the property is from Colorado Street to the north.

Soil/Subsoil - Although we have conducted no soil tests, the soil and subsoil are assumed to be adequate to support improvements that would represent the highest and best use of the subject site.

Floodway/plain - The subject is not located in a flood zone/plain. See flood map in addendum.

Utilities - All public

Environmental

Hazards - This appraisal report is subject to the *Assumptions and Limiting Conditions*, including the hazardous material disclaimer, located in the Addendum. No underground or aboveground tanks are known to exist on the property. The appraiser assumes no responsibility for any tanks or hazardous materials that were not observable on the surface of the land.

Easements/Encroachments

Restrictions - Normal utility easements apply.

Zoning Classification

- C1 for neighborhood commercial

Zoning Authority

- City of Muscatine

Zoning Requirements

The C1 zone permits a variety of commercial uses including: Large scale retail development, appliance stores, auto accessory stores, bakeries, book stores, restaurants, bars, florist shops, furniture store, gift shops, and hardware stores.

Personal service includes banks, barber shops, funeral homes, theater, shoe repair, and medical or dental clinics.

There is no minimum lot area, maximum height is 45 feet, minimum front yard setback is 20 feet, side yard setback is 6 feet and rear yard setback is 20 feet.

Parking requirements: Item 6 of the city code establishes 1 parking space for every 300 square feet of building area. Based on the subjects size of 10,240 square feet, to meet code there should be 34 parking spaces. There are 17 spaces adjacent to the building.

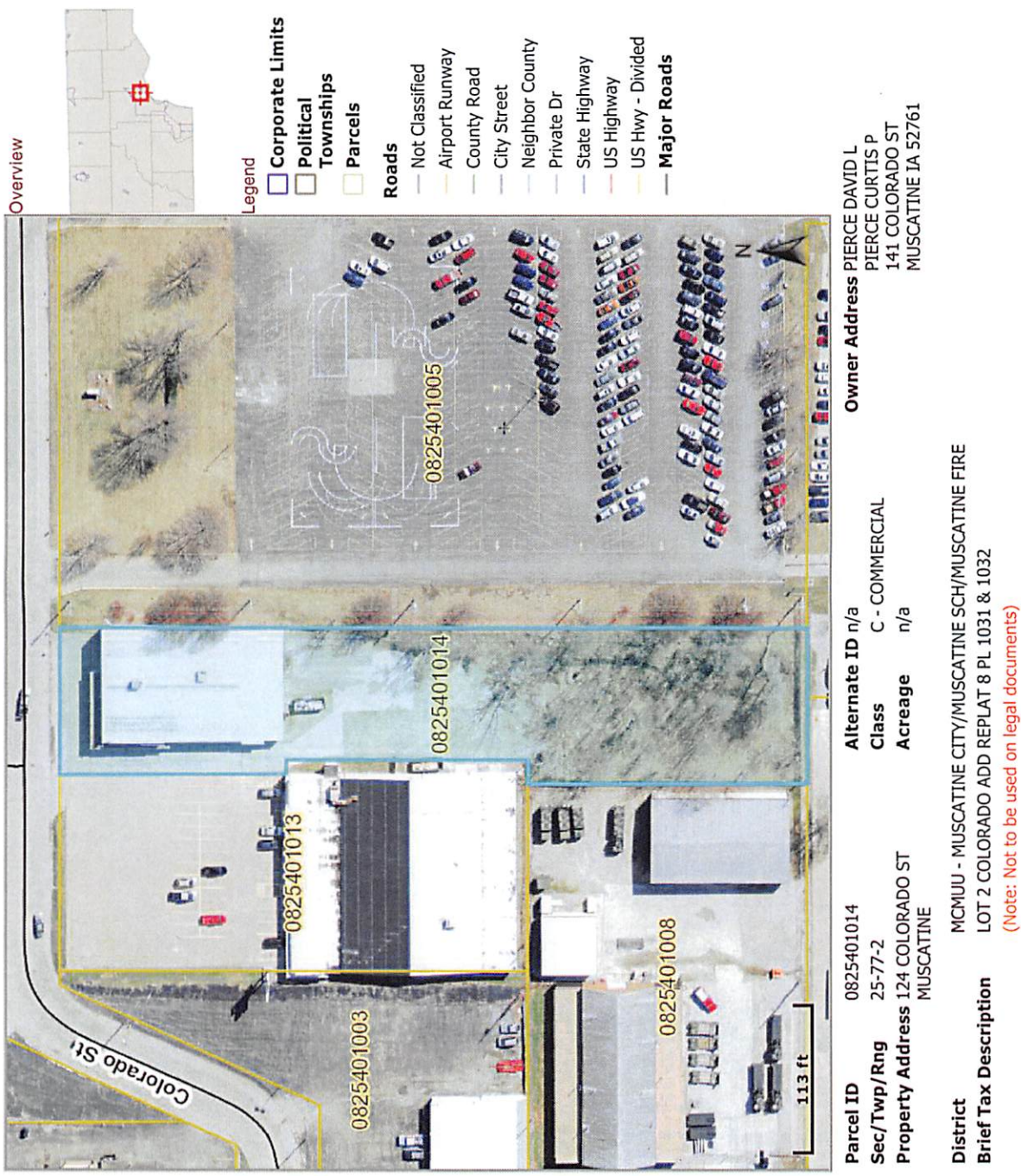
Relationship to Surroundings

- Average. The subject is surrounded by a variety of commercial and public uses. Adjacent to the west is the Pierce Furniture Store. East is Muscatine Community College. North is a mix of small commercial uses. South is the former National Guard Armory, which is now owned by the City of Muscatine.

Muscatine Area Geographic Information Consortium (MAGIC)



Date Created: 3/5/2012



Last Data Upload: 3/3/2012 12:39:48 AM

Description of Improvements

Type of Property

The subject property is improved with a 1 story 10,240 square foot retail/warehouse building. Original construction date for the 8,000 square foot retail portion was around 1972. The warehouse addition, containing 2,240 square feet was constructed around 1989. The building is in overall average condition.

General Class of Construction

Class C, concrete block construction

Building Summary

Number of Buildings	- One
Type	- One story retail/warehouse building
Year Built	- 1972/1989
Size	- 10,240 square feet

Structure

Foundation/Footings	- Concrete
Floors	- Concrete slab
Wall	- Concrete block
Roof	- Gable-standing seam metal
Number of Stories	- 1
Wall Height	- Approximately 12-14 feet

Exterior Description

Wall	- Painted block
Windows	- Fixed storefront in metal frames
Entrances	- Mix of milled metal and full glass in aluminum frame

Interior Description

Walls	- Interior wall surfaces are a mix of painted drywall and wallpaper covered.
-------	--

- Floors - Primarily commercial grade carpet
- Ceilings - Lay in acoustical tile ceilings in metal grid
- Lighting - Flush fluorescent fixtures
- Restrooms - 2 restrooms with stool, sink and wall mounted mirror
- Insulation - Rolled fiberglass in ceilings with paper backing
- Basement - NA-slab on grade

Equipment and Mechanical

- Heating and Cooling - 2 Roof mounted HVAC systems
- Electrical - 2 house panels, each with 200 amp service
- Sprinkler System - NA
- On-Site Parking Spaces - The subject currently has 17 dedicated parking spaces along the west and north side of the building. Parking is also available on the adjacent site.

There are 1.66 spaces per thousand square feet of building area. City Code indicates 3 parking spaces per 300 square feet of building area are required for retail/commercial. The subject is grandfathered-in as a non conforming use.

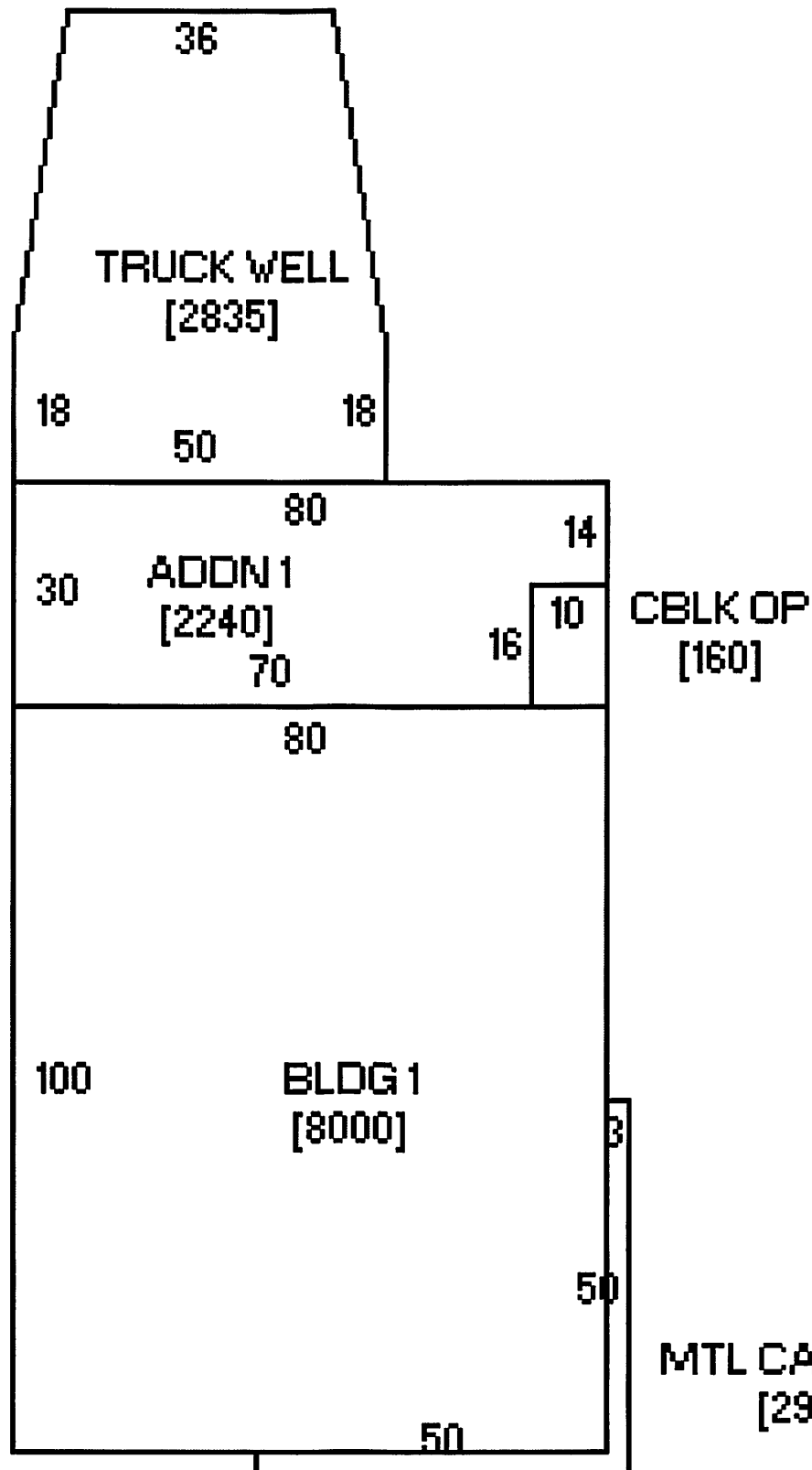
- Fencing - None
- Paving - Assessor's records indicate there is a total of 3,600 square feet of concrete paving. It is in fair condition.
- Landscaping - Minimal
- Alley - NA
- Visible Contaminants - This appraisal report is subject to the attached *Assumptions and Limiting Conditions*, including the Hazardous Material disclaimer.
- Other - There are building mounted signs facing the west and north.

Functional Utility

Functional utility is considered average. The subject is a single-tenant commercial/retail building in overall average condition. It is well configured for its current use. It occupies a good location in east Muscatine. The energy efficiency appears average.

Remodeling/Deferred Maintenance

Approximately 8,000 square feet of the building was constructed in 1972. A 2,240 square foot addition was completed in 1989. Improvements have been ongoing over time. The building is in overall average condition.



Highest and Best Use Analysis

Highest and best use may be defined as:

The reasonably probable and legal use of vacant land or an improved property, which is physically possible; appropriately supported; financially feasible; and that results in the highest value (*The Appraisal of Real Estate*, Thirteenth Edition, 2008, Page 278).

or,

The utilization of a property to its best and most profitable use. It is that use, chosen from among the reasonably probable and financially feasible alternative uses which is found to be physically practical, legally acceptable and which results in the highest present value, as defined, as of the effective date of the appraisal (Iowa Department of Transportation (IDOT) Appraisal Policy and Procedures Manual, August 2003).

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

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

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

Legally Permissible - We have examined private restrictions, zoning, building codes, historic district controls or environmental regulations that may limit or preclude many potential uses. Private restrictions and deed restrictions relate to the covenants under which properties are acquired and may prohibit certain uses or specify building set-backs, heights, and types of materials. The property uses allowed by zoning reflect the available choices in most highest and best use determinations. Building codes can prevent land from being developed to its highest and best use by imposing burdensome restrictions that increase the cost of construction. Increasing concern over the effects of land use has resulted in environmental regulations pertaining to clear air, clean water, and wetlands.

Physically Possible - The size, shape, area, terrain, accessibility, and risk of natural disasters such as floods or earthquakes affect the uses to which the subject can be developed. Certain parcels can achieve their highest and best use only as part of an assemblage. The capacity and availability of public utilities must also be determined. The topography and subsoil conditions of a site can also make development difficult or costly. The highest and best use of a property, as improved, also depends on physical considerations such as size, design, and condition.

Financially Feasible - If a use is found to be legally permissible and physically possible, it is necessary to then determine if it is likely to produce an income or return equal to or greater than the amount needed to satisfy operating expenses, financial obligations and capital amortization.

A use that is expected to produce a positive return is regarded as financially feasible. If the net revenue capable of being generated from a use is sufficient as to satisfy the required rate of return on the investment and provide the required return on the land, the use is financially feasible.

Maximally Productive - The financially feasible use that produces the highest residual land value is the highest and best use. It is necessary to determine the appropriate rate of return that reflects the associated risk inherent in various types of developments.

Highest and Best Use, As If Vacant and Before the Proposed Easement Acquisition

Highest and Best Use, As If Vacant

Legally Permissible -The subject property is zoned C-1 for the Neighborhood and General Commercial District. The primary uses allowed in this zone are high-density shopping, office, service and entertainment uses.

Dwellings are permitted above the ground floor of another permitted use in the C-1 district. There is no minimum lot size requirement. Parking space requirements suggest a minimum of 1 space per 300 square foot of building area.

Physically Possible -The subject property is primarily level and is not located in an identified flood hazard area. The size, shape, and physical characteristics of the subject properties do not appear to restrict uses permitted in the C-1 Commercial zone.

The subject site contains 75,707 square feet.

Financially Feasible - Financial feasibility depends on the relative balance of supply and demand in an area. The subject property has a good location on a busy commercial arterial near other major traffic generators. The location provides good visibility to vehicular traffic as well as good access from controlled intersections.

The downturn in the economy has had an impact on Eastern Iowa markets. Muscatine is one that has felt some pressure in the retail sector. The Muscatine Mall is a good indicator of the struggles in the local market. Around 2001, this mall started to see a decline in occupancy, and by 2005 it was only 35% to 40% occupied. In addition, other retail buildings in the market have some vacancy as well. There are two retail strip centers across the street from the subject mall. Each of them is about 9% to 10% vacant. Also, the retail building adjacent to the Hy-Vee on 2nd Avenue is about 14% vacant. Furthermore, the former Shopko/Econofoods buildings are about 30% to 40% vacant. This complex is located just west of the intersection of Highway 61 and Park Avenue.

Overall, Muscatine County and Muscatine proper are not showing significant signs of growth in regard to population, school enrollments, or the job market. The housing construction market has remained steady for the last couple of years; however, it is down from five years ago. Activity in this market is fairly stagnant at this time. However, we would note that during this same time, the mall owners have been able to increase occupancy at the mall from 40% to about 71%.

The property has a good location on Colorado Street, a secondary commercial corridor in Muscatine. Traffic counts in front of the subject on Colorado Street are about 4,070 per day (2006). Traffic counts just east of the subject on Colorado Street from 2010 show a decrease to 2,950 cars per day. Adjacent properties are commercial and public in nature. Surrounding uses include a furniture store, several commercial uses and Muscatine Community College.

Because of its zoning, its location on a secondary traffic corridor, and adjacent development the highest and best use of the site as vacant would be for development consisting of a mix of retail and office. Alternatively, assemblage with Muscatine Community College would be possible.

Maximally Productive - Based on this analysis, the maximally productive use is likely to be a combination use involving retail or office. Alternatively, the subject may be assembled for parking with adjacent commercial or public uses.

Highest and Best Use as Improved – The parcel is improved with a mixed use building (retail/warehouse). The building contains 10,240 square feet and is in overall average condition. The building contributes value to the overall property value. The highest and best use of the subject site, as improved, is as developed.

Land Valuation

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

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

Factors considered most important in arriving at an estimate of market value are as follows:

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

We researched the market for comparable sales in similar commercial areas with good access and visibility. The comparables selected are considered most similar to the subject. These sales are analyzed on a sales price per square foot basis. Details of each comparable are included at the end of this section. The following Land Valuation Adjustment Table summarizes the sales and the appropriate adjustments as they relate to the subject.

Sale 1 is a 29,185 square foot parcel of land that sold in May 2010 for \$135,000. This is located just east of 2nd Avenue, south of US Highway 61. The purchaser of this property also acquired the adjacent Blockbuster Video property in 2009 and there are plans to convert the Blockbuster building to a branch bank. Per square foot value of this property is \$4.63 and zoning is C-1.

Sale 2 is a 78,408 square foot parcel of land at the intersection of Highway 61 and University Drive. This is about 1 ½ miles northeast of the subject. The sale price in October 2010 was \$500,000, which is \$6.38 per square foot. This lot was split from a larger parcel and is now developed with a Casey's convenience store. Zoning is M-1 for industrial.

Sale 3 is for an 111,348 square foot site along Highway 61. The sale price for this property in January 2011 was \$624,000, which is \$5.60 per square foot. This property is located in a commercial development known as North Port Commons, which is northeast of the subject approximately 1 ½ miles. It has frontage on North Port Drive, which parallels Highway 61. The buyer built an ALDI grocery store. This property was marketed for over six years, along with other lots in the same subdivision.

Sale 4 is the pending sale of a site currently improved with an old armory building and two smaller metal sheds. The City of Muscatine received title to the property as part of an exchange with another property. According to information received from Muscatine Public Works, an acceptable bid was received for this 78,000 square foot property from Kum and Go for \$350,000. We estimate demolition of the existing gymnasium building at \$17,500. Total paid for the site including demolition is \$367,500, which is \$4.71 per square foot. Zoning is CO-A1.

Other: We also researched an option to purchase the property nearby the subject to the west at 1429 Park Avenue. This is the Helen Phillips property, which at one time was an auto dealership. A family member provided information about this optioned property. Kum and Go proposed to purchase the property and assemble it with the property adjacent to the south (Sale 4). The option price is \$500,000, which does not

include any demolition costs. After inspecting the property we concluded demolition expenses would be minimal. This property is located at the corner of Colorado Street and Park Avenue, a very high traffic corridor. Zoning is CO-A1. Per square foot value of this 47,611 square foot property, which will likely close by August 1, 2012 is \$10.50/SF. Because this value is out of range of the other sales, we did not include it for analysis, but include it for informational purposes.

Land Value-124 Colorado Street		Comparable #1		Comparable #2		Comparable #3		Comparable #4-pending	
SUBJECT		2nd Avenue Muscatine, Iowa		North Hwy 61/Univ Dr Muscatine, Iowa		3200 N Port Dr Muscatine, Iowa		1421 Park Ave Muscatine, Iowa	
		Data	Adj.	Data	Adj.	Data	Adj.	Data	Adj.
Sale Date		May-10		Oct-10		Feb-11		Apr-12	
Cash Equiv. Sales Price	Market	\$135,000		\$500,000		\$624,000		\$367,500	
Size in SF	75,707	29,185		78,408		111,348		78,000	
Sales Price/ SF	Market		\$4.63		\$6.38		\$5.60		\$4.71
% Adj. For Time									
S.P./Square Foot	Market		\$4.63		\$6.38		\$5.60		\$4.71
(Adjusted for Time)									
Location	Average	Similar	0.00%	Superior	-20.00%	Superior	-15.00%	Superior	-5.00%
Zoning	C-1	C-1		M-1		S-3		CO-A1	
Size/Shape	75,707	29,185		78,408		111,348		78,000	
Physical Characteristics	Level	Similar		Similar		Similar		Similar	
Net % Adjustment			0.00%		-20.00%		-15.00%		-5.00%
Value per SF			\$4.63		\$5.10		\$4.76		\$4.48

Analysis and Adjustments

Financing - The financing adjustment is the first adjustment in the *Sales Comparison Approach*. Since the subject property is appraised as a cash sale or its equivalent, sales with favorable financing have been adjusted accordingly. The indicated sales price on the Market Data Adjustment Table reflects a cash equivalent sales price. In this case, each of the sales was sold for cash or cash equivalent financing. No adjustments were warranted for financing. We would note, however that Sale 4, the pending sale was adjusted to reflect the estimated cost of demolition.

Time - The time adjustment is based upon the appreciation or depreciation of property values occurring between the date of the comparable sale and the valuation date of the subject property. The sales occurred between May 2010 and February 2011. Sale 4 is a pending sale as of April 2012. Comparing the oldest sales (1 and 2) to the most recent sales (3 and 4) fails to support an adjustment for time.

Location - The location adjustment considers area development, access to support facilities, visibility and accessibility, the demand for the area, etc. The subject property is located along the south side of Colorado Street in east Muscatine. Traffic counts along this street from 2010 average around 2,950 per day. It does have some visibility to Park Avenue to the west.

Sale 1 is approximately 1 mile north and appears in a similar location. Sales 2 and 3 are located in the northeast corner of Muscatine, near the University Avenue/Highway 61 intersection. Traffic counts near this location are between 11,700 and 13,800 per day. Sale 4 is located nearby the subject to the west and is along Park Avenue, a heavily traveled arterial.

Sale 1 appears to be in similar location as the subject and no adjustment is indicated. Sales 2, 3 and 4 are in superior locations, with visibility and access to a major traffic corridor. A downward adjustment is indicated for the superior locations of Sales 2, 3 and 4, with the largest adjustment applied to Sale 2.

Size/Shape - The subject is approximately 75,707 square feet. The sales bracket the subject in size, with Sales 2 and 4 being the most similar at around 78,000 square feet. After comparing the subject with the sales, there does not appear to be support for an adjustment for size.

Zoning - The zoning adjustment considers the legally permissible uses for the subject. The subject is currently zoned C-1 for neighborhood commercial. This supports general retail uses including appliance stores, bakeries, book stores and bars. There is no minimum lot area, maximum height is 45 feet, minimum front yard setback is 20 feet, side yard setback is 6 feet and rear yard setback is 20 feet. Parking requirements: Item 6 of the city code establishes 1 parking space for every 300 square feet of building area.

The zoning for the comparables all allow commercial development, with zoning designations of C-1, S-3, M-1 and CO-A1. Sale 1 has C-1 zoning and no adjustment is indicated. When comparing Sales 2, 3 and 4 with each other and the subject and Sale 1, there does not appear to be support for an adjustment for differences in zoning.

Physical Characteristics - This adjustment considers such factors as acceptable grade level, drainage, and accessibility. The subject is a level site, has access to all city utilities and is not located in an identified flood hazard area. The Comparables all have similar physical characteristics as the subject and no adjustment is indicated.

Conclusion

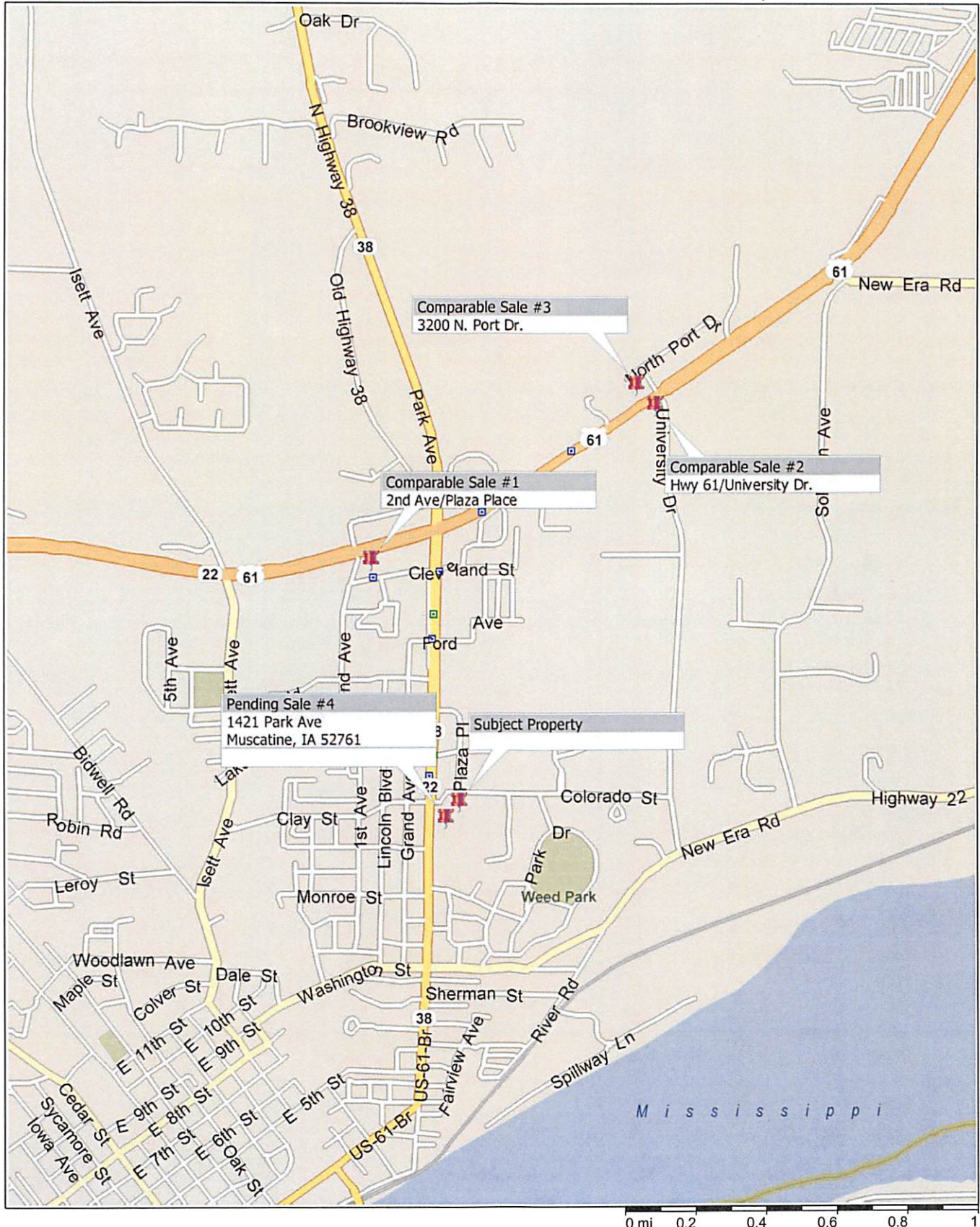
The four comparable sales indicate a strong pattern of value for the subject property ranging from \$4.48 to \$5.10 per square foot. Sale 1 has a similar location and zoning, but is the smallest sale. Sale 2 has the best location, but is similar sized. Sale 3 is the largest sale and has a superior location. Sale 4 is nearly the same size and is nearest to the subject in a somewhat superior location.

Based on this analysis, the indicated value of the subject property is near the low end of the indicated range of the Sales and is \$4.50 per square foot, or as follows:

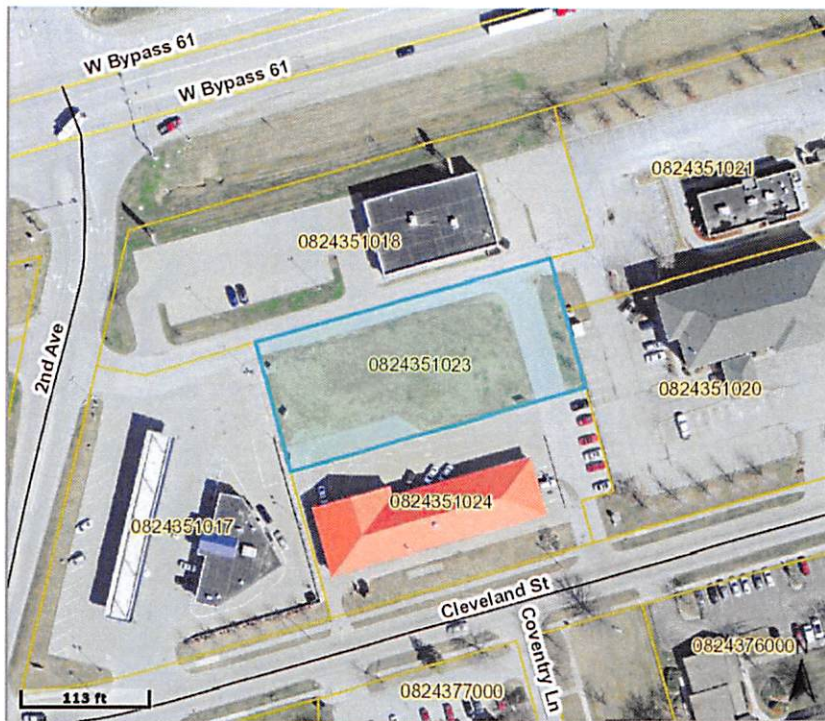
75,707 square feet @ \$4.50 per square foot is: \$340,681
Rounded To: \$341,000

Typically when an improved property is sold for redevelopment, the cost of demolishing existing improvements is deducted from the value as vacant to arrive at a value as vacant and available for development. As we understand it, the demolition of the building will be completed during the project at no expense to the property owner. For this reason, we have not deducted demolition costs when estimating just compensation for the subject property.

Subject and Comparable Land Sales Location Map



Comparable Land Sale No. 1



Address / City: Plaza Place
Muscatine, IA

Sale Price: \$135,000

Date: 5/20/10

Instr.: WD

R.S.: \$215.20

Book: 2010

Page: 02385

Site Dimensions: Rectangular

Site Area: .67 Acres, 29,185 SF

Terms: Cash

Discounts: -0-

Adj. Sales Price: \$135,000

Topography: Level

Zoning: C-1- Neighborhood /General Comm.

Sale Price
per Square Foot: \$4.63
per Acre:

Utilities: All public

Grantor: Miracle Muscatine Inc.

Street: Concrete

Grantee: Community Bank

Trackage: Not applicable

Verified: Grantee

Highest / Best Use: Commercial

Exposure Period:

Legal Description: Lot 1 of Madd creek 2nd Addition,
Muscatine, Iowa.

Remarks: Vacant parcel along Plaza Place, just east of 2nd Avenue and south of US Highway 61. Buyer also purchased the adjacent Blockbuster Video property in 2009 and plans to convert it into a branch bank. This lot was purchased to construct a parking lot for the proposed bank.

15050
2012087/2012047

Comparable Land Sale No. 2



Address / City:	North Hwy 61/University Dr Muscatine, IA	Sale Price: \$500,000	Date: 10/1/2010
		Instr.: WD	R.S.: \$799.20
		Book: 2010	Page: 04952
Site Dimensions:	Irregular		
Site Area:	78,408 SF or 1.80 acres	Terms:	Cash to seller
Topography:	Mostly level	Discounts:	-0-
		Adj. Sales Price:	\$500,000
Zoning:	M-1 Industrial	Sale Price	
Utilities:	Public	per Square Foot:	\$6.38
		per acre:	\$277,778
Street:	Paved	Grantor:	Davenport Farm & Fleet, Inc
Trackage:	None	Grantee:	Casey's Marketing Company
Highest / Best Use:	Commercial/Industrial	Verified:	Agent, Assessor records
Legal Description:	Lot 1, Blains Farm & Fleet SD, a subdivision in the City of Muscatine, Iowa	Exposure Period:	Not known

Remarks: This is the sale of 78,408 square feet of land to Casey's (from Farm and Fleet). This lot was split from the Farm and Fleet larger parcel. With direct frontage on Highway 61, this parcel has good traffic visibility. It is currently being developed with a Casey's convenience store.

Comparable Land Sale No. 3



Address / City:	3200 N. Port Dr. Muscatine, IA	Sale Price: \$624,000	Date: 2/9/11
Site Dimensions:	Irregular	Instr.: WD	R.S.: \$997.60
Site Area:	2.56 Acres, 111,348 SF	Book: 2011	Page: 00867
Topography:	Mostly level	Terms:	Cash
Zoning:	S-3, Mixed development	Discounts:	-0-
Utilities:	All public	Adj. Sales Price:	\$624,000
Street:	Concrete, direct access to N Port Dr.	Sale Price	
Trackage:	Not applicable	per Square Foot: \$5.60	
Highest / Best Use:	Commercial	per Acre:	
Legal Description:	Lot #1, Cedar's Second Addition, Muscatine, Iowa.	Grantor:	VMI-North Port Commons, LLC
		Grantee:	Aldi, Inc.
		Verified:	Broker- Todd Raufiesen
		Exposure Period:	Lengthy (over 6 years)

Remarks: Located along the north side of US Highway 61 on the northeast side of Muscatine. It is a commercial subdivision known as North Port Commons. The buyer plans to build an Aldi's food store. It was negotiated in 2009, but economic conditions put the construction plans on hold.

Comparable Land Sale No. 4- Pending



Address / City: 1421 Park Ave.
Muscatine, IA

Sale Price: \$350,000

Date: April 2012

Instr.:

R.S.:

Book:

Page:

Site Dimensions: Irregular

Site Area: 1.79 Acres, 78,000 SF

Terms: Cash

Discounts: + \$17,500 demo costs

Adj. Sales Price: \$367,500

Topography: Level

Zoning: CO-A1 and MU-R3

Sale Price
per Square Foot: \$4.71
per Acre:

Utilities: All public

Grantor: City of Muscatine

Street: Paved 4 lane

Grantee: Kum and Go

Trackage: Not applicable

Verified: Randy Hill- Public Works Muscatine

Highest / Best Use: Commercial development

Exposure Period: NK

Legal Description: 200' x 430' tract NW cor NW SE
25-77-2W

Remarks: Currently improved with old Armory building and 2 smaller metal sheds. The City is disassembling the metal buildings and relocating them. Kum and Go will demolish the building and assemble with 1429 Park Ave (adjacent lot to north) for a new convenience store.

15066
2012087

Cost Approach Before the Acquisition

The *Cost Approach* to value is based upon the principle of substitution; that is, a purchaser would pay no more for a developed property than the cost of developing a new property. The *Cost Approach* to value is estimated by the summation of the land value and the depreciated cost of the improvements.

The accuracy of the *Cost Approach* is dependent upon the information available in estimating land value, the replacement cost of the improvements, and the amount of depreciation accrued to the improvements.

When the improvements have extensive depreciation (either physical, functional, or external), accurately estimating total depreciation becomes increasingly difficult and the *Cost Approach* becomes less reliable.

It must be recognized that the replacement cost is not necessarily value. The *Cost Approach* must be market oriented and reflect available market data concerning current construction costs, indications of land value, and historical depreciation trends reflecting actions of purchasers to variations among properties.

Replacement Cost

Replacement cost is the estimated cost to construct, at current prices as of the effective appraisal date, a building with utility equivalent to the building being appraised, using modern materials and current standards, design, and layout. (*Appraisal Institute, The Appraisal of Real Estate, Thirteenth Edition, 2008, page 385*)

The replacement cost estimate is based upon local construction costs and compared with the *Marshall Valuation Service*. The estimated replacement cost of the subject's improvements, exclusive of site improvements, is developed on per square foot of gross area basis.

The subject is developed with low cost to average quality retail/warehouse building. Information was taken from the assessor's records as well as our visual inspection of the subject property. The property is 1 story concrete block/concrete construction.

The subject retail area contains 8,000 square feet and was constructed in 1972.
The 2,240 square foot warehouse addition was completed in 1989.

Finishes include primarily commercial carpet, suspended acoustic tile ceilings and flush fluorescent lighting. There are 2 restrooms and a warehouse/storage area.

The Marshall Cost Manual (Section 13-Page 26) indicates that for low cost to average quality retail buildings, the base cost per square foot is \$59.60. For average quality warehouse buildings, the base cost per square foot is \$27.10. Blending the per square foot costs for each portion of the subject building results in a blended base cost of \$53.

Adjustments are made to this base cost to account for the extreme climate, the size and shape of the building and current and local construction costs. We included lump sums for site improvements, building canopy and the loading well.

The following table summarizes the cost analysis.

Retail/Warehouse Building		
Section/Page		13/26
Building Class		C
Building Quality		low cost to avg
Exterior Wall		Conc block
Number of Stories		1.00
Average Height Per Story		11.0
Gross Area		10,240
Average Perimeter		490
Age		40
Condition		Avg
Region		Central
Climate		Extreme
Base Square Foot Cost		\$53.00
SQUARE FOOT REFINEMENTS		
HVAC (Extreme Climate)	+	2.50
Sprinklers Adjust	+	0.00
Total		\$55.50
HEIGHT/SIZE REFINEMENTS		
Height/Story Multiplier	x	0.979
Floor Area/Perimeter Multiplier	x	0.948
Combined Multiplier		0.928
FINAL CALCULATIONS		
Refined Square Foot Cost		51.51
Current Cost Multiplier	x	0.99
Local Multiplier	x	1.07
Final Square Foot Cost		54.56
Replacement Cost		558,731
Add:		
Site Improvements: paving/lighting		12,600
Building canopy		3,600
Loading well		35,400
TOTAL REPLACEMENT COST		610,331

Depreciation

The amount of accrued depreciation is estimated using the economic age/life method as discussed in *The Appraisal of Real Estate, Thirteenth Edition*. As stated in the text, "The use of replacement cost eliminates the need to estimate some forms of functional obsolescence, but other forms of functional obsolescence, physical deterioration, and external obsolescence must still be measured."

Assessor records indicate approximately 8,000 square feet of the subject was constructed around 1972. A 2,400 square foot warehouse addition was completed around 1989. The building has been maintained in overall average condition.

According to the depreciation tables in the Marshall Cost Service, this class of structure has an economic life of around 45 years. The actual age of the building averages around 32 years.

The economic life is the period of time over which improvements to real estate contribute to property value. The effective age considers the actual age, condition, remodeling, functional utility, and location of the subject's improvements.

The subject is built to low cost to average quality standards. It appears to have average energy efficiency. It has been maintained in average condition.

Given this, we estimate the effective age of the subject's building improvements at 30 years. This results in depreciation of 67% (30 years effective age / 45 years economic life = 67%). This is less than the actual age but is reasonable considering the current condition. Site improvements: The concrete pavement on the site has a useful (economic) life of 15 years. We estimated the per square foot cost of the paving at \$3.50. Based on its current condition, we estimate the effective age of the pavement at 11 years indicating overall depreciation of 73 percent. Depreciation (@ 50%) was applied to the canopy and the loading well.

The value of the improvements is added to the value of the land to determine the final estimate of market value. This information is summarized below.

Component	Cost New	Depreciation Percentage	Depreciation Dollar Value	Cost Depreciated
Building-retail/warehouse	\$558,731	67.00%	\$374,350	\$184,381
Site Improvements/landscaping	\$12,600	73.00%	\$9,198	\$3,402
Canopy/loading well	\$39,000	50.00%	\$19,500	\$19,500
Land	\$341,000			\$341,000
Subtotal	\$951,331			\$548,283
Rounded	\$951,000			\$548,000

Based on this analysis, the indicated value of the subject property, prior to the acquisition and based on the cost approach is:

**Five Hundred Forty Eight Thousand Dollars
(\$548,000)**

We would note that we rounded to the nearest \$1,000 for this analysis. This is not considered to be an indication of the accuracy of the approach. Typically in a cost approach of this nature, we would round to the nearest \$5,000-\$10,000 based on the total cost of the project. However, given the function of the appraisal, which is to measure a difference between the before and after values of a property affected by acquisition, it is appropriate to round as little as possible.

Description of the Acquisition and the Effect on the Remainder

The subject property contains a single tax parcel containing 75,707 square feet. It is improved with a mixed use retail/warehouse building originally constructed in 1972. A 2,240 square foot warehouse addition was added in 1989. The building is in overall average condition. Pierce Mattress occupies the subject building. It is addressed as 124 Colorado Street, Muscatine, Iowa.

It is the intention of the City of Muscatine to complete a road improvement project on Colorado Street that will facilitate safer traffic flow in the area.

The purpose of this appraisal is to measure the impact to the subject property resulting from permanent right of way acquisition of 7,230 square feet and a temporary construction easement containing 13,337 square feet. The right of way acquisition is along the subjects' Colorado Street frontage and travels through the northwest corner of the building. The temporary easement is adjacent to the ROW to the south and travels the length of the building. The acquisitions will result in the removal of the building.

Permanent Easement Acquisition- The city is seeking to acquire an irregular shaped parcel in the north portion of the subject. The total area of the proposed permanent easement is 7,230 square feet. The acquisition is for road right of way along the subject property.

Temporary Construction Easement – In addition to the acquisition of right of way, the city is seeking a temporary easement for construction purposes. It is directly south of the ROW and contains 13,337 square feet. The temporary easement will allow for the demolition of the building and site restoration.

Please refer to the drawing at the end of this section.

The time of occupation of the temporary easement areas will be less than one year. City officials will pay for the use of the land included in the temporary easement areas for a period of one year. This will allow the contractor time to return and take care of any settling that may arise and will also allow some flexibility in the completion schedule for the project. The temporary construction area will only be occupied on an as needed basis.

Additional Damages - The owner is entitled to compensation for any damages that may result from the acquisition. Compensation has been included for the loss of the building due to right of way acquisition. We have also included compensation for the depreciated value of concrete paving in the acquisition area, along with a diminished value in the remaining land due to the acquisition area.

Other damages: One exhibit was provided by the project engineer that proposes to establish 34 parking spaces on the remaining (vacant) land of the subject following acquisition. The spaces are intended to offset the loss of parking on the adjacent property (141 Colorado Street) due to the road project. Discussions with the property owners suggest they are in agreement about the need for the parking, which will lessen the impact to their adjacent building.

No acquisition plans indicate the proposed parking is an acquisition. We concluded the proposed parking reduces the utility of the land in a similar manner as a permanent easement. We have included compensation for the area of the subject proposed for parking that benefits the adjacent property.

Note: No final plat was provided that establishes the exact location of the proposed parking. Our final value estimate is based on the premise that the location of the parking will serve both properties and won't hinder development of the subject parcel. We reserve the right to revisit value conclusions depending on the final resolution, location and description of the proposed parking.

Highest and Best Use After the Acquisition – As we note earlier the building will be removed during the project. The highest and best use following acquisition is as commercial development ground. Alternatively, the subject could be assembled with nearby commercial or public uses to provide additional parking.

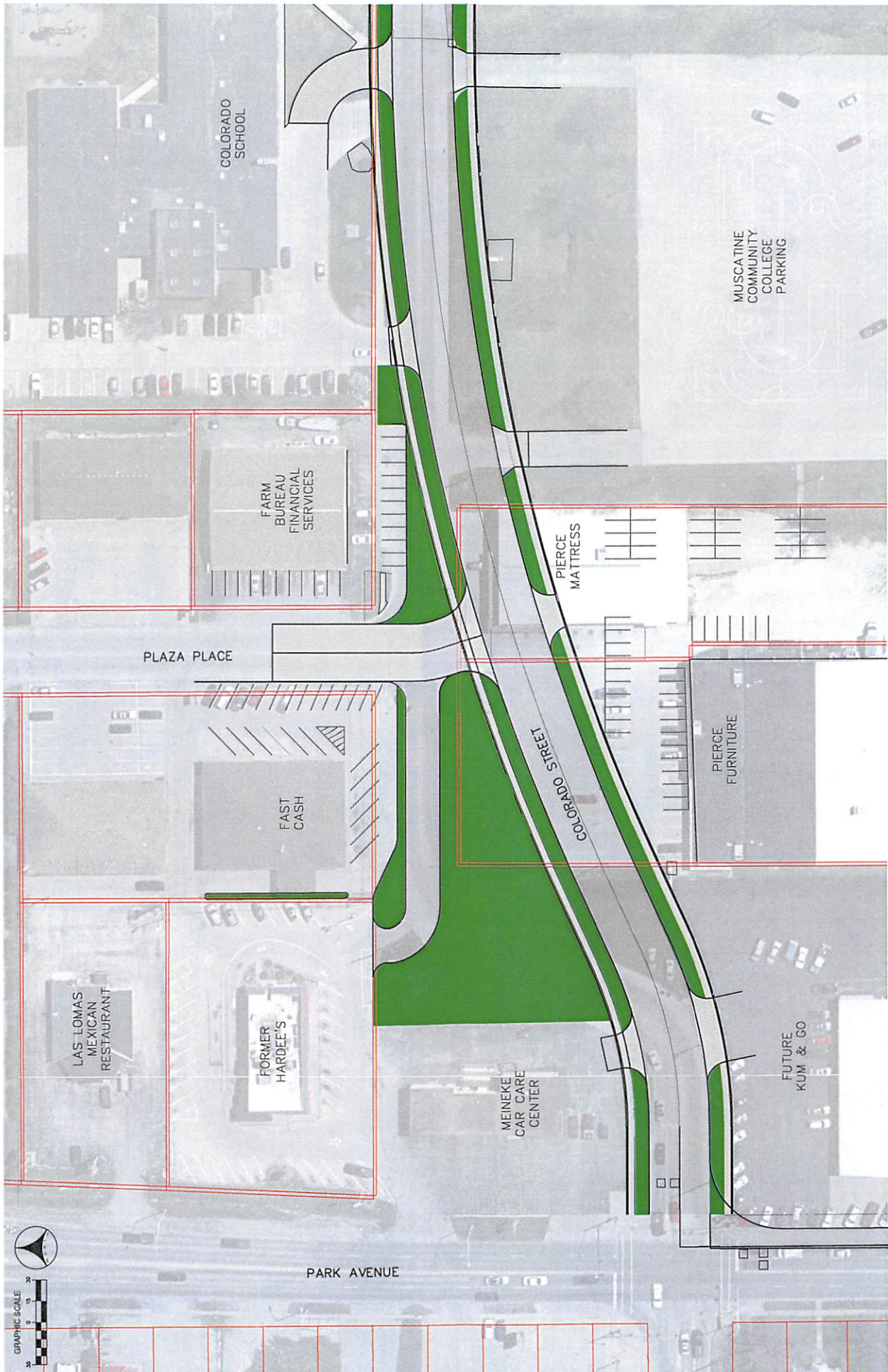
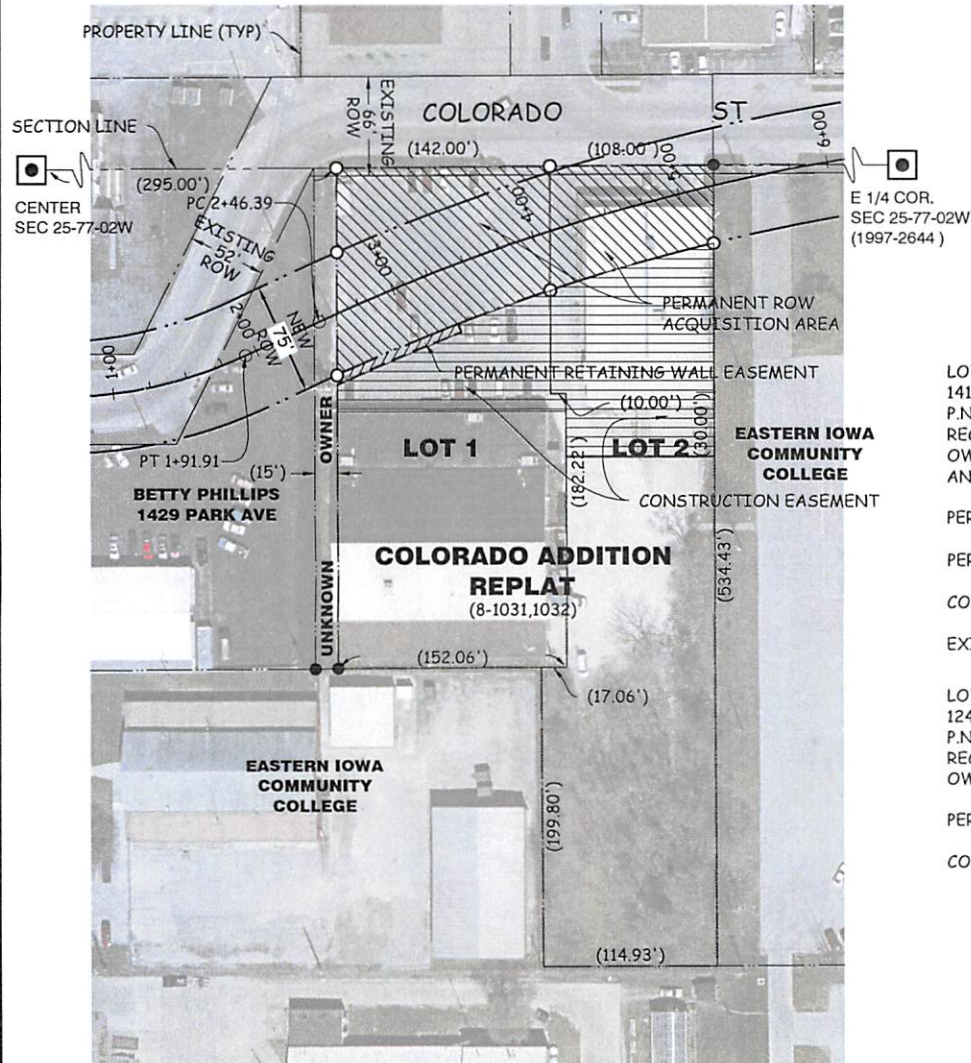


EXHIBIT "A"

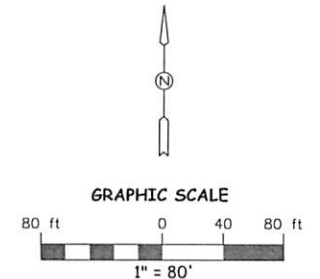


LOT 1
141 COLORADO ST
P.N. 0825401013
RECORD TITLE: (2005-00221)
OWNER: DAVID L. PIERCE, CAROL J. PIERCE
AND CURTIS P. PIERCE, LINDA L. PIERCE

PERMANENT ROW ACQUISITION:
AREA = 15,504 SF or 0.36 AC
PERMANENT RETAINING WALL EASEMENT:
AREA = 533 SF or 0.01 AC
CONSTRUCTION EASEMENT:
AREA = 7,208 SF or 0.17 AC
EXISTING PARKING STALLS: 47

LOT 2
124 COLORADO ST
P.N. 0825401014
RECORD TITLE: (2007-06615)
OWNER: DAVID L. PIERCE AND CURTIS P. PIERCE

PERMANENT ROW ACQUISITION:
AREA = 7,230 SF or 0.17 AC
CONSTRUCTION EASEMENT:
AREA = 13,337 SF or 0.31 AC



PLAT LEGEND

- SECTION CORNER FOUND
- SURVEY MARKER FOUND
- SET 1/2"x30" STEEL CAPIN #8295
- RECORDED DISTANCE
- or RECORDED BK-PG

Shoemaker & Haaland
Engineering • Landscape Architecture • Surveying
160 Holiday Road
Coralville, Iowa 52241
Phone: 319.351.7150

PRELIMINARY ACQUISITION PLAN

PIERCE PROPERTIES
124 & 141 COLORADO ST
MUSCATINE, IOWA

DWN.: CAL SURVEY DATE(S): -
CHK.: TJA PLAT DATE: 03/22/2012
SCALE: 1" = 80' REV. DATE: 04/25/2012
FIELD BK: -

SHPE JOB # 10015

SHEET 1 of 1

PRELIMINARY

Valuation of Subject Property after the Proposed Acquisition

In estimating the value of the subject property after the proposed acquisition, the Cost Approach is exclusively relied upon. This approach is most sensitive to relatively minor changes in the property. The development of the Sales Comparison and Income Approaches would not recognize the differences that result from the proposed acquisition of 7,230 square feet of right of way and the damages associated with the temporary easement.

The DOT Manual notes on page 33 that the Cost Approach is applicable when the proposed acquisition includes or affects only part of the improvements on a property. We would emphasize that at issue is the acquisition of 7,230 square feet together with damages attributable to the temporary construction easement. As we note earlier, as a result of the right of way acquisition, the existing building will be removed. It is our opinion that the Cost Approach is the most precise method of estimating just compensation.

Land Valuation after the Acquisition

As indicated previously, the highest and best use of the subject property after the acquisition of right of way is unchanged. However, the overall character of the land is diminished due to the acquisition. The north property boundary is irregular following acquisition and the buildable area of the subject site is reduced.

To determine the diminished value of the subject land after acquisition the same comparable sales have been used as in the before analysis. According to Iowa Law, just compensation is determined by evaluating the property just prior to the acquisitions and immediately after the acquisitions without giving any benefit or value increase that may result from the public improvements.

We would emphasize again that the adjustments are unchanged from the Land Valuation prior to the acquisition. However, the indicated per square foot value has been reduced to the low end of the range at \$4.25 per square foot. This reduced land value has been applied to the land area remaining following acquisition (68,477 SF).

Conclusion

The adjustments have been discussed previously and remain unchanged. Based on this analysis, the indicated value for the subject after the acquisition is \$4.25 per square foot or as follows:

68,477 SF @ \$4.25 per SF is:	\$291,027
Rounded to:	\$291,000

Cost Approach after the Acquisition

The Cost Approach after the acquisition is developed in the same manner as the Cost Approach prior to the acquisition. The primary changes will relate to the acquisition for right of way, compensation for the depreciated value of the building, removal of site improvements and lower land value on the remaining land.

Replacement Cost

The value of the improvements is added to the value of the land to determine the final estimate of market value. As the building and site improvements will be removed during construction, there is no reason to reconstruct the entire Cost Approach. Following Acquisition, only the land value will remain.

This information is summarized below.

Site Component	Cost New	Depreciation Percentage	Depreciation Dollar Value	Cost Depreciated
Building: retail/warehouse	\$558,731	100.00%	\$558,731	\$0
Site Improvements	\$12,600	100.00%	\$12,600	\$0
Canopy/loading well	\$39,000	100.00%	\$39,000	\$0
Land	\$291,000			\$291,000
Subtotal	\$901,331			\$291,000
Rounded	\$901,000			\$291,000

Based on this analysis, the indicated value of the subject, after the proposed acquisition, is:

Two Hundred Ninety One Thousand Dollars
(\$291,000)

Analysis of Damages Pertaining to Temporary Easements

Damages resulting from temporary easement for construction need to be treated separately. The total area of the temporary easement is 13,337 square feet. During the construction process the owner will not have full use of the temporary easement area.

A common method to assess these damages is to consider one year's land use worth ten percent of the full market value for the land area affected. This is commonly used for land leases. In effect, the landowner takes the position that just as any capital good earns income either through appreciation or cash flow, so if the land were purchased the owner could expect to receive ten percent annual return on the resulting cash value.

No specific time line has been issued regarding the individual properties. It is not clear when, over the construction period, the actual construction in front of the subject property will occur. It is reasonable to compensate for a one-year construction period.

Damages resulting from the temporary construction easement are as follows:

13,337 SF @ \$4.50/square foot x 10% (land rent rate) x 1 year = \$6,001
Rounded to: \$6,000

Other damages

As we discussed earlier, project plans suggest 34 parking spaces may be developed on the subject site following acquisition. The parking is proposed to offset the loss of parking on the adjacent property. We believe developing a portion of the subject with parking is similar to imposing a permanent easement. The parking will reduce the owners' functional utility of the area. We estimate the area impacted by the proposed parking contains 15,120 square feet.

Unlike road right of way easements some utility will remain with the property following completion of parking. We believe it is reasonable to compensate at 40% of full fee value for the area proposed for parking.

15,120 SF permanent easement x \$4.50/square foot x 40% = \$27,200

Note: No final plat was provided that establishes the exact location of the proposed parking. Our final value estimate is based on the premise that the location of the parking will serve both properties and won't hinder development of the subject parcel. We reserve the right to revisit value conclusions depending on the final resolution, location and description of the proposed parking.

There are no other damages.

Conclusion

This final adjustment reflecting the cost to cure the effects of the temporary easement reduces the subject value from \$291,000 to \$257,800 (\$291,000 - \$33,200 = \$257,800).

Estimated Value after the Acquisition is:

Two Hundred Fifty Eight Thousand Dollars
\$258,000

This value will be used to determine a value for the subject as a whole, after the acquisition. We have rounded to the nearest \$1,000, which is not an indication of the accuracy of the approach, but given the premise to conclude a loss in value as precise as possible provides more specific evidence of the impact of the acquisition.

Reconciliation and Final Estimate of Value

Total compensation can be summarized as follows:

Value prior to the Acquisition	\$548,000
Value after the Acquisition	<u>\$258,000</u>
Just Compensation	\$290,000

The DOT Manual notes on page 33 that the Cost Approach is applicable when the proposed acquisition includes or affects only part of the improvements on a property. We would emphasize that at issue is compensation for damages associated with permanent right of way of 7,230 square feet, together with a temporary easement containing 13,337 square feet and diminished value of the remaining land.

Other Damages: We concluded that the proposal to establish parking spaces on the subject is similar to a permanent easement. We included compensation related to the impact of the proposed parking area that is intended to serve the adjacent property.

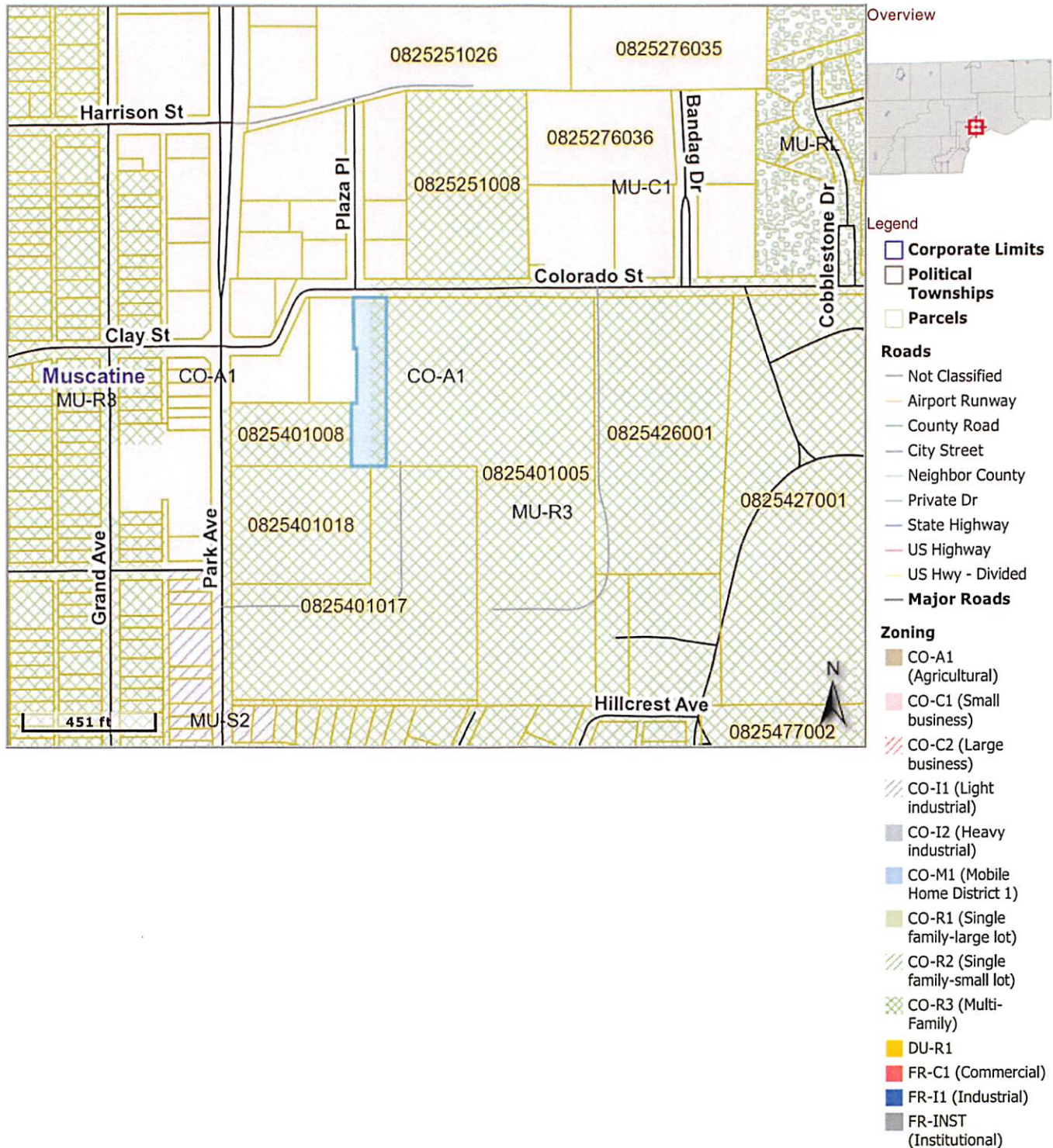
Note: No final plat was provided that establishes the exact location of the proposed parking. Our final value estimate is based on the premise that the location of the parking benefits both properties and won't hinder development of the subject parcel. We reserve the right to revisit value conclusions depending on the final resolution, location and description of the proposed parking.

Muscatine Area Geographic Information Consortium (MAGIC)



Zoning Map

Date Created: 3/5/2012



-  FR-MIXED
-  FR-PARK
-  FR-R1 (Single-family residential)
-  FR-R2
-  MU-A (Clinic as conditional use)
-  MU-AG (Agricultural)
-  MU-AP (Airport)
-  MU-C1 (Neighborhood & general commercial)
-  MU-C2 (Central commercial)
-  MU-C3 (Planned commercial)
-  MU-M1 (Light industrial)
-  MU-M2 (Heavy industrial)
-  MU-R1 (Single-family residential)
-  MU-R2 (Single-family residential)
-  MU-R3 (Single-family residential)
-  MU-R4 (Two-family residential)
-  MU-R5 (Multi-family residential)
-  MU-R6 (Multi-family residential)
-  MU-RL (Large-scale residential development)
-  MU-S1 (Special development)
-  MU-S2 (Institutional office)
-  MU-S3 (Mixed use development)
-  WI-A1 (Suburban ag)
-  WI-C1 (Highway commercial)
-  WI-C2 (Central commercial)
-  WI-M1 (Light manufacturing)
-  WI-M2 (Heavy manufacturing)
-  WI-R1 (Single-family residential)
-  WI-R2 (Mixed family residential)
-  WI-R3 (Mobile home district)
-  WL-A1 (Ag)
-  WL-C1 (Highway commercial)
-  WL-C2 (General retail)

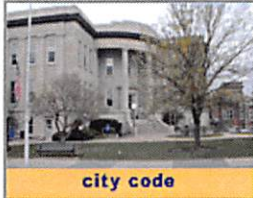
- /// WL-M1 (Light industrial)
- WL-M2 (Heavy industrial)
- WL-R1 (Single-family residential)
- /// WL-R2 (Mixed residential)
- /// WL-R3 (Mixed residential)

Parcel ID	0825401014	Alternate ID	n/a	Owner Address	PIERCE DAVID L
Sec/Twp/Rng	25-77-2	Class	C - COMMERCIAL		PIERCE CURTIS P
Property Address	124 COLORADO ST MUSCATINE	Acreage	n/a		141 COLORADO ST MUSCATINE IA 52761
District	MCMUU - MUSCATINE CITY/MUSCATINE SCH/MUSCATINE FIRE				
Brief Tax Description	LOT 2 COLORADO ADD REPLAT 8 PL 1031 & 1032				
	(Note: Not to be used on legal documents)				

Last Data Upload: 3/3/2012 12:39:48 AM



city code

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CITY CODE >> TITLE 10. - ZONING >> C-1 NEIGHBORHOOD AND GENERAL COMMERCIAL DISTRICT

SECTIONS:

[10-11-1 Permissive Uses](#)
[10-11-2 Conditional Uses](#)
[10-11-3 Height, Area, and Off-Street Parking Requirements](#)
[10-11-4 Site Plan Review](#)

Title 10. - Zoning

[Zoning Purposes](#)
[Zoning District; Map](#)
[AG Agricultural District](#)
[FP Flood Plain District](#)
[FC Flood Channel \(Floodway\) District](#)
[R-1, R-2 and R-3 Residential districts](#)
[R-4 Residential District](#)
[R-5 Residential District](#)
[R-6 Residential District](#)
[R-1 Large Scale Residential Development District](#)
[C-1 Neighborhood and General Commercial District](#)
[C-2 Central Commercial District](#)
[C-3 Planned Commercial District](#)
[M-1 Light Industrial District](#)
[M-2 General Industrial District](#)
[S-1 Special Development District](#)
[S-2 Institutional - Office District](#)
[S-3 Large Scale Mixed Use Development \(MXD\) District](#)
[A-P Airport District](#)
[Other Use Regulations](#)
[Additional Height, Yard and Density Regulations](#)
[Additional Off-Street Parking and Loading Regulations](#)
[Administration](#)
[Definitions](#)

10-11-1 [Permissive Uses.](#)

- A. Any retail business establishment such as Large Scale Retail Development; appliance store; auto accessory store; bakery with baking limited to goods for retail sale on the premises; book or stationery store; restaurant, cafeteria, bar, or tavern, but not drive-in establishments; camera or photographic supply shop; candy or ice cream store; delicatessen; drug store; fabric shop; floor covering store; florist shop; furniture store, including incidental upholstery; gift shop; grocery store; haberdashery or women's ready-to-wear store; tire sales and service; hardware or paint store; variety store; and other uses of a similar character, except there shall be no slaughtering of animals or poultry nor commercial fish cleaning and processing on the premises.
- B. Personal service uses such as a bank or other financial enterprise; barber or beauty shop; business or professional office; funeral home; theater, but not drive-in theater; photographic or art studio; laundry or dry cleaning receiving station; self-service laundry or cleaning establishment; messenger, taxicab, newspaper, or telegraphic branch station; medical or dental clinic, but not animal clinic; dressmaking; tailoring; shoe repair; repair of household appliances and bicycles; catering; and other uses of a similar character.
- C. General service and repair establishments, such as plumbing and heating; printing and painting; and upholstery.
- D. Residence when located on the second story of a building or above.
- E. Place of worship and religious, education, instructional, and institutional service.
- F. Office or office building.
- G. Indoor recreation facility.
- H. Public park or playground.
- I. Bus terminal.
- J. Private club, fraternity, sorority, or lodge.

10-11-2 [Conditional Uses.](#)

- A. Automobile service station or automobile repair shop.
- B. Drive-in establishments, including drive-in restaurants and drive-in theaters.
- C. Used car sales.
- D. Farm store or feed store, including accessory storage of liquid or solid fertilizer.
- E. Electrical distribution substation, pipeline pumping station, or water tower.
- F. Hotel or motel.
- G. Mobile home, boat, or farm implement sales.
- H. Veterinarian clinic, animal hospital, or kennel.
- I. Any other use that is determined by the Zoning Board of Adjustment to be of the same general character as the foregoing permissive uses, in accordance with Section [10-22-1](#) of this City Code.

10-11-3 [Height, Area, and Off-Street Parking Requirements.](#)

A. The limits in feet are as follows:

Maximum <u>Height</u>	<u>Minimum Yards</u>			<u>Minimum Frontage</u>
	<u>Front</u>	<u>Side</u>	<u>Rear</u>	
45	20	6	20	None

B. The limits in square feet are as follows:

<u>Minimum Lot Area</u>	<u>Minimum Lot Area Per Family</u>		
	<u>Single</u>	<u>Two</u>	<u>Multiple</u>
None	N/A	N/A	1,000

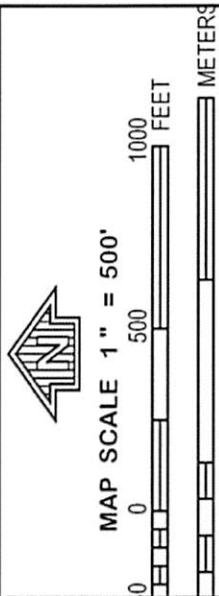
C. The minimum off-street parking spaces are as follows:

1. Restaurants and drive-in restaurants: One (1) per one hundred (100) square feet of floor area.
2. Retail food stores over four thousand (4,000) square feet: One (1) per two hundred (200) square feet of floor area.
3. Residence on second story of building: One (1) per full bath.
4. Place of worship: One (1) per four (4) seats in main room.
5. Community center, library, museum, or similar public or semi-public building: One (1) per every three hundred (300) square feet in building.
6. All other non-residential buildings: One (1) every three hundred (300) square feet.
7. In Large Scale Retail Development, shared parking is permitted. The assignment of the same parking spaces to two or more different uses with off peak parking needs would satisfy the minimum off-street parking space requirement. Example, retail shopping and cinemas meet the off peak parking needs. The property owner shall present the proposed shared parking plan to the Site Plan Review Committee for review and approval.

10-11-4 Site Plan Review. Refer to Section [10-2-7\(I\)](#).

Back

Next



NFIP

PANEL 0184C

FIRM

FLOOD INSURANCE RATE MAP
MUSCATINE COUNTY,
IOWA

AND INCORPORATED AREAS

PANEL 184 OF 325

(SEE MAP INDEX FOR FIRM PANEL LAYOUT)

CONTAINS:	COMMUNITY	NUMBER	PANEL	SUFFIX
	MUSCATINE CITY OF	190213	0184	C
	MUSCATINE COUNTY	190336	0184	C

Notice to User: The Map Number shown below should be used
map orders. The Community Number shown
above should be used on insurance applications for the subject
community.



MAP NUMBER
19139C0184C

EFFECTIVE DATE
JULY 18, 2011

Federal Emergency Management Agency

This is an official copy of a portion of the above referenced flood map. It
was extracted using F-MIT On-Line. This map does not reflect changes
or amendments which may have been made subsequent to the date on the
title block. For the latest product information about National Flood Insurance
Program flood maps check the FEMA Flood Map Store at www.msc.fema.gov

Assumptions and Limiting Conditions

General Conditions

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

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

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

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

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

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

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

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

This appraisal is FIRREA complying. Neither my engagement to make this appraisal (or any future appraisals for this client), nor any compensation therefore, are contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

Hazardous Material

Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field if desired.

For Court or Hearing Testimony

Testimony or attendance in court or at any other hearing is not required by reason of rendering this appraisal unless such arrangements are made a reasonable time in advance.

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

For Title Report Nonavailability

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

For Questionable Soil or Geologic Conditions

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

For Improved Property

The appraiser has personally inspected the subject property and finds no obvious evidence of structural, mechanical, or roof deficiencies, except as stated in this report; however, no responsibility for hidden defects or conformity to specific governmental requirements, such as fire, building and safety, earthquake, or occupancy codes, can be assumed without provision of specific professional or governmental inspections.

Because no termite inspection report was available, the appraiser assumes no evidence of termite damage or infestation unless so stated.

No consideration has been given in this appraisal to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.

For Proposed Construction

The plans and specifications furnished by the client and builder are assumed to show the intent of the builder, but the appraiser assumes no responsibility for their correctness or for undisclosed modifications.

Plans and Specifications

This appraisal report is based in part on plans, specifications, and documentation provided to the appraiser. The general plans and specifications are considered to be a part of this real estate appraisal report. The appraiser is assuming that the project will be constructed in a professional workmanlike manner in accordance with the general specifications provided. Any significant deviation from the plans and specifications is considered to invalidate this appraisal report. Also, the proposed project is to be built in accordance with the minimum building standards or code of the applicable jurisdiction in which the subject property is to be constructed.

City of Muscatine

Assumptions and Limiting Conditions

1. The photographs contained in the individual appraisal reports were taken by the appraiser on the date the property was inspected. Any photos taken on a different date or by another person will be appropriately labeled.
2. The title to the property is good and merchantable, free and clear of all liens and, there are no encumbrances other than those mentioned in the appraisal.
3. The plans, plats, legal descriptions and other data furnished by others are assumed to be correct and reliable but the appraiser assumes no responsibility for their accuracy.
4. The individual appraisals are made in accord with the Code of Iowa and do not reflect any benefit from the proposed improvement or non-compensable items of damage.
5. Any temporary easement area acquired will be retained by the city until completion of project construction and will be returned in the condition indicated by the project plans.
6. The existing drainage will not be adversely affected by highway construction unless otherwise specified in the data furnished and the tile lines on the remaining property will function properly after construction is completed.
7. The property is appraised as though under responsible ownership and typical management.
8. The property owner will be paid separately for the cost of fencing the new right of way line, if such fencing is needed, in those cases where the state does not erect a right of way fence. The property owner has a right to pasture livestock adjacent to any state erected fence but must assume all responsibility for restraint of such livestock. Any effect on fencing other than right of way fence or temporary fences will be considered in the individual appraisal reports.
9. The property owner or lessee will be paid separately for loss, if any, ground crops or completed fieldwork.
10. The City of Muscatine may use any or all of the contents of the appraisal reports only for its normal business functions.

Qualifications of the Appraiser

Cook Appraisal, LLC. - Commercial Valuation Research Group
1580 Mall Drive
Iowa City, Iowa 52240
Telephone (319) 351-2044 / FAX (319) 351-0563

Steven L. Droll
General Partner

Education

University of Iowa, B.S. Psychology, 1979.

Appraisal Institute courses:

Appraisal Principles
Basic Valuation Procedures

Lincoln Graduate Center courses:

Principles of Real Estate Appraisal
National USPAP
Appraisal of Residential Property
Practice of Real Estate Appraisal
Writing the Narrative Appraisal
Income Capitalization
Review Appraisals
Yield Capitalization of Income Property

International Right of Way Association courses:

Understanding Project Plans
Scope of Services

Experience

Commercial and residential fee appraiser, *Cook Appraisal, LC. December 1, 1999*, to the present
(name changed from *East Iowa Commercial Real Estate Appraisers-business established January 1, 1995*)

Licensed Real Estate Agent, Iowa Realty, Iowa City, January 1997 to December 1999

Licensed Real Estate Agent, ERA-Watts/Houser Realty, Iowa City, June, 1986 to January 1997

Assistant Manager-Mortgage/Consumer Loan Administrator, MidAmerica Savings Bank, Iowa City, September 1983 to June 1986

Branch Manager & Regional Mortgage Loan Administrator, Midland Financial Savings Bank, Maquoketa, June 1979 to September, 1983

Cook Appraisal, LLC. Commercial Valuation Research Group

Representative Projects

- ♦ Apartment Complexes - projected and existing, 12 units to 100 units
- ♦ Office Buildings and Condominiums
- ♦ Retail Buildings – projected and existing
- ♦ Convenience Stores-analysis and valuation
- ♦ Warehouse and Industrial Space-proposed and existing
- ♦ Condemnation Work - including road widening and extension, sanitary sewer extension and public acquisition
- ♦ Single-family and multi-family residential properties, including residential income property valuation and analysis
- ♦ Consulting work for not-for-profit agencies, including United Action for Youth and Goodwill Industries

Professional Activities

Johnson County Recorders Office Study Review Committee 1999

Served on the Iowa City Comprehensive Plan Update-1997 in the area of Urban Planning and Land Use

Member-Local Governmental Affairs Subcommittee-Iowa City Area chamber of Commerce

Member-International Right of Way Association (current)

Certification and Licenses held

Licensed real estate salesperson with the State of Iowa since 1983

Certified General Real Property Appraiser-January 2008, State of Iowa #CG-02562

Cook Appraisal, LLC. - Commercial Valuation Research Group

12/2011

Qualifications of the Appraiser

Cook Appraisal, LLC - Commercial Valuation Research Group
1580 Mall Drive
Iowa City, Iowa 52240
Telephone (319) 351-2044 / FAX (319) 351-0563

Kyran J. Cook, MAI, M.A.

Education

Oberlin College, B.A. Economics, 1974.

University Of Iowa, M.A. Urban and Regional Planning, 1993.

Appraisal Institute courses:

- Appraisal Principles
- Basic Valuation Procedures
- Capitalization Theory & Techniques A
- Capitalization Theory & Techniques B
- Standards of Professional Practice
- Case Studies in Real Estate Valuation
- Valuation Analysis & Report Writing
- Comprehensive Examination
- Standards of Professional Practice and Ethics-Parts A and B, December 2000.

Feasibility Analysis Seminar sponsored by the Society of Real Estate Appraisers.

Experience

Commercial fee appraiser and owner, *Cook Appraisal, LLC* to the present (name changed from *East Iowa Commercial Real Estate Appraisers-business established January 1, 1995*)

Commercial fee appraiser, Carlson, McClure, & McWilliams, Inc., January 1988, to December 31, 1994

Commercial fee appraiser, Appraisal Associates, Cedar Rapids, September 1985, to December 1987

Commercial fee appraiser, Shannon and Associates, March 1982, to September 1985

Licensed realtor and broker, Kichgessner Realty, November 1976, to November 1982

Cook Appraisal, LLC - Commercial Valuation Research Group

Representative Projects

- ♦ Condemnation Work - including road widening, gas pipelines, storm drainage improvements and aviation easements
- ♦ Subdivision Analysis and Valuation - both single family and mixed use
- ♦ Apartment Complexes - proposed and existing, 12 units to 345 units
- ♦ Office Buildings, Medical Buildings, and Condominiums
- ♦ Retail Buildings - proposed, existing, and historical
- ♦ Shopping Centers, Strip Malls, and Factory Outlet Malls
- ♦ Warehouse and Industrial Space
- ♦ Public Buildings - including courthouses, correctional facilities, administration buildings, and senior centers
- ♦ Special Use Properties - including fast food restaurants, auto dealerships, carwashes, golf courses, fraternity houses, churches, day care centers, and multi-tiered nursing and retirement centers
- ♦ Legal work - numerous testimonies as an expert witness before Condemnation Commissions, Assessment Board of Reviews, and District Court in Iowa

Professional Activities

Member of the Appraisal Institute, designated MAI member, President 2001 Iowa Chapter

Served on the Iowa City Planning and Zoning Commission from January 1988, to September 1993

President and Co-founder of the Friends of the Iowa River Scenic Trail, a non-profit citizens group dedicated to the creation and extension of greenway trail systems throughout Iowa City