Form 633501

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-141

Appraiser	Value Before	Value After	Compensation
1. Cronk/Droll	$ 857,000	$ 700,000	$ 157,000
2.	$	$	$

Recommended just compensation and allocation among interests:

Owner: David and Curtis Pierce $ 157,000

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: Douglas J. Hattery

Date of Signature: May 3, 2012

Form 633502

CERTIFICATION OF REVIEW APPRAISER

County: Muscatine　　Project: Colorado Street　　Parcel #: Pierce-141

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

Douglas J. Hattery, Review Appraiser

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

2012088

A Detailed Before and After Appraisal Report for
Right of Way and a Temporary Construction Easement on the
David, Carol, Curtis and Linda Pierce Property
141 Colorado St.
Muscatine, Iowa

As of
April 13, 2012

Prepared for

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

Colorado Street Improvement Project
City of Muscatine

Prepared by

Steven L. Droll

And

Dennis G. Cronk

Cook Appraisal, LLC
1580 Mall Drive
Iowa City, Iowa 52240

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 Furniture) located at 141 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 a permanent right of way acquisition of 15,504 square feet, a permanent retaining wall easement containing 533 square feet and a temporary construction easement containing 7,208 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 1.14 acres (49,789 SF) in a single tax parcel. The subject property parcel is identified by the City of Muscatine County Assessor as follows:

Parcel #0825401013	
Land Value:	$117,870
Building Value:	$329,560
Total Value:	$447,430

Annual Property Taxes: $18,186 (1st ½ has been paid)

The function of this appraisal is to assist in negotiations concerning the just compensation attributable to permanent right of way easement (15,504 SF), a permanent retaining wall easement (533 SF) and a temporary construction easement (7,208 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 subject parking area.

1580 MALL DRIVE ◆ IOWA CITY, IOWA 52240
319/351-2044 ◆ FAX 351-0563 ◆ E-MAIL COOKAPPR@COOK-APPRAISAL.COM

We have included compensation for the reduced functional utility of the building associated with the change in parking and for damages associated with the loss of site improvements. We have also included compensation for reduced value of the land and for the reduction in the size of the site.

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:

Eight Hundred Fifty Seven Thousand Dollars
($857,000)

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

Seven Hundred Thousand Dollars
($700,000)

The total estimate of just compensation is:

One Hundred Fifty Seven Thousand Dollars
($157,000)

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 and the City of Muscatine or such governmental body as they designate. The appraisal 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 A & R Land Services, Inc. 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.

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

Steven L. Droll
Certified General Real Property Appraiser CG02562

Dennis G. Cronk
Review Appraiser

SLD/skk - 2012088

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Addendum

Eminent Domain Detailed Narrative Report

Permanent Easement Acquisition

Parcel Pierce property-Lot 1 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 141 Colorado Street, Muscatine, Iowa 52761

This property is described as:

Lot 1, of Colorado Addition Replat in the City of Muscatine, Muscatine County, Iowa.

This property consists of 49,789 taxable square feet before the acquisition and 33,752 taxable square feet will remain after the acquisition. The land to be acquired for road realignment purposes consists of 15,504 square feet right of way for permanent easement.

There is also 533 square feet for a retaining wall easement and a proposed temporary construction easement containing 7,208 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:	$ 857,000
Value of the remaining property after acquisition is:	$ 700,000
The estimate of just compensation* is:	$ 157,000

Date of Valuation April 13, 2012

Signed ____________________
Appraiser

Signed ____________________
Review Appraiser

CERTIFICATION OF APPRAISER

Parcel Pierce Property-Lot 1 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 **A & R Land Services** and 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 $ 157,000.

Date of Signature 5/7/12

Signature [signature]
Appraiser

CERTIFICATION OF APPRAISER

Parcel Pierce Property-Lot 1 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 **A & R Land Services** and 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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- 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 $157,000.

Date of Signature 5/7/12 Signature [signature]
Appraiser

Project No. Colorado St. Realignment
Parcel Pierce Property-141 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

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

Grantor	Grantee	Type of Inst.	Date of Instr.	Book	Page	Sales Price

There has been no transfer of title involving the subject within the past five years.

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 563-263-8873

Steve Droll personally inspected the subject property on April 13, 2012. Met with Dave and Curtis Pierce and discussed the project. Dave Pierce accompanied me during the inspection.

Photographs of the Subject Property

Front of the building, looking southwesterly

East building elevation

Photographs of the Subject Property

Pole sign adjacent to the NW corner of the building

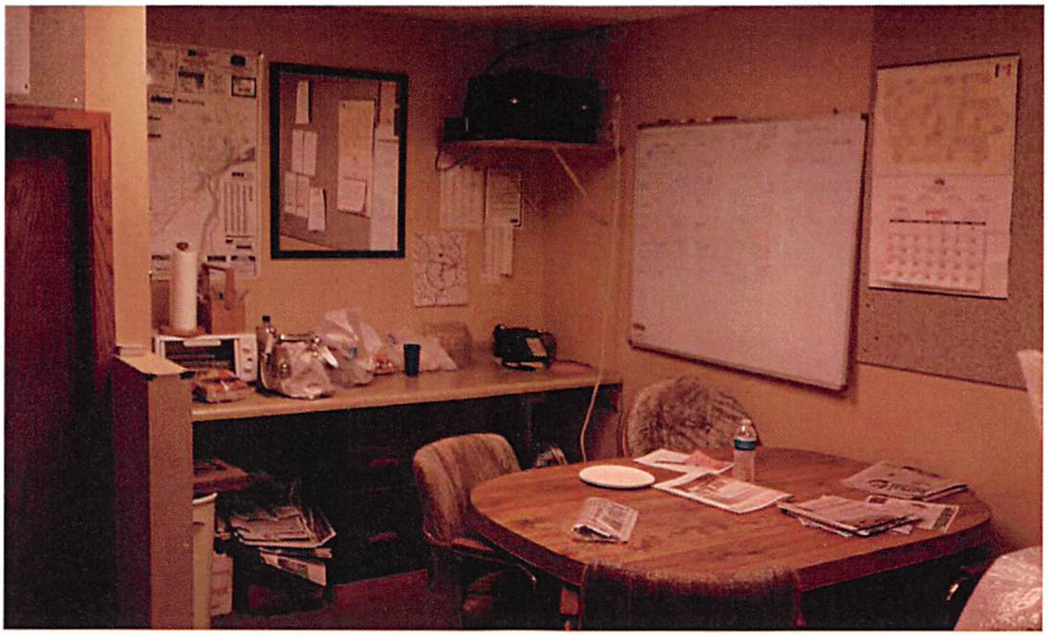
West building elevation

Photographs of the Subject Property

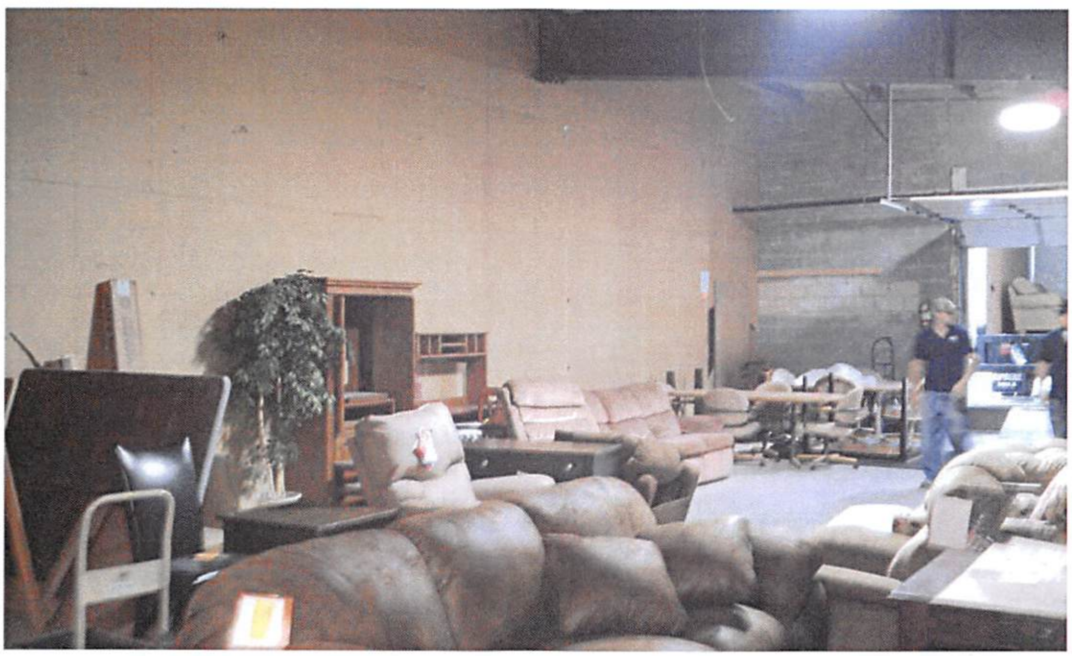
Typical: interior

Customer service area-office area

Photographs of the Subject Property



Break room nearby office



Interior: warehouse area

Photographs of the Subject Property

Electrical

Parking area north of the building

Project Overview

It is the intention of the City of Muscatine to realign Colorado Street to the east. 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 1, Colorado Addition Replat in the City of Muscatine, Muscatine County, Iowa.

Ownership History

Current property owners are: David, Carol, Curtis and Linda Pierce. A deed given in fulfillment of a prior contract was recorded December 28, 2004.

Current Listings/Offers

None

Assessed Valuation (2011)

Parcel #0825401013	
Land Value:	$117,870
Building Value:	$329,560
Total Value:	$447,430

Annual Property Taxes: $18,186 (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 the inspection

Scope of the Appraisal

The appraisal reflects a before and after value for the entire 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 given primary emphasis. We have concluded 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 just compensation for right of way, a permanent retaining wall easement 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 its assigns 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 eliminates a number of parking spaces adjacent to the building to the north and proposes to relocate 34 parking spaces to the east side of the building (on the adjacent property). This reconfiguration of parking impacts the overall functional utility of the building. Prior to the acquisition, all parking is adjacent to the building to the north. The building is configured to accommodate customers entering the building from this area, with the entry vestibule near the center of the north building facade. Following acquisition approximately 16 spaces will remain north of the building, with 34 spaces proposed east of the building on the adjacent property (124 Colorado Street). Relocating parking spaces to the east will likely result in a need to reconfigure/relocate the front entrance to accommodate customer access from the east side of the building. Compensation has been included for the reduced functional utility of the building improvements as a result of the reconfiguration of the parking. A comprehensive narrative before and after appraisal is the appropriate appraisal format to measure just compensation attributable to the acquisitions.

Note: We included compensation (as a permanent easement) for the parking proposed on the adjacent parcel in a separate appraisal completed for 124 Colorado Street.

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 Permanent Easement Acquisitions:
- 49,789 square feet

After Permanent Easement Acquisitions:
- 33,752 square feet

Zoning - C1-Neighborhood Commercial

Flood Plain Influence - NA

Highest and Best Use - Commercial development

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 22,800 square feet. The original building, containing 19,300 square feet was constructed in 1961 and was originally a bowling alley. It was converted to its current use over time. The original portion of the building is the showroom/retail area and an adjoining area of warehouse. The remaining 3,500 square feet is entirely warehouse and was constructed in 1979.

Summary of Acquisitions and Compensation

Permanent Right of Way Easement - 15,504 square feet
Permanent Retaining Wall Easement - 533 square feet

Temporary Construction Easement - 7,208 Square feet

Additional Damages - The proposed right of way easement travels through the northwest corner of the subject parking lot. The acquisition will eliminate many parking spaces north of the building. 34 new spaces will be created east of the building on the adjacent property.

Reconfiguring parking in this manner will reduce the functional utility of the building, as it is currently configured to receive customers from the front, adjacent to the north parking area.

Compensation has been included for the reduced functional utility of the building along with diminished value of the reduced size of the site following acquisition. Additional compensation was included for the depreciated value of the concrete paving in the proposed right of way.

Note: Compensation (as a permanent easement) was included in a separate appraisal completed for 124 Colorado Street.

Fee Simple Value before the acquisition	\$857,000
Fee Simple Value after the acquisition	\$700,000
Estimate of Just Compensation	\$157,000

Project Overview

The City of Muscatine is seeking to acquire an irregular shaped area of land for permanent right of way easement and retaining wall easement. The acquisitions are related to the Colorado Street re-alignment. There is also an irregular-shaped parcel adjacent to the permanent easement that is proposed for a temporary construction easement.

The project, which is expected to be completed during the 2013 construction season, will 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		
School Year Beginning		
1999-00	5,318	
2000-01	5,380	1.17%
2001-02	5,390	0.19%
2002-03	5,388	-0.04%
2003-04	5,174	-3.97%
2004-05	5,323	2.88%
2005-06	5,259	-1.20%
2006-07	5,305	0.87%
2007-08	5,298	-0.13%
2008-09	5,269	-0.55%
2009-10	5,395	2.38%
2010-11	5,293	-1.89%
2011-12	5,249	-0.82%
Estimated		
2012-13	5230	-0.36%
2013-14	5,232	0.04%
2014-15	5,253	0.40%
% Change 1999 - 2005		-1.12%
% Change 2006 - 2011		-1.07%

Iowa Department of Education

Louisa-Muscatine		
School Year Beginning		
1999-00	1,000	
2000-01	964	-3.60%
2001-02	930	-3.53%
2002-03	941	1.18%
2003-04	966	2.66%
2004-05	941	-2.59%
2005-06	949	0.85%
2006-07	934	-1.58%
2007-08	937	0.32%
2008-09	892	-4.80%
2009-10	805	-9.71%
2010-11	785	-2.58%
2011-12	760	-3.14%
Estimated		
2012-13	744	-2.11%
2013-14	729	-2.02%
2014-15	701	-3.84%
% Change 1999 - 2005		-5.37%
% Change 2006 - 2011		-22.89%

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	2002	2003	2004	2005	2006	2007	2008	2009	2010	2006-2010	Annualized last 5 yrs
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	86,576	96,508	90,109	90,831	84,418	105,092	85,338	87,697	84,563	83,253	84,551
(Waukon)	-3.09%	11.47%	-6.63%	0.80%	-7.06%	24.49%	-18.80%	2.76%	-3.57%	-1.55%	1.56%
Benton	125,181	157,154	191,407	149,941	119,066	108,851	109,706	116,516	122,303	116,506	114,707
(Vinton)	8.01%	25.54%	21.80%	-21.66%	-20.59%	-8.58%	0.79%	6.21%	4.97%	-4.74%	-1.54%
Blackhawk	1,369,668	1,361,679	1,381,818	1,431,147	1,477,876	1,528,291	1,573,506	1,651,477	1,736,707	1,683,237	1,710,561
(Waterloo)	3.67%	-0.58%	1.48%	3.57%	3.27%	3.41%	2.96%	4.96%	5.16%	-3.08%	1.62%
Bremer	141,129	142,833	143,725	145,331	141,726	142,696	155,593	162,833	175,274	168,007	171,703
(Waverly)	2.37%	1.21%	0.62%	1.12%	-2.48%	0.68%	9.04%	4.65%	7.64%	-4.15%	2.20%
Cedar	77,753	78,751	81,346	78,561	81,538	81,392	85,015	86,469	89,755	87,827	89,131
(Tipton)	1.35%	1.28%	3.30%	-3.42%	3.79%	-0.18%	4.45%	1.71%	3.80%	-2.15%	1.48%
Clinton	403,810	385,226	383,598	386,769	404,616	472,977	494,700	522,201	504,336	475,987	462,113
(Clinton)	11.50%	-4.60%	-0.42%	0.83%	4.61%	16.90%	4.59%	5.56%	-3.42%	-5.62%	-2.91%
Delaware	102,902	101,011	99,142	99,706	97,771	97,621	102,629	109,893	114,367	109,939	110,282
(Manchester)	4.17%	-1.84%	-1.85%	0.57%	-1.94%	-0.15%	5.13%	7.08%	4.07%	-3.87%	0.31%
Dickinson	217,392	218,974	229,435	225,727	233,066	243,906	250,902	258,438	249,589	241,921	247,236
(Milford)	4.61%	0.72%	4.56%	-1.64%	3.15%	4.44%	2.79%	2.92%	-3.55%	-3.17%	2.20%
Dubuque	944,244	946,236	959,935	993,191	1,035,094	1,086,906	1,109,417	1,132,135	1,105,825	1,113,590	1,162,499
(Dubuque)	2.20%	0.21%	1.45%	3.46%	4.22%	5.01%	2.07%	2.05%	-2.32%	0.70%	4.39%
Henry	127,602	130,854	126,057	129,740	143,287	138,733	148,606	160,819	157,653	152,158	156,644
(Mt. Pleasant)	3.01%	2.55%	-3.67%	2.92%	10.44%	-3.18%	7.12%	8.22%	-1.97%	-3.49%	2.95%
Jackson	108,543	106,545	104,258	102,650	102,522	103,249	109,023	111,232	115,487	113,993	115,120
(Maquoketa)	4.60%	-1.84%	-2.15%	-1.54%	-0.12%	0.71%	5.59%	2.03%	3.83%	-1.29%	0.99%
Jefferson	144,410	138,180	146,772	160,358	168,636	162,212	172,876	170,209	162,098	144,855	140,902
(Fairfield)	1.93%	-4.31%	6.22%	9.26%	5.16%	-3.81%	6.57%	-1.54%	-4.77%	-10.64%	-2.73%
Johnson	1,264,827	1,275,763	1,307,586	1,445,692	1,486,208	1,547,811	1,621,152	1,692,334	1,725,365	1,538,476	1,587,452
(Iowa City)	5.20%	0.86%	2.49%	10.56%	2.80%	4.14%	4.74%	4.39%	1.95%	-10.83%	3.18%
Keokuk	32,944	33,892	32,060	32,352	32,380	31,448	33,099	34,708	35,501	35,790	38,353
(Sigourney)	8.82%	2.88%	-5.41%	0.91%	0.09%	-2.88%	5.25%	4.86%	2.28%	0.81%	7.16%
Linn	2,789,528	2,721,092	2,751,305	2,832,703	2,872,536	2,925,785	3,015,781	3,112,522	3,486,815	3,204,097	3,425,264
(Cedar Rapids)	6.50%	-2.45%	1.11%	2.96%	1.41%	1.85%	3.08%	3.21%	12.03%	-8.11%	6.90%
Marion	218,990	208,815	223,559	221,213	224,283	229,032	238,190	251,580	244,274	245,030	249,717
(Pella)	5.21%	-4.65%	7.06%	-1.05%	1.39%	2.12%	4.00%	5.62%	-2.90%	0.31%	1.91%
Marshall	345,407	353,539	347,686	333,245	329,775	336,815	334,897	349,978	348,368	324,326	327,833
(Marshalltown)	1.19%	2.35%	-1.66%	-4.15%	-1.04%	2.13%	-0.57%	4.50%	-0.46%	-6.90%	1.08%
Mills	49,684	48,547	47,179	46,133	46,015	51,061	50,357	51,914	54,027	54,482	61,127
(Glenwood)	8.91%	-2.29%	-2.82%	-2.22%	-0.26%	10.97%	-1.38%	3.09%	4.07%	0.84%	12.20%
Muscatine	369,996	350,910	353,898	366,768	371,251	392,446	404,033	441,734	439,501	428,856	437,212
(Muscatine)	8.91%	-5.16%	0.85%	3.64%	1.22%	5.71%	2.95%	9.33%	-0.51%	-2.42%	1.95%
Polk	6,108,422	6,052,831	6,190,408	6,035,166	6,173,622	6,462,999	6,473,577	6,571,608	6,471,323	6,341,034	6,563,581
(Des Moines)	78.00%	-0.91%	2.27%	-2.51%	2.29%	4.69%	0.16%	1.51%	-1.53%	-2.01%	3.51%
Pottawattamie	846,966	888,558	869,679	871,223	917,290	968,391	1,025,836	1,012,047	977,543	1,002,616	997,226
(Council Bluffs)	2.92%	4.91%	-2.12%	0.18%	5.29%	5.57%	5.93%	-1.34%	-3.41%	2.56%	-0.54%
Scott	1,964,027	1,947,298	2,049,636	2,185,793	2,220,571	2,283,300	2,317,619	2,349,373	2,397,888	2,290,880	2,379,339
(Davenport)	2.34%	-0.85%	5.26%	6.64%	1.59%	2.82%	1.50%	1.37%	2.07%	-4.46%	3.86%
Tama	97,856	89,859	92,163	84,184	73,929	101,081	102,243	106,118	80,479	71,679	68,896
(Tama)	20.79%	-8.17%	2.56%	-8.66%	-12.18%	36.73%	1.15%	3.79%	-24.16%	-10.93%	-3.88%
Wapello	308,339	300,976	302,684	298,700	338,300	345,326	354,455	358,531	369,817	361,059	368,069
(Ottumwa)	2.50%	-2.39%	0.57%	-1.32%	13.26%	2.08%	2.64%	1.15%	3.15%	-2.37%	1.94%
Washington	121,201	119,953	123,987	125,746	122,006	124,380	140,694	147,940	159,220	158,053	163,144
(Washington)	-1.19%	-1.03%	3.36%	1.42%	-2.97%	1.95%	13.12%	5.15%	7.62%	-0.73%	3.22%
State of Iowa	28,408,283	28,446,629	28,704,897	29,099,277	29,805,300	31,108,387	31,645,718	33,089,024	33,132,730	31,943,593	32,904,017
	2.98%	0.13%	0.91%	1.37%	2.43%	4.37%	1.73%	4.56%	0.13%	-3.59%	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	2004	2005	2006	2007	2008	2009	2010	5 Year Average 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 on 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.

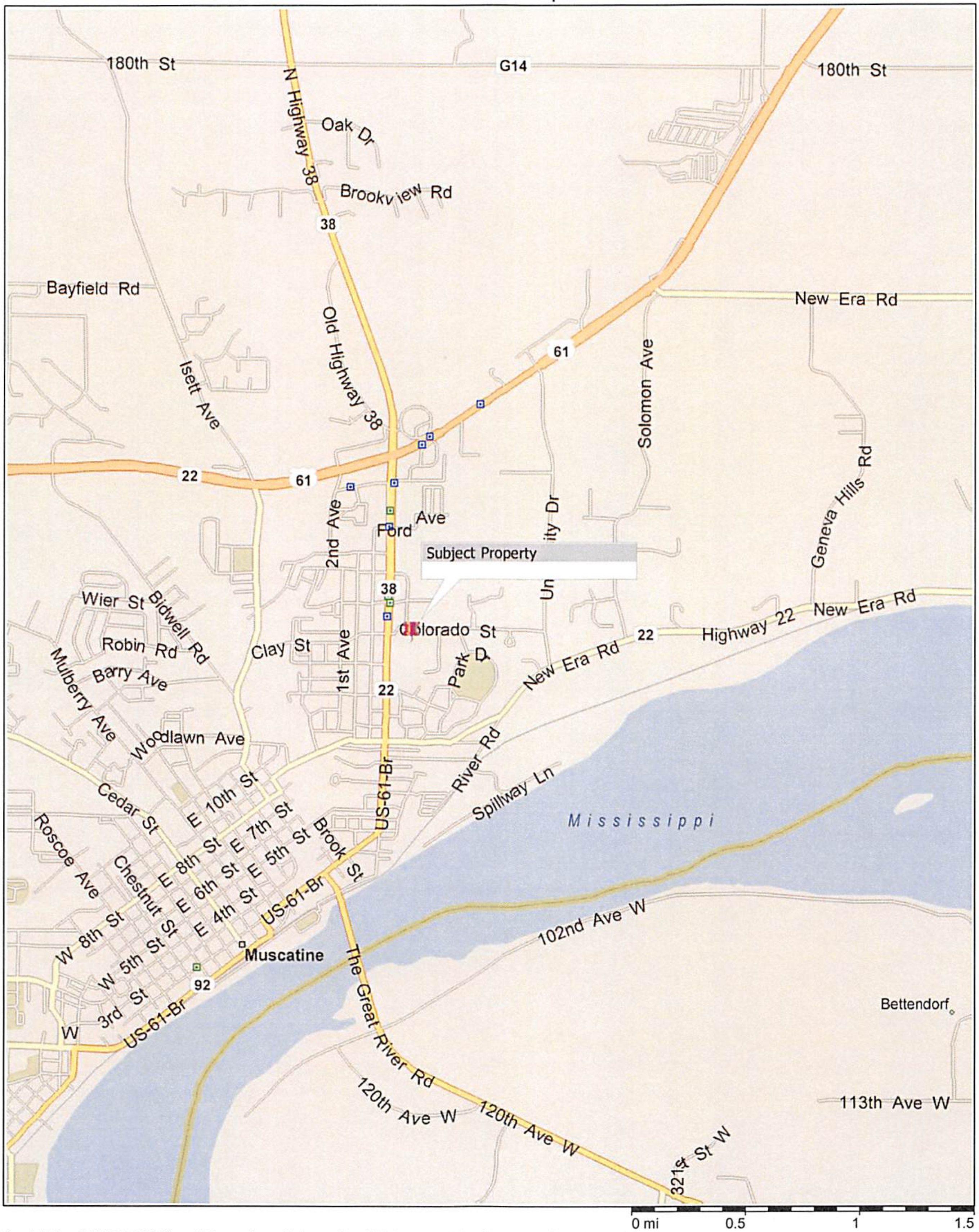
Climate

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.

Immediate Neighborhood

The subject neighborhood is a mix of older commercial uses along with public (Muscatine Community College). Access is good with Park Avenue traveling north/south through the area. The area has not seen a great deal of recent growth, as most of the commercial development is occurring north of the subject at high traffic intersections.

Location Map



Description of the Site

General

The subject property is a single tax parcel that contains 49,789 square feet. This property has frontage along the south side of Colorado Street. This is on the east side of Muscatine.

Legal Description - Lot 1, Colorado Addition Replat in the City of Muscatine, 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 - 49,789 square feet

Improvements - The property is improved with a 1 story retail/warehouse building originally constructed as a bowling alley around 1961. It was converted to its current use as retail over time. A 3,500 square foot warehouse addition was completed in 1979. It is in overall above average condition.

There is 21,000 square feet of concrete paving that was installed around 1965.

There is a free-standing pole sign near the northwest corner of the building. Parking lot lighting is from building mounted mercury vapor lights.

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.

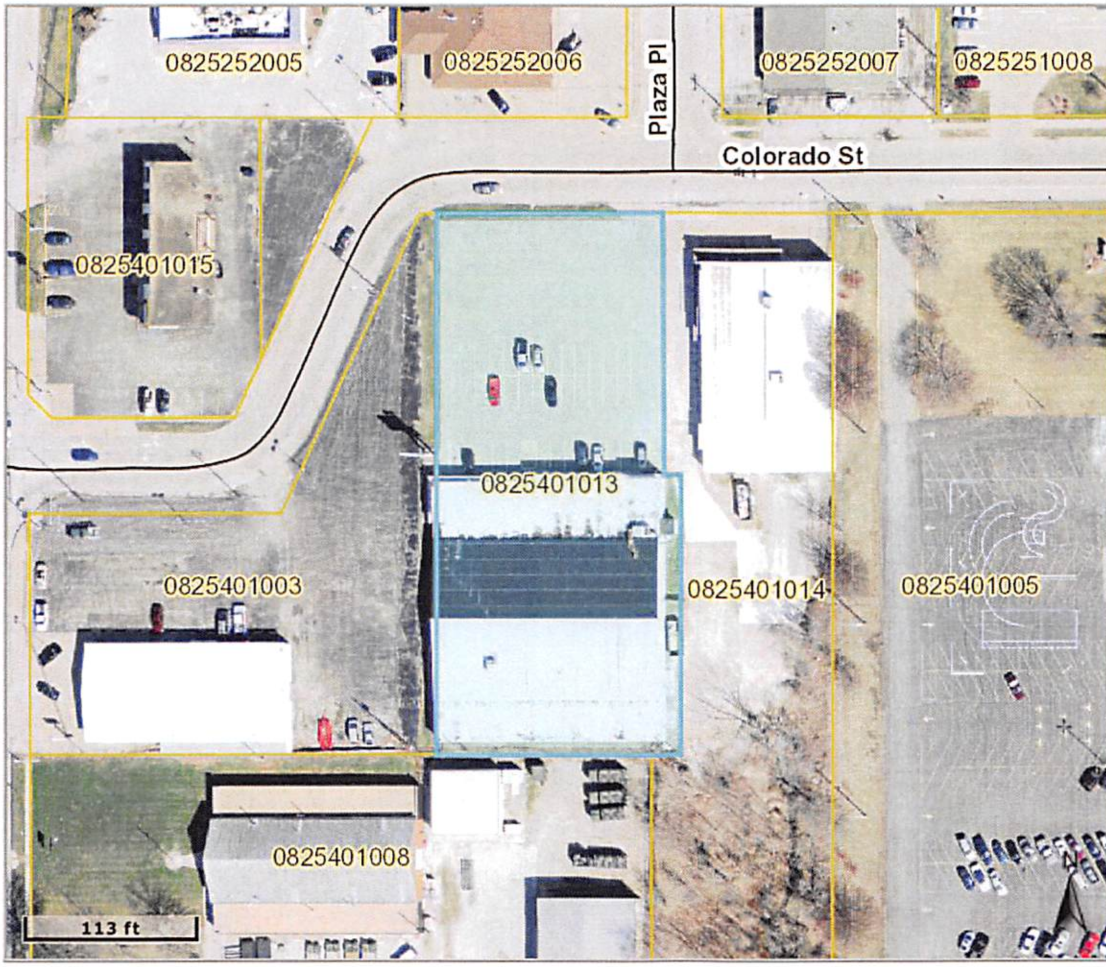
Parking requirements: Item 6 of the city code establishes 1 parking space for every 300 square feet of building area. Given the building size of the subject, 76 parking spaces are required by code.

Relationship to Surroundings - Average. The subject is surrounded by a variety of commercial and public uses. To the west is a vacant building that was a car dealership. South of the subject is an old armory that was acquired by the City of Muscatine in a land exchange. East of the subject is Muscatine Community College. North of the subject are a number of small commercial uses.

Muscatine Area Geographic Information Consortium (MAGIC)

beacon™

Date Created: 3/5/2012



Overview

Legend

- Corporate Limits
- Political Townships
- Parcels

Roads

- Not Classified
- Airport Runway
- County Road
- City Street
- Neighbor County
- Private Dr
- State Highway
- US Highway
- US Hwy - Divided
- **Major Roads**

Parcel ID	0825401013	**Alternate ID**	n/a	**Owner Address**	PIERCE DAVID L OR CAROL J PIERCE CURTIS P OR LINDA L 141 COLORADO ST MUSCATINE IA 52761
Sec/Twp/Rng	25-77-2	**Class**	C - COMMERCIAL		
Property Address	141 COLORADO ST MUSCATINE	**Acreage**	n/a		

District	MCMUU - MUSCATINE CITY/MUSCATINE SCH/MUSCATINE FIRE
Brief Tax Description	LOT 1 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

developed by
The Schneider Corporation
www.schneidercorp.com

Description of Improvements

Type of Property

The subject property is improved with a 1 story 22,800 square foot retail/warehouse building. The building was originally constructed as a bowling alley in 1961. A warehouse addition containing 3,500 square feet was constructed around 1979. The building is in overall above 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	-	1961/1979
Size	-	22,800 square feet

Structure

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

Exterior Description

Wall	-	Painted block
Windows	-	Fixed pane in metal frames-glass storefront
Entrances	-	Full glass inserts in metal frame and milled metal

Interior Description

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

Floors	-	Commercial grade carpet-good condition
Ceilings	-	Lay in acoustical tile ceilings in metal grid
Lighting	-	Flush fluorescent fixtures augmented by incandescent track lighting.
Restrooms	-	1 restroom with a vanity/sink, stool and wall mounted mirror.
Insulation	-	Plastic backed fiberglass
Basement	-	Slab on grade construction-no basement

Equipment and Mechanical

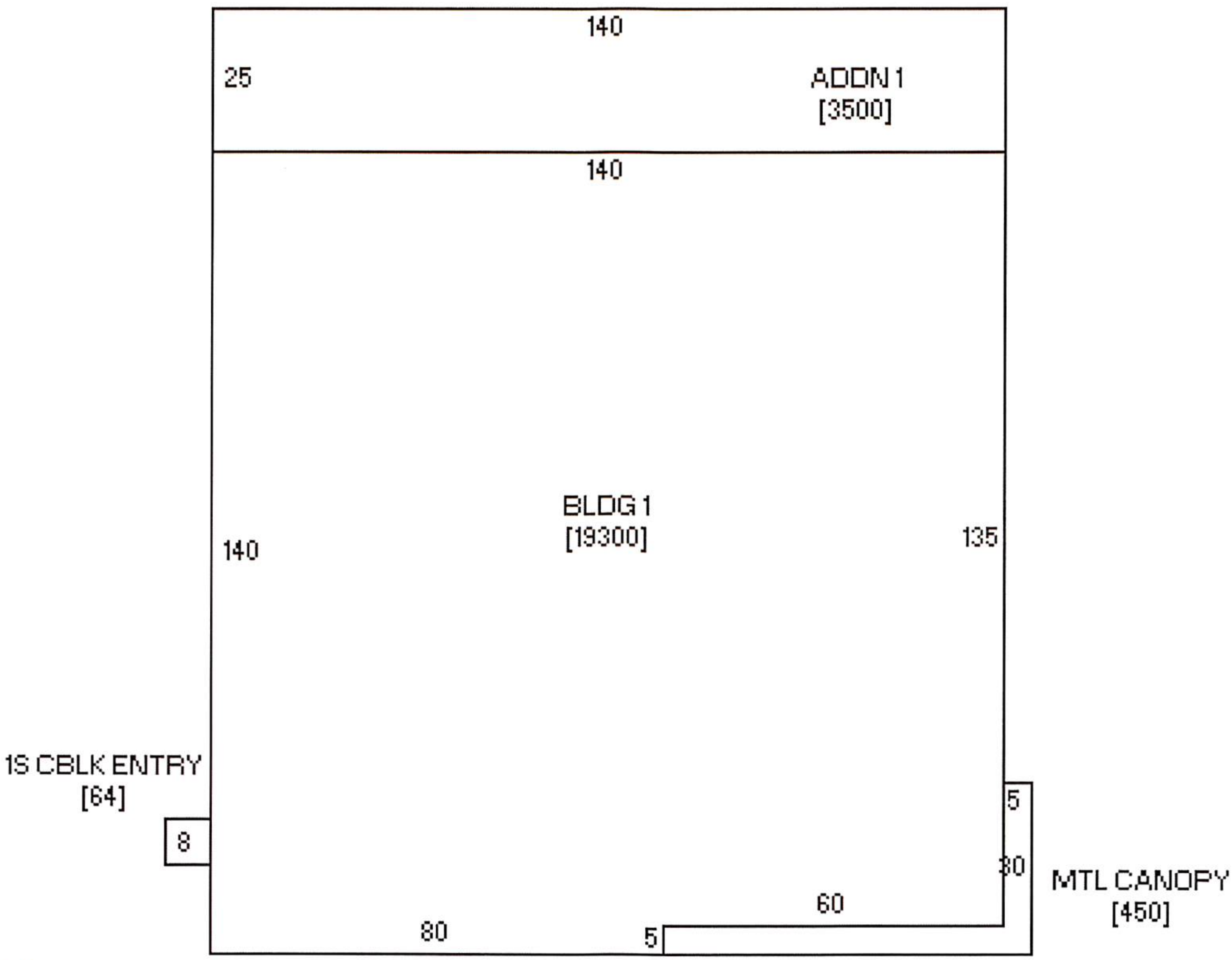
Heating and Cooling	-	Forced air, natural gas. Roof mounted units-3 total (viewed only from the ground)
Electrical	-	400 Amp-3 phase main panel, 2-200 Amp 3 phase secondary panels and several 200 amp house panels.
Sprinkler System	-	Wet system
On-Site Parking Spaces	-	There are currently 47 parking spaces. This equates to 2.06 spaces per thousand square feet of building area. City Code indicates 1 parking space per 300 square feet of building area, or 76 spaces total. The subject is grandfathered-in as a non conforming use as it relates to parking.
Fencing	-	None
Paving	-	Assessor's records indicate there is a total of 21,000 square feet of concrete paving. It is in average condition given its age
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 is a pole sign adjacent to the NW corner of the building. Engineering notes indicate the pole sign is on a strip of land 15 feet wide that has an unknown owner. The sign appears to be within the proposed right of way and will be removed and relocated during construction at no cost to the property owner.

Functional Utility

Functional utility is considered average. The subject is a single-tenant commercial/retail building in overall above average condition. It is well configured for its current use. It occupies a good location in east Muscatine. Park Avenue is ½ block west and is a primary traffic corridor and provides some visibility to the subject. The energy efficiency of the building appears average.

Remodeling/Deferred Maintenance

Approximately 19,300 square feet of the building was originally constructed as a bowling alley in 1961. A 3,500 square foot addition was completed in 1979. Improvements have been ongoing over time. It is in overall above average condition. There is no deferred maintenance noted.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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.

The subject currently has 47 parking spaces. Minimum parking requirements indicate there should be 76 spaces. The subject is a non-conforming use that has been grandfathered-in.

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 49,789 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.

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 stagnate at this time. However, we would note that during this same time, the Muscatine Mall has been able to increase occupancy 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 were 4,070 per day in 2006. Traffic counts just east of the subject on Colorado Street from 2010 show a decrease to 2,950 cars per day. Surrounding uses are commercial and public in nature. Surrounding uses include Pierce Mattress, a vacant auto dealership property to the west, Muscatine Community College to the east and commercial uses to the north.

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 either commercial or public uses might be a possibility.

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 assembled be for parking for 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 22,800 square foot and is in overall above 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 planned for development 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 plans to build 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. The total estimated price including demolition is $367,500, which is $4.71 per square foot. Zoning is CO-A1.

Other: We also researched an option to purchase a 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 terms of the option. Kum and Go executed an option 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 demolition costs. 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.

141 Colorado St	SUBJECT	Comparable #1 2nd Ave Muscatine, Iowa		Comparable #2 North Hwy 61/Univ Dr Muscatine, Iowa		Comparable #3 3200 North Port Dr Muscatine, Iowa		Comparable #4-pending 1421 Park Avenue 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	49,789	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 (Adjusted for Time)	Market		$4.63		$6.38		$5.60		$4.71
Location	Average	Similar	0.00%	Superior	-15.00%	Superior	-10.00%	Superior	-10.00%
Zoning	C-1	C-1		M-1		S-3		CO-A1	
Size/Shape	49,789	29,185		78,408		111,348		78,000	
Physical Characteristics	Level	Similar		Similar		Similar		Similar	
Net % Adjustment			0.00%		-15.00%		-10.00%		-10.00%
Value per SF			$4.63		$5.42		$5.04		$4.24

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 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 to be 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 49,789 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.

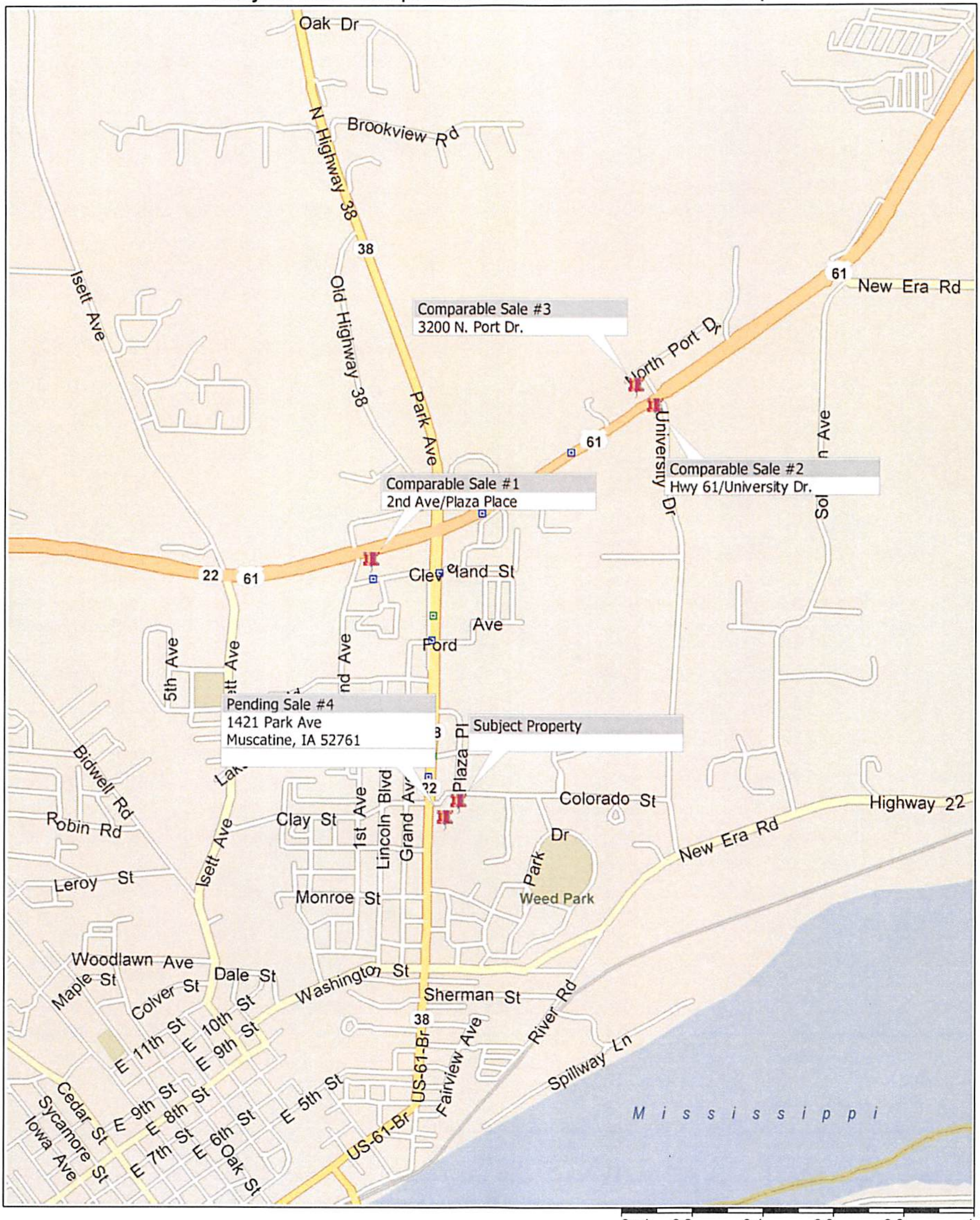
Conclusion

The four comparable sales indicate a pattern of value for the subject property ranging from $4.24 to $5.42 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.

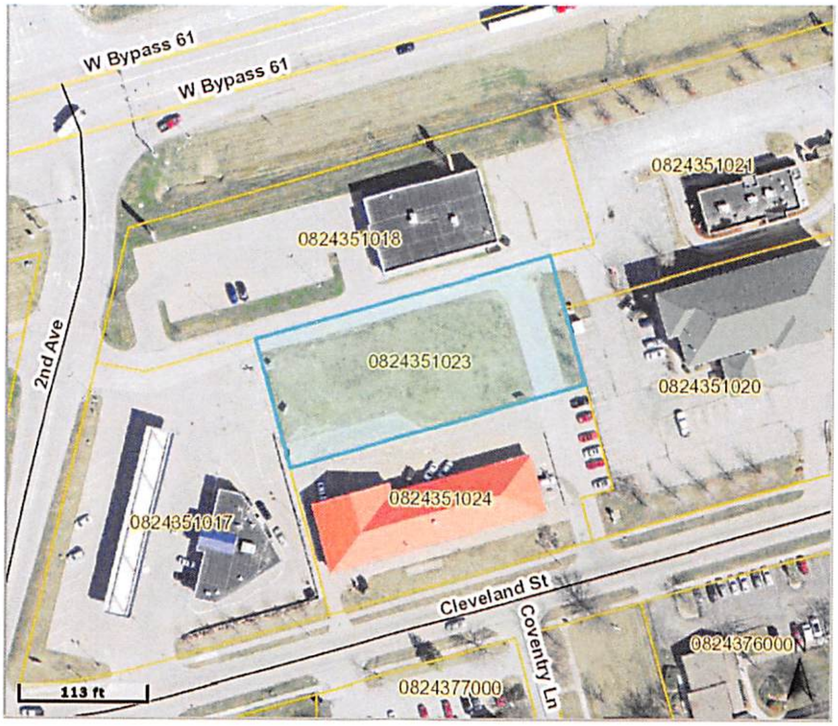
Based on this analysis, the indicated value of the subject property is near the low end to middle of the indicated range of the Sales and is $4.50 per square foot, or as follows:

49,789 square feet @ $4.50 per square foot is: $224,050
Rounded To: $224,000

Subject and Comparable Land Sales Location Map



Comparable Land Sale No. 1



Address / City: Plaza Place
Muscatine, IA

Site Dimensions: Rectangular

Site Area: .67 Acres, 29,185 SF

Topography: Level

Zoning: C-1- Neighborhood /General Comm.

Utilities: All public

Street: Concrete

Trackage: Not applicable

Highest / Best Use: Commercial

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

Sale Price: $135,000 **Date:** 5/20/10
Instr.: WD **R.S.:** $215.20
Book: 2010 **Page:** 02385

Terms: Cash
Discounts: -0-
Adj. Sales Price: $135,000

Sale Price
per Square Foot: $4.63
per Acre:

Grantor: Miracle Muscatine Inc.

Grantee: Community Bank

Verified: Grantee

Exposure Period:

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.

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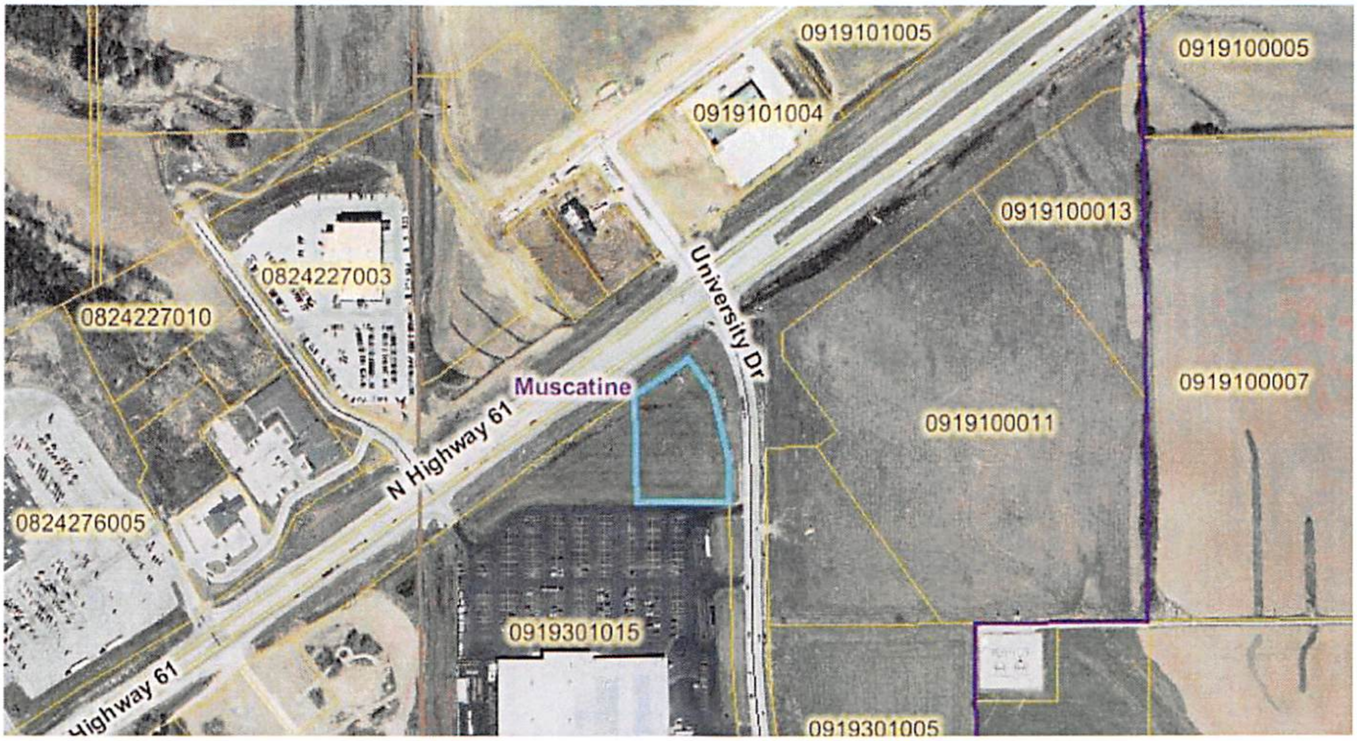
Information deemed reliable, but not guaranteed.

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
Discounts: -0-

Topography: Mostly level

Adj. Sales Price: $500,000

Zoning: M-1 Industrial

Sale Price
per Square Foot: $6.38
per acre: $277,778

Utilities: Public

Street: Paved

Grantor: Davenport Farm & Fleet, Inc

Trackage: None

Grantee: Casey's Marketing Company

Highest / Best Use: Commercial/Industrial

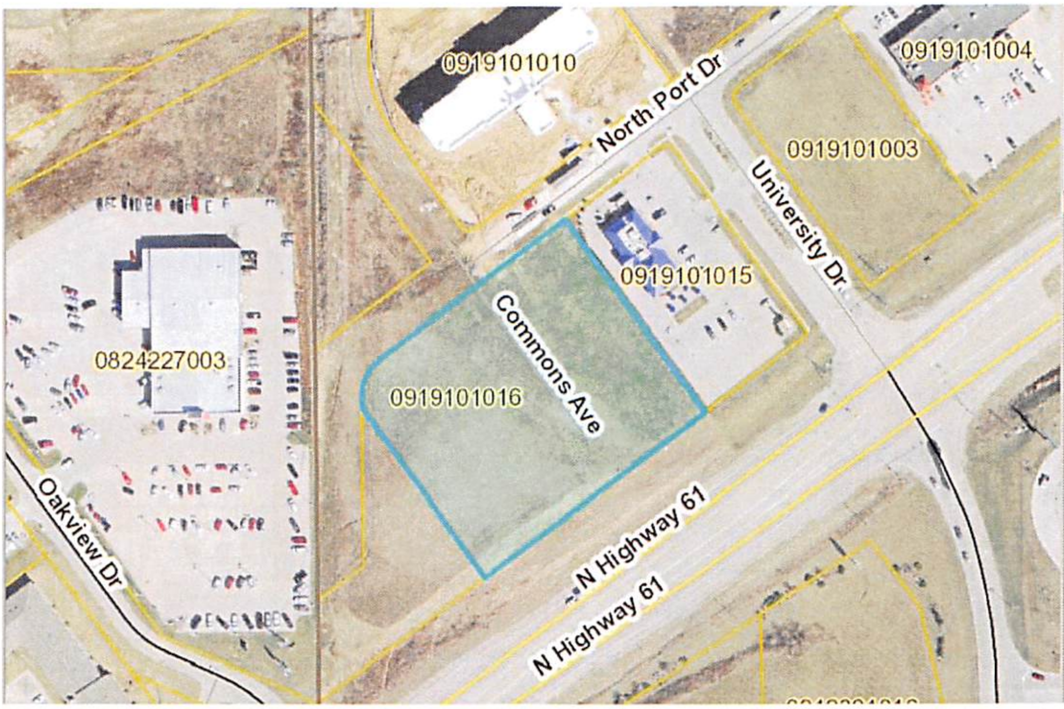
Verified: Agent, Assessor records

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

Site Dimensions: Irregular

Site Area: 2.56 Acres, 111,348 SF

Topography: Mostly level

Zoning: S-3, Mixed development

Utilities: All public

Street: Concrete, direct access to N Port Dr.

Trackage: Not applicable

Highest / Best Use: Commercial

Legal Description: Lot #1, Cedar's Second Addition, Muscatine, Iowa.

Sale Price: $624,000 **Date:** 2/9/11
Instr.: WD **R.S.:** $997.60
Book: 2011 **Page:** 00867

Terms: Cash
Discounts: -0-
Adj. Sales Price: $624,000

Sale Price
per Square Foot: $5.60
per Acre:

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.

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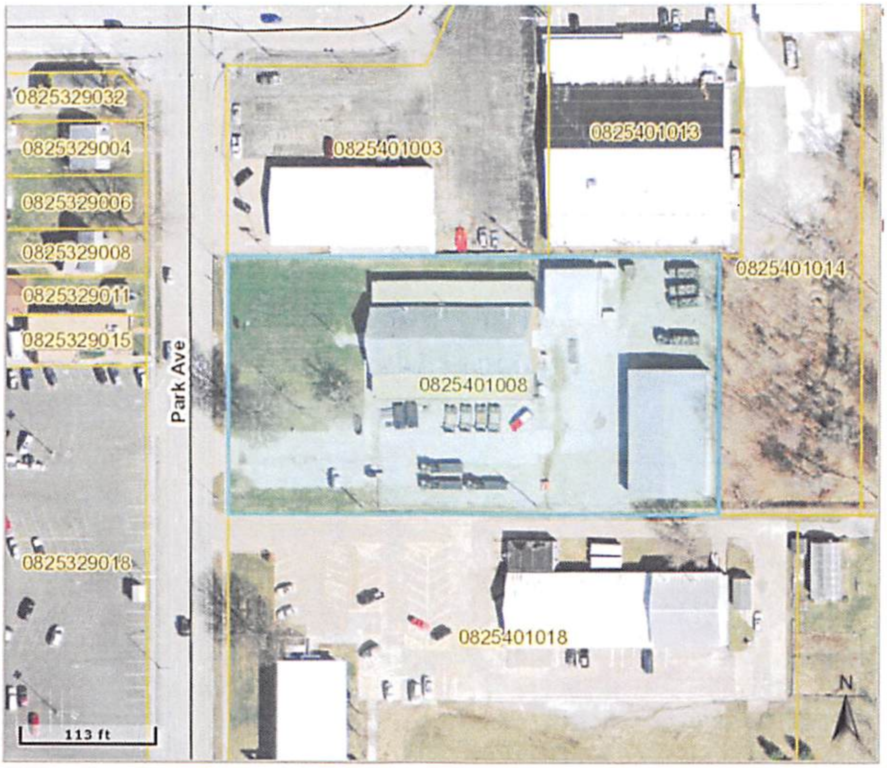
Comparable Land Sale No. 4- Pending



Address / City: 1421 Park Ave.
Muscatine, IA

Site Dimensions: Irregular

Site Area: 1.79 Acres, 78,000 SF

Topography: Level

Zoning: CO-A1 and MU-R3

Utilities: All public

Street: Paved 4 lane

Trackage: Not applicable

Highest / Best Use: Commercial development

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

Sale Price: $350,000 **Date:** April 2012
Instr.: **R.S.:**
Book: **Page:**

Terms: Cash
Discounts: + $17,500 demo costs
Adj. Sales Price: $367,500

Sale Price
per Square Foot: $4.71
per Acre:

Grantor: City of Muscatine

Grantee: Kum and Go

Verified: Randy Hill- Public Works Muscatine

Exposure Period: NK

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 (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 a low cost to average quality retail/warehouse building. It was originally constructed as a bowling alley and was converted to its current use over time. Information about its size and construction was taken from the assessor's records as well as our visual inspection of the subject property. The property is 1 story concrete block construction.

The subject finished (retail) area contains 19,300 square feet and was constructed in 1961. The 3,500 square foot warehouse addition was completed in 1979.

Flooring is primarily commercial carpet. The ground floor consists of an entry vestibule, a large furniture showroom, several offices, a break room, one restroom and an unfinished warehouse area. A large portion of the subject is fire protected by a wet sprinkler system.

Ceilings are acoustic tile in a metal grid. Walls are painted and wall paper covered. Lighting is a mix of flush fluorescent, which is augmented with track (incandescent) lighting.

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 results in a base cost of $54.60.

Adjustments are made to this base cost to account for the extreme climate, the wet sprinkler system, the size and shape of the building and current and local construction costs. We included lump sums for site improvements, building canopy and landscaping/pole sign.

The following table summarizes the cost analysis.

Cost Approach-141 Colorado St-prior to Acq.

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		12 to 14
Gross Area		22,800
Average Perimeter		610
Age		42
Condition		Avg
Region		Central
Climate		Extreme
Base Square Foot Cost		$54.60
SQUARE FOOT REFINEMENTS		
HVAC (Extreme Climate)	+	2.50
Sprinklers Adjust	+	2.50
Total		$59.60
HEIGHT/SIZE REFINEMENTS		
Height/Story Multiplier	x	1.000
Floor Area/Perimeter Multiplier	x	0.901
Combined Multiplier		0.901
FINAL CALCULATIONS		
Refined Square Foot Cost		53.70
Current Cost Multiplier	x	0.99
Local Multiplier	x	1.07
Final Square Foot Cost		56.88
Replacement Cost		1,296,955
Add:		
Site Improvements: paving/lighting		73,500
Building canopy		5,530
Landscaping/signs		5,000
		0
TOTAL REPLACEMENT COST		1,380,985

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 the subject was originally constructed in 1961. An addition was completed in 1979. It has been maintained in above 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 weighted average of the building is around 42 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.

Given this, we estimate the effective age of the building improvements at 24 years.

This results in depreciation of 53.3% (24 years effective age / 45 years economic life = 53.3%). This is less than the actual age but is reasonable considering the current condition and utility. Site improvements: The concrete pavement on the site has a useful (economic) life of 15 years. We estimate the effective age of the pavement at 11 years indicating overall depreciation of 73 percent. Depreciation (@ 50%) was applied to the canopy.

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 Depreciatied
Building-retail/warehouse	$1,296,955	53.30%	$691,277	$605,678
Site Improvements	$73,500	73.00%	$53,655	$19,845
Canopy	$5,530	50.00%	$2,765	$2,765
Landscaping/sign	$5,000	0.00%	$0	$5,000
Land	$224,000			$224,000
Subtotal	$1,604,985			$857,288
Rounded	$1,605,000			$857,000

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

Eight Hundred Fifty Seven Thousand Dollars
($857,000)

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

Eight Hundred Fifty Seven Thousand Dollars
($857,000)

We would note that we have 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 is a single tax parcel containing 49,789 square feet. It is improved with a mixed use retail/warehouse building originally constructed as a bowling alley in 1961. A 3,500 square foot warehouse addition was added in 1979. The building is in overall above average condition given its age and functional utility associated with its current use. Pierce Furniture occupies the subject. It is addressed as 141 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 easement of 15,504 square feet, a permanent retaining wall easement containing 533 square feet and a temporary construction easement containing 7,208 square feet. The right of way acquisition is along the subjects' Colorado Street frontage and travels across the northwest corner of the subject parking lot. The temporary easement is adjacent to the ROW to the south and is directly in front of the subject building. The acquisitions will result in the loss of several parking spaces along the north side of the building. Plans call for creating new parking spaces along the east side of the building, which is on the adjacent property (124 Colorado Street).

Permanent Easement Acquisition- The city is seeking to acquire two irregular shaped parcels in the north portion of the subject. The easement for right of way is 15,504 square feet and is located in the northwest portion of the subject. The proposed permanent easement for a retaining wall is adjacent to the southwest corner of the right of way and contains 533 square feet. Because there will be no utility remaining to the property owner following permanent easement acquisition, we have compensated at full fee value.

Temporary Construction Easement – In addition to the acquisition of permanent easements, the city is seeking a temporary easement for construction purposes. It is adjacent to the south side of the ROW and contains 7,208 square feet. The temporary easement will allow for removal of existing concrete and resurfacing the area for parking. We would note that at the time of the appraisal, we are unsure what the parking surface will be.

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 a reduction of functional utility of the subject building due to the change in parking. 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.

We did not include compensation for the relocation of the pole sign, as the project engineer indicated it was on an adjacent parcel (with an unknown owner). We assume the sign will be removed and replaced during construction at no expense to the property owner.

Note: it appears from the acquisition exhibits that the new roadway will travel within 10-12 feet of the northwest corner of the building. Muscatine zoning code requires a 20 foot front yard setback in C-1 zoning.

As we note in the Highest and Best Use section of this report, the subject appears to be a nonconforming use related to its' number of parking spaces. It will remain a non-conforming use after the acquisitions. We have not included compensation related to the reduction in front yard setback as we concluded the subject is already non-conforming and the change in front yard setback is not a measurable element of non-conformity on its own.

Highest and Best Use After the Acquisition – As we note earlier, following acquisition, the highest and best remains the same and is commercial. There will be reduced functional utility in the building because of the change in parking with the relocation of parking spaces to the east side of the building.

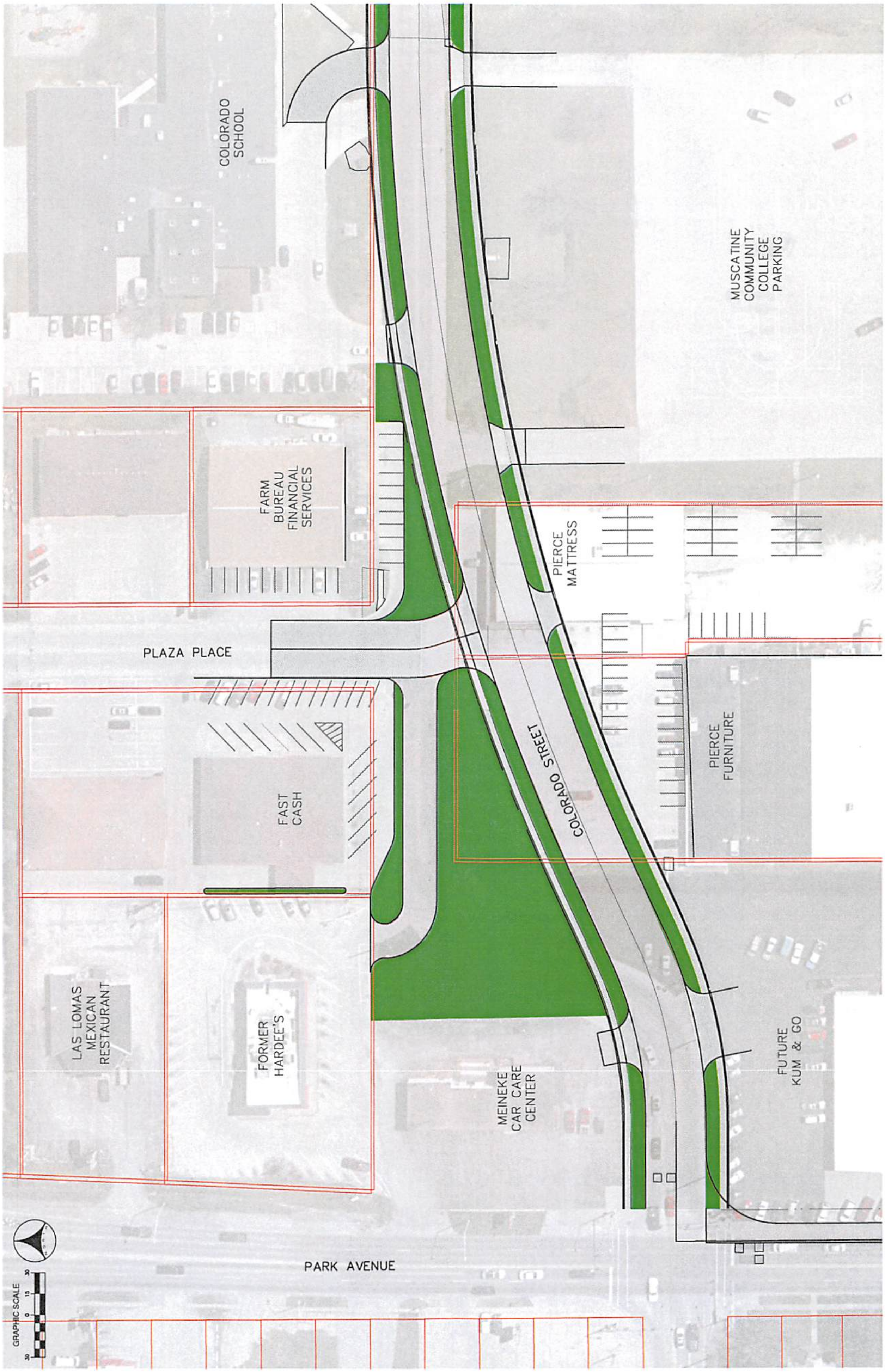
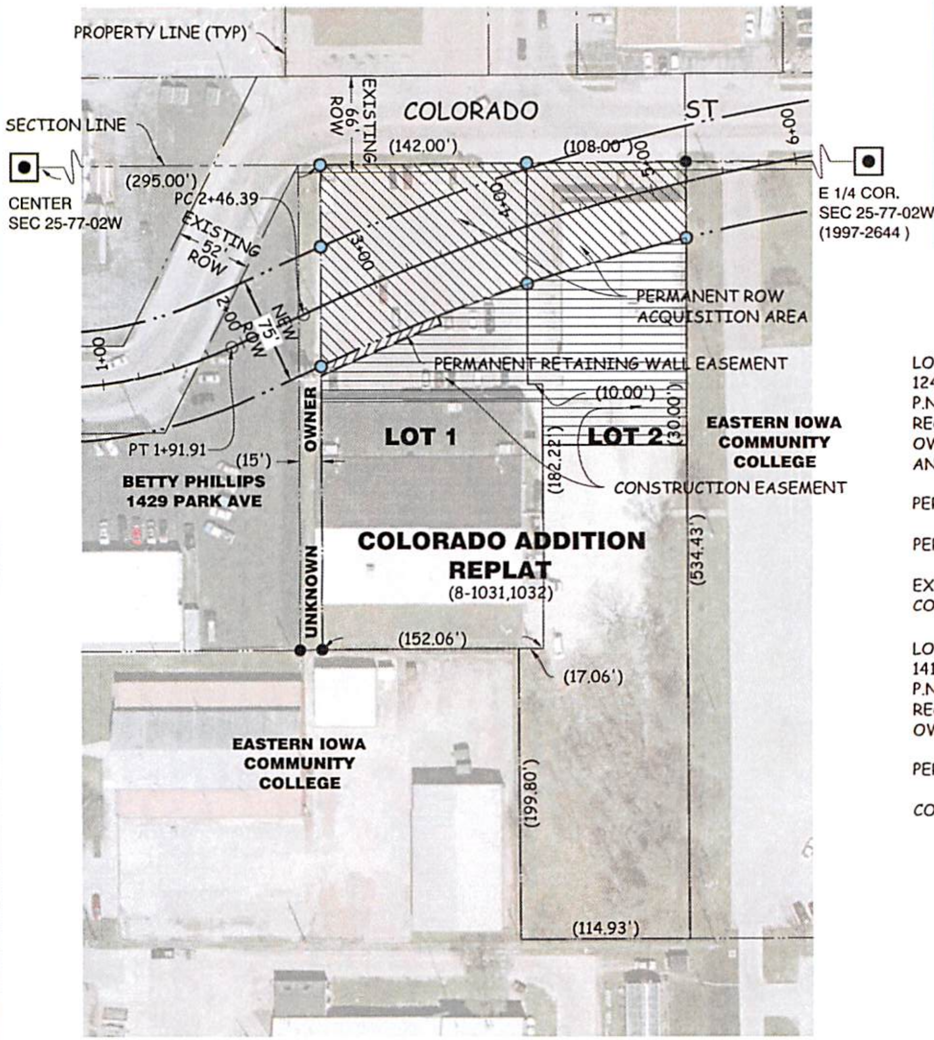

COLORADO SCHOOL
MUSCATINE COMMUNITY COLLEGE PARKING
FARM BUREAU FINANCIAL SERVICES
PIERCE MATTRESS
PLAZA PLACE
COLORADO STREET
PIERCE FURNITURE
FAST CASH
LAS LOMAS MEXICAN RESTAURANT
FORMER HARDEE'S
MEINEKE CAR CARE CENTER
FUTURE KUM & GO
PARK AVENUE
GRAPHIC SCALE

EXHIBIT "A"



Prepared by and return to: Thomas Anthony, L.L.S., 160 Holiday Road, Coralville, IA 52241, (319) 351-7150

LOT 1
124 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
EXISTING PARKING STALLS: 47
CONSTRUCTION EASEMENT AREA = 7208 SF

LOT 2
141 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: 13337 SF

GRAPHIC SCALE
80 ft 0 40 80 ft
1" = 80'

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 PROPOERTIES
124 & 141 COLORADO ST
MUSCATINE, IOWA

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

SHPE JOB # 10015
SHEET 1 of 1

PRELIMINARY

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