

Summary of Review Appraiser's Report

I, Lee D. Peterson, the undersigned, hereby certify that I have reviewed the appraisal report submitted to me. A personal on-site review of the property listed below was considered necessary. I further certify that all improvements, structures, appurtenances, the determinations made as to various classes to types of real and personal property found therein, as well as other elements of value thereon and thereunder, were appraised in accordance with recognized appraisal practices. Any exceptions will be noted below.

DESCRIPTION: Commercial Property Located at 1215 Marshall Street NE, Minneapolis

APPRAISER: Thomas J. Day, MAI, SRA, of The Valuation Group.
ESTIMATED MARKET VALUE IN REPORT: \$150,000

Based upon my review of the Roof Work Valuation Impact Attachment Letter dated July 19, 2011, with an effective date of July 14, 2011, it is my considered opinion that the fair market value is as follows:

<i>Project</i>	<i>Block/Parcel</i>	<i>Name of Owner</i>	<i>Fair Market Value</i>
		City of Minneapolis	\$150,000

Comments: The appraiser made an inspection of the work completed on the roof of the structure. H estimated that over 40% of the roof was replaced and repaired, 650-700 replacement bricks were installed, along with gutter and downspout repair and replacement. The appraiser estimates that these repairs are a significant benefit to the subject property, which would substantially reduce renovation costs to a potential developer. The appraiser concludes that these repairs provide a market value benefit of \$100,000, and that the revised market value of the property located at 1215 Marshall Avenue NE, is \$150,000, and the reviewer concurs.

Date: July 20, 2011



Lee D. Peterson
CPED Appraiser
Comm. Planning & Economic Development
105 Fifth Avenue South, Suite 600
Minneapolis, Minnesota 55401-2538
(612) 673-5034



**2011 Roof Work Valuation Impact
Attachment Letter**

**Grain Belt Office Building
1215 Marshall Street NE
Minneapolis, Minnesota**

**Owner is the City of Minneapolis
Department of Community Planning & Economic Development
Appraisal Assignment C-27582**



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Principals
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July 19, 2011

Lee D. Peterson, CPED Real Estate Appraiser
City of Minneapolis
Community Planning & Economic Development
Crown Roller Mill
105 5th Avenue South, Suite 200
Minneapolis, MN 55401

RE: Roof work valuation impact attachment letter
Grain Belt Office Building
1215 Marshall Street NE
Minneapolis, Minnesota 55413
Owner is the City of Minneapolis, Department of Community Planning & Economic Development

Dear Mr. Peterson:

In accordance with your request, I have reviewed roof work correspondence, and re-inspected the subject property to ascertain the scope of roof improvements and their impact upon the property's market value. This correspondence is to be considered an attachment to a recently completed appraisal report dated April 27, 2011 having a prospective valuation date of August 1, 2011. The appraisal and this attachment letter as developed and reported are for your intended use for potential disposition purposes; there are no other intended uses or users. The Valuation Group, Inc. assumes no responsibility for any unintended uses or users of the appraisal. The prospective date of value pertaining to this current correspondence remains August 1, 2011.

Please attach this letter report to the original appraisal report. It cannot be understood nor relied upon without the original report. The original appraisal had an "as-is" value opinion of \$50,000, based upon the basement water infiltration work being corrected, yet no roof improvements were included.

The City of Minneapolis has obtained funding to make the basement water infiltration repairs and significant roof improvements. During my inspection on July 14, 2011, I observed the basement improvements, which included window well pavement and drainage, sump pumps, drainage lines, plus other improvements.

The subject has benefitted from significant roof work. Items completed include removing the HVAC cabinets and ducts from the mid-roof section, patching and capping the penetrations, wall repairs (including numerous brick replacements, tuck-pointing and caulking), installation of a new membrane roof covering over the western portion of the building, removal and capping of a HVAC unit, repairs on the parapet walls (some brick replacements, tuck-pointing, work on the capstones), roof insulation, capping of existing chimneys, new flashing, and new gutters & downspouts. Reportedly, 650 to 700 replacement bricks have been installed. Some shingle repairs were also made to the eastern roof.

The work is substantially complete, yet additional gutters and downspouts are planned, and assumed to be completed. The additional gutters and downspouts will further protect the structure and retaining wall from water damage. Overall, the workmanship appears good.

Both the recent basement and roof work were funded via a \$175,000 Legacy Grant. The roof work has totalled \$90,212, plus another \$8,300 will soon be made on the gutters and downspouts. These costs are net of any soft costs such as owner supervision or financing.

The roof work is a significant benefit to the subject property. It provides protection to the structure and materially reduces the renovation costs for a potential buyer. The new roof covering comprises over 40% of the roof, plus the mid-roof and eastern roof were worked on. No remaining work should be required on the roof.

In my original report on page 54, roof renovation costs were estimated at near \$200,000. The entire roof has not been replaced, yet it remains sound for a redeveloped subject use. The work on and stabilization of the brick parapet and rear walls are also an enhancement to the subject. A market value benefit of \$100,000 is concluded, which is near the cost of the improvements, and is half of the past estimated roof renovation budget. This is a reasonable estimate which lowers the renovation costs a potential developer would incur.

Neither my employment to complete this roof work valuation impact letter, nor the compensation received is contingent upon the conclusions or values reported herein. Based upon my updated investigation and analysis, it is my opinion that the subject will have a fee simple market value, subject to the original limitations and conditions, and the completion of the gutters and downspouts, in the amount shown below:

**ONE HUNDRED FIFTY THOUSAND DOLLARS
(\$150,000)**

Please attach this letter to my original appraisal report. Except for the roof work and its impact upon valuation, the original analysis, certifications, limiting conditions and conclusions remain valid. It has been a pleasure to serve you in this manner. Feel free to contact me if you have any questions or concerns.

Respectfully submitted,

THE VALUATION GROUP, INC.



Thomas J. Day, MAI, SRA
Minnesota Certified General Real Property Appraiser #4000814

Attachments

CERTIFICATION OF APPRAISER

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

- 1) The statements of fact contained in this report are true and correct.
- 2) The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- 3) I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- 4) I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- 5) My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- 6) My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- 7) My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).
- 8) I have made a personal inspection of the property that is the subject of this report.
- 9) No one provided significant real property appraisal assistance to the person signing this report.
- 10) The reported analyses, opinions and conclusions were developed, and this report has been prepared in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- 11) The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- 12) As of the date of this report, I have completed the requirements of the continuing education program of the Appraisal Institute.

13) I certify that I have adequate knowledge, experience, education and resources to competently complete this appraisal assignment.

14) Other than my recently completed original appraisal, I have not completed any services pertaining to the subject property within the prior three years, as an appraiser or in any other capacity.

Date: July 19, 2011

Signature: Thomas J. Day

Thomas J. Day, MAI, SRA

State Certification:

Minnesota Certified General Real Property Appraiser
#4000814

Expiration Date: 8/31/2012

RECENT WORK PHOTOGRAPHS



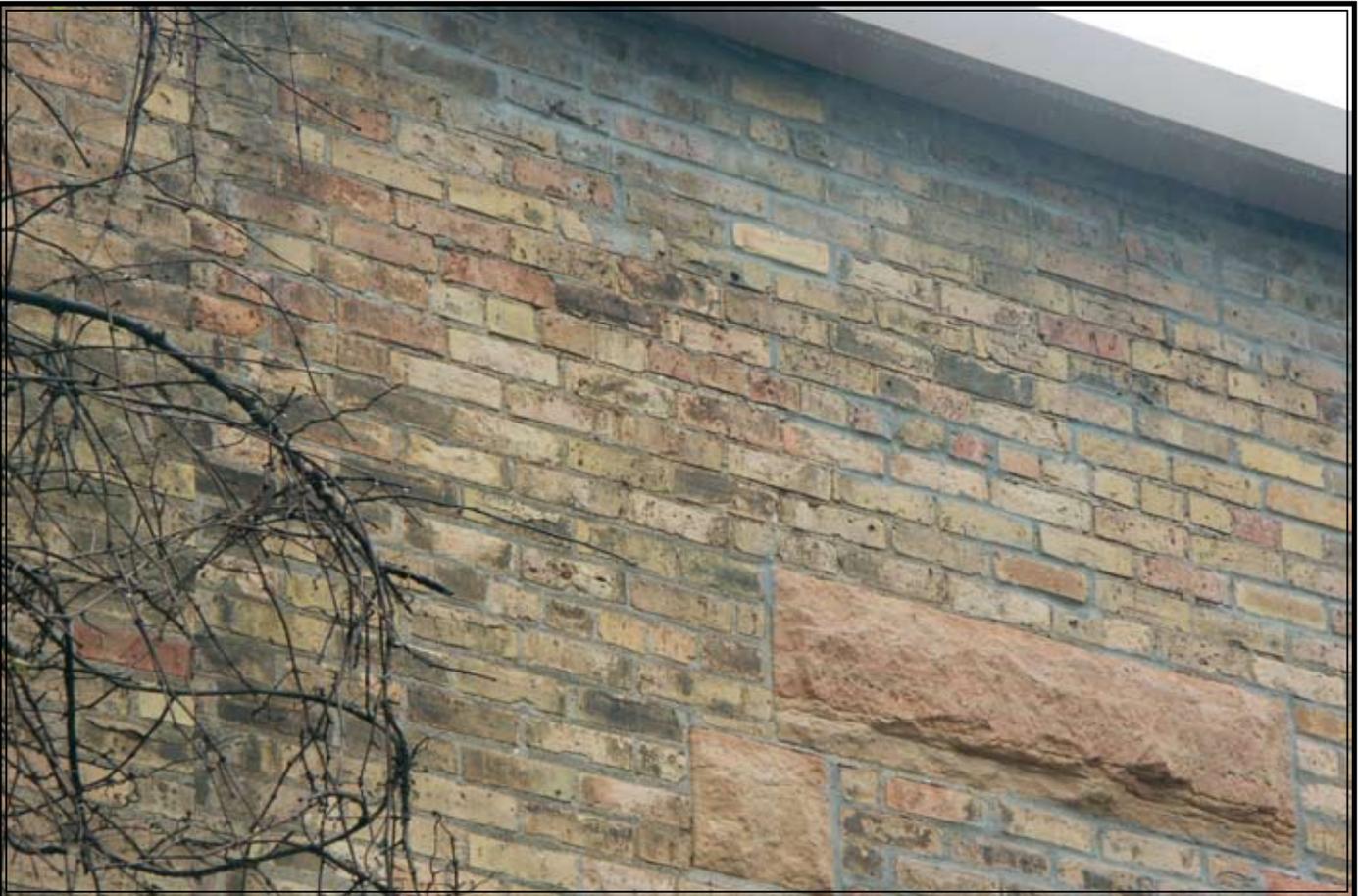
RECENT WORK PHOTOGRAPHS



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