

Princeton Public Schools - ISD 477
Tuesday, November 21, 2017 at 6:00 PM
Work Session

District Office Board Room located at City Hall (Please use City Hall Entrance)

Our Mission

Princeton is an innovative leader in instruction, developing in EVERY learner the ability to succeed in an ever-changing world.

Our Vision

Princeton will equip every student to be career and college ready through personalized instruction, community partnerships and collaboration.

1. PROCEDURAL ITEMS

- 2. Call to Order and Pledge of Allegiance
- 3. Roll Call

4. REPORTS

- a. Board Members Committee Reports
- b. Student Council Report
- c. Superintendent Report

5. APPROVE AGENDA

6. DISCUSS and ACT on PREVIOUS BOARD MEETING MINUTES 3

7. CONSENT AGENDA

The consent agenda consists of non-controversial items that the Board adopts routinely without debate. Any single member may remove an item from consent agenda by requesting removal at the time the consent agenda is moved for adoption. The full text of items approved by consent may be found at the conclusion of the agenda.

- a. Personnel 6
- b. Bills 7
- c. Wire Transfers 19
- d. Treasurer's Report 20
- e. Fundraiser 21
- f. Gifts 24
- g. Resolution on Combined Polling Places 34

8. STUDY SESSION

- a. Discussion of Board Organization 36
- b. Transportation 39
- c. Property Opportunities 69

9. Citizen Comment About Work Session Topics

10. **ADDITIONS TO AGENDA**
11. **FUTURE MEETING(s) INFORMATION**
12. **ADJOURN**

Call to Order and Pledge of Allegiance

The regular meeting of the School Board of District #477 was called to order by Chair Deb Ulm on the **7th day of November, at 8:05 p.m.** in the District Center Board Room.

Roll Call: Members Present: Howard Vaillancourt, Deb Ulm, Eric Strandberg, Chad Young, Sue VanHooser, Eric Minks and Craig Johnson

Members Absent: None

Others present: Superintendent Julia Espe, Director of Business Services Michelle Czech, Director of Human Resources Sarah Marxhausen

Student Council Representative: Lacey Broding

Citizen Comments: None

REPORTS

Board committee meeting(s) and school events each Board member attended.

Howard Vaillancourt	Custodian Negotiation
Craig Johnson	
Eric Strandberg	Custodian Negotiation
Chad Young	
Deb Ulm	
Eric Minks	
Sue VanHooser	Rum River Special Ed Coop meeting, Custodian Negotiation

Student Council Report: The Student Council is currently working on the food drive that ends on November 15th. Some of the Student council members will be working the spaghetti dinner for The Big Read Fundraiser.

Superintendent Report: Today was spent with teacher observations. They had coaching sessions for professional development. The Primary school received a Robotics Grant, part of this grant with also include coding. The Career Crawl will be held on Wednesday, November 22. The kick off will be at the PAC starting at 7:15 am

APPROVE AGENDA

Motion made by Eric Strandberg, seconded by Craig Johnson **to approve the agenda as presented.** Motion passed unanimously.

DISCUSS and ACT on PREVIOUS BOARD MEETING MINUTES

Motion made by Sue VanHooser seconded by Howard Vaillancourt, **to approve the October 17th, regular meeting minutes.** Motion passed unanimously.

CONSENT AGENDA

Motion made by Howard Vaillancourt, seconded by Chad Young **to approve the consent agenda as presented.** Personnel, Fundraiser, Gift/Donation. Motion passed unanimously.

INFORMATION

The Big Read Update-Cindy Brovold updated the Board on the Big Read project. The Big Read project's purpose is to foster a love for reading as a core community value.

Audit Presentation- Caroline Stutsman presented the 2017 audit results. The audit shows a decrease in students from the previous year with the largest decrease at the high school level. It also shows fewer students choosing to go elsewhere. The district also saw an increase in students choosing Princeton for their education. Overall the district ended the year financially stable.

Strategic Plan Goal 2-Sarah Marxhausen updated the board on Goal 2 College and Career Readiness. The goal addresses community, collaboration and plan development.

ACTION

Acceptance of Audit-Motion made by Craig Johnson and seconded by Eric Minks to accept the 2016-2017 Audit that was prepared by Bergen KDV. Upon roll call the following voted for: Howard Vaillancourt, Eric Strandberg, Craig Johnson, Chad Young, Deb Ulm, Eric Minks and Sue VanHooser. Motion passed unanimously.

Food Service Negotiations Summary-Motion made by Howard Vaillancourt and seconded by Craig Johnson to accept the Food Service tentative contract as presented. Motion passed unanimously.

ADDITIONS TO THE AGENDA- NONE

FUTURE MEETINGS

The Big Read Spaghetti Dinner-11/15-5:00-7:00

Para Negotiations Meeting-11/16-3:30-5:30

Secretary Negotiations-11/16-5:45-8:00
Wellness Committee Meeting-11/20-3:30
Finance Meeting-11/21-4:30
Policy Meeting-11/21-5:00
School Board Study Session-11:21-6:00

ADJOURN-Motion to adjourn was made by Craig Johnson and seconded by Eric Minks.
The meeting was adjourned at 8:55 p.m.

Chair Deb Ulm

Clerk Eric Minks

Recorder-Kari Plafcan

11.21.17

Status	Last Name	First Name	Building	Job Title	Group	Replacing	Effective Date	Wage
New Hire	Eless	Tiffany	Intermediate	SpEd Para	Para	Jill Rygwall	11.20.17	\$15.13/Hr
New Hire	Emmerich	Mary	Primary	Tiger Club Para	Para	Linda Paplham	11.3.17	\$15.13/hr
Status	Last Name	First Name	Building	Job Title	Group	Replacing	Effective Date	Wage
Resignation	Durch	Sarah	High School	Prom Coordinator	Activities	N/A	11/06/17	
Resignation	Arens	Pat	High School	Girls Soccer -Head Coach	Activities	N/A	10.27.17	
Status	Last Name	First Name	Building	Job Title	Group	Replacing	Effective Date	Wage
Extra Duty	Paurus	Lindsay	High School	Assistant Girls Swim and Dive Coach	Activities	Christine Nehring	August-November 2017	\$26.00/hr
Extra Duty	Naumann	Dillon	High School	Assistant Boys Basketball Coach	Activities	Ryan Fay	11.17-3.18	\$3,790.00
Extra Duty	Van Der Zwag	Nikki	High School	.5 Assistant Gymnastics Coach	Activities	Nicole Alley	11.17-3.18	\$1,582.50
Extra Duty	Nowak	Nicholas	High School	.5 Assistant Boys Basketball Coach	Activities	Dillon Nauman	11/17-3/18	\$1,582.50
Extra Duty	Williams	Shawn	High School	.5 Assistant Boys Basketball Coach	Activities	Dillon Nauman	11/17-3/18	\$1,582.50
Extra Duty	Baird	Brenda	Primary/Intermediate	Robotics Coach	Activities	New Position	9/17/17	\$1,978.00
Extra Duty	Allen	Amy	Intermediate	.5 to 1 FTE-Dean of Students	Amin	N/A	11/13/17-12/22/17 (approx)	No change
Extra Duty	Berke	Margaret	Primary/Intermediate	Robotics Advisor	Activities	New Position	11/14/17	\$1,187.00
Status	Last Name	First Name	Building	Job Title	Group	Replacing	Effective Date	Wage
LOA	Bauman	Tammy	Onward	SpEd Para	Para	N/A	10.11.17-11.22.17	
LOA	James	Robin	Intermediate	SpEd Para	Para	N/A	11.7.17 (Aprox. 3 weeks)	
Intermittent LOA	Anderson	Amy	Primary	1st Grade Teacher	PEA	N/A	10.26.17	
Status	Last Name	First Name	Building	Job Title	Group	Replacing	Effective Date	Wage
Change in Assignment	Smith	Brenda	Intermediate School	SpEd Para-Going from S.S in the am to IS- am; afternoon will stay the same	Para	N/A	11.2.17	no change
Change in Assignment	Ostroot	Tom	Intermediate School	LTS-Principal at Intermediate	Admin	John Beach	11/13/17-12/21/17 (Approx)	\$467.28

Princeton Public Schools #477
Detail Payment Register By Check No.
Fund Summary

Fund Description	Total
01 General Fund	\$795,744.33
02 Food Service	\$117,608.37
04 Community Service	\$11,549.57
10 Student Activities	\$37,991.42
Report Total	\$962,893.69

Princeton Public Schools #477
Check Register by Bank and Check Number

Batch Co	Bank	Pymt No	Check No	Pay Type	Grp	Code	Rcd	Vendor	Print	Recon	Void	Currency	Pmt/Void Date	Amount
0477	001	73124	166839	Check	1	15714		PIONEER CREDIT RECOVERY, INC.	Yes	Yes	No	USD	10/13/2017	312.77
		73221	166840	Check	1	14918		3D PRINTING MINNESOTA	Yes	Yes	No	USD	10/13/2017	86.25
		73194	166841	Check	1	10795	1	ACE SOLID WASTE, INC	Yes	Yes	No	USD	10/13/2017	3,935.48
		73196	166842	Check	1	1140	3	AMERICAN RED CROSS	Yes	Yes	No	USD	10/13/2017	189.00
		73200	166843	Check	1	12259		ANDERSON BARB	Yes	Yes	No	USD	10/13/2017	120.00
		73206	166844	Check	1	13834		ARENS SYDNEY	Yes	Yes	No	USD	10/13/2017	114.00
		73251	166845	Check	1	7328		AUTO BODY TECHNICIANS	Yes	Yes	No	USD	10/13/2017	499.85
		73199	166846	Check	1	12254		BAKER JAMES	Yes	Yes	No	USD	10/13/2017	120.00
		73213	166847	Check	1	14439		BALFOUR MINNESOTA, LLC	Yes	Yes	No	USD	10/13/2017	200.00
		73231	166848	Check	1	15750		BLUE WATER PLUMBING	Yes	Yes	No	USD	10/13/2017	610.00
		73193	166849	Check	1	10584		CARD SERVICES	Yes	Yes	No	USD	10/13/2017	926.83
		73242	166850	Check	1	4290		CENTERPOINT ENERGY	Yes	Yes	No	USD	10/13/2017	1,705.46
		73234	166851	Check	1	2128		D.ERVASTI SALES CO.	Yes	Yes	No	USD	10/13/2017	159.60
		73217	166852	Check	1	14859		DAMMER TROY	Yes	Yes	No	USD	10/13/2017	82.00
		73198	166853	Check	1	11656		DEAN FOODS NORTH CENTRAL	Yes	Yes	No	USD	10/13/2017	2,062.82
		73235	166854	Check	1	2270		ECM PUBLISHERS INC.	Yes	Yes	No	USD	10/13/2017	38.00
		73236	166855	Check	1	2331		EGAN COMPANY	Yes	Yes	No	USD	10/13/2017	701.82
		73222	166856	Check	1	15192		EMPLOYEE BENEFITS CORPORATIC	Yes	Yes	No	USD	10/13/2017	226.40
		73225	166857	Check	1	15416		FAIRCLOUGH KARIL	Yes	Yes	No	USD	10/13/2017	228.00
		73201	166858	Check	1	12283		FERGUS DAVID	Yes	Yes	No	USD	10/13/2017	82.00
		73208	166859	Check	1	14049		FUN EXPRESS, LLC	Yes	Yes	No	USD	10/13/2017	78.63
		73255	166860	Check	1	9523		HILGER MERRY	Yes	Yes	No	USD	10/13/2017	120.00
		73237	166861	Check	1	3140		HOFMAN OIL CO. INC.	Yes	Yes	No	USD	10/13/2017	662.84
		73202	166862	Check	1	12624		HOFSTEDT JASON	Yes	Yes	No	USD	10/13/2017	72.00
		73204	166863	Check	1	13217		HOLT-PETERSON CHARTER BUS	Yes	Yes	No	USD	10/13/2017	6,607.00
		73238	166864	Check	1	3231		HY-TECH AUTOMOTIVE	Yes	Yes	No	USD	10/13/2017	289.50
		73227	166865	Check	1	15620	1	IDEAL SERVICE	Yes	Yes	No	USD	10/13/2017	1,368.36
		73211	166866	Check	1	14411		KENMARK, INC.	Yes	No	No	USD	10/13/2017	500.00
		73212	166867	Check	1	14411		KENMARK, INC.	Yes	Yes	No	USD	10/13/2017	4,740.00
		73252	166868	Check	1	7376		KLEIS MATT	Yes	Yes	No	USD	10/13/2017	80.00
		73228	166869	Check	1	15642		LARSON ENGINEERING, INC.	Yes	Yes	No	USD	10/13/2017	1,600.00
		73240	166870	Check	1	4156		M.E.S.P.A.	Yes	Yes	No	USD	10/13/2017	910.00
		73210	166871	Check	1	14398		MANDILE RICHARD	Yes	Yes	No	USD	10/13/2017	120.00
		73239	166872	Check	1	4028		MARV'S TRUE VALUE	Yes	Yes	No	USD	10/13/2017	3,170.82
		73218	166873	Check	1	14862		MERIDIAN CONSULTING GROUP, LLC	Yes	Yes	No	USD	10/13/2017	2,400.00
		73195	166874	Check	1	11250	1	MESTA	Yes	No	No	USD	10/13/2017	250.00
		73241	166875	Check	1	4222		MILACA BUILDING CENTER	Yes	Yes	No	USD	10/13/2017	1,876.18
		73197	166876	Check	1	11477		MINUTEMAN PRESS	Yes	Yes	No	USD	10/13/2017	112.55
		73243	166877	Check	1	4348	6	MIN DEPT OF EDUCATION	Yes	Yes	No	USD	10/13/2017	55.86
		73223	166878	Check	1	15203		MSOPA-MN SUPERINTENDENT OFFI	Yes	Yes	No	USD	10/13/2017	50.00
		73244	166879	Check	1	4536		NARDINI FIRE EQUIPMENT CO	Yes	Yes	No	USD	10/13/2017	157.00

Princeton Public Schools #477
Check Register by Bank and Check Number

Batch Co	Bank	Pymt No	Check No	Pay Type	Grp	Code	Rcd	Vendor	Print Recon	Void	Currency	Pmt/Void Date	Amount
0477	001	73216	166880	Check	1	14820	1	NATIONAL INSURANCE SERVICES of	Yes	No	USD	10/13/2017	6,250.00
		73233	166881	Check	1	1693		PETTY CASH-MARGARET DEGLMAN	Yes	No	USD	10/13/2017	42.72
		73245	166882	Check	1	5040		PIZZA BARN	Yes	No	USD	10/13/2017	44.95
		73246	166883	Check	1	5139		PRINCETON LANES	Yes	No	USD	10/13/2017	676.00
		73247	166884	Check	1	5194		PRINCETON PUBLIC UTILITIES	Yes	No	USD	10/13/2017	79,332.04
		73220	166885	Check	1	14886		QP PHOTOGRAPHY	Yes	No	USD	10/13/2017	576.00
		73248	166886	Check	1	5214	1	QUILL CORPORATION	Yes	No	USD	10/13/2017	25.07
		73229	166887	Check	1	15660		REJUV MEDICAL	Yes	No	USD	10/13/2017	3,240.00
		73249	166888	Check	1	5310		REYNOLDS BALLOON & PARTY	Yes	No	USD	10/13/2017	68.50
		73250	166889	Check	1	5576	1	SCHMITT MUSIC COMPANY	Yes	No	USD	10/13/2017	68.00
		73226	166890	Check	1	15502		SPORTSBOARDS	Yes	No	USD	10/13/2017	1,674.00
		73230	166891	Check	1	15713		ST. CLOUD CARTRIDGES	Yes	No	USD	10/13/2017	309.97
		73254	166892	Check	1	8531	2	STRATEGIC EQUIPMENT	Yes	No	USD	10/13/2017	183.49
		73215	166893	Check	1	14750		SUBURBAN ELEVATOR	Yes	No	USD	10/13/2017	211.27
		73232	166894	Check	1	15751		SUCCESS BEYOND THE CLASSROOM	Yes	No	USD	10/13/2017	25.00
		73214	166895	Check	1	14477		TEACHERS ON CALL	Yes	No	USD	10/13/2017	13,476.50
		73205	166896	Check	1	13218		THERAPRO, INC.	Yes	No	USD	10/13/2017	83.95
		73219	166897	Check	1	14868		U.S. BANK EQUIPMENT FINANCE	Yes	No	USD	10/13/2017	341.54
		73224	166898	Check	1	15226		ULTIMATE SPORTS AND APPAREL	Yes	No	USD	10/13/2017	159.20
		73209	166899	Check	1	14333		UPPER LAKES FOODS, INC.	Yes	No	USD	10/13/2017	299.53
		73203	166900	Check	1	13040		UTSCH ADAM	Yes	No	USD	10/13/2017	80.00
		73207	166901	Check	1	13908		VERIZON WIRELESS	Yes	No	USD	10/13/2017	320.16
		73253	166902	Check	1	7450		WAHNSCHAFFE DALE	Yes	No	USD	10/13/2017	80.00
		73256	166903	Check	1	10584		CARD SERVICES	Yes	No	USD	10/17/2017	13.37
		73262	166904	Check	1	1137		AMERIPRIDE SERVICES INC.	Yes	No	USD	10/19/2017	1,351.35
		73282	166905	Check	1	15250		AMITY INSTITUTE	Yes	No	USD	10/19/2017	5,000.00
		73310	166906	Check	1	7650		BAYERL BARRY	Yes	No	USD	10/19/2017	100.00
		73271	166907	Check	1	1409		BERNICK'S PEPSI-COLA	Yes	No	USD	10/19/2017	470.16
		73270	166908	Check	1	14021		BEYOND SPORT MARTIAL ARTS & FI	Yes	No	USD	10/19/2017	144.40
		73275	166909	Check	1	14370		BIASCO TYE	Yes	No	USD	10/19/2017	72.00
		73290	166910	Check	1	1840		C.M.E.R.D.C.	Yes	No	USD	10/19/2017	1,609.39
		73312	166911	Check	1	7710		CESNIK PAMELA	Yes	No	USD	10/19/2017	85.00
		73311	166912	Check	1	7705		CHEELEY PETE	Yes	No	USD	10/19/2017	100.00
		73272	166913	Check	1	14103		CULLIGAN BOTTLED WATER	Yes	No	USD	10/19/2017	109.05
		73273	166914	Check	1	14103		CULLIGAN BOTTLED WATER	Yes	No	USD	10/19/2017	23.50
		73264	166915	Check	1	11656		DEAN FOODS NORTH CENTRAL	Yes	No	USD	10/19/2017	4,353.20
		73288	166916	Check	1	15768		DIRKSWAGER TARA	Yes	No	USD	10/19/2017	12.00
		73284	166917	Check	1	15711		DUCKLOW DUSTIN	Yes	No	USD	10/19/2017	106.00
		73291	166918	Check	1	2265		ECKROTH MUSIC CO.	Yes	No	USD	10/19/2017	1,195.58
		73292	166919	Check	1	2270		ECM PUBLISHERS INC.	Yes	No	USD	10/19/2017	306.95
		73293	166920	Check	1	2278		ECOWATER SYSTEMS	Yes	No	USD	10/19/2017	23.00

Princeton Public Schools #477
Check Register by Bank and Check Number

Batch Co	Bank	Pymt No	Check No	Pay Type	Grp	Code	Rcd	Vendor	Print	Recon	Void	Currency	Pmt/Void Date	Amount
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		73294	166922	Check	1	2778	1	GOPHER STATE ONE CALL INC	Yes	Yes	No	USD	10/19/2017	39.15
		73306	166923	Check	1	6645		GRAINGER	Yes	Yes	No	USD	10/19/2017	135.19
		73269	166924	Check	1	13853		HAIDER KEITH	Yes	No	No	USD	10/19/2017	100.00
		73280	166925	Check	1	15218		HERRICK CHARLENE	Yes	Yes	No	USD	10/19/2017	150.00
		73278	166926	Check	1	14517		HORIZON COMMERCIAL POOL SUPP	Yes	Yes	No	USD	10/19/2017	359.25
		73283	166927	Check	1	15415		INDEPENDENT EMERGENCY SERVIC	Yes	Yes	No	USD	10/19/2017	43.08
		73259	166928	Check	1	10237		INTEGRATED SYSTEMS CORPORATI	Yes	Yes	No	USD	10/19/2017	416.67
		73276	166929	Check	1	14422		JOHNSON RANDY	Yes	Yes	No	USD	10/19/2017	80.00
		73295	166930	Check	1	4326	1	M.M.E.A.	Yes	Yes	No	USD	10/19/2017	265.00
		73296	166931	Check	1	4467	2	M.S.B.A.	Yes	Yes	No	USD	10/19/2017	275.00
		73261	166932	Check	1	10532		MCGRW CHAD	Yes	No	No	USD	10/19/2017	100.00
		73260	166933	Check	1	10432	2	MEI TOTAL ELEVATOR SOLUTIONS	Yes	Yes	No	USD	10/19/2017	261.08
		73313	166934	Check	1	8388	1	METRO SALES INC	Yes	Yes	No	USD	10/19/2017	1,346.90
		73266	166935	Check	1	12957	1	MIDCONTINENT COMMUNICATIONS	Yes	Yes	No	USD	10/19/2017	225.33
		73267	166936	Check	1	13347		MILLER DIXIE	Yes	Yes	No	USD	10/19/2017	50.00
		73263	166937	Check	1	11477		MINUTEMAN PRESS	Yes	Yes	No	USD	10/19/2017	1,715.71
		73308	166938	Check	1	6992		OFTEDAL DICK	Yes	Yes	No	USD	10/19/2017	100.00
		73289	166939	Check	1	1693		PETTY CASH-MARGARET DEGLMAN	Yes	Yes	No	USD	10/19/2017	200.00
		73297	166940	Check	1	5040		PIZZA BARN	Yes	Yes	No	USD	10/19/2017	707.92
		73258	166941	Check	1	10232		PLOEGER CORY	Yes	Yes	No	USD	10/19/2017	80.00
		73298	166942	Check	1	5118		PRINCETON CHAMBER OF COMMER	Yes	Yes	No	USD	10/19/2017	45.00
		73299	166943	Check	1	5149		PRINCETON RENTAL INC.	Yes	Yes	No	USD	10/19/2017	854.90
		73265	166944	Check	1	12648		REBYL SPORTS, INC.	Yes	Yes	No	USD	10/19/2017	1,513.00
		73307	166945	Check	1	6822		REETZ DOUG	Yes	Yes	No	USD	10/19/2017	80.00
		73314	166946	Check	1	8562		REGION 7AA	Yes	Yes	No	USD	10/19/2017	2,594.00
		73286	166947	Check	1	15765		RENTZ RICKY	Yes	Yes	No	USD	10/19/2017	85.00
		73300	166948	Check	1	5305		RESOURCE TRAINING & SOLUTIONS	Yes	Yes	No	USD	10/19/2017	95.00
		73268	166949	Check	1	13491		RIVERSIDE FAMILY CHIROPRACTIC	Yes	Yes	No	USD	10/19/2017	120.00
		73279	166950	Check	1	14599		ROSETOWN PLAYHOUSE	Yes	No	No	USD	10/19/2017	300.00
		73301	166951	Check	1	5506	2	SAUK RAPIDS - RICE HIGH SCHOOL	Yes	Yes	No	USD	10/19/2017	105.00
		73302	166952	Check	1	5521		SAUNTRON CORPORATION	Yes	Yes	No	USD	10/19/2017	159.52
		73304	166953	Check	1	5576	1	SCHMITT MUSIC COMPANY	Yes	Yes	No	USD	10/19/2017	192.40
		73303	166954	Check	1	5525	3	SCHOLASTIC BOOK FAIRS - 15	Yes	Yes	No	USD	10/19/2017	6,645.94
		73309	166955	Check	1	7195		SEAVERT DALE	Yes	Yes	No	USD	10/19/2017	100.00
		73274	166956	Check	1	14366		SHRED RIGHT	Yes	Yes	No	USD	10/19/2017	35.25
		73277	166957	Check	1	14477		TEACHERS ON CALL	Yes	Yes	No	USD	10/19/2017	14,556.15
		73281	166958	Check	1	15226		ULTIMATE SPORTS AND APPAREL	Yes	Yes	No	USD	10/19/2017	111.92
		73305	166959	Check	1	6461		WAYSON CO. INC.	Yes	Yes	No	USD	10/19/2017	178.82
		73285	166960	Check	1	15764		ZIMPFER ALISON	Yes	Yes	No	USD	10/19/2017	100.00
		73315	166961	Check	1	14758		DELTA DENTAL OF MINNESOTA	Yes	Yes	No	USD	10/24/2017	21,284.88

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Batch Co	Bank	Pymt No	Check No	Pay Type	Grp	Code	Rcd	Vendor	Print Recon	Void	Currency	Pmt/Void Date	Amount
0477	001	73316	166962	Check	1	14820		NATIONAL INSURANCE SERVICES of	Yes	No	USD	10/24/2017	7,807.73
		73366	166963	Check	1	7482		ANDERSON MATTHEW L.	Yes	No	USD	10/27/2017	100.00
		73358	166964	Check	1	4545		AUTO VALUE PRINCETON	Yes	No	USD	10/27/2017	140.73
		73346	166965	Check	1	15773		BEHRENS CHUCK	Yes	No	USD	10/27/2017	88.00
		73330	166966	Check	1	14370		BIASCO TYE	Yes	No	USD	10/27/2017	40.00
		73336	166967	Check	1	15237		CEL PUBLIC RELATIONS, INC.	Yes	No	USD	10/27/2017	12,985.00
		73348	166968	Check	1	15775		CEND	Yes	No	USD	10/27/2017	35.00
		73349	166969	Check	1	1721		CENTRAL MCGOWAN INC.	Yes	No	USD	10/27/2017	1,464.00
		73350	166970	Check	1	1799		CITY OF PRINCETON	Yes	No	USD	10/27/2017	1,134.00
		73367	166971	Check	1	8491		COUNTRY SIDE PEST CONTROL, INC	Yes	No	USD	10/27/2017	375.00
		73351	166972	Check	1	2265		ECKROTH MUSIC CO.	Yes	No	USD	10/27/2017	31.90
		73352	166973	Check	1	2270		ECM PUBLISHERS INC.	Yes	No	USD	10/27/2017	172.02
		73353	166974	Check	1	2685	5	ECOLAB EQUIPMENT CARE - GCS SI	Yes	No	USD	10/27/2017	72.42
		73337	166975	Check	1	15318		EKON-O-PAC	Yes	No	USD	10/27/2017	473.60
		73335	166976	Check	1	15180		FLOORS BY BECKERS	Yes	No	USD	10/27/2017	3,150.00
		73354	166977	Check	1	2955		HANDYMAN'S INC.	Yes	No	USD	10/27/2017	204.70
		73323	166978	Check	1	13217		HOLT-PETERSON CHARTER BUS	Yes	No	USD	10/27/2017	6,495.00
		73355	166979	Check	1	3421		JIFFY-JR PRODUCTS	Yes	No	USD	10/27/2017	635.85
		73356	166980	Check	1	3661		KROMER CO.	Yes	No	USD	10/27/2017	392.35
		73329	166981	Check	1	14047		KROSSOVER.COM	Yes	No	USD	10/27/2017	1,399.00
		73334	166982	Check	1	14896		LABEAU CLINTON	Yes	No	USD	10/27/2017	112.00
		73365	166983	Check	1	7475		M.B.S.A.	Yes	No	USD	10/27/2017	75.00
		73357	166984	Check	1	4136		MENARDS	Yes	No	USD	10/27/2017	181.16
		73332	166985	Check	1	14862		MERIDIAN CONSULTING GROUP, LLC	Yes	No	USD	10/27/2017	2,775.00
		73325	166986	Check	1	13330		MERLINO RORY	Yes	No	USD	10/27/2017	112.00
		73322	166987	Check	1	12957	1	MIDCONTINENT COMMUNICATIONS	Yes	No	USD	10/27/2017	85.00
		73369	166988	Check	1	9119	1	NATIONAL TICKET COMPANY	Yes	No	USD	10/27/2017	293.06
		73340	166989	Check	1	15730		OPG-3 INC.	Yes	No	USD	10/27/2017	4,444.00
		73319	166990	Check	1	11063		ORDWAY CENTER FOR THE	Yes	No	USD	10/27/2017	540.00
		73326	166991	Check	1	13355	1	PALMER BUS SERVICE, INC.	Yes	No	USD	10/27/2017	79,118.33
		73359	166992	Check	1	4868	1	PAN-O-GOLD BAKING CO.	Yes	No	USD	10/27/2017	2,211.52
		73347	166993	Check	1	15774		PETERSON CHRISTINE	Yes	No	USD	10/27/2017	127.15
		73360	166994	Check	1	5040		PIZZA BARN	Yes	No	USD	10/27/2017	254.40
		73344	166995	Check	1	15771		PLAMAN BRAD	Yes	No	USD	10/27/2017	88.00
		73339	166996	Check	1	15699	1	PLEXUS COMPANY	Yes	No	USD	10/27/2017	1,558.08
		73345	166997	Check	1	15772		PRICE MATTHEW	Yes	No	USD	10/27/2017	88.00
		73320	166998	Check	1	12648		REBYL SPORTS, INC.	Yes	No	USD	10/27/2017	844.75
		73361	166999	Check	1	5305		RESOURCE TRAINING & SOLUTIONS	Yes	No	USD	10/27/2017	655.00
		73338	167000	Check	1	15557		SANTILLANA USA PUBLISHING CO. II	Yes	No	USD	10/27/2017	676.99
		73341	167001	Check	1	15763		SCHWICHTENBERG HEIDI J	Yes	No	USD	10/27/2017	200.00
		73321	167002	Check	1	12747	1	SHOPKO STORES OPERATING CO.,	Yes	No	USD	10/27/2017	38.24

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0477	001	73328	167003	Check	1	13794	1	SOCCER.COM	Yes	No	No	USD	10/27/2017	105.98
		73362	167004	Check	1	5874	5	STAR TRIBUNE	Yes	No	No	USD	10/27/2017	657.60
		73331	167006	Check	1	14477		TEACHERS ON CALL	Yes	Yes	No	USD	10/27/2017	16,513.17
		73327	167007	Check	1	13389	1	THE MCDOWELL AGENCY, INC.	Yes	No	No	USD	10/27/2017	903.55
		73363	167008	Check	1	6202		TRANS-MISSISSIPPI BIOLOGICAL	Yes	No	No	USD	10/27/2017	80.56
		73333	167009	Check	1	14868		U.S. BANK EQUIPMENT FINANCE	Yes	No	No	USD	10/27/2017	190.24
		73364	167010	Check	1	6376		VIKING COCA COLA BOTTLING	Yes	Yes	No	USD	10/27/2017	148.25
		73324	167011	Check	1	13262	1	WALMART COMMUNITY/GEGRB	Yes	No	No	USD	10/27/2017	688.83
		73342	167012	Check	1	15769		WHITE TERRENCE	Yes	No	No	USD	10/27/2017	88.00
		73343	167013	Check	1	15770		ZIMMERMAN FRANK	Yes	Yes	No	USD	10/27/2017	88.00
		73370	167014	Check	1	6231		TRIO SUPPLY COMPANY	Yes	Yes	No	USD	10/27/2017	1,766.50
		73382	167015	Check	1	4593		EDUCATION MINNESOTA	Yes	No	No	USD	10/31/2017	941.72
		73379	167016	Check	1	3177		HORACE MANN LIFE INS. CO.	Yes	No	No	USD	10/31/2017	67.14
		73380	167017	Check	1	4332		MN BENEFIT ASSN	Yes	No	No	USD	10/31/2017	183.59
		73381	167018	Check	1	4584	2	NCPEPS MINNESOTA	Yes	No	No	USD	10/31/2017	64.00
		73383	167019	Check	1	4936		PEADUES ACCT.	Yes	No	No	USD	10/31/2017	19,603.08
		73378	167020	Check	1	15714		PIONEER CREDIT RECOVERY, INC.	Yes	No	No	USD	10/31/2017	312.77
		73384	167021	Check	1	5121		PRINCETON CUSTODIANS	Yes	No	No	USD	10/31/2017	1,363.94
		73385	167022	Check	1	5126		PRINCETON PARAPROFESSIONALS	Yes	No	No	USD	10/31/2017	3,172.24
		73386	167023	Check	1	5587		SEIU LOCAL 284	Yes	No	No	USD	10/31/2017	955.93
		73387	167024	Check	1	9177		CITI CARDS	Yes	No	No	USD	10/31/2017	60.00
		73469	167025	Check	1	7706	3	AMAZON.COM	Yes	No	No	USD	11/03/2017	5,664.48
		73409	167026	Check	1	14943		ANDRES TARA	Yes	No	No	USD	11/03/2017	55.00
		73400	167027	Check	1	13834		ARENS SYDNEY	Yes	No	No	USD	11/03/2017	199.00
		73455	167028	Check	1	4545		AUTO VALUE PRINCETON	Yes	No	No	USD	11/03/2017	35.42
		73398	167029	Check	1	1301	2	BARNES & NOBLE	Yes	No	No	USD	11/03/2017	230.96
		73447	167030	Check	1	3561		BERGAN KDV	Yes	No	No	USD	11/03/2017	18,000.00
		73408	167031	Check	1	14928		BISHMAN ERIN	Yes	No	No	USD	11/03/2017	50.00
		73429	167032	Check	1	15781		BOEKE LARRY	Yes	No	No	USD	11/03/2017	50.00
		73425	167033	Check	1	15776		BOOMERANG	Yes	No	No	USD	11/03/2017	149.99
		73389	167034	Check	1	10752		BOURDEAUX DAWN	Yes	No	No	USD	11/03/2017	55.00
		73443	167035	Check	1	1840		C.M.E.R.D.C.	Yes	No	No	USD	11/03/2017	4,100.90
		73450	167036	Check	1	4290		CENTERPOINT ENERGY	Yes	No	No	USD	11/03/2017	2,340.06
		73451	167037	Check	1	4290		CENTERPOINT ENERGY	Yes	No	No	USD	11/03/2017	67.81
		73452	167038	Check	1	4290		CENTERPOINT ENERGY	Yes	No	No	USD	11/03/2017	112.91
		73434	167039	Check	1	15786		CENTERPOINT ENERGY	Yes	No	No	USD	11/03/2017	50.00
		73401	167040	Check	1	13863		CHACICH AMBER	Yes	No	No	USD	11/03/2017	147.00
		73392	167041	Check	1	11656		CONNORS FAITH	Yes	No	No	USD	11/03/2017	969.40
		73444	167042	Check	1	2270		DEAN FOODS NORTH CENTRAL	Yes	No	No	USD	11/03/2017	38.00
		73474	167043	Check	1	9068		ECM PUBLISHERS INC.	Yes	No	No	USD	11/03/2017	325.61
		73445	167044	Check	1	2331		EDUCATORS BENEFIT CONSULTANT EGAN COMPANY	Yes	No	No	USD	11/03/2017	7,715.61

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0477	001	73410	167045	Check	1	15192		EMPLOYEE BENEFITS CORPORATIC	Yes	No	No	USD	11/03/2017	226.40
		73437	167046	Check	1	15789		FRIDGEN TONI	Yes	No	No	USD	11/03/2017	55.00
		73404	167047	Check	1	14049		FUN EXPRESS, LLC	Yes	No	No	USD	11/03/2017	84.45
		73466	167048	Check	1	6645		GRAINGER	Yes	No	No	USD	11/03/2017	844.20
		73402	167049	Check	1	13869		GRANT ASSIST CONSULTING	Yes	No	No	USD	11/03/2017	1,850.00
		73438	167050	Check	1	15790		GRIESERT TODD	Yes	No	No	USD	11/03/2017	55.00
		73428	167051	Check	1	15780		HALLAM MICHELLE	Yes	No	No	USD	11/03/2017	50.00
		73412	167052	Check	1	15334		HANSON MICHELLE	Yes	No	No	USD	11/03/2017	50.00
		73393	167053	Check	1	12235		HATFIELD HAILEY	Yes	No	No	USD	11/03/2017	55.00
		73432	167054	Check	1	15784		HEDTKE BRYNNE	Yes	No	No	USD	11/03/2017	50.00
		73446	167055	Check	1	3121	1	HI-TECH REFRIGERATION	Yes	No	No	USD	11/03/2017	409.13
		73399	167056	Check	1	13446		KARLSBURGER FOODS, INC.	Yes	No	No	USD	11/03/2017	418.80
		73448	167057	Check	1	3576		KILLINGSWORTH ANN	Yes	No	No	USD	11/03/2017	43.00
		73439	167058	Check	1	15791		KNUTSON BRIAN	Yes	No	No	USD	11/03/2017	55.00
		73415	167059	Check	1	15346		KOPACEK MIKE	Yes	No	No	USD	11/03/2017	50.00
		73467	167060	Check	1	7266		LAWRENCE MARYTINA	Yes	No	No	USD	11/03/2017	50.00
		73468	167061	Check	1	7475		M.B.S.A.	Yes	No	No	USD	11/03/2017	32.50
		73454	167062	Check	1	4467		M.S.B.A.	Yes	No	No	USD	11/03/2017	185.00
		73407	167063	Check	1	14835		MAX INTERACTIVE INC.	Yes	No	No	USD	11/03/2017	57.00
		73430	167064	Check	1	15782		MCCORMICK NANCY	Yes	No	No	USD	11/03/2017	40.00
		73440	167065	Check	1	15792		MCDONALD KIM	Yes	No	No	USD	11/03/2017	55.00
		73449	167066	Check	1	4093	6	MCGRW-HILL SCHOOL EDUCATION	Yes	No	No	USD	11/03/2017	6,459.68
		73395	167067	Check	1	12957	1	MIDCONTINENT COMMUNICATIONS	Yes	No	No	USD	11/03/2017	240.56
		73441	167068	Check	1	15793		MINKS TROY	Yes	No	No	USD	11/03/2017	110.00
		73472	167069	Check	1	8698		MINN SPRA	Yes	No	No	USD	11/03/2017	139.00
		73391	167070	Check	1	11477		MINUTEMAN PRESS	Yes	No	No	USD	11/03/2017	389.00
		73453	167071	Check	1	4349	5	MN DEPARTMENT OF HEALTH	Yes	No	No	USD	11/03/2017	35.00
		73479	167072	Check	1	9892	1	NCS PEARSON, INC.	Yes	No	No	USD	11/03/2017	1,076.25
		73456	167073	Check	1	4707		NORCOSTCO INC.	Yes	No	No	USD	11/03/2017	422.06
		73442	167074	Check	1	15794		NORDEEN DONALD	Yes	No	No	USD	11/03/2017	55.00
		73457	167075	Check	1	4713		NORTH JR HIGH	Yes	No	No	USD	11/03/2017	25.00
		73433	167076	Check	1	15785		OTHOUT BRIDGET	Yes	No	No	USD	11/03/2017	50.00
		73411	167077	Check	1	15332		PARENT NICOLE	Yes	No	No	USD	11/03/2017	50.00
		73394	167078	Check	1	12952		PASCH ANN	Yes	No	No	USD	11/03/2017	50.00
		73475	167079	Check	1	9158		PIDDE TRACY	Yes	No	No	USD	11/03/2017	35.00
		73458	167080	Check	1	5167		PRO-ED, INC.	Yes	No	No	USD	11/03/2017	50.00
		73413	167081	Check	1	15344		PRUETT KRISTIN	Yes	No	No	USD	11/03/2017	186.45
		73459	167082	Check	1	5214	1	QUILL CORPORATION	Yes	No	No	USD	11/03/2017	50.00
		73473	167083	Check	1	8887		RANDALL KAREN	Yes	No	No	USD	11/03/2017	1,218.92
		73461	167084	Check	1	5256	3	READ NATURALLY	Yes	No	No	USD	11/03/2017	30.00
		73460	167085	Check	1	5254		REALLY GOOD STUFF	Yes	No	No	USD	11/03/2017	211.20
				Check	1				Yes	No	No	USD	11/03/2017	77.26

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		73476	167087	Check	1	9439	1	RELIABLE MEDICAL SUPPLY	Yes	No	No	USD	11/03/2017	3,183.00
		73414	167088	Check	1	15345		RILEY AMBER	Yes	No	No	USD	11/03/2017	50.00
		73462	167089	Check	1	5350	1	ROBERT BROOKE & ASSOCIATES	Yes	No	No	USD	11/03/2017	639.25
		73435	167090	Check	1	15787		ROSS JAMIE	Yes	No	No	USD	11/03/2017	50.00
		73478	167091	Check	1	9776		SAFEWAY CONSTRUCTION, INC	Yes	No	No	USD	11/03/2017	300.00
		73463	167092	Check	1	5472	4	SAM'S CLUB	Yes	No	No	USD	11/03/2017	1,131.91
		73422	167093	Check	1	15557		SANTILLANA USA PUBLISHING CO. II	Yes	No	No	USD	11/03/2017	633.19
		73426	167094	Check	1	15778		SCHMIDT TINA	Yes	No	No	USD	11/03/2017	50.00
		73464	167095	Check	1	5571		SCHOLASTIC MAGAZINES	Yes	No	No	USD	11/03/2017	1,784.02
		73424	167096	Check	1	15763		SCHWICHTENBERG HEIDI J	Yes	No	No	USD	11/03/2017	100.00
		73436	167097	Check	1	15788		SHECK ROCHELLE	Yes	No	No	USD	11/03/2017	50.00
		73406	167098	Check	1	14550	1	SHERBURNE COUNTY AREA UNITEE	Yes	No	No	USD	11/03/2017	55.00
		73427	167099	Check	1	15779		SHIMEK AMANDA	Yes	No	No	USD	11/03/2017	50.00
		73477	167100	Check	1	9494	1	SNA	Yes	No	No	USD	11/03/2017	15.00
		73416	167101	Check	1	15348		SNOW CASEY	Yes	No	No	USD	11/03/2017	50.00
		73417	167102	Check	1	15349		STOKKE JENNIFER	Yes	No	No	USD	11/03/2017	50.00
		73470	167103	Check	1	8531	2	STRAATEGIC EQUIPMENT	Yes	No	No	USD	11/03/2017	2,809.33
		73405	167104	Check	1	14477		TEACHERS ON CALL	Yes	No	No	USD	11/03/2017	11,095.63
		73423	167105	Check	1	15686		THOMPSON LEAH	Yes	No	No	USD	11/03/2017	100.00
		73396	167106	Check	1	12980	1	TIES	Yes	No	No	USD	11/03/2017	169.00
		73397	167107	Check	1	12980	1	TIES	Yes	No	No	USD	11/03/2017	538.00
		73431	167108	Check	1	15783		TONN GARY	Yes	No	No	USD	11/03/2017	20.00
		73465	167109	Check	1	6290	5	UNITED RENTALS (NORTHAMERICA	Yes	No	No	USD	11/03/2017	1,521.11
		73419	167110	Check	1	15353		WARDARSKI SHELLY	Yes	No	No	USD	11/03/2017	50.00
		73421	167111	Check	1	15497		WHEELER HARDWARE COMPANY	Yes	No	No	USD	11/03/2017	541.54
		73420	167112	Check	1	15354		WOOD CARRIE	Yes	No	No	USD	11/03/2017	50.00
		73390	167113	Check	1	11031		WRIGHT JESSICA	Yes	No	No	USD	11/03/2017	55.00
		73418	167114	Check	1	15350		YETZER JANE	Yes	No	No	USD	11/03/2017	50.00
		73403	167115	Check	1	13952		ZEROTH AMANDA	Yes	No	No	USD	11/03/2017	50.00
		73481	167116	Check	1	4160	2	METRO ECSU	Yes	No	No	USD	11/08/2017	100.00
		73560	167117	Check	1	10795	1	ACE SOLID WASTE, INC	Yes	No	No	USD	11/10/2017	3,935.48
		73562	167118	Check	1	11427	1	AT&T MOBILITY	Yes	No	No	USD	11/10/2017	152.93
		73567	167119	Check	1	13116		AUDIO ENHANCEMENT	Yes	No	No	USD	11/10/2017	209.00
		73570	167120	Check	1	1409		BERNICK'S PEPSI-COLA	Yes	No	No	USD	11/10/2017	847.44
		73559	167121	Check	1	10364		BORDER STATES ELECTRIC SUPPLY	Yes	No	No	USD	11/10/2017	566.00
		73599	167122	Check	1	3954	4	CDW-G INC	Yes	No	No	USD	11/10/2017	1,750.00
		73587	167123	Check	1	1761		CHIP'S A.C. REFRIG & APPLI	Yes	No	No	USD	11/10/2017	187.96
		73617	167124	Check	1	7321	1	COMMITTEE FOR CHILDREN	Yes	No	No	USD	11/10/2017	1,227.00
		73558	167125	Check	1	10069		DALCO	Yes	No	No	USD	11/10/2017	2,685.52
		73564	167126	Check	1	11656		DEAN FOODS NORTH CENTRAL	Yes	No	No	USD	11/10/2017	2,174.04

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		73565	167128	Check	1	12875		DVS RENEWAL	Yes	No	No	USD	11/10/2017	51.00
		73589	167129	Check	1	2270		ECM PUBLISHERS INC.	Yes	No	No	USD	11/10/2017	697.03
		73590	167130	Check	1	2270		ECM PUBLISHERS INC.	Yes	No	No	USD	11/10/2017	76.00
		73591	167131	Check	1	2270		ECM PUBLISHERS INC.	Yes	No	No	USD	11/10/2017	76.00
		73592	167132	Check	1	2353		ELECTRIC MOTOR SERVICE INC	Yes	No	No	USD	11/10/2017	149.26
		73583	167133	Check	1	15777		FRASIER JERRY	Yes	No	No	USD	11/10/2017	900.00
		73593	167134	Check	1	2775		GOPHER	Yes	No	No	USD	11/10/2017	1,825.83
		73614	167135	Check	1	6645		GRAINGER	Yes	No	No	USD	11/10/2017	1,032.92
		73594	167136	Check	1	2891		GUTHRIE THEATER GROUP SALES	Yes	No	No	USD	11/10/2017	40.00
		73595	167137	Check	1	2955		HANDYMAN'S INC.	Yes	No	No	USD	11/10/2017	18.78
		73568	167138	Check	1	13217		HOLT-PETERSON CHARTER BUS	Yes	No	No	USD	11/10/2017	945.00
		73596	167139	Check	1	3183	2	HOUGHTON - MIFFLIN CO.	Yes	No	No	USD	11/10/2017	1,151.04
		73615	167140	Check	1	6761	2	I.S.D. #727	Yes	No	No	USD	11/10/2017	25.00
		73579	167141	Check	1	15415		INDEPENDENT EMERGENCY SERVI	Yes	No	No	USD	11/10/2017	43.08
		73561	167142	Check	1	10909	1	INNOVATIVE OFFICE SOLUTIONS	Yes	No	No	USD	11/10/2017	44.88
		73597	167143	Check	1	3511	2	J.W. PEPPER & SON INC.	Yes	No	No	USD	11/10/2017	84.34
		73584	167144	Check	1	15797		KARTAK JACKIE	Yes	No	No	USD	11/10/2017	108.00
		73571	167145	Check	1	14382		KELVIN TECHNOLOGY	Yes	No	No	USD	11/10/2017	739.87
		73598	167146	Check	1	3661		KROMER CO.	Yes	No	No	USD	11/10/2017	153.25
		73618	167147	Check	1	7475		M.B.S.A.	Yes	No	No	USD	11/10/2017	75.00
		73616	167148	Check	1	7284		MACKIN EDUCATIONAL RESOURCE	Yes	No	No	USD	11/10/2017	2,826.04
		73569	167149	Check	1	14086		MARZANO RESEARCH LAB	Yes	No	No	USD	11/10/2017	1,000.00
		73566	167150	Check	1	12957	1	MIDCONTINENT COMMUNICATIONS	Yes	No	No	USD	11/10/2017	1,861.11
		73619	167151	Check	1	9130	2	MINNESOTA WEARABLES	Yes	No	No	USD	11/10/2017	120.00
		73563	167152	Check	1	11477		MINUTEMAN PRESS	Yes	No	No	USD	11/10/2017	283.55
		73600	167153	Check	1	4282		MINVALCO INC.	Yes	No	No	USD	11/10/2017	323.68
		73601	167154	Check	1	4363		MN HISTORICAL SOCIETY	Yes	No	No	USD	11/10/2017	25.00
		73602	167155	Check	1	4389	1	MN STATE HS MATHEMATICS LEAGL	Yes	No	No	USD	11/10/2017	600.00
		73581	167156	Check	1	15583		NASP-NATIONAL ARCHERY IN THE S	Yes	No	No	USD	11/10/2017	1,732.00
		73603	167157	Check	1	4555		NATIONAL FFA ORGANIZATION	Yes	No	No	USD	11/10/2017	61.00
		73604	167158	Check	1	4555		NATIONAL FFA ORGANIZATION	Yes	No	No	USD	11/10/2017	740.00
		73576	167159	Check	1	14959		NUTRISLICE, INC.	Yes	No	No	USD	11/10/2017	1,824.00
		73580	167160	Check	1	15566		PC PARTS PLUS, LLC	Yes	No	No	USD	11/10/2017	1,399.65
		73586	167161	Check	1	1693		PETTY CASH-MARGARET DEGLMAN	Yes	No	No	USD	11/10/2017	36.00
		73574	167162	Check	1	14818	2	PKS-PROFESSIONAL KARATE STUDI	Yes	No	No	USD	11/10/2017	101.60
		73605	167163	Check	1	5147		PRINCETON ROTARY CLUB	Yes	No	No	USD	11/10/2017	300.00
		73606	167164	Check	1	5214	1	QUILL CORPORATION	Yes	No	No	USD	11/10/2017	662.72
		73612	167165	Check	1	6317		RESERVE ACCOUNT	Yes	No	No	USD	11/10/2017	2,000.00
		73607	167166	Check	1	5553	6	SCHOLASTIC INC	Yes	No	No	USD	11/10/2017	88.51
		73608	167167	Check	1	5593	5	SCHOOL SPECIALTY INC.	Yes	No	No	USD	11/10/2017	480.61

Princeton Public Schools #477 Check Register by Bank and Check Number

Batch Co	Bank	Pymt No	Check No	Pay Type	Grp	Code	Rcd	Vendor	Print	Recon	Void	Currency	Pmt/Void Date	Amount
0477	001	73585	167168	Check	1	15813		SIEGEL BRILL, P.A. 41-1626742	Yes	No	No	USD	11/10/2017	18,472.34
		73577	167169	Check	1	15161		SOUTHSIDE ELECTRIC, INC	Yes	No	No	USD	11/10/2017	1,463.70
		73573	167170	Check	1	14750	1	SUBURBAN ELEVATOR OF MINNESCA	Yes	No	No	USD	11/10/2017	238.50
		73572	167171	Check	1	14477		TEACHERS ON CALL	Yes	No	No	USD	11/10/2017	17,499.35
		73609	167172	Check	1	6079		TEAM SPORTING GOODS INC	Yes	No	No	USD	11/10/2017	245.00
		73610	167173	Check	1	6142		TIERNEY BROS.	Yes	No	No	USD	11/10/2017	1,699.00
		73611	167174	Check	1	6223	3	TREETOP PUBLISHING	Yes	No	No	USD	11/10/2017	507.65
		73575	167175	Check	1	14868		U.S. BANK EQUIPMENT FINANCE	Yes	No	No	USD	11/10/2017	341.54
		73578	167176	Check	1	15226		ULTIMATE SPORTS AND APPAREL	Yes	No	No	USD	11/10/2017	317.85
		73582	167177	Check	1	15749		USAQUATICS, INC	Yes	No	No	USD	11/10/2017	3,250.00
		73613	167178	Check	1	6376		VIKING COCA COLA BOTTLING	Yes	No	No	USD	11/10/2017	993.71
		73627	167179	Check	1	15714		PIONEER CREDIT RECOVERY, INC.	Yes	No	No	USD	11/15/2017	312.77
		73628	167180	Check	1	5525	3	SCHOLASTIC BOOK FAIRS - 15	Yes	No	No	USD	11/14/2017	1,850.97
		73635	167181	Check	1	1259	1	AUDIO COMMUNICATIONS	Yes	No	No	USD	11/21/2017	200.50
		73674	167182	Check	1	4545		AUTO VALUE PRINCETON	Yes	No	No	USD	11/21/2017	66.96
		73686	167183	Check	1	8410	2	BATTERIES PLUS BULBS	Yes	No	No	USD	11/21/2017	8.64
		73644	167184	Check	1	1409		BERNICK'S PEPSI-COLA	Yes	No	No	USD	11/21/2017	607.36
		73689	167185	Check	1	8866	1	BLICK ART MATERIALS	Yes	No	No	USD	11/21/2017	411.92
		73657	167186	Check	1	15750		BLUE WATER PLUMBING	Yes	No	No	USD	11/21/2017	890.00
		73670	167187	Check	1	3954	4	CDW-G INC	Yes	No	No	USD	11/21/2017	2,077.80
		73651	167188	Check	1	15237		CEL PUBLIC RELATIONS, INC.	Yes	No	No	USD	11/21/2017	4,800.00
		73661	167189	Check	1	1721		CENTRAL MCGOWAN INC.	Yes	No	No	USD	11/21/2017	823.24
		73660	167190	Check	1	1720		CENTRAL MN FOSTER GRANDPAREI	Yes	No	No	USD	11/21/2017	570.00
		73629	167191	Check	1	10069		DALCO	Yes	No	No	USD	11/21/2017	5,966.89
		73662	167192	Check	1	2270		ECM PUBLISHERS INC.	Yes	No	No	USD	11/21/2017	120.75
		73636	167193	Check	1	12623		ECOLAB INSTITUTIONAL	Yes	No	No	USD	11/21/2017	984.47
		73663	167194	Check	1	2331		EGAN COMPANY	Yes	No	No	USD	11/21/2017	1,073.00
		73664	167195	Check	1	2353		ELECTRIC MOTOR SERVICE INC	Yes	No	No	USD	11/21/2017	1,957.93
		73665	167196	Check	1	2494	1	FARBER SOUND, LLC	Yes	No	No	USD	11/21/2017	645.00
		73666	167197	Check	1	2501		FEDERATED CO-OPS INC	Yes	No	No	USD	11/21/2017	209.72
		73643	167198	Check	1	14049		FUN EXPRESS, LLC	Yes	No	No	USD	11/21/2017	1,025.17
		73667	167199	Check	1	2778	1	GOPHER STATE ONE CALL INC	Yes	No	No	USD	11/21/2017	14.85
		73684	167200	Check	1	6645		GRAINGER	Yes	No	No	USD	11/21/2017	1,027.72
		73641	167201	Check	1	13869		GRANT ASSIST CONSULTING	Yes	No	No	USD	11/21/2017	701.25
		73640	167202	Check	1	13371		GREEN BARN GARDEN CENTER	Yes	No	No	USD	11/21/2017	1,680.75
		73648	167203	Check	1	14517		HORIZON COMMERCIAL POOL SUPP	Yes	No	No	USD	11/21/2017	596.85
		73668	167204	Check	1	3183	2	HOUGHTON - MIFFLIN CO.	Yes	No	No	USD	11/21/2017	5,900.00
		73685	167205	Check	1	7661	3	INNOVATIVE MODULAR SOLUTIONS	Yes	No	No	USD	11/21/2017	497.90
		73631	167206	Check	1	10909	1	INNOVATIVE OFFICE SOLUTIONS	Yes	No	No	USD	11/21/2017	62.67
		73669	167207	Check	1	3511	2	J.W. PEPPER & SON INC.	Yes	No	No	USD	11/21/2017	491.50
		73646	167208	Check	1	14382		KELVIN TECHNOLOGY	Yes	No	No	USD	11/21/2017	207.95

**Princeton Public Schools #477
Check Register by Bank and Check Number**

Batch Co	Bank	Pymt No	Check No	Pay Type	Grp	Code	Rcd	Vendor	Print	Recon	Void	Currency	Pmt/Void Date	Amount
0477	001	73653	167209	Check	1	15600	1	LEGO EDUCATION	Yes	No	No	USD	11/21/2017	4,016.49
		73650	167210	Check	1	15044		MACGILL	Yes	No	No	USD	11/21/2017	560.60
		73671	167211	Check	1	4087		MCDOWALL COMPANY	Yes	No	No	USD	11/21/2017	664.00
		73630	167212	Check	1	10432	2	MEI TOTAL ELEVATOR SOLUTIONS	Yes	No	No	USD	11/21/2017	261.08
		73659	167213	Check	1	15798		MIDDLE ENGLISH INTERPRETING	Yes	No	No	USD	11/21/2017	171.71
		73633	167214	Check	1	11477		MINUTEMAN PRESS	Yes	No	No	USD	11/21/2017	1,439.02
		73672	167215	Check	1	4282		MINVALCO INC.	Yes	No	No	USD	11/21/2017	667.63
		73649	167216	Check	1	14587		MW LEASING	Yes	No	No	USD	11/21/2017	840.00
		73673	167217	Check	1	4537		NASCO	Yes	No	No	USD	11/21/2017	103.70
		73638	167218	Check	1	13069	1	NORTHERN SALT INC	Yes	No	No	USD	11/21/2017	437.50
		73639	167219	Check	1	13355	1	PALMER BUS SERVICE, INC.	Yes	No	No	USD	11/21/2017	165,408.43
		73652	167220	Check	1	15566		PC PARTS PLUS, LLC	Yes	No	No	USD	11/21/2017	264.93
		73655	167221	Check	1	15699	1	PLEXUS COMPANY	Yes	No	No	USD	11/21/2017	12,529.02
		73675	167222	Check	1	5127		PRINCETON ELECTRIC	Yes	No	No	USD	11/21/2017	2,297.44
		73676	167223	Check	1	5194		PRINCETON PUBLIC UTILITIES	Yes	No	No	USD	11/21/2017	89,369.68
		73677	167224	Check	1	5214	1	QUILL CORPORATION	Yes	No	No	USD	11/21/2017	907.20
		73678	167225	Check	1	5254		REALLY GOOD STUFF	Yes	No	No	USD	11/21/2017	2,522.33
		73637	167226	Check	1	12648		REBYL SPORTS, INC.	Yes	No	No	USD	11/21/2017	371.00
		73688	167227	Check	1	8562	1	REGION 7AA	Yes	No	No	USD	11/21/2017	2,739.00
		73647	167228	Check	1	14420		ROBOTICS EDUCATION & COMPETITI	Yes	No	No	USD	11/21/2017	560.00
		73690	167229	Check	1	9776		SAFEWAY CONSTRUCTION, INC	Yes	No	No	USD	11/21/2017	1,575.00
		73679	167230	Check	1	5593	5	SCHOOL SPECIALTY INC.	Yes	No	No	USD	11/21/2017	439.60
		73654	167231	Check	1	15621		SOUTHERN MINNESOTA INSPECTIO	Yes	No	No	USD	11/21/2017	321.52
		73656	167232	Check	1	15713		ST. CLOUD CARTRIDGES	Yes	No	No	USD	11/21/2017	479.94
		73687	167233	Check	1	8531	2	STRATEGIC EQUIPMENT	Yes	No	No	USD	11/21/2017	160.04
		73680	167234	Check	1	6031	1	SYLVA CORPORATION INC	Yes	No	No	USD	11/21/2017	882.00
		73642	167235	Check	1	14018		TEAMWORKS INTERNATIONAL INC.	Yes	No	No	USD	11/21/2017	1,149.93
		73681	167236	Check	1	6142		TIERNEY BROS.	Yes	No	No	USD	11/21/2017	13.35
		73682	167237	Check	1	6226	1	TRIARCO ARTS & CRAFTS	Yes	No	No	USD	11/21/2017	1,692.34
		73634	167238	Check	1	12404	1	TUMBLEWEED PRESS INC	Yes	No	No	USD	11/21/2017	539.10
		73632	167239	Check	1	11229	1	ULINE	Yes	No	No	USD	11/21/2017	171.79
		73645	167240	Check	1	14333		UPPER LAKES FOODS, INC.	Yes	No	No	USD	11/21/2017	70,367.11
		73683	167241	Check	1	6376		VIKING COCA COLA BOTTLING	Yes	No	No	USD	11/21/2017	337.00
		73658	167242	Check	1	15752		ZACCARO EDWARD	Yes	No	No	USD	11/21/2017	978.04

Bank Total: 001

Report Total:

\$962,893.69

\$962,893.69

Princeton Public Schools - ISD #477

Wire Transfer Report

November 21, 2017

<u>Date:</u>	<u>Amount:</u>	<u>Description:</u>
10/13/2017	\$ 582,030.01	ACH File Transfer
10/13/2017	\$ 204,684.87	Federal Tax Wire Transfer
10/13/2017	\$ 32,047.52	State Tax Wire Transfer
10/13/2017	\$ 12,192.78	Select Account HSA
10/13/2017	\$ 206.39	MN Revenue
10/13/2017	\$ 98,093.82	TRA File Transfer
10/13/2017	\$ 33,614.70	PERA File Transfer
10/13/2017	\$ 241.50	MN Child Support File Transfer
10/13/2017	\$ 52,829.77	TSA File Transfer
10/31/2017	\$ 557,580.35	ACH File Transfer
10/31/2017	\$ 201,672.21	Federal Tax Wire Transfer
10/31/2017	\$ 31,856.02	State Tax Wire Transfer
10/31/2017	\$ 11,992.78	Select Account H S A
10/31/2017	\$ 92,622.22	TRA File Transfer
10/31/2017	\$ 33,693.75	PERA File Transfer
10/31/2017	\$ 241.50	MN Child Support File Transfer
10/31/2017	\$ 52,136.41	TSA File Transfer
11/6/2017	\$ 16,873.47	BMO Harris Bank - (Pcards)
11/6/2017	\$ 778.00	MN Revenue - (Sales tax)
10/5/2017	\$ 1,809.86	SelectAccount
10/12/2017	\$ 797.25	SelectAccount
10/19/2017	\$ 1,593.48	SelectAccount
10/20/2017	\$ 420.85	SelectAccount
10/26/2017	\$ 2,387.06	SelectAccount
	\$	
	\$	
TOTAL	\$ 2,022,396.57	

**PRINCETON PUBLIC SCHOOLS
TREASURER'S REPORT
MONTHLY CASH FLOW REPORT FOR OCTOBER 2017**

FUND	BEGINNING BALANCE	MONTHLY RECEIPTS	MONTHLY DISBURSEMENTS	JOURNAL ENTRIES	ENDING BALANCE
01 General	12,586,629.43	2,813,729.05	2,958,104.54	(3,474.20)	12,442,253.94
02 Food Service	441,638.21	178,605.44	160,940.10	(1,589.01)	459,303.55
04 Community Service	305,550.39	192,794.83	100,351.52	(1,992.50)	397,993.70
06 Building Fund	94,011.26	69.06	28,477.20	0.00	65,603.12
07 Debt Service	1,620,641.25	377,913.32	0.00	0.00	1,998,554.57
10 Activities	121,282.97	66,068.45	37,976.46	(146.30)	149,374.96
TOTAL	15,169,753.51	3,629,180.15	3,285,849.82		15,513,083.84

Bank Accounts

AP/PR Account (Bremer)	821,906.47
MSDLAF+	2,948,555.76
Investments (Fd01)	11,940,394.40
Investments (Fd06)	<u>65,603.12</u>
	15,776,459.75
O/S Accts Pay Checks	(164,584.53)
O/S Payroll Checks	(7,746.17)
O/S Wires	(96,226.71)
NSF Checks	<u>5,181.50</u>
TOTAL	15,513,083.84

FUNDRAISING APPROVAL FORM

Date of fundraiser: 11/15/17		Projected profit: unknown (\$2,000?)	Amount earned:	
Group or organization proposing the fundraiser: Student Council			Item(s) being sold: Pizza Barn Spaghetti Dinner	
Company/organization supplying items to be sold: Pizza Barn				
The money raised will be used for: The Big Read				
<p>The school board recognizes a desire and a need for fundraising to support district programs or student activities. The school board also recognizes a need for some constraint to prevent fundraising activities from becoming too numerous and overly demanding on employees, students, and the general public.</p> <p>Pupils may engage in raising funds, under the control of the school, for certain approved activities and for a limited number of charities, subject to the following conditions:</p>			Place a checkmark beside each box to indicate whether the criteria for fundraising are met.	
			Yes	No
1.	Individual student participation is optional. Students will not be pressured to sell products or solicit funds and will not be required to meet a sales quota to participate in an activity or field trip.		X	
2.	The charity involved has been selected by the student body as one in which they wish to participate (if applicable).		N/A	N/A
3.	Addressed envelopes are available to people who prefer to donate directly rather than purchase a product.			X
4.	The raising of funds shall not be done during normal class time. Students will be informed that they are not to fundraise during class time.		X	
5.	Information is going home with the students to the parents explaining the district's fundraising policy.			X
6.	I have discussed this fundraiser with the administrator and have identified the purpose of the fundraiser.		X	
7.	The students participating in the fundraiser have been informed that they are representing the school, the student organization and the community in a responsible manner. All rules pertaining to student conduct and discipline extend to student fundraising activities.		X	
8.	Door-to-door sales are discouraged, but if approved, students may be allowed to sell door-to-door according to the following standards: K-8: Only allowed if a parent or guardian is with the student		N/A	N/A

	9-12: Groups of two or more students working together.	X	
I have reviewed Policy #511 Fundraising and agree to its provisions:			
Date:	10/29/17	Teacher/Sponsor Signature:	<i>Amie Lury</i>
As administrator, I understand that approval of this fundraiser means that all provisions of the above policy have been complied with to my satisfaction. <input checked="" type="checkbox"/> APPROVED <input type="checkbox"/> NOT APPROVED			
Date:	11/6/17	Administrator Signature:	<i>David Black</i>
Date:	11/7/17	Superintendent Signature:	<i>Julia Espe</i>
Date:		School Board Chair Signature:	

FUNDRAISING APPROVAL FORM

Date of fundraiser: <i>Nov 15 - Dec 15th 2017</i>	Projected profit: <i>\$600. + PR AWARENESS</i>	Amount earned:	
Group or organization proposing the fundraiser: <i>AMERICAN INDIAN Ed.</i>	Item(s) being sold: <i>Wild Rice</i>		
Company/organization supplying items to be sold: <i>Jim Merhar</i>			
The money raised will be used for: <i>BUS TRANSPORTATION To Spring Pow wow</i>			
The school board recognizes a desire and a need for fundraising to support district programs or student activities. The school board also recognizes a need for some constraint to prevent fundraising activities from becoming too numerous and overly demanding on employees, students, and the general public.		Place a checkmark beside each box to indicate whether the criteria for fundraising are met.	
Pupils may engage in raising funds, under the control of the school, for certain approved activities and for a limited number of charities, subject to the following conditions:			
		Yes	No
1.	Individual student participation is optional. Students will not be pressured to sell products or solicit funds and will not be required to meet a sales quota to participate in an activity or field trip.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2.	The charity involved has been selected by the student body as one in which they wish to participate (if applicable).	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3.	Addressed envelopes are available to people who prefer to donate directly rather than purchase a product.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4.	The raising of funds shall not be done during normal class time. Students will be informed that they are not to fundraise during class time.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5.	Information is going home with the students to the parents explaining the district's fundraising policy.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6.	I have discussed this fundraiser with the administrator and have identified the purpose of the fundraiser.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7.	The students participating in the fundraiser have been informed that they are representing the school, the student organization and the community in a responsible manner. All rules pertaining to student conduct and discipline extend to student fundraising activities.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8.	Door-to-door sales are discouraged, but if approved, students may be allowed to sell door-to-door according to the following standards: • K-8: Only allowed if a parent or guardian is with the student • 9-12: Groups of two or more students working together.	<input type="checkbox"/>	<input type="checkbox"/>
I have reviewed Policy #51.1 Fundraising and agree to its provisions: Date: _____		Teacher/Sponsor Signature: <i>[Signature]</i>	
As administrator, I understand that approval of this fundraiser means that all provisions of the above policy have been complied with to my satisfaction. <input checked="" type="checkbox"/> APPROVED <input type="checkbox"/> NOT APPROVED			
Date: <i>11.3.17</i>		Administrator Signature: <i>[Signature]</i>	
Date: <i>11.6.17</i>		Superintendent Signature: <i>[Signature]</i>	
Date: _____		School Board Chair Signature: _____	

PRINCETON PUBLIC SCHOOLS
ACCEPTANCE OF GIFTS FORM

In compliance with school district Policy 706 (Acceptance of Gifts), this form must be completed for approval by the School Board before the district receives the gift or donation.

Please obtain Principal or Director signature prior to sending to board for approval.

Donor name: Princeton Rotary Club

Description of gift: Check #1061 in the amount of \$500.00, to be deposited into the Deep Portage acct #10-310-298-280-000-401.

Pre-Condition, Condition, or Limitation on use:

This gift of \$500.00 will go towards the sixth grade student trip to Deep Portage and provide funding for students who may not be able to attend due to cost of trip.
How this gift specifically relates to the program or school:

Provides students who otherwise may not be able to attend due to financial reasons. Deep Portage is a trip to enhance our students' knowledge of the environment.

This gift meets all requirements of Policy 706

Accepted Not Accepted Rajil H. M. Date: 10/30/17
Principal or Director

Accepted Not Accepted Julia Espe Date: 11.3.17
Superintendent

Accepted Not Accepted _____ Date: _____
School Board Chairperson

Code Assigned: _____ Program Name _____

Routing:

Principal or Director (thank you note attached)

Copy to Building

Business Services done.

Board Approval

Revised: May 14, 2013

PRINCETON PUBLIC SCHOOLS
ACCEPTANCE OF GIFTS FORM

In compliance with school district Policy 706 (Acceptance of Gifts), this form must be completed for approval by the School Board before the district receives the gift or donation.

Please obtain Principal or Director signature prior to sending to board for approval.

Donor name: CHRIS FLOR, SHOOTERS (BAR AND GRILL)

Description of gift: DONATION OF \$1000.00 FOR ASSISTANCE
OF PURCHASING PRACTICE JERSEYS FOR THE HIGH SCHOOL
BOYS PROGRAM.

Pre-Condition, Condition, or Limitation on use:
PLACE "SHOOTERS" WITH "PRINCETON MN" ON
BACK OF PRACTICE JERSEYS.

How this gift specifically relates to the program or school: ALLOWS FOR COACHING
ASSISTANCE IN RUNNING A ORGANIZED PRACTICE.

This gift meets all requirements of Policy 706

Accepted Not Accepted Dawn Kralik Staff Name
Principal or Director Date: 11-2-17

Accepted Not Accepted Julia Espe Staff Name
Superintendent Date: 11.1.17

Accepted Not Accepted _____ Date: _____
School Board Chairperson

Code Assigned: _____ Program Name _____

Routing:
Principal or Director (thank you note attached) Copy to Building
Business Services

Board Approval Revised: October 29, 2013

PRINCETON PUBLIC SCHOOLS
ACCEPTANCE OF GIFTS FORM

In compliance with school district Policy 706 (Acceptance of Gifts), this form must be completed for approval by the School Board before the district receives the gift or donation.

Please obtain Principal or Director signature prior to sending to board for approval.

Donor name: Best Buy Foundation C/o Cyber Grants
300 Brickstone Sq. Suite 601
Andover, MA 01810

Description of gift: \$2,500.00 Check # 310083
Grant funds.

Pre-Condition, Condition, or Limitation on use:
In support of the application
of functions and patterns - provide
students with access to new technologies.

How this gift specifically relates to the program or school: Purchase of a
LEGO MINDSTORMS Education EV3 Core set
for STEAM program activities.

This gift meets all requirements of Policy 706

Accepted Not Accepted [Signature] Date: 10/20/17
Principal or Director

Accepted Not Accepted [Signature] Date: 11.1.17
Superintendent

Accepted Not Accepted [Signature] Date: 11-7-17
School Board Chairperson

Code Assigned: _____ Program Name _____

Routing:

Principal or Director (thank you note attached)

Copy to Building

Business Services

Board Approval

Revised: May 14, 2013

PRINCETON PUBLIC SCHOOLS
ACCEPTANCE OF GIFTS FORM

In compliance with school district Policy 706 (Acceptance of Gifts), this form must be completed for approval by the School Board before the district receives the gift or donation.

Please obtain Principal or Director signature prior to sending to board for approval.

Donor name: Princeton JD Volleyball

Description of gift: \$500.00 Monetary gift.

Pre-Condition, Condition, or Limitation on use:
Use towards volleyball equipment, uniforms, or facilities for volleyball program.

How this gift specifically relates to the program or school: to enhance the school volleyball program.

This gift meets all requirements of Policy 706

Accepted Not Accepted [Signature] Date: 10/2/17
Principal or Director

Accepted Not Accepted [Signature] Date: 11.1.17
Superintendent

Accepted Not Accepted [Signature] Date: 11-7-17
School Board Chairperson

Code Assigned: _____ Program Name _____

Routing:
Principal or Director (thank you note attached) Copy to Building
Business Services
Board Approval

Revised: May 14, 2013

PRINCETON PUBLIC SCHOOLS

ACCEPTANCE OF GIFTS FORM

In compliance with school district Policy 706 (Acceptance of Gifts), this form must be completed for approval by the School Board before the district receives the gift or donation.

Please obtain Principal or Director signature prior to sending to board for approval.

Donor name: People's Bank of Commerce

Description of gift: \$ 55.00 Check # 285893

Pre-Condition, Condition, or Limitation on use: Contribution for Community Organization (from Employee Jeans Fridays)

How this gift specifically relates to the program or school: Lunch Accounts for students who can't afford to pay

This gift meets all requirements of Policy 706 Margit Segman
Staff Name

Accepted Not Accepted _____ Date: _____
Principal or Director

Accepted Not Accepted Julia Espe Date: 10.23.17
Superintendent

Accepted Not Accepted Olga M. Ullman Date: 11-7-17
School Board Chairperson

Code Assigned: _____ Program Name _____

Routing:

Principal or Director (thank you note attached)

Copy to Building

Business Services

Board Approval

PRINCETON PUBLIC SCHOOLS

ACCEPTANCE OF GIFTS FORM

In compliance with school district Policy 706 (Acceptance of Gifts), this form must be completed for approval by the School Board before the district receives the gift or donation.

Please obtain Principal or Director signature prior to sending to board for approval.

Donor name: The Eddy Family Foundation

Description of gift: \$1000 check #0152

Pre-Condition, Condition, or Limitation on use: Donation distributed to program or need selected by School District. (Lunch Account for Needy Children)

How this gift specifically relates to the program or school: _____

This gift meets all requirements of Policy 706 Margaret Seifmann
Staff Name

Accepted Not Accepted _____ Date: _____
Principal or Director

Accepted Not Accepted Julia Espe Date: 11.6.17
Superintendent

Accepted Not Accepted _____ Date: _____
School Board Chairperson

Code Assigned: _____ Program Name _____

Routing:

Principal or Director (thank you note attached)

Copy to Building

Business Services

Board Approval

PRINCETON PUBLIC SCHOOLS

ACCEPTANCE OF GIFTS FORM

In compliance with school district Policy 706 (Acceptance of Gifts), this form must be completed for approval by the School Board before the district receives the gift or donation.

Please obtain Principal's signature prior to sending to board for approval.

Donor name: Domino's Pizza, 114 S. Rum River Dr.
Princeton, MN 55371

Description of gift: Pizzas (5 Large)

Purpose of gift: For our Preschool Halloween Dance

How this gift specifically relates to the building curriculum: _____

This gift meets all requirements of Policy 706 (on reverse side).

Accepted Not Accepted *[Signature]* Date: 11.8.17
Principal

Accepted Not Accepted *[Signature]* Date: 11.10.17
Superintendent

Accepted Not Accepted _____ Date: _____
School Board Chairperson

PRINCETON PUBLIC SCHOOLS

ACCEPTANCE OF GIFTS FORM

In compliance with school district Policy 706 (Acceptance of Gifts), this form must be completed for approval by the School Board before the district receives the gift or donation.

Please obtain Principal's signature prior to sending to board for approval.

Donor name: Walmart, 300 21st Ave S.
Princeton, MN 55371

Description of gift: \$25.00 Gift Card

Purpose of gift: Buy supplies for preschool Halloween Dance.

How this gift specifically relates to the building curriculum: _____

This gift meets all requirements of Policy 706 (on reverse side).

Accepted Not Accepted Green A Date: 11.8.17
Principal

Accepted Not Accepted Julia Espe Date: 11.10.17
Superintendent

Accepted Not Accepted _____ Date: _____
School Board Chairperson

PRINCETON PUBLIC SCHOOLS

ACCEPTANCE OF GIFTS FORM

In compliance with school district Policy 706 (Acceptance of Gifts), this form must be completed for approval by the School Board before the district receives the gift or donation.

Please obtain Principal's signature prior to sending to board for approval.

Donor name: Coborns, 1100 7th Ave S
Princeton, MN 55371

Description of gift: Apples + Chees sticks

Purpose of gift: food for preschool Halloween Dance

How this gift specifically relates to the building curriculum: _____

This gift meets all requirements of Policy 706 (on reverse side).

Accepted Not Accepted [Signature] Date: 11.8.17
Principal

Accepted Not Accepted [Signature] Date: 11.10.17
Superintendent

Accepted Not Accepted _____ Date: _____
School Board Chairperson

PRINCETON PUBLIC SCHOOLS

ACCEPTANCE OF GIFTS FORM

In compliance with school district Policy 706 (Acceptance of Gifts), this form must be completed for approval by the School Board before the district receives the gift or donation.

Please obtain Principal's signature prior to sending to board for approval.

Donor name: Shopko, 705 Northland Dr.
Princeton, NJ 55371

Description of gift: \$25.00 Gift Card

Purpose of gift: Buy Supplies for Preschool Halloween Dance

How this gift specifically relates to the building curriculum: _____

This gift meets all requirements of Policy 706 (on reverse side).

Accepted Not Accepted Green A Date: 11-8-17
Principal

Accepted Not Accepted Julia Espe Date: 11-10-17
Superintendent

Accepted Not Accepted _____ Date: _____
School Board Chairperson

RESOLUTION ESTABLISHING COMBINED POLLING PLACES
FOR MULTIPLE PRECINCTS AND
DESIGNATING HOURS DURING WHICH THE POLLING
PLACES WILL REMAIN OPEN FOR VOTING
FOR SCHOOL DISTRICT ELECTIONS NOT HELD
ON THE DAY OF A STATEWIDE ELECTION

BE IT RESOLVED by the School Board of Independent School District No.477, State of Minnesota, as follows:

1. Pursuant to Minnesota Statutes, Section 205A.11, the precincts and polling places for school district elections are those precincts or parts of precincts located within the boundaries of the school district which have been established by the cities or towns located in whole or in part within the school district. The board hereby confirms those precincts and polling places so established by those municipalities.

2. Pursuant to Minnesota Statutes, Section 205A.11, the board may establish a combined polling place for several precincts for school district elections not held on the day of a statewide election. **Each combined polling place must be a polling place that has been designated by a county or municipality.** The following combined polling places are established to serve the precincts specified for all school district special and general elections not held on the same day as a statewide election:

Combined Polling Place: ISD 477

Baldwin Town Hall
30239 128th St
Princeton, Minnesota

This combined polling place serves all territory in Independent School District No.477 located in Baldwin Township; Sherburne County Minnesota

Combined Polling Place: ISD 477

Blue Hill Town Hall
15341 321st Ave
Princeton, Minnesota

This combined polling place serves all territory in Independent School District No.477 located in Blue Hill Township and Santiago Township; Sherburne County, Minnesota

Combined Polling Place: ISD 477

Greenbush Town Hall
5445 120th Avenue
Princeton, Minnesota

This combined polling place serves all territory in Independent School District No. 477 located in Bogus Brook Township, Greenbush Township, Milo Township and Princeton Township in Mille Lacs County; and Glendorado Township in Benton County, Minnesota.

Combined Polling Place: ISD 477

Wyanett Town Hall
32884 Nacre Street
Princeton, Minnesota

This combined polling place serves all territory in Independent School District No. 477 located in Dalbo Township and Wyanett Township; Isanti County, Minnesota

Combined Polling Place: ISD 477

Princeton Depot/Museum
101 S. 10th Street
Princeton, Minnesota

This combined polling place serves all territory in Independent School District No. 477 located in the City of Princeton, Mille Lacs County; and the City of Princeton, Sherburne County, Minnesota

Combined Polling Place: ISD 477

Spencer Brook Town Hall
6978 305th Avenue N.W
Princeton, Minnesota

This combined polling place serves all territory in Independent School District No. 477 located in Spencer Brook Township; Isanti County, Minnesota

3. Pursuant to Minnesota Statutes, Section 205A.09, the polling places will remain open for voting for school district elections not held on the same day as a statewide election between the hours of 7:00 o'clock a.m. and 8:00 o'clock p.m.
4. The clerk is directed to file a certified copy of this resolution with the county auditors of each of the counties in which the school district is located, in whole or in part, within thirty (30) days after its adoption.
5. As required by Minnesota Statutes, Section 204B.16, Subdivision 1a, the clerk is hereby authorized and directed to give written notice of new polling place locations to each affected household with at least one registered voter in the school district whose school district polling place location has been changed. The notice must be a nonforwardable notice mailed at least twenty-five (25) days before the date of the first election to which it will apply. A notice that is returned as undeliverable must be forwarded immediately to the appropriate county auditor, who shall change the registrant's status to "challenged" in the statewide registration system.

**PRINCETON PUBLIC SCHOOLS
POLICY 213-SCHOOL BOARD COMMITTEES**

I. PURPOSE

The purpose of this policy is to provide for the structure and the operation of committees or subcommittees of the school board.

II. GENERAL STATEMENT OF POLICY

- A. It is the policy of the school board to designate school board committees or subcommittees when it is determined that a committee process facilitates the mission of the school board.
- B. The school board has determined that certain permanent standing committees to facilitate the operation of the school board and the school district.
- C. A school board committee or subcommittee will be formed by school board resolution which shall outline the duties and purpose of the committee or subcommittee.
- D. A committee or subcommittee is advisory in nature and has only such authority as specified by the school board.
- E. The school board will receive reports or recommendations from a committee or subcommittee for consideration. The school board, however, retains the right and has the duty to make all final decisions related to such reports or recommendations.
- F. The school board also may establish such ad hoc committees for specific purposes as it deems appropriate.
- G. The school board reserves the right to limit, create or abolish any standing or ad hoc committee as it deems appropriate.
- H. A committee of the school board shall not appoint a subcommittee of that committee without approval of the school board.
- I. The school board will establish, by resolution, for each committee the

number of members, the term and the charge or mission of each such committee.

- J. The school board chair shall appoint the members of each standing or ad hoc committee and designate the chair thereof. Any changes to committee assignments must be made by the Board Chair.

Official Princeton School Board Committees

Activities

Certified Negotiations

Classified Negotiations

Community Education/Early Childhood Family Education

Finance

Meet & Confer

MN State High School League

Oak Land Vocational Project Oversight Committee

Rum River Special Education Cooperative

Schools for Equity in Education (SEE)

Teaching and Learning

Transportation

Wellness

Cross References: Princeton Policy 201(Legal Status of the School Board)
Princeton Policy 203 (Operation of the School Board-Governing Rules)

Adopted: May 13, 2003

Revised: July 22, 2008

Revised: March 8, 2011

Revised: January 6, 2015



PRINCETON

PUBLIC SCHOOLS



To: School Board Members
From: Julia Espe
Date: November 17, 2017
Subject: Board Meeting Restructuring

Since we had our workshop with Teamworks International, nearly all of you expressed interest in restructuring our meetings as he had suggested. Generally speaking the meetings would be different; the first meeting of the month would be a regular business meeting, and the second meeting of the month would be a work session. We are piloting this idea for our meeting on November 21st.

There are several topics to discuss and to get consensus around starting the process of the change. On Tuesday night, we will discuss changes that would need policy changes, as well as committee changes. I am starting a list of the proposed changes here. Our discussion on Tuesday evening will be how to proceed.

Since we do not have a second meeting in December, we will have a regular meeting. Our next Work Session will be in January.

Topic	Current Practice	Future Practice
Board Discussions	A few people make short comments.	Everyone's voice is heard; robust discussion.
Board Packet	Goes out Thursday evening or Friday morning.	Goes out on Wednesday.
Committees	Many committees.	Remove committees that are management oriented. Keep Policy, Finance, Public Engagement, Long Range Planning, Executive.
Work Session participants	Board with 3 administrators.	Include additional administrators based upon the topic.
Board Meetings	Two regular board meetings.	One shorter regular board meeting; one longer work session.
Other		

Our Purpose

Serving our communities by safely transporting students.

Our Core Values

1. Safety and quality of service are essential
2. We are honest, have integrity, and are ethical in our business.
3. We treat each employee with dignity and as an individual.
4. We are a business family and we help each other.
5. We are responsible and contribute to the communities we serve.



PRINCETON

PUBLIC SCHOOLS



Two years ago the District was not willing to enter into a 4 year agreement with Palmer Bus Company due to performance. At that time Palmer had just had a change in CEO. We agreed to a two year agreement which ends this year. At this time we would like to explore the opportunity of partnering with Palmer Bus in the future.

Accomplishments in the past two years:

- Changed to CEO Jenna Fromm, who came not only from a school transportation background but from a classroom educational background.
- Hired a company-wide Operations Manager.
- Hired a company-wide Human Resources Director.
- Hired a company-wide Diesel Technician.
- Developed a company purpose with core values.
- Became responsive to customer service concerns.
- Enhanced driver training by implementing Safe Pupil.
- Started current year with all busses and vans staffed with drivers.
- Works diligently to fill all activity trips; we have not cancelled activity trips due to Palmer not being able to provide busing.
- Works with on-site Manager meets weekly with Administration to work through concerns.
- Improved route training by bringing out Versatran staff and continues to provide training.
- Implemented bus passes for K-5 students.
- Collaborated with Administration to develop procedures related to transportation.
- Collaborated with Administration to address drop off and pick up times at the various schools for the best possible educational needs.
- Collaborated with Administration to put in Open Enrollment satellite sites at our surrounding communities.
- Collaborated with Administration to transport preschool children on our routes.
- Collaborated with Administration to provide additional PBIS training to drivers.
- Partnered with District to provide cameras on all buses.
- Significant reduction in phone calls to Director of Business Services & Superintendent.

Future:

- Palmer is interested in continuing the relationship.
- They have brought forward a preliminary partial proposal.
- Palmer is interested in being a part of the community.
- If we are interested in continuing the relationship, they are interested in providing an appropriate facility in Princeton.

Core Values



Palmer Bus Service										
Princeton Public Schools -Transportation Rate Comparison										
SY 2017 - 2018										
Contract Item	Palmer Bus - Princeton	Elk River - Vision	Brainerd-Reichert	Chisago Lakes - 4.0	Rockford - 4.0	Big Lake-Vision	Sauk Rapids-MTN	Average	Average/Princeton	Palmer Preliminary Proposal
Fuel Clause	\$3.50 - 50/50 Over Amt	\$4.00 - 50/50 Over Amt	\$2.50 - 50/50 Over Amt	\$1.50 - Dist 100% Over Amt	\$1.50 - Dist 100% Over Amt	\$4.00-50/50 Over Amt	\$3.25-Dist 100% Over Amt			\$3.00 - Dist 100% Over
Reg Rts 71-77	\$ 233.72	\$ 285.45	\$ 257.50	\$ 348.05	\$ 282.00	\$ 298.02	\$ 358.43	\$ 304.91	\$ 294.74	\$ 265.00
Reg Rts 83+	\$ 250.11	\$ 285.45	\$ 257.50	\$ 348.05	\$ 282.00	\$ 298.02	\$ 358.43	\$ 304.91	\$ 297.08	\$ 270.00
SPED Out Dist										
Type A, B, C or D	\$18.00 hr \$1.51 mile	\$ 275.18	\$ 314.15	\$ 323.75	\$ 280.35	\$ 298.02	\$ 358.43	\$ 308.31	\$ 308.31	\$20.00 hr \$1.60 mile
Type III	\$18.00 hr \$1.22 mile	\$ 275.18	\$ 314.15	\$ 242.85	\$ 280.35	\$ 233.00	N/A'	\$ 269.11	\$ 269.11	\$20.00 hr \$1.30 mile
Bus Aide	\$ 14.14	\$ 28.56		\$ 21.35	\$ 18.70	\$ 17.69	\$ 23.29	\$ 21.92	\$ 20.62	\$ 18.00
SPED - In Dist										
Type A, B, C or D	\$ 232.64	\$ 291.45	\$ 314.15	\$ 323.75	\$ 280.35	\$ 298.02	\$ 358.43	\$ 311.03	\$ 299.83	\$ 265.00
Type III	\$ 214.03	\$ 291.45	\$ 314.15	\$ 242.85	\$ 280.35	\$ 233.00	N/A	\$ 272.36	\$ 262.64	\$ 230.00
Bus Aide	\$ 14.14	\$ 28.56		\$ 21.35	\$ 18.70	\$ 17.69	\$ 23.29	\$ 21.92	\$ 20.62	\$ 18.00
Extra Curricular										
Per Hour	\$ 18.00	\$ 18.48	\$ 21.00	\$ 65.25	\$ 19.58	\$ 20.00	\$ 16.85	\$ 26.86	\$ 25.59	\$ 20.00
Per Mile	\$ 1.51	\$ 1.85	\$ 1.65	\$ -	\$ 1.86	\$ 1.85	\$ 1.83	\$ 1.51	\$ 1.51	\$ 1.80
Minimum Charge	\$ 86.39		\$ 210.00	\$ 130.50	\$ 40.34	N/A	\$ 68.00	\$ 112.21	\$ 107.05	\$ 100.00
Percent Increase 2018-19		3.0%	3.0%	2.5%	3.0%	2.0%	2.50%	2.67%		3.00%

5-7-12
5-9-16

**Independent School District 477, Princeton, Minnesota
GENERAL SPECIFICATION FOR STUDENT TRANSPORTATION SERVICES**

Independent School District 477, Princeton (“District”), is requesting Written Quotations for the provision of student transportation services herein described. Responsible service providers who meet the District’s criteria are requested to submit their Written Quotation for these services, which will be performed under the statutes and regulations of the State of Minnesota, the Minnesota Department of Education, and the District.

SECTION 1.1: General Description

This General Specification outlines all the requirements and conditions for furnishing these services. If the District determines that a contract(s) should be awarded, the contract(s) will be awarded, consistent with Minnesota Statutes, Section 123B.52, to the lowest responsible service provider as determined by the District. Recognizing the complicated nature of delivering safe, reliable, efficient student transportation, the District will evaluate each quotation received in order to adequately assess the capabilities and responsiveness of the service provider. The District reserves the right to consider all relevant and reasonable criteria, which may or may not be described herein. The School District also reserves the right to waive technicalities or irregularities, accept or reject any or all portions of a Written Quotation, award portions of the contract to separate service providers, and make arrangements that will be in the best interest of the District.

SECTION 1.2: Definitions

All definitions set forth in this section are also applicable to the documents submitted by the service provider.

- 1.2.1. **General Specification:** This includes the Invitation for Quotations, the instructions to service providers included in this document, and any addenda issued prior to receipt of Written Quotations.
- 1.2.2. **Service Provider:** One who submits a Written Quotation to the District to provide the services described in this General Specification.
- 1.2.3. **Contractor:** One who agrees to a contract with the District for the services described in this General Specification and the approved contract.
- 1.2.4. **Written Quotation:** Complete and properly signed document(s) offering to provide the described services for the price(s) in the Written Quotation(s) and supported by the date required by this General Specification.

- 1.2.5. Proposed Contract Price(s): The stated price(s) in the Written Quotation for which the service provider offers to perform the work described in this General Specification and other documents composing the Written Quotation.
- 1.2.6. Addenda: Written or graphic instruments issued by the District prior to the execution of the contract which modify or interpret the General Specifications by addition, deletions, clarifications or corrections.

SECTION 1.3: Equal Employment and Non-Discrimination; General Policy

The District is committed to a policy of providing equal job opportunities on public contracts and prohibiting discrimination against any employee, applicant or subcontractor because of age, color, creed, handicap condition, marital or parental status, national origin, race, sex, veteran status, or political opinion or affiliation. The service provider shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their age, color, creed, handicap condition, marital or parental status, national origin, race, sex veteran status, or political opinion or affiliation. Such action shall include, although not limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection of training. The service provider agrees to post in conspicuous places notices setting forth the provisions of this Equal Opportunity clause. The utilization of minority vendors and subcontractors is encouraged, wherever possible, on public contracts.

ARTICLE 2: Requirements for Submitting Written Quotations

SECTION 2.1: Price of Services; Proposed Costs

- 2.1.1. The service provider shall submit, with its Written Quotation, prices for the student transportation services described herein using APPENDIX A, along with any detailed support of the calculations as determined to be appropriate by the service provider. All prices quoted by the service provider must remain effective for up to one hundred twenty (120) days from the date for receipt of Written Quotations to allow the review and decision by the District.
- 2.1.2. The prices shall include all buses and vans, labor, materials, equipment, supplies, overhead and profit, and all other related costs. Amounts shall also include all fuel costs, maintenance and repair costs, and all related taxes, except that the service provider must include an explicit statement that the quoted prices include fuel costs or any conditions related to fuel cost, consistent with SECTION 3.3 (excluding District van maintenance costs other than basic maintenance).
- 2.1.3. Alternative pricing methods may be considered only if the service provider is not considered to be unresponsive to the cost requirements of this General Specification. The District will consider such alternatives at its sole discretion.

- 2.1.4. The District reserves the right to correct mathematical errors in extensions and additions by the service provider. The District's computed annual totals, with consideration for corrections, shall take preference over the service provider's computed annual totals.

SECTION 2.2: Quotation Security

- 2.2.1 Each Written Quotation shall be accompanied by a personal check, bond or irrevocable letter of credit in an amount of \$75,000 or not less than five percent (5%), of the amount of the annual proposed price, pledging that the service provider will enter into a contract with the District on the terms stated in its Written Quotation. Should the service provider refuse to enter into a contract or fail to comply with the terms of this General Specification, the quotation security shall be forfeited to the District as liquidated damages and not as a penalty. The District may waive this requirement at its discretion.
- 2.2.2. The District will retain the quotation security of service provider(s) until either (a) the contract has been executed and performance bond has been furnished, or (b) the specified time has elapsed so that the Written Quotations may be withdrawn, or (c) all Written Quotations have been rejected.

SECTION 2.3: Qualifications of Service Provider

- 2.3.1 A service provider may be (a) an independent private contractor; (b) a group of independent private contractors operating in a partnership or as a formal or informal alliance; or (c) a single company. Section 5.3, and Section 5.3.2 in particular, should be followed if a group of independent, private contractors submit a joint Written Quotation.
- 2.3.2. Each service provider shall submit as part of the Written Quotation a statement of service provider's qualifications. The District shall have the right to take such actions as it deems necessary to determine the ability of the service provider to perform in a prompt and efficient manner the work in this General Specification. In determining the service provider's qualifications, the District shall take into consideration those criteria which relate to, but are not limited to, school transportation, transportation services and safety, school bus drivers, and vehicular equipment.
- 2.3.3. Each service provider shall supply a list of references and contracts held, with names, addresses and phone numbers, describing their experience in transporting regular developing school-age and physically challenged children.

SECTION 2.4: Modification or Withdrawal of Written Quotation

- 2.4.1. A Written Quotation may not be modified, withdrawn or canceled by the service provider during the time period following the time and date designated for the receipt of Written Quotations.
- 2.4.2. Prior to the closing time and date designated for the receipt of Written Quotations, Written Quotations submitted early may be modified or withdrawn only by notice to the party receiving Written Quotations at the place and prior to the closing time designated for receipt of Written Quotations. Such notice shall be in writing over the signature of the service provider and be received by the District prior to the official closing time and date for receipt of Written Quotations herein identified. Withdrawn Written Quotations may be resubmitted up to the closing time designated provided that they are then fully in conformance with these instructions to service providers.

ARTICLE 3: Description and Scope of Services

SECTION 3.1: Scope of Transportation Services

3.1.1. This General Specification consists of supply buses, vans and drivers necessary to perform those services required to transport public and non-public students of the District during the school year consisting of 172 student days, including the following services:

1. Regular "To and From" Route Services -

- i. **Present System:** a system with all public school buildings having "like" times, and requiring a determined number of AM/PM routes with a determined number of buses completing a short second pass within town between the north and south school campuses.

2. Special education (SPED) route and shuttle transportation

i In-District services

- 1) Type A and C school buses as required.
- 2) Type III school buses as required.
- 3) Lift equipped vehicles as required.

ii Out-of-district services:

- 1) Rum River Special Education Coop:
 - Cambridge campus (Rum River South)
 - Milaca campus (Rum River North)
 - Additional service as may be required during the term of service.

2) Intermittent use vehicles. The District has a need from time to time to transport students during the school day. We request a rate, as a time and mileage rate, be included for same in Appendix A.

iii. **Drivers for District vans.** Contractor shall provide drivers for the District owned vans, as needed.

3. **Summer programs and services.** Contractor shall furnish service as required by District for summer programs.

4. **In-district shuttles between public schools.** Contractor shall furnish service as required by District that can occur daily.

5. **Out-of-district shuttles between nonpublic and public schools.** Contractor shall furnish morning and afternoon shuttle service daily as required by District with one (1) conventional bus for shuttle service to Community Christian School (located in Pease about 8 miles north of Princeton) and Faith Christian School (located in Foreston located about 15 miles to the north of Princeton). This bus will be one of the route buses and not an additional route bus. This service shall be provided as part of the daily per bus charge with no additional time or mileage charges.

6. **Extra-curricular and athletic trips; field and activity trips.** Contractor shall furnish equipment and personnel as required by the School District to provide transportation of students to field trips, athletic events, and other activities as designated by the District. Contractor shall have sufficient buses available for these trips, especially between the peak afternoon route times of 2:00 p.m. and 3:45 p.m. District representatives and Palmer representatives will meet when necessary to come up with solutions on days that have a large number of requests. If the District and Palmer see no other solution to providing transportation to all events, the solution may be to hire a coach contractor to provide services. Palmer and the District would split the cost above and beyond the normal charge of a Palmer school bus.

3.1.2. **Midday Kindergarten.** The District offers an all-day kindergarten program and does not require midday kindergarten transportation at this time.

3.1.3. **Service Guidelines and Qualities.** In the design and operation of its student transportation services, The District expects the service provider(s) to provide the requested services and satisfy the following student bus service guidelines, consistent with Minnesota Statutes 123B.88, other applicable state laws and regulations, and District policy and practices.

1. operate regular and special needs "to & from" routes, where the District uses the following definitions:
 - a. A run is defined as one trip delivering students to or from one or more school(s) during a single time period morning and afternoon.
 - b. A daily route is defined as a bus used for one or more runs for up to four (4) "live" [i.e. with students] hours per day, split however the District

defines routes from time-to-time. Run or route time to be defined from first pickup to last drop-off for any run session (e.g.: 2.0 hours a.m. and 2.0 hours p.m.).

- c. Route time for in district regular, midday and special education routes is calculated from the first pick up to the last drop off. The time taken to travel from the terminal and back to the terminal is not figured in "live" time. Out of District special education service shall be billed based on time and mileage from terminal to terminal.
 - d. Open enrollment mileage shall be billed as excess miles at a per mile rate exceeding the base out of district miles mutually agreed to by the District and Contractor. Base out of district miles will be defined by service provided during SY2016.
2. Operate regular routes to transport public and nonpublic students between home and their school as follows and as defined by the District at the present time:
 - a. elementary [grades K-5] students 0.5 miles from home to school
 - b. secondary [grades 6-12] students 0.5 miles from home to school
 - c. less than the designated eligibility distances above, where hazardous conditions exist or as modified by the District from time-to-time. As a result the District transports each student needing busing.
 - d. walking distances to bus stops will not exceed three (3) blocks in town and 0.2 mile elsewhere in the District.
 3. The District reserves its right to modify the eligibility policy as enrollments, natural conditions and District circumstances dictates. At this time, The District has no plans to change this eligibility policy.
 4. comply with District performance criteria including:
 - a. buses will arrive during an "AM" window" of 15 minutes prior to the start of the school and/or designated school program;
 - b. buses will be in the designated loading area prior to the dismissal time for the school and depart within 10 minutes after the dismissal bell;
 - c. operating regular "to and from" routes that will not exceed 60 minutes for resident pupils;
 - d. bus loads will not exceed manufacturer's capacity per bus and van;
 - e. reasonable bus loads for secondary and elementary students considering ride lengths and the age of students transported; and
 - f. student safety will be foremost in all services.
 5. transport, in the most cost-efficient manner, charter and non-public students who may be transferred from their route bus and shuttled to and from their school as designated by the District.

6. comply with the District policies for student transportation, bus safety and video equipment.
7. the District may utilize the state law for the voluntary surrender by parents and guardians of the bus privileges, as it deems appropriate from time to time.

SECTION 3.2: Description of the District Relative to Student Transportation Services

The district covers 238 square mile geographic area and serves about 3,500 students in grades K through 12, and their families, and operates at four school sites - South Elementary, North Elementary, Princeton Middle and Princeton High Schools - all located in Princeton. There is one nonpublic school located in the District, and the District provides route service for resident students and shuttles their students to the two nonpublic schools located in Pease and Foreston.

SECTION 3.3: Fuel Price Adjustment Provision

The District understands that the prices for fuel used in providing student transportation services have been volatile in the past year or so with decreased prices after recent years of steadily increasing prices. The service provider(s) will purchase the fuel and the District will agree to a fuel price adjustment which will be based on an indexed fuel price (Index Price) and compensation determined for actual prices compared to the Index Price.

- 3.3.1. For school years 2016-17 and 2017-18, the Index Price for diesel and unleaded gasolines will be the range of \$2.00 - 3.50 per gallon excluding the federal fuel excise taxes.
- 3.3.2. The District and the service provider(s) will share equally (50%/50%) in fuel price adjustments above and below this Index Price.
- 3.3.3. The service provider(s) awarded contract(s) will be required to substantiate the (1) quantity of fuel used in fulfilling the service requirements of this General Specification and the contract(s) and (2) the price paid for the fuel purchased from time to time.
- 3.3.4. The actual diesel fuel cost for this clause shall be the lesser price of the service provider's price paid for their diesel fuel or the pump price at a designated service station in the District for the same period of time, month or day.

SECTION 3.4: Transportation of Students Ineligible for Bus Services

While the District transports all students at this time. Should the District at any time in the future increase walking distances, the District will encourage the service provider to make

regular "to and from" transportation services available to transport those public and nonpublic students between home and their school who are not eligible for transportation, as defined by the District at that time.

The District understands that should the service provider decide to provide these services, the service provider will be solely responsible for collecting the fees established in compliance with Minnesota Statute 123B.36, Subd. 1 (b) (11), and understands that the District will be held harmless relative to these services. A copy of this provision of state law is included for reference purpose:

"123B.36 Authorized fees.

Subdivision 1. School boards may require fees. (a) For purposes of this subdivision, "home school" means a home school as defined in sections 120A.22 and 102A.24 with five or fewer students receiving instruction

(b) A school board is authorized to require payment of fees in the following areas:

(11) transportation to and from school of pupils living within two miles from school and all other transportation services not required by law. If a district charges fees for transportation of pupils, it must establish guidelines for that transportation to ensure that no pupil is denied transportation solely because of inability of pay;..."

SECTION 3.5: Program Growth

The District will reserve the right to increase or decrease the number of buses or vans over the life of the contract(s), based on the terms described in this General Specification. The cost of the added or reduced buses or vans will be at the unit cost approved in the basic contract(s). Should the program significantly change in scope then either party may request, following provisions in the Contract, that appropriate pricing adjustments be considered.

ARTICLE 4: Contract and Contractual Requirements

SECTION 4.1: Period of Contract

The period of the contract will be two (2) school years (2016-17 and 2017-18) ending July 31, 2018, and is subject to applicable statutes and regulations.

SECTION 4.2: Possible Extension of the Period of the Contract

The District, at its sole discretion, will reserve the option, consistent with applicable statutes, to extend the contract for a third or fourth year, school years 2018-19 and 2019-20, respectively.

SECTION 4.3: Award of Contract(s)

The issuance of an award of contract is contingent upon securing a Written Quotation acceptable at the District's sole discretion. The District may award one or more contracts for these services, as provided by law. The contract entered into will be evidenced and finalized upon the approval of the District.

SECTION 4.4: Contract Form and Provisions

The District intends to execute a contract with the selected service provider(s) that includes the provisions, terms and conditions included in these specifications and those negotiated with the selected service provider(s).

SECTION 4.5: Performance Security

The successful service provider may be required to provide performance security in the form of a bond or irrevocable letter of credit equal to 100% of the estimated annual cost of services. The decision to require performance security rests in the sole discretion of the District and shall be provided in a form acceptable to the District. If required, the service provider shall deliver the performance security to the District no later than the date of execution of the Contract. This performance security may be waived by the District upon the satisfactory completion of a period of service by the successful service provider.

ARTICLE 5: Written Quotations, Content and Review (REMOVED)

ARTICLE 6: Operating Requirements - Services and Equipment

Section 6.1: Service Provider Annual Service Plan

Service provider shall provide the District on or before the tenth (10th) day of August preceding each Contract Year with a "service plan for student transportation services", which requires the approval of the District. Service provider shall work with District's Superintendent of Schools or his/her designee in planning services and otherwise performing the Contract. The "service plan" must include at a minimum the following:

- a. route or routes including bus route numbering, route maps, and route times.
- b. list of drivers, both primary and substitutes, and the assigned routes and buses for the primary drivers.
- c. list of students assigned to each bus and route, together with grade levels
- d. list of bus and van equipment that will be used in providing the contract services, along with make of equipment, year of manufacture, and mileage.
- e. staffing plan of employees, in addition to the above drivers, who will be assigned to fulfill the responsibilities contemplated in the Contract.
- f. operating policies and procedures of the Contractor related to their fulfilling the terms of the Contract.
- g. insurance information required as specified in Section 6.7 of this Specification.
- h. provision of services to students living within the areas not eligible for regular bus services as outlined in Section 3.4 of this General Specification
- i. compliance with District performance criteria as outlined in Section 3.1 of this General Specification.

The District requires that this Annual Service Plan be maintained on a current basis, with the service provider(s) submitting supplements to the District as needed from time-to-time.

SECTION 6.2: District Student Transportation Policies

This service provider will state in its Written Quotation that it has reviewed and will comply with the District Student Transportation Policies, which are linked to the District website and included in this General Specification as **APPENDIX B**.

SECTION 6.3: District Crisis Management Policy

The service provider will state in its Written Quotation that it has reviewed and will comply with the District Crisis Management Policy, which is linked to the District website and included in this General Specification as **APPENDIX B**.

SECTION 6.4: Transportation Equipment

6.4.1. Buses and Vans

The service provider shall submit a proposed list of buses (service provider-owned) to be used to satisfy this General Specification. All equipment must meet all provisions of this General Specification and must conform to all standards and specifications set forth by the State of Minnesota, Minnesota State Patrol, the Minnesota Department of Children, Families and Learning, and all Federal laws and regulations.

- a. The majority of the buses used on daily regular routes must have at least a manufacturer's capacity of 71 passengers.
- b. The service provider(s) shall provide four (4) buses with at least 83 passenger capacity.
- c. Vehicles assigned to daily routes shall be no older at the start of each contract year than:

Conventional buses - twelve (12) model years

Vans - twelve (12) model years

Spare Vehicles - not older than eighteen (18) model years

6.4.2. Buses and Vans Used for Daily Services for Special Needs Students

The District shall reserve, at its sole discretion, the right to require a bus or Type III vehicle size, as it shall determine to meet the requirements of student with special needs using each vehicle. All vehicles to be used to transport students in wheelchairs shall be equipped in compliance with State of Minnesota rules on minimum standards promulgated in Minnesota Rules 7470.1600. The service provider shall provide approved car seats, supports and/or protective devices for those students who will require such devices to insure their safe transportation, as provided in Minnesota Rules 7470.1600, subparts 6 and 7:

"Subp. 6. **Special equipment.** Specially adapted seats, support, or protective devices must be provided for all pupils who require the devices to ensure their safe transportation. These devices must be selected by the school district in consultation with the pupil's parents and on the basis of the specific needs of the individual pupil with a disability.

Subp. 7. **Wheelchair securement.** A school bus used to transport pupils in wheelchairs must be equipped with fastening devices that will hold the wheelchairs securely in a fixed position.

STAT AUTH: MS x 169.449"

6.4.3. Replacement and Stand-By Buses

Each Written Quotation shall address the provision for replacement, substitute and stand-by buses, in the amount equal to twenty percent (20%) of the total fleet required to serve this General Specification and needed for performance under the terms of the resulting contract, for emergencies and for co-curricular and field trips. Substitute and stand-by buses required by this provision shall not be older than eighteen (18) model years at the start of each school year during the contract term.

6.4.4. **Trailer.** The District would like the option of using a trailer with co-curricular and field trips, as the District may purchase or lease the vehicles and equipment used in the District by the service provider, for the purpose of operating its own system at the expiration or termination of the contract.

SECTION 6.5: Fleet Maintenance

6.5.1. The service provider shall maintain all equipment in first class condition. The equipment must pass any and all inspections by the Minnesota State Patrol. Every service provider must list its experience with its most recent Minnesota State Patrol annual inspection(s).

6.5.2. Proper maintenance of all equipment is of the utmost importance to the District, and therefore the following additional minimum requirements must be met:

- a. The service provider must have a system for preventative maintenance scheduling and inspections.
- b. The service provider must be able to supply the District with monthly maintenance reports summarizing all repairs, parts and responsible mechanics.

6.5.3 The service provider must also supply the District with a list of the experience of mechanics and maintenance supervisors currently under the service provider's employment, or local providers of such services. Service provider shall also describe its mechanic certification process and requirements if any.

6.5.4. The District reserves the right to inspect any and all buses at any time for purposes of assuring the successful service provider's compliance.

SECTION 6.6: Diesel Exhaust

Operators of diesel-powered school buses are required to minimize, to the extent possible, idling of school bus engines and exposure of children to diesel exhaust fumes. The District requires service provider(s) to affirm their understanding and agreement with this law.

On or after July 1, 2003, diesel-powered school buses must be parked and loaded at sufficient distance from school air-intake systems to avoid diesel fumes from being drawn into the systems. School boards may be exempt from this provision, if in their judgment, alternative locations block traffic, impair student safety, or are not cost effective.

SECTION 6.7: Terminal and Physical Plant

The District does not own a terminal. The service provider shall maintain a terminal and physical plant within the boundaries of the District adequate, as determined by the District, for the maintenance and operation of the equipment required. The terminal should be located near enough to the District served if less than the entire District. Should the service provider have a main terminal located not within the thirty (30) minute limit, they should identify the provision of satellite facilities and arrangements within the District to meet the requirements of these General Specifications.

SECTION 6.8: Insurance Coverage

Service provider agrees, at its sole expense, to procure and keep in force during the entire period of this contract public liability, property damage liability and workers' compensation insurance. While the District reserves the right to determine the extent of coverage for each item of insurance coverage, the service provider must provide the above referenced insurance with the following minimum limits:

Auto Liability Insurance	\$1,000,000 Combined Single Limit
Commercial General Liability Insurance	\$1,000,000 Per Occurance
Worker's Compensation	Statutory
Umbrella Liability Insurance	\$4,000,000

A certificate of insurance naming the District as an "additional insured" must be provided not later than August 10th prior to the start of each school year. Any changes in insurance coverage and policies should also be provided to the District within thirty (30) days of their effective date.

SECTION 6.9: Two-Way Radios and Cellular Communications

The Contractor shall own the radio communication system. The service provider shall install and maintain compatible two-way radios in all busses provided under the Contract. The District shall be provided a two-way radio and may monitor the two-way radios continuously and at all times during the scheduled school days, and hours before and after school and during the school day. The District requires that the service provider ensures that cell phone access is maintained with drivers who will complete out-of-district field trips and co-curricular trips.

SECTION 6.10: On Board Video Cameras.

The District requires on-board video camera capability, including both functional security video cameras and housing boxes, on all type III, A, B, C and D buses that will be used for the District service. A system providing 3 cameras (front, back and mid-bus) shall be required on Type C and D buses. The service provider will provide a description of the type and features of the video camera system they use, if any. Service provider should describe the training and supervision for making the video camera system an effective safety tool. District and Contractor will share cost of any cameras added to the current fleet equally.

SECTION 6.11: Routing and Communications

6.11.1. All routing shall be the primary responsibility of the Contractor. The District expects that the Contractor will cooperate with the District in making routing decisions and determining all pick-up and drop-offs.

6.11.2 The Contractor will be responsible for determining each passenger's bus information at the beginning of school and in the event of a major change in a bus route. The Contractor will be required to respond to all public inquiries and handle all daily transportation concerns. District will be responsible for printing and delivery of student bus information for start up at each school year.

6.11.3. Versa Trans routing system. The District owns a licensed Versa Trans routing system that has been installed at the present service provider's terminal and office. The Contractor shall furnish hardware at their terminal to operate and access this routing system.

ARTICLE 7: Operating Requirements - Personnel

SECTION 7.1: Personnel

7.1.1. Contractor Management and Supervision

a. A supervisor and necessary support personnel shall be required for on-site management at the terminal. The service provider shall be required to have personnel available to respond to all public inquiries and handle all daily transportation concerns.

1. Manager/Supervisor who has full operational authority to manage all contracted operations. The Manager/Supervisor will have authority to implement all District requests or resolve District problems and complaints. The Manager/Supervisor's authority will include but not be limited to hiring, reassigning or terminating drivers and staff, policy, procedures, late buses, accidents, emergencies, maintenance and incidents.

- a) The Manager/Supervisor will work closely with the District designated administrator to ensure full compliance with all contract requirements.
- b) The Manager/Supervisor and other staff will be available, on-site during route times while students are being transported to and from school.

2. The service provider shall also employ or assign personnel to handle responsibilities for safety, dispatching and bus operations, including and not limited to:
 - a) dispatch buses, provide daily ongoing assistance to drivers during bus operations in regard to problems, scheduling, routing, and special needs routing, parent/guardian communications and be available from 6:00 AM during route times while students are being transported to and from school.
 - b) daily supervision of safe bus operations and the implementation and management of safety programs to include, but not restricted to driver safety training, student school bus safety training, bus evacuation drills, and any other safety efforts deemed necessary by the District or Contractor.
 - c) The Contractor shall have the necessary support staff available on-site at the terminal. The service provider shall be required to have personnel available to respond to all public inquiries and handle all daily transportation concerns.
 - d) The Service Provider shall include in its Written Quotation a proposed staffing they would be prepared to employ if selected to provide the services identified in this General Specification.

7.1.2. Drivers

- a. The Service Provider shall submit a list of bus driver qualifications, certifications, and indications of ability to meet all driver requirements under Minnesota law and regulations. The Service Provider shall indicate how it proposes to provide the drivers, knowing that driver turnover occurs.
 1. A new successful service provider will be required to offer employment to the qualified existing driving staff of the present Contractor, provided they meet insurability requirements, state law, and the service provider's established driver and service standards.
- b. Drivers shall be carefully chosen based upon their driving skill and character. At the minimum all drivers must also be pre-screened. Service providers shall provide a description of their hiring process and selection criteria. Each prospective applicant must have his or her traffic and criminal records researched, and the District will consider the provision of a drug screen.

7.1.3. Bus Aides/Assistants

The District requests that the service provider provide a minimum of six (6) bus aides/assistants. The District will require that each prospective applicant to be hired by the service provider have their criminal records researched and a drug screen completed. The service provider will include a rate per hour for such services in Exhibit A.

7.1.4. Service Provider's Responsibility All Taxes and Payroll Deductions

Service provider will be required to accept liability for payment of all applicable payroll taxes or deductions required by local and federal law, social security, Medicare, and unemployment. Service provider shall pay all taxes imposed on any equipment or

service to be furnished. District will have no liability for any tax of any kind imposed on the service provider thereon.

SECTION 7.2: Bus Driver and Student Safety Program

- 7.2.1. The service provider shall employ and designate a safety official with primary responsibility to effectively administer and conduct a bus driver safety program and student safety program. The District will assist in the scheduling of student related bus safety programming and activities.
- 7.2.2. The service provider shall provide all necessary reports to the District to assure compliance with District policies, practices and guidelines and State of Minnesota laws and regulations regarding safety.

SECTION 7.3: Driver Training

- 7.3.1. The District will require that training of new drivers meet applicable federal and state laws and regulations. The service provider shall provide an overall description of the service provider's training process and shall have established in-service programs addressing specific transportation topics including, but not limited to:
 - a. proper backing procedures
 - b. railroad crossing safety
 - c. seasonal weather conditions,
 - d. behavior based accident prevention,
 - e. loading and unloading procedures, and
 - f. evacuation procedures.
- 7.3.2. Service providers shall describe their accident prevention and awareness program.

SECTION 7.4.: Student Services and Discipline: Responsibilities and Reporting

- 7.4.1. The District is ultimately responsible and has authority to determine student eligibility for transportation, consistent with applicable state laws, and to suspend or expel any student from transportation services. Service provider's drivers are responsible only for such discipline as is required to safely and properly operate service provider's buses. Each driver shall handle all disciplinary matters in strict accordance with District policy. In no case will a driver eject a student from a bus for misbehavior except in the event of an extreme emergency endangering the safety of the student, other students, the driver or the bus assistant, and then only after radio notice to service provider's terminal and to the student's building principal.
- 7.4.2. Additional procedures and regulations for the administration of discipline, not addressed in the District discipline policies, shall be established cooperatively

between district and service provider, and included with the service plan identified in Section 6.1.

- 7.4.3. All discipline problems shall be reported in writing following completion of the route, and the District should receive the report not later than the end of the next school day.
- 7.4.4. The service provider shall provide the District with a monthly report of bus discipline incidents, including date, time of day, bus route, and disposition. The District's designated person shall receive such monthly report not later than the tenth (10th) school day after the close of the month.

SECTION 7.5: Substitutions

Substitutions of prior approved buses, personnel, equipment and materials are permitted in the following instances:

- a. Failure to meet this General Specification.
- b. Failure of a driver to pass physical examination or meet statutory or regulatory requirements.
- c. Failure of the supplier to meet delivery schedule or other conditions of the contract.

SECTION 7.6: INDEMNITY

The service provider agrees to indemnify and save the District harmless from any claims involving personal injury or property damage arising out of, or in the course of, providing transportation of assigned students.

SECTION 7.7: Customer Relations Philosophy

The importance of providing high quality services to students is of paramount importance to the District. The service provider shall describe its customer relations philosophy and its program in this area. The District reserves the right to employ a District employee to coordinate student transportation services if it deems it necessary for providing quality, efficient bus services, with appropriate cost adjustments made.

SECTION 7.8: State Report Required

The Contractor shall provide the District's Director of Business Services with the appropriate information required by the departments and agencies of the State of Minnesota.

SECTION 7.9: District Personnel

The District does not now, but is contemplating establishing the Transportation Coordinator position and employ a person to handle the District responsibilities for student transportation. This position would be responsible for the coordination of student transportation services the District deems necessary for providing quality, efficient bus services. This position would serve as the primary District contact for the day-to-day operations of the student

transportation services and the agreement(s) with the Contractor(s). This position would also have certain responsibilities for routing and scheduling as identified in Section 6.11, and Section 6.11.3, specifically.

APPENDIX B **STUDENT TRANSPORTATION POLICIES**

The District has adopted a Student Transportation Policies, copies of which can be reviewed on the District website at:

<http://www.princeton.k12.mn.us/se3bin/client/genie.cgi>

Student Transportation Policies

- 707 - Transportation of Public Schools Students
- 708 - Transportation of Nonpublic School Students
- 709 - Student Transportation Safety
- 710 - Extracurricular Transportation
- 711 - Videotaping on School Vehicles

Crisis Management Policy

- 806 - Crisis Management

APPENDIX C

DISTRICT MAP FOR STUDENT TRANSPORTATION SERVICES

The District map included in this Appendix shows the location of District schools.

http://education.state.mn.us/MDE/Data/Maps/School_District_Locations/index.html

**Princeton School District
Independent School District 477
PUPIL TRANSPORTATION SERVICES AGREEMENT**

In accordance with Minnesota Statutes, section 123(b).52, subdivision 1 or 3, this agreement is made and entered into as of the 1st day of December, 2015, by and between Princeton Public Schools, Princeton, MN, Mille Lacs County, Minnesota, hereinafter called "District" and Palmer Bus Service of Princeton, Inc., hereinafter called "Contractor."

WITNESSETH

WHEREAS, District has selected Contractor to provide the pupil transportation services described herein; and

WHEREAS, Contractor desires to provide such pupil transportation service to the District,

NOW, THEREFORE, in consideration of the covenants hereinafter contained, the parties agree as follows:

1. TERM

The term of this agreement shall commence August 1, 2016 and shall continue through July 31, 2018. For Purposes of this Agreement, the term "Contract Year" shall mean each one year period commencing August 1 during the term of this Agreement. In addition, the District parties reserves the right to negotiate extensions to the contract.

2. SCOPE OF SERVICES REQUIRED

Contractor shall, during the term of this Agreement, supply and maintain such number of school buses and personnel as are required to fulfill District's needs for pupil transportation services as described in the Specifications for Pupil Transportation Services which is incorporated by reference into this agreement.

3. COMPENSATION AND BILLING

In consideration for services rendered hereunder, District shall pay to Contractor all sums due and owing and calculated in accordance with the rates set forth in Appendix A attached hereto and made a part hereof, as may be adjusted from time to time as provided herein.

BASIC TRANSPORTATION

Regular To and From, Midday and Specialized Services Transportation

In consideration for services rendered hereunder, District shall pay to Contractor all sums due and owing and calculated in accordance with the rates set forth in Appendix A attached hereto no later than 30 calendar days after the receipt of invoice.

Supplemental Transportation

In consideration for services rendered hereunder, District shall pay to Contractor all sums due and owing and calculated in accordance with the rates set forth in Appendix A attached hereto for the service categories – all other school transportation services, extra-curricular and athletic trips, and activity and field trips. After verification of the statement, District shall pay the amount due to Contractor within 30 days of receipt of invoice.

4. FUEL COST ADJUSTMENT

Contractor shall furnish all fuel to be used in its performance of this agreement with copies of invoices to be provided to the District monthly. Contractor's "Base Fuel Cost" shall be \$2.00 - \$3.50 per gallon (gasoline or diesel) exclusive of applicable federal gasoline taxes. The Contractor's invoice shall include an adjustment for increases or decreases in fuel costs calculated by multiplying (i) the number of gallons of fuel purchased by the Contractor for consumption in the performance of this agreement by (ii) the difference between the appropriate Base Fuel Cost and the average price per gallon of fuel paid during the month for which the invoice is issued.

5. CONTRACTOR RESPONSIBILITIES

Upon request, Contractor shall provide the District preceding each Contract Year with a "service plan for pupil transportation services." Contractor shall work with District's Administration or designee in planning services and otherwise Implementing the Agreement. The "service plan" must include at a minimum the following:

- a. list of drivers, both primary and substitutes
- b. list of bus and van equipment that will be used in providing the contract services, along with make of equipment, year of manufacture, vehicle type, passenger size, and special equipment.
- c. Staffing plan of employees, in addition to the above drivers, who will be assigned to fulfill the responsibilities contemplated in the Contract.
- d. Insurance information required by the Agreement.
- e. Staff training plan including materials and schedule
- f. Transportation crisis plan
- g. Customer Service Philosophy and Plan and 3 trainings per year with an orientation for all new drivers.

6. RECORDS AND REPORTS

Contractor shall provide those reports and records, which may be reasonably requested by District and necessary for proper payment, for evaluation of Contractor’s performance or for state and District reporting hereunder. Reports may include, but are not limited to:

- Crash Reports
- Student Discipline Reports
- Bus Inspections
- Monthly or Yearly Mileage, Hour or Route Reports
- Bus Ridership Reports - for each route including special education transportation routes
- Community Communications Ledger
- Driver Qualification Reports

7. STATUS OF CONTRACTOR

In the interpretation of this Agreement and the relations between Contractor and District, Contractor shall be construed as being an independent contractor hired to provide pupil transportation services only. Neither Contractor nor any of its employees shall be held or deemed in any way to be an employee or official of the District. Contractor shall be responsible for, and hold District harmless from any liability for unemployment taxes or contributions, payroll taxes or other federal or state employment taxes.

8. INSURANCE

Contractor shall, at its expense, procure and keep in force during the entire term of this Agreement, public liability and property damage liability insurance protecting District, its board, officers, employees and agents, and Contractor, its drivers and other personnel. Contractor must provide the above referenced insurance with the following minimum limits:

Automobile Liability Insurance	\$1,000,000 Combined Single Limit
Commercial General Liability Insurance	\$1,000,000 Per Occurrence
Worker’s Compensation	Statutory
Umbrella Liability Insurance	\$4,000,000

Contractor agrees to provide District a certificate of insurance evidencing such coverage and designating District as an additional insured with respect to Automobile Liability. Worker’s compensation insurance shall be maintained as required by law. All insurance policies shall provide that no coverage shall be cancelled except by thirty (30) days written notice to District.

9. INDEMNIFICATION

Contractor shall hold District, its governing board, officers and employees harmless and does hereby indemnify District, its governing board, officers and employees from and against every claim or demand which may be made by any person, firm or corporation, or other entity arising from or caused by any act of neglect, default or omission of Contractor in the performance of this Agreement, except to the extent that such claim or demand arises from or is caused by the

negligence or willful misconduct of District, its agents or employees. The Contractor also agrees to indemnify and save the District harmless from any claims involving personal injury or property damage arising out of, or in the course of, Contractor's acts in providing transportation of assigned pupils.

To the extent permitted by law, District shall hold Contractor, its officers, employees, agents, successors and assigns harmless and does hereby indemnify Contractor, its officers, employees, agents, successors and assigns from and against every claim or demand which may be made by any act neglect, default or omission of District, its governing board, officers, employees or agents, except to the extent that such claim or demand arises from or is caused by the negligence or willful misconduct of Contractor, its agents or employees.

10. EQUAL EMPLOYMENT OPPORTUNITY REQUIREMENT (E.E.O)

Contractor must show evidence of a non-discriminatory equal employment opportunity program in the selection of employees that follow the guidelines established by District E.E.O. program. Such program must provide E.E.O. opportunities regardless of person's race, creed, sex, national origin, and sexual orientation, or any other characteristic protected under state or federal law.

11. FORCE MAJEURE

In the event Contractor is unable to provide the transportation services herein specified because of any act of nature, civil disturbance, fire, flood, war, governmental action, labor dispute involving District personnel, picketing, strike, or lockout, or any condition or cause beyond Contractor's control, District may excuse Contractor from performance under this Agreement.

12. FAILURE TO DELIVER & PENALTIES

If by any reason of any acts of nature, fires, strikes, present or future laws, ordinances, government orders, rules or regulations, the Contractor shall be prevented from carrying out the terms of this Agreement, District shall have the right to hire others to continue service, and operating expenses incurred will be deducted from payments owed to Contractor.

13. INCLEMENT WEATHER / SCHOOL CLOSINGS

In the event of inclement weather or impassability of roads or whenever school is cancelled, delayed or is dismissed early, District shall notify Contractor prior to such cancellation or delay. Should the number of days transportation is required to decrease during the school year, as a result of weather conditions, strikes, gas shortages, school closing and emergencies, the base contract will be decreased by an amount equal to 50% of the daily contract charge per day decreased.

14. EMERGENCY RESPONSE PROGRAM

Contractor shall understand and participate in the District Emergency Plan. In addition, Contractor shall develop and implement an emergency plan responsive to the District Emergency Plan. District may review and require changes or additions to plan.

15. MANAGEMENT PERSONNEL

The contractor shall designate a permanent regular, full-time manager/supervisor to be directly responsible for the provision of all services required in the District contract. The manager/supervisor will be responsible for providing safe and efficient transportation services required by this Agreement and will supervise necessary support staff required for on-site management. This person shall work with the District Designee for purposes of service coordination. The District expects that the manager/supervisor is an experienced person who has demonstrated skills for fulfilling the responsibilities of this Agreement. Contractor shall inform District of the name(s) and business address(s) of such management personnel.

16. OPERATIONS PERSONNEL/DRIVER QUALIFICATIONS

Contractor shall employ a sufficient number of qualified drivers and support personnel to assure District of continuous and reliable service. The Contractor will consistently conduct a proactive recruitment campaign and periodically update the District on these efforts (may not be necessary to include). Contractor shall provide qualified drivers, trained and licensed in accordance with the laws of this State and the rules and regulations of District. Accordingly, Contractor agrees that each driver shall:

- a. Possess a valid license issued by this State (or a reciprocal state) authorizing such person to operate a school bus.
- b. Be certified by a duly licensed medical practitioner as medically qualified and free of medical or physical conditions, which, absent reasonable accommodation, would limit safe operation of a school bus qualified without reasonable accommodation, to safely operate a school bus. The physical examination shall be conducted prior to employment and periodically thereafter as required by State law.
- c. Successfully complete a course of training, including instruction in school bus safety, student discipline, human relations, behind-the-wheel school bus driving instruction, defensive driving, first aid, use of fire extinguisher, traffic laws, and applicable District policies and regulations.
- d. Possess a satisfactory driving record and criminal history record, after review of such records prior to employment and periodically thereafter to the extent permitted or available by law.
- f. Satisfy all applicable requirements of the U.S. Department of Transportation, Federal Highway Administration in rendering transportation services regulated by that agency.
- g. Meet any other criteria required by State law or by District's policies, rules or regulations.

Contractor shall hold each driver responsible for:

- a. Supervising the safe loading and unloading of his or her bus at every pick-up and delivery point.
- b. Keeping informed of all rules and regulations affecting the safe operation of school buses and standards of conduct.
- c. Complying with all federal, state and local traffic laws while operating buses under this agreement.
- d. Carrying appropriate identification at all times while on duty.
- e. Carrying a timepiece while on duty so that the driver can maintain established schedule times.
- f. Communicating to Staff any issues or needs related to the route assignment and all passengers transported.

A driver orientation and instruction program will be provided before a driver is allowed to drive while students are on board. Training must include:

- a. Enough to safely operate the type of school bus the driver will be driving
- b. Emergency procedures
- c. Student Management procedures, including issues relating to students with disabilities
- d. Knowledge of relevant laws, rules of the road, and local school bus safety policies
- e. Knowledge of student loading and unloading procedures

An ongoing performance monitoring and assistance program should include:

- a. Random drug testing
- b. Daily observance of employees to detect violations of drug policy
- c. Advance knowledge of routes, including substitutes
- d. Route accuracy including proper stops and updated paperwork
- e. Demonstrated driver-passenger professionalism
- f. Competency in physically driving the assigned vehicle and equipment

Contractor shall take reasonable steps to prevent its employees from exposing any student to impropriety of word or conduct. Contractor shall not knowingly permit its drivers to smoke on the bus nor to drink any intoxicating beverage or be under the influence of drugs or alcohol while operating any bus. Contractor shall regulate the use of prescription and non-prescription drugs, which impair the safe operation of the bus. Contractor shall enforce all District Rules and Regulations in place.

Contractor shall be responsible for hiring and discharging personnel employed by Contractor to perform its obligations hereunder; provided, however, that District shall have the right to require Contractor to remove from service under this agreement any employee who, at District's sole discretion, is deemed unsuitable for the performance of transportation services for District; and provided further that District shall make such request in writing and state the reasons therefore.

17. EQUIPMENT

All school buses supplied by Contractor pursuant to this Agreement shall meet or exceed the standards established by the laws and regulations of the State and the United States. Contractor shall maintain the school buses used to provide pupil transportation services under this Agreement in accordance with law and accepted industry maintenance standards.

Buses supplied by the Contractor will be no older on August 1 on any contract year, unless approved by District, than:

Regular Route Buses – not older than 12 model years – District and Contractor agree to waive this requirement during this 2 year agreement. It is agreed that Contractor will be using SY 2015-16 fleet with addition of 83 passengers for the 2 year contract period.

Type III Vans – not older than 12 model years

Spare Route Buses – not older than 18 model years

Contractor shall provide buses in sufficient number to efficiently transport all students for whom District orders services, including an adequate number of spares.

Buses shall be of sufficient capacity to permit every student transported to be seated in conformance with State laws at all times. Buses must be clean, neat-appearing and display appropriate exterior and interior markings as required by state law.

ADDITIONAL DEVICES AND EQUIPMENT REQUIRED

Contractor shall provide a facility that enables the Contractor to respond to an emergency within 30 minutes. The location of the facility shall not impact the contract.

Contractor must equip facility with proper furniture, facsimile machine, maintenance equipment, and basic comforts for staff and employees.

Contractor will have cameras in all route buses, should cameras need to be purchased or replaced District will share costs with Contractor on an equal basis.

18. STUDENT DISCIPLINE/VANDALISM

The ultimate responsibility and authority to suspend or expel any student from transportation services hereunder shall rest with District. Contractor's drivers are responsible only for such discipline as is required to safely and properly operate Contractor's buses. Each driver shall handle all disciplinary matters in strict accordance with District policy. In no case will a driver eject a student from a bus without authorization. All discipline problems shall be reported in writing following completion of the route. Procedures and regulations for the administration of discipline shall be established cooperatively between District and Contractor.

Vandalism damages to Contractor's equipment or facilities shall be the responsibility of Contractor. However, District shall give Contractor reasonable assistance in obtaining restitution for damaged equipment or facilities.

19. ASSIGNMENT

The Contractor shall not assign or transfer any part of the obligation and responsibility in this contract without the prior written approval of the District.

20. TERMINATION

If either party shall willfully violate any of the covenants or duties imposed upon it by the Agreement, such material willful violation shall entitle the other party to terminate this Agreement. The party desiring to terminate for such cause shall give the offending party thirty (30) days written notice to remedy the violation. If at the end of such time the party notified has not removed the cause of complaint or remedied the purported violation, then this Agreement shall be deemed terminated.

District and Contractor agree to meet and make good faith efforts to resolve any disputes within thirty (30) days of the development of any dispute, prior to filing any action in a court of competent jurisdiction. Good faith efforts may include mediation and arbitration by mutual agreement.

21. PLACE OF CONTRACT

This Agreement shall be deemed to be made in and shall be construed in accordance with the laws of the State of Minnesota. All references in the contract to the "State" shall mean State of Minnesota.

22. SURVIVAL

The mutual obligations described in COMPENSATION AND BILLING; and INDEMNIFICATION hereof shall survive the termination or expiration of this Agreement.

23. SEVERABILITY

In the event any provision specified herein is held or determined by a court of competent jurisdiction to be illegal, void or in contravention of any applicable law, the remainder of the Agreement shall remain in full force and effect.

24. MODIFICATIONS

Contractor and District may modify the terms of this Agreement in whole or in part as circumstances may justify by mutual written agreement executed by the duly authorized representatives of the parties. Any other additions or modifications would be provided at cost outlined in Appendix A.

25. NOTICE TO PARTIES

All notices to be given by the parties to this Agreement shall be in writing and served by depositing same in the United States Mail, postage prepaid, registered or certified mail.

Notices to District shall be addressed to:

Princeton School District, ISD 477
Supt. Julia Espe
706 1st Street
Princeton, MN 55371-1820

Notices to Contractor shall be addressed to: (Contractor)

Palmer Bus Service of Princeton, Inc.
Chris Champlin, COO
PO Box 2026
North Mankato, MN 56002


Either District or Contractor may change its address of record for receipt of official notice by giving the other written notice of such change and any necessary mailing instructions.


26. ENTIRE AGREEMENT

This Agreement sets forth the entire agreement between District and Contractor concerning the subject matter hereof. There are no prior representations, either oral or written, between District and Contractor other than those contained in this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement this 4th day of May 2016.

By: 
Officer of Contractor

By: 
Chair, Board of Education

By: 
Clerk, Board of Education

APPENDIX A
2016-17 School Year

1. Regular "To and From" Routes
 - a. 71-77 Passenger - \$229.70 per route per day (Based on 34 Routes)
 - b. 83-90 Passenger - \$245.81 per route per day (Alternate)
 - c. Open Enrollment - \$1.75 per mile (above base mileage SY 2015-16)
 - d. Second Pass Runs (Above SY 2015-16 quantity 12) - \$35.00 per run per day

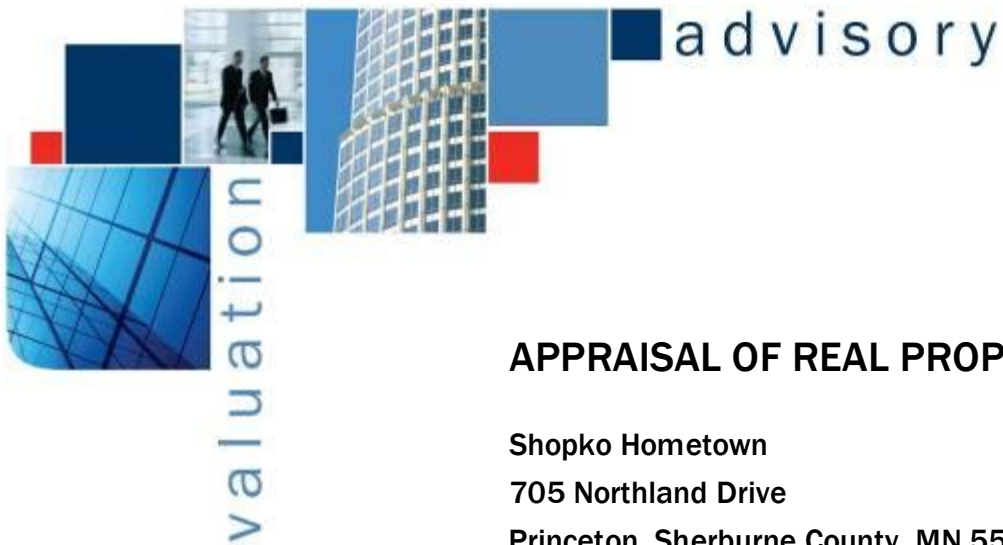
2. Special Education Routes -- In District
 - a. Class C/D Bus - \$228.64 per route per day, midday route \$116.60
 - b. Class A/B Bus - \$228.31 per route per day, midday route \$114.15
 - c. Type III Van - \$210.35 per route per day, midday route \$105.18 per day
 - d. Bus Aide \$13.90 per hour
 - e. District Van Minimum \$93.39 or \$17.69 per hour and \$.69 per mile

3. Special Education Routes -- Out of District
 - a. Class A/B/C/D - \$17.69 per hour and \$1.48 per mile
 - b. Type III - \$17.69 per hour and \$1.20 per mile
 - c. Bus Aide \$13.90 per hour
 - d. District Van Minimum \$84.90 or \$17.69 per hour and \$.68 per mile

4. Extra Curricular and Athletic Trips
 - a. All Vehicle Types \$17.69 per hour and \$1.48 per mile, minimum \$42.45
 - b. Trailer \$53.06 per trip

2017-18 School Year

1.75% Increase on all Rates



APPRAISAL OF REAL PROPERTY

**Shopko Hometown
705 Northland Drive
Princeton, Sherburne County, MN 55371**

**IN A SUMMARY APPRAISAL REPORT
As of July 18, 2013**

**Prepared For:
Bank of the West - Commercial Appraisal Services (CAS)
13220 California Street
Omaha, NE 68154-5228
Client ID: 13-2234-01**



**Prepared By:
Cushman & Wakefield of Minnesota, Inc.
Valuation & Advisory
3500 American Boulevard West, Suite 200
Minneapolis, MN 55431
C&W File ID: 13-23202-900219**





Shopko Hometown

705 Northland Drive

Princeton, Sherburne County, MN 55371



3500 AMERICAN BOULEVARD WEST, SUITE 200
MINNEAPOLIS, MN 55431

August 08, 2013

Mr. Steven A. Strottmann, SRA
Vice President/Sr. Commercial Review Appraiser
Bank of the West - Commercial Appraisal Services (CAS)
13220 California Street
Omaha, NE 68154-5228

Re: Appraisal of Real Property
In a Summary Report

Shopko Hometown
705 Northland Drive
Princeton, Sherburne County, MN 55371

C&W File ID: 13-23202-900219
Client ID: 13-2234-01

Dear Mr. Strottmann:

In fulfillment of our agreement as outlined in the Letter of Engagement, we are pleased to transmit our appraisal of the above property in a summary report dated August 08, 2013. The effective date of value is July 18, 2013.

This appraisal report has been prepared in compliance with the *Uniform Standards of Professional Appraisal Practice* (USPAP). In addition, the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) specifies that a Federally-regulated financial institution must be the Client in the appraiser-client relationship under the terms of an assignment agreement. To the extent the Client is governed by FIRREA, this appraisal meets all applicable requirements.

The subject property consists of a single-tenant retail building that contains 41,232 square feet of rentable area. The improvements were completed in 1993 and are in average condition.

Based on the agreed-to Scope of Work, and as outlined in the report, we developed the following opinions of Market Value:

Value Conclusions			
Appraisal Premise	Real Property Interest	Date Of Value	Value Conclusion
Market Value As-Is	Fee Simple	7/18/2013	\$3,300,000
Replacement Cost New	Fee Simple	7/18/2013	\$3,600,000

Compiled by Cushman & Wakefield of Minnesota, Inc.



Extraordinary Assumptions

For a definition of Extraordinary Assumptions please see the Glossary of Terms & Definitions. The use of extraordinary assumptions, if any, might have affected the assignment results.

This appraisal does not employ any extraordinary assumptions.

HYPOTHETICAL CONDITIONS

For a definition of Hypothetical Conditions please see the Glossary of Terms & Definitions. The use of hypothetical conditions, if any, might have affected the assignment results.

This appraisal does not employ any hypothetical conditions.

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

Respectfully submitted,

CUSHMAN & WAKEFIELD OF MINNESOTA, INC.



Kelsey Kay Malecha, MAI
Director
MN Certified General Appraiser
License No. 40026271
kelsey.malecha@cushwake.com
952-465-3321 Office Direct
952-465-3301 Fax



Patrick G. Lynch, MAI
Senior Director
MN Certified General Appraiser
License No. 20481375
patrick.lynch@Cushwake.com
952-4653375 Office Direct
952-465-3301 Fax

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

BASIC INFORMATION

Common Property Name:	Shopko Hometown
Address:	705 Northland Drive Princeton, MN 55371
County:	Sherburne
Property Ownership Entity:	Princeton - PAM Corporation

SITE INFORMATION

Land Area:	<u>Square Feet</u>	<u>Acres</u>
Main Parcel	170,235	3.91
Total Land Area:	170,235	3.91

Site Shape:	Irregularly shaped
Site Topography:	Level at street grade
Frontage:	Good
Site Utility:	Good

Flood Zone Status:	
Flood Zone:	X
Flood Map Number:	27141C0140F
Flood Map Date:	3/2/99

BUILDING INFORMATION

Type of Property:	Single-Tenant Retail
--------------------------	----------------------

Building Area	
Gross Building Area:	42,464 SF
Net Rentable Area:	41,232 SF
Land to Building Ratio:	4.01:1

Number of Buildings:	One
Number of Stories:	One
Actual Age:	20 Years
Quality:	Average
Year Built:	1993
Condition:	Average

Parking:	
Number of Parking Spaces:	194
Parking Ratio (per 1,000 sf):	4.71:1
Parking Type:	Surface

MUNICIPAL INFORMATION

Assessment Information:

Assessing Authority	Sherburne County
Assessor's Parcel Identification	90-405-0105
Current Tax Year	2013
Taxable Assessment	\$1,948,500
Tax Assessment per square foot	\$47.26
Current Tax Liability	\$89,270
Taxes per square foot	\$2.17
Are taxes current?	Taxes are current
Is a grievance underway?	Not to our knowledge
Subject's assessment is	At market levels

Zoning Information:

Municipality Governing Zoning	City of Princeton
Current Zoning	B-2, Neighborhood Commercial District
Is current use permitted?	Yes
Current Use Compliance	Complying use

HIGHEST & BEST USE

As Though Vacant:

A commercial use constructed on a built-to-suit basis

As Improved:

A retail building as it is currently improved

VALUATION INDICES	Market Value As-Is
VALUE DATE	
	7/18/2013
Land Value	
Indicated Value:	\$750,000
Per Square Foot:	\$4.41
COST APPROACH	
Indicated Value:	\$3,300,000
Per Square Foot (GBA)	\$77.71
SALES COMPARISON APPROACH	
Indicated Value:	\$3,300,000
Per Square Foot (NRA):	\$80.03
INCOME CAPITALIZATION APPROACH	
Direct Capitalization	
Net Operating Income (stabilized):	\$298,937
Capitalization Rate:	9.00%
Indicated Value:	\$3,321,523
Indicated Value Rounded:	\$3,300,000
Per Square Foot (NRA):	\$80.03
FINAL VALUE CONCLUSION	
Real Property Interest:	Fee Simple
Concluded Value:	\$3,300,000
Per Square Foot (NRA):	\$80.03
EXPOSURE AND MARKETING TIME	
Exposure Time:	12 Months
Marketing Time:	12 Months

EXTRAORDINARY ASSUMPTIONS

For a definition of Extraordinary Assumptions please see the Glossary of Terms & Definitions. The use of extraordinary assumptions, if any, might have affected the assignment results.

This appraisal does not employ any extraordinary assumptions.

HYPOTHETICAL CONDITIONS

For a definition of Hypothetical Conditions please see the Glossary of Terms & Definitions. The use of hypothetical conditions, if any, might have affected the assignment results.

This appraisal does not employ any hypothetical conditions.

Property Photographs

AERIAL PHOTOGRAPHS



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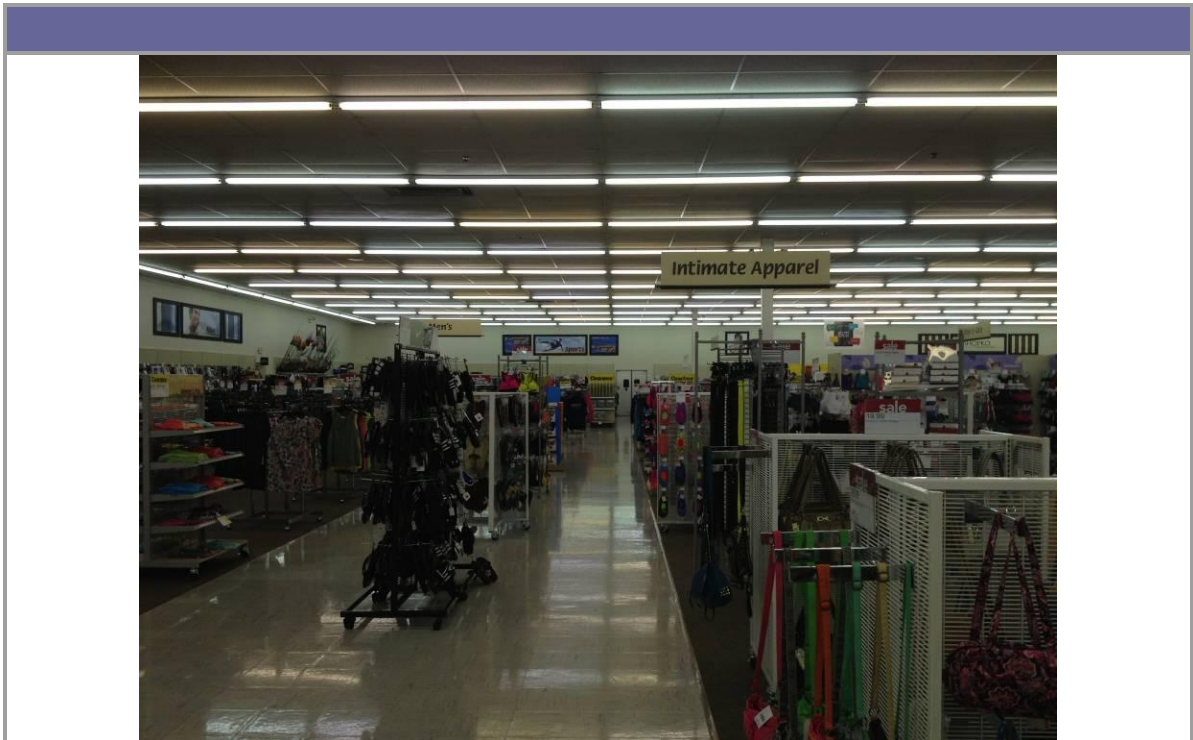
Looking southwest toward the subject property



Looking southeast toward the subject improvements



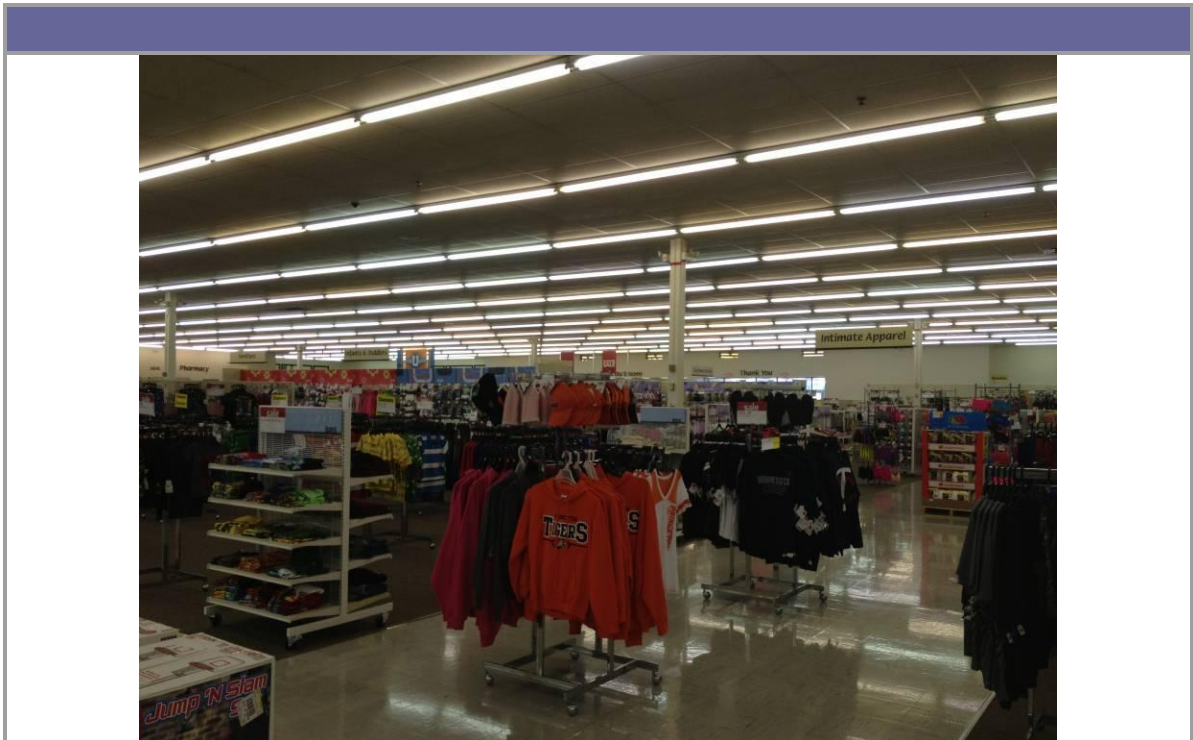
View of the main entrance



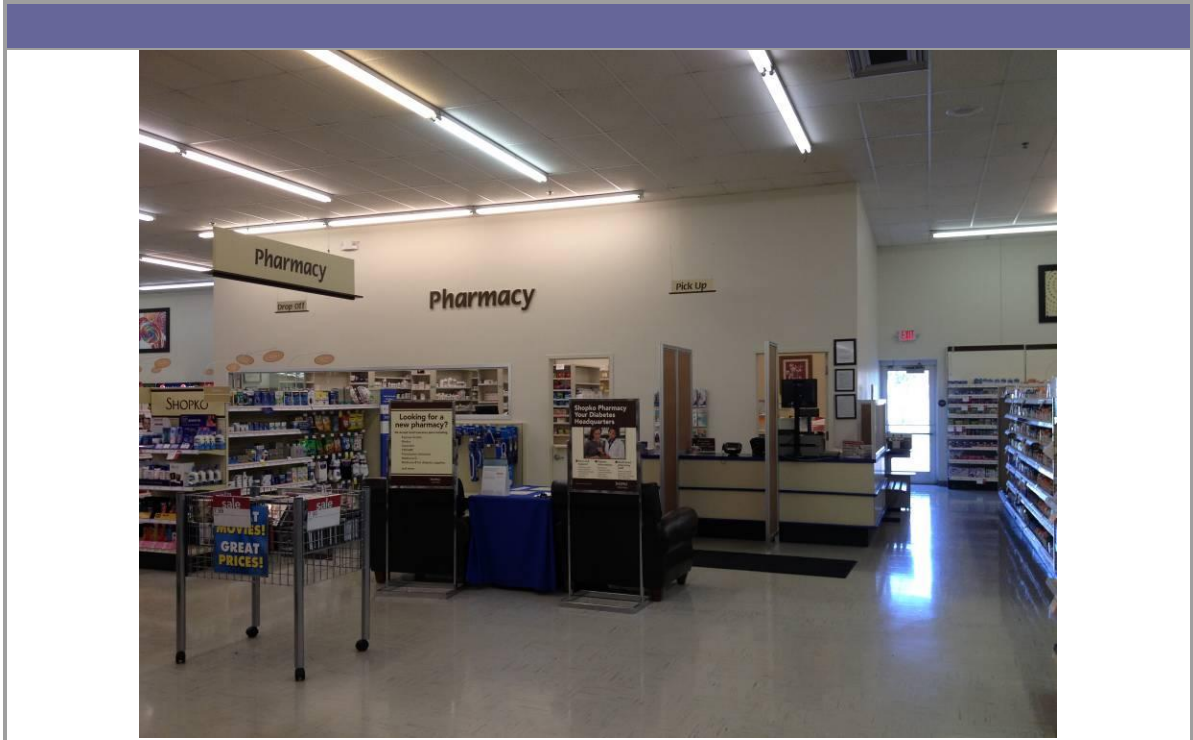
Interior view



Interior view



Interior view



Looking toward the pharmacy



Restrooms

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Introduction

SCOPE OF WORK

This appraisal, presented in a summary report, is intended to comply with the reporting requirements outlined under the USPAP for a summary appraisal report. In addition, the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) specifies that a Federally-regulated financial institution must be the Client in the appraiser-client relationship under the terms of an assignment agreement. To the extent the Client is governed by FIRREA, this appraisal meets all applicable requirements.

Cushman & Wakefield of Minnesota, Inc. has an internal Quality Control Oversight Program. This Program mandates a “second read” of all appraisals. Assignments prepared and signed solely by designated members (MAIs) are read by another MAI who is not participating in the assignment. Assignments prepared, in whole or in part, by non-designated appraisers require MAI participation, Quality Control Oversight, and signature.

For this assignment, Quality Control Oversight was provided by Patrick G. Lynch, MAI. In addition to a qualitative assessment of the appraisal report, Patrick G. Lynch, MAI is a signatory to the appraisal report and concurs in the value estimates set forth herein.

The scope of this appraisal is to value the market value of the subject property. This required collecting primary and secondary data relevant to the subject property. Vacant land and improved sales were researched in the subject’s market, rental data was analyzed, and the input of buyers, sellers, brokers, property developers and public officials was considered. A physical inspection of the property was made. In addition, the general regional economy as well as the specifics of the subject’s local area was investigated.

The data have been thoroughly analyzed and confirmed with sources believed to be reliable, leading to the value conclusions in this report. The valuation process used generally accepted market-derived methods and procedures appropriate to the assignment.

This appraisal employs all three typical approaches to value: the Cost Approach, the Sales Comparison Approach and the Income Capitalization Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that all approaches would be considered meaningful and applicable in developing a credible value conclusion.

IDENTIFICATION OF PROPERTY

Common Property Name: Shopko Hometown

Location: The subject property is located at 705 Northland Drive in Princeton, Sherburne County, Minnesota 55371.

Assessor's Parcel #: 90-405-0105

Legal Description: LOT 1, BLOCK 1, PRINCETON CROSSING SECOND ADDITION, SHERBURNE COUNTY, MINNESOTA.

PROPERTY OWNERSHIP AND RECENT HISTORY

Current Ownership: Princeton - PAM Corporation

Sale History: To the best of our knowledge, the property has not transferred within the past three years.

Current Disposition: To the best of our knowledge, the property is not under contract of sale nor is it being marketed for sale.

DATES OF INSPECTION AND VALUATION

Effective Date of Valuation:

As Is: July 18, 2013

Date of Inspection: July 18, 2013

Property Inspected by: Kelsey Kay Malecha, MAI

CLIENT, INTENDED USE AND USERS OF THE APPRAISAL

Client: Bank of the West - Commercial Appraisal Services (CAS)

Intended Use: This appraisal is intended to provide an opinion of the Market Value of the Fee Simple interest in the property for the use of the client in evaluating potential financing. This report is not intended for any other use.

Intended User: This appraisal report was prepared for the exclusive use of Bank of the West - Commercial Appraisal Services (CAS). Use of this report by others is not intended by the appraiser.

EXTRAORDINARY ASSUMPTIONS

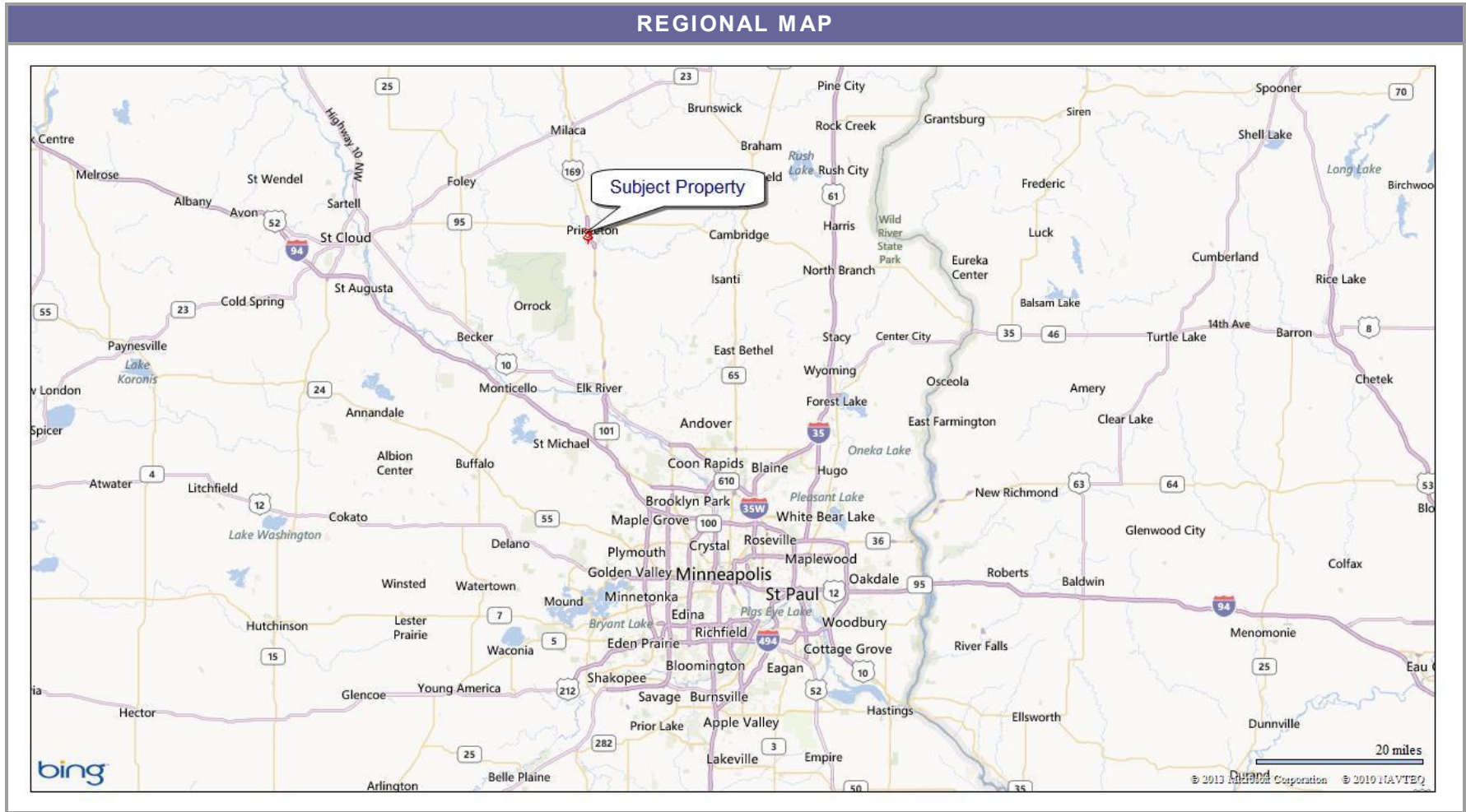
This appraisal does not employ any extraordinary assumptions.

HYPOTHETICAL CONDITIONS

This appraisal does not employ any hypothetical conditions.

Regional Analysis

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INTRODUCTION

MARKET DEFINITION

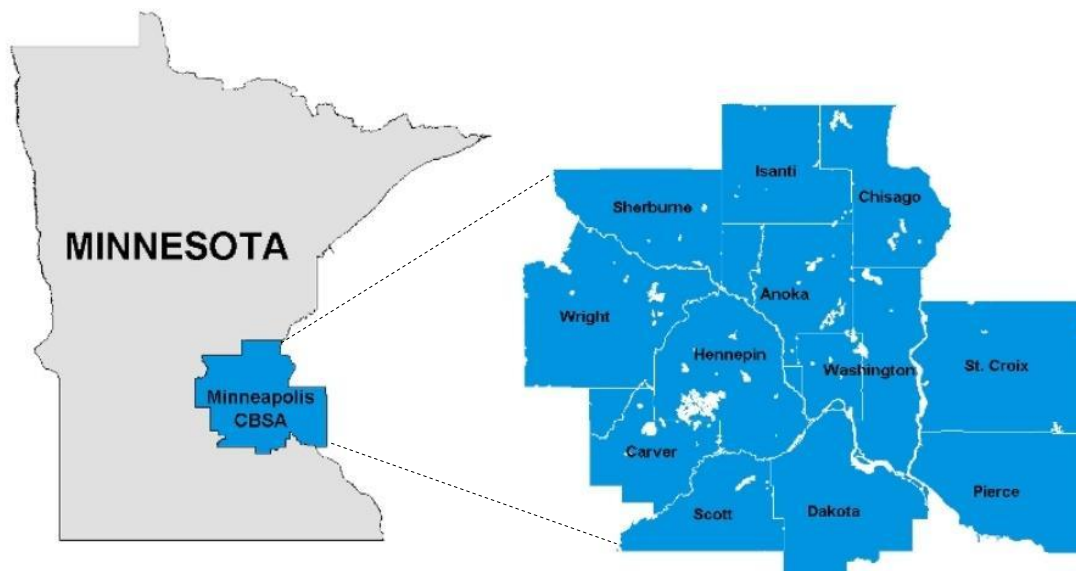
Often referred to as the Twin Cities Region, the Minneapolis-St. Paul-St. Cloud, MN-WI Combined Statistical Area consists of 11 counties in southeastern Minnesota and two counties in northwest Wisconsin. The region is bisected by the Mississippi River with Minneapolis, the largest city of the state of Minnesota and seat of Hennepin County, on the west bank, and the second largest city and capital of Minnesota, St. Paul on the east bank. The Minnesota and St. Croix rivers join the Mississippi south of St. Paul and nearly 1,000 lakes throughout the area offer countless outdoor recreational opportunities and form the cornerstone of a renowned regional park system.

Additional items of note regarding the Twin Cities Region are as follows:

- The extensive park systems of the region support numerous outdoor activities and many residents have developed a keen sense of environmentalism.
- The City of Minneapolis, nicknamed both "City of Lakes" and "Mill City," where the highest waterfall on the Mississippi river provided energy for as many as seventeen sawmills, is the site of one of the earliest hydroelectric facilities in North America, and was once the flour milling capital of the world, with total of thirty-four flour mills in operation at one time.
- As a center of transportation, business and industry and education the Twin Cities Region is considered the "cultural hub of the upper Midwest", is home to University of Minnesota and some twenty colleges, schools and institutes and an internationally recognized performing and fine arts community.

The location of the Twin Cities Region is presented in the following graphic:

TWIN CITIES REGION MINNEAPOLIS, MN-WI CORE BASED STATISTICAL AREA (CBSA)



Source: Claritas, Inc., Cushman & Wakefield Valuation & Advisory

CURRENT TRENDS

Although the decline of the national economy has taken its toll on the Twin Cities, the region continues to exhibit a steady trend of recovery. Unemployment in the region peaked in the third and fourth quarters of 2009 at 8.2 percent and has steadily declined over the subsequent ten quarters to June 2012 at 5.4 percent. Recent hiring trends in education/healthcare, business services and manufacturing have added strength to the local economy and housing starts have caused the first increase in the construction sector in nearly five years.

Additional details regarding the area are as follows:

- An increase in global business investments and a healthy rebound of consumer demand in emerging markets has buoyed manufacturing output and employment prospects in the Twin Cities. 3M has experienced a substantial increase in sales of its industrial and transportation goods and as medical equipment manufacturers Medtronic and Boston Scientific regain financial stability, these industry leaders are poised for above average growth.
- The Twin Cities housing market is showing signs that it has entered a phase of price recovery. Year-over-year, the National Association of Realtors preliminary report indicates that the median sales price of existing homes in the Twin Cities increased 13.2 percent in third quarter 2012 to a price of \$181,500. Distressed sales in the market have fallen to two-year low point and there has been a corresponding increase in regular sales. Additionally, the National Association of Homebuilders data indicate November 2012 year-to-date building permits for new single-family homes in the area increased 48.0 percent compared to 2011 activity.
- Increases in construction employment due to improved occupancy trends in the apartment market reawakened multifamily construction in the Twin Cities. Projects that were shelved as a result of the economic downturn have quickly reemerged in the region in recent months.
- Education and health services jobs remain a dominant employment sector in the Twin Cities economy, which is expected to provide substantial growth through 2012. Large healthcare and medical equipment firms in the region have reported healthy recoveries in revenue and profits.
- The expansion and renovation of several healthcare institutions such as Fairview Health Services, Abbott-Northwestern, Children's, St Joseph's and Regions Hospitals will provide a sustained economic boost and further buoy the local economy.

DEMOGRAPHIC TRENDS

DEMOGRAPHIC CHARACTERISTICS

With a median age of 36.0 years, the population of the Twin Cities is just under the national median age of 37.0 years. However, its residents are more educated and more affluent compared to national averages. More than 37.5 percent of the population holds a Bachelor degree or higher, and 24.3 percent of its households have an annual income of \$100,000 or higher.

The following chart compares the demographics of the Twin Cities and the U.S.:

Demographic Characteristics Twin Cities Region vs. U.S. 2012 Estimates		
Characteristic	Twin Cities Region	U.S.
Median Age (years)	36.0	37.0
Average Annual Household Income	\$79,340	\$67,303
Median Annual Household Income	\$62,859	\$49,540
<i>Households by Annual Income Level:</i>		
<\$25,000	15.1%	23.8%
\$25,000 to \$49,999	23.3%	26.7%
\$50,000 to \$74,999	21.6%	19.5%
\$75,000 to \$99,999	15.7%	11.9%
\$100,000 plus	24.3%	18.2%
<i>Education Breakdown:</i>		
< High School	7.3%	14.9%
High School Graduate	24.3%	28.7%
College < Bachelor Degree	30.9%	28.5%
Bachelor Degree	25.3%	17.6%
Advanced Degree	12.2%	10.3%

Source: Claritas, Inc., Cushman & Wakefield Valuation & Advisory

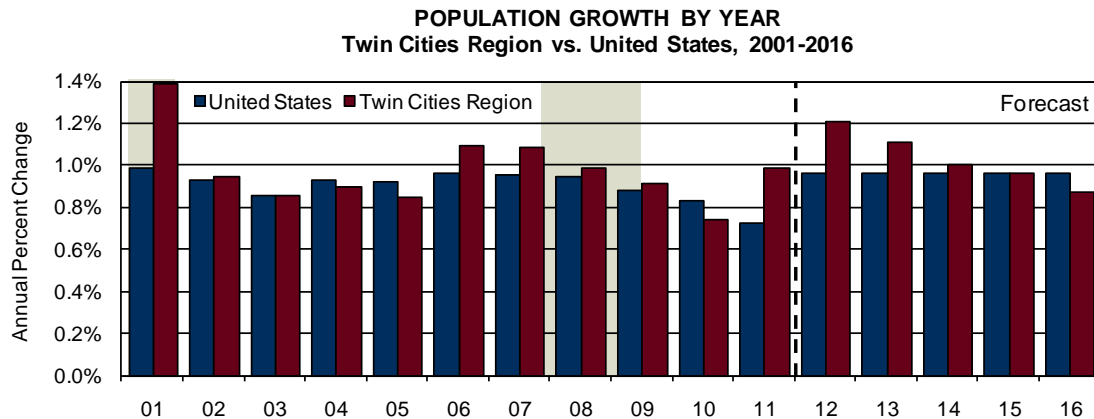
POPULATION

In the ten-year period leading up to the 2001 recession, the Twin Cities consistently experienced population growth superior to that of the U.S. In more recent years, population growth in the Twin Cities has been more subdued and has vacillated just above and below the U.S. In more recent years, population trends in the Twin Cities exhibited slightly greater strength than the U.S. in general.

Additional items of note are as follows:

- Migration into the Twin Cities has fallen in recent years causing economists to question the economic positioning of the area and prospects for future growth.
- In the previous four-year period, net domestic migration trends in the Twin Cities has been to competing population centers of the U.S., during this time the region experienced substantial in-migration from foreign regions.
- The current population of nearly 3.4 million in the Twin Cities is the result of an average annual growth rate of 0.9 percent over the previous 10 years. The population growth rate of the U.S. was also 0.9 percent during this period.
- Through 2016, population growth in the Twin Cities is expected reach 1.0 percent, while the U.S. is projected to reach an annual average growth rate of 0.8 percent.

The following graph compares historical and projected population growth between the Twin Cities and the U.S.:



Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars indicate periods of recession

While the central, more established Hennepin and Ramsey counties account for an overwhelming majority of the Twin Cities population, over the past 10 years higher population growth rates were checked throughout the perimeter counties of the region. Over the next five years little change is anticipated for this trend.

Additional considerations regarding current estimates in the Twin Cities Region are as follows:

- The most significant growth rate was recorded in Scott County to the south at 3.2 percent. Followed by Wright County to the west at 3.0 percent, Sherburne County at 2.7 percent and St. Croix County at 2.6 percent.
- Weakest population trends were experienced in the core counties of Ramsey and Hennepin with a flat 0.0 percent growth rate and a minimal 0.4 percent growth rate, respectively.
- Through 2016 Wright, Scott and Carver counties are expected to continue with stronger growth rates within the Twin Cities Region, but at a more subdued pace. Weaker population trends are expected for Pierce, Ramsey, Anoka and Isanti counties.

Details of this activity are presented in the following table:

Annualized Population Growth by County Twin Cities Region 2001-2016						
Population (000's)	2001	2011	Forecast 2012	Forecast 2016	Compound Annual Growth Rate 01-11	Compound Annual Growth Rate 12-16
United States	284,969.0	311,591.9	314,609.5	326,956.5	0.9%	0.8%
Twin Cities Region	3,022.7	3,318.5	3,358.7	3,493.9	0.9%	1.0%
Hennepin County	1,123.4	1,168.4	1,179.0	1,220.4	0.4%	0.7%
Ramsey County	512.9	514.7	518.1	532.7	0.0%	0.6%
Dakota County	363.6	402.0	406.7	421.1	1.0%	0.7%
Anoka County	304.8	333.1	336.5	346.1	0.9%	0.6%
Washington County	207.2	241.3	245.6	259.8	1.5%	1.1%
Scott County	96.9	132.6	135.8	146.1	3.2%	1.5%
Wright County	93.9	126.4	129.6	139.5	3.0%	1.5%
Carver County	72.9	92.6	94.7	101.0	2.4%	1.3%
Sherburne County	68.2	89.3	91.2	96.2	2.7%	1.1%
St. Croix County	65.7	84.9	86.7	91.6	2.6%	1.1%
Chisago County	43.5	53.9	54.8	57.1	2.2%	0.8%
Pierce County	37.2	40.9	41.3	42.3	0.9%	0.5%
Isanti County	32.4	38.3	38.8	40.0	1.7%	0.6%

Source: Data Courtesy of Moody's Economy.com, Cushman & Wakefield Valuation & Advisory

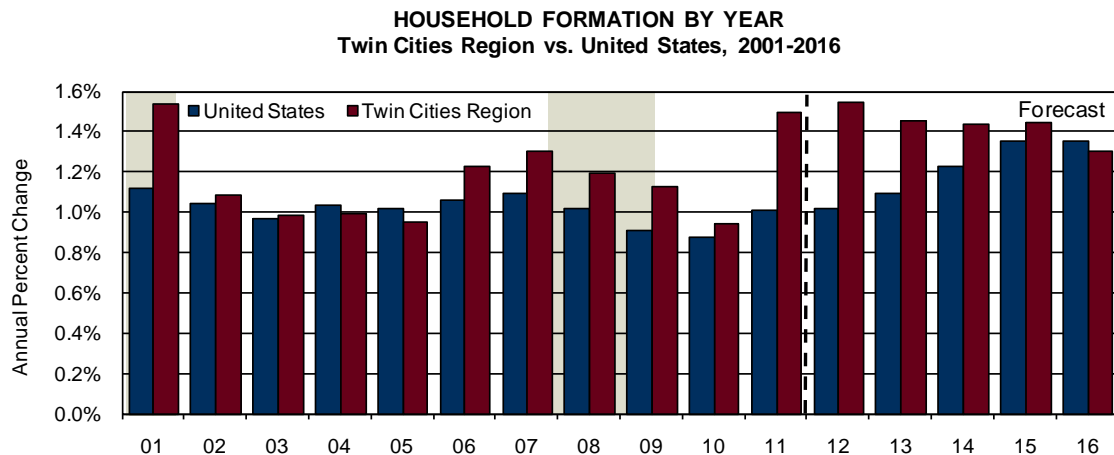
HOUSEHOLDS

Over the previous ten-year period, household formation trends in the Twin Cities have generally tracked population growth. In addition to population trends, this demographic is also profoundly influenced by the interplay among such factors as: consumer confidence, employment status, personal wealth, accessibility to credit, life-stage status and minority, ethnic or cultural alignment.

Additional considerations include the following:

- Over the past decade ending 2011, household formation in the Twin Cities experienced an annualized growth rate of 1.1 percent, slightly surpassing the population growth rate of the area. During this same period the U.S. experienced a 1.0 percent growth in household formation, which was also slightly stronger than the rate of population growth for the U.S.
- It is forecasted over the next five years that the Twin Cities may continue at an annualized 1.1 percent growth rate in household formation, while a 0.8 percent growth rate is anticipated for the U.S.

The following graph presents further details of this historical and projected activity:



Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars indicate periods of recession

ECONOMIC TRENDS

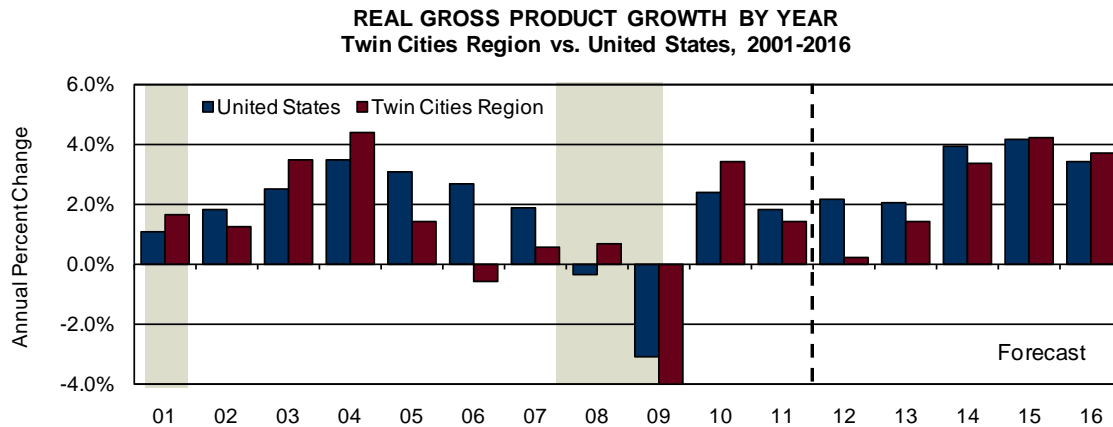
GROSS METRO PRODUCT

The Twin Cities' well diversified economy has been able to generate strong economic growth which has on occasion outpaced the national average. As the national economy continues to recover from the economic trough of June 2009, the Twin Cities marked an appreciable improvement in economic output. Similar to the U.S., Moody's Economy.com reported Real Gross Product in the Twin Cities from 2009 to 2010 increased 740 basis points and remained relatively strong in 2011 until relaxing somewhat in 2012.

Additional items of note are as follows:

- The United States Conference of Mayors/Council for the New American City June 2011 U.S. Metro Economies Report estimate of the Top 100 U.S. Metro Economies, ranked the Twin Cities as number 13, just ahead of Detroit, Phoenix and San Diego.
- Moody's Economy.com reported that from 2001 to 2011, the Twin Cities region's GMP grew at an average annual rate of 1.2 percent; just trailing the annual rate of economic growth experienced by the U.S. of 1.6 percent.
- Through 2016, growth in the Twin Cities region is expected to continue a recovery in economic vitality and grow 2.5 percent annually, while the U.S. is projected to average 2.7 percent annually over the next five years.

The following graph presents further details of this historical and projected activity:



Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars indicate periods of recession

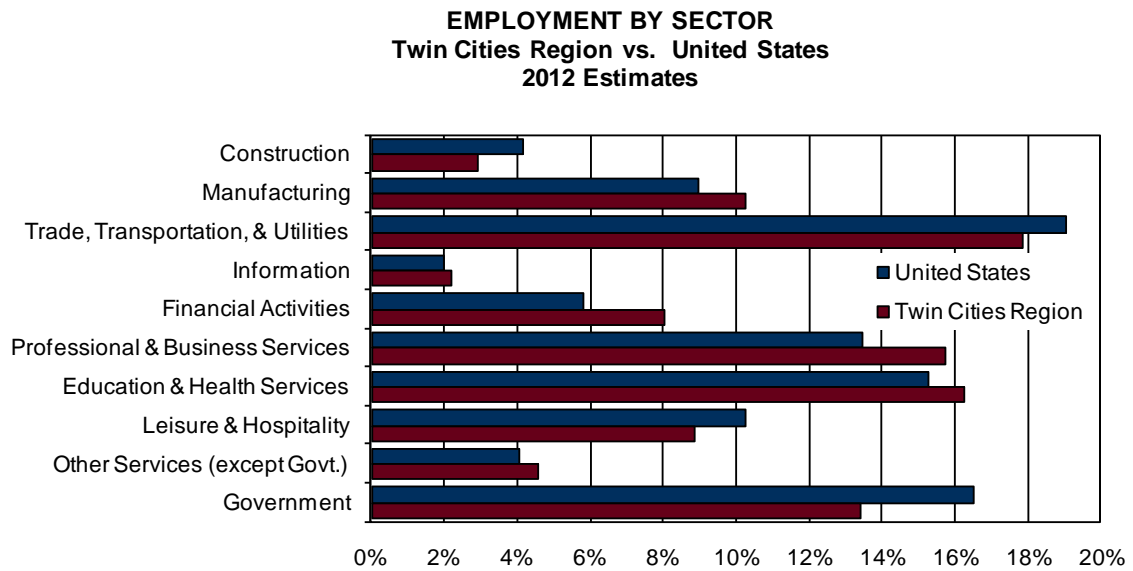
EMPLOYMENT DISTRIBUTION

With a highly educated work force, Minneapolis benefits from a diverse employment base which includes agriculture, food processing, large and small-scale manufacturing, printing and publishing, health care, medical instruments, computing, finance, education as well as arts and entertainment.

Additional items of note are as follows:

- Compared to the U.S., the Twin Cities is more heavily weighted in Professional & Business Services, Financial Activities, Manufacturing and to a lesser degree, the Education & Health Services sectors of employment.
- The Government and Leisure & Hospitality sectors are less represented in the Twin Cities, compared to the U.S.
- Within the Twin Cities the current dominant employment sectors are Trade Transportation and Utilities at 17.8 percent, followed by Education & Health Services at 16.2 percent, Professional & Business Services at 15.7 percent and the Government sector at 13.4 percent.
- Over the five-year forecast period ending 2016, the greatest yearly average employment growth in the Twin Cities is anticipated for the Construction sector at approximately 3.4 percent, Education & Health Services at 2.3 percent, and the Leisure and Hospitality sector at 2.1 percent.

The following graph presents details and compares the Twin Cities and U.S. employment sectors:



Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory

MAJOR EMPLOYERS

The Twin Cities is home to nineteen of the nation's Fortune 500 corporations highlighting the region's economic diversity. The list includes companies such as: United Health Group (22), Target (33), Best Buy (47), SuperValu (61), 3M (97), CHS 103, U.S. Bancorp (126), Medtronic (158) and General Mills (166).

The following table details the largest employers in the Twin Cities Region:

Largest Area Employers Twin Cities Region		
Company	No. of Employees	Business Type
Target Corporation	29,000	Discount and Variety Retailer
Allina Health System	23,818	Healthcare Services
Fairview Health System	21,507	Healthcare Services
Wells Fargo & Company	20,613	Financial Services
University of Minnesota	19,718	Education Services
3M Corporation	15,000	Product and Materials Manufacturing (diverse)
HealthPartners	10,322	Healthcare Insurance Provider
U.S. Bancorp	10,184	Financial Services
United Health Group	9,967	Healthcare Insurance Provider
SuperValu, Inc. / Cub Foods	9,867	Grocery Distribution and Retail
Park Nicollet Health Services	8,449	Healthcare Services
Medtronic, Inc.	7,992	Manufacturer Implantable Biomedical Devices
Hormel Foods Corporation	7,890	Food Products Manufacturing and Distribution

Source: Minnesota Department of Employment and Economic Development, 2011

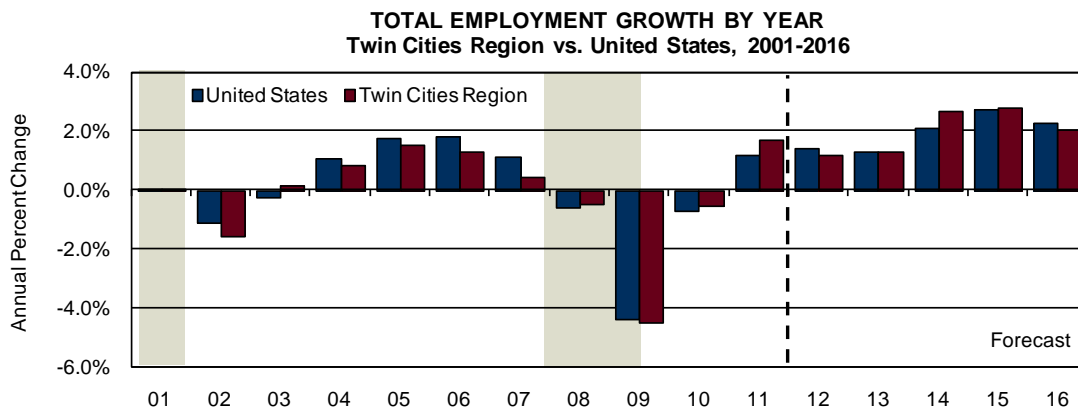
EMPLOYMENT GROWTH

With few exceptions over the last decade, the Twin Cities consistently lagged the nation in total employment growth. Subsequent to the losses sustained in the 2008-2009 recession, the employment base of the region is expected to moderate and continue with stronger short term growth. Throughout the forecast period, sectors with stronger potential in the Twin Cities include the Construction, Education & Health Services and Leisure & Hospitality employment sectors.

Additional items of note are as follows:

- Through the ten-year period ending 2011, the average annual employment declined 0.1 percent in the Twin Cities, in advance of the flat 0.0 percent performance experienced by the U.S.
- Employment growth in the Twin Cities is expected to average 1.8 percent annually through 2016, while the projected employment growth of the U.S. is expected to average 1.7 percent.

The following graph represents yearly historical and projected total non-farm employment for the Twin Cities and the U.S. as a whole:



Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars indicate periods of recession

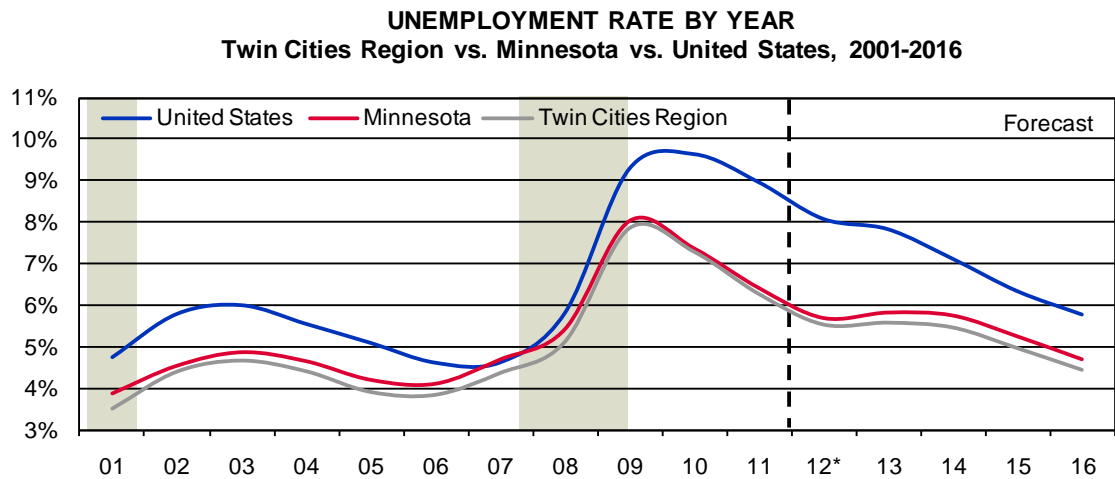
UNEMPLOYMENT

September 2012 data indicate the Twin Cities unemployment rate decreased 10 basis points since the previous quarter to 5.5 percent and decreased of 65 bps since September 2011. Historically, with Minneapolis's diverse employment base and overall steady employment growth, the area's unemployment rate has consistently tracked lower than the U.S. Upon recovery from the recent economic downturn, the Twin Cities is expected to continue to outperform national averages.

Additional items of note are as follows:

- For the five-year period ending in 2011, the annual average unemployment rate for the Twin Cities of 6.2 percent was below the U.S. average of 7.7 percent.
- Moody's Economy.com projects the unemployment rate in the Twin Cities over the next five years to average 5.2 percent, compared to 7.0 percent for the U.S.

The following graph represents yearly historical and projected unemployment for the Twin Cities, the state of Minnesota and the U.S. as a whole:



Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory

Note: Shaded bars indicate periods of recession

*Third Quarter 2012

CONCLUSION

While the national economy continues to stabilize, the Twin Cities Region is following suit with increased production output and a slow increase in hiring. Long-term prospects for education and health services, as well as professional and business services sectors are expected to contribute to the strength of the region. The well-educated workforce of the area offers growth potential for local and regional businesses. However, subdued population trends of the area are expected to diminish more robust growth.

Further considerations are as follows:

- The manufacturing sector in recent quarters has added jobs at a much faster pace than the national average. This trend is expected to continue for the remainder of the year.
- A recent Manpower survey indicates hiring is poised to increase in the area as a variety of industries including professional services, information technologies and medical goods producers respond to increased demand.
- The city's convention and tourism promotion agency has recently launched several beautification and facilities upgrade projects that will boost short term construction payrolls and long term tourism potential.
- The Twin Cities healthcare industries are well positioned to benefit by the development of additional treatments and procedures, while the nation's aging population is destined for substantial increases.
- A highly educated workforce remains the region's strongest asset and gives it a competitive advantage over other Midwestern cities. However, this could be detrimental as it contributes to the already high cost of conducting business in the Twin Cities.

Local Area Analysis

95



LOCATION OVERVIEW

The property is located in the community of Princeton. Generally, the boundaries of the immediate area are State Highway 95 to the north, 120th Street Northwest to the east, 317th Avenue Northwest to the south and 100th Avenue to the west. Other local landmarks include the Princeton Golf Club, which is located along the east boundary of the neighborhood, and the Princeton Municipal Airport, which is located in the western portion of the neighborhood; this airport is home to the flight service station (FSS) for Minnesota. The Minneapolis Central Business District is 50 miles south of the subject property and the St. Cloud Central Business District is 30 miles west of the subject property.

NEIGHBORHOOD ANALYSIS

NEARBY AND ADJACENT USES

The subject's local area is composed of mixed land uses. The subject property is bordered by Northland Boulevard to the north, followed by Princeton High School. East of the subject property is a McDonald's fast food restaurant, followed by South Rum River Drive and a Coborn's grocery store. To the south of the subject property is vacant land, followed by U.S. Highway 169 and an industrial park. West of the subject property is vacant land and Fairview Northland Medical Center.

SPECIAL HAZARDS OR ADVERSE INFLUENCES

We observed no detrimental influences in the local market area, such as landfills, flood areas, noisy or air polluting industrial plants, or chemical factories.

LAND USE CHANGES

A Walmart retail store recently opened as of February 1, 2013, in the southwest quadrant of U.S. Highway 169 and State Highway 95; this is approximately three miles north of the subject property.

ACCESS

Local area accessibility is generally good, relying on the following transportation arteries:

Local:	Highways 169 and 95 provide the bulk of access to Princeton. U.S. Highway 169 is the primary thoroughfare near the subject.
Regional:	Interstate 94 is roughly 25 miles south of the subject. It connects with the intricate highway system serving the Twin Cities to the southeast of the area.

Personal vehicles are the primary mode of transportation in the Twin Cities. The Northstar Commuter Rail Line, which opened in November 2009, runs from Big Lake to Downtown Minneapolis and stops in Elk River, Ramsey, Anoka, Coon Rapids and Fridley. Residents of Sherburne and Wright Counties have on-demand access to River Rider bus service, which operates from 7am to 5pm Monday through Friday.

CONCLUSION

The subject property is located in the retail area of the Princeton community in Sherburne County. Surrounding residential developments requisite to support Shopko Hometown are nearby. The neighborhood is stable and growing. The subject's location near U.S. Highway 169 yields good access to the neighborhood and should provide long term stability to this retail trade area.

Retail Market Analysis

OVERVIEW

A variety of factors influence the performance of a property in the market. In this section we provide an in-depth analysis of both the market in which the subject property competes and its position within that market:

- Our analysis begins by defining the subject's property type so that it can be understood in the context of the local retail structure. This competitive set is then analyzed in more detail.
- Next, we thoroughly review current market statistics such as supply, absorption, vacancy, effective rental rates and new and proposed construction.
- Having quantified these components, we then determine a reasonable trading area for the subject based on highway accessibility, geographic constraints and area growth patterns including planned infrastructure improvements.
- We finish our Retail Market Analysis by examining the underlying demographic indices that define the trade area such as population, household income and retail sales potential. Comparisons are made to larger study areas such as the CBSA, state and U.S. as a whole in order to place the historical and prospective performance of the subject trade area in context.

The subject is a retail building designed for use by one occupant. In accordance with the Appraisal Institute, this property is classified as a free standing building - big box.

NATIONAL RETAIL MARKET OVERVIEW

INTRODUCTION

Since the recession officially ended in June 2009, the U.S. economy has produced slow but measured growth. While employment has not fully recovered, there has been gradual improvement in the economy, yet uncertainty remains. In March 2013, the U.S. Bureau of Labor Statistics reported that nonfarm payroll employment increased by 88,000 jobs, while the unemployment rate declined 10 basis points to 7.6 percent. The national unemployment rate has hovered between 7.6 percent to 8.2 percent since March 2012. C&W research currently projects the slow trend of recovery will continue through at least the first three quarters of 2013, and US growth will accelerate, perhaps beginning in the 4th quarter of 2013. The housing market is also showing signs of strength. As of March 2013, new and existing home sales are well above the levels of a year ago. Inventories of new homes on the market are near record lows while for existing homes they are near 20-year lows. In addition, home prices at year-end 2012 were approximately 7.0 percent higher than they were a year ago.

According to preliminary estimates of the Bureau of Economic Analysis, US real GDP increased 2.2 percent in 2012 following an increase of 1.8 percent in 2011 and 2.4 percent in 2010. Consumer spending, the largest component of GDP has increased at a slow pace, averaging 2.1 percent per year. Over the past three years business investment has grown at a strong pace, but it has been offset by declines in Government spending. Looking forward, Moody's Analytics forecasts that GDP will grow at 2.0 percent in 2013 before accelerating to 3.8 percent in 2014.

The economy is also being impacted by the policies that were implemented at the end of 2012 to avoid the "fiscal cliff". First tax rates have been increased on most households as tax reductions that had been in place since the recession began were allowed to expire. At that time, the spending containment portion of the "fiscal cliff" was postponed until March 1, 2013 in order to permit further negotiation.

Through the first quarter of 2013, Congressional leaders and the President of the United States have yet to reach agreements concerning spending as it relates to the limits set forth in the annual congressional Budget Resolution. Cuts in federal spending are likely to have the greatest impact in communities that have heavy concentrations of federal government agencies and government contractors. This uncertainty has made some participants in the real estate industry cautious. However, with economic growth in Europe likely to be sluggish at best, global investors continue to be attracted to the relative stability and better long term growth prospects of the U.S. which is likely to draw in overseas capital. In fact, the U.S. only trails China as the second most desirable market for foreign investment capital. According to collaborative research from Cushman & Wakefield and Real Capital Analytics, at year-end 2012, foreign investment in the U.S. was up 16.2 percent annually at \$186.1 million. In the commercial property market, transactions have rebounded by more than four-fold from their post-crisis low in 2009.

For the retail sector, increased job creation and reduced unemployment figures brought record retail sales. For 2012, retail industry sales have grown at a rate faster than many other industries. According to the U.S. Census Bureau, retail & food service sales for the 2012 totaled nearly \$4.9 trillion, a 5.2 percent increase from this time in 2011. The recent gain marks 39 consecutive quarters of growth. Looking forward, the National Retail Federation is forecasting retail sales to grow 3.4 percent in 2013.

Retail sales are an important indicator of consumer sentiment, typically a major driver of economic growth. After recording significant gains during the year, data released by Thomson Reuters and the University of Michigan indicated that the consumer sentiment index plunged from 77.6 in February 2013 to 71.8 percent in March 2013, its lowest point in over a year. Dissatisfaction with government economic policies and an inability to reach partisan agreement on fiscal planning lead as the primary concern for consumers.

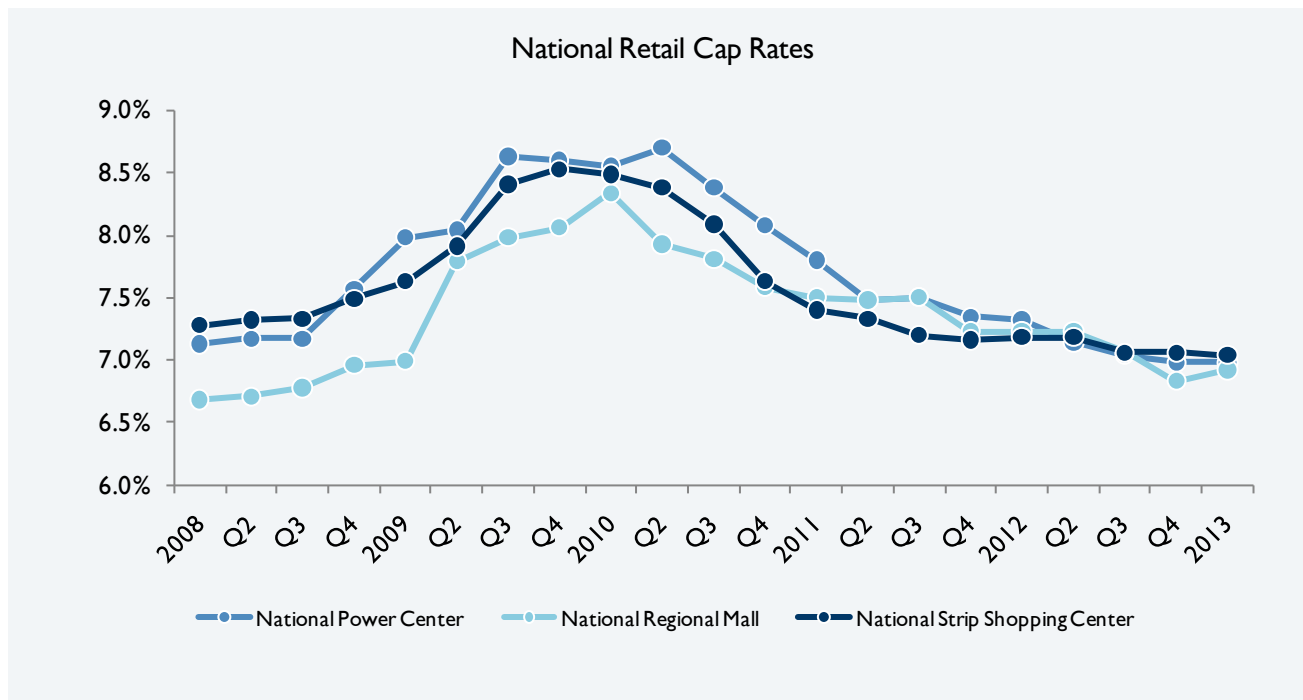
NATIONAL RETAIL INVESTMENT SALES MARKET

Capitalization Rates

As the credit markets continue to loosen, transaction activity is on the rise. Investors have increasingly focused on real assets, such as commercial real estate, as a hedge against inflation in the wake of recent economic uncertainty. Capitalization rates (OARs) are compressing as demand increases. The *PwC Real Estate Investor Survey* reports that national power center and strip shopping center OARs bottomed in third quarter of 2007 at an average of 7.0 percent and 7.2 percent, respectively. Regional mall cap rates reached a low of 6.7 percent in the first quarter of 2008. Average rates for all three property types peaked in the first quarter of 2010 at nearly 8.5 percent.

Through the first quarter of 2013 capitalization rates have gradually declined. Power center OARs averaged 7.0 percent, while regional mall and strip shopping center OARs averaged just less than 6.9 and 7.0 percent, respectively. In the current market, investors are viewing higher-quality assets in primary urban and suburban markets most favorably. Market conditions for assets falling below this profile remain weak. However, investor sentiment is expected to moderate as confidence returns to the market. It should also be noted that the combination of low interest rates and increasing loan-to-value ratios are driving many investors to turn to real estate as an alternative investment vehicle. The added demand should continue to lead to an increase in real estate values and the subsequent compression of cap rates.

The following graph depicts quarterly national retail capitalization rates by property type since 2008:



CMBS Market

The availability of debt including the gradual resurgence of Commercial Mortgage Backed Securities (CMBS) has contributed to the increase in transaction activity. At its peak in 2007, CMBS issuance totaled nearly \$230.0 billion in the United States. Retail assets accounted for approximately one-third of total CMBS volume. Funding plunged in the midst of the financial crisis beginning in late 2008. Total CMBS issuance in 2008 was just \$12.0 billion, followed by a nearly non-existent \$3.0 billion in 2009. Issuance reached \$11.7 billion in 2010 as investors began returning to the market. However, with the European debt crisis, the slow U.S. economic recovery and admissions from Standard & Poor's that it had "potentially conflicting methods" in how it was rating securitizations; bond buyers have exercised caution. To that end, many "balance sheet lenders" such as local savings and loan banks and life insurance companies have experienced notable increases in lending activity. Nonetheless, CMBS issuance in 2011 still managed to total nearly \$33.0 billion, according to Trepp LLC. Additionally, Commercial Mortgage Alert reports CMBS issuance in 2012 reached \$48.3 billion. In fact, as low rates and bond risk premiums encourage more borrowing, experts from the Blackstone Group, LNR Property and Morgan Stanley predicted at the Talmage 2012 Credit Conference that CMBS issuance could rise 40.0 percent in 2013, to as much as \$65.0 billion.

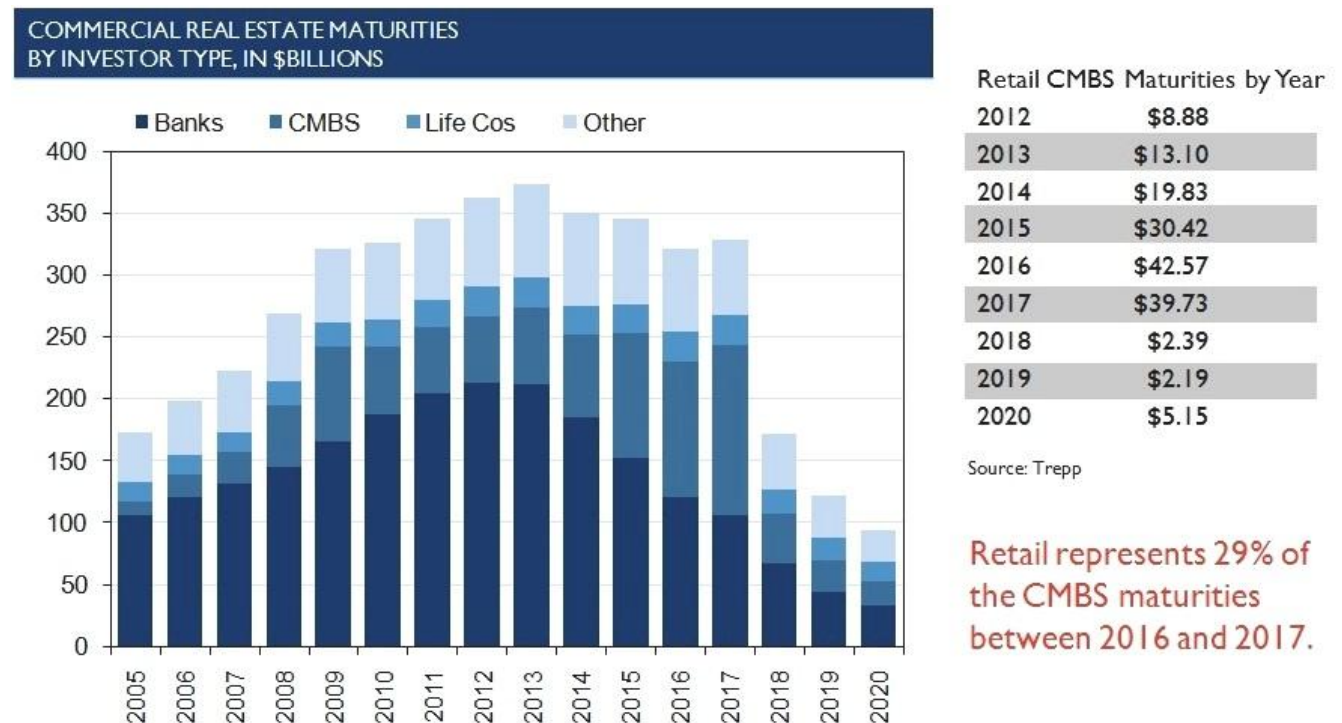
The following chart compares annual CMBS volume over the last six years:

U.S. CMBS ISSUANCE (IN BILLIONS)						
	2007	2008	2009	2010	2011	2012
TOTALS	\$228.6	\$12.1	\$2.7	\$11.6	\$32.7	\$48.3

Source: Commercial Mortgage Alert

At the moment, investors are concerned as 2013 marks a precarious position for the CMBS sector. Five-year debt originated at the peak of the market, is now hitting its maturity. Some of the most aggressive loans written in 2007 are now coming due. According to Standard & Poor's, these loans are a cause for concern because a large number include high loan-to-value ratios, limited amortization and borrower equity buildup and reduced liquidity in the market.

The following graphic shows recorded and estimated commercial real estate loan maturities by investor type through 2020:

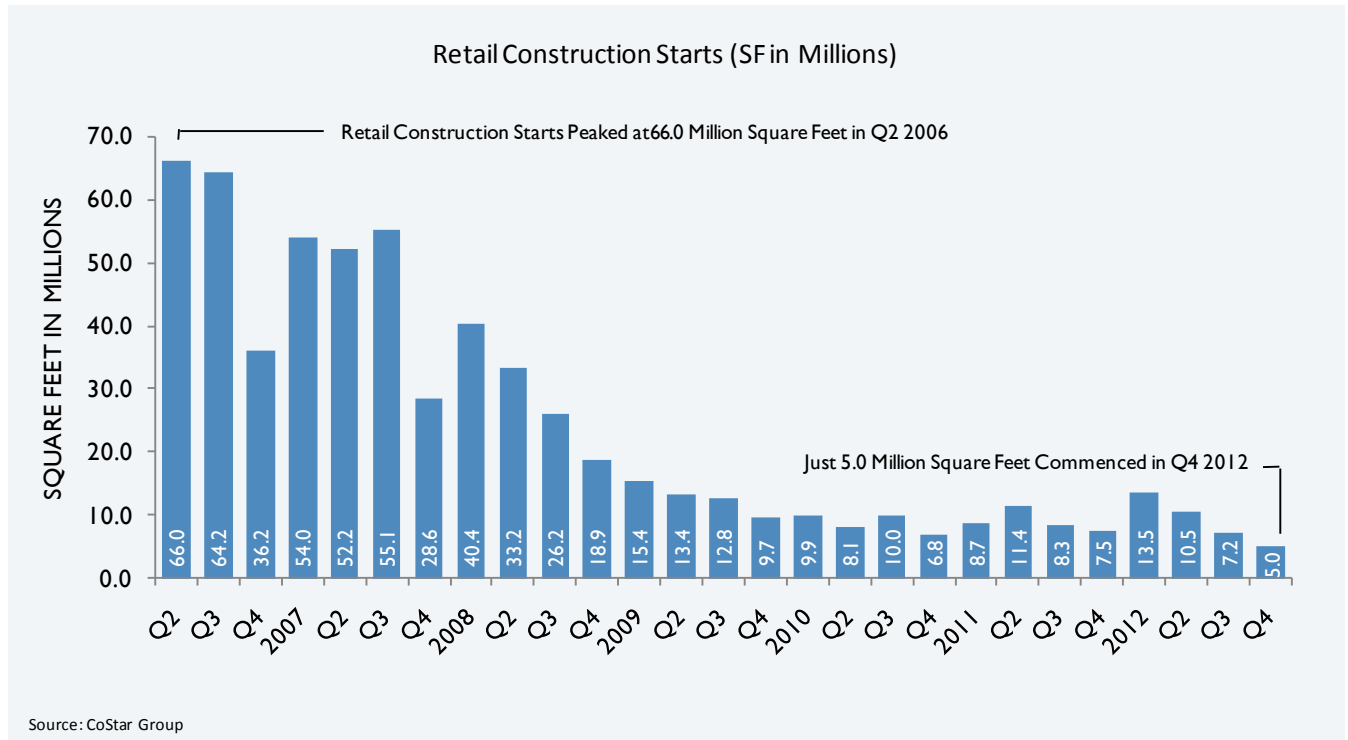


Source: Trepp, C&W Capital Markets

Construction Activity

Despite improving fundamentals in the retail real estate market, developers are still concerned about investing in new construction projects. The exception being outlet center development and projects located in the highest-performing markets with strong tenant mixes possibly including grocery retailers, drug stores or similar net leased properties. According to data from the CoStar Group, retail construction starts peaked at 66.0 million square feet in the second quarter of 2006. Given the collapse of credit markets and consumer demand during the recent recession, construction starts have fallen significantly over the last few years. Recently, retail construction starts bottomed at just 5.0 million square feet in the fourth quarter of 2012. This marks a 92.4 percent decrease from peak figures in 2006.

The following graph shows retail construction starts from the second quarter of 2006 through the fourth quarter of 2012:



Looking forward, new construction activity is expected to remain weak until the industry works through the large amounts of debt maturities scheduled to come due between 2013 and 2017. At the moment, there are significant amounts of available space for retailers to choose from. We expect retail construction starts to remain tepid through 2013.

To that end, many retailers are crawling out of the worst recession in decades. Many realize that they overbuilt and are closing underperforming stores. According to data collected by the International Council of Shopping Centers, there were a total of 4,464 announced store closings in 2012. While declining sales have forced many retailer chains to pare down their number of outlets, other retailers are closing due to shifts in the marketplace. Such is the case for Blockbuster which fell victim to shifting consumer preferences toward online and digital viewing of movies, TV shows and recorded video content.

The following is a list of certain retailers that have made significant store closings in 2012:

MAJOR ANNOUNCED STORE CLOSINGS - 2012	
STORE	# CLOSING
Barnes & Noble	633
Blockbuster	500
Abercrombie & Fitch	180
Sears/Kmart	172
Collective Brands	123
Food Lion	113
Charming Shoppes	105
Family Dollar	100
The Gap	100
Casual MaleXL	70
Ascena Retail	55
Best Buy	50
Office Max	35

Source: UBS Investment Research, About.com

Transaction Activity

In 2012, retail transaction volumes posted promising numbers. Through the end of 2012, Real Capital Analytics reports that transaction volume totaled \$41.3 billion; a strong indication that investors feel there is growth potential in the retail market.

Mimicking the overall market, transactions of retail properties through 2011 doubled the total annual volume recorded in 2010 at \$44.0 billion. Transaction volume ramped up significantly through the first half of the year, but previously noted economic concerns stalled this momentum. Nonetheless, the total volume of retail property transactions in 2011 is a celebrated improvement over the dismal 2008, 2009 and 2010 showing.

The following graph displays annual retail transaction volume since 2001:



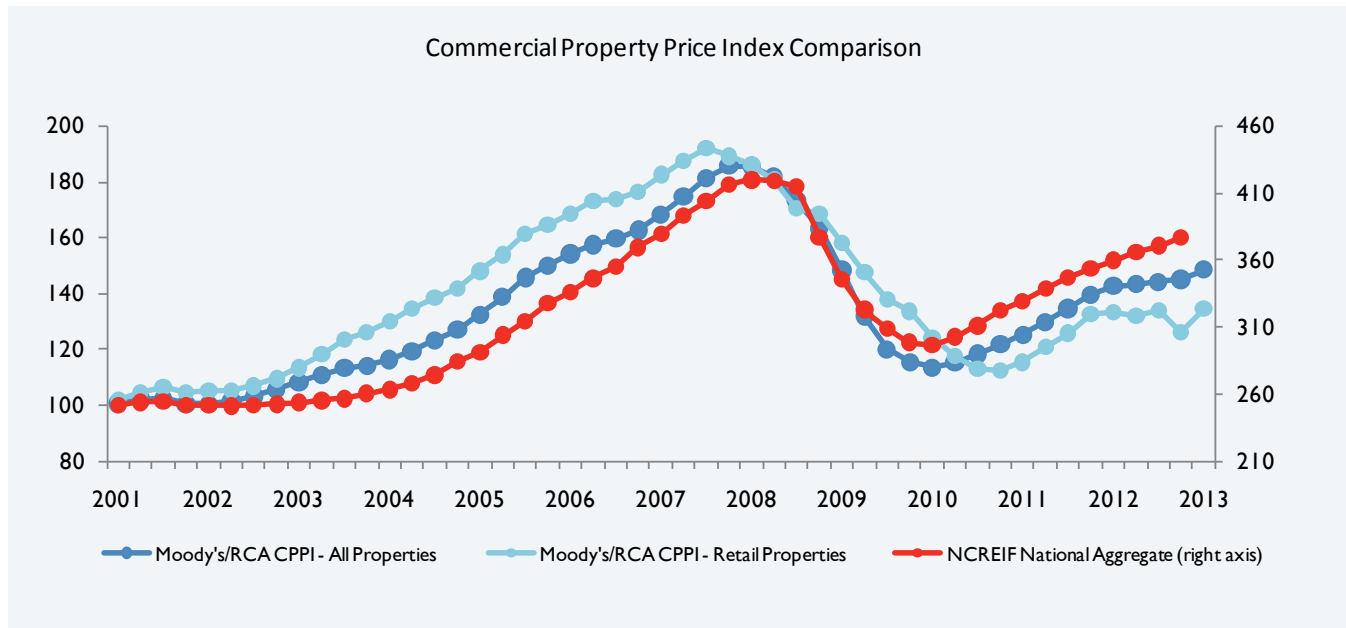
Through the first few months of 2013, pricing metrics have strengthened over recent months for retail properties with per-square-foot prices rising, average cap rates falling and the Commercial Property Price Index reaching its highest post recession level. According to Real Capital Analytics, sales of significant retail properties totaled \$2.4 billion in February 2013, up 22.0 percent year-over-year bringing the total transaction volume for the first two months of 2013 to \$5.7 billion, up 42.0 percent year-over-year. The increases largely result from increased portfolio transactions especially those involving strip centers.

Commercial Property Price Index

The Moody's/RCA Commercial Property Price Index (CPPI) is a periodic same price change index of U.S. commercial investment properties. The Moody's/RCA CPPI uses advanced repeat-sale regression analytics to measure price changes in U.S. commercial real estate.

As of January 2013, the most recent figures published, Moody's/RCA CPPI for all properties measured an increase of 4.0 percent year-over-year. Currently at 148.53, the index is 20.2 percent below the peak of 186.06 measured in the December 2007.

The following graph displays the CPPI Index between January 2001 and January 2013:



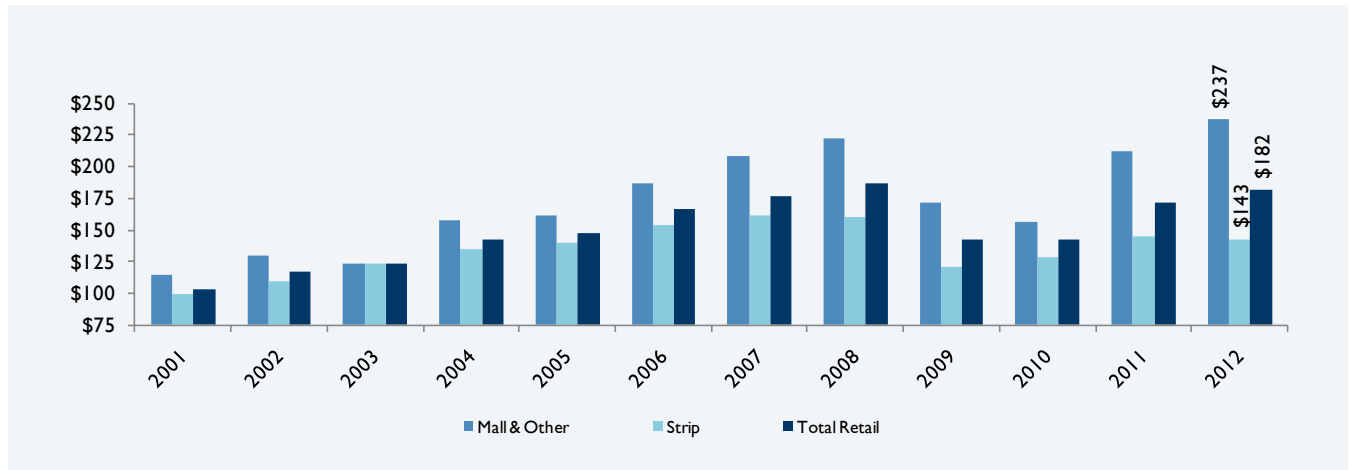
Likewise, the National Council of Real Estate Investment Fiduciaries (NCREIF) also compiles a property price index based on a large pool of individual commercial real estate properties. The NCREIF Property Price Index is a quarterly time series composite total rate of return measure of investment performance of said commercial real estate properties acquired in the private market for investment purposes only. Based on data from NCREIF, the property price index peaked in the first quarter of 2008 at 419.88 before falling 29.3 percent to 296.81 in the first quarter of 2010. Since bottoming, the NCREIF Property Price Index has climbed to near 90.0 percent of its pre-recession levels. The NCREIF Property Price Index stands at 377.31 as of year-end 2012. Commercial real estate values have improved in recent quarters.

Price Per Square Foot

In comparison to sales volume, pricing levels achieved by shopping centers and other retail properties trended downward rapidly before rising in recent months. Between 2003 and 2008, a time from when the market had picked up after the last recession up until the most recent market fall-out, the average price per square foot for retail assets increased by 50.8 percent to a peak of \$187 per square foot in 2008. However, in 2010, the average price per square foot for all retail property would sharply decline to a low of \$142 per square foot. Not until late 2010/early 2011 did the price per square foot begin to recover. The average price per square foot for retail space in 2011 jumped to \$172, a 21.1 percent increase from 2010.

Through year-end 2012, this figure has increased to \$182 per square foot. The average price per square foot is within striking distance of the 2008 peak and baring some shift in fundamentals, it could surpass the peak average in 2013. We would note that RCA reports that there is a widening gap between unit prices paid in primary markets vs. secondary and tertiary markets. A flight to quality is prevalent in all of the major CRE market groups, including retail.

The following graph depicts the historical average price per square foot for retail assets as surveyed by RCA through year-end 2012:

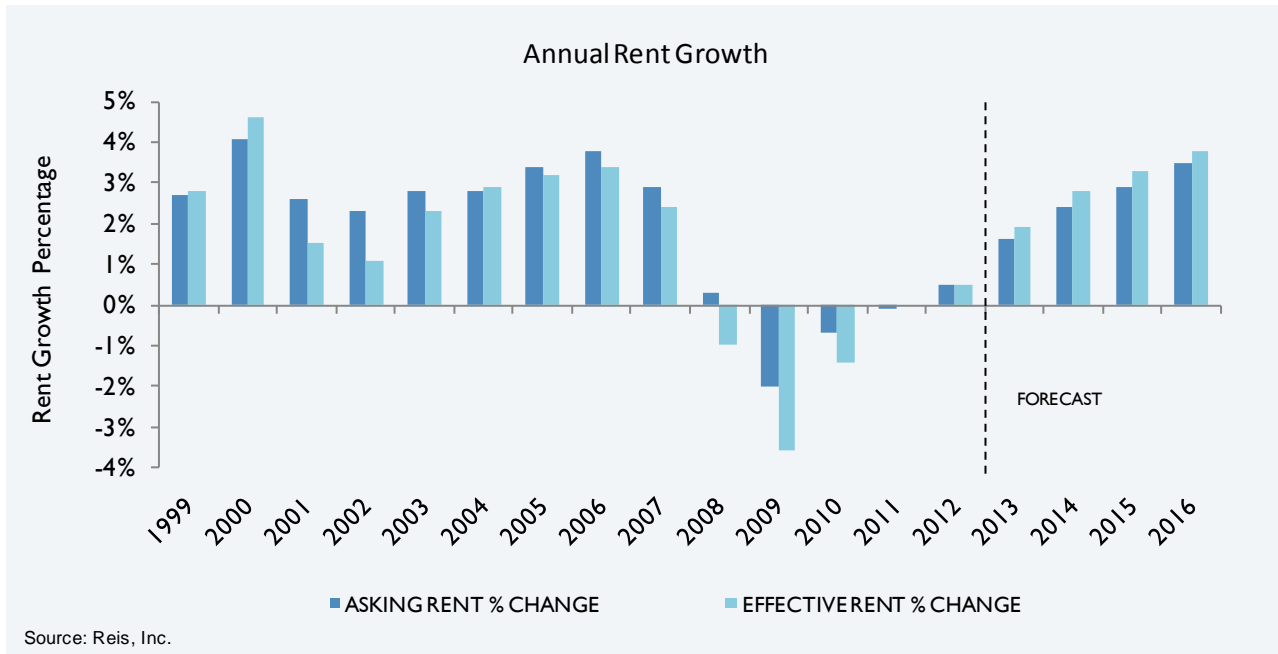


Annual Rent Growth

Through 2012, falling vacancy rates and rising demand in the retail market is anticipated to bring the start of meaningful rent growth for landlords in most U.S. retail markets. According to Reis data, prior to the latest economic recession, annual effective retail rental rates grew at an average rate of 2.4 percent. Following nearly four years of negative rent growth during the economic fallout from 2008 to 2011, effective retail rental rate growth figures are now averaging near 1.0 percent.

Conversely, a significant drop in new construction coupled with some strengthening in key employment sectors will show a positive change as we proceed into 2013. It is notable that the CoStar Group recorded that construction starts peaked at 63.0 million square feet during the second quarter of 2006 and have since dropped to just 5.0 million square feet in the fourth quarter of 2012. To that end, Reis projects that effective retail rental rates will average upwards of 3.0 percent growth during the 2013 to 2016 timeframe.

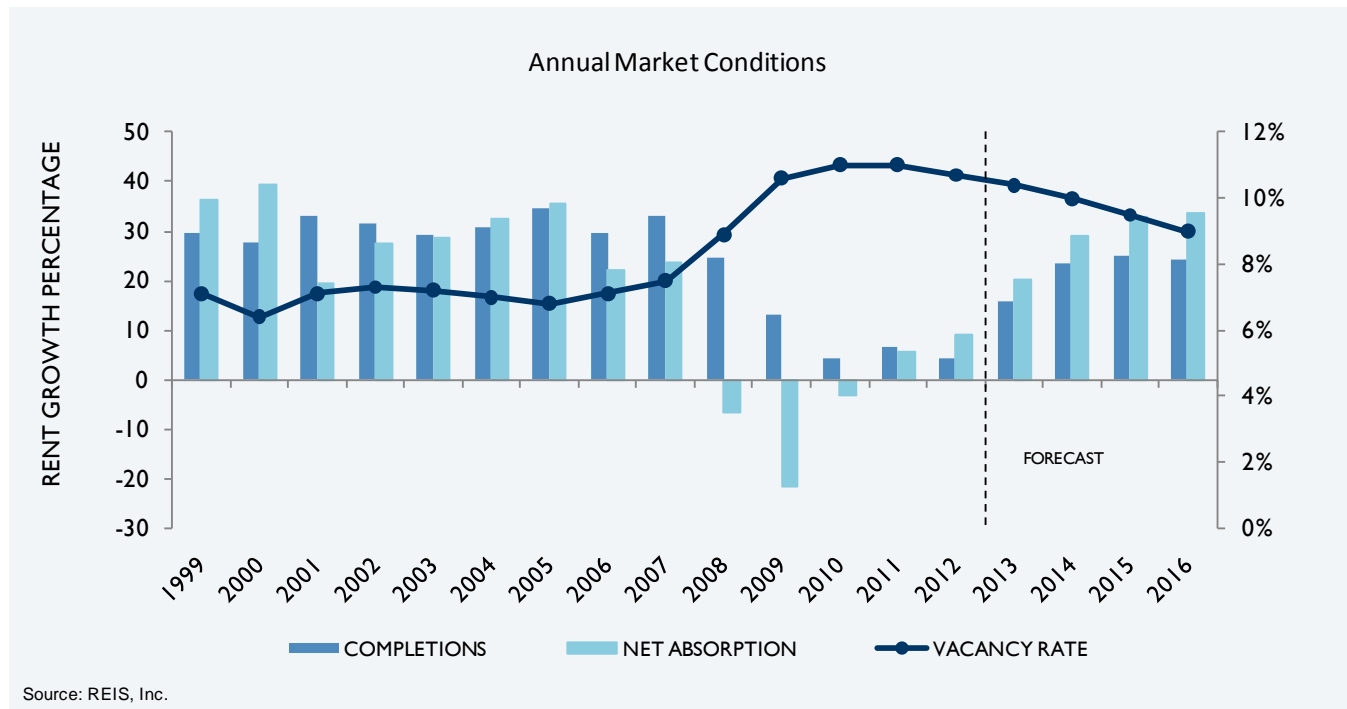
The following graph shows a composite of asking and effective annual rent growth within retail markets across the U.S.:



Annual Market Conditions

The graph below shows the severity of the last recession in terms of declining absorption and rising vacancy rates. In 2008 absorption went negative for the first time since REIS began collecting data in 1986. Mirroring the rebound in other commercial property sectors, leasing and occupancy of U.S. malls and shopping centers saw improving fundamentals through 2012. According to Reis, the low amount of new supply of retail space will lead to a decline in retail vacancy rates through 2016. From 2013 to 2016, Reis data forecasts absorption in the retail market to average approximately 25.0 million square feet per year while construction completions average approximately 20.0 million square feet per year. Given this forecast, overall vacancy rates in the national retail market will decline to approximately 9.0 percent from their current reading near 11.0 percent.

The subsequent graph depicts annual market conditions within retail markets across the U.S.:



NATIONAL RETAIL MARKET SUMMARY

Market conditions for the retail sector are improved. Retail sales have increased, tenant rent concessions have abated, and leasing velocity is on the rise. Further, according to Reis, Inc., shopping center vacancy held steady at 10.7 percent through the end of 2012. Reis also projects that by 2016, vacancy rates will decline to near 9.0 percent. Asking and effective rents remain relatively unchanged at the end of 2012. However, Reis forecasts positive rent growth as we head through 2013.

While the economy is far from robust, recoveries from recessions caused by a financial crisis have historically been sluggish. Financial institutions have largely rebuilt their balance sheets and reported several quarters of record earnings growth. Nonetheless, challenges remain. Retailer bankruptcies and store closures remain a concern going into 2013. Much of this vacancy has been concentrated amongst medium and big-box space including book, music and video stores. While below 2010 levels, store closures present vacant space that needs to be filled by landlords. Of positive note is the substantial decline in new construction which is starting to have a positive effect on vacancy rates as expanding retailers have taken advantage of many once inaccessible locations.

In the near term, market conditions for the retail sector are cautiously optimistic as economic indicators trend positively. Total nonfarm payroll employment increased by 88,000 in March, with job gains in professional and business services, construction, and health care. Barring backlash from debt ceiling concerns, tax increases and entitlement cuts, consumer balance sheets continue to show improvement due to lower debt levels and a more stable employment market. We anticipate the second half of 2013 will be marked by accelerated improvement in several economic indicators following more modest first half growth.

RETAIL MARKET OVERVIEW

INTRODUCTION

Data for the analysis of the Twin Cities Retail market was provided by Reis, Inc., a leading provider of multifamily and commercial real estate performance information since 1980. Their proprietary database includes trends, forecasts, news and analyses for approximately 200,000 multifamily and commercial properties in 232 metropolitan markets (4 property types multiplied by 58 metropolitan areas) and roughly 2,500 submarkets.

Current and historical figures are compiled by highly qualified industry analysts. Surveyors, as they are called, are responsible for gathering information on property availabilities, rents and lease terms, etc. by directly contacting owners, managers and leasing agents. Projected data is calculated using a suite of economic forecasting models developed by The Economic Research Group, a team led by Ph.D. economists.

Reis' data are released on a quarterly basis and is widely recognized as a fundamental tool for appraisers throughout the country.

Twin Cities Retail Market

Reis, Inc. classifies the Twin Cities Retail market into six submarkets, and segregates inventory by type of space (community versus neighborhood shopping centers). The subject is near the edge of the Anoka County/Southeast Sherburne submarket of Twin Cities.

Submarket Snapshot

The Twin Cities Retail market contains 33,635,000 square feet of space. East Hennepin County/Minneapolis is the largest submarket, comprising 30.3 percent of the area's total inventory. Washington County is the smallest submarket with 6.4 percent of total inventory.

The following table presents the geographic distribution of inventory, along with other statistical information for the most recent quarter.

GEOGRAPHIC DISTRIBUTION OF INVENTORY						
Submarket	Community Neighborhood	Inventory (SF)	% Total	Vacancy Rate (%)	Net Absorption	Asking Rent (\$/SF)
Anoka County/Southeast Sherburne	C	3,146,000	9.4	8.6	0	\$15.30
Anoka County/Southeast Sherburne	N	1,696,000	5.0	13.8	14,000	\$13.84
Anoka County/Southeast Sherburne	NC	4,842,000	14.4	10.4	14,000	\$14.79
Dakota County	C	2,627,000	7.8	6.9	6,000	\$17.76
Dakota County	N	3,008,000	8.9	13.4	21,000	\$13.73
Dakota County	NC	5,635,000	16.8	10.4	27,000	\$15.61
East Hennepin County/Minneapolis	C	4,987,000	14.8	15.3	20,000	\$19.49
East Hennepin County/Minneapolis	N	5,218,000	15.5	12.3	5,000	\$18.51
East Hennepin County/Minneapolis	NC	10,205,000	30.3	13.8	25,000	\$18.99
St. Paul	C	2,891,000	8.6	13.2	3,000	\$19.22
St. Paul	N	2,747,000	8.2	11.5	-17,000	\$15.11
St. Paul	NC	5,638,000	16.8	12.4	-14,000	\$17.22
Washington County	C	1,171,000	3.5	5.1	3,000	\$15.45
Washington County	N	966,000	2.9	11.7	1,000	\$18.13
Washington County	NC	2,137,000	6.4	8.1	4,000	\$16.66
West Hennepin County	C	2,285,000	6.8	2.6	5,000	\$26.00
West Hennepin County	N	2,893,000	8.6	10.5	12,000	\$18.40
West Hennepin County	NC	5,178,000	15.4	7.0	17,000	\$21.75
Total Community	C	17,107,000	50.9	10.0	37,000	\$19.00
Total Neighborhood	N	16,528,000	49.1	12.2	36,000	\$16.55
Total/Average	NC	33,635,000	100.0	11.1	73,000	\$17.80

Source:

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As of second quarter 2013, the overall vacancy rate for the region was 11.1 percent. East Hennepin County/Minneapolis has the highest overall vacancy rate of 13.8 percent, while West Hennepin County has the lowest vacancy of 7.0 percent. The Anoka County/Southeast Sherburne submarket has a vacancy rate of 10.4 percent.

The average asking rental rate for all types of space in the region is \$17.80 per square foot. The highest average asking rent of \$21.75 per square foot is being achieved in West Hennepin County. Conversely, the lowest rent is being achieved in Anoka County/Southeast Sherburne at \$14.79 per square foot. The Anoka County/Southeast Sherburne submarket has an average asking rental rate of \$14.79 per square foot.

Community shopping centers constitute 50.9 percent of existing inventory and are exhibiting a lower vacancy rate (10.0 percent) than Neighborhood centers (12.2 percent) and higher average asking rents of \$19.00 versus \$16.55 per square foot.

SUPPLY ANALYSIS

Vacancy Rates

The second quarter 2013 overall vacancy rate for the Twin Cities region is 11.1 percent. As shown in the chart below, vacancy rates increased from 9.8 percent in 2008 to 11.5 percent in 2012. Over the near term, Reis projects a decline in vacancy levels for Twin Cities, with vacancy varying between 10.8 percent in 2013 and 9.6 percent in 2017.

The Second Quarter 2013 overall vacancy for the Anoka County/Southeast Sherburne submarket is lower than the region at 10.4 percent. Between 2008 and second quarter 2013, vacancy rates increased from 9.9 percent to 10.8 percent. Over the near term, Reis is projecting a decline in vacancy for the subject submarket, with vacancy levels ranging from 10.3 percent in 2013 to 10.2 percent in 2017 .

The following table presents historical and projected vacancy for the region and subject submarket.

HISTORICAL AND PROJECTED VACANCY RATES (%)						
Year	Twin Cities			Anoka County/Southeast Sherburne		
	Community	Neighborhood	Total	Community	Neighborhood	Total
2008	7.8	11.9	9.8	7.2	15.0	9.9
2009	10.9	13.2	12.0	10.8	14.8	12.2
2010	11.1	13.4	12.3	9.3	14.5	11.1
2011	10.7	12.8	11.7	9.4	15.6	11.6
2012	10.3	12.6	11.5	8.6	15.0	10.8
2Q13	10.0	12.2	11.1	8.6	13.8	10.4
2013	---	---	10.8	---	---	10.3
2014	---	---	10.6	---	---	10.6
2015	---	---	10.4	---	---	11.0
2016	---	---	10.3	---	---	10.8
2017	---	---	9.6	---	---	10.2

Source: Reis, Inc.

Note: Reis does not differentiate between space that is available directly from the landlord or as a sublease. Any space that is available immediately for leasing (i.e. within 30 days) is considered vacant by Reis' standards.

As shown, community shopping centers within the region are exhibiting a lower vacancy rate (10.0 percent) than neighborhood centers (12.2 percent). Within the subject submarket, community centers are exhibiting lower vacancies than neighborhood centers (8.6 percent versus 13.8 percent).

Construction Completions

Between 2008 and 2012 a total of 648,000 square feet of space was completed or an average of 129,600 square feet per year. A total of 11,000 square feet of space was completed as of second quarter 2013. Over the next five years, Reis projects that an additional 1,248,000 square feet of new space will be completed in the Twin Cities market.

In the Anoka County/Southeast Sherburne submarket, a total of 29,000 square feet of space was completed between 2008 and 2012, or an average of 5,800 square feet per year. This equates to 4.5 percent of new construction for the region. Over the next five years, Reis projects that an additional 188,000 square feet of new space will be completed in the Anoka County/Southeast Sherburne submarket.

The following table presents historical inventory and projected completions for the region and subject submarket.

HISTORICAL AND PROJECTED INVENTORY & COMPLETIONS (SF)											
Year	Twin Cities					Anoka County/Southeast Sherburne					% of Region
	Inventory Community	Completions	Inventory Neighborhood	Completions	Total Completions	Inventory Community	Completions	Inventory Neighborhood	Completions	Total Completions	
2008	17,097,000	230,000	16,393,000	284,000	514,000	3,146,000	0	1,696,000	29,000	29,000	5.6%
2009	17,107,000	10,000	16,477,000	84,000	94,000	3,146,000	0	1,696,000	0	0	0.0%
2010	17,107,000	0	16,487,000	10,000	10,000	3,146,000	0	1,696,000	0	0	0.0%
2011	17,107,000	0	16,487,000	0	0	3,146,000	0	1,696,000	0	0	0.0%
2012	17,107,000	0	16,517,000	30,000	30,000	3,146,000	0	1,696,000	0	0	0.0%
2Q13	17,107,000	0	16,528,000	11,000	11,000	3,146,000	0	1,696,000	0	0	0.0%
2013	---	---	---	---	25,000	---	---	---	---	0	0.0%
2014	---	---	---	---	162,000	---	---	---	---	26,000	16.0%
2015	---	---	---	---	316,000	---	---	---	---	48,000	15.2%
2016	---	---	---	---	353,000	---	---	---	---	54,000	15.3%
2017	---	---	---	---	392,000	---	---	---	---	60,000	15.3%
2008-2012											
Total Completions		240,000		408,000	648,000		0		29,000	29,000	
Annual Average		48,000		81,600	129,600		0		5,800	5,800	4.5%

Source: Reis, Inc.

DEMAND ANALYSIS

Rental Rates

As shown in the following chart, average asking rents in the region have decreased from \$15.72 per square foot in 2008 to \$15.15 per square in 2012, indicating a compound annual growth rate (CAGR) of -0.9 percent. Over the next five years, average asking rents are expected to increase between \$15.49 per square foot in 2013 and \$17.02 per square foot in 2017.

Average asking rental rates in the Anoka County/Southeast Sherburne submarket have decreased, ranging from \$12.66 per square foot in 2008 to \$11.62 per square foot in 2012, demonstrating a CAGR of -2.1 percent. Currently, the average rent in the subject submarket is \$11.95. Over the next five years, average asking rents are expected to increase between \$12.08 per square foot in 2013 to \$12.80 per square foot in 2017.

The following table presents historical and projected average asking rental rates for the region and subject submarket.

Historical and Projected Average Asking Rental Rates (\$/SF)										
Year	Twin Cities					Anoka County/Southeast Sherburne				
	Community	Neighborhood	Total	% Change	Effective Rent	Community	Neighborhood	Total	% Change	Effective Rent
2008	\$19.11	\$16.48	\$17.82	0.7	\$15.72	\$15.10	\$13.60	\$14.57	1.0	\$12.66
2009	\$18.74	\$16.39	\$17.59	-1.3	\$15.23	\$15.24	\$13.58	\$14.66	0.6	\$11.76
2010	\$18.69	\$16.33	\$17.53	-0.3	\$15.09	\$15.13	\$13.62	\$14.60	-0.4	\$11.74
2011	\$18.62	\$16.27	\$17.47	-0.3	\$15.06	\$14.82	\$13.37	\$14.31	-2.0	\$11.50
2012	\$18.74	\$16.36	\$17.57	0.6	\$15.15	\$14.87	\$13.57	\$14.41	0.7	\$11.62
2Q13	\$19.00	\$16.55	\$17.80	0.3	\$15.35	\$15.30	\$13.84	\$14.79	0.5	\$11.95
2013	---	---	\$17.92	2.0	\$15.49	---	---	\$14.94	3.7	\$12.08
2014	---	---	\$18.32	2.2	\$15.87	---	---	\$15.33	2.7	\$12.38
2015	---	---	\$18.79	2.6	\$16.26	---	---	\$15.51	1.1	\$12.51
2016	---	---	\$19.27	2.6	\$16.61	---	---	\$15.71	1.3	\$12.64
2017	---	---	\$19.81	2.8	\$17.02	---	---	\$15.95	1.5	\$12.80
2008-2012										
CAGR	-0.49%	-0.18%	-0.35%		-0.92%	-0.38%	-0.06%	-0.28%		-2.12%

Source: Reis, Inc.

Notes: CAGR stands for Compound Annual Growth Rate. Asking rents cited by Reis reflect the advertised rental rates for actively marketed space. Effective rents net of any rental concessions, expressed over the life of the lease term. Reis quotes Retail rents on a Triple Net (NNN) basis.

As shown, community shopping centers within the region are exhibiting higher average asking rents (\$19.00 per square foot) than neighborhood centers (\$16.55 per square foot). Within the subject submarket, neighborhood centers have lower asking rents than community centers (\$13.84 per square foot versus \$15.30 per square foot).

Absorption

Absorption measures change in the level of occupied space in a geographic region over a specific period of time. Absorption is not a measure of leasing activity. It reflects increasing, stable or decreasing demand for space. If the level of occupied space increases from one period to the next, demand has increased. If no change has occurred, demand is stable. If the level of occupied space is lower, demand has decreased. All things being equal, positive absorption lowers vacancy rates and negative absorption increases vacancy rates. A newly constructed building that enters the marketplace vacant will adversely affect the vacancy rate but have no bearing on absorption since it has not altered the level of occupancy.

Over the past few years, new construction activity in the Twin Cities region has exceeded absorption. As shown below, an annual average of 129,600 square feet of space was completed in the region between 2008 and 2012, while 140,200 square feet was vacated. Over the next five years, Reis projects that construction will trail absorption with new construction totaling 1,248,000 square feet, and absorption totaling 1,767,000 square feet.

Between 2008 and 2012, new construction in the Anoka County/Southeast Sherburne submarket outpaced absorption, with an annual average of 5,800 square feet completed and 32,400 square feet given back. Over the next five years, Reis projects that new construction will trail absorption (new construction will total 188,000 square feet, and 198,000 square feet is expected to be absorbed).

The following table presents historical absorption levels and completions for the region and the subject submarket.

HISTORIC AND PROJECTED NET ABSORPTION (SF)								
Year	Twin Cities				Anoka County/Southeast Sherburne			
	Community	Neighborhood	Total Absorption	Total Completions	Community	Neighborhood	Total Absorption	Total Completions
2008	-34,000	-224,000	-258,000	514,000	-45,000	-73,000	-118,000	29,000
2009	-523,000	-139,000	-662,000	94,000	-113,000	3,000	-110,000	0
2010	-41,000	-36,000	-77,000	10,000	47,000	5,000	52,000	0
2011	78,000	107,000	185,000	0	-3,000	-18,000	-21,000	0
2012	61,000	50,000	111,000	30,000	25,000	10,000	35,000	0
2Q13	37,000	36,000	73,000	11,000	0	14,000	14,000	0
2013	---	---	231,000	25,000	---	---	26,000	0
2014	---	---	222,000	162,000	---	---	9,000	26,000
2015	---	---	343,000	316,000	---	---	24,000	48,000
2016	---	---	363,000	353,000	---	---	57,000	54,000
2017	---	---	608,000	392,000	---	---	82,000	60,000
2008-2012								
Total Absorption	-459,000	-242,000	-701,000	648,000	-89,000	-73,000	-162,000	29,000
Annual Average	-91,800	-48,400	-140,200	129,600	-17,800	-14,600	-32,400	5,800

Source: Reis, Inc.

TWIN CITIES CONCLUSION

The Twin Cities Retail market has experienced increased vacancy levels since 2008. Over the near term, new construction activity is expected to trail absorption. However, in the next five years vacancy should decline from 10.8 to 9.6 percent, while average asking rental rates are expected to increase from \$15.49 per square foot to \$17.02 per square foot.

TRADE AREA OVERVIEW

A retail center's trade area contains people who are likely to patronize that particular center, and its ability to draw these people comes from the strength of the anchor tenants, complemented by regional and local tenants. Customers are drawn by a given class of goods and services, and a successful combination of these elements creates a destination for customers seeking both variety and the comfort and convenience of an integrated shopping environment.

To define and analyze the market potential for Shopko Hometown, we must first establish the boundaries of the trade area from which customers will be drawn. In some cases, defining the trade area may be complicated by the existence of other retail facilities on main thoroughfares in trade areas that are not clearly defined or whose trade areas overlap with that of the subject.

Once the trade area is defined, the area's demographics and economic profile can be analyzed, providing key insight into the area's potential for the subject.

TRADE AREA ANALYSIS

We considered several factors in defining boundaries for the subject's trade area. First, the property's location with respect to transportation provides the basis for regional access to the area. Second, competition and geographic boundaries help to define the potential size of the trade area as a measure of distance from the property. Third, the merchandising mix and anchor alignment provides the basic draw of customers that are likely to patronize the property.

The Shopko Hometown is located in the Twin Cities CBSA and benefited by good regional and local accessibility, as well as the proliferation of peripheral draws. Major roadway proximity to the center provides the necessary access to more regional destinations throughout the area, while the property's anchor stores provide the necessary drawing power for the property.

We analyzed the subject's trade area based on the following:

- Highway accessibility, including area traffic patterns, geographical constraints, and nodes of residential development;
- The position and nature of the area's retail structure, including the location of destination retail centers which compete with the subject and the strength and composition of the retail infill; and
- The size, anchor tenancy, and merchandising composition of the subject property's tenants.

Given all of the above, we believe the subject property's primary trade area would likely span an area encompassing about ten miles around the center. The subject's secondary trade area might span up to fifteen miles given its regional accessibility and location of competitive properties.

Using these observations, we analyzed a primary demographic profile for the subject based on a radius of approximately ten miles from the property. To add perspective to this analysis, we segregated our survey into five, ten, and fifteen mile concentric circles with a comparison to the state and the United States. This data is presented on the following page.

DEMOGRAPHIC SUMMARY						
	5.0-mile	10.0-mile	15.0-mile	State of	United	
	Radius	Radius	Radius	Minnesota	States	
POPULATION STATISTICS						
2000	9,522	23,517	45,512	4,919,387	281,394,317	
2013	11,825	32,346	58,034	5,391,356	314,841,431	
2018	11,847	33,114	59,043	5,539,131	325,300,953	
Compound Annual Change						
2000 - 2013	1.68%	2.48%	1.89%	0.71%	0.87%	
2013 - 2018	0.04%	0.47%	0.35%	0.54%	0.66%	
HOUSEHOLD STATISTICS						
2000	3,511	8,297	15,912	1,895,075	105,466,823	
2013	4,388	11,526	20,737	2,131,434	119,195,327	
2018	4,382	11,760	21,102	2,200,610	123,394,220	
Compound Annual Change						
2000 - 2013	1.73%	2.56%	2.06%	0.91%	0.95%	
2013 - 2018	-0.03%	0.40%	0.35%	0.64%	0.69%	
AVERAGE HOUSEHOLD INCOME						
2000	\$53,233	\$57,801	\$57,548	\$59,670	\$56,674	
2013	\$59,993	\$65,900	\$66,250	\$72,503	\$69,636	
2018	\$59,983	\$65,894	\$66,080	\$74,045	\$71,916	
Compound Annual Change						
2000 - 2013	0.92%	1.01%	1.09%	1.51%	1.60%	
2013 - 2018	0.00%	0.00%	-0.05%	0.42%	0.65%	
OCCUPANCY						
Owner Occupied	80.05%	86.10%	86.59%	72.88%	65.00%	
Renter Occupied	19.95%	13.90%	13.41%	27.12%	35.00%	

SOURCE: Claritas, Inc.

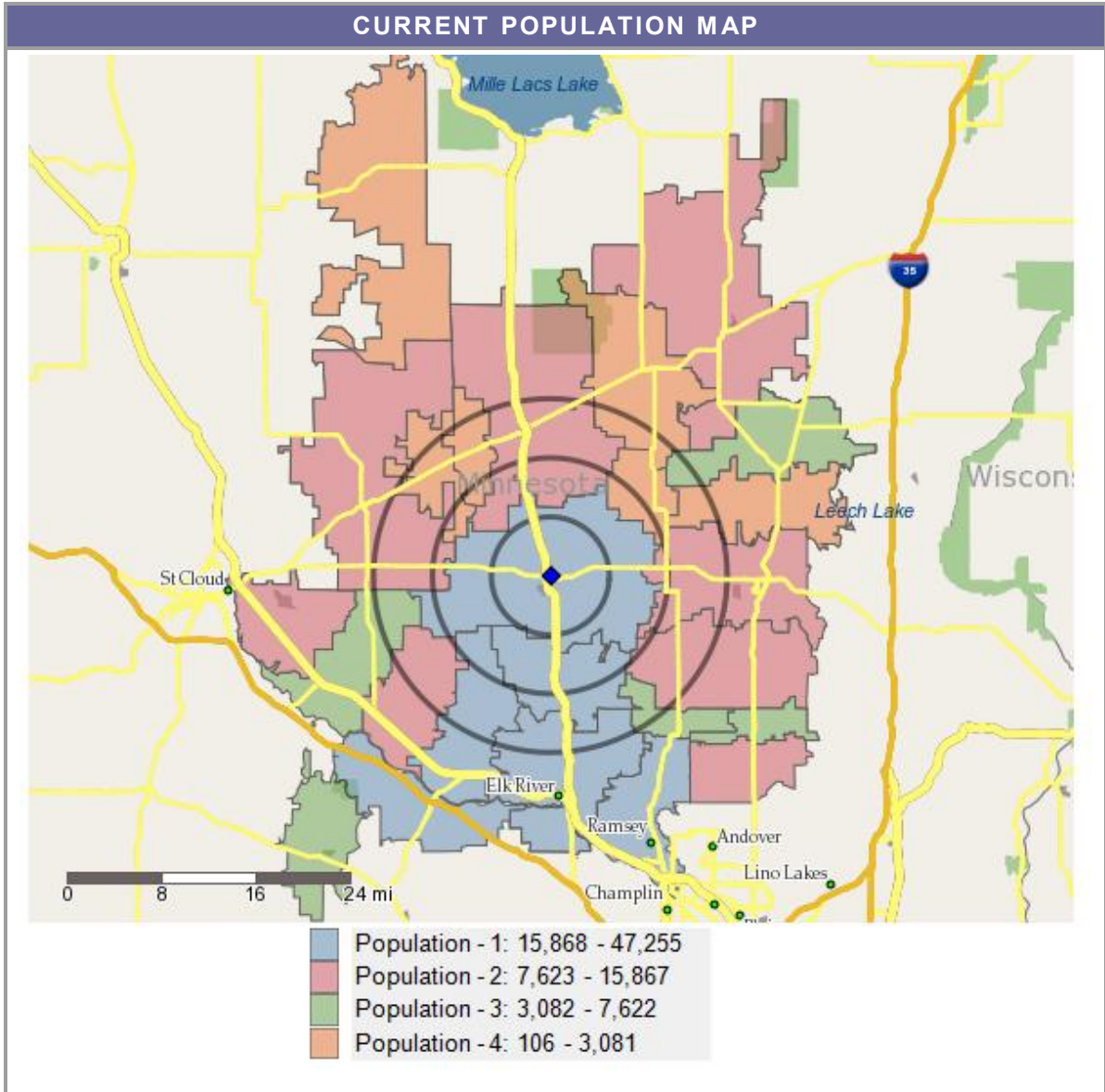
POPULATION

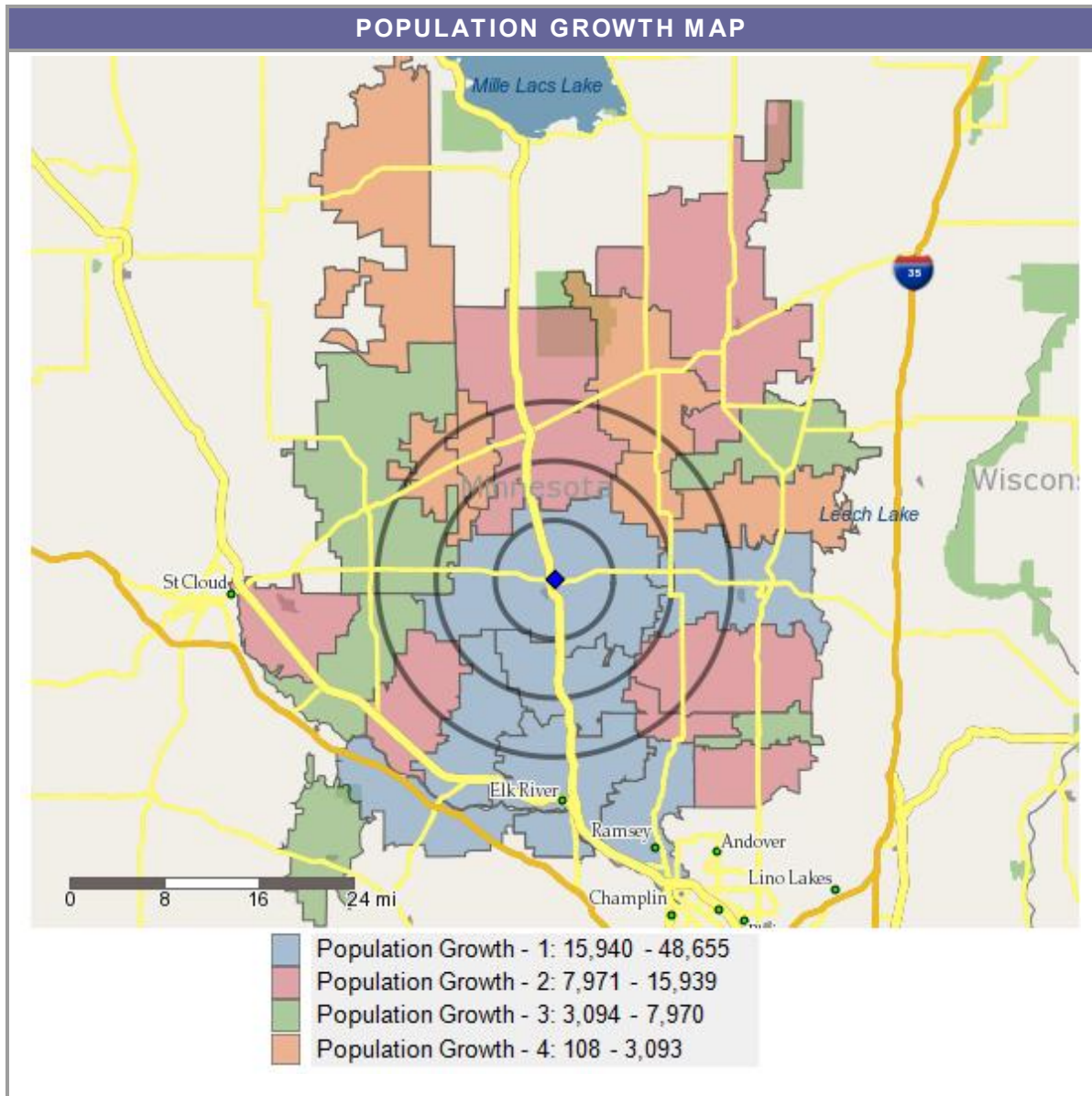
Having established the subject's trade area, our analysis focuses on the trade area's population. Claritas, Inc. provides historical, current and forecasted population estimates for the total trade area. Patterns of development density and migration are reflected in the current levels of population estimates.

Between 2000 and 2013, Claritas, Inc., reports that the population within the primary trade area (10-mile radius) increased at a compound annual rate of 2.48 percent. This is characteristic of suburban areas in this market. This trend is expected to continue into the near future albeit at a slightly slower pace. Expanding to the total trade area (15-mile radius), population is expected to increase 0.35 percent per annum over the next five years.

The following page contains a graphic representation of the current population distribution within the subject's region.

The graphic on the second following page illustrates projected population growth within the trade area over the next five years (2013 - 2018). The trade area is clearly characterized by various levels of growth.





HOUSEHOLDS

A household consists of a person or group of people occupying a single housing unit, and is not necessarily a family unit. When an individual purchases goods and services, these purchases are a reflection of the entire household's needs and decisions, making the household a critical unit to be considered when reviewing market data and forming conclusions about the trade area as it impacts the retail center.

Figures provided by Claritas, Inc. indicate that the number of households are increasing at a faster rate than the growth of the population. Several changes in the way households are being formed have caused this acceleration, specifically:

- The population is living longer on average. This results in an increase of single-and two-person households;
- Higher divorce rates have resulted in an increase in single-person households; and

- Many individuals have postponed marriage, also resulting in more single-person households.

According to Claritas, Inc., the Primary Trade Area grew at a compound annual rate of 2.56 percent between 2000 and 2013. Consistent with national trends the trade area is experiencing household changes at a rate that varies from population changes. That pace is expected to continue through 2018, and is estimated at 0.4 percent.

TRADE AREA INCOME

Income levels, either on a per capita, per family or household basis, indicate the economic level of the residents of the trade area and form an important component of this total analysis. Average household income, when combined with the number of households, is a major determinant of an area's retail sales potential.

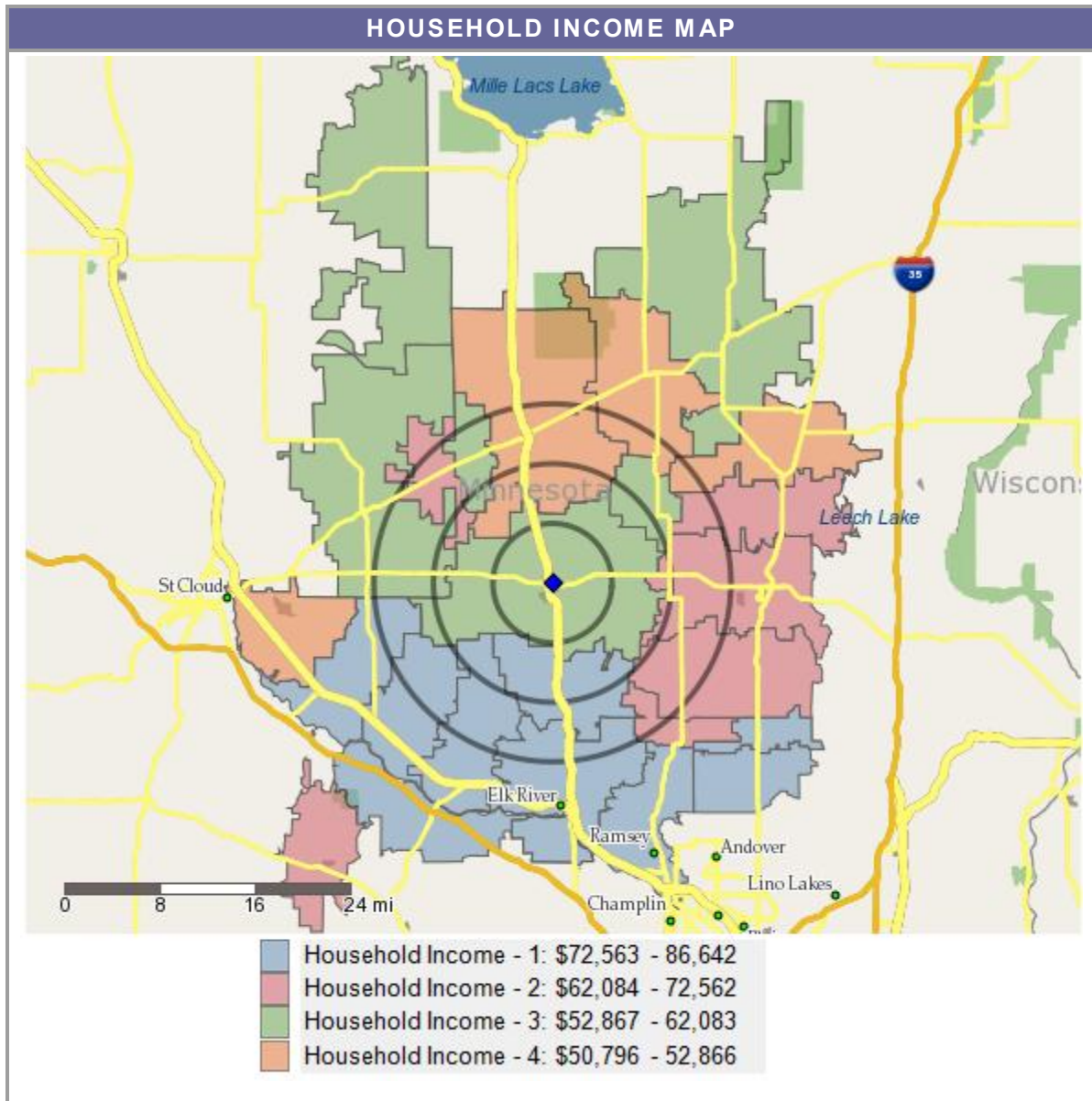
Trade area income figures for the subject support the profile of a broad middle-income market. According to Claritas, Inc. average household income in the primary trade area in 2013 was approximately \$65,900 and 90.89 percent of the state average (\$72,503).

Further analysis shows a relatively broad-based distribution of income, although skewed toward the lower income brackets similar to the distribution within the State of Minnesota. This information is summarized as follows:

DISTRIBUTION OF HOUSEHOLD INCOME					
Category	5.0-mile Radius	10.0-mile Radius	15.0-mile Radius	State of Minnesota	United States
\$500,000+	0.11%	0.10%	0.11%	0.53%	0.67%
\$150,000 to \$199,999	1.05%	1.99%	2.29%	4.39%	4.21%
\$100,000 to \$149,999	11.26%	12.46%	12.63%	12.84%	11.41%
\$75,000 to \$99,999	16.55%	19.09%	18.01%	13.90%	11.73%
\$50,000 to \$74,999	21.63%	23.83%	24.16%	19.89%	18.11%
\$35,000 to \$49,999	15.11%	14.86%	15.20%	14.21%	14.35%
\$25,000 to \$34,999	11.44%	9.12%	9.36%	10.08%	10.94%
\$15,000 to \$24,999	11.01%	9.32%	8.92%	9.98%	11.58%
Under \$15,000	10.76%	7.95%	8.00%	11.13%	13.81%

Source: Claritas, Inc.

Below is a graphic presentation of the household income distribution throughout the trade area that clearly shows the area surrounding the subject to be characterized by middle income households. Higher income areas are located in surrounding suburban communities.



CONCLUSION

We analyzed the retail trade history and profile of the subject's region and primary trade area in order to make reasonable assumptions regarding the continued performance of the property.

A metropolitan and locational overview was presented which highlighted important points about the study area. Demographic and economic data specific to the trade area were also presented. Marketing information relating to these sectors was presented and analyzed in order to determine patterns of change and growth as it impacts Shopko Hometown. The data quantifies the dimensions of the total trade area, while our comments provide qualitative insight into this market. A compilation of this data forms the basis for our projections and forecasts for the subject property. The following are our key conclusions.

- The Twin Cities Retail market has been performing worse since 2008, mainly as a result of declining vacancy levels. Over the near term, new construction activity is expected to trail absorption, resulting in a decline in vacancy levels. Over the next five years, vacancy is projected to decline from 10.80 to 9.60 percent, while asking rental rates are expected to increase from \$12.08 per square foot to \$12.80 per square foot.
- As such we believe the property will serve a market encompassing a radius of 15-miles. Over the next five years, both the population and number of households in the subject's trade area are projected to remain fairly stable.
- The subject has good accessibility via the regional highway network and local arterials that provide linkages throughout the Twin Cities CBSA.
- Based on our analysis we concluded that the subject is well positioned within its market area and the prospect for net appreciation in real estate values is expected to be good.

Property Analysis

SITE DESCRIPTION

Location:	705 Northland Drive Princeton, Sherburne County, Minnesota 55371 The subject property is located in the southwest quadrant of South Rum River Drive and Northland Boulevard.
Shape:	Irregularly shaped
Topography:	Level at street grade
Land Area:	3.91 acres / 170,235 square feet
Frontage:	The subject property has good frontage along South Rum River Drive and Northland Boulevard.
Access:	The subject property has good access.
Visibility:	The subject property has good visibility.
Soil Conditions:	We were not given a soil report to review. However, we assume that the soil's load-bearing capacity is sufficient to support existing and/or proposed structure(s). We did not observe any evidence to the contrary during our physical inspection of the property. Drainage appears to be adequate.
Utilities:	All utilities are available to the subject site.
Site Improvements:	The site improvements include asphalt paved parking areas, curbing, signage, landscaping, yard lighting and drainage.
Land Use Restrictions:	We were not given a title report to review. We do not know of any easements, encroachments, or restrictions that would adversely affect the site's use. However, we recommend a title search to determine whether any adverse conditions exist.
Flood Zone Description:	The subject property is located in flood zone X (Areas determined to be outside the 500 year flood plain) as indicated by FEMA Map 27141C0140F, dated March 02, 1999.
Wetlands:	We were not given a wetlands survey to review. If subsequent engineering data reveal the presence of regulated wetlands, it could materially affect property value. We recommend a wetlands survey by a professional engineer with expertise in this field.
Hazardous Substances:	We observed no evidence of toxic or hazardous substances during our inspection of the site. However, we are not trained to perform technical environmental inspections and recommend the hiring of a professional engineer with expertise in this field.

Overall Site Utility: The subject site is functional for its current use.

Location Rating: Average



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IMPROVEMENTS DESCRIPTION

The following description of improvements is based on our physical inspection of the improvements and our discussions with the subject property's owner's representative.

GENERAL DESCRIPTION

Year Built:	1993, signage updated in 2012, after the Shopko and Pamida merger.
Number of Buildings:	1
Number of Stories:	1, plus a 1,232 square foot mezzanine.
Land To Building Ratio:	4.01 to 1
Gross Building Area:	42,464 square feet
Gross Leasable Area:	41,232 square feet

CONSTRUCTION DETAIL

Basic Construction:	Concrete block
Foundation:	Poured concrete slab
Framing:	Structural steel with masonry and concrete encasement
Floors:	Concrete slab
Exterior Walls:	Rock face concrete block
Roof Type:	Flat with parapet walls
Roof Cover:	Sealed membrane
Windows:	Thermal windows in aluminum frames
Pedestrian Doors:	Glass, wood and metal

MECHANICAL DETAIL

Heat Source:	Gas
Heating System:	Forced Air
Cooling:	HVAC
Cooling Equipment:	The cooling equipment is roof mounted.
Plumbing:	The plumbing system is assumed to be adequate for the existing use and in compliance with local law and building codes. The plumbing system is typical of other properties in the area with a combination of PVC, steel, copper and cast iron piping throughout the building.
Electrical Service:	Electricity for the building is obtained through low voltage power lines.

Electrical Metering:	The building has a master meter.
Fire Protection:	100% sprinklered
Security:	Interior monitors

INTERIOR DETAIL

Layout:	The subject building is rectangular in shape, with the main entrance located on the east side of the building.
Floor Covering:	Primarily commercial grade vinyl
Walls:	Drywall
Ceilings:	Acoustical tiles in a metal grid system
Lighting:	Fluorescent
Restrooms:	The property features adequate restrooms for men and women.

SITE IMPROVEMENTS

Parking:	The property contains approximately 194 surface parking spaces, reflecting an overall parking ratio of 4.71 spaces per 1,000 square feet of net rentable area. The parking spaces are asphalt-paved and striped, and adequately support the existing users.
Onsite Landscaping:	The site is landscaped with a variety of trees, shrubbery and grass.
Other:	The site improvements include asphalt paved parking areas, curbing, signage, landscaping, yard lighting and drainage.

PERSONAL PROPERTY

Personal property was excluded from our valuation.

SUMMARY

Condition:	Average
Quality:	Average
Property Rating:	After considering all of the physical characteristics of the subject, we have concluded that this property has an overall rating that is average, when measured against other properties in this marketplace.
Roof & Mechanical Inspections:	We did not inspect the roof nor did we make a detailed inspection of the mechanical systems. The appraisers are not qualified to render an opinion regarding the adequacy or condition of these components. The client is urged to retain an expert in this field if detailed information is needed.
Actual Age:	20 years
Effective Age:	15 years

Expected Economic Life: 45 years

Remaining Economic Life: 30 years

PHYSICAL DETERIORATION

Cost to Cure: Curable physical deterioration refers to those items that are economically feasible to cure as of the effective date of the appraisal. One category of physical deterioration is deferred maintenance and is measured as the cost repairing or restoring the item to new or reasonably new condition. We have not been provided with a capital expenditure plan or an engineering report that would identify specific costs required to repair deficiencies at the subject property.

During our inspection, we did not notice any apparent physical deterioration that would require immediate repair.

FUNCTIONAL OBSOLESCENCE

Description: There is no apparent functional obsolescence present at the subject property.

REAL PROPERTY TAXES AND ASSESSMENTS

CURRENT PROPERTY TAXES

The subject property is located in the taxing jurisdiction of Sherburne County, and the assessor's parcel identification number is 90-405-0105. Taxes are due and payable without penalty on May 15th (1st half) and October 15th (2nd half) of each year. According to the local tax collector's office, taxes are current.

Within this jurisdiction, reassessments typically occur every year, with the most current reassessment having been completed in January. According to the assessor's office, the sale of a property typically does not trigger a reassessment.

The assessment and taxes for the property are presented below:

PROPERTY ASSESSMENT INFORMATION	
Assessor's Parcel Number:	90-405-0105
Assessing Authority:	Sherburne County
Current Tax Year:	2013
Assessment Ratio (% of market Value):	100%
Are taxes current?	Taxes are current
Is there a grievance underway?	Not to our knowledge
The subject's assessment and taxes are:	At market levels
ASSESSMENT INFORMATION	
Assessed Value	Totals
Land:	\$396,000
Improvements:	<u>1,552,500</u>
Total:	\$1,948,500
Taxable Assessment:	\$1,948,500
Assessor's Implied Market Value	\$1,948,500
TAX LIABILITY	
Total Tax Rate	4.58147%
Total Property Taxes	\$89,270
Building Area (SF)	41,232
Property Taxes per Square Foot	\$2.17

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Total taxes for the property are \$89,270, or \$2.17 per square foot.

REAL PROPERTY TAX CONCLUSION

The subject property is assessed in line with comparable properties. Therefore, it is our opinion that the subject's real estate assessment and taxes are at market levels.

ZONING

GENERAL INFORMATION

The property is zoned B-2, Neighborhood Commercial District by the City of Princeton. A summary of the subject's zoning is provided below:

ZONING		
Municipality Governing Zoning:	City of Princeton	
Current Zoning:	B-2, Neighborhood Commercial District	
Current Use:	Free Standing Building - Big Box	
Is current use permitted:	Yes	
Permitted Uses:	Permitted uses within this district include offices, retail, health clubs, public buildings and facilities, specialty schools and learning centers and various commercial uses	
Prohibited Uses:	Prohibited uses within this district include most residential and industrial uses	
ZONING REQUIREMENTS	CODE	SUBJECT COMPLIANCE
Minimum Lot Area:	20,000 square feet	Complying
Maximum Building Height:	30 feet	Complying
Maximum Lot Coverage (% of lot area):	50.0%	Complying
Minimum Yard Setbacks		
Front (feet):	20	Non-Complying
Rear (feet):	30	Complying
Side (feet):	10	Complying

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ZONING COMPLIANCE

Property value is affected by whether or not an existing or proposed improvement complies to zoning regulations, as discussed below.

Complying Uses

An existing or proposed use that complies to zoning regulations implies that there is no legal risk and that the existing improvements could be replaced "as-of-right."

Pre-Existing, Non-Complying Uses

In many areas, existing buildings pre-date the current zoning regulations. When this is the case, it is possible for an existing building that represents a non-complying use to still be considered a legal use of the property. Whether or not the rights of continued use of the building exist depends on local laws. Local laws will also determine if the existing building may be replicated in the event of loss or damage.

Non-Complying Uses

A proposed non-complying use to an existing building might remain legal via variance or special use permit. When appraising a property that has such a non-complying use, it is important to understand the local laws governing this use.

OTHER RESTRICTIONS

We know of no deed restrictions, private or public, that further limit the subject property's use. The research required to determine whether or not such restrictions exist is beyond the scope of this appraisal assignment. Deed restrictions are a legal matter and only a title examination by an attorney or title company can usually uncover such restrictive covenants. We recommend a title examination to determine if any such restrictions exist.

ZONING CONCLUSIONS

We analyzed the zoning requirements in relation to the subject property, and considered the compliance of the existing or proposed use. We are not experts in the interpretation of complex zoning ordinances but based on our review of public information, the subject property appears to be a complying use.

Detailed zoning studies are typically performed by a zoning or land use expert, including attorneys, land use planners, or architects. The depth of our study correlates directly with the scope of this assignment, and it considers all pertinent issues that have been discovered through our due diligence.

Valuation

HIGHEST AND BEST USE

HIGHEST AND BEST USE DEFINITION

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

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

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

HIGHEST AND BEST USE OF PROPERTY AS THOUGH VACANT

Legally Permissible

The zoning regulations in effect at the time of the appraisal determine the legal permissibility of a potential use of the subject site. As described in the Zoning section, the subject site is zoned B-2, Neighborhood Commercial District by the City of Princeton. Permitted uses within this district include offices, retail, health clubs, public buildings and facilities, specialty schools and learning centers and various commercial uses. We are not aware of any further legal restrictions that limit the potential uses of the subject.

Physically Possible

The physical possibility of a use is dictated by the size, shape, topography, availability of utilities, and any other physical aspects of the site. The subject site contains 3.91 acres, or 170,235 square feet. The site is irregularly shaped and level at street grade. It has good frontage, good access, and good visibility. The overall utility of the site is considered to be good. All public utilities are available to the site including public water and sewer, gas, electric and telephone. Overall, the site is considered adequate to accommodate most permitted development possibilities.

Financially Feasible and Maximally Productive

In order to be seriously considered, a use must have the potential to provide a sufficient return to attract investment capital over alternative forms of investment. A positive net income or acceptable rate of return would indicate that a use is financially feasible. Financially feasible uses are those uses that can generate a profit over and above the cost of acquiring the site, and constructing the improvements. Of the uses that are permitted, possible, and financially feasible, the one that will result in the maximum value for the property is considered the highest and best use.

CONCLUSION

We considered the legal issues related to zoning and legal restrictions. We also analyzed the physical characteristics of the site to determine what legal uses would be possible, and considered the financial feasibility of these uses to determine the use that is maximally productive. Considering the subject site's physical characteristics and location, as well as the state of the local market, it is our opinion that the Highest and Best Use of the subject site as though vacant is a commercial use constructed on a built-to-suit basis.

HIGHEST AND BEST USE OF PROPERTY AS IMPROVED

The Dictionary of Real Estate Appraisal defines highest and best use of the property as improved as:

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

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

Legally Permissible

As described in the Zoning Analysis section of this report, the subject site is zoned B-2, Neighborhood Commercial District. The site is improved with a single-tenant retail building containing 42,464 square feet of gross building area. In the Zoning section of this appraisal, we determined that the existing improvements represent a complying use. We also determined that the existing use is a permitted use in this zone.

Physically Possible

The subject improvements were constructed in 1993. The improvements are in average condition. We know of no current or pending municipal actions or covenants that would require a change to the current improvements.

Financially Feasible and Maximally Productive

In the Reconciliation section, we concluded to a market value for the subject property, as improved, of \$3,300,000, (which is greater than the value of the site as though vacant, determined to be \$850,000). In our opinion, the improvements contribute significantly to the value of the site.

CONCLUSION

It is our opinion that the existing improvements add value to the site as though vacant, dictating a continuation of its current use. In addition, the leases encumbering the subject property mandate a continuation of the current use. It is our opinion that the Highest and Best Use of the subject property as improved is a retail building as it is currently improved.

VALUATION PROCESS

METHODOLOGY

There are three generally accepted approaches to developing an opinion of value: Cost, Sales Comparison and Income Capitalization. We considered each in this appraisal to develop an opinion of the market value of the subject property. In appraisal practice, an approach to value is included or eliminated based on its applicability to the property type being valued and the quality of information available. The reliability of each approach depends on the availability and comparability of market data as well as the motivation and thinking of purchasers.

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

We considered each approach in developing our opinion of the market value of the subject property. We discuss each approach below and conclude with a summary of their applicability to the subject property.

Cost Approach

The Cost Approach is based on the proposition that an informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements which represent the Highest and Best Use of the land; or when relatively unique or specialized improvements are located on the site for which there are few improved sales or leases of comparable properties.

In the Cost Approach, the appraiser forms an opinion of the cost of all improvements, depreciating them to reflect any value loss from physical, functional and external causes. Land value, entrepreneurial profit and depreciated improvement costs are then added, resulting in an opinion of value for the subject property.

Sales Comparison Approach

In the Sales Comparison Approach, sales of comparable properties are adjusted for differences to estimate a value for the subject property. A unit of comparison such as price per square foot of building area or effective gross income multiplier is typically used to value the property. When developing an opinion of land value the analysis is based on recent sales of sites of comparable zoning and utility, and the typical units of comparison are price per square foot of land, price per acre, price per unit, or price per square foot of potential building area. In both cases, adjustments are applied to the unit of comparison from an analysis of comparable sales, and the adjusted unit of comparison is then used to derive an opinion of value for the subject property.

Income Capitalization Approach

In the Income Capitalization Approach the income-producing capacity of a property is estimated by using contract rents on existing leases and by estimating market rent from rental activity at competing properties for the vacant space. Deductions are then made for vacancy and collection loss and operating expenses. The resulting net operating income is divided by an overall capitalization rate to derive an opinion of value for the subject property. The capitalization rate represents the relationship between net operating income and value. This method is referred to as Direct Capitalization.

Related to the Direct Capitalization Method is the Yield Capitalization Method. In this method periodic cash flows (which consist of net operating income less capital costs) and a reversionary value are developed and discounted to a present value using an internal rate of return that is determined by analyzing current investor yield requirements for similar investments.

SUMMARY

This appraisal employs all three typical approaches to value: the Cost Approach, the Sales Comparison Approach and the Income Capitalization Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that all approaches would be considered meaningful and applicable in developing a credible value conclusion.

LAND VALUATION

We used the Sales Comparison Approach to develop an opinion of land value. We examined current offerings and analyzed prices buyers have recently paid for comparable sites. If the comparable was superior to the subject, a downward adjustment was made to the comparable sale. If inferior, an upward adjustment was made.

The most widely used and market-oriented unit of comparison for properties with characteristics similar to those of the subject is price per square foot of land. All transactions used in this analysis are based on the most appropriate method used in the local market.

The major elements of comparison used to value the subject site include the property rights conveyed, the financial terms incorporated into the transaction, the conditions or motivations surrounding the sale, changes in market conditions since the sale, the location of the real estate, its utility and the physical characteristics of the property.

The comparables and our analysis are presented on the following pages.

SUMMARY OF LAND SALES

PROPERTY INFORMATION							TRANSACTION INFORMATION					
No.	Location	Size (sf)	Size (Acres)	Zoning	Site Utility	Public Utilities	Grantor	Grantee	Property Rights Conveyed	Sale Date	Sale Price	\$/SF Land
S	Subject Property	170,235	3.91	B-2, Neighborhood Commercial	Good	All available						
1	1180 East Elm Street, Saint Joseph, MN	98,010	2.25	Commercial	Good	All Available	Central Minnesota Credit Union	McDonald's Real Estate, Co.	Fee Simple	2/13	\$375,000	\$3.83
2	1012 16th Avenue, Princeton, MN	47,045	1.08	Industrial Preferred	Good	All Available	Ted & Karen Bell	Guy Miller	Fee Simple	12/12	\$120,000	\$2.55
3	18270 Zane Street, Elk River, MN	76,230	1.75	Commercial	Good	All Available	Denzel McNeilus	AutoZone Development Corporation	Fee Simple	8/12	\$900,000	\$11.81
4	SEQ U.S. Highway 169 and State Highway 95, Princeton, MN	631,102	14.49	Commercial	Good	All Available	Thousand Acres Development, Co.	Walmart Real Estate Business Trust	Fee Simple	4/12	\$2,682,170	\$4.25
STATISTICS												
Low		47,045	1.08							4/12	\$120,000	\$2.55
High		631,102	14.49							2/13	\$2,682,170	\$11.81
Average		213,097	4.89							9/12	\$1,019,293	\$5.61

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LAND SALE ADJUSTMENT GRID													
		Economic Adjustments (Cumulative)					Property Characteristic Adjustments (Additive)						
No.	Price PSF Land & Date	Property Rights Conveyed	Conditions of Sale	Financing	Market ⁽¹⁾ Conditions	PSF Land Subtotal	Location	Size	Public Utilities	Utility ⁽²⁾	Other	Adj. Price PSF Land	Overall
1	\$3.83 2/13	Fee Simple 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 0.5%	\$3.85 0.5%	Superior -5.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	\$3.65 -5.0%	Superior
2	\$2.55 12/12	Fee Simple 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 0.6%	\$2.57 0.6%	Inferior 10.0%	Smaller -5.0%	Similar 0.0%	Similar 0.0%	Inferior 25.0%	\$3.34 30.0%	Inferior
3	\$11.81 8/12	Fee Simple 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 1.0%	\$11.92 1.0%	Superior -40.0%	Smaller -5.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	\$6.56 -45.0%	Superior
4	\$4.25 4/12	Fee Simple 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 1.3%	\$4.31 1.3%	Similar 0.0%	Larger 15.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	\$4.95 15.0%	Inferior
STATISTICS													
	\$2.55	- Low										Low -	\$3.34
	\$11.81	- High										High -	\$6.56
	\$5.61	- Average										Average -	\$4.62

Compiled by Cushman & Wakefield of Minnesota, Inc.

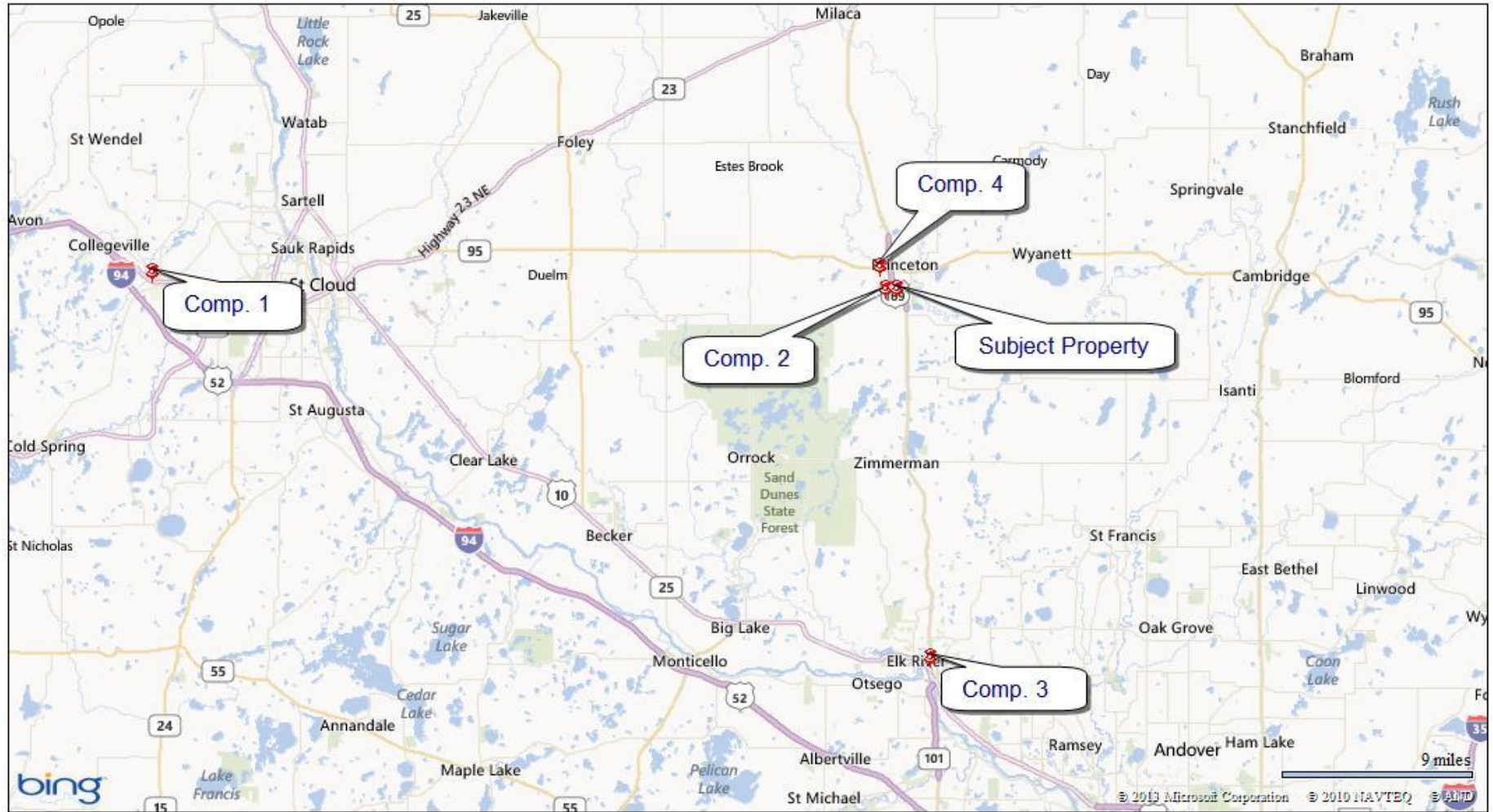
(1) Market Conditions Adjustment Footnote

Compound annual change in market conditions: 1.00%
Date of Value (for adjustment calculations): 7/18/13

(2) Utility Footnote

Utility includes shape, access, frontage and visibility.

LAND SALE LOCATION MAP



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DISCUSSION OF ADJUSTMENTS

Property Rights Conveyed

The property rights conveyed in a transaction typically have an impact on the sale price of a property. Acquiring the fee simple interest implies that the buyer is acquiring the full bundle of rights. Acquiring a leased fee interest typically means that the property being acquired is encumbered by at least one lease, which is a binding agreement transferring rights of use and occupancy to the tenant. A leasehold interest involves the acquisition of a lease, which conveys the rights to use and occupy the property to the buyer for a finite period of time. At the end of the lease term, there is typically no reversionary value to the leasehold interest. Since we are valuing the fee simple interest as reflected by each of the comparables, an adjustment for property rights is not required.

Financial Terms

The financial terms of a transaction can have an impact on the sale price of a property. A buyer who purchases an asset with favorable financing might pay a higher price, as the reduced cost of debt creates a favorable debt coverage ratio. A transaction involving above-market debt will typically involve a lower purchase price tied to the lower equity returns after debt service. We analyzed all of the transactions to account for atypical financing terms. To the best of our knowledge, all of the sales used in this analysis were accomplished with cash or market-oriented financing. Therefore, no adjustments were required.

Conditions of Sale

Adjustments for conditions of sale usually reflect the motivations of the buyer and the seller. In many situations the conditions of sale may significantly affect transaction prices. However, all sales used in this analysis are considered to be "arms-length" market transactions between both knowledgeable buyers and sellers on the open market. Therefore, no adjustments were required.

Market Conditions

The sales that are included in this analysis occurred between April 2012 and February 2013. As the market has improved over this time period, we applied an annual adjustment of 1.00 percent.

Location

An adjustment for location is required when the locational characteristics of a comparable property differ from those of the subject property. The subject property is rated average in location. We made a downward adjustment to those comparables considered superior in location compared to the subject. Conversely, an upward adjustment was made to those comparables considered inferior. Sale 1 is adjusted downward, as it is within close proximity to Interstate 94. Sale 2 is adjusted upward for having inferior access and visibility as compared to the subject property. A downward adjustment is applied to Sale 3 for its more populous location and surrounding retail properties.

Size

The adjustment for size generally reflects the inverse relationship between unit price and lot size. Smaller lots tend to sell for higher unit prices than larger lots, and vice versa. Therefore, upward adjustments were made to larger land parcels, and downward adjustments were made to smaller land parcels. Downward adjustments have been applied to Sales 2 and 3, which are smaller than the subject property. An upward adjustment has been applied to Sale 4, which is significantly larger than the subject property.

Public Utilities

The availability of public utilities has a significant impact on the value of a property. Municipal utility providers often, but not always, provide utilities such as gas, water, electric, sewer, and telephone. It is therefore important to understand any differences that may exist in the availability of public utilities to the subject property and its comparables. All of the sales, like the subject, had full access to public utilities at the time of sale. Therefore, no adjustments were required.

Utility

The subject parcel is adequately shaped to accommodate a typical building. It has good access, good frontage and good visibility. Overall, it has been determined that the site has good utility. No utility adjustments are deemed necessary.

Other

In some cases, other variables will have an impact on the price of a land transaction. Examples include soil or slope conditions, restrictive zoning, easements, wetlands or external influences. We have applied an upward adjustment to Sale 2, which has a more restrictive industrial zoning designation.

DISCUSSION OF COMPARABLE SALES

After a thorough analysis, the comparable land sales reflect adjusted unit values ranging from a low of \$3.34 per square foot to \$6.56 per square foot, with an average of \$4.62 per square foot.

CONCLUSION OF SITE VALUE

We have placed greatest reliance on Sale 1, which is the most recent transaction, and Sale 4, which is a retail parcel located in Princeton; therefore, we conclude that the indicated land value by the Sales Comparison Approach is:

AS IS VALUE CONCLUSION	Price PSF
Indicated Value	\$5.00
SQFT Measure	x 170,235
Indicated Value	\$851,175
Rounded to nearest \$50,000	\$850,000
\$/SF Basis	\$4.99
 LAND VALUE CONCLUSION	 \$850,000
\$/SF Basis	\$4.99

Compiled by Cushman & Wakefield of Minnesota, Inc.

COST APPROACH

METHODOLOGY

The Cost Approach is based on the proposition that an informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. The steps in this approach have been outlined in the Valuation Process section of this report. We previously developed an opinion of land value of \$850,000.

REPLACEMENT COST NEW

The Marshall Valuation Service is used to determine the replacement cost of the subject building. These costs include labor, materials, supervision, contractor's profit and overhead, architect's plans and specifications, sales taxes and insurance. Base costs are provided by the Marshall and Swift (M&S) Square Foot Commercial Methodology. These costs are refined, if applicable, for differences in heating/cooling costs, and the presence of sprinklers and elevators. The refined base costs are then further adjusted, if applicable, to account for building height, interior wall height, building perimeter, current costs, location variations, and prospective value multipliers. Beyond the base building costs, specialty components or site improvements are provided by the segregated cost sections of the M&S Commercial Cost Explorer.

Our estimates of Replacement Cost New (RCN), Indirect Costs, Entrepreneurial Profit, and Depreciation for the subject property are summarized on the following pages.

Indirect Costs

Indirect costs (soft costs) not included in our Base Costs are developer overhead, property taxes, permanent loan fees, legal costs, developer fees, contingencies, and lease-up and marketing costs.

An average property in the subject market requires an allowance for indirect costs of between 1.0 and 5.0 percent of Base Costs. We chose to use 2.5 percent for the Building Improvements (Structures) and 2.5 percent for the Site Improvements in our analysis.

Entrepreneurial Profit

Typically, an allowance for entrepreneurial profit would be added when preparing the cost approach. This allowance provides a prospective developer with the incentive to develop a property, especially one of a speculative nature.

Based on our discussions with developers in the local market, this figure tends to range between 10 and 20 percent of Base Building, Site Improvement and Other Indirect Costs. We chose to use 10.0 percent in our analysis.

DEPRECIATION

There are several methods for capturing the loss in value attributable to depreciation: The market extraction method, the age-life method, and the breakdown method. Our Cost Approach utilizes the fundamental components of the age-life method. In some situations, the impact of certain items of depreciation on value is known or is easily estimated. In the most common variation of the age-life method the cost to cure certain curable items (physical and functional) is known and can be deducted before the age-life ratio is applied; a process that mirrors what typical purchasers consider as part of the investment decision. Once processed, incurable items (physical and functional) can be estimated via the age-life ratio. In situations where External Obsolescence is present it, too, can be analyzed either as a residual to the market value conclusion or via an estimate of capitalized rent loss attributable to the external condition.

Physical Deterioration

The *Marshall & Swift CCE* defines physical deterioration as:

The wearing out of the improvement through the combination of wear and tear of use, the effects of the aging process and physical decay, action of the elements, structural defects, etc. It is typically divided into two types, curable and incurable, which may be individually estimated by the component breakdown method using some type of age/life approach. Physical deterioration may be further categorized as deferred maintenance, generally requiring immediate attention and treated separately based on the items' cost to repair.

Curable physical deterioration is generally associated with individual short-lived items such as paint, floor and roof covers, hot-water heaters, etc., requiring periodic replacement or renewal, or modification continuously over the normal life span of the improvement. Our calculation of Physical Curable Deterioration is based upon observable components, owner's proposed capital expenditures, and our own estimates of replacement costs where appropriate.

Incurable physical deterioration is generally associated with the residual group of long-lived items such as floor and roof structures, mechanical supply systems and foundations. Such basic structural items are not normally replaced in a typical maintenance program and are usually incurable except through major reconstruction. Physical Incurable Obsolescence will be calculated using a modified age-life method.

Functional Obsolescence

According to the *Appraisal Institute*, functional obsolescence can be caused by changes in market conditions that have made some aspect of a structure, material or design obsolete by current market standards. Functional obsolescence may also be curable or incurable.

To be curable, the cost to correct the deficiency must be equal to or less than the anticipated increase in value. There are three subcategories of curable functional obsolescence: (1) deficiency requiring addition, (2) deficiency requiring substitution and (3) superadequacy. A deficiency requiring addition is measured by how much the cost of the addition exceeds the cost of the item if it were installed new during construction. A deficiency requiring substitution is measured as the cost of the existing component less physical deterioration already charged against the component and salvage value, plus the cost to remove the existing component and the added cost of installation. A superadequacy is measured as the current reproduction cost of the item minus any physical deterioration already charged plus the cost of removal, less the salvage value. A superadequacy is curable if correcting it on the date of the appraisal is economically feasible.

The subject improvements were constructed using modern materials and techniques. Furthermore, the design and layout of the property are consistent with current market standards. As such, no deductions have been made for functional obsolescence.

External Obsolescence

External obsolescence is the adverse effect on value resulting from influences outside the property. External obsolescence may be the result of lagging rental rates, high inflation, excessive construction costs, access to highways, the lack of an adequate labor force, changing land use patterns and market conditions, or proximity to an objectionable use or condition.

Based on a review of the location of the subject as well as local market conditions, external obsolescence is not prevalent.

REPLACEMENT COST NEW (STRUCTURES)

A breakdown of each building component is presented below. A separate analysis of each component allows for a consideration of the unique cost differences of each component. The following table summarizes the replacement cost new of the building improvements (structures).

COST APPROACH SUMMARY		
IMPROVEMENTS (STRUCTURES)		
DESCRIPTION		Shopko Retail Store
Marshall & Swift - Improvement Type		Retail Stores
Construction Class		C
Quality of Construction		Average
Marshall & Swift - Section		Section 13
Marshall & Swift - Page		Page 27
Date		May-12
Number of Stories		1
Base SF Cost		\$59.48
SQUARE FOOT REFINEMENTS		
HVAC Refinements		\$4.10
Sprinklers		\$2.41
Adjusted Base Cost		\$65.99
HEIGHT AND SIZE REFINEMENTS		
Number of Stories		1.000
Height Per Story		1.170
Perimeter		0.845
Adjusted Base Cost		\$65.24
FINAL CALCULATIONS		
Current Cost Multiplier		1.030
Local Area Multiplier		1.120
Adjusted SF Cost		\$75.26
TIMES: SF for Replacement Cost Purposes		42,464
Adjusted Cost		\$3,195,927
PLUS: Indirect Costs	2.5%	\$79,898
Adjusted Cost		\$3,275,825
PLUS: Entrepreneurial Profit (Structures)	10.0%	\$327,583
Replacement Cost New (RCN)		\$3,603,408
REPLACEMENT COST SUMMARY (STRUCTURES)		
Total Adjusted Costs		\$3,195,927
PLUS: Total Indirect Costs		\$79,898
PLUS: Total Entrepreneurial Profit (Structures)		\$327,583
Total RCN		\$3,603,408
Total GBA (SF)	42,464	
PSF of GBA		\$84.86
<i>Total includes all component / building costs as detailed above</i>		

DEPRECIATION (STRUCTURES)

As previously discussed, our analysis of depreciation reflects physical and functional curable prior to consideration of physical and functional incurable items, which are treated as components of the modified age-life method. If applicable, economic obsolescence is independently estimated and deducted. To allow for any variances in the age/condition of individual building components, a separate depreciation analysis was applied to each. The following table summarizes the depreciated value of improvements (structures).

COST APPROACH SUMMARY			
DEPRECIATION ANALYSIS (STRUCTURES)			
DESCRIPTION			Shopko Retail Store
RCN			\$3,603,408
LESS: Physical Curable			\$0
LESS: Functional Curable			\$0
Adjusted RCN			\$3,603,408
Age/Life Analysis			
Year Built			1993
Actual Age (Years)			20
Economic Life (Years)			45
Effective Age (Years)			15
Remaining Economic Life (Years)			30
Percent Depreciated			33.33%
Age/Life Depreciation (% of Adjusted RCN)			\$1,201,136
Adjusted RCN			\$3,603,408
LESS: Age/Life Depreciation			(\$1,201,136)
Adjusted RCN			\$2,402,272
LESS: Functional Incurable			\$0
Adjusted RCN			\$2,402,272
LESS: Economic Obsolescence (External)	0.0%		\$0
Depreciated RCN			\$2,402,272
Depreciation Subtotal			(\$1,201,136)
DEPRECIATION SUMMARY (STRUCTURES)			
Total RCN			\$3,603,408
LESS: Total Depreciation - Physical Curable			\$0
LESS: Total Depreciation - Functional Curable			\$0
LESS: Total Depreciation - Age/Life			(\$1,201,136)
LESS: Total Depreciation - Functional Incurable			\$0
LESS: Total Depreciation - Economic Obsolescence (External)			\$0
Total Depreciated Value of Improvements			\$2,402,272
Total Depreciated Value PSF of GBA			\$56.57
<i>Total includes all component / building costs as detailed above</i>			

REPLACEMENT COST NEW (SITE IMPROVEMENTS)

Because site improvements can vary significantly and have a shorter typical age/life than the building components, a separate analysis was conducted. Site improvement costs include landscaping, asphalt paving, walkways, etc.. The following table presents a detail of the replacement cost new of site improvements.

SITE IMPROVEMENTS - REPLACEMENT COST NEW									
Item	Unit Type	Area (Units)	Cost Per Unit	Cost New	Indirect		Profit	Replacement	Cost New
					2.5%	Adjusted Cost			
Site Improvements	SF	170,235	\$2.00	\$340,470	\$8,512	\$348,982	\$34,898		\$383,880
Totals				\$340,470	\$8,512	\$348,982	\$34,898		\$383,880

DEPRECIATION (SITE IMPROVEMENTS)

The following table presents a detail of the depreciated value of site improvements.

SITE IMPROVEMENTS - DEPRECIATION										
Item	Physical Curable	Functional Curable	Adjusted Total	Economic Life	Effective Age	Depreciation %	Age/Life Depreciation	Adjusted Total	Economic Obsolescence 0.0%	Depreciated Cost
Site Improvements	\$0	\$0	\$383,880	15	10	66.67%	(\$255,920)	\$127,960	\$0	\$127,960
Totals	\$0	\$0	383,880				(\$255,920)	\$127,960	\$0	\$127,960

SUMMARY (SITE IMPROVEMENTS)

The following table provides a summary of the depreciated value of the site improvements.

SITE IMPROVEMENTS		
Cost New (Site Improvements)		\$340,470
PLUS: Indirect Costs	2.5% of Hard Costs	\$8,512
Adjusted Cost		\$348,982
PLUS: Entrepreneurial Profit	10.0% of Adjusted Costs	\$34,898
RCN (Site Improvements)		\$383,880
DEPRECIATION ANALYSIS (SITE IMPROVEMENTS)		
RCN (Site Improvements)		\$383,880
LESS: Physical Curable		\$0
LESS: Functional Curable		\$0
Adjusted RCN (Site)		\$383,880
LESS: Age/Life Depreciation		(\$255,920)
Adjusted RCN (Site)		\$127,960
LESS: Economic Obsolescence (External):	0.0%	\$0
Total Depreciated Value of Site Improvements		\$127,960
Site Area SF (Primary Site)	170,235	
Conclusion PSF of Land Area (Primary Site)		\$0.75

CONCLUSION

As a culmination to the Cost Approach, we reiterate the conclusions from each portion of this analysis. Please refer to the following table for our Cost Approach summary.

COST APPROACH VALUE SUMMARY

MARKET VALUE TYPE	Market Value As-Is
COST SOURCE	Marshall & Swift (Commercial Cost Explorer)
IMPROVEMENTS (Structures)	
Adjusted Costs	\$3,195,927
PLUS: Indirect Costs	\$79,898
PLUS: Entrepreneurial Profit	\$327,583
LESS: Total Depreciation	(\$1,201,136)
TOTAL DEPRECIATED VALUE OF IMPROVEMENTS (Structures)	\$2,402,272
IMPROVEMENTS (Site)	
Cost New	\$340,470
PLUS: Indirect Costs	\$8,512
PLUS: Entrepreneurial Profit	\$34,898
LESS: Total Depreciation	(\$255,920)
TOTAL DEPRECIATED VALUE OF IMPROVEMENTS (Site)	\$127,960
SUMMARY (ALL IMPROVEMENTS)	
Adjusted Costs/Cost New	\$3,536,397
PLUS: Total Indirect Costs	\$88,410
PLUS: Total Entrepreneurial Profit	\$362,481
TOTAL REPLACEMENT COST NEW	\$3,987,288
LESS: Total Depreciation	(\$1,457,056)
TOTAL DEPRECIATED VALUE OF IMPROVEMENTS	\$2,530,232
Depreciated Value PSF of GBA	\$59.59
TOTAL DEPRECIATED VALUE OF IMPROVEMENTS	
PLUS: Land Value (Primary Site)	\$750,000
INDICATED VALUE BY THE COST APPROACH	\$3,280,232
Rounded to the Nearest	\$50,000
TOTAL GBA (SF)	42,464
Conclusion PSF of GBA	\$77.71
Conclusion PSF of All Structures	\$77.71

SALES COMPARISON APPROACH

METHODOLOGY

Using the Sales Comparison Approach, we developed an opinion of value by comparing the subject property to similar, recently sold properties in the surrounding or competing area. This approach relies on the principle of substitution, which holds that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution.

By analyzing sales that qualify as arm's-length transactions between willing and knowledgeable buyers and sellers, we can identify value and price trends. The basic steps of this approach are:

- Research recent, relevant property sales and current offerings in the competitive area;
- Select and analyze properties that are similar to the subject property, analyzing changes in economic conditions that may have occurred between the sale date and the date of value, and other physical, functional, or locational factors;
- Identify sales that include favorable financing and calculate the cash equivalent price;
- Reduce the sale prices to a common unit of comparison such as price per square foot of net rentable area, effective gross income multiplier, or net income per square foot;
- Make appropriate comparative adjustments to the prices of the comparable properties to relate them to the subject property; and
- Interpret the adjusted sales data and draw a logical value conclusion.

The most widely used and market-oriented unit of comparison for properties such as the subject is the sales price per square foot of net rentable area. All comparable sales were analyzed on this basis. The following pages contain a summary of the improved properties that we compared to the subject property, a map showing their locations, and the adjustment process. Comparable improved sale data sheets are presented in the Addenda of this report.

Due to the nature of the subject property and the level of detail available for the comparable data, we elected to analyze the comparables through the application of a traditional adjustment grid using percentage adjustments. This methodology is commonly used by participants that buy and sell property similar to the subject property, therefore; it is considered the appropriate methodology to use in this assignment.

In the Sales Comparison Approach we determined the Market Value As-Is.

SUMMARY OF IMPROVED SALES

PROPERTY INFORMATION

No.	Property Name Address, City, State	Land (AC)	Land to Building Ratio	Building NRA	Year Built	Year Ren.	Tenancy Type	Quality	Cond.	Value Interest	Sale Date	Sale Price	\$/SF	NO/SF	OAR	Occup.
S	Subject Property	3.91	4.01:1	41,232	1993	-	Single-Tenant	Average	Average							
1	Shopko Hometown Store 409 Junction Avenue Stanley, WI	5.36	6.49:1	36,000	2012	-	Single-Tenant	Average	Good	Leased Fee	12/12	\$2,800,000	\$77.78	\$7.00	9.00%	100%
2	Goodwill Store 11910 Business Park Boulevard Champlin, MN	3.24	6.85:1	20,600	2012	-	Single-Tenant	Average	Good	Leased Fee	11/12	\$3,350,000	\$162.62	\$12.60	7.75%	100%
3	Jo-Ann Fabrics and Crafts 4120 Dean Lakes Road Shakopee, MN	1.89	4.84:1	17,018	2012	-	Single-Tenant	Average	Good	Leased Fee	9/12	\$2,561,700	\$150.53	\$11.59	7.70%	100%
4	Tractor Supply 11150 179th Avenue Northwest Elk River, MN	3.32	6.12:1	23,627	2006	-	Single-Tenant	Good	Good	Leased Fee	7/12	\$4,176,616	\$176.77	\$12.90	7.30%	100%
5	Tractor Supply 1465 1st Avenue East Cambridge, MN	2.36	5.71:1	18,000	1987	2012	Single-Tenant	Average	Good	Leased Fee	2/12	\$2,305,000	\$128.06	\$10.00	7.81%	100%
STATISTICS																
Low		1.89	4.84:1	17,018	1987	2012					2/12	\$2,305,000	\$77.78	\$7.00	7.30%	100%
High		5.36	6.85:1	36,000	2012	2012					12/12	\$4,176,616	\$176.77	\$12.90	9.00%	100%
Average		3.23	6.00:1	23,049	2006	2012					8/12	\$3,038,663	\$139.15	\$10.82	7.91%	100%

Compiled by Cushman & Wakefield of Minnesota, Inc.

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IMPROVED SALE ADJUSTMENT GRID															
ECONOMIC ADJUSTMENTS (CUMULATIVE)							PROPERTY CHARACTERISTIC ADJUSTMENTS (ADDITIVE)								
No.	Price PSF & Date	Property Rights Conveyed	Conditions of Sale	Financing	Market ⁽¹⁾ Conditions	Subtotal	Location	Size	Age, Quality & Condition	Land-Building Ratio	Utility ⁽²⁾	Economics	Other	Adj. Price PSF	Overall
1	\$77.78 12/12	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 0.6%	\$78.24 0.6%	Inferior 15.0%	Similar 0.0%	Superior -10.0%	Superior -5.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	\$78.24 0.0%	Superior
2	\$162.62 11/12	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 0.7%	\$163.76 0.7%	Superior -40.0%	Smaller -5.0%	Superior -10.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	\$73.69 -55.0%	Superior
3	\$150.53 9/12	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 0.9%	\$151.88 0.9%	Superior -40.0%	Smaller -5.0%	Superior -10.0%	Inferior 5.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	\$75.94 -50.0%	Superior
4	\$176.77 7/12	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 1.0%	\$178.54 1.0%	Superior -40.0%	Smaller -5.0%	Superior -10.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	\$80.34 -55.0%	Superior
5	\$128.06 2/12	Leased Fee 0.0%	Arm's-Length 0.0%	None 0.0%	Inferior 1.5%	\$129.98 1.5%	Superior -20.0%	Smaller -5.0%	Superior -10.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	\$84.48 -35.0%	Superior
STATISTICS															
	\$77.78													Low -	\$73.69
	\$176.77													High -	\$84.48
	\$139.15													Average -	\$78.54

Compiled by Cushman & Wakefield of Minnesota, Inc.

(1) Market Conditions Adjustment

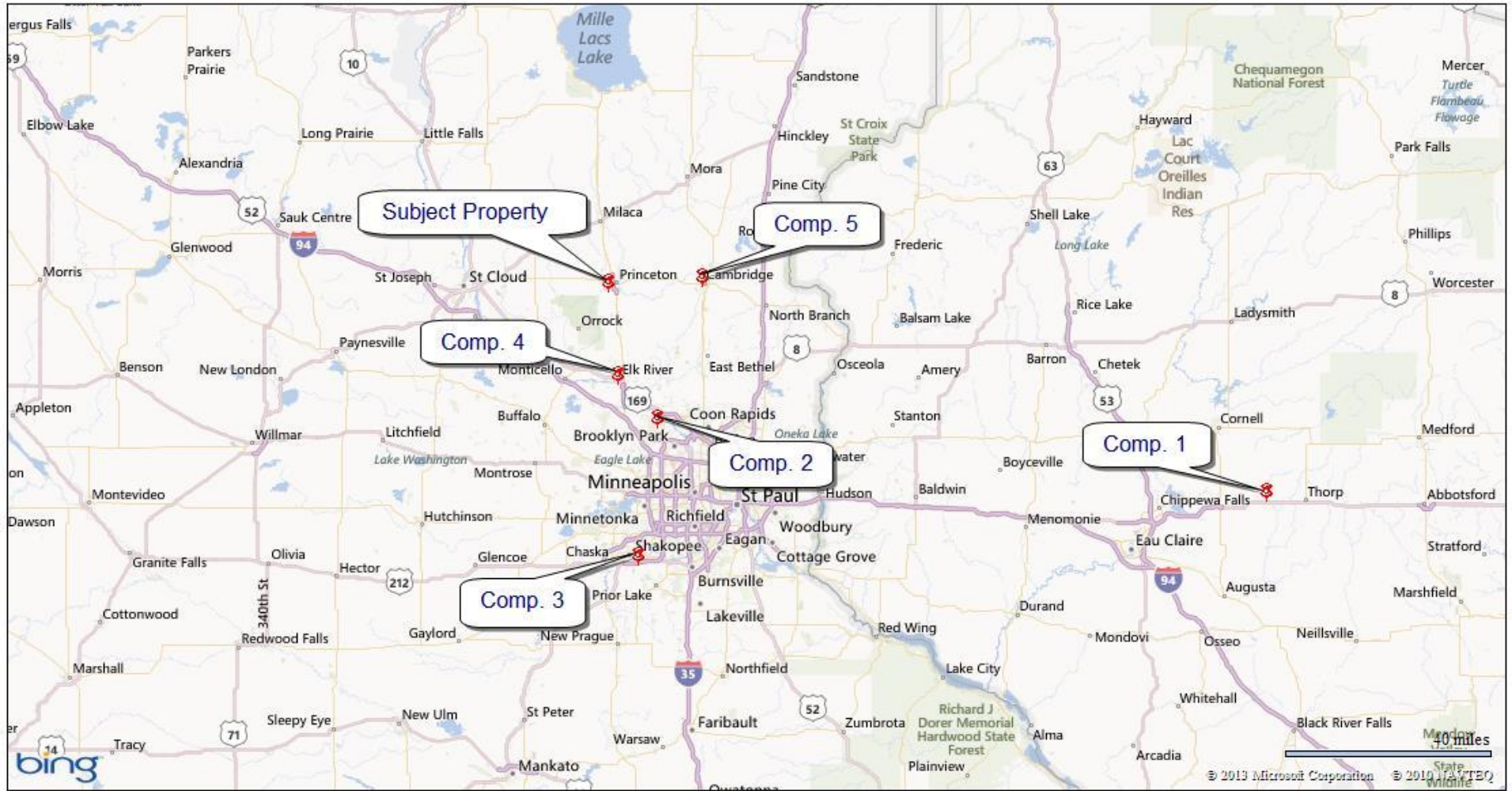
Compound annual change in market conditions: 1.00%
Date of Value (for adjustment calculations): 7/18/13

(2) Utility Footnote

Utility includes site layout, signage, visibility, etc.

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IMPROVED SALE LOCATION MAP



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PERCENTAGE ADJUSTMENT METHOD

Adjustment Process

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

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

We made a downward adjustment to those comparables considered superior to the subject and an upward adjustment to those comparables considered inferior.

Property Rights Conveyed

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

Financial Terms

The financial terms of a transaction can have an impact on the sale price of a property. A buyer who purchases an asset with favorable financing might pay a higher price, as the reduced cost of debt creates a favorable debt coverage ratio. A transaction involving above-market debt will typically involve a lower purchase price tied to the lower equity returns after debt service. We analyzed all of the transactions to account for atypical financing terms. To the best of our knowledge, all of the sales used in this analysis were accomplished with cash or market-oriented financing. Therefore, no adjustments were required.

Conditions of Sale

Adjustments for conditions of sale usually reflect the motivations of the buyer and the seller. In many situations the conditions of sale may significantly affect transaction prices. However, all sales used in this analysis are considered to be "arm's-length" market transactions between both knowledgeable buyers and sellers on the open market. Therefore, no adjustments were required.

Market Conditions

In this analysis, we determined the Market Value As-Is using the value date of July 2013. All of the comparables were adjusted to this date. The sales that are included in this analysis occurred between February 2012 and December 2012. As the market has improved over this time period, we applied an annual adjustment of 1.00 percent.

Location

An adjustment for location is required when the locational characteristics of a comparable property differ from those of the subject property. The location of the subject property is rated average, and it has good access and good visibility. An upward adjustment is applied to Sale 1, which has inferior access and surrounding land uses as compared to the subject property. Downward adjustments have been applied to Sales 2 through 5, as they are located in superior retail areas as compared to the subject property.

Physical Traits

Each property has various physical traits that determine its appeal. These traits include size, age, condition, quality, parking ratio and utility. Each comparable was adjusted accordingly and detailed as follows:

- Sales 2 through 5 are smaller than the subject building and have been adjusted downward based on economies of scale.
- Downward adjustments have been applied to all of the sales, which are deemed to be superior in terms of age and or quality.
- Sale 1 is adjusted downward for having a superior land-to-building ratio as compared to the subject property. Sale 3 is adjusted upward, as it has an inferior land-to-building ratio as compared to the subject property.

Economic Characteristics

The economic characteristics of a property include its occupancy levels, operating expense ratios, tenant quality, and other items not covered under prior adjustments that would have an economic impact on the transaction. No adjustments are necessary.

Other

This category accounts for any other adjustments not previously discussed. Based on our analysis of these sales, none required any additional adjustment.

DISCUSSION OF COMPARABLE SALES

Comparable Sale No. 1

This is an December 2012 sale of a property known as Shopko Hometown Store, located at 409 Junction Avenue in Stanley, WI. This 5.36 acres site is improved with a 36,000-square-foot, single-tenant building, with a land-to-building ratio of 6.49:1.00. The building was constructed in 2012 and is considered to be of average quality and good condition. At the time of sale the property was 100.00 percent occupied with an overall rate of 9.00 percent. The leased fee interest in this property sold from Shopko Hometown Stanley 2012LLC to Stanley WI Holdings, LLC for \$2,800,000, or \$77.78 per square foot. The buying entity is an investor. The facility is leased to Shopko Stores Operating Co., LLC. The lease commencement is October 2012, for a 15-year term at an annual rent of \$251,993 or \$7.00 per square triple net, with no annual increases. The net operating income does not include an allowance for vacancy, reserves or management expenses.

After all adjustments, this comparable indicated a value of \$78.24 per square foot.

Comparable Sale No. 2

In this November 2012 sale, the leased fee interest was sold from Commercial Partners Exchange Co, LLC to Champlin Emery, LLC for \$3,350,000, or \$162.62 per square foot. Comparable 2, Goodwill Store, is located at 11910 Business Park Boulevard in Champlin, MN. The buying entity is an investor. At the time of sale this single-tenant building was 100.00 percent occupied.

Situated on a 3.24 acres site, this 20,600-square-foot building was constructed in 2012. The improvements are considered to be of average quality and good condition. The property has a land-to-building ratio of 6.85: 1.00 and a parking ratio of 9.17 spaces per 1,000 square feet of building area. This building is located in the southeast quadrant of U.S. Highway 169 and 120th Avenue North in Champlin. The building was constructed in 2012 on a build-to-suit basis for Goodwill, which leased the improvements for 10 years on a triple net basis. The overall rate at the time of sale was 7.75 percent.

After all adjustments, this comparable indicated a value of \$73.69 per square foot.

Comparable Sale No. 3

Comparable 3 is known as Jo-Ann Fabrics and Crafts and located at 4120 Dean Lakes Road in Shakopee, MN. In September 2012, Cole acquired the leased fee interest in this single-tenant property from Ryan Companies for \$2,561,700, or \$150.53 per square foot. The buying entity was an investor. The overall rate at the time of sale was 7.70 percent. The building was built in 2012 and it is of average quality and good condition. It is situated on a 1.89 acres site and measures 17,018 square feet. The property has a land-to-building ratio of 4.84:1.00 and was 100.00 percent occupied at the time of sale. This comparable consists of a newly built 17,078 sf freestanding building on 1.89 acres. The property is located within the mixed-use Dean Lakes development, at the southeast quadrant of US-Highway 169 (61,000 VPD) and Canterbury Road (23,900 VPD) in Shakopee, (Minneapolis MSA), Minnesota. The subject property is located within the retail segment of Dean Lakes. Jo-Ann is strategically situated adjacent to Lowe's and benefits from excellent visibility from Canterbury Road and US-169. The property has a 10 year primary term and rent increase in year 6.

After all adjustments, this comparable indicated a value of \$75.94 per square foot.

Comparable Sale No. 4

This property, Tractor Supply, is located at 11150 179th Avenue Northwest in Elk River, MN on a 3.32 acres. This 23,627 square foot single-tenant building was constructed in 2006. Its quality is good and condition good. The property's parking ratio is 4.06 spaces per 1,000 square feet of building area and the land-to-building ratio is 6.12: 1.00. The leased fee interest in this property sold in July 2012 from MSIR 5, LLC to Martin Wasserstein for \$4,176,616, or \$176.77 per square foot. The overall rate at the time of sale was 7.30 percent and the buying entity was an investor. This property is located on the south side of 179th Avenue Northwest, west of Twin Lakes Road, in a commercial area of Elk River. The 20-year lease for the tenant commenced in September 2006 and at the time of sale, there were over 14 years remaining on the lease. The lease structure includes approximate 9.00 percent rent increases every five years. The capitalization rate does not include a vacancy or collection loss, nor does it include non-reimbursables. The occupancy rate at the time of sale was 100.00 percent.

After all adjustments, this comparable indicated a value of \$80.34 per square foot.

Comparable Sale No. 5

In February 2012, the leased fee interest in comparable 5, Tractor Supply, sold from BBTC, LLC to Series C, LLC for \$2,305,000, or \$128.06 per square foot. The overall rate at the time of sale was 7.81 percent. The buying entity was an investor. Located at 1465 1st Avenue East in Cambridge, MN on a 2.36 acres site, this single-tenant building contains 18,000 square feet. It was constructed in 1987 and last renovated in 2012, and it exhibits average quality and good condition. The property has a land-to-building ratio of 5.71: 1.00 and the parking ratio of 3.35 spaces per 1,000 square feet of building area.

This property is situated in the southeast quadrant of State Highway 65 and 1st Avenue East in Cambridge, Minnesota. Originally constructed in 1987 and utilized as a lumber store, the property was fully renovated in 2012, prior to Tractor Supply Company taking full occupancy of the building. On August 25, 2011, Tractor Supply Company signed a 15-year lease, with an initial rental rate of \$10.00 per square foot net. The lease has a 10.00 percent rent escalation every five years and there are four, 5-year renewal options. At the time of sale the occupancy was 100.00 percent.

After all adjustments, this comparable indicated a value of \$84.48 per square foot.

Summary of Percentage Adjustment Method

We used the Sales Comparison Approach to determine the Market Value As-Is of the subject property. After adjustments, the comparable improved sales reflect unit prices ranging from \$73.69 to \$84.48 per square foot with an average adjusted price of \$78.54 per square foot.

We have considered all of the sales equally in our analysis; therefore, we conclude that the indicated value by the Percentage Adjustment Method is:

APPLICATION TO SUBJECT	
Market Value As-Is	
Indicated Value per Square Foot NRA	\$80.00
Net Rentable Area in Square Feet	x 41,232
Indicated Value	\$3,298,560
Rounded to nearest \$50,000	\$3,300,000
Per square foot	\$80.03

INCOME CAPITALIZATION APPROACH

METHODOLOGY

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

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

Investors acquiring this type of asset will typically look at year one returns but must also consider long-term strategies. Hence, depending on certain factors, each of the income approach methods has merit. We placed greater reliance on the Direct Capitalization Method since the property is at stabilized operations and the overall rate used is derived from recent market transactions and then compared to current survey data. It is likely that a prospective purchaser of this type of property would utilize Direct Capitalization as the primary tool in evaluating the property.

POTENTIAL GROSS INCOME

Potential gross income is generated by a number of distinct elements:

- Minimum rent determined by the lease agreement
- Reimbursement of certain expenses incurred in the ownership and operation of the real estate
- Other miscellaneous revenues

Minimum base rent is a legal contract between landlord and tenant establishing a return to investors in the real estate. The lease terms also dictate specific expense reimbursement charges that can be billed to the tenant. Finally, miscellaneous income can be generated from a variety of sources. The first step in this appraisal is to analyze all potential gross income, starting with an analysis of the subject’s tenancy.

SUBJECT TENANCY

The subject property is leased to Pamida, Inc. through July 31, 2018. On January 4, 2012, Pamida merged with Shopko and the subject property was rebranded to Shopko Hometown.

Our assignment is to value to fee simple interest of the subject property; therefore, we have applied a market rent in our analysis.

MARKET RENT ESTIMATE

Analysis of Comparable Retail Rents

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

RETAIL RENT COMPARABLES

PROPERTY INFORMATION **LEASE INFORMATION**

NO.	Property Name Address, City, State	CENTER GLA	YEAR BUILT	TENANT NAME	LEASE DATE	SIZE (NRA)	TERM (yrs.)	INITIAL RENT/SF	RENT STEPS	LEASE TYPE	MONTHS FREE	T/SF	COMMENTS
S	Subject Property	41,232	1993										
1	Goodwill Industries, Inc. 19624 Holt Street Northwest Elk River, MN	20,950	2009	Goodwill	1/10	20,950	10	\$15.50	None	Net	1	\$5	This property is located on the west side of U.S. Highway 169, near Menard's, Coborns and other retailers.
2	Former Best Buy 20870 Rogers Drive Rogers, MN	46,865	2006	Gander Mountain	7/13	30,021	10	\$10.00	\$11.50/SF in Yr. 6	Net	0	\$23	This is a former Best Buy store that subdivided into a two tenant building. Goodwill occupies the balance of the property.
3	Union Crossings 147 East 7th Street Monticello, MN	298,394	2006	TJ Maxx	3/14	23,000	10	\$10.00	\$10.75 in Yr. 6	Net	0	\$29	New construction in a Target shadow-anchored shopping center next to Petsmart.
4	Tractor Supply Company 1465 1st Avenue East Cambridge, MN	18,000	2011	Tractor Supply Company	8/11	18,000	15	\$10.00	Varies to \$12.10/SF	Net	0	Built-to-Suit	This is a triple net leased stand-alone building. The tenant has four 5-year renewal options.
5	Northridge Center 26233 2nd Street East Zimmerman, MN	30,730	2007	Current Listing	7/13	6,700	-	\$15.00	-	Net	-	-	This is a current listing in a multitenant property.

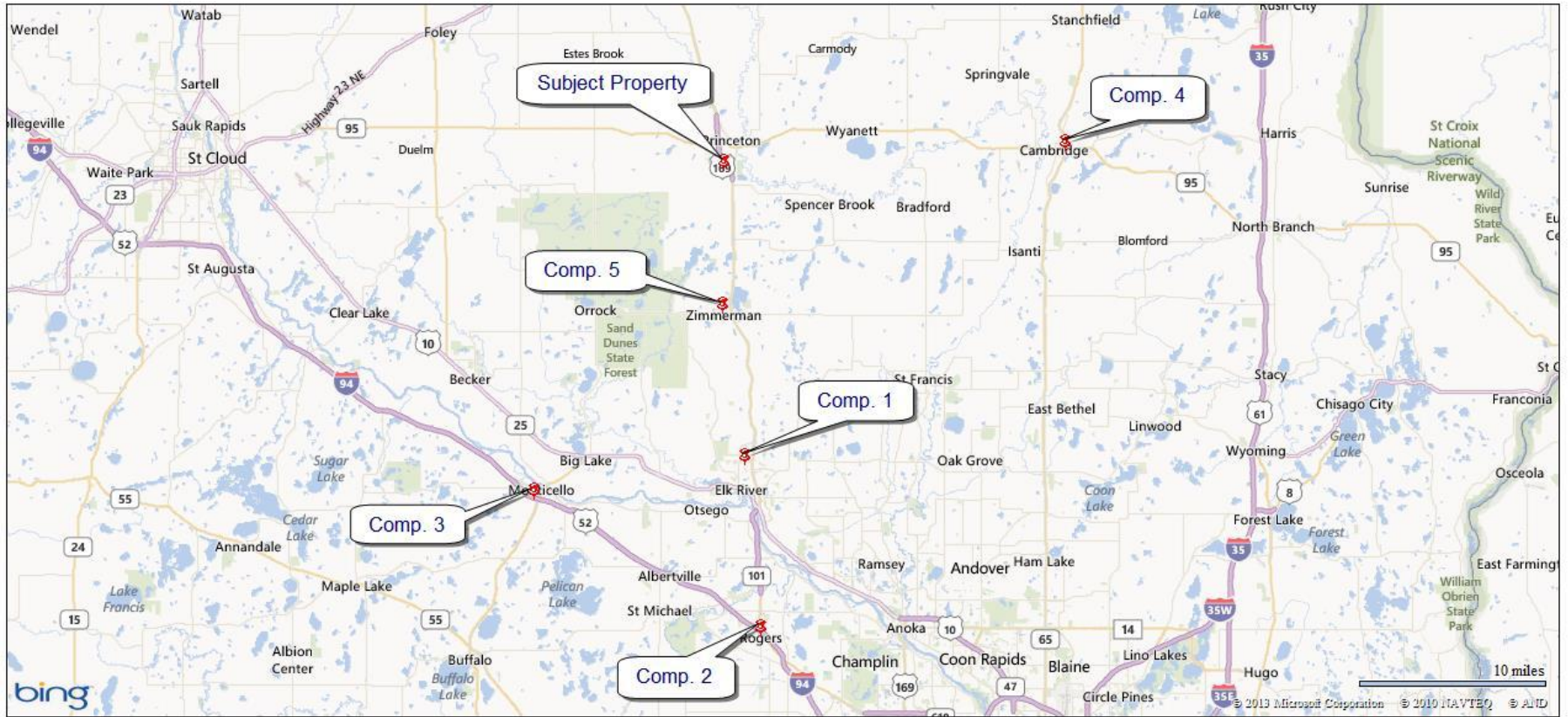
STATISTICS

Low	18,000	2006	1/10	6,700	10	\$10.00					0	\$5	
High	298,394	2011	3/14	30,021	15	\$15.50					1	\$29	
Average	82,988	2008	7/12	19,734	11	\$12.10					0	\$19	

Compiled by Cushman & Wakefield of Minnesota, Inc.

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COMPARABLE RENTAL LOCATION MAP



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DISCUSSION OF COMPARABLE RENTS

We analyzed recent leases negotiated in competitive buildings in the marketplace, as well as asking rental rates. The comparables range in size from 6,700 square feet to 30,021 square feet. These are all located in buildings similar in class to the subject. The comparable leases have terms ranging from 10 to 15 years. The comparables exhibit a range of rents from \$10.00 to \$15.50 per square foot, with an average of \$12.10 per square foot. Free rent concessions ranged from 0 to 1 month, averaging 0.25 months. Tenant improvement allowances ranged from \$5.00 to \$29.00 per square foot, averaging \$19.00.

Comparables 2 and 3 are the most recent transactions; however, they have superior access and visibility along Interstate 94; as such, a lower rental rate would be warranted for the subject building. An appropriate rental rate for the subject property would be in the range of \$7.00 to \$9.00 per square foot net, reconciling to \$8.00 per square foot net.

MARKET RENT CONCLUSION

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

MARKET RENT SYNOPSIS	
TENANT CATEGORY	Market
Market Rent	\$8.00
Lease Term (years)	10
Lease Type (reimbursements)	Net
Contract Rent Increase Projection	3% per annum

Compiled by Cushman & Wakefield of Minnesota, Inc.

REVENUE & EXPENSE ANALYSIS

We developed an opinion of the property's annual income and operating expenses after reviewing the operating performance of similar buildings. We analyzed each item of expense and developed an opinion regarding what an informed investor would consider typical.

BASE RENTAL REVENUE

After an analysis of the comparable properties, projected base rental revenue for the subject property is estimated at \$329,856.

EXPENSE REIMBURSEMENTS

The existing tenants are responsible for their pro-rata share of real estate taxes and operating expenses. We forecast expense reimbursements in year one to be \$120,907, plus real estate taxes. This includes reimbursable expense items expected to be paid by the tenant occupying the property. Reimbursable items include CAM, taxes and insurance.

VACANCY AND COLLECTION LOSS

Vacancy and collection loss is a function of the interrelationship between absorption, lease expiration, renewal probability, estimated downtime between leases, and a collection loss factor based on the relative stability and credit of the subject's tenant base. Earlier in the report we discussed the vacancy rates for the market in which the subject property is located.

Based on the historical occupancy of the subject, the current vacancy in the market, and our perception of future market vacancy, we projected a global stabilized vacancy rate of 4.50 percent. We also deducted a collection loss of 0.50 percent. Total vacancy and collection loss is equal to 5.00 percent.

OPERATING EXPENSE ANALYSIS

Cushman & Wakefield, Inc. recognizes the standards defined by the Appraisal Institute as the definitive standards by which operating expense data should be analyzed.

DISCUSSION OF EXPENSES

We analyzed each expense item in making our forecast, with our conclusions summarized on the previous table. In most cases, our forecast is well supported by the historical or budget information. However, in some cases, further clarification is provided below:

Property Insurance	Property insurance includes coverage for general liability and loss or damage to the property caused by fire, lightning, vandalism and malicious mischief, and additional perils. We estimated this expense for year one at \$6,185, which equates to \$0.15 per square foot.
Management Fees	This expense includes the costs paid for professional management services. Management services may be contracted for or provided by the property owner. Management fees for this type of property typically range from 3.00 to 5.00 percent of effective gross income. We utilized a management fee of 5.00 percent of effective gross income, which we consider to be market oriented. Based on our analysis, we estimated this expense for year one at \$28,135, which equates to \$0.68 per square foot.

Common Area Maintenance	This expense includes all costs incurred for the repair, maintenance, and general upkeep of common areas within the subject property. After considering the expense comparables, we projected this expense for year one at \$82,464, which equates to \$2.00 per square foot.
Real Estate Taxes	A complete discussion of taxes for the subject property is included in the Real Property Taxes and Assessments section of this report. Based on our analysis, we estimated this expense for year one at \$89,270, which equates to \$2.17 per square foot.
Other Non-Reimbursable	This category covers non-reimbursable legal and professional fees. Based on our analysis, we estimated this expense for year one at \$4,123, which equates to \$0.10 per square foot.

OPERATING EXPENSE CONCLUSION

We thoroughly analyzed the subject's operating expense history and we used this information to make our projections. We forecast total operating expenses for the subject property (excluding real estate taxes) to be \$120,907, equating to \$2.93 per square foot. The operating expenses (excluding real estate taxes) projected for the subject property reflects an operating expense ratio at stabilization of 23.75 percent of effective gross income. We forecast total operating expenses for the subject property (including real estate taxes) to be \$210,177, equating to \$5.10 per square foot. The operating expenses (including real estate taxes) projected for the subject property reflects an operating expense ratio at stabilization of 41.28 percent of effective gross income. The following expense comparisons support our opinion of operating expenses for the subject.

OPERATING EXPENSE COMPARABLES

The following table illustrates detailed expense levels at properties considered to be similar to the subject property, based on location and physical attributes.

COMPARABLE EXPENSE ANALYSIS										
Comparable Number	One		Two		Three		Four		Five	
Property Name	Confidential		Confidential		Confidential		Confidential		Confidential	
Property State	MN		MN		MN		MN		MN	
Building Size	101,001		96,356		87,942		98,157		117,873	
Building Age	1983, renov. 2006		2005		1984		1997, renov. 2004		1998	
Statement Type	Actual		Actual		Actual		Actual		Actual	
Year of Record	2011		2011		2011		2011		2010	
For 12 month period ending	December		December		February		December		December	
	NRA (SF)	% EGI	NRA (SF)	% EGI	NRA (SF)	% EGI	NRA (SF)	% EGI	NRA (SF)	% EGI
EFFECTIVE GROSS INCOME	\$20.35	100.00%	\$17.42	100.00%	\$18.56	100.00%	\$7.49	100.00%	\$16.33	100.00%
OPERATING EXPENSES										
Property Insurance	0.21	1.03%	0.16	0.92%	0.15	0.81%	0.15	2.00%	0.16	0.98%
Management Fees	0.81	3.98%	0.88	5.05%	0.80	4.31%	0.34	4.54%	0.69	4.23%
Utilities	0.26	1.28%	0.40	2.30%	0.30	1.62%	0.02	0.27%	0.11	0.67%
Common Area Charges	1.29	6.34%	0.98	5.63%	1.29	6.95%	1.12	14.95%	1.17	7.16%
Non-Reimbursable	0.05	0.25%	0.00	0.00%	0.15	0.81%	0.00	0.00%	0.21	1.29%
TOTAL OPERATING EXPENSES	\$2.62	12.87%	\$2.42	13.89%	\$2.69	14.49%	\$1.63	21.76%	\$2.34	14.33%
Real Estate Taxes	4.36	21.43%	3.17	18.20%	4.55	24.52%	2.84	37.92%	4.34	26.58%
TOTAL EXPENSES	\$6.98	34.30%	\$5.59	32.09%	\$7.24	39.01%	\$4.47	59.68%	\$6.68	40.91%

Compiled by Cushman & Wakefield of Minnesota, Inc.

The comparable properties reflect operating expenses (excluding real estate taxes) ranging from \$1.63 per square foot to \$2.69 per square foot, averaging \$2.34 per square foot. The operating expense ratios (OER) of these comparables range from 13 percent to 22 percent, averaging 15 percent.

Based on our analysis of the expense levels at comparable properties, we concluded that there is adequate support for our operating expense conclusions.

INCOME AND EXPENSE PRO FORMA

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

SUMMARY OF REVENUE AND EXPENSES			
Stabilized Year For Direct Capitalization:	Year One		
REVENUE	Annual	\$/SF	% of EGI
Base Rental Revenue	\$329,856	\$8.00	
Reimbursement Revenue	\$206,054	\$5.00	
POTENTIAL GROSS REVENUE	\$535,910	\$13.00	
Global Vacancy			
Global Collection Loss			
Total Vacancy and Collection Loss	(26,795)	(0.65)	
EFFECTIVE GROSS REVENUE	\$509,114	\$12.35	100.00%
OPERATING EXPENSES			
Property Insurance	6,185	0.15	1.21%
Management Fees	28,135	0.68	5.53%
Common Area Maintenance	82,464	2.00	16.20%
Non-Reimbursable	4,123	0.10	0.81%
Total Operating Expenses	\$120,907	\$2.93	23.75%
Real Estate Taxes	\$89,270	\$2.17	17.53%
TOTAL EXPENSES	\$210,177	\$5.10	41.28%
NET OPERATING INCOME	\$298,937	\$7.25	58.72%

Compiled by Cushman & Wakefield of Minnesota, Inc.

INVESTMENT CONSIDERATIONS

OVERVIEW

Despite economic uncertainty, growth in the U.S. economy strengthened over the first months of 2013. The automatic spending cuts and revenue increases triggered by sequestration were initially avoided at the onset of the year, but the inability of policymakers in Washington D.C. to reach a compromise over the following three months initiated sequestration in early March. The U.S. economy added 1.9 million new jobs in the twelve months ending in March 2013 and has regained nearly 5.3 million jobs since bottoming out in February 2010, or nearly two thirds of the 8.1 million jobs lost over the recession. Gross domestic product (GDP) grew by 0.4 percent in fourth quarter 2012 according to revised estimates from the U.S. Bureau of Economic Analysis, but increased to 2.5 percent in the first quarter of 2013. Although the full impact of Hurricane Sandy on commercial properties is beginning to be felt, many investors expect already distressed properties will be the hardest hit, and could increase their presence in CMBS by up to 30.0 percent. Retail sales increased 4.1 percent in the twelve months ending in March 2013 according to the U.S. Census Bureau, indicating that consumer confidence remains intact.

The search for higher-yielding assets and uncertainty regarding potential tax increases drove a rally in commercial mortgage bonds towards the end of 2012 and into 2013. Commercial real estate markets are expected to continue to strengthen over the remainder of 2013, and strong market fundamentals should help reduce CMBS volatility going forward. Sales of commercial properties totaled \$72.8 billion in first quarter 2013 according to Real Capital Analytics, an increase of 34.6 percent from total sales in first quarter 2012.

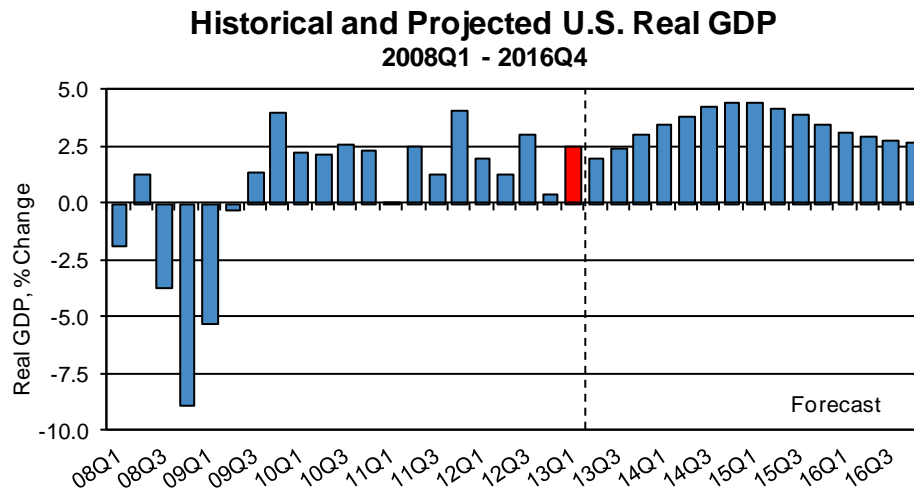
In addition, in October 2012 Citigroup priced a floating-rate CMBS with high loan-to-value “transitional” collateral for Northstar Realty Finance, the fifth floating-rate CMBS following the past recession and the first to feature multiple loans and non-stabilized properties. Challenges still exist however, and among the largest facing the CMBS market in the near-term will be the maturation of \$24.0 billion in securitized loans originated in 2007. Many of these loans were underwritten to pro forma income and have experienced substantial declines in value. Despite potentially serious obstacles in the near-term, positive momentum is likely to remain in the market although uncertain economic and political conditions will likely maintain a sense of caution among investors.

CURRENT ECONOMIC CONDITIONS

The slow pace of job creation remains the primary challenge facing politicians and economists, and businesses will likely remain reluctant to expand payrolls unless necessary until an increase in optimism creates a greater willingness to take risk. Although 1.9 million jobs were added over the twelve months ending in March 2013, unemployment remains stubbornly high at 7.6 percent in March 2013 and 11.7 million residents remain out of work. With an average of only 168,000 jobs added monthly over 2013, it will take until mid-2014 to return to pre-recession employment levels under current conditions.

Real gross domestic product (GDP) increased at an annual rate of 2.5 percent in first quarter 2013, 210 basis points higher than fourth quarter 2012 GDP growth of 0.4 percent according to the U.S. Bureau of Economic Analysis (BEA). Overall GDP growth in 2012 reached 2.2 percent according to estimates provided by the BEA, 40 basis points higher than GDP growth in 2011 of 1.8 percent.

The following graph displays historical and projected U.S. Real GDP percent change (annualized on a quarterly basis) from first quarter 2008 through fourth quarter 2016 (red bar underscores the most recent quarter: 13Q1):



Source: Historical Data Courtesy of the Bureau of Economic Analysis;
Forecast Data Courtesy of Moody's Economy.com

Notable concerns regarding current economic conditions are as follows:

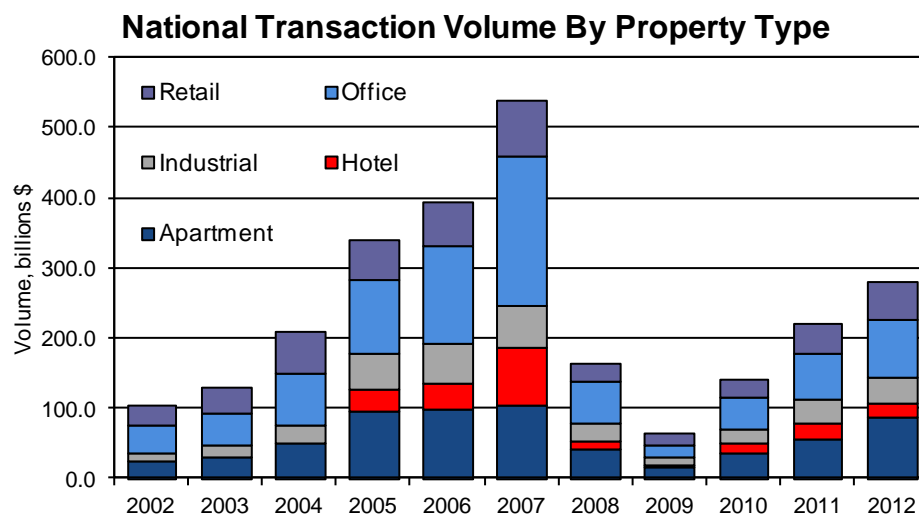
- Many states and municipalities continue to face budget shortfalls. Should state and municipal governments be forced to enact budget cuts and tax increases to fill these gaps, they could drain regional economies in the near-term.

- Although the impact of automatic spending cuts and tax increases triggered by sequestration will not be immediately felt, the inability of legislators to reach a compromise amidst the pervading partisan gridlock will hinder growth in the near-term. These uncertainties could deter businesses from expanding payrolls and placing new orders as they await settlements from policymakers in Washington D.C.
- Although federal assistance may help mitigate the impact of Hurricane Sandy for homeowners and businesses, it may have a more serious impact on the CMBS market as investors face a larger pool of distressed properties.
- Home prices increased 9.3 percent on an annual basis in February 2013 according to the S&P Case Shiller Home Price Index, while housing permits issued over the first three months of 2013 outpaced previous year levels by 27.3 percent according to the U.S. Census Bureau. In spite of optimistic indications such as these, credit remains tight and sales activity remains below pre-recession levels.

US REAL ESTATE MARKET IMPLICATIONS

Total volume in 2012 increased considerably on an annual basis for the third consecutive year. According to Real Capital Analytics total transaction volume in 2012 reached \$293.8 billion, up 28.0 percent on a year over year basis, with the apartment and office markets reaching the highest volume at \$87.5 and \$80.0 billion, respectively. While this level of growth is respectable given the cautious economic climate, it remains well short of pre-recession transaction activity in 2005, 2006, and 2007. The average transaction cap rate on properties over \$2.5 million in first quarter 2013 was 6.7 percent, a decline of 10 basis points from the previous quarter and 20 basis points below the first quarter 2012 average cap rate of 6.9 percent. Total transaction volume in first quarter 2013 reached \$72.8 billion, a decrease of 32.4 percent from the previous quarter, but 34.6 percent higher than transaction volume in first quarter 2012 of \$54.1 billion. Indications such as these suggest that total transaction volume in 2013 will increase on an annual basis for the fourth consecutive year, demonstrating the strength of underlying fundamentals in the commercial real estate investment market.

The following graph compares national transaction volume by property between 2002 and 2012:



Source: Real Capital Analytics, Inc. Note: Hotel data not avail. until 2005

CONCLUSION

Although investor activity and sales volume is expanding on a national level, the pace of recovery varies across regional metropolitan areas and markets. Recent indications suggest investors are becoming less risk averse as they seek yield, while increasing competition for top quality assets in major metro areas has spread into second-tier markets. Growth in the near-term is likely to be cautious however, pending external factors such as the European debt crisis and upcoming budget cuts related to sequestration. In spite of this, historically low interest rates and strong underlying economic fundamentals should support stable investment activity in commercial real estate markets going forward.

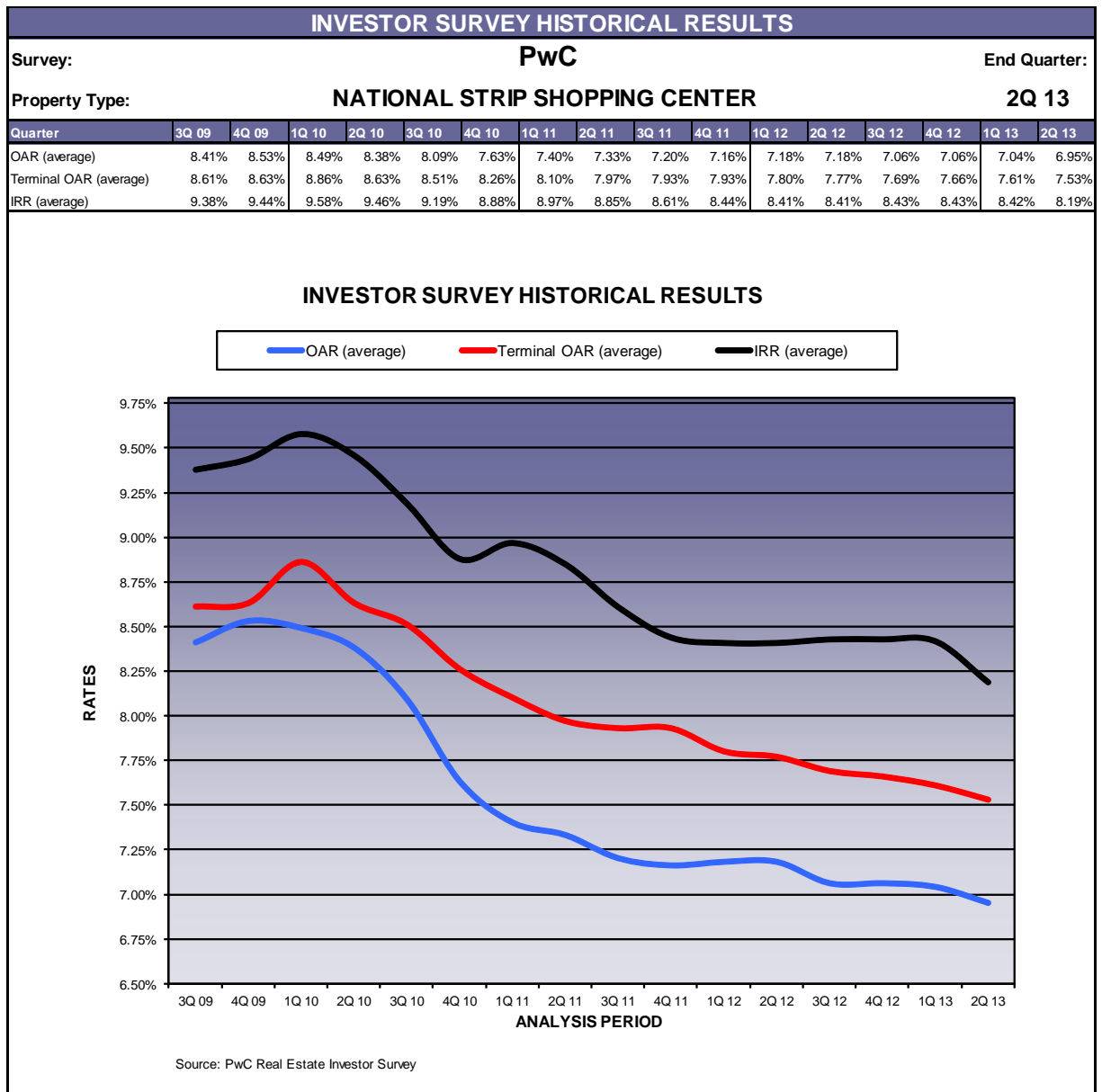
The factors listed below have been key to our valuation of this property and will have an impact on our selection of all investor rates.

INVESTMENT CONSIDERATIONS

Real Estate Market Trends:	Real estate market trends have a significant bearing on the value of real property. The real estate market in which the subject property is located is currently improving.
Tenant Quality:	The quality of a property's tenant base is an important factor that is scrutinized by investors prior to acquiring real property. The quality of the subject's tenant roster is considered to be average.
Property Rating:	After considering all of the physical characteristics of the subject, we have concluded that this property has an overall rating that is average, when measured against other properties in this marketplace.
Location Rating:	After considering all of the locational aspects of the subject, including regional and local accessibility as well as overall visibility, we have concluded that the location of this property is average.
Overall Investment Appeal:	There are many factors that are considered prior to investing in this type of property. After considering all of these factors, we conclude that this property has average overall investment appeal.

INVESTOR SURVEY TRENDS

Historic trends in real estate investment help us understand the current and future direction of the market. Investors' return requirements are a benchmark by which real estate assets are bought and sold. The following graph shows the historic trends for the subject's asset class spanning a period of four years as reported in the PwC Real Estate Investor Survey published by PricewaterhouseCoopers.



As the chart illustrates, the return requirements cited by investors climbed to more conservative levels from Third Quarter 2008 through Third Quarter 2009. The financial crisis has made investors more cautious and risk-averse resulting in higher return requirements. Investment rates have subsequently stabilized and declined as access to capital has increased and a greater number of quality properties have traded.

CAPITALIZATION RATE ANALYSIS

On the following pages we discuss the process of how we determine an appropriate overall capitalization rate to apply to the subject's forecast net income.

CAPITALIZATION RATE FROM COMPARABLE SALES

The following table summarizes overall capitalization rates derived from the improved property sales.

CAPITALIZATION RATE SUMMARY			
No.	Name and Location	Sales Date	Capitalization Rate
1	Shopko Hometown Store 409 Junction Avenue Stanley, WI	12/2012	9.00%
2	Goodwill Store 11910 Business Park Boulevard Champlin, MN	11/2012	7.75%
3	Jo-Ann Fabrics and Crafts 4120 Dean Lakes Road Shakopee, MN	9/2012	7.70%
4	Tractor Supply 11150 179th Avenue Northwest Elk River, MN	7/2012	7.30%
5	Tractor Supply 1465 1st Avenue East Cambridge, MN	2/2012	7.81%
STATISTICS			
Sample Size		5	5
Low		2/2012	7.30%
High		12/2012	9.00%
Median		9/2012	7.75%
Average		8/2012	7.91%

Compiled by Cushman & Wakefield of Minnesota, Inc.

CAPITALIZATION RATE FROM INVESTOR SURVEYS

We considered data extracted from the PwC Real Estate Investor Survey for competitive properties. Earlier in the report, we presented historical capitalization rates for the prior four-year period. The most recent information from this survey is listed below:

CAPITALIZATION RATES			
Survey	Date	Range	Average
PwC	Second Quarter 2013	5.50% - 9.50%	6.95%
PwC Noninstitutional	Second Quarter 2013		8.95%

PwC - Refers to National Strip Shopping Center market regardless of class or occupancy

PwC Noninstitutional - Reflects the average rate for this property type, adjusted by the average premium

DERIVATION OF R₀ FROM BAND OF INVESTMENT

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

The capitalization rate for debt is known as the mortgage constant (R_M); it is the ratio of annual debt service to the principal amount of the mortgage loan. It is calculated as follows:

$$R_M = \frac{\text{Monthly Payment} \times 12}{\text{Amount of Loan}}$$

The monthly payment of a loan is calculated using the following formula:

$$\text{Monthly Payment} = \frac{\text{Interest Rate (i)}}{1 - \text{Present Value Factor}}$$

The Present Value Factor can be obtained from financial tables that show the six functions of a dollar.

The rate used to capitalize equity income is called the equity capitalization rate (R_E); it is the ratio of annual pre-tax cash flow (usually in the first year of the holding period) to the amount of the equity investment.

The R_O indicated by the band of investment is a weighted average of the R_M and R_E . Using the loan-to-value ratio (M) and the equity ratio (E or 1-M) the R_O is calculated as follows:

$$R_O = (M \times R_M) + (E \times R_E)$$

Mortgage Terms

The following mortgage interest rate is based on periodic conversations with representatives of lending institutions providing local mortgage financing. Thus, given the physical and economic characteristics of the subject property, and on the basis of our research, the market terms for conventional loans made on properties similar to the subject are as follows:

MORTGAGE COMPONENT	
TYPICAL LOAN TERMS	
Mortgage Rate	5.50%
Amortization Term (Years)	30
Number of Payments	360
Loan-to-Value Ratio (M)	70.00%
Equity Ratio (E)	30.00%
Mortgage Constant (R_M)	6.81%

Compiled by Cushman & Wakefield of Minnesota, Inc.

The preceding data are used in the development of an overall capitalization rate (R_O) for the subject property using the Band of Investment Technique.

Equity Dividend Rate (R_E)

The Appraisal Institute defines equity dividend rate as an income rate that reflects the relationship between a single year's equity cash flow expectancy and the equity investment. Also known as the equity capitalization rate, cash on cash rate or cash flow rate, this rate is used to convert equity dividend into an equity value indication.

Our selected R_E is as follows:

EQUITY COMPONENT	
Equity Dividend Rate (R_E)	14.00%

Compiled by Cushman & Wakefield of Minnesota, Inc.

Calculation of Overall Capitalization Rate (R_O)

The calculation of the overall capitalization rate (R_O) using the band of investment technique is as follows:

R_o BY BAND OF INVESTMENT		
Mortgage Ratio	70.00%	
Annual Mortgage Constant	6.81%	
Mortgage Component		4.77%
Equity Ratio	30.00%	
Equity Dividend Rate	14.00%	
Equity Component		4.20%
Indicated Overall Rate (R_o)		8.97%

Compiled by Cushman & Wakefield of Minnesota, Inc.

CAPITALIZATION RATE CONCLUSION

We considered all aspects of the subject property that would influence the overall rate. Our analysis suggests that a capitalization rate of 9.00 percent represents reasonable investor criteria under current market conditions.

DIRECT CAPITALIZATION METHOD CONCLUSION

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

DIRECT CAPITALIZATION METHOD		
Market Value As-Is		
NET OPERATING INCOME	\$298,937	\$7.25
Sensitivity Analysis (0.25% OAR Spread)	Value	\$/SF NRA
Based on Low-Range of 8.75%	\$3,416,423	\$82.86
Based on Most Probable Range of 9.00%	\$3,321,523	\$80.56
Based on High-Range of 9.25%	\$3,231,752	\$78.38
Indicated Value	\$3,321,523	\$80.56
Rounded to nearest \$50,000	\$3,300,000	\$80.03

Compiled by Cushman & Wakefield of Minnesota, Inc.

RECONCILIATION AND FINAL VALUE OPINION

VALUATION METHODOLOGY REVIEW AND RECONCILIATION

This appraisal employs all three typical approaches to value: the Cost Approach, the Sales Comparison Approach and the Income Capitalization Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that all approaches would be considered meaningful and applicable in developing a credible value conclusion. The approaches indicated the following:

FINAL VALUE RECONCILIATION		
	Market Value As-Is	PSF
Date of Value	July 18, 2013	
Land Valuation		
Land Value	\$750,000	
Land Value PSF	\$4.41	
Cost Approach		
Conclusion	\$3,300,000	
Conclusion PSF of GBA	\$77.71	
Sales Comparison Approach		
Percentage Adjustment Method	\$3,300,000	\$80.03
Income Capitalization Approach		
Direct Capitalization	\$3,300,000	\$80.03
Final Value Conclusion	\$3,300,000	\$80.03

Compiled by Cushman & Wakefield of Minnesota, Inc.

We gave most weight to the Sales Comparison and Income Capitalization Approaches because this mirrors the methodologies used by purchasers of this property type.

Value Conclusions			
Appraisal Premise	Real Property Interest	Date Of Value	Value Conclusion
Market Value As-Is	Fee Simple	7/18/2013	\$3,300,000
Replacement Cost New	Fee Simple	7/18/2013	\$3,600,000

Compiled by Cushman & Wakefield of Minnesota, Inc.

EXPOSURE TIME AND MARKETING TIME

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

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

ASSUMPTIONS AND LIMITING CONDITIONS

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

"Property" means the subject of the Report.

"C&W" means Cushman & Wakefield, Inc. or its subsidiary that issued the Report.

"Appraiser(s)" means the employee(s) of C&W who prepared and signed the Report.

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

- No opinion is intended to be expressed and no responsibility is assumed for the legal description or for any matters that are legal in nature or require legal expertise or specialized knowledge beyond that of a real estate appraiser. Title to the Property is assumed to be good and marketable and the Property is assumed to be free and clear of all liens unless otherwise stated. No survey of the Property was undertaken.
- The information contained in the Report or upon which the Report is based has been gathered from sources the Appraiser assumes to be reliable and accurate. The owner of the Property may have provided some of such information. Neither the Appraiser nor C&W shall be responsible for the accuracy or completeness of such information, including the correctness of estimates, opinions, dimensions, sketches, exhibits and factual matters. Any authorized user of the Report is obligated to bring to the attention of C&W any inaccuracies or errors that it believes are contained in the Report.
- The opinions are only as of the date stated in the Report. Changes since that date in external and market factors or in the Property itself can significantly affect the conclusions in the Report.
- The Report is to be used in whole and not in part. No part of the Report shall be used in conjunction with any other analyses. Publication of the Report or any portion thereof without the prior written consent of C&W is prohibited. Reference to the Appraisal Institute or to the MAI designation is prohibited. Except as may be otherwise stated in the letter of engagement, the Report may not be used by any person(s) other than the party(ies) to whom it is addressed or for purposes other than that for which it was prepared. No part of the Report shall be conveyed to the public through advertising, or used in any sales, promotion, offering or SEC material without C&W's prior written consent. Any authorized user(s) of this Report who provides a copy to, or permits reliance thereon by, any person or entity not authorized by C&W in writing to use or rely thereon, hereby agrees to indemnify and hold C&W, its affiliates and their respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the Report by any such unauthorized person(s) or entity(ies).
- Except as may be otherwise stated in the letter of engagement, the Appraiser shall not be required to give testimony in any court or administrative proceeding relating to the Property or the Appraisal.
- The Report assumes (a) responsible ownership and competent management of the Property; (b) there are no hidden or unapparent conditions of the Property, subsoil or structures that render the Property more or less valuable (no responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them); (c) full compliance with all applicable federal, state and local zoning and environmental regulations and laws, unless noncompliance is stated, defined and considered in the Report; and (d) all required licenses, certificates of occupancy and other governmental consents have been or can be obtained and renewed for any use on which the value opinion contained in the Report is based.
- The physical condition of the improvements considered by the Report is based on visual inspection by the Appraiser or other person identified in the Report. C&W assumes no responsibility for the soundness of structural components or for the condition of mechanical equipment, plumbing or electrical components.
- The forecasted potential gross income referred to in the Report may be based on lease summaries provided by the owner or third parties. The Report assumes no responsibility for the authenticity or completeness of lease information provided by others. C&W recommends that legal advice be obtained regarding the interpretation of lease provisions and the contractual rights of parties.

- The forecasts of income and expenses are not predictions of the future. Rather, they are the Appraiser's best opinions of current market thinking on future income and expenses. The Appraiser and C&W make no warranty or representation that these forecasts will materialize. The real estate market is constantly fluctuating and changing. It is not the Appraiser's task to predict or in any way warrant the conditions of a future real estate market; the Appraiser can only reflect what the investment community, as of the date of the Report, envisages for the future in terms of rental rates, expenses, and supply and demand.
- Unless otherwise stated in the Report, the existence of potentially hazardous or toxic materials that may have been used in the construction or maintenance of the improvements or may be located at or about the Property was not considered in arriving at the opinion of value. These materials (such as formaldehyde foam insulation, asbestos insulation and other potentially hazardous materials) may adversely affect the value of the Property. The Appraisers are not qualified to detect such substances. C&W recommends that an environmental expert be employed to determine the impact of these matters on the opinion of value.
- Unless otherwise stated in the Report, compliance with the requirements of the Americans with Disabilities Act of 1990 (ADA) has not been considered in arriving at the opinion of value. Failure to comply with the requirements of the ADA may adversely affect the value of the Property. C&W recommends that an expert in this field be employed to determine the compliance of the Property with the requirements of the ADA and the impact of these matters on the opinion of value.
- If the Report is submitted to a lender or investor with the prior approval of C&W, such party should consider this Report as only one factor, together with its independent investment considerations and underwriting criteria, in its overall investment decision. Such lender or investor is specifically cautioned to understand all Extraordinary Assumptions and Hypothetical Conditions and the Assumptions and Limiting Conditions incorporated in this Report.
- In the event of a claim against C&W or its affiliates or their respective officers or employees or the Appraisers in connection with or in any way relating to this Report or this engagement, the maximum damages recoverable shall be the amount of the monies actually collected by C&W or its affiliates for this Report and under no circumstances shall any claim for consequential damages be made.
- If the Report is referred to or included in any offering material or prospectus, the Report shall be deemed referred to or included for informational purposes only and C&W, its employees and the Appraiser have no liability to such recipients. C&W disclaims any and all liability to any party other than the party that retained C&W to prepare the Report.
- Any estimate of insurable value, if included within the agreed upon scope of work and presented within this Report, is based upon figures derived from a national cost estimating service and is developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, C&W strongly recommends that the Intended Users obtain estimates from professionals experienced in establishing insurance coverage for replacing any structure. This analysis should not be relied upon to determine insurance coverage. Furthermore, C&W makes no warranties regarding the accuracy of this estimate.
- Unless otherwise noted, we were not given a soil report to review. However, we assume that the soil's load-bearing capacity is sufficient to support existing and/or proposed structure(s). We did not observe any evidence to the contrary during our physical inspection of the property. Drainage appears to be adequate.
- Unless otherwise noted, we were not given a title report to review. We do not know of any easements, encroachments, or restrictions that would adversely affect the site's use. However, we recommend a title search to determine whether any adverse conditions exist.
- Unless otherwise noted, we were not given a wetlands survey to review. If subsequent engineering data reveal the presence of regulated wetlands, it could materially affect property value. We recommend a wetlands survey by a professional engineer with expertise in this field.
- Unless otherwise noted, we observed no evidence of toxic or hazardous substances during our inspection of the site. However, we are not trained to perform technical environmental inspections and recommend the hiring of a professional engineer with expertise in this field.
- Unless otherwise noted, we did not inspect the roof nor did we make a detailed inspection of the mechanical systems. The appraisers are not qualified to render an opinion regarding the adequacy or condition of these components. The client is urged to retain an expert in this field if detailed information is needed.

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

CERTIFICATION OF APPRAISAL

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- 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 & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- Kelsey Kay Malecha, MAI did make a personal inspection of the property that is the subject of this report. Patrick G. Lynch, MAI did not make a personal inspection of the property that is the subject of this report.
- We have not performed prior services involving the subject property within the three-year period immediately preceding the acceptance of the assignment.
- No one provided significant real property appraisal assistance to the persons signing this report.
- As of the date of this report, Kelsey Kay Malecha, MAI and Patrick G. Lynch, MAI have completed the continuing education program for Designated Members of the Appraisal Institute.

Kelsey Kay Malecha, MAI
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 952-465-3321 Office Direct
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ADDENDUM A: GLOSSARY OF TERMS & DEFINITIONS

The following definitions of pertinent terms are taken from *The Dictionary of Real Estate Appraisal*, Fifth Edition (2010), published by the Appraisal Institute, Chicago, IL, as well as other sources.

AS IS MARKET VALUE

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Proposed Interagency Appraisal and Evaluation Guidelines, OCC-4810-33-P 20%)

BAND OF INVESTMENT

A technique in which the capitalization rates attributable to components of a capital investment are weighted and combined to derive a weighted-average rate attributable to the total investment.

CASH EQUIVALENCY

An analytical process in which the sale price of a transaction with nonmarket financing or financing with unusual conditions or incentives is converted into a price expressed in terms of cash.

DEPRECIATION

1. In appraising, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date. 2. In accounting, an allowance made against the loss in value of an asset for a defined purpose and computed using a specified method.

DISPOSITION VALUE

The most probable price that a specified interest in real property is likely to bring under all of the following conditions:

- Consummation of a sale will occur within a limited future marketing period specified by the client.
- The actual market conditions currently prevailing are those to which the appraised property interest is subject.
- The buyer and seller is each acting prudently and knowledgeably.
- The seller is under compulsion to sell.
- The buyer is typically motivated.
- Both parties are acting in what they consider their best interest.
- An adequate marketing effort will be made in the limited time allowed for the completion of a sale.
- Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
- The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Note that this definition differs from the definition of market value. The most notable difference relates to the motivation of the seller. In the case of Disposition value, the seller would be acting under compulsion within a limited future marketing period.

ELLWOOD FORMULA

A yield capitalization method that provides a formulaic solution for developing a capitalization rate for various combinations of equity yields and mortgage terms. The formula is applicable only to properties with stable or stabilized income streams and properties with income streams expected to change according to the J- or K-factor pattern. The formula is

$$RO = [YE - M (YE + P \frac{1}{S n} - RM) - \Delta O \frac{1}{S n}] / [1 + \Delta I J]$$

where

RO = Overall Capitalization Rate

YE = Equity Yield Rate

M = Loan-to-Value Ratio

P = Percentage of Loan Paid Off

$\frac{1}{S n}$ = Sinking Fund Factor at the Equity Yield Rate

RM = Mortgage Capitalization Rate

ΔO = Change in Total Property Value

ΔI = Total Ratio Change in Income

J = J Factor

Also called mortgage-equity formula.

EXPOSURE TIME

1. The time a property remains on the market. 2. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market. See also marketing time.

EXTRAORDINARY ASSUMPTION

An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.

Comment: Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

FEE SIMPLE ESTATE

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

HYPOTHETICAL CONDITIONS

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

INSURABLE VALUE

A type of value for insurance purposes.

INTENDED USE

The use or uses of an appraiser's reported appraisal, appraisal review, or appraisal consulting assignment opinions and conclusions, as identified by the appraiser based on communication with the client at the time of the assignment.

INTENDED USER

The client and any other party as identified, by name or type, as users of the appraisal, appraisal review, or appraisal consulting report by the appraiser on the basis of communication with the client at the time of the assignment.

LEASED FEE INTEREST

A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease).

LEASEHOLD INTEREST

The tenant's possessory interest created by a lease. See also negative leasehold; positive leasehold.

LIQUIDATION VALUE

The most probable price that a specified interest in real property is likely to bring under all of the following conditions:

- Consummation of a sale will occur within a severely limited future marketing period specified by the client.
- The actual market conditions currently prevailing are those to which the appraised property interest is subject.
- The buyer is acting prudently and knowledgeably.
- The seller is under extreme compulsion to sell.
- The buyer is typically motivated.
- The buyer is acting in what he or she considers his or her best interest.
- A limited marketing effort and time will be allowed for the completion of a sale.
- Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
- The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Note that this definition differs from the definition of market value. The most notable difference relates to the motivation of the seller. Under market value, the seller would be acting in his or her own best interests. The seller would be acting prudently and knowledgeably, assuming the price is not affected by undue

stimulus or atypical motivation. In the case of liquidation value, the seller would be acting under extreme compulsion within a severely limited future marketing period.

MARKET RENT

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

MARKET VALUE

As defined in the Agencies' appraisal regulations, the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus.

Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

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

MARKETING TIME

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

MORTGAGE-EQUITY ANALYSIS

Capitalization and investment analysis procedures that recognize how mortgage terms and equity requirements affect the value of income-producing property.

OPERATING EXPENSES

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

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

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

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

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

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

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

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

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

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

Repairs & Maintenance - All expenses incurred for the general repairs and maintenance of the building, including common areas and general upkeep. Repairs and maintenance expenses include elevator, HVAC, electrical and plumbing, structural/roof, and other repairs and maintenance expense items.

¹ "Interagency Appraisal and Evaluation Guidelines." Federal Register 75:237 (December 10, 2010) p. 77472.

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

Common Area Maintenance - The common area is the total area within a property that is not designed for sale or rental, but is available for common use by all owners, tenants, or their invitees, e.g., parking and its appurtenances, malls, sidewalks, landscaped areas, recreation areas, public toilets, truck and service facilities. Common Area Maintenance (CAM) expenses can be entered in bulk or through the sub-categories. 1) Utilities – Cost of utilities that are included in CAM charges and passed through to tenants. 2) Repair & Maintenance – Cost of repair and maintenance items that are included in CAM charges and passed through to tenants. 3) Parking Lot Maintenance – Cost of parking lot maintenance items that are included in CAM charges and passed through to tenants. 4) Snow Removal – Cost of snow removal that are included in CAM charges and passed through to tenants. 5) Grounds Maintenance – Cost of ground maintenance items that are included in CAM charges and passed through to tenants. 6) Other CAM expenses are items that are included in CAM charges and passed through to tenants.

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

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

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

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

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

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

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

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

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

PROSPECTIVE OPINION OF VALUE

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

PROSPECTIVE VALUE UPON REACHING STABILIZED OCCUPANCY

The value of a property as of a point in time when all improvements have been physically constructed and the property has been leased to its optimum level of long-term occupancy. At such point, all capital outlays for tenant improvements, leasing commissions, marketing costs and other carrying charges are assumed to have been incurred.

SPECIAL, UNUSUAL, OR EXTRAORDINARY ASSUMPTIONS

Before completing the acquisition of a property, a prudent purchaser in the market typically exercises due diligence by making customary enquiries about the property. It is normal for a Valuer to make assumptions as to the most likely outcome of this due diligence process and to rely on actual information regarding such matters as provided by the client. Special, unusual, or extraordinary assumptions may be any additional assumptions relating to matters covered in the due diligence process, or may relate to other issues, such as the identity of the purchaser, the physical state of the property, the presence of environmental pollutants (e.g., ground water contamination), or the ability to redevelop the property.

ADDENDUM B: CLIENT SATISFACTION SURVEY

Survey Link: http://www.surveymonkey.com/s.aspx?sm=_2bZUxc1p1j1DWj6n_2fsw1KQ_3d_3d&c=13-23202-900219

C&W File ID: 13-23202-900219

Fax Option: (716) 852-0890

1. Given the scope and complexity of the assignment, please rate the development of the appraisal relative to the adequacy and relevance of the data, the appropriateness of the techniques used, and the reasonableness of the analyses, opinions, and conclusions:

- Excellent
- Good
- Average
- Below Average
- Poor

Comments: _____

2. Please rate the appraisal report on clarity, attention to detail, and the extent to which it was presentable to your internal/external users without revisions:

- Excellent
- Good
- Average
- Below Average
- Poor

Comments: _____

3. The appraiser communicated effectively by listening to your concerns, showed a sense of urgency in responding, and provided convincing support of his/her conclusions:

- Not Applicable
- Excellent
- Good
- Average
- Below Average
- Poor

Comments: _____

4. The report was on time as agreed, or was received within an acceptable time frame if unforeseen factors occurred after the engagement:

- Yes
- No

5. Please rate your overall satisfaction relative to cost, timing, and quality:

- Excellent
- Good
- Average
- Below Average
- Poor

Comments: _____

6. Any additional comments or suggestions?

7. Would you like a representative of Cushman & Wakefield's National Quality Control Committee to contact you?

Yes

No

Your Name: _____

Your Telephone Number: _____

Contact Information: Scott Schafer
Managing Director, National Quality Control
(716) 852-7500, ext. 121

ADDENDUM C: COMPARABLE IMPROVED SALE DATA SHEETS

Shopko Hometown Store

409 Junction Avenue
Stanley WI
MSA: N/A
Clark County



Property Type: Retail-Commercial
Property Subtype: Free Standing Retail - Big Box
ID: 240100
APN: 22905-2534-60350101

PROPERTY INFORMATION

Site Area (Acres):	5.36	Number of Buildings:	1
Site Area (SqFt):	233,482	Number of Stories:	1
Gross Bldg Area:	36,000	Number of Parking Spaces:	N/A
Net Bldg Area:	36,000	Parking Ratio:	N/A
Year Built:	2012	LB Ratio:	6.49:1
Last Renovation:	N/A	Tenancy Type:	Single-Tenant
Quality:	Average		
Condition:	Excellent		

SALE INFORMATION

Sale Status:	Recorded Sale	OAR:	9.00%
Transaction Date:	12/2012	NOI:	\$251,993
Sale Price:	\$2,800,000	NOI per SqFt:	\$7.00
Price Per SqFt:	\$77.78	Occupancy:	N/A
Grantor:	Shopko Hometown Stanley 2012LLC	Expense Ratio:	N/A
Grantee:	Stanley WI Holdings, LLC	EGIM:	N/A
Condition of Sale:	N/A	Buying Entity:	Investor
Value Interest:	Leased Fee		

VERIFICATION COMMENTS

Closing statement, transaction participant

COMMENTS

The facility is leased to Shopko Stores Operating Co., LLC. The lease commencement is October 2012, for a 15-year term at an annual rent of \$251,993 or \$7.00 per square triple net, with no annual increases. The net operating does not include an allowance for vacancy, reserves or management expenses.

Goodwill Store

11910 Business Park Boulevard
 Champlin MN 55316
 MSA: Minneapolis-St. Paul
 Hennepin County



Property Type: Retail-Commercial
 Property Subtype: Free Standing Retail - Big Box
 ID: 250397
 APN: 30-120-21-42-0055

PROPERTY INFORMATION

Site Area (Acres):	3.24	Number of Buildings:	1
Site Area (SqFt):	141,134	Number of Stories:	1
Gross Bldg Area:	20,600	Number of Parking Spaces:	189
Net Bldg Area:	20,600	Parking Ratio:	9.17:1,000
Year Built:	2012	LB Ratio:	6.85:1
Last Renovation:	N/A	Tenancy Type:	Single-Tenant
Quality:	Average		
Condition:	Good		

SALE INFORMATION

Sale Status:	Recorded Sale	OAR:	7.75%
Transaction Date:	11/2012	NOI:	\$259,625
Sale Price:	\$3,350,000	NOI per SqFt:	\$12.60
Price Per SqFt:	\$162.62	Occupancy:	100.00%
Grantor:	Commercial Partners Exchange Co, LLC	Expense Ratio:	N/A
Grantee:	Champlin Emery, LLC	EGIM:	N/A
Condition of Sale:	N/A	Buying Entity:	Investor
Value Interest:	Leased Fee		

VERIFICATION COMMENTS

Verified by a reliable third party.

COMMENTS

This building is located in the southeast quadrant of U.S. Highway 169 and 120th Avenue North in Champlin. The building was constructed in 2012 on a build-to-suit basis for Goodwill, which leased the improvements for 10 years on a triple net basis.

Jo-Ann Fabrics and Crafts

4120 Dean Lakes Road
 Shakopee MN 55379
 MSA: Minneapolis-St. Paul
 Scott County



Property Type: Retail-Commercial
 Property Subtype: Free Standing Retail - Department Store
 ID: 239099
 APN: N/A

PROPERTY INFORMATION

Site Area (Acres):	1.89	Number of Buildings:	1
Site Area (SqFt):	82,328	Number of Stories:	1
Gross Bldg Area:	17,018	Number of Parking Spaces:	N/A
Net Bldg Area:	17,018	Parking Ratio:	N/A
Year Built:	2012	LB Ratio:	4.84:1
Last Renovation:	N/A	Tenancy Type:	Single-Tenant
Quality:	Excellent		
Condition:	Excellent		

SALE INFORMATION

Sale Status:	Recorded Sale	OAR:	7.70%
Transaction Date:	9/2012	NOI:	\$197,251
Sale Price:	\$2,561,700	NOI per SqFt:	\$11.59
Price Per SqFt:	\$150.53	Occupancy:	100.00%
Grantor:	Ryan Companies	Expense Ratio:	N/A
Grantee:	Cole	EGIM:	N/A
Condition of Sale:	None	Buying Entity:	Investor
Value Interest:	Leased Fee		

VERIFICATION COMMENTS

Selling Broker

COMMENTS

This comparable consists of a newly built 17,078 sf freestanding building on 1.89 acres. The property is located within the mixed-use Dean Lakes development, at the southeast quadrant of US-Highway 169 (61,000 VPD) and Canterbury Road (23,900 VPD) in Shakopee, (Minneapolis MSA), Minnesota. The subject property is located within the retail segment of Dean Lakes. Jo-Ann is strategically situated adjacent to Lowe's and benefits from excellent visibility from Canterbury Road and US-169. The property has a 10 year primary term and rent increase in year 6.

Tractor Supply

11150 179th Avenue Northwest
 Elk River MN 55330
 MSA: Minneapolis-St. Paul
 Sherburne County



Property Type: Retail-Commercial
 Property Subtype: Free Standing Retail - Big Box
 ID: 223950
 APN: 75-747-0105

PROPERTY INFORMATION

Site Area (Acres):	3.32	Number of Buildings:	1
Site Area (SqFt):	144,619	Number of Stories:	1
Gross Bldg Area:	23,627	Number of Parking Spaces:	96
Net Bldg Area:	23,627	Parking Ratio:	4.06:1,000
Year Built:	2006	LB Ratio:	6.12:1
Last Renovation:	N/A	Tenancy Type:	Single-Tenant
Quality:	Good		
Condition:	Good		

SALE INFORMATION

Sale Status:	Recorded Sale	OAR:	7.30%
Transaction Date:	7/2012	NOI:	\$304,896
Sale Price:	\$4,176,616	NOI per SqFt:	\$12.90
Price Per SqFt:	\$176.77	Occupancy:	100.00%
Grantor:	MSIR 5, LLC	Expense Ratio:	N/A
Grantee:	Martin Wasserstein	EGIM:	N/A
Condition of Sale:	None	Buying Entity:	Investor
Value Interest:	Leased Fee		

VERIFICATION COMMENTS

Verified by the buyer's broker and purchase agreement.

COMMENTS

This property is located on the south side of 179th Avenue Northwest, west of Twin Lakes Road, in a commercial area of Elk River. The 20-year lease for the tenant commenced in September 2006 and at the time of sale, there were over 14 years remaining on the lease. The lease structure includes approximate 9.00 percent rent increases every five years. The capitalization rate does not include a vacancy or collection loss, nor does it include non-reimbursables.

Tractor Supply

1465 1st Avenue East
 Cambridge MN
 MSA: N/A
 Isanti County



Property Type: Retail-Commercial
 Property Subtype: Free Standing Retail - Big Box
 ID: 220564
 APN: N/A

PROPERTY INFORMATION

Site Area (Acres):	2.36	Number of Buildings:	1
Site Area (SqFt):	102,756	Number of Stories:	1
Gross Bldg Area:	18,228	Number of Parking Spaces:	61
Net Bldg Area:	18,000	Parking Ratio:	3.39:1,000
Year Built:	1987	LB Ratio:	5.64:1
Last Renovation:	2012	Tenancy Type:	Single-Tenant
Quality:	Average		
Condition:	Good		

SALE INFORMATION

Sale Status:	Recorded Sale	OAR:	7.81%
Transaction Date:	2/2012	NOI:	\$180,000
Sale Price:	\$2,305,000	NOI per SqFt:	\$10.00
Price Per SqFt:	\$126.45	Occupancy:	100.00%
Grantor:	BBTC, LLC	Expense Ratio:	N/A
Grantee:	Series C, LLC	EGIM:	N/A
Condition of Sale:	None	Buying Entity:	Investor
Value Interest:	Leased Fee		

VERIFICATION COMMENTS

Confirmed by the buyer.

COMMENTS

This property is situated in the southeast quadrant of State Highway 65 and 1st Avenue East in Cambridge, Minnesota. Originally constructed in 1987 and utilized as a lumber store, the property was fully renovated in 2012, prior to Tractor Supply Company taking full occupancy of the building. On August 25, 2011, Tractor Supply Company signed a 15-year lease, with an initial rental rate of \$10.00 per square foot net. The lease has a 10.00 percent rent escalation every five years and there are four, 5-year renewal options.

ADDENDUM D: ENGAGEMENT LETTER



Date: 7/11/2013

Patrick Lynch
Cushman & Wakefield
3500 American Blvd W
Bloomington, MN 55431

REFERENCE:

13-2234-01
Princeton-PAM Corporation
Retail-Commercial - Free Standing Building-Big Box
705 Northland Dr
Princeton, MN 55371

This letter will confirm your engagement to prepare an appraisal of the above referenced property on behalf of BANK OF THE WEST . It is mutually agreed that your completed appraisal report will be delivered to the undersigned on or before the date specified below, and that the total appraisal fee will not exceed the fee specified below.

Date Appraisal Due: 8/8/2013 Total Fee:

Valuation Scenario(s):

Market Value - As Is (Fee Simple)
ReplacementCostAnalysis-EachIndividualStructure(ReplacementCostNew)

Additional Comments:

COMPLETE SCOPE APPRAISAL - SUMMARY APPRAISAL REPORT

The subject property reportedly consists of: an existing, 20-year old owner-occupied big box retail facility; and is known as: Shopko Hometown in Princeton, Sherbourne County, MN. BOTW intends to use this appraisal in making a lending decision.

APPRAISAL SCOPE: Bank of the West - Commercial Appraisal Services (CAS) is requesting an appraisal be completed that employs ALL applicable/relevant valuation approaches (complete scope appraisal) that are necessary to develop credible assignment results. In accordance with the current USPAP, the scope of work must always be sufficient to produce credible assignment results. Further, it is the appraisers responsibility to ensure that the scope of work employed is sufficient. Additionally:

- i. As noted, the appraiser shall use all approaches necessary to develop a credible opinion of value. However, approaches deemed not applicable/relevant may be omitted with clear explanation of reasoning for exclusion.
- ii. Within the Scope of Work, CAS requires estimates of replacement cost for each building improvement located on the property. The RCN



will be used, when necessary, in the flood insurance calculation formula when a property is found to be located within a Special Flood Hazard Area.

iii. Your appraisal must include an opinion of the remaining economic life of the improvements.

REPORT OPTION: Summary Appraisal Report

INTEREST VALUED: Fee Simple

VALUATION SCENARIOS:

1. Fee Simple Market Value As-Is condition, on the date of physical inspection;
2. Individual RCN estimates are required for each building on the property, regardless of physical condition.

Your appraisal must provide estimated full replacement cost new, with no deductions, for each structure on the subject property, regardless of physical condition, even if full development of a cost approach is not applicable. These estimates are needed for potential flood insurance purposes, either now or possibly in the future should re-mapping indicate the property to be in a flood zone. In addition, your report must also include photos of each structure and a simple plot plan indicating the approximate placement of the structures on the property. For purposes of this requirement the RCN must be estimated for any structure that has at least two walls and a roof.

By your electronic acceptance of this assignment, you agree to perform the appraisal in accordance with the scope of work, valuation scenarios and any other requirements as denoted on the RFP and Award issued within RIMS. Refer to the Award for those particulars. Any deviation from these requirements must be pre-approved by the Job Manager. The appraisal report must be signed by the appraiser of record, as indicated in the addressing of this engagement letter.

The appraisal report (including signatures, photos, exhibits and addenda) is to be uploaded to RIMS as a PDF file, coded as a Vendor Upload. After our review of the report is complete, a final PDF file (if changes are required) is to be uploaded to RIMS.

Timely delivery of the completed appraisal report is critical. As a term of this agreement, it is expected that within 5 days after you have received and reviewed the property-specific documents/information provided initially, you will communicate the fact of your engagement to the contact person identified below. The purpose of this contact is strictly to introduce yourself and your involvement in providing this professional service to Bank of the West. Your date of inspection is strictly at your discretion.

Other than delays resulting from circumstances beyond the appraiser's control, late delivery of the appraisal report may result in a penalty



in the form of reduction of the appraisal fee by up to \$100/day for each business day the report is late. Imposition of the penalty is a last resort and will only be enforced in situations of egregious failure to perform.

If, upon review of the property-specific documents/information, you determine that there is other necessary information needed, and that the information should be readily available from the loan applicant, contact the Job Manager listed below by email, and every effort will be made to have that information provided in a timely manner. PLEASE REFER TO THE ABOVE PROJECT NUMBER (13-2234-01) IN ALL EMAIL CORRESPONDENCE.

The appraisal assignment must be performed according to the Scope of Services as outlined in the "View Award" notice in RIMS. Any deviation from these requirements must be pre-approved by the Job Manager. The appraisal report must be signed by the appraiser of record, as indicated in the addressing of this engagement letter.

The appraisal and report are to be prepared in conformance with the requirements of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA); the Interagency Appraisal and Evaluation Guidelines; the Uniform Standards of Professional Appraisal Practice (USPAP); and BANK OF THE WEST appraisal requirements, which can be found under the "Reference Documents" link in RIMS. The appraisal should include an estimate of exposure time as required in Statement 6 (USPAP) and clearly state the reporting option used under Standard 2-2 (USPAP). The purpose of the appraisal is to estimate market value as defined by the Board of Governors of the Federal Reserve System, in accordance with Title XI of FIRREA (1989). The appraisal will be utilized by your client, BANK OF THE WEST, and any other intended users as denoted in the Award -as an aid in proper underwriting, loan classification and/or disposition of the asset.

The report should contain sufficient data and analysis to enable the reader to follow the appraiser to the final value conclusions. If a discounted cash flow analysis is utilized, the analysis must be performed using ARGUS software and a disk or electronic file must be submitted along with the appraisal report. Representatives of BANK OF THE WEST may perform an administrative or technical review of the report. Your full cooperation in the review process is deemed to be an integral part of this appraisal assignment.

BANK OF THE WEST reserves the right to provide a copy of the appraisal to the borrower, the borrower's representative or any third party BANK OF THE WEST may deem appropriate. Further, BANK OF THE WEST reserves the right to terminate this appraisal assignment at any time without any further liability or obligation owed to you, if in BANK OF THE WEST's judgment you have failed to perform in accordance with the terms and conditions set forth in this engagement letter. The appraiser will maintain the confidentiality and privacy of



customer information obtained in the course of this assignment in compliance with USPAP and Regulation P, Title V of the Gramm-Leach-Bliley Financial Modernization Act.

Property Contact: Ron Christenson
Phone Number: 612-338-7173
Affiliation: Borrower

Please address any technical questions on this assignment to the Job Manager listed below:

Steven A. Strottmann, SRA
Vice President/Sr. Commercial Review Appraiser
Commercial Appraisal Services (CAS)
BANK OF THE WEST
13220 California St.
Omaha, NE 68154-5228
Telephone: 402.918.2661
Fax: 402.918.8941
Email: steven.strottmann@bankofthewest.com

Your electronic acceptance of the assignment in RIMS will serve as confirmation of your acceptance of the terms of the engagement and implies your acceptance of the General Terms outlined in our Master Services Agreement (see Reference Documents on your RIMS Menu).

A COPY OF THIS ENGAGEMENT LETTER MUST BE INCLUDED WITHIN THE ADDENDUM OF THE APPRAISAL REPORT.

ADDENDUM E: QUALIFICATIONS OF THE APPRAISERS

STATE OF MINNESOTA



KELSEY KAY MALECHA
3500 AMERICAN BOULEVARD WEST, SUITE
200
BLOOMINGTON, MN 55431

Department of Commerce

The Undersigned **COMMISSIONER OF COMMERCE** for the State of Minnesota hereby certifies that
KELSEY KAY MALECHA

3500 AMERICAN BOULEVARD WEST, SUITE 200
BLOOMINGTON, MN 55431

has complied with the laws of the State of Minnesota and is hereby licensed to transact the business of

Resident Appraiser : Certified General

License Number: 40026271

unless this authority is suspended, revoked, or otherwise legally terminated. This license shall be in effect until August 31, 2014.

IN TESTIMONY WHEREOF, I have hereunto set my hand this July 31, 2012.

A handwritten signature in cursive script that reads "Mike Portman".

COMMISSIONER OF COMMERCE

Minnesota Department of Commerce
Licensing Division
85 7th Place East, Suite 500
St. Paul, MN 55101-3165
Telephone: (651) 296-6319
Email: licensing.commerce@state.mn.us
Website: commerce.state.mn.us

Continuing Education:

<u>CE Requirement Type</u>	<u>CE Required Hours</u>
Total - Appraiser	30.00
USPAP	7.00

Notes:

- **Continuing Education:** 15 hours is required in the first renewal period, which includes a 7 hour USPAP course. 30 hours is required for each subsequent renewal period, which includes a 7 hour USPAP course.
- **Appraisers:** You must hold a licensed Residential, Certified Residential, or Certified General qualification in order to perform appraisals for federally-related transactions. **Trainees do not qualify.** For further details, please visit our website at commerce.state.mn.us.

STATE OF MINNESOTA



PATRICK GERARD LYNCH
3500 AMERICAN BLVD W
SUITE 200
BLOOMINGTON, MN 55431

Department of Commerce

The Undersigned **COMMISSIONER OF COMMERCE** for the State of Minnesota hereby certifies that
PATRICK GERARD LYNCH

3500 AMERICAN BLVD W
SUITE 200
BLOOMINGTON, MN 55431

has complied with the laws of the State of Minnesota and is hereby licensed to transact the business of

Resident Appraiser : Certified General

License Number: 20481375

unless this authority is suspended, revoked, or otherwise legally terminated. This license shall be in effect until August 31, 2014.

IN TESTIMONY WHEREOF, I have hereunto set my hand this August 24, 2012.

A handwritten signature in cursive script that reads "Mike Portman".

COMMISSIONER OF COMMERCE

Minnesota Department of Commerce
Licensing Division
85 7th Place East, Suite 500
St. Paul, MN 55101-3165
Telephone: (651) 296-6319
Email: licensing.commerce@state.mn.us
Website: commerce.state.mn.us

Continuing Education:

<u>CE Requirement Type</u>	<u>CE Required Hours</u>
Total - Appraiser	30.00
USPAP	7.00

Notes:

- **Continuing Education:** 15 hours is required in the first renewal period, which includes a 7 hour USPAP course. 30 hours is required for each subsequent renewal period, which includes a 7 hour USPAP course.
- **Appraisers:** You must hold a licensed Residential, Certified Residential, or Certified General qualification in order to perform appraisals for federally-related transactions. **Trainees do not qualify.** For further details, please visit our website at commerce.state.mn.us.

PROFESSIONAL QUALIFICATIONS

Kelsey K. Malecha, MAI, CCIM

Director

Valuation & Advisory

Miss Malecha joined Cushman & Wakefield, of Minnesota, Inc. in December 2011, as an appraiser within the Valuation & Advisory group in the Bloomington, MN office, which serves all of Minnesota, Wisconsin, Iowa, North Dakota and South Dakota.

Prior to joining Cushman & Wakefield, Kelsey was employed by the Minneapolis based, Mardell Partners as an appraiser from 2006 through 2011; before joining Mardell Partners, she interned for United Properties in Bloomington, MN, in 2006. She was an Administrator at RHS Realty in Apple Valley, MN, in 2005.

Experience

Kelsey completes professional real estate valuations and market analyses of various types of real estate. Assignments include office, retail, multiple family, industrial, land and special purpose properties. The specific purposes of these assignments have included mortgage financing, potential sale or purchase, leasehold and rental analysis, charitable donations, and internal management decisions.

Education

University of St. Thomas, St. Paul, Minnesota, Graduated 2007

Degrees: Bachelor of Science, Real Estate Studies
Bachelor of Arts, Business Communication

Appraisal Education

Kelsey Malecha has successfully completed all current and experience requirements for the MAI designation. Also, completed the requirements of the continuing education program of the Appraisal Institute.

Memberships, Licenses and Professional Affiliations

- Designated Member of the Appraisal Institute (MAI)
- Designated, Certified Commercial Investment Member (CCIM)
- Member, Developing Leaders, National Association of Industrial and Office Properties (NAIOP)
- Member, Minnesota Commercial Real Estate Women (MNCREW)
- Member, University of St. Thomas Real Estate Council Alumni

Miss Malecha is a state licensed Certified General Real Estate Appraiser in the following states:

- Minnesota: # 40026271
- Wisconsin: #1818-10
- Iowa: #CG03179
- North Dakota: #CG-21232
- South Dakota: #1231CG-2012R



PROFESSIONAL QUALIFICATIONS

Patrick G. Lynch, MAI

Senior Director

Valuation & Advisory

Senior Director, Cushman & Wakefield of Minnesota, Inc., Valuation & Advisory, a full service real estate organization specializing in appraisal and consultation.

Experience

In 2004, Mr. Lynch started our Minneapolis office serving all of Minnesota, Western Wisconsin, and the Dakotas. His predominant expertise involves investment-grade properties: shopping centers, office buildings, apartment complexes, and industrial buildings.

Prior to joining Cushman & Wakefield, Mr. Lynch was employed with HSBC Bank USA as Vice President of Collateral Management from 1998 to 2004. Responsibilities included appraisals for mortgage financing, equity purchases, feasibility studies on proposed developments, portfolio review, land use studies, and highest and best use analyses for properties nationwide.

From 1988 to 1998 Mr. Lynch was self-employed as an independent appraiser. Appraisal and consulting assignments included vacant land, air rights, condemnation proceedings, office buildings, shopping centers, industrial complexes, mixed-use properties, apartments, hotels and special use properties. Valuations included proposed, partially completed, renovated and existing structures. He is qualified as an expert real estate witness in New York State Supreme Court, as well as numerous local zoning and planning boards.

Education

Bachelor of Arts in Business Management

Hartwick College, Oneonta, New York

Appraisal Education

Successfully completed all current and experience requirements to qualify for the MAI designation. He has also completed the requirements of the continuing education program of the Appraisal Institute. Appraisal Institute coursework completed include the following:

- Standards of Professional Appraisal Practice, Parts A, B & C
- Case Studies in Real Estate Valuation
- Report Writing & Valuation Analysis
- Fair Housing and Lending, and Environmental Issues
- Capitalization Theory and Techniques, Parts A & B
- Real Estate Appraisal Principles
- Basic Valuation Procedures
- Advanced Principles of Real Estate

Mr. Lynch has also attended numerous lectures and seminars sponsored by the Appraisal Institute.

Memberships, Licenses and Professional Affiliations

- Designated Member of the Appraisal Institute (MAI) No. 12199

Mr. Lynch is a state licensed Certified General Real Estate Appraiser in the following states:

- Minnesota: #20481375
- South Dakota: #976CG-2005R
- Wisconsin: #1392-010
- North Dakota: #CG-2504



**Wold Architects
and Engineers**

332 Minnesota Street
Suite W2000
Saint Paul, MN 55101
651 227 7773

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Princeton Public Schools

Long Range Planning: Board Work Session

July 18, 2017

**PLANNERS
ARCHITECTS
ENGINEERS**



Agenda

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- Discuss Ideas for Projects
- Diagrams / Concepts
- Issues
- Next Steps?





Overview of Typical Approach

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KEY COMPONENTS OF A MASTER PLAN

- » Fact Based
- » Perceptions Validated
- » Agreement on Need
- » Community Involved In Process
- » Criteria Based for Decision Making





Preliminary List of Needs

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200

- Field House--2 Additional basketball courts
 - Locker rooms
 - Storage
 - Batting Cages
 - Tennis Nets
 - *Indoor Track--Walking track or indoor track meet track?*
 - Volleyball Standards
 - Concessions
 - Ticket Booth
 - Toilets
- Weight Room and Cardio room, with Yoga/Dance Studio (for cheer)
- Gymnastics Room/Studio (Year-round)--Old pool area? (Potentially ideal for lowered pit, spectator seating, etc.)
- Pool with 8 lanes and a Diving Well--at least 10M; idea of walking track? (Best location - Middle School)
- Wrestling Room
- Turf on John Harvey Field--1M
- *Upgrade /Enlarge shops, demo asbestos*
- Outside storage area near shops
- *Address core area at Intermediate School-Kitchen, Lunchroom & Gym*
- *High School revitalizing common areas, Kitchen, music area*





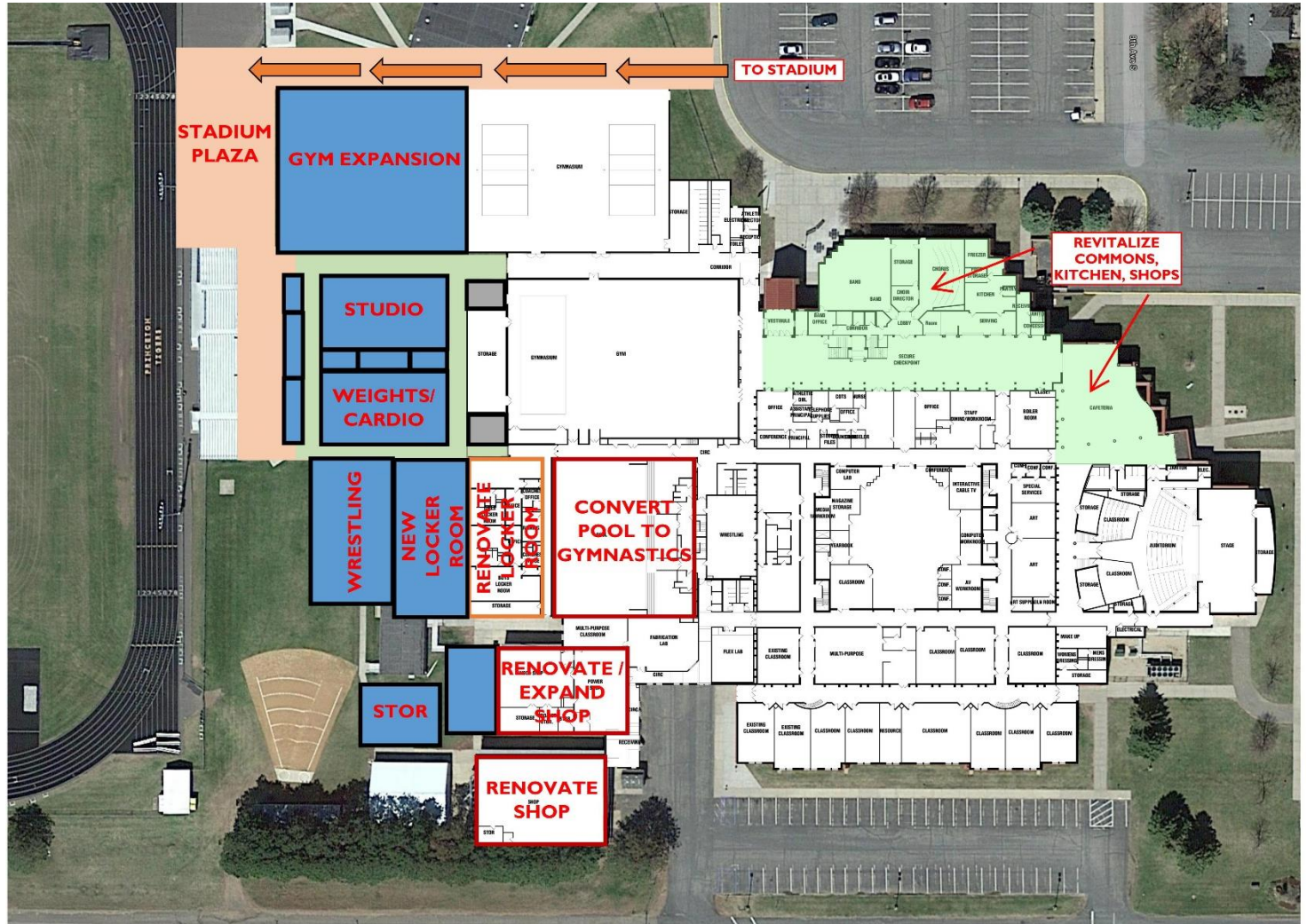
Expansion / Renovation Opportunities

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Issues:

- Hard surface significantly increased
- Fire Lane
- Need to determine scope of Shops, Common Areas
- Will need to relocate some Field events

201



High School



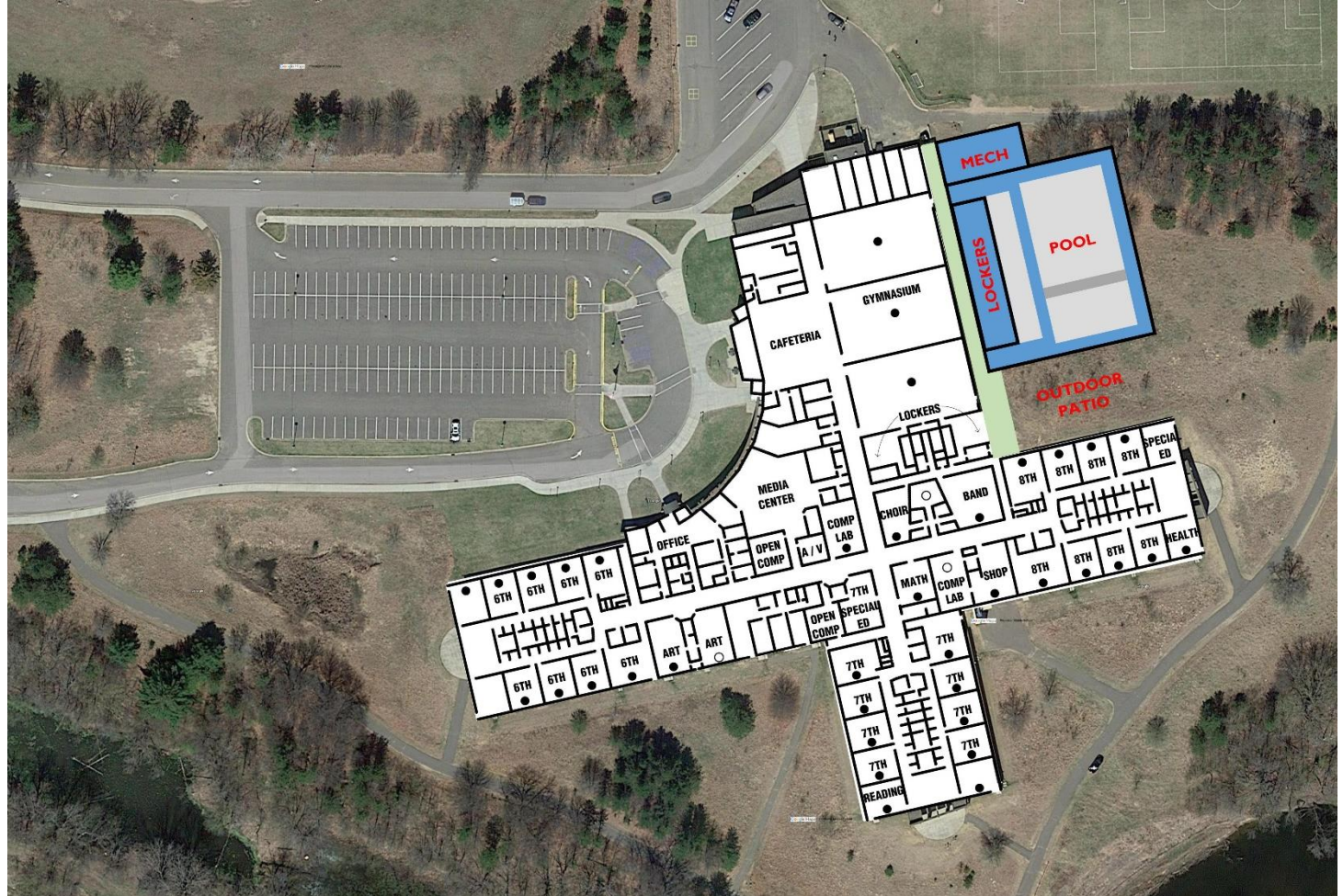
Expansion / Renovation Opportunities

ics CONSULTING, INC

Issues:

- Building not designed for easy expansion
- Public route to pool not direct
- Need to maintain space next to classrooms

202



Middle School



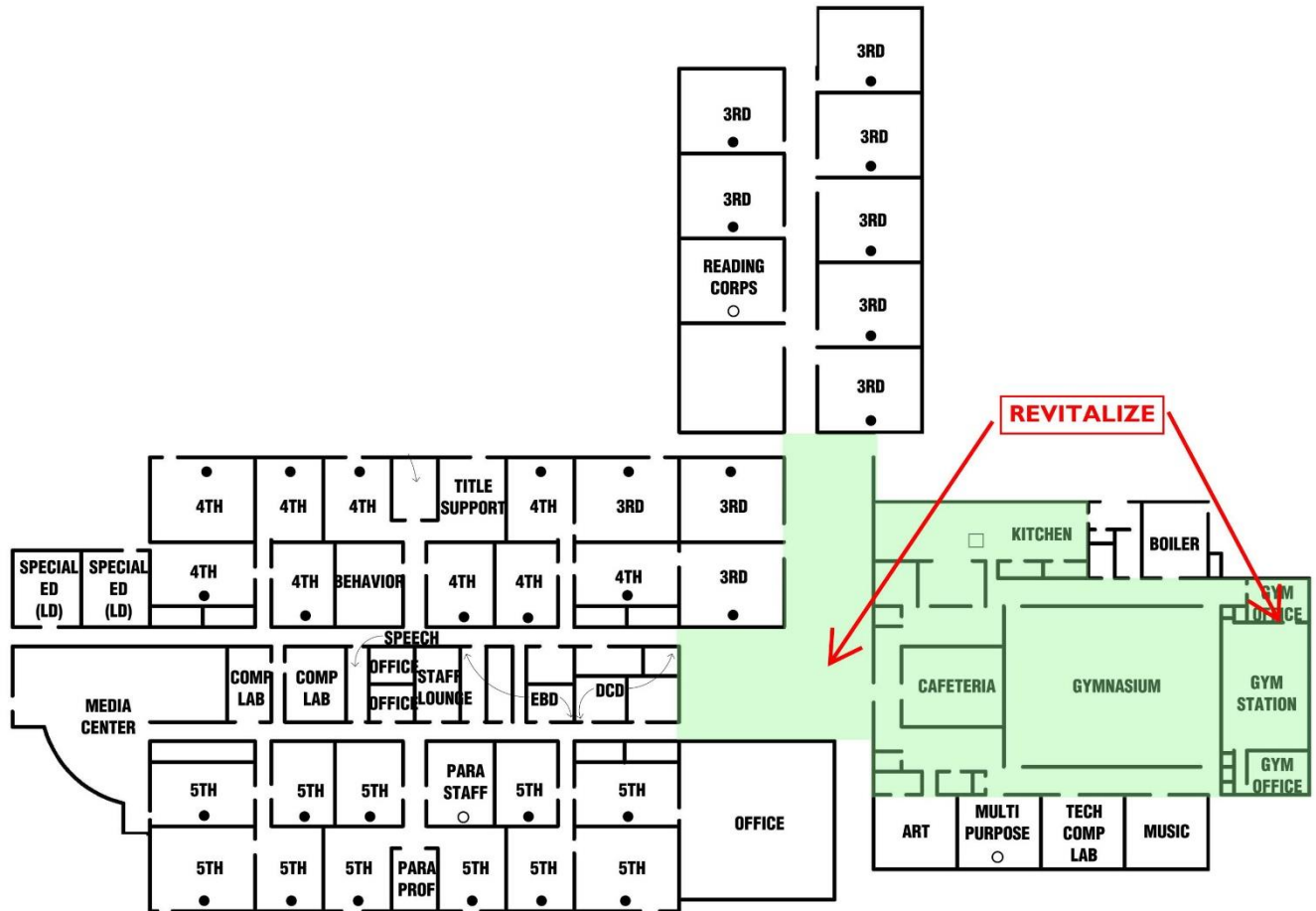
Expansion / Renovation Opportunities

ics CONSULTING, INC

Issues:

- Need to determine scope of Common Areas

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Intermediate School



Programs

HIGH SCHOOL ACTIVITIES ADDITION

AREA	Individual Spaces	Size
Field House Gymnasium Expansion 8' Between Courts	(2 Stations)	13,500 SF
Wrestling		4,800 SF
Studio		4,800 SF
Weights / Cardio		4,800 SF
Gym Storage		1,200 SF
New Team Locker Room		5,000 SF
Toilets		1,400 SF
Concessions		300 SF
TOTAL NET SQUARE FEET		35,800 SF
NET TO GROSS FACTOR	x	1.40
(Includes mechanical, electrical, circulation, and maintenance / janitorial spaces)		
TOTAL GROSS SQUARE FEET		50,120 SF

DRAFT

HIGH SCHOOL RENOVATIONS

AREA	Size
Pool Conversion to Gymnastics Gym	10,000 SF
Gut Existing Locker Rooms - Convert to One Locker Room	5,000 SF
Commons / Kitchen / Music (Scope TBD)	
Shops (Scope TBD)	
Shops Expansion (Scope TBD)	

OTHER

- New Storage Building
- Stadium Entry / Walk





Programs

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MIDDLE SCHOOL POOL ADDITION

AREA	Individual Spaces	Size
Stretch Pool		11,400 SF
Includes Diving Well		
Spectator Seating		2,000 SF
Team Seating		400 SF
Storage		600 SF
Pool Mechanical / Filters		1,200 SF
Locker Rooms	2 @ 1,000	2,000 SF
Team Locker Rooms	2 @ 250	500 SF
Pool Office		250 SF
Concessions		200 SF
TOTAL NET SQUARE FOOTAGE		18,550 SF
NET TO GROSS FACTOR	x	1.40
(Includes mechanical, electrical, toilets, circulation, and maintenance / janitorial spaces)		
TOTAL GROSS SQUARE FOOTAGE		25,970 SF

DRAFT

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Project Costs

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High School Activities Addition / Renovations **\$26.4 – 28.4**

Synthetic Turf @ Stadium **\$1.8 - 2.4**

Pool Addition **\$9.4 - 10.4**

Commons Renovations (HS & IS) **TBD**

DRAFT

206



Potential Partners?



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- **Fairview Northland**
- **City of Princeton**
- **USDP**
- **Health Partners**
- **Others?**

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Next Steps

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- *Additional Items to Study?*
- *Timeline?*
- *Develop Potential “Project” Scenarios for pricing?*
- *Other?*

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Making smart decisions!



Julia Espe <julia.espe@isd477.org>

Shopko Building

1 message

Pat Overom <PatO@ics-consult.com>
To: "julia.espe@isd477.org" <julia.espe@isd477.org>
Cc: Ryan Hoffman <RyanH@ics-consult.com>

Mon, Nov 20, 2017 at 1:18 PM

Hi Julia,

I wanted to follow up on our phone conversation with an email.

As with most growing public entities, if/when property or land becomes available adjacent to, or in close proximity to, one of your existing sites it is likely worth objectively exploring it as a possibility. If the District chooses to consider evaluating the merits of purchasing the Shopko facility and site, in my opinion the following thoughts/concepts might want to be considered:

- An internal exploration process would likely need to be completed to define potential District uses of the property.

- A financial analysis would need to be completed to include valuation/appraisal, market comparisons, financing/funding options, etc.). Is it a financially solid deal? And if so, are you even able to obtain funding approval necessary to complete the acquisition?

- Many physical aspects would need to be considered during an evaluation including such items as:
 - o Site size and suitability for potential future uses (i.e., zoning, topography, access, existing utilities/services, etc.)
 - o Current physical condition of existing building (i.e., exterior envelope, interior finishes, structural, mechanical, electrical, fire/life safety, etc.)
 - o Adaptability – can the existing building be easily and cost-effectively re-purposed for your likely use? Existing structural, mechanical, and electrical systems tend to play a significant role in determining the overall adaptability

As I mentioned when we spoke by phone, we would be more than happy to assist the District with objectively evaluating this property. We can assist with investigating the physical attributes and conditions, evaluate potential re-purposing scenarios with you, and develop associated concept budgets that will aid in the financial evaluation.

Please let me know how your discussions go and we can respond accordingly!

Take care, Pat O.