

APPRAISAL REPORT OF THE
STOUGHTON UTILITIES VACANT SITE
10.68 ACRES OF VACANT LAND
LOCATED AT 3201 McCOMB ROAD
IN THE CITY OF STOUGHTON, DANE COUNTY, WISCONSIN



EFFECTIVE DATE: JUNE 30, 2017

REPORT DATE: JULY 11, 2017

PREPARED FOR:
MR. ROBERT KARDASZ
STOUGHTON UTILITIES

PREPARED BY:
KEVIN F. MEICHER
MEICHER REAL ESTATE LLC





July 11, 2017

Stoughton Utilities
Mr. Robert Kardasz
600 South Fourth Street
Stoughton, WI 53589

Re: Appraisal Report of the Stoughton Utilities Vacant Site, 10.68 Acres of Vacant Land located at the 3201 McComb Road, in the City of Stoughton, Dane County, Wisconsin.

Dear Mr. Kardasz:

The enclosed Appraisal Report has been prepared in response to your request. The report is subject to the Code of Ethics and Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation. In addition, the report has been written to comply with Title XI of the Federal Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) and the Interagency Appraisal and Evaluation Guidelines adopted in 2010. This report has also been prepared in accordance with the operative engagement letter contained in the addendum.

The accompanying report, to which this letter is attached, describes the site, pertinent data considered, and discusses the methods of appraisal used in reaching our conclusion. The opinions of value contained herein are subject to the Statement of Assumptions and Limiting Conditions included within.

The market value estimates are based upon a physical inspection of the land by Kevin F. Meicher on June 30, 2017, as well as a review of information made available by the owner and public records. This information forms the basis and serves as a guide for the valuation.

The subject site contains approximately 10.68 acres (465,371 square feet) and is irregular in shape with predominately level topography. The site has approximately 490 feet of frontage along McComb Road with limited visibility from Highway 138 and access from McComb Road which runs parallel to Highway 138. The site is currently vacant with no site improvements. Zoning for the site is RH, Rural Holding District, as approved by the City of Stoughton.

The site is located within the City of Stoughton's Westside Detailed Neighborhood Plan. The plan encompasses approximately 295 acres along U.S. Highway 51 and State Highway 138. The neighborhood will contain approximately 78 acres of residential lands, 9 acres of neighborhood commercial center lands, 46 acres of community scale commercial lands, 43 acres of employment focused uses, 4 acres of city utilities, 44 acres of open space, and 71 acres of street and highway rights of way. According to the neighborhood plan the future land use of the subject site will be planned mixed-use with employment focused uses such as professional office, research and development, and specialized manufacturing. Development of the site with adjacent sites would provide better access and visibility. The highest and best use for the subject site has been determined to be commercial development.

Our final opinion of value is based on a variety of factors including: location, size, zoning parameters, highest and best use, neighborhood development trends, and current land sales activities in the competitive market area. By virtue of the inspection, investigation, and analyses, it is our opinion that the Market Value of the Fee Simple Interest as of June 30, 2017, is \$480,000.

Our compensation is not contingent upon the values reported. We appreciated the opportunity to work on this engagement, and are available to answer any questions you may have concerning the analysis and conclusions.

Respectfully submitted,

MEICHER REAL ESTATE LLC



Kevin F. Meicher
Wisconsin Certified General Appraiser #758
Illinois Certified General Appraiser #153001311



William P Mueller
Research Assistant

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SECTION I: SUBJECT PROPERTY PHOTOGRAPHS



SITE VIEW



SITE VIEW



SITE VIEW



SITE VIEW



SITE VIEW



STREET VIEW



STREET VIEW

SECTION II: EXECUTIVE SUMMARY

Executive Summary

Property Name:	Stoughton Utilities Vacant Site
Property Location:	3201 McComb Road, City of Stoughton, Dane County, Wisconsin
Property Type:	Vacant Land
Owner of Record:	City of Stoughton
Site Size:	10.68 acres (465,371 square feet)
Frontage:	490 feet of frontage along McComb Road
Zoning:	RH, Rural Holding District
Floodplain:	According to the Federal Emergency Management Agency (FEMA), the subject is located in Zone X, a low to moderate risk flood zone.
Highest and Best Use:	As Vacant: Commercial development As Improved: N/A
Interest Appraised:	Fee Simple
Date of Inspection:	June 30, 2017
Date of Report:	July 11, 2017
Est. Marketing Period:	6 to 12 months

FINAL OPINION OF MARKET VALUE

"As Is" Market Value as of June 30, 2017 \$480,000

SECTION III: ASSIGNMENT PROCESS SUMMARY

Assignment Process Summary

In developing a real property appraisal, an appraiser must identify the problem to be solved, determine the scope of work necessary to solve the problem, and correctly complete research and analyses necessary to produce a credible appraisal.

For each appraisal, appraisal review, and appraisal consulting assignment an appraiser must identify the scope of work performed. Following the Scope of Work principle, the appraiser must first identify the client, the intended user(s), the intended use of the assignment results, and the type of value being developed.

SUBJECT PROPERTY IDENTIFICATION

Legal Owner / History: The current owner of record is City of Stoughton. There have been no other reported sales of the subject property throughout our five year sales history research.

Property Address: 3201 McComb Road, City of Stoughton, Dane County, WI

Tax ID Numbers: 281/0510-121-8075-2

Legal Description: Lot 2 of CSM 14525, City of Stoughton, Dane County, Wisconsin.

CLIENT INFORMATION

This appraisal report is being completed for Stoughton Utilities, c/o Mr. Robert Kardasz, 600 South Fourth Street, Stoughton, Wisconsin. Stoughton Utilities and/or its affiliates are the intended users of this appraisal.

USE OF THE APPRAISAL

It is our understanding that the use of this appraisal is to be used for internal decision making.

PURPOSE OF THE APPRAISAL

The purpose of this assignment is to determine the unencumbered Fee Simple Market Value of the subject property in “As Is” condition.

Definitions

These terms are defined by *The Dictionary of Real Estate Appraisal*, 5th edition, as follows:

Market Value: *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.” Implicitly in this definition is the consummation of the sale as of a specified date and the passing of title from seller to buyer under conditions whereby:*

1. *Buyer and seller are typically motivated;*
2. *Both parties are well informed or well advised, and acting in what they consider their best interests;*
3. *A reasonable time is allowed for exposure in the open market;*
4. *Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
5. *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.*

The value conclusions reported herein assumes a “cash to seller” transaction.

Fee Simple Estate: *An absolute ownership interest unencumbered by any other interest or estate; subject to only the limitations of eminent domain, escheat, police power, and taxation.*

With the exception of any deed restrictions or easements of record, the fee is assumed to be free and clear of all other liens, encumbrances, restrictions and/or defects of title. Notwithstanding the foregoing definition, encumbrances that run with the fee ownership of the property are utility easements and declarations per municipal approvals including the zoning currently in place. No additional reservations were reported. However, we recommend that a current and complete title search and survey be done on the property to determine the existence of any additional easements and encumbrances. Conditions of record and the valuation estimates contained in this report are subject to a current title search. The market values expressed and the property rights appraised are subject to these public utility easements, set back requirements, and any additional easements or encumbrances that may be determined as a result of a current title search and survey.

Exposure Time: *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.*

Marketing Time: *The estimated length of time the property interest being appraised would have to be offered on the market prior to the hypothetical consummation of a sale at market value **after** the effective date of the appraisal.*

It is the appraiser's opinion the estimated marketing time and exposure time for this property would be 9 to 18 months under a Market Value scenario. This marketing time is based upon a review of similar properties in the market area, a review of statistical data, and discussions with brokers knowledgeable in the marketing and sale of these types of properties.

Extraordinary Assumptions: *An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions.* There are no Extraordinary Assumptions associated with this valuation.

Hypothetical Conditions: *That which is contrary to what exists but is supposed for the purpose of the analysis.* . There are no Hypothetical Conditions associated with this valuation.

Jurisdictional Exceptions: *An assignment condition established by applicable law or regulation, which precludes an appraiser from complying with a part of USPAP.* There are no Jurisdictional Exceptions associated with this valuation.

Dates of Value

The effective date of the "As Is" Market Value is June 30, 2017, which coincides with the date of visual inspection of the property by the appraiser(s). This report date is July 11, 2017.

SCOPE OF WORK

As mentioned previously, in developing a real property appraisal, an appraiser must identify the problem to be solved, determine the scope of work necessary to solve the problem, and correctly complete research and analyses necessary to produce a credible appraisal. The appraiser must also be sure that the scope of work meets or exceeds both the expectations of the intended users and what the appraiser's peer's actions would be, as well as that their scope of work can be understood by the "general public."

In preparing the appraisal, the appraiser:

- Inspected the subject site
- Gathered information on the subject property and comparable land sales
- Confirmed all comparable sales information with at least one of the parties involved with the transaction, listing or sales agent, register of deeds, and/or assessor files
- Analyzed the data and applied the sales comparison approach only. As this is vacant land, the cost and income capitalization approaches were not applicable.

APPRAISAL STANDARDS AND REPORTING GUIDELINES

The Uniform Standards of Professional Appraisal Practice (USPAP) allows for two individual types of reports: the Appraisal Report or the Restricted Appraisal Report. The essential difference between these two options is the content and level of information provided. The appropriate reporting option is dependent on intended use and intended users. An Appraisal Report prescribes the minimum level of reporting necessary for an assignment that has any intended user(s) in addition to the client, and for an assignment in which the client may need to understand the appraiser's rationale, or the client may not have specialized knowledge about the subject property. As this report option establishes a minimum level of information, the appraiser must decide if additional detail or explanation is required, given the intended use and intended users of the report. A Restricted Appraisal Report may not include rationale for how an appraiser arrived at his or her opinions, and conclusions may not be easily understood. In this case, any data, reasoning, and analyses not discussed in the report are retained in the appraiser's work file.

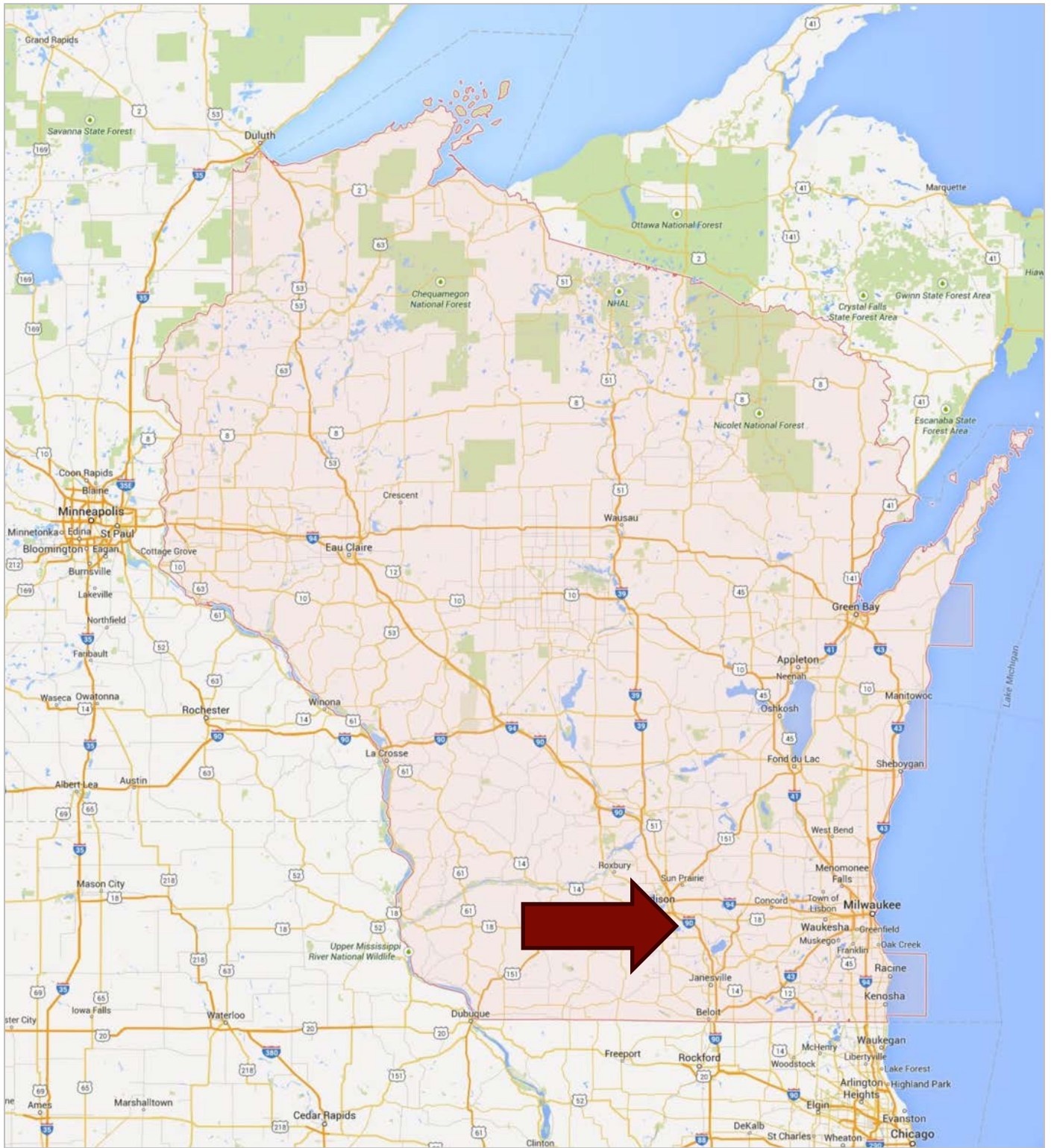
This is an Appraisal Report, subject to the Code of Ethics and Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation. In addition, the report has been written to comply with Title XI of the Federal Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) and the Interagency Appraisal and Evaluation Guidelines adopted in 2010. This report has also been prepared in accordance with the operative engagement letter contained in the addendum.

COMPETENCY STATEMENT

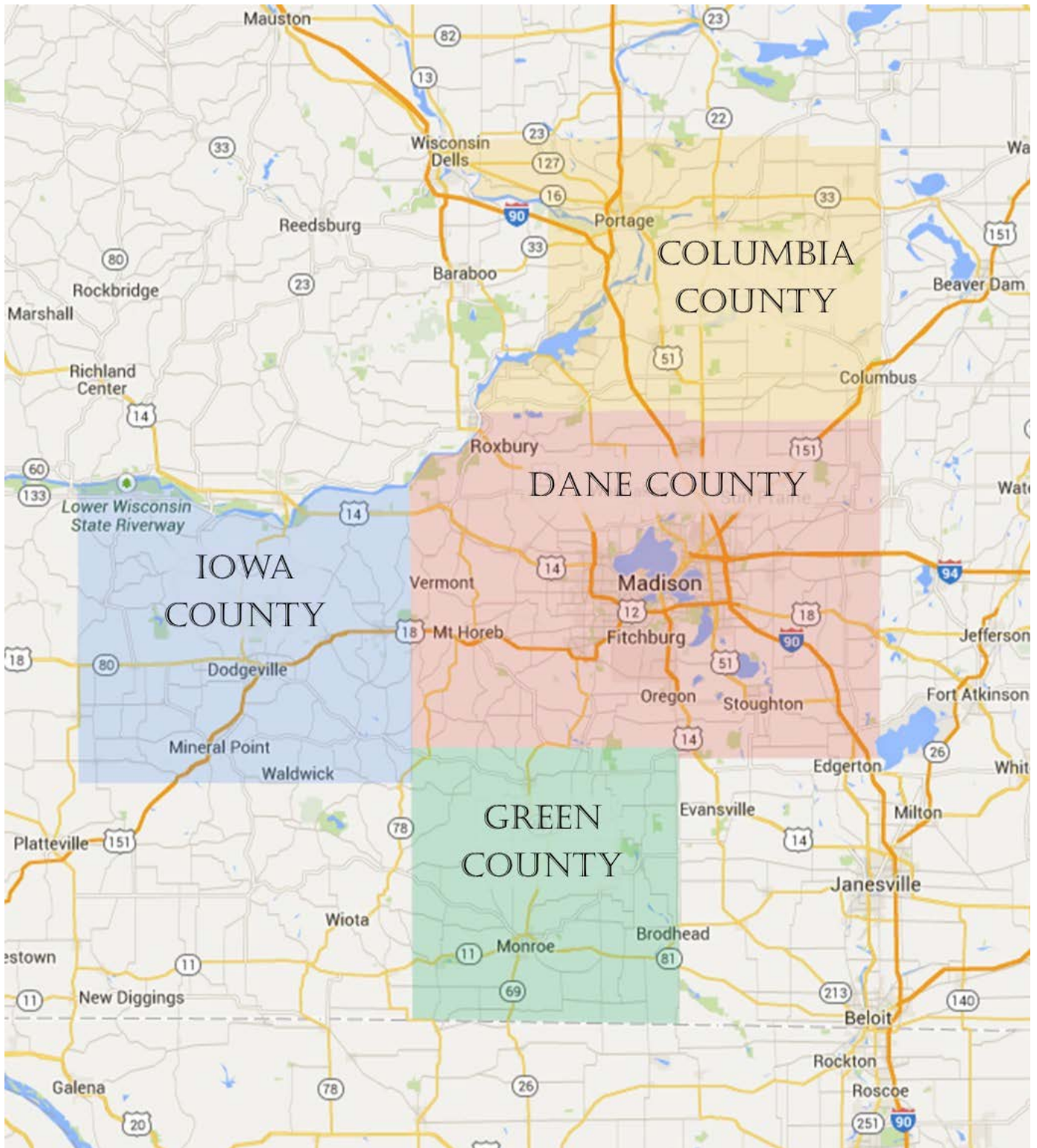
Meicher Real Estate specializes in services that include commercial real estate appraisal, brokerage, and consulting, which conform to USPAP and FIRREA guidelines. Kevin F. Meicher, a certified general appraiser with over 20 years of commercial appraisal experience, is qualified and knowledgeable in valuing these types of commercial properties, including the subject and similar properties.

SECTION IV: REGIONAL AND MARKET AREA ANALYSIS

State Map

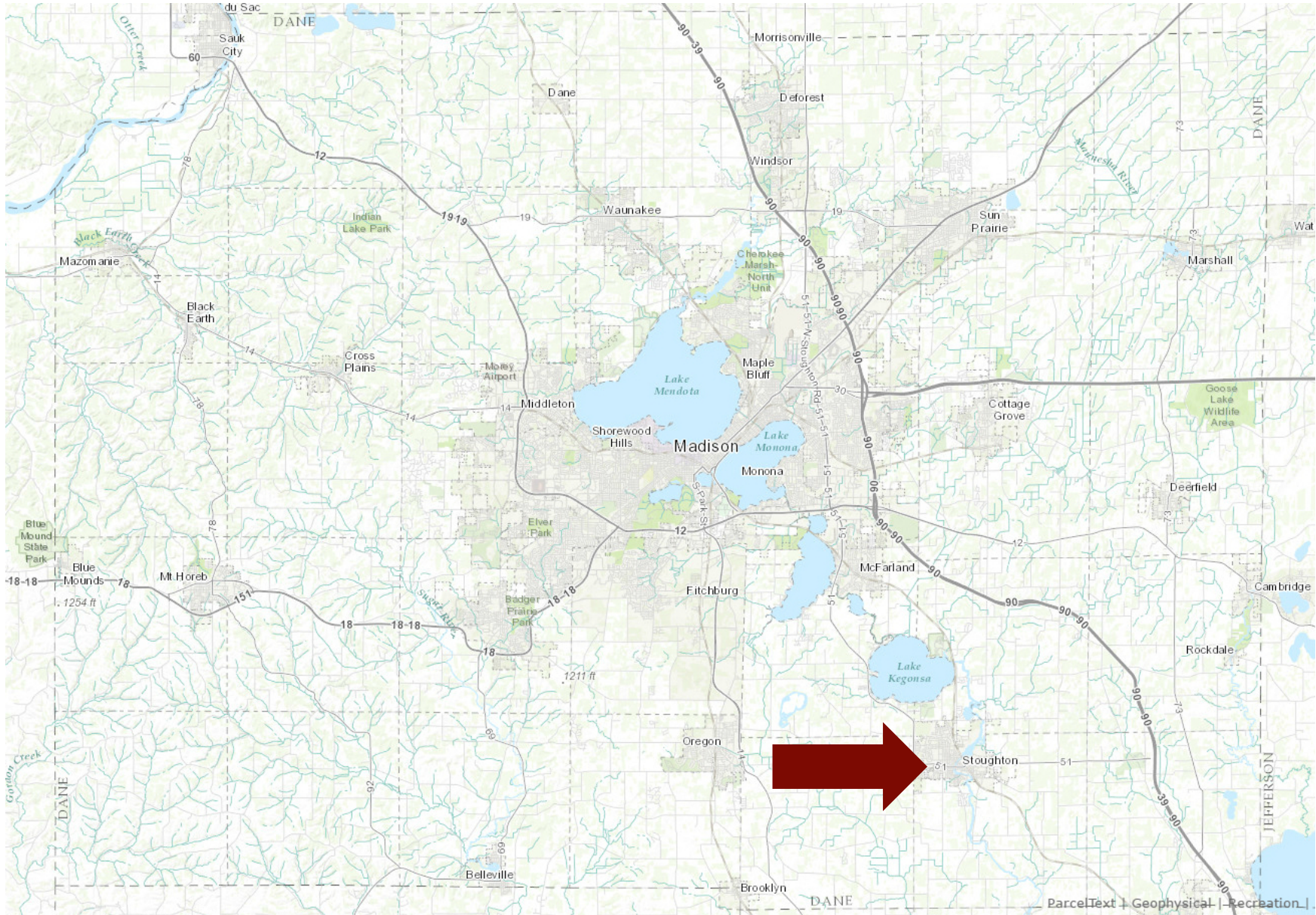


Map of the Madison Metropolitan Statistical Area (MSA)



Source: GoogleMaps.com & Meicher Real Estate

Dane County Map

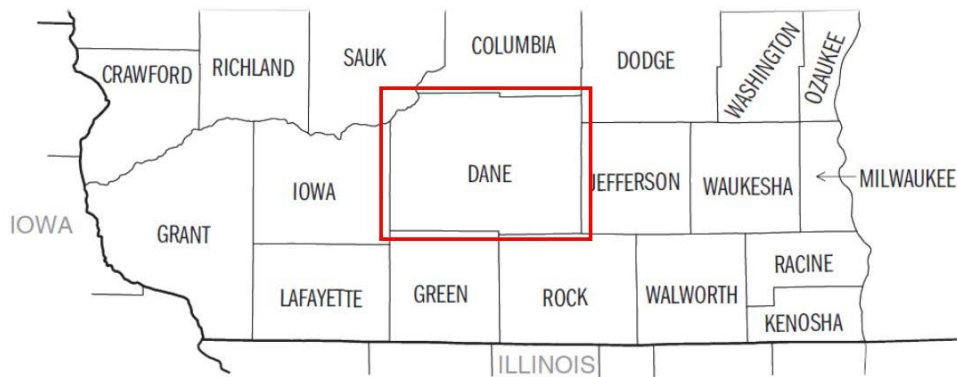


Dane County Analysis

The subject property is located within the City of Stoughton, Dane County, Wisconsin. Therefore, an overview of Dane County and the Madison Metropolitan Statistical Area (MSA), which this section will present, provides a basis for understanding the area dynamics insofar as they might affect the subject property.

Location and Linkages

Dane County is located in south central Wisconsin and encompasses approximately 1,200 square miles containing over 60 municipalities. Bordering counties include Columbia to the north, Dodge to the northeast, Jefferson to the east, Rock to the southeast, Green to the south, Iowa to the west, and Sauk to the northeast. The County has over 35 lakes and 489 miles of streams and rivers including the Wisconsin River and the Rock River. It is the second most populous county in Wisconsin, smaller only than Milwaukee County. The county seat is the City of Madison, which is also the state capital. The Madison Metropolitan Statistical Area (MSA) includes the counties of Columbia, Dane, Green, and Iowa.



The City of Madison is located approximately 45 miles north of Janesville, 55 miles south of the Wisconsin Dells, 75 miles west of Milwaukee, 75 miles north of Rockford, IL, 90 miles northeast of Dubuque, IA, 150 miles southeast of La Crosse, 150 miles south of Wausau, 150 miles southwest of Green Bay, 150 miles northwest of Chicago, IL, 180 miles southeast of Eau Claire, and 270 miles southeast of Minneapolis, MN. Madison and Dane County have excellent transportation linkages to these large, nearby markets. Madison is located at the hub of a network of federal and state highways serving southern Wisconsin. Routes passing through the area include Interstate Highways 39, 90, and 94; U.S. Highways 12, 14, 18, 51, and 151; and many State and County Highways.

Automobile access throughout the Madison area is regarded as average. The city lacks an efficient cross-town freeway system. The east-west arterial streets that run through Madison ultimately have to be routed through the Isthmus between Lakes Mendota and Monona. This 10 block wide stretch of land is densely developed with its earliest construction dating back to the mid 1800's. Therefore, cross-town traffic attempting to travel east-to-west, or vice versa, through Madison often experiences congestion when going through the Isthmus area. In order to compensate for this poor traffic pattern, the City of Madison and Dane County constructed the Beltline Highway System (Highway 12) to ring the city. The Beltline Highway, around the east, south, and west sides of the city, provides a much more efficient traffic circulation in these peripheral areas.

The Madison area has an excellent city-owned bus system that provides the community with a high level of public transit service. The Madison Metro is a national leader in seat-miles per capita provided to its service area. The city's transportation links, along with the relatively small size of the area, allow for relatively easy commutes to area employment centers.

Six inter-city bus lines provide daily scheduled services between Madison and major Wisconsin and Midwestern cities. The Union Pacific Railroad, the Soo / Milwaukee Railroad, and the Wisconsin and Southern Railroads provide rail freight service to Madison businesses. Amtrak passenger rail service is also available via connection with the Amtrak Thruway Bus Service which has multiple pick-up points in Madison, although the nearest Amtrak station is located 30 miles from Madison in Columbus.

Dane County Regional Airport/Truax Field, a FAA-certified airport owned and operated by Dane County, provides passenger air service to the Madison area and surrounding region via 5 commercial air carriers with connections to international hubs. The Dane County Regional Airport offers approximately 100 scheduled commercial flights daily, supporting roughly 1.6 million passengers yearly. Authority for a Foreign Trade Zone has been granted to Dane County through its airport which allows for more efficient receiving and inventory of imported products. Dane County's airport is the second largest commercial airport in the State of Wisconsin, second only to the General Mitchell International Airport in Milwaukee.

Population

Population is a primary indicator of an area's demographic and economic trends, therefore an analysis of the past and projected population trends within the area provides a guide to understanding the market.

As mentioned previously, Dane County is the second most populous county in Wisconsin, smaller only than Milwaukee County, and it continues to experience high growth rates. From 2000 to 2010, nearly 32,400 more births than deaths occurred in Dane County, resulting in a natural increase of 7.6% of the population, significantly higher than the statewide total of 4.5%. During the same period, migration to Dane County resulted in an additional 6.8% gain. Most of the surrounding counties also saw population increases much higher than the state total of 6.0%, including Sauk (12.2% including 8.0% due to migration), Jefferson (10.5%), Green (9.5%) and Columbia (8.3%) while Rock, Iowa and Dodge counties saw growth rates under 6.0%.

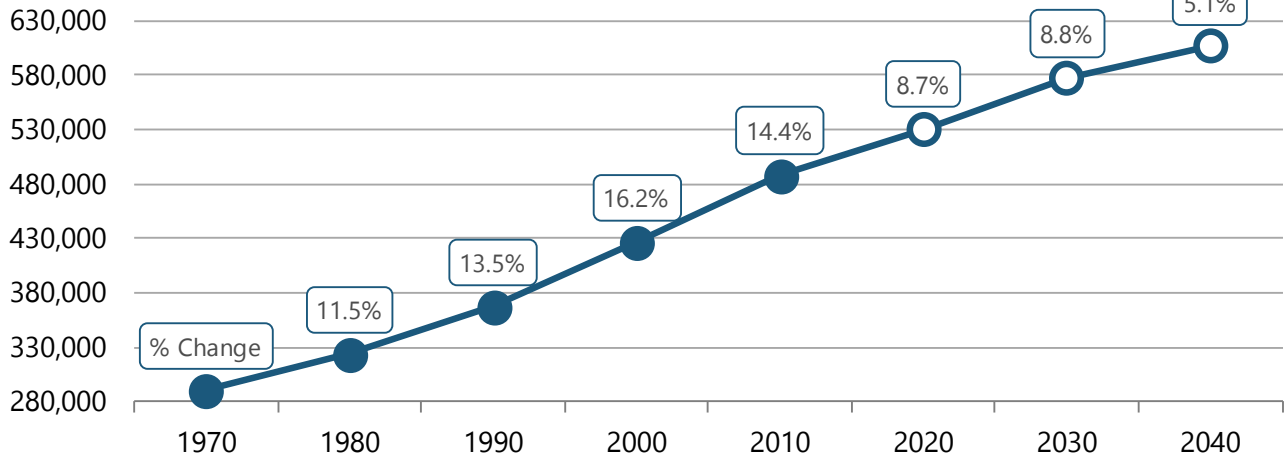
Population	2000 Census	2010 Census	% Change
United States	281,421,906	308,745,538	9.7%
Wisconsin	5,363,715	5,686,986	6.0%
Dane County	426,526	488,073	14.4%
City of Madison	208,054	233,209	12.1%
City of Sun Prairie	20,369	29,364	44.2%
City of Fitchburg	20,501	25,260	23.2%
City of Middleton	15,770	17,442	10.6%
City of Stoughton	12,354	12,611	2.1%

Source: U.S. Census

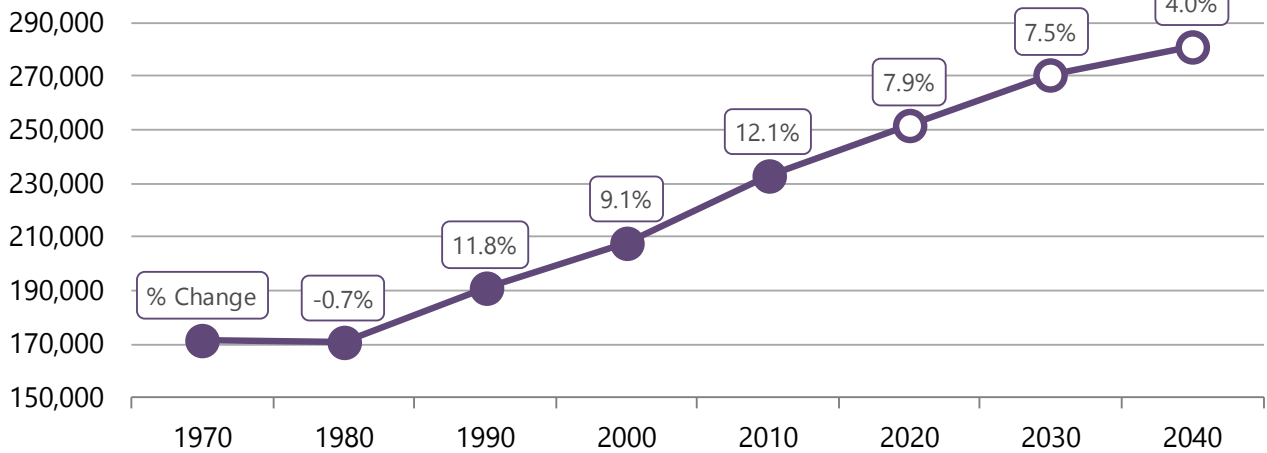
Nearly half of the county's population is located within the City of Madison, although the fastest growing municipalities included the City of Verona (+50.6%), the City of Sun Prairie (+44.2%), and the Village of Waunakee (+34.5%). Aside from the capitol, the county's largest municipalities include the cities of Sun Prairie, Fitchburg, and Middleton, each of which is considered a suburb of Madison.

The following graphs display the population history and projections for Dane County and the City of Madison.

Dane County's Population History & Projections



City of Madison's Population History & Projections

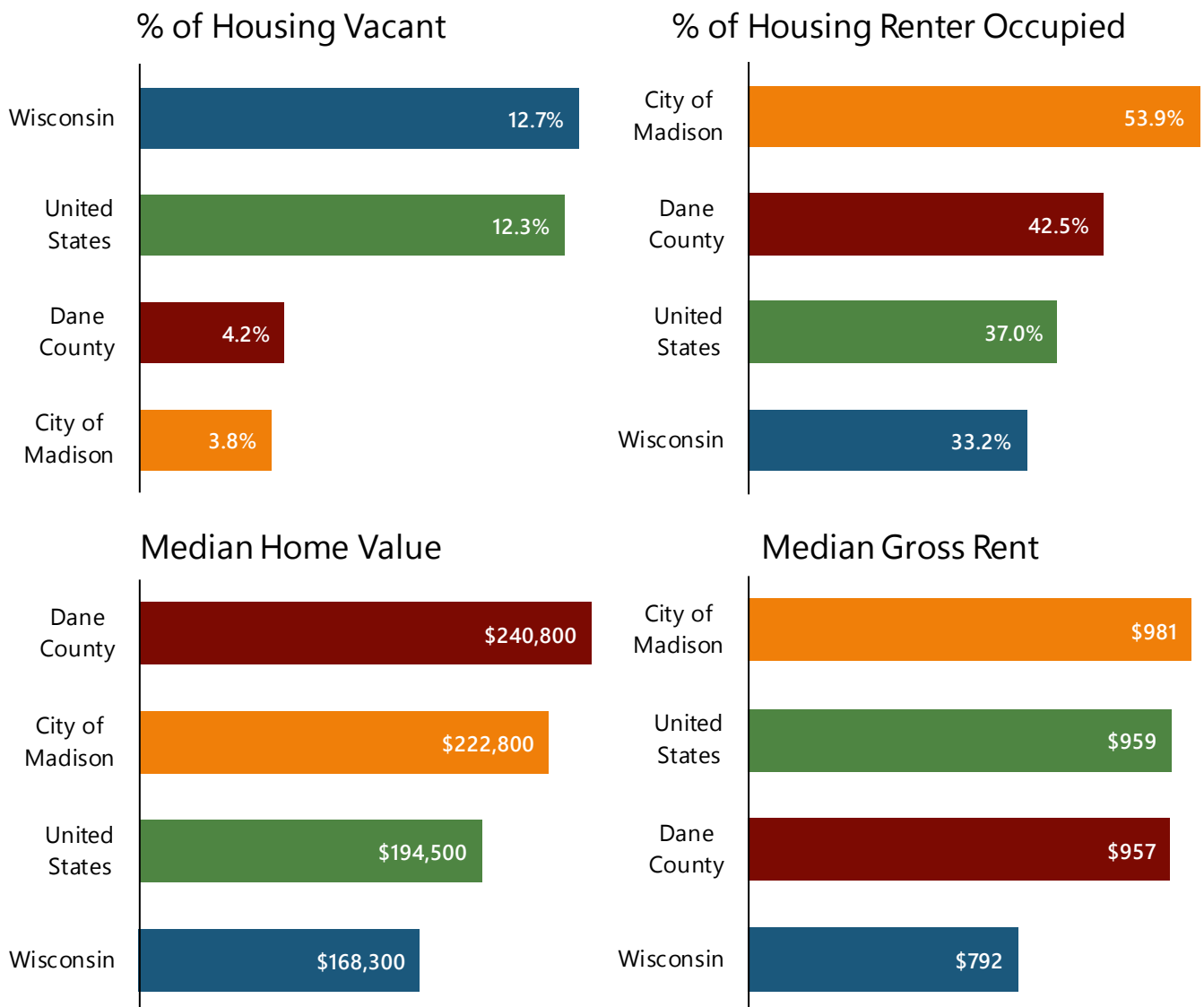


Source: U.S. Census (historical) & WI DOA (projections)

As the previous charts illustrate, Dane County has consistently reported the highest population growth rates during the past four decades. The County’s population totaled 488,073 residents in 2010, an increase of 14.4% from ten years prior; compared to statewide growth of 6.0% and national growth of 9.7%. The City of Madison’s population totaled 233,209 residents in 2010, an increase of 12.1%, indicating much of the county’s growth is coming from outside of Madison. The Wisconsin Department of Administration projects just under 9% growth for the county during the next two decades, and just under 8% growth for the city. However, estimates as of 2016 indicate recent population growth rates in the State of Wisconsin have been steadily declining. The slowing population growth is attributed to several factors, including a continuous loss of population due to migration to other states following the recession, Wisconsin's aging population and lower birth rates. Most of the population loss has occurred in rural counties, while urban areas have seen some growth.

Residential Market

The U.S. Census Bureau conducts the American Community Survey (ACS) for information between Census years. According to survey data from 2015, the most recent year available, the City of Madison and Dane County have extremely low residential vacancy rates at 3.8% and 4.2% respectively, compared to 12.7% statewide. Approximately 53.9% of the city's housing is renter occupied, much higher than the county or state, primarily due to the presence of the UW-Madison campus. The median home value in Dane County is \$240,800, approximately \$18,000 higher than the countywide median and \$72,500 higher than the statewide median home value. However, the median gross rent (including utilities) in the City of Madison of \$981 is higher than the countywide median of \$957, both of which are significantly higher than the statewide median of \$792.



Source: 2015 American Community Survey 1-Year Estimates

Single-Family Home Sales

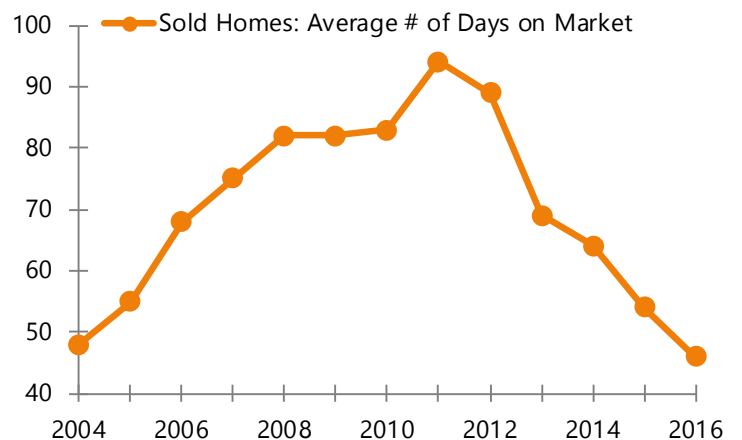
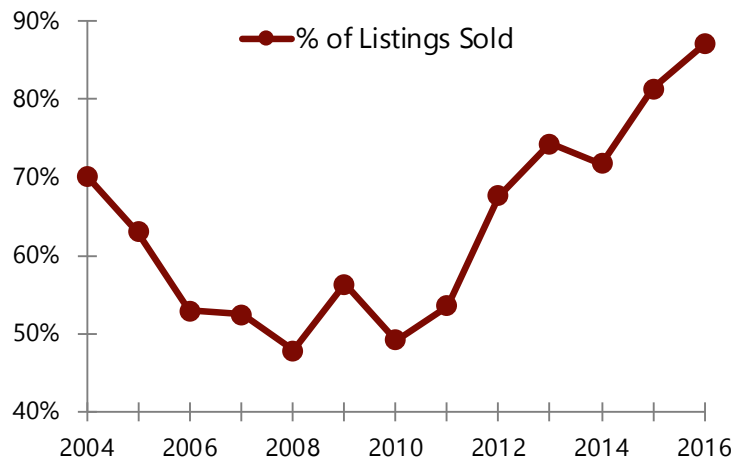
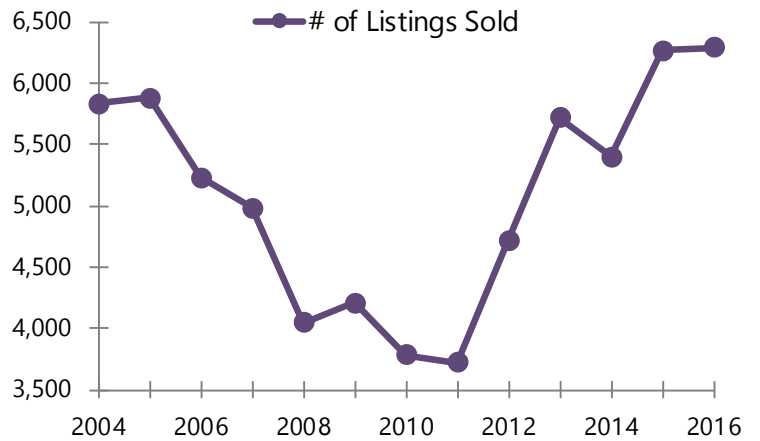
The South Central Wisconsin Multiple Listing Service (MLS) provides more detailed statistics on single-family home sales within Dane County, although this data includes homes that have sold through MLS only; it does not include homes that were sold directly by owners or builders, including new construction contracts.

The number of sales within Dane County has been increasing since bottoming out in 2011 when only 3,725 sales occurred. By 2013 the market reached pre-recession levels, and following a slight dip in 2014 total sales skyrocketed to over 6,200 annually in 2015 and 2016. New home sales have seen a much slower recovery, with only 721 sales occurring in 2016 (13% of all home sales), down from 1,400 sales in 2004 (32% of all sales).

The percent of all listings which sold has followed a similar trend, even surpassing the pre-recession levels during the past two years. In 2016, a total of 7,220 homes were listed for sale, of which 87% were sold, far higher than the average for the past 10 years.

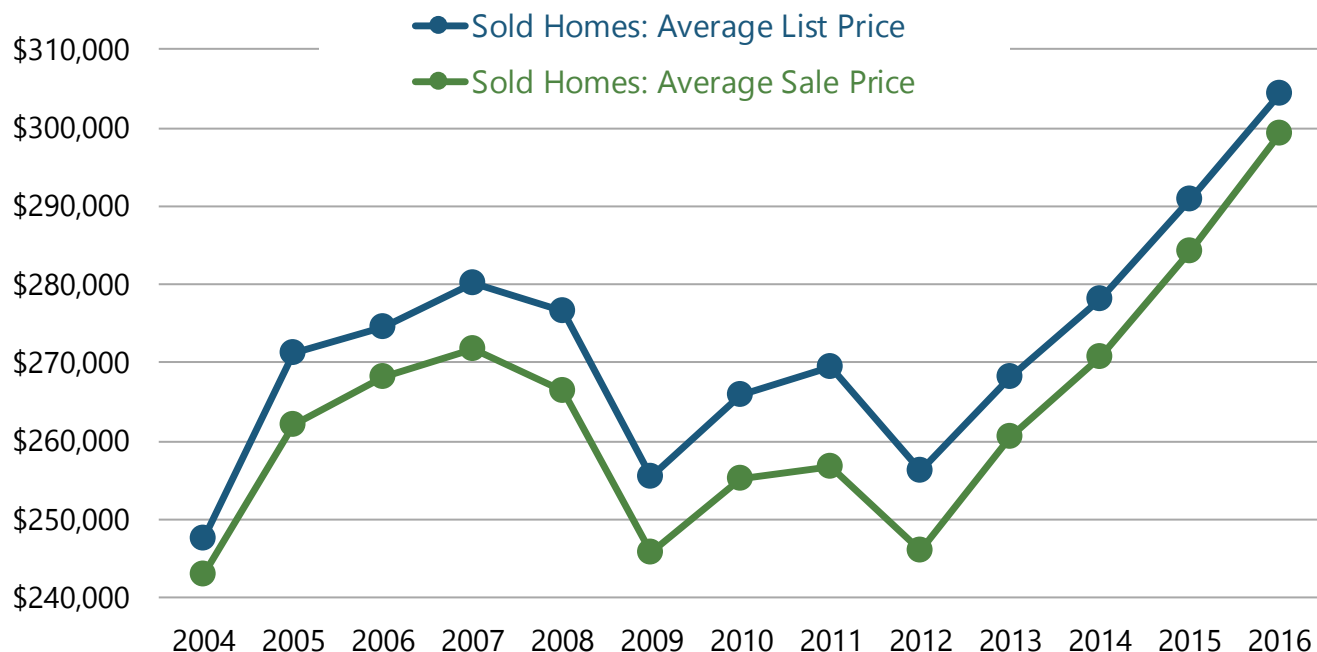
Of the listings that sold, the average number of days the home was listed on the market had been increasing each year until peaking at 94 days during 2011. The following years have recorded significant decreases, with the average at only 46 days in 2016.

Single-Family Home Sales in Dane County



According to MLS data, after steadily rising in the mid-2000s to \$270,000 in 2007, the average sale price in Dane County began to decline in 2008 and dropped significantly in 2009 to only \$245,000 due to the national recession. Government incentives to revive the market caused sale prices to recover somewhat in 2010 and 2011, only to drop again in 2012. However, increases during the last four years have pushed the average sale price far above pre-recession levels, reaching \$299,200 in 2016. Sellers are also nearly reaching their asking prices; the average sale was for 98.3% of the list price in 2016, compared to only 93.4% in 2011.

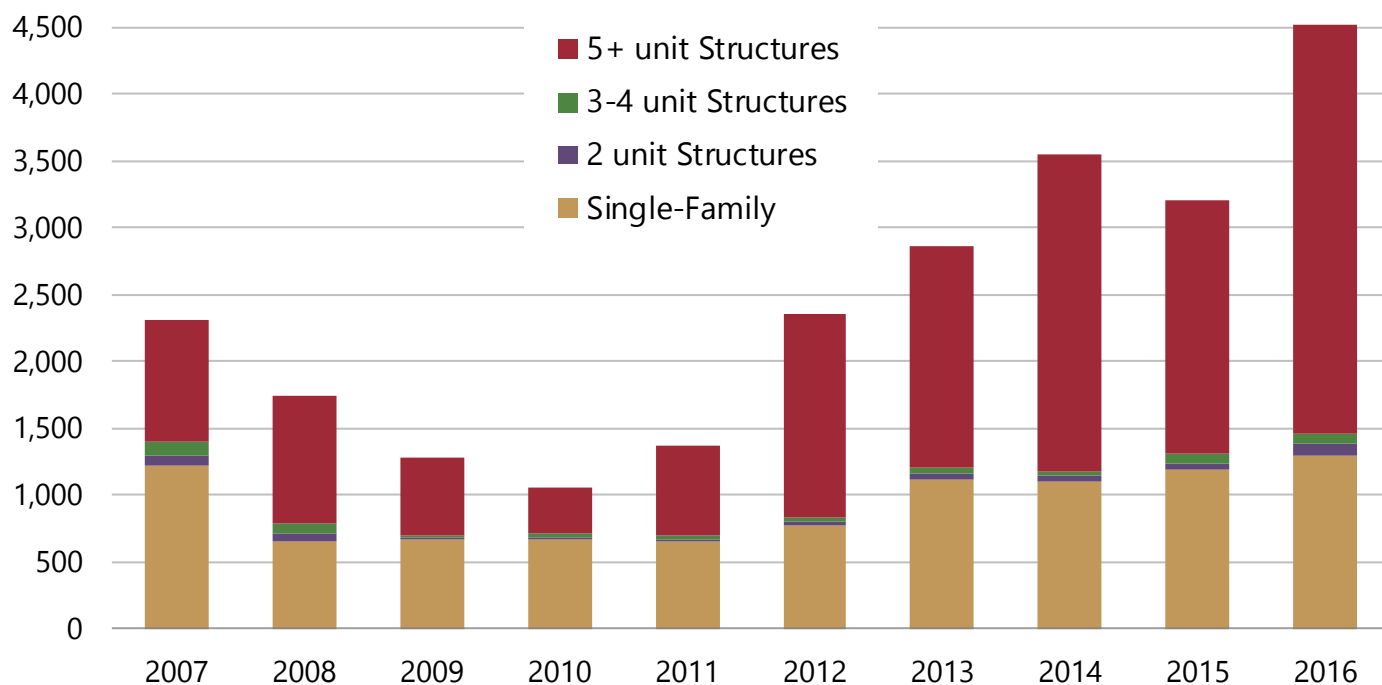
Single-Family Home Sales in Dane County



New Development

A review of the number of new residential building permits issued each year provides another indication of local market trends, including in the multi-family sector. The following chart illustrates of the number of construction permits issued for residential structures (single family and multi-family, including condominiums) in Dane County per the SOCDs (State of the Cities Data System).

Dane County Residential Building Permits

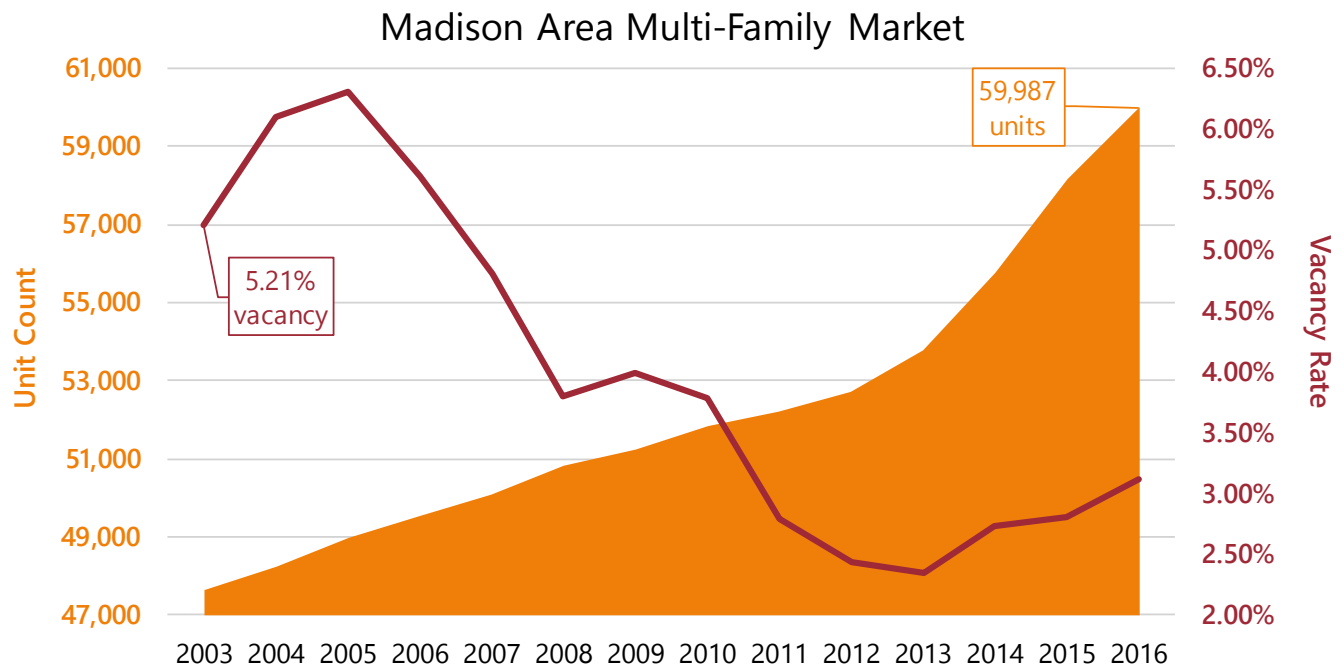


Since the mid-1990s residential construction within Dane County steadily increased each year until peaking in 2003 when permits were issued for 5,400 units, nearly half of which were multi-family. New construction declined in the following years due to an oversupply within the market which was compounded by the recession in 2009. From 2006 to 2010, year-over-year decreases averaged 25%. In the years since, multi-family construction has recovered significantly, while single family construction has remained low. While just under half of all residential building permits issued within Dane County during the past ten years were for projects located within the City of Madison, 64% of the county's multi-family units were built in the city.

The Dane County and greater Madison Metropolitan Area have historically sustained a strong multi-family housing market even when the national housing market has experienced volatility. Prior to the 2008 recession, low interest rates and the availability of financing resulted in an overflow of new construction and apartment dwellers moving to ownership. After the recession, many home owners experienced difficulty maintaining mortgages which resulted in an increase in foreclosures and many homeowners transitioning back to rental properties. These returning renters and the lack of new units coming on-line resulted in a significant drop in vacancy rates to historic lows. As this trend became apparent, new construction has exploded, especially since 2012.

Multi-Family Market

The following graph displays a summary of data collected by Madison Gas & Electric in the greater Madison Area. Although this survey reports only on properties serviced by MG&E utilities (which includes most every apartment building in the area), it is considered to provide a good indicator of historical trends. The survey includes the entire City of Madison as well as the suburbs of Monona, Fitchburg, Middleton, Oregon, Waunakee, and Cross Plains.



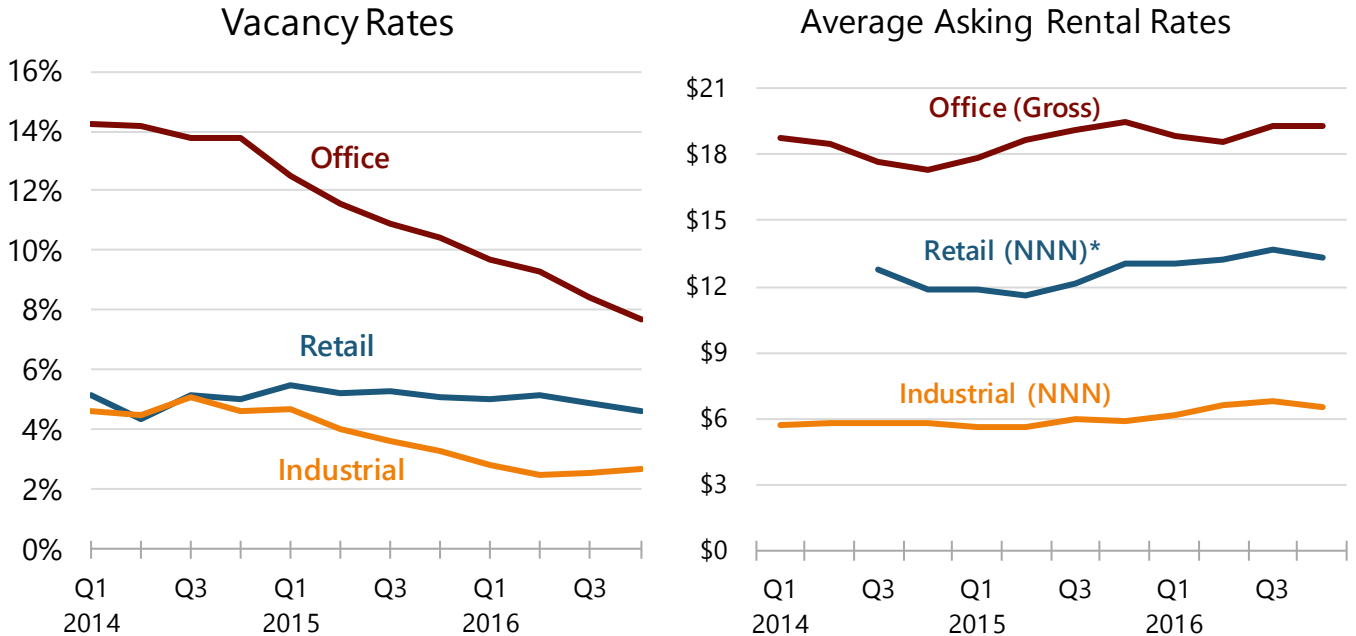
Source: Madison Gas & Electric

Madison's average annual vacancy rate has drastically declined in recent years, even as the total number of units has steadily increased. During the period shown, vacancy peaked at 6.31% in 2005, although this was not considered to suggest a weak multi-family market as a 5 or 6% vacancy rate is considered strong by national standards. Since then, vacancy declined each year, with a slight spike during the recession in 2009, until bottoming out at an average of 2.3% across the city in 2013. Vacancy has ticked up slightly in the past three years, reaching 3.1% during 2016, as a result of the record number of units coming on-line.

From 2004 to 2008, the year-over-year growth in the total number of units was consistently near 1.3% until declining to an average of 0.9% from 2009 to 2012. As discussed previously, new construction within the City has exploded in recent years due to the demand indicated by the record low vacancy rates. In 2014 the rental housing stock increased by 3.7%, followed by a 4.3% increase in 2015 and 3.2% increase in 2016. Despite this aggressive pace, demand has remained strong enough to keep vacancy rates at historic lows.

Commercial Real Estate

Surveys of the local office, retail and industrial markets are published by the research firm Xceligent. This data includes vacancy and rental rates for properties in the Madison area, which are summarized in the following charts.



Source: Xceligent, Madison Market Trend Reports

*Rental rates for retail properties are not available prior to the third quarter of 2014 due to a change in Xceligent's calculations, rendering prior quarters incomparable.

The Madison office market's overall vacancy rate has been significantly declining in the past two years. Vacancy averaged 14.3% at the beginning of 2014, dropping to 7.7% by the end of 2016. Asking rents (on Gross terms) have fluctuated during the same period, averaging \$19.31 per square foot at the end of 2016.

According to the Xceligent survey data, the industrial vacancy rate has also been steadily declining during the past three years, from 4.7% at the beginning of 2014 to only 2.7% at the end of 2016. Rental rates were relatively flat in 2014 and 2015, averaging approximately \$5.75 per square foot (on NNN terms). However, in 2016 industrial rental rates increased to \$6.50 per square foot by year end.

The local retail market has also been recovering during the last few years as vacancy decreased to 4.6% during the fourth quarter of 2016, compared to 5.5% at the beginning of 2014, as limited new construction has allowed for existing space to be absorbed. The average asking lease rate (on NNN terms) at the end of 2016 was \$13.34 per square foot, compared to \$11.87 at the end of 2014.

Business Parks

Madison Gas & Electric occasionally publishes the Dane County Commercial Business Parks and Incubators report. The most recent report (2013) lists 83 business and industrial parks located throughout Dane County, nearly half of which were opened within the last ten years. Of the 8,900 acres contained in these parks, approximately 2,500 acres (29%) are currently available for development, listed by municipality in the table below. The City of Madison has the largest amount of available space, nearly 850 acres, followed by the Village of DeForest and the City of Verona.

Dane County Business Parks Available Acres by Municipality (2013)			
Madison	848	Cottage Grove	46
DeForest	595	Stoughton	40
Verona	327	Madison (Town)	35
Fitchburg	125	Mount Horeb	33
Waunakee	123	Burke (Town)	28
Vienna (Town)	80	Springfield (Town)	20
Middleton	72	Mazomanie	16
Belleville (Village)	64	Brooklyn	10
Westport (Town)	57	Deerfield	10
Sun Prairie	47	Blue Mounds	6

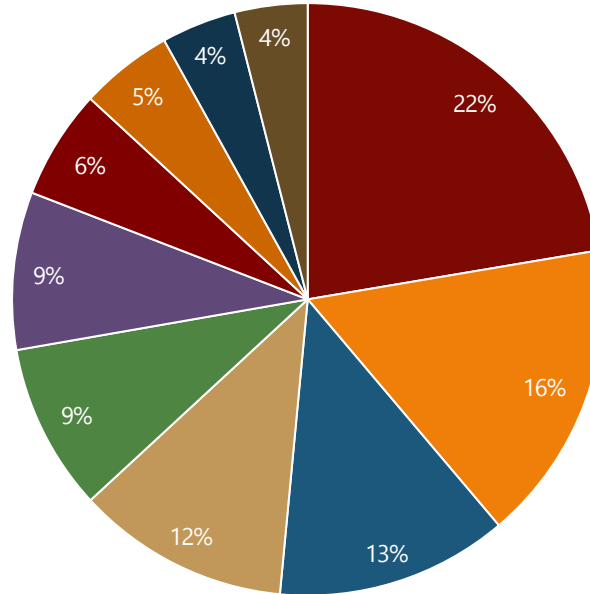
Source: MG&E, Dane County Commercial Business Parks and Incubators (2013)

Lots are available to purchase from \$1 to \$20 per square foot or \$50,000 to \$525,000 per acre. The wide price range reflects the variety of locations, lot sizes, park amenities, and zoning. The least expensive lots are typically for warehouse or light manufacturing uses, while the most expensive is for Class A office or laboratory uses. Many parks also offer ground leases or build-to-suit options. Average prices are near \$6 per square foot or \$250,000 per acre.

Employment

The following chart displays Bureau of Labor Statistics data for the Madison Metropolitan Statistical Area, which includes the counties of Columbia, Dane, Iowa and Green.

Madison MSA's Largest Industries Number of Employees as of 2015



Industry	# of Employees (2015)	% Growth (2014-2015)	% Growth (2006-2015)
Government	870,000	-0.5%	5.1%
Trade, Transportation, and Utilities	641,000	0.9%	-0.5%
Professional and Business Services	494,000	2.5%	22.6%
Education and Health Services	453,000	2.5%	22.8%
Leisure and Hospitality	355,000	4.1%	12.7%
Manufacturing	335,000	3.4%	-6.9%
Financial Activities	233,000	0.9%	-2.9%
Other Services	198,000	3.7%	8.2%
Information	159,000	9.7%	63.9%
Mining, Logging, and Construction	155,000	4.0%	-14.8%
Total	3,893,000	2.1%	7.5%

Source: Bureau of Labor Statistics (BLS)

The public sector accounts for a significant percentage of employment in the Madison Metropolitan Statistical Area. Nearly 22% of non-farm employees worked for the government in 2015. Employers include the State, County, and City governments.

The education industry also thrives in this area, due to the University of Wisconsin-Madison and the Madison Metropolitan School District. Research activity on the University of Wisconsin-Madison campus is a major stimulus for growth in high-tech industries. The University maintains numerous resources for businesses interested in accessing research facilities and programs. Grants, venture capital, and loans are available to help businesses further their research and development goals. Research is taking place in the fields of medicine, genetic engineering, robotics, highway planning, agriculture, aviation and aeronautics, and zoology, among others.

Hospitals are also one of the Madison Metropolitan Statistical Area's top industries, with UW Hospital and Clinics, Dean Health Systems, Meriter Health Services, and St. Mary's Hospital each within the top 25 largest employers in the county. During the last ten years, the Education and Health Services industry has grown by nearly 23%.

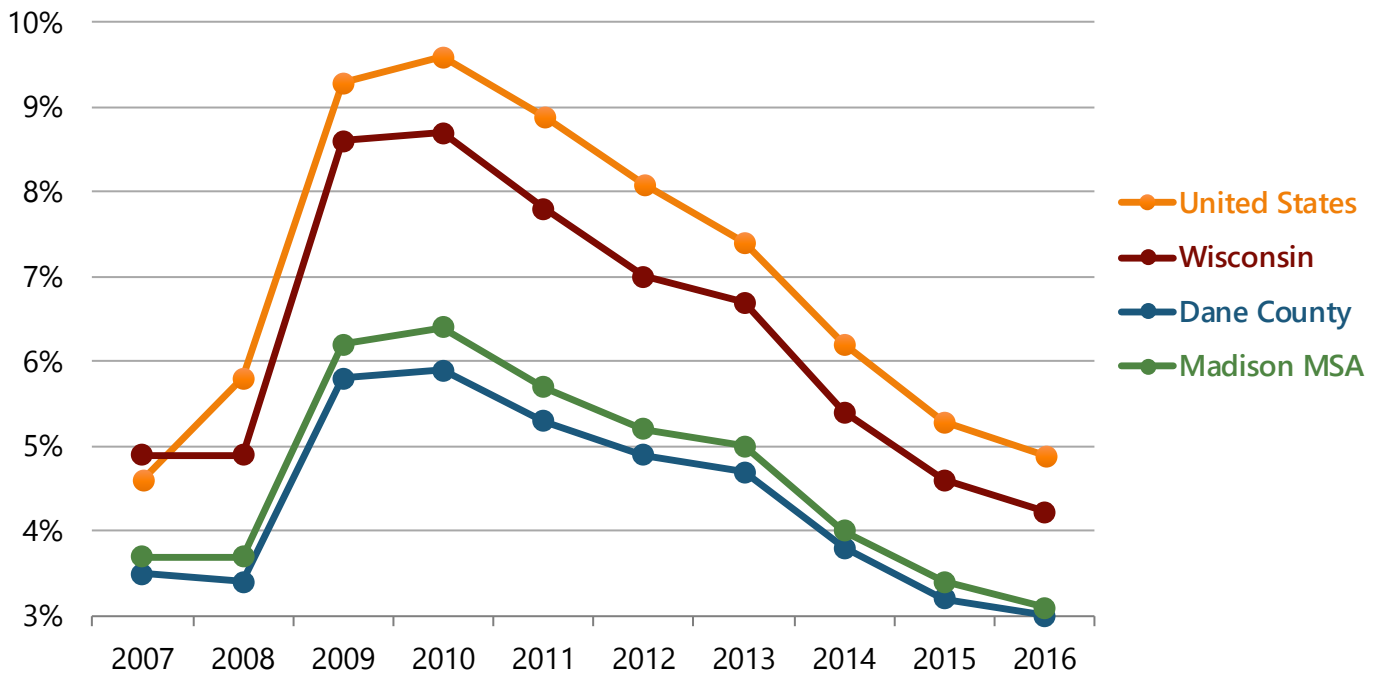
High-tech companies have also grown rapidly in the area, more than doubling since 1990. From 2006 to 2015 alone the industry grew by an astonishing 64%. Companies specializing in high-tech industry are playing an increasing role in the Madison area economy. Biotechnology, medical / biomedical researchers, microelectronics software and other computer-related firms dominate Dane County's research community.

Overall, the Madison Metropolitan Statistical Area is not considered to be reliant on any one industry, therefore the economy would not be vulnerable by a slump in any particular segment.

Unemployment

The following chart displays the average unemployment rate each year during the last decade for the United States, the State of Wisconsin, Dane County, and the Madison Metropolitan Statistical Area (MSA). As shown, Dane County and the Madison metropolitan statistical areas continually average much lower than the state of Wisconsin. This is mainly due to the fact that the Madison area offers a wide opportunity for stable employment through the university system and the state government headquarters. Unemployment rates have been steadily decreasing since the peaks in 2009 and 2010. The Madison MSA dropped to 3.1% in 2016, while Dane County was 3.0%.

Annual Unemployment Rates



Source: U.S. Bureau of Labor Statistics

Agriculture

Agriculture plays a large role in the area’s economy. Close to one-sixth of all farms in Wisconsin are in the Greater Madison trade area. Diversified farming contributes greatly to Madison’s stability and continued prosperity. Dane County is ranked among the top ten counties in the nation in value of farm products. Leading agricultural products are corn, alfalfa, tobacco, oats, eggs, cattle, hogs, and dairy products.

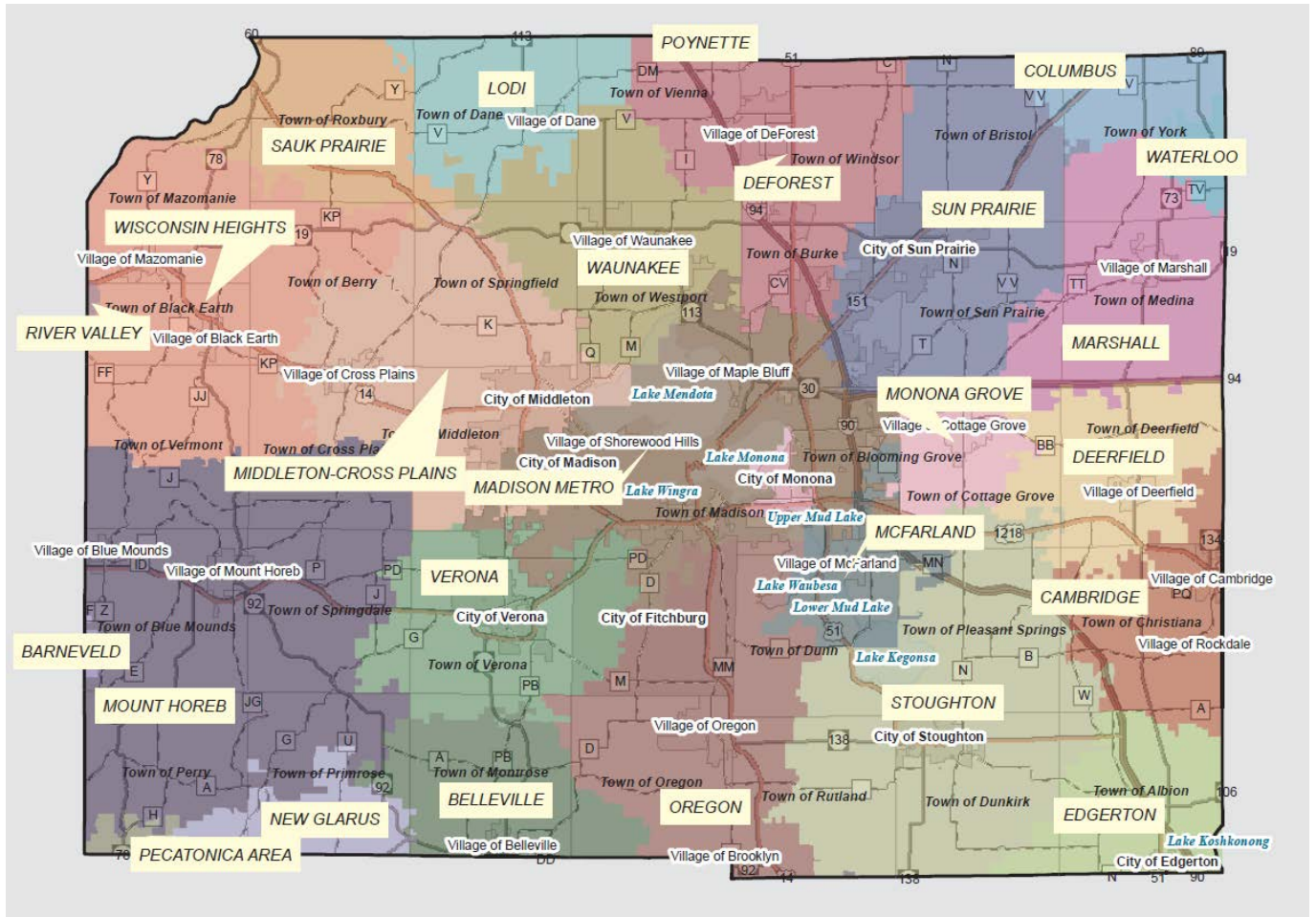
Dane County is considered to be an intensively farmed agricultural area and ranks second in the state in the value of agricultural products sold. Dairy products are the most profitable commodities in Dane County’s agricultural sector. Madison is currently making excellent progress toward its goal of becoming the center for the world dairy industry.

Other

Education

Sixteen public school districts served more than 77,000 students in Dane County during the 2015-2016 school year. The Madison Metropolitan School District is the largest in the county with an enrollment of 27,112 students for the 2015-2016 school year.

Map of Dane County School Districts



Source: Dane County Comprehensive Plan

The University of Wisconsin-Madison is consistently ranked in the top ten of the nation’s educational institutions. The University of Wisconsin-Madison is the flagship of the state’s university system and plays a major role in both Madison and Dane County. It is a major employer in the area, and it attracts over 40,000 students in its undergraduate, graduate, and specialty schools. The University also attracts businesses and capital with its research in science and engineering.

Madison is also the home of other important state educational programs. Madison Area Technical College (MATC) is part of the highly regarded Wisconsin vocation, technical and adult education system. The MATC district encompasses the counties of Dane, Columbia, Jefferson, Sauk, and Marquette, providing instruction for over 30,000 people.

Government

Dane County is governed by the County Board which has 37 supervisors and a county executive. The county also has more than 55 committees, boards, and commissions to address countywide issues. The county's largest responsibilities are building and maintaining highways and operating welfare programs.

City government is directed by the mayor, who is the chief executive officer of the city, and by the common council which has 20 elected alder persons. The City of Madison has over 60 committees, boards, and commissions to assist in the decision-making processes. The City of Madison offers a full service government with full time police and fire protection.

Recreational and Cultural

Dane County and the City of Madison have over 10,800 acres dedicated for public use. The focal point of recreational activities in the Madison area are centered around sporting and cultural functions related to the University of Wisconsin-Madison and the chain of lakes inter-connected by the Yahara River. These lakes include Mendota, Monona, Waubesa, Kegonsa, and Upper and Lower Mud lakes. Other recreational facilities in Dane County include 16 public golf courses, 123 camping sites, 46 miles of hiking trails, over 150 miles of bike trails, public hunting grounds, snowmobile trails, skiing facilities, and approximately 35 area lakes.

Summary

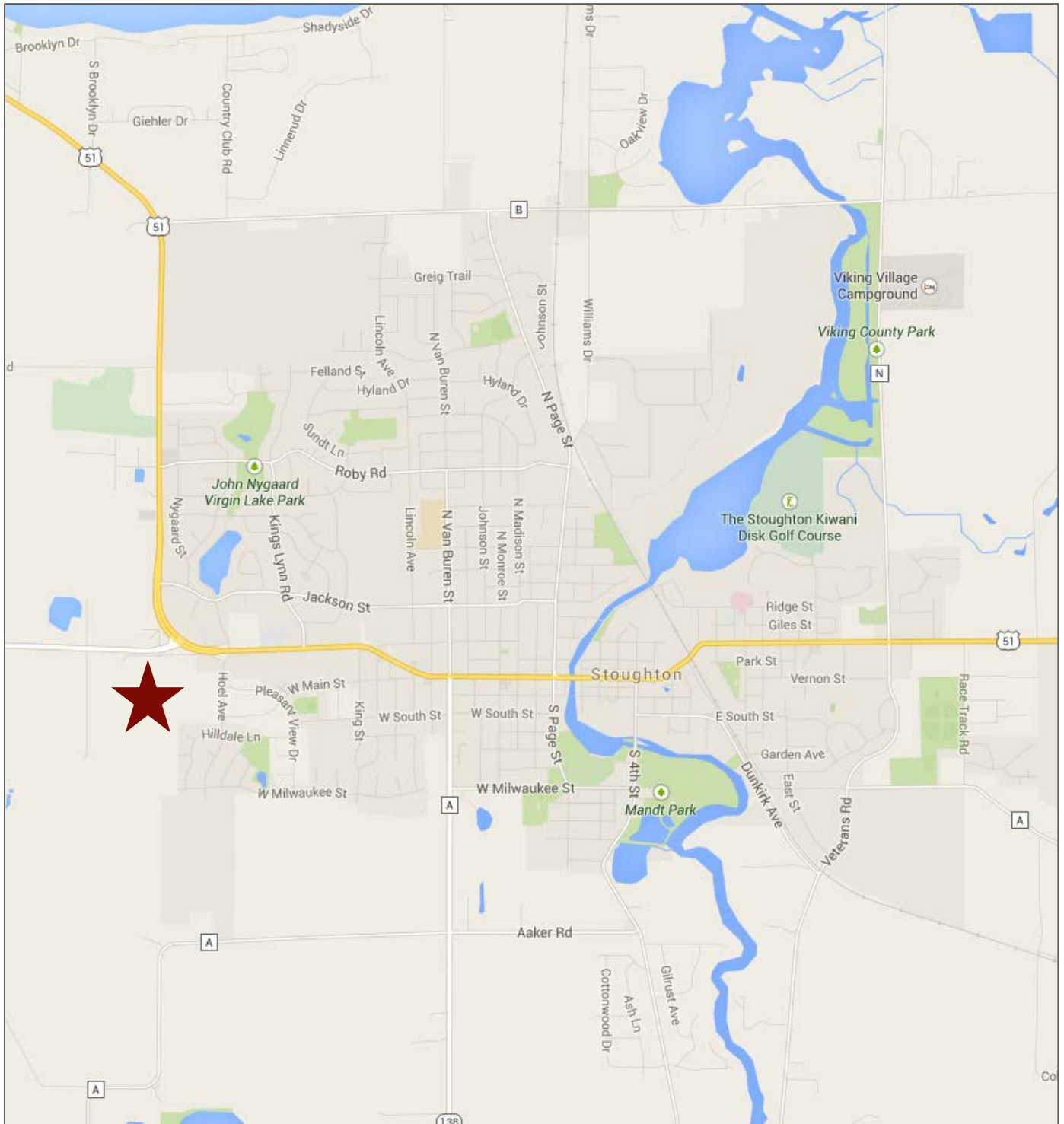
The City of Madison and the Dane County area have historically been regarded as having a high quality of life and stable economic base. The area's strong economy, employment base, governmental influence, and stable housing market are all indicators of a strong and healthy local economy.

The Madison area is home to the state's capitol, the University of Wisconsin, and many large businesses that have created a diversified economy. Overall, the area is not reliant to any one industry and would not be affected by a slump in any particular segment. The highly educated population is continuing its steady growth. Madison's generally strong economy has had a positive effect on its real estate market. Overall, the long-term prospects for this area and its real estate market conditions are positive.

Also, the City of Madison has long been recognized in several nationally published newspapers and magazines. From being the "Safest Mid-sized City in America" to the "Top Farmers Market in America", the City of Madison continues to be a popular relocation city for young families. As the residential and commercial markets continue to grow within the City of Madison and its surrounding communities, the City has been recognized as one of the "Hottest Cities for House Hunting", as well as receiving high regard for its constant support of its small businesses.

Madison and Dane County's strong economies have had a positive effect on the real estate market as a whole. Although Dane County's residential market suffered the effects of the national recession, the region has proven less volatile and more resilient than the state or nation as a whole. Data on single-family home sales from the WRA indicates a recovering housing market with median sale prices and the number of sales reaching pre-recession levels. Occupancy levels for commercial properties are typically considered to be strong, with market rent levels being stable to increasing. Although many parts of the state have yet to fully recover from the recession, the Dane County area has fared exceptionally well and is expected to continue to do so in the foreseeable future.

City of Stoughton Map



City of Stoughton Analysis

Introduction

The subject property is located near the corner of U.S. Highway 51 and State Highway 138 in the western section of Stoughton. An overview of the City of Stoughton, which this section will present, provides a basis for an understanding of the area dynamics insofar as they might affect the subject property. The City consists of 3.96 square miles of land located in the southern section of Dane County, Wisconsin.

Location

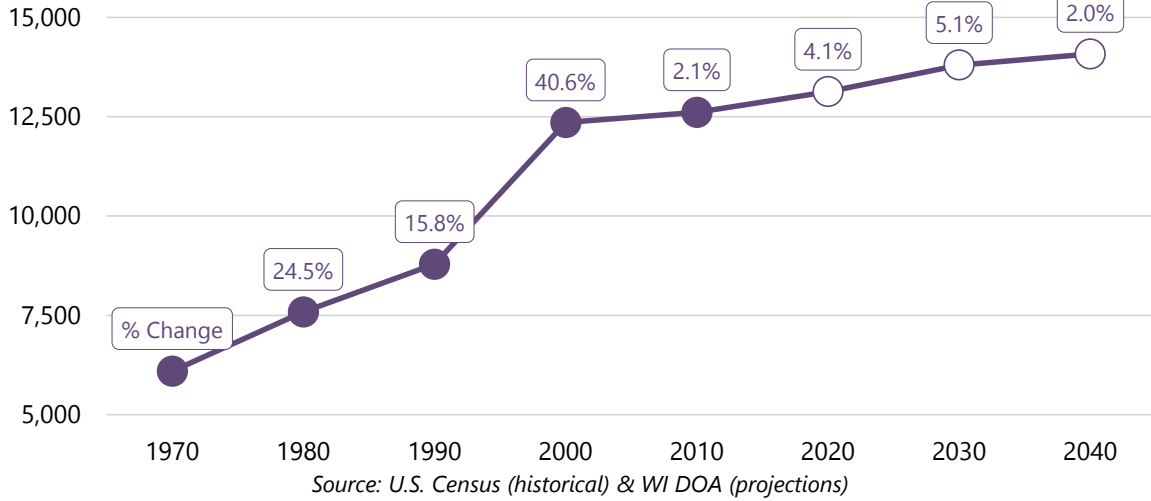
The City of Stoughton is located in the southern portion of Dane County, approximately 12 miles south of the state's capitol, and is commonly accessed by either Highway 51 or Highway 138. Interstate Highway 39/90 and State Highway 14 also provide access within a couple of miles of the City. The City's main borders include County Highway B to the north, County Road N to the east, Milwaukee Street and Academy Street to the south, and Highway 51 to the west. The City of Stoughton map on the previous page displays the city's main borders.

The City of Stoughton is located approximately 20 miles southeast of Madison, 60 miles north of Rockford, Illinois, 80 miles west of Milwaukee, 120 miles northeast of Dubuque, Iowa and 130 miles northwest of Chicago, Illinois. The main transportation linkages include U.S. Highway 51 and Wisconsin Highway 138.

Population

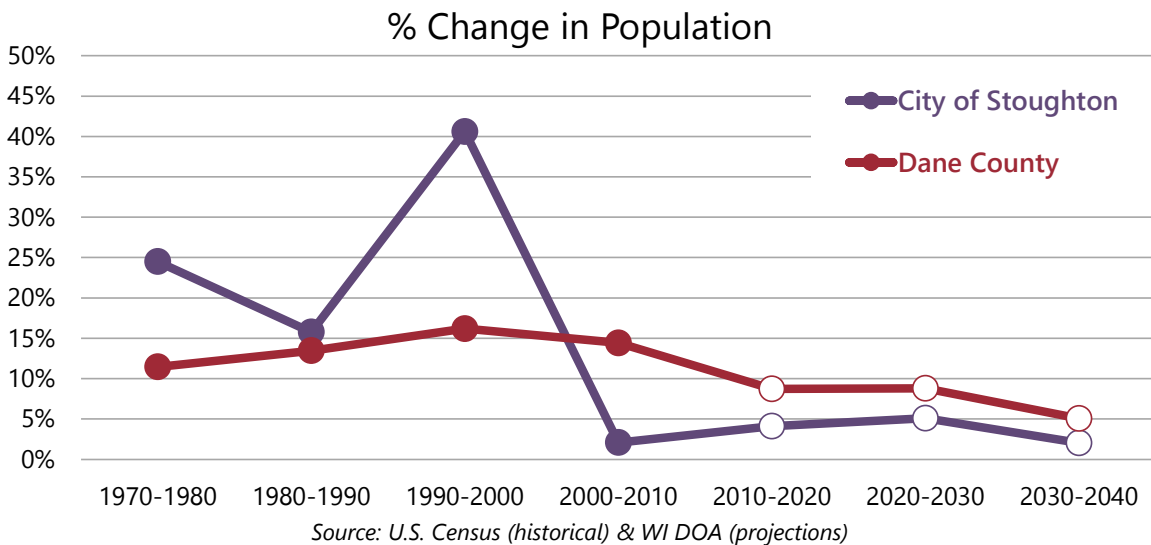
An analysis of the area's population indicates past, present, and probable future effects of these demographic changes as they relate to the village and surrounding area. The graph below displays the City of Stoughton's population history as recorded each decade by the U.S. Census, and projections by the Wisconsin Department of Administration.

Population History & Projections



The City experienced staggering growth from 1970 to 2000 until slowing significantly in the most recent decade. This high rate of growth can be attributed to many factors, including migration to Stoughton from the City of Madison by those choosing to move to the suburbs while still working in the city. The Wisconsin Department of Administration projects slow growth for the city in the next three decades.

In 1970 the City of Stoughton accounted for 2.1% of Dane County’s total population; by 2000 this number increased to 2.9% but dropped since and is expected to slowly decrease as projected growth rates within the county surpass those of the city. The following chart displays the percentage of growth in the Village compared to Dane County.

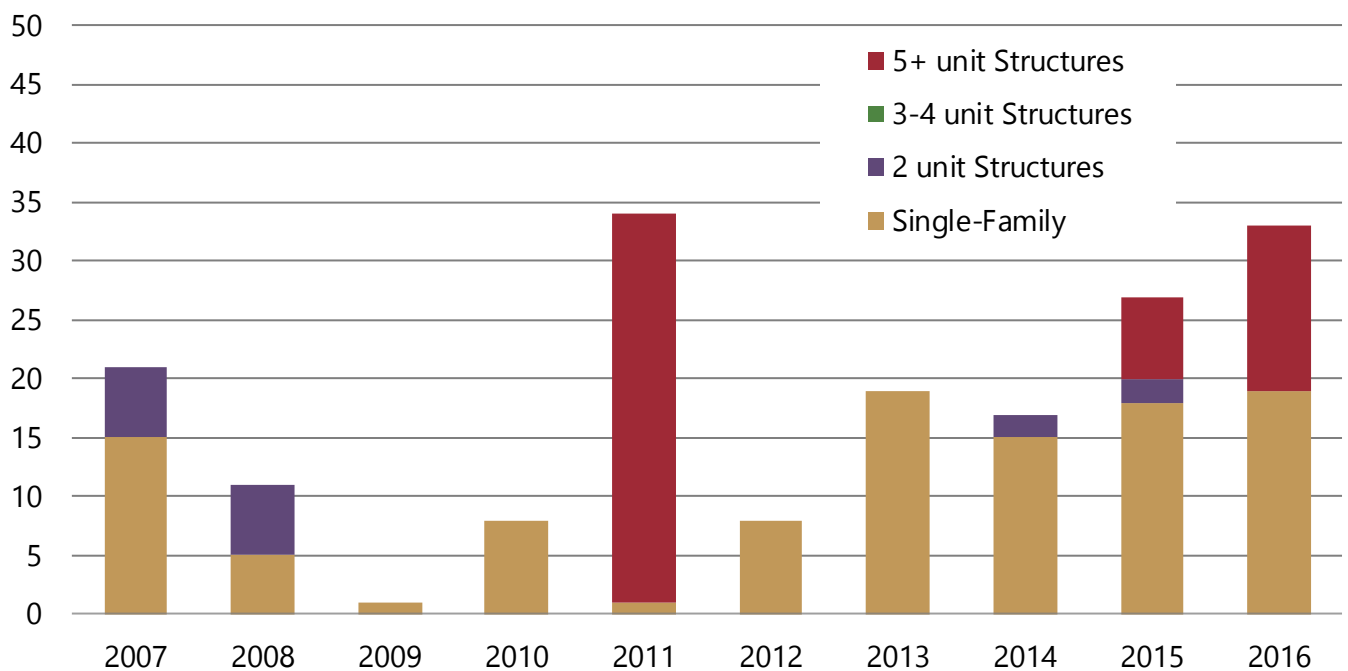


Residential

Throughout the nation, the housing market has suffered from the national recession and the fallout of the sub-prime mortgage market which resulted in a significant slowdown in absorption, decreasing sale prices, and an increasing number of foreclosures. However, some markets have appeared to stabilize recently, with slight increases in sale prices, an increase in the number of sales and new construction starts, and positive absorption rates.

The following chart displays the number of Single Family and Multi-Family building permits issued in the City of Stoughton during the last ten years according to the State of the Cities Data System (SOCDS).

City of Stoughton's Residential Building Permits



Source: SOCDS

Most new construction in the city during the last ten years has been single-family or duplex homes. Permits declined significantly after peaking in the early 2000s, and after the national recession only one home was built in 2009. A slow and unsteady recovery has occurred. In 2011 the Elven Sted was built, a 33-unit income restricted apartment complex located in Stoughton's downtown. In 2015 and 2016 permits were issued for 21 multi-family units. Single-family construction has remained low, with 15 to 20 permits issued annually during the past four years.

The 2010 census data reported a 10.8% increase in total housing units, up 529 units to 5,419. Of the 5,419 total housing units, 5,133 units were occupied with the remaining 286 units vacant. This indicates a 94.7% occupancy rate in 2010 which is a decrease of 2.1% from the 2000 census.

Housing Units within Stoughton				
Census Year	Total Housing Units	Occupied Housing Units	Vacant Housing Units	Percent Vacant
2000	4,890	4,734	156	3.20%
2010	5,419	5,133	286	5.30%

Source: U.S. Census Bureau

Surrounding Land Uses

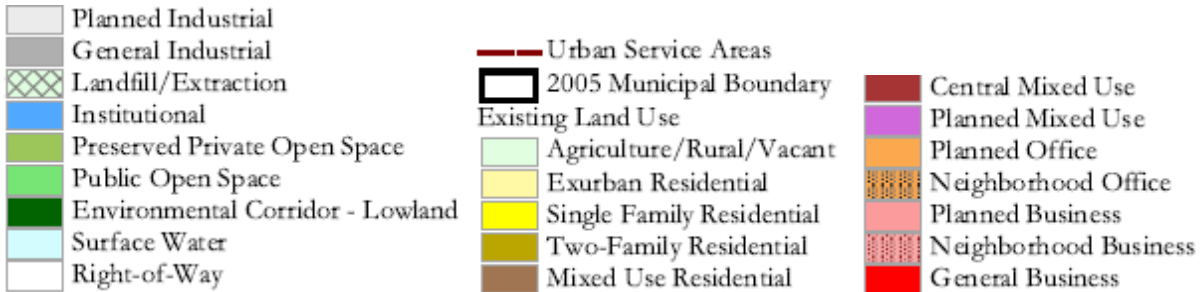
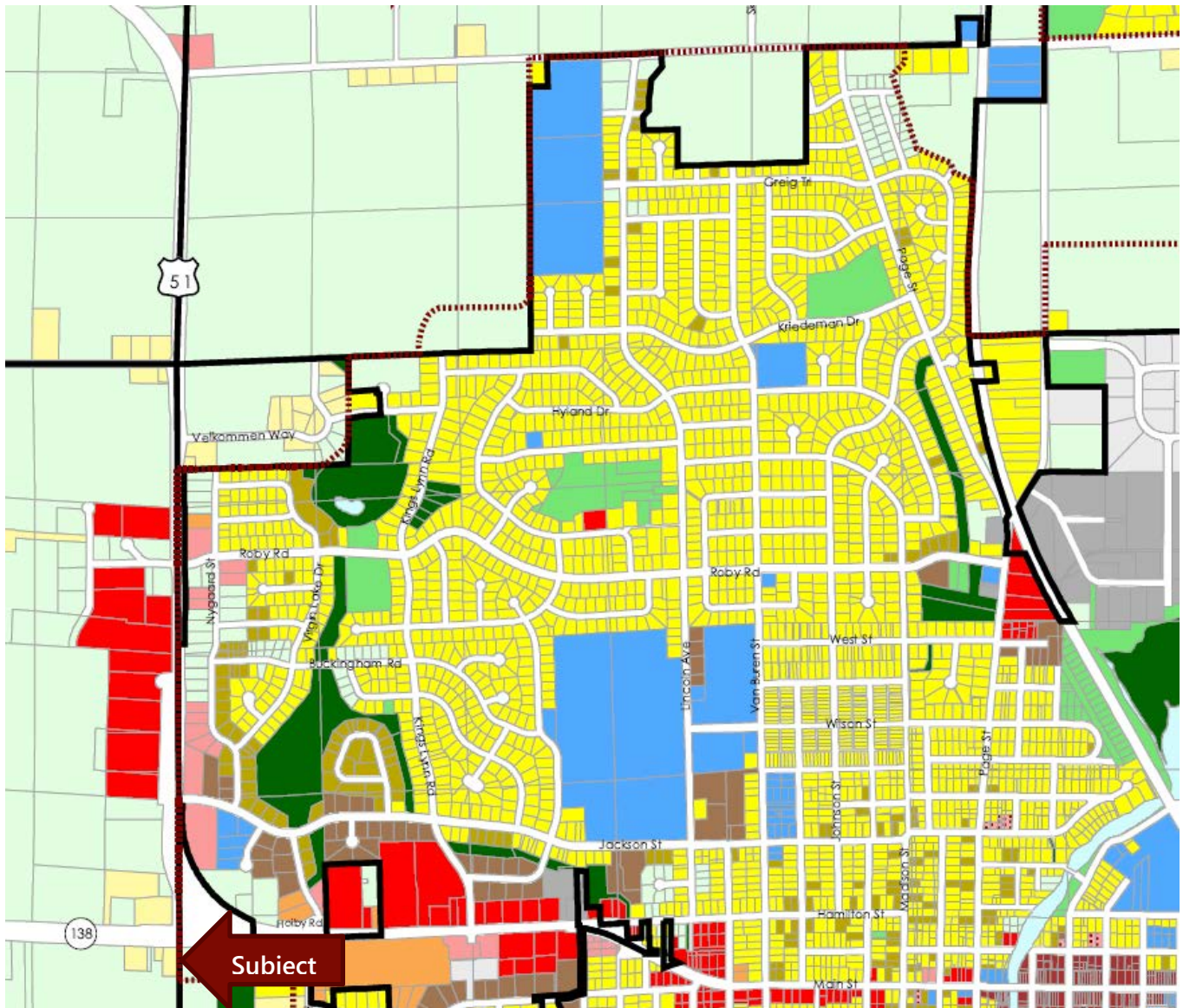
The subject property is located near the corner of U.S. Highway 51 and State Highway 138. The area surrounding the subject property is transitional use from agricultural to mostly commercial developments with larger, older single family home sites/farmettes. The City of Stoughton is located approximately 12 miles south of Madison, with primary access being via Highway 51. The City of Stoughton is expected to continue developing northwest, as the boundaries of the City are extended to the north.

The Kettle Park West Development is located at U.S. Highway 51 and State Highway 138 and will contain approximately 170 acres. This neighborhood will include a community center, retail businesses, diverse mixed-use housing opportunities, and 36 acres of natural wetlands. Commercial uses include a 152,000 square foot Walmart Supercenter, an Aldi Grocery Store, a Kwik Trip Convenience Store, a McFarland State Bank, a 106 room TRU Hilton Hotel and Conference Center, several retail strip centers, and stand alone fast food restaurants.

Commercial properties to the along Highway 51 include a retail strip center, car dealerships, hotels, offices, fast food, convenience stores, and single occupant retail/commercial stores. The Deer Point Business Park, which contains the Stoughton Lumber Yard as well as multiple other warehouse and office buildings, is located on the west side of Highway 51.

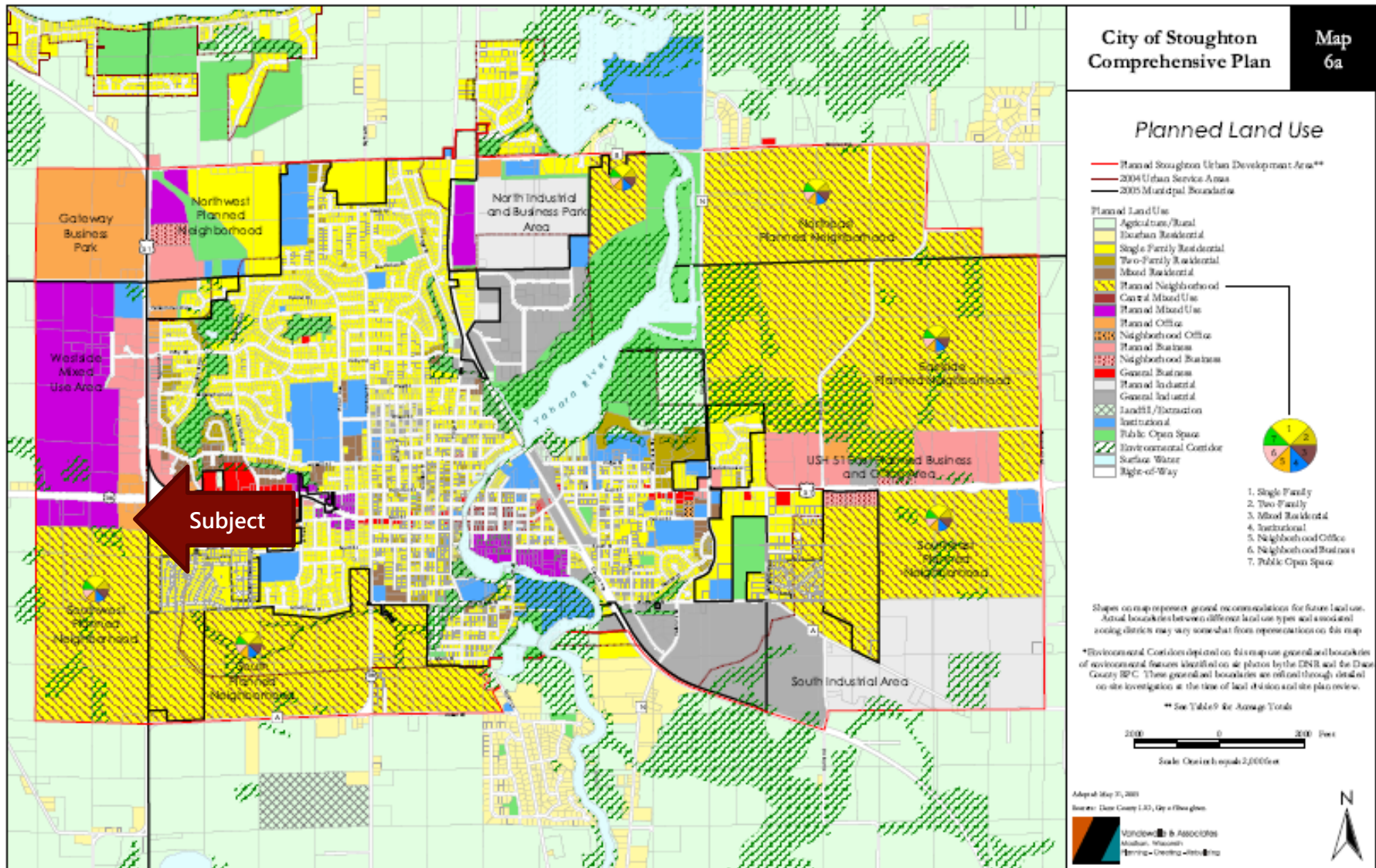
The following map provided by the city displays the existing land uses around the subject property.

Existing Land Uses



The following page displays a map of the proposed future land uses for the entire city.

Future Land Use Map



Employment

Although the primary employment center for the area is from the Madison Metro Area, a 15 minute drive from the City of Stoughton, there are many employers in the City of Stoughton as well. Below is a list of Stoughton’s top 20 private employers. Stoughton Trailers it the largest employer employing between 500 and 999 employees. The next two largest employers are Stoughton Hospital and Skaalen Nursing and Rehabilitation each employing between 250 and 499 employees.

City of Stoughton 20 Largest Private Employers					
Rank	Employer Name	# of Employees	Rank	Employer Name	# of Employees
1	Stoughton Trailers	500-999	11	Wal-Mart	50-99
2	Stoughton Hospital	250-499	12	Millfab	50-99
3	Skaalen Nursing and Rehabilitation	250-499	13	Universal Acoustic & Emission	50-99
4	Nelson Global Products	100-249	14	McDonald's	50-99
5	B & G Foods	100-249	15	Malins Labor Ready	50-99
6	Uniroyal Engineered Products	100-249	16	Midwest Veterinary Supply	50-99
7	Cummins Filtration	100-249	17	Culvers	50-99
8	Nazareth Health & Rehabilitation	100-249	18	Stark Chevrolet-Pontiac-Buick	50-99
9	North American Fur	100-249	19	Zalk Josephs Fabricators LLC	50-99
10	Pick N' Save	50-99	20	Dean Medical Center	50-99

Source: Wisconsin’s WorkNet

Education

The subject neighborhood is within the City of Stoughton School District which consists of five schools. The district had a total enrollment of 3,162 students as of the 2015 – 2016 school year. The Stoughton School District is made of up three elementary schools, one middle school and one high school. The City of Stoughton is also conveniently located close to many of Wisconsin’s Universities and Technical Colleges. The University of Wisconsin – Madison and Madison Area Technical Colleges are both located within 15 minutes from the City of Stoughton.

Attractions and Recreation

The City of Stoughton has 13 city parks and playgrounds as well as county parks and Kegonsa State Park, which offers a beach, campsites and hiking trails. The city parks sponsor a variety of recreational activities for adults and children including youth baseball, girls' softball, adult and youth basketball, tennis and volleyball. The high school has facilities that offer adult swimming and weightlifting. The City of Stoughton also has the new Mandt Community Center, which is a 37,500 square foot facility that is used during the winter months for youth and high school hockey, tournaments, figure skating, as well as public skating. During the rest of the year, the facility is used for commercial events such as craft fairs and expositions.

There are three excellent nearby golf courses in the City of Stoughton. Coachman's Golf Resort is a challenging 27-hole course located six miles east of the city. Creekview Par Three is a 9-hole course located along Interstate 90 southeast of Stoughton. Both courses are public on a membership or daily fee basis. The Stoughton Country Club is an 18-hole course for members and their guests and is located just northwest of the City.

Conclusion

Overall, the area surrounding the subject can best be described as an economically stable, single family and agricultural oriented neighborhood with industrial uses within the business park. This area has good access to the south side of Madison and subsequent linkages to other market areas. The subject property appears to be well positioned for future growth and development as the area surrounding the subject property provides several amenities within a relatively short distance, including the Kettle Park Development, Stoughton County Club, Oak Knoll Park, Viking Park, Norse Park, Yahara River and Lake Kegonsa.

SECTION V: SITE ANALYSIS

AERIAL SITE VIEW



Site Analysis

The subject site contains approximately 10.68 acres (465,371 square feet) and is irregular in shape with predominately level topography. The site has approximately 490 feet of frontage along McComb Road with limited visibility from Highway 138 and access from McComb Road which runs parallel to Highway 138. The site is currently vacant with no site improvements. Zoning for the site is RH, Rural Holding District, as approved by the City of Stoughton.

The site is located within the City of Stoughton's Westside Detailed Neighborhood Plan. The plan encompasses approximately 295 acres along U.S. Highway 51 and State Highway 138. The neighborhood will contain approximately 78 acres of residential lands, 9 acres of neighborhood commercial center lands, 46 acres of community scale commercial lands, 43 acres of employment focused uses, 4 acres of city utilities, 44 acres of open space, and 71 acres of street and highway rights of way. According to the neighborhood plan the future land use of the subject site will be planned mixed-use with employment focused uses such as professional office, research and development, and specialized manufacturing. Development of the site with adjacent sites would provide better access and visibility. The highest and best use for the subject site has been determined to be commercial development.

Size and Shape:	10.68 acres (465,371 square feet); irregular shape
Frontage:	490 feet of frontage along McComb Road
Topography:	Predominately level topography
Utilities:	Serviced with all necessary utilities for development
Site Improvements:	No existing improvements

Flood Plain

According to the Federal Emergency Management Agency (FEMA), the subject is located in Zone X, a low to moderate risk flood zone. The Community Panel Number for the map is 55025C0620H and the effective date of the map is September 17, 2014. A copy of the flood map is located in the addendum.

FEMA Zone X Description: Areas outside the 1% annual chance floodplain, 1% annual chance sheet flow flooding where average depths are less than 1 foot, areas of 1% annual chance stream flooding where the contributing drainage area is less than 1 square mile, or areas protected from the 1% annual chance flood by levees. No base flood elevations or depths are shown within this zone. Insurance purchase is not required in these zones.

Zoning

Current zoning of the subject property is RH, Rural Holding District, as approved by the City of Stoughton. The zoning code defines the district's statement of purpose as follows:

This district is intended to permit development which is solely of a rural community character. The land use standards for this district permit very low density single-family detached residential development at a density of one dwelling unit for every 35 gross acres, as well as a variety of agricultural and agriculture-supporting land uses. Density and intensity standards for this district are designed to ensure that development which requires even a minimum of urban services does not occur until such services are available. As such, the Rural Holding (RH) District shall either serve as a designation which preserves and protects agricultural activities, or as a "holding zone" which provides for an interim land use (agriculture) that will easily permit further development (with rezoning to another district) at the appropriate time.

Rationale: This district is used to provide for the protection of agricultural activities, and a very low density residential area for those who want to live in a rural environment and who retain enough land with their residence to ensure that the rural environment is maintained as long as the Rural Holding (RH) District designation is retained. In this manner, even if all property were developed in a given area with the Rural Holding (RH) District designation, the rural community character of that area would still be maintained.

A specific compliance analysis was not performed to determine whether or not the subject lots are in conformance with all zoning parameters, such as landscape surface ratios, maximum floor area ratios, minimum lot area requirements, and maximum building size requirements. Any conformance issues with the zoning text are subject to interpretation by the City of Stoughton.

Easements and Encroachments

No apparent encroachments or adverse easements were noted from physical inspection; however, the appraisers make no guarantee in that regard. We assume for purposes of this report that there are no adverse easements or conditions.

Environmental

The appraiser(s) are not qualified to detect the presence of environmental contaminants. The presence of potentially hazardous materials may impact the value of the property. Unless otherwise stated in this report, the value estimates are predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge required to discover such contaminants. Any party relying on this appraisal is urged to retain an expert in this field, if desired.

Real Estate Taxes and Assessed Values

The subject property is assessed by the City of Stoughton. Assessed values are based upon the assessor's estimate of fair market value, typically through an application of a comparison of improved sales as well as an income approach. Real estate taxes are paid one year in arrears. For instance, 2016 taxes are due on January 31, 2017, or in two installments payable on January 31 and July 31, 2017.

The subject's parcel number is 281/0510-121-8105-2. As the subject property is owned by a local municipality facility it qualifies for tax-exempt status. Therefore, the property is not assessed and no real estate taxes are levied.

According to the state law in Wisconsin, the most reliable indication of the market value of a property is a recent sale of that property. Accordingly, assessors typically base their assessment on a recent sale of the property, if available. Although it is difficult to project assessment trends in future years, investors are cautioned to consider the effects of a sharp increase, or "spike" in the assessed value in future years as a result of reassessments and/or property appreciation rates.

CONCLUSION

Based upon our analysis, the subject site appears to be in position for future development as there were no adverse conditions noted. The surrounding growth patterns indicate the site is well suited for future development. A purchaser of the site would be bound by the existing zoning in place, and would either purchase the site with the intention of commercial development or incur time and expense in rezoning for another use.

SECTION VI: HIGHEST AND BEST USE / VALUATION METHODOLOGY

Highest and Best Use Analysis

Since real estate value is determined by its use potential, the reported value estimates are based on the highest and best use of the property. An analysis of the highest and best use of a property provides the foundation for a thorough investigation of the interaction of market forces. The collection and analysis of the general data used to estimate property value provides the evidence on which a highest and best use conclusion is based.

Highest and Best Use is defined as:

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The highest and best use must meet four test criteria; namely, legal permissibility, physical possibility, financial feasibility, and maximal profitability.

1. **Legally Permissible Uses:** What uses are legally permitted on the subject site with respect to zoning ordinances and deed restrictions?
2. **Physically Possible:** What uses are physically possible on the subject site?
3. **Feasible Uses:** Of those uses determined to be physically possible and legally permissible, which ones will produce a positive return?
4. **Highest Net Return:** Of those uses that are feasible, legally permissible, and physically possible, which will produce the highest net return?

Estimating the highest and best use generally involves consideration of the subject property under two scenarios: *as vacant land* and *as presently improved*. The *as vacant* scenario assumes that the subject site is vacant or can be made vacant for development. The highest and best use *as improved* addresses whether the existing improvements are the best utilization of the property. The highest and best use of the underlying land may differ from that of the property as improved if the improvements do not constitute an appropriate use generating the highest net return to the land. The overall purpose of determining the highest and best use of the property is to identify the use that would be expected to produce the greatest site value.

When potential buyers contemplate purchasing real estate for personal use or occupancy, their principal motivations are perceived benefits of enhanced enjoyment, prestige, and privacy. Purchasers of investment property are frequently motivated by the promise of net income or capital accumulation and certain tax advantages. These investors are more directly concerned with feasibility, an indication that a project has a reasonable likelihood of satisfying their specific objectives. These objectives may include assured occupancy, establishing operating costs at a reasonable and acceptable level, and potential property appreciation.

"AS IF VACANT"

Legally Permissible

Zoning for the site is RH, Rural Holding District, as approved by the City of Stoughton. If the vacant site was sold, the current zoning would legally encumber the site to be developed as per the municipal approvals currently in-place. Any other type of development would most likely be subject to rezoning and approvals. Given surrounding land use patterns, some type of commercial development would most likely be allowable, either by alternative zoning, variances, and/or municipal approvals.

Physically Possible

To be a physically possible use, the size, shape and topographical features of the site must be adequate in order to support any proposed or existing development. The subject site contains approximately 10.68 acres (465,371 square feet), is irregular in shape with predominately level topography. The physical aspects of the site do not appear to impose constraints that would restrict it from being developed under the highest and best use.

The size and shape of the site does not appear to be a hindrance to development. The topography does not appear to limit any legally permissible uses, either as currently zoned or under a scenario of rezoning (as if vacant) for some alternative type of development. The site is currently served with all of the necessary public utilities which should have sufficient capability to serve most forms of development (consistent with surrounding land use patterns). It is assumed the site has adequate load-bearing capacities for development. Therefore, the physical aspects of the site does not appear to impose constraints that would restrict them from being developed under the highest and best use.

Financially Feasible and Maximally Productive

The last two elements pertain to financial feasibility and maximum profitability. The Highest and Best Use of the property, after meeting the first two constraints, must prove to be financially feasible and maximally productive. The use must be expected to produce a positive net income or rate of return to an investor. In order to provide maximum return, careful consideration must be given to any infrastructure costs that would be incurred for the development, as well as various soft costs. The developer must consider the supply and demand characteristics of the local market and the potential users of a planned development.

Sufficient demand is considered to exist for some type of commercial development, given the location and as evidenced by survey data reviewed regarding sales trends of similar properties in the area, supply and demand characteristics in the immediate area, and development trends.

Therefore, after considering the legally permissible and physically possible uses, it is the appraiser's opinion the financially feasible and maximally productive use of the site would be for some type of commercial development. This type of use is considered to provide the greatest return to the land and should result in the highest underlying land value. According to the neighborhood plan the future land use of the subject site will be planned mixed-use with employment focused uses such as professional office, research and development, and specialized manufacturing.

"AS IMPROVED"

As the subject property is vacant land only, an analysis of the highest and best use "As Improved" is the same as the "As Vacant" scenario.

The Valuation Methodology will be developed next. The highest and best use analysis has formed the basis for comparison in the three approaches to value.

Valuation Methodology

The valuation process involves researching current market conditions and trends as well as collecting and analyzing specific site data relating to the subject property. Based upon the market and site data obtained, an analysis of the subject's competitive position and market appeal may then be prepared. Value conclusions are drawn based upon this information and the informed judgment of the appraiser(s).

VALUATION APPROACHES DEFINED

In the valuation of real estate, any one or any combination of the three traditional appraisal methods may be used. These three methods are known as the cost, sales comparison, and income capitalization approaches to value. All three approaches are based on the economic principle of substitution.

Cost Approach

The methodology of the cost approach suggests that the value of the property being appraised tends to be set by the cost of producing an equally desirable substitute property without undue delay. This approach entails the preparation of a replacement or reproduction cost estimate for the subject improvements new (maintaining comparable quality and utility) and then deducting for losses in value sustained through physical, functional, and economic obsolescence. The estimated land value is then added to the cost, as adjusted, to arrive at a final value estimate. The accuracy of the cost approach is determined to a large extent by the availability of data on land sales and construction costs as well as estimates of physical, functional, and economic depreciation. This approach is most accurate when used for a property that is improved to its highest and best use and where depreciation is of little consequence. It is most often used for newly constructed properties, proposed properties, or special purpose properties like hospitals, churches, or schools where data regarding the other two approaches is limited or not relevant.

Sales Comparison Approach

The methodology of the sales comparison approach suggests that the value of the property being appraised tends to be set by the cost of acquiring an equally desirable substitute property without undue delay. This approach requires a detailed comparison of sales of comparable properties to the subject property. The accuracy of this approach is determined to a large extent by the existence of and availability of data on recent sales of properties that are similar to the subject in use, location, age, size, quality, condition, and general appeal. Therefore, a sufficient number of comparable sale transactions must be available for analysis, and the information obtained including price, financial terms, and property description must be reasonably reliable. As such, this approach is most accurate when used for properties that have wide market appeal and are frequently bought and sold on the open market. It can be used with a variety of property types and is the only relevant approach in most vacant land appraisals.

Income Capitalization Approach

The methodology of the income capitalization approach suggests that the value of the property being appraised tends to be set by the present worth of its future benefits. For rental properties, the future benefits are defined as the projected net operating income (i.e., cash flow before debt service) plus the net sales proceeds at disposition. The present worth of the future benefits may be estimated by the direct capitalization method or by a discounted cash flow (DCF) analysis. The accuracy of the income approach depends to a large extent on the availability of comparable rental data, vacancy rates, operating expenses, holding costs, and the perceived rate of return required by investors for the property type being analyzed.

VALUATION APPROACHES DEVELOPED

In this appraisal, only the sales comparison approach to value has been developed, and is considered to be the only applicable approach to value.

The **cost approach** reflects the value of a property based upon its reproduction cost, less depreciation, with an additional allowance for the underlying land value. As there are no improvements on the subject site, and it is considered to be vacant land only, this approach was not considered to be applicable.

The **sales comparison approach** has been developed to form an opinion of value of the property based upon a review of land sales purchased with the intent of development similar to the subject's highest and best use. This approach was given primary weight in the final value indication, as this approach is considered to be the only applicable approach to value, although, most representative data available varied in regards to location, size, and conditions of the local market.

The **income capitalization approach** reflects the value of a property based on income potential. As the subject property has no source of income, and is considered to be vacant land only, this approach was not considered to be applicable and therefore was not developed.

SECTION VII: SALES COMPARISON APPROACH

Sales Comparison Approach

The "Sales Comparison Approach" is defined in *The Appraisal of Real Estate*, Twelfth Edition (sponsored by the Appraisal Institute) as:

Approach through which an appraiser derives a value indication by comparing the property being appraised to similar properties that have been sold recently, applying appropriate units of comparison and making adjustments, based on the elements of comparison, to the sale prices of the comparable sales.

Comparable properties are best analyzed on a unit of comparison basis (e.g., per square foot, acre, etc.). By using the appropriate unit of comparison, the effect of varying property sizes can be mitigated. The most common unit of comparison for a bulk land valuation is the price per acre of land. Analyzing this indicator most closely reflects the actions and decision processes of buyers and sellers in the marketplace.

The sales comparison approach has been developed to form an opinion of value of the property based upon a review of land sales purchased with the intent of development similar to the subject's highest and best use. This approach was given primary weight in the final value indication, as this approach is considered to be the only applicable approach to value, although, most representative data available varied in regards to location, size, and conditions of the local market.

Site Valuation

The following page contains the Comparable Land Sales Summary Chart. This table includes five comparable land sales that were purchased with the intent of development similar to the subject site. The subject site is zoned RH, Rural Holding District, per the City of Stoughton, with the primary uses within the immediate being commercial, residential, and undeveloped lands. According to the neighborhood plan the future land use of the subject site will be planned mixed-use with employment focused uses such as professional office, research and development, and specialized manufacturing.

COMPARABLE LAND SALES SUMMARY CHART

#	Site Address	Sale Date	Grantor / Grantee	Zoning	Utilities / Topography	Site Size	Total Sale Price	Sale Price Breakdown	
1	4 Parcels Highway 138 Stoughton, WI	Aug-2015	Estate of Leslie Mabie / Kettle Park West LLC		All Level	Acres: 32.00	\$1,298,120	Per Acre: \$40,566	
	<i>Comments: This site contains four adjacent parcels and was purchased for part of the Kettle Park West development. The homes and outbuildings were demolished prior to development.</i>								
2	Business Park Expansion 2 Parcels on Williams Drive Stoughton, WI	Jun-2013	Moe Family LLC / City of Stoughton		All Level	Acres: 36.00	\$1,343,400	Per Acre: \$37,317	
	<i>Comments: This site contains two adjacent parcels and was purchased for the expansion of the Stoughton Business Park North. The City of Stoughton paid the agricultural use penalty for the expansion.</i>								
3	1600 Williams Drive Stoughton, WI	Apr-2017	City of Stoughton / Nafa Properties Stoughton LLC		All Level	Acres: 10.11	\$379,275	Per Acre: \$37,500	
	<i>Comments: This site is located in the Stoughton Business Park North and will be developed into a facility for North American Fur Auctions.</i>								
4	West End Circle Verona, WI	Sep-2015	West End LLC / Verona Area School District	PD	All Level	Acres: 45.18	\$3,750,000	Per Acre: \$83,001	
	<i>Comments: This site was part of the West End Development in the City of Verona. The Verona School District purchased this site for a proposed school.</i>								
5	Erbach Farmland Verona, WI	Sep-2015	US Bank, Successor Trustee for Erbach Irrevocable Trust / Verona Area School District	Ag	All Level	Acres: 63.74	\$3,150,000	Per Acre: \$49,420	
	<i>Comments: This sale included two sites located adjacent to the West End Development in the City of Verona. The City of Verona purchased the sites for a proposed school.</i>								
						ALL SALES	Site Size (Acres)	Total Sale Price	Price per Acre
						Mean	37.41	\$1,984,159	\$49,561
						Median	36.00	\$1,343,400	\$40,566
						High	63.74	\$3,750,000	\$83,001
						Low	10.11	\$379,275	\$37,317

ANALYSIS OF THE COMPARABLE LAND SALES

Adjustments to the sale prices of comparable properties are required to account for differences that may exist between a comparable and the subject. Adjustments are typically considered for sale characteristics including property rights transferred, financing, conditions of sale, economic conditions, date of sale, and physical characteristics including location, zoning, access, density, and size.

The subject site contains approximately 10.68 acres. The comparable sales ranged in size from 10.11 to 63.74 acres, and ranged in price from \$37,500 to \$83,001 per acre, with an average of \$49,561 per acre.

Sale Characteristics

The subcategories of adjustments prior to considering physical attributes include property rights transferred, financing, conditions of the sale, economic conditions, and time. Applying adjustments to the sale price of each comparable for these categories results in a current, cash terms, and transaction of equivalent property rights between typically motivated participants.

Property Rights Transferred

The comparable sales primarily represented arm's-length transactions, which involved the transfer of fee simple interest on an all cash or equivalent terms basis. No legal encumbrances were present which could be considered to have been a detriment or an enhancement to the appeal and marketability of title. Therefore, no adjustments were required for the property rights conveyed.

Financing

No adjustments are required if the terms and conditions of the comparable sale financing is considered to be typical for this type of transaction and indicative of market trends. Although, sales that transfer via land contract, with seller financing, etc. require a downward adjustment. Based upon the financing terms that could be verified, the comparable sales were sold for cash or cash equivalent terms. Therefore, the terms and conditions of these transfers did not require any financing adjustments.

Conditions of Sale

Based on our understanding of each transaction, there appeared to be significant extenuating circumstances that would warrant adjustments for the conditions of the sales, as the sales were arm's-lengths and involved no atypical conditions of sale for this type of property.

Date of Sale

The comparable sales transactions occurred from June 2013 to April 2017. Upward adjustments are typically considered for time due to the inherent increase in demand.

Timeline Continuum for Development

This is a characteristic that differentiates most sales for comparison purposes. This is difficult to pinpoint to any degree of accuracy for most comparable sales. However, trends are evident as sites that cannot be developed within a relatively short time frame (one to two years) typically have discounted sales prices, while sites that can be developed within a short time frame tend to demand a premium. Sale 4 required a downward adjustment for timeline for development.

Physical Adjustments

After adjusting for all economic / transaction related differences, the appraisers analyze the physical attributes of each comparable compared to the subject property. For adjustment purposes, only those physical differences which impact the price / value of a property are considered. The adjustment parameters include location, access and visibility, site size, site use / amenities, shape / functional utility, and topography.

Location

Location encompasses a number of issues, including locations within different sub-market areas, density, the character / condition of surrounding development, corner versus interior location, access, and visibility. It is important to assess which factors truly impact value for different types of real estate.

The subject's location is considered to be relatively similar to the comparable sales utilized, based upon locational setting with visibility, land values, rent levels, sales prices, and demand. Location is also affected by zoning of a particular jurisdiction and/or subdivision. Therefore, location, and demand for a given location, affects the rents which can be received and ultimately, the return to the land as a result of those rents.

Access / Visibility

Access and visibility to each comparable property, as well as the subject property, is a key factor for development. With restricted access or lack of visibility a property could be adversely impacted with slower sales or lower sale prices to compensate for the lack of access and / or visibility. Conversely, those properties with convenient access and increased visibility will be impacted positively. Sales 1 and 4 required downward adjustments for superior access / visibility compared to the subject site.

Density

The higher the density of a property the higher the sales price the property will command with all other factors being equal. With the increased density results in a lower price per unit or lot while the comparable price per acre will remain relatively similar to other developments with lower density approvals. However, developments with higher density approvals will tend to command a higher sales price with the added benefit of economies of scale and other factors. Developers are typically motivated for development approvals with the highest density possible for increased profitability.

Site Size

With respect to size, as the site increases in size the sales price per acre / square foot typically decreases, with all other factors remaining equal. This is due to the diminishing marginal returns associated with each additional unit (acre / square foot) added. As mentioned above with regard to location, the density for development can affect the consideration given for a site to a greater degree than the size of the site. Size is typically one of the largest factors of adjustments. Sites with larger areas were adjusted upward, while sites with smaller areas were adjusted downward.

Site Use / Amenities

Properties will vary in the aspect of inclusions of development. While some developments may be specifically catering towards single-family developments, other sites may have a mixed use of single-family housing units, multi-family housing units, and commercial businesses. With this variety of options, a buyer may tend to pay a premium for the added benefits of these approvals.

Other Physical Characteristics

Similar to the site use and amenities, each development will vary in the approvals which will take in to consideration the site's shape, functional utility, and topography. An irregularly shaped parcel or a parcel with a greatly varying topography may be limited in the approvals for development. Conversely, a development that adjoins a wetland area will tend to command a higher price per unit as this is seen as an added benefit towards the future sites of the developments.

The following chart is a summary of all adjustments considered.

LAND SALES ADJUSTMENT GRID

Stoughton Utilities Vacant Site

3201 McComb Road, City of Stoughton, WI

Comparable Sale #	1	2	3	4	5	
Sale Price Per Acre	\$40,566	\$37,317	\$37,500	\$83,001	\$49,420	
Sale Characteristics:						
Property Rights	0%	0%	0%	0%	0%	
Financing	0%	0%	0%	0%	0%	
Conditions of Sale	0%	0%	0%	0%	0%	
Date of Sale	4%	8%	0%	4%	4%	
Timeline For Dev. (Approvals)	0%	0%	0%	-10%	0%	
Total Sale Adjustments	4%	8%	0%	-6%	4%	
Adjusted Price Per Acre	\$42,189	\$40,302	\$37,500	\$78,021	\$51,396	
Physical Characteristics:						
Location	0%	10%	10%	-20%	-20%	
Access/Visibility	-10%	0%	0%	-10%	0%	
Density	0%	0%	0%	0%	0%	
Site Size	10%	10%	0%	10%	10%	
Site Use/Amenities	0%	0%	0%	0%	0%	
Utilities / Infrastructure	0%	0%	0%	0%	0%	
Shape/Functional Utility	0%	0%	0%	0%	0%	
Topography	0%	0%	0%	0%	0%	
Total Physical Adjustments	0%	20%	10%	-20%	-10%	
Final Adjusted Price Per Acre	\$42,189	\$48,362	\$41,250	\$62,417	\$46,257	
Total Adjustment	4%	30%	10%	-25%	-6%	
Summary	Unadjusted	Adjusted	Subject's Estimated Land Value			
Mean Price Per Acre	\$49,561	\$48,095	10.68	acres @	\$45,000	per unit = <u>\$480,735</u>
Median Price Per Acre	\$40,566	\$46,257	Reconciled Value			<u><u>\$480,000</u></u>

MARKET VALUE CONCLUSION

After considering all factors of adjustment, each sale was considered to provide similar weight in forming the opinion of value of the subject sites as if vacant. The sales data is considered the most representative data available to assist the appraisers in forming an opinion of the value of the vacant land. The market value is estimated at \$45,000 per acre. Therefore, it is the appraiser's opinion the applicable value for the subject site is as follows:

Subject's Estimated Land Value	
10.68 acres @ \$45,000 per unit =	<u>\$480,735</u>
Reconciled Value	<u>\$480,000</u>

Our final opinion of Market Value is based on a variety of factors including location, size, zoning parameters, highest and best use, neighborhood development trends, and current land sales activities in the competitive market area. By virtue of our inspection, investigation, and analyses, it is our opinion that the "As Is" Market Value of the vacant land as of June 30, 2017, is \$480,000.

SECTION VIII: RECONCILIATION AND FINAL VALUE CONCLUSIONS

Reconciliation and Final Value Conclusions

Reconciliation is the portion of an appraisal where the various approaches to value are weighed to judge their reliability with respect to valuing the subject. Emphasis is usually placed on the approach, or approaches, that seem to best estimate the market value of the subject property. The market value for the subject property indicated by the valuation analysis is as follows:

FINAL OPINION OF MARKET VALUE

"As Is" Market Value as of June 30, 2017

\$480,000

In this appraisal, only the sales comparison approach to value has been developed, and is considered to be the only applicable approach to value.

The **cost approach** reflects the value of a property based upon its reproduction cost, less depreciation, with an additional allowance for the underlying land value. As there are no improvements on the subject sites, and they are considered to be vacant land only, this approach was not considered to be applicable.

The **sales comparison approach** has been developed to form an opinion of value of the property based upon a review of land sales purchased with the intent of development similar to the subject's highest and best use. This approach was given primary weight in the final value indication, as this approach is considered to be the only applicable approach to value, although, most representative data available varied in regards to location, size, and conditions of the local market.

The **income capitalization approach** reflects the value of a property based on income potential. As the subject property has no source of income, and is considered to be vacant land only, this approach was not considered to be applicable and therefore was not developed.

This report and the value estimates contained within are subject to the Assumptions and Limiting Conditions contained herein.

SECTION XI: LIMITING CONDITIONS AND CERTIFICATION

Assumptions and Limiting Conditions

This appraisal report has been made with the following general assumptions and limiting conditions.

1. No investigation has been made of, and no responsibility is assumed for, the legal description or for legal matters, including title or encumbrances. Title to the property is assumed to be good and marketable unless otherwise stated. The property is further assumed to be free and clear of any or all liens, easements, or encumbrances unless otherwise stated.
2. Information furnished by others, upon which all or portions of this report are based, is believed to be reliable, but has not been verified in all cases. No warranty is given as to the accuracy of such information.
3. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
4. Full compliance with all applicable federal, state, and local zoning, use, environmental and similar laws and regulations is assumed, unless otherwise stated.
5. No responsibility is taken for changes in market conditions, and no obligation is assumed to revise this report to reflect events or conditions, which occur subsequent to the date hereof.
6. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described at that there is no encroachment or trespass unless otherwise stated in this report.
7. Responsible ownership and competent property management are assumed.
8. The allocation, if any, in this report of the total valuation between components of the property applies only to the program of utilization stated in this report. The separate values for any components may not be applicable for any other purpose and must not be used in conjunction with any other appraisal.
9. Maps or sketches, if included in this report, are only to assist the reader in visualizing the property and no responsibility is assumed for their accuracy. No independent surveys were conducted.
10. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
11. No soil analysis or geological studies were ordered or made in conjunction with this report, nor was an investigation made of any water, oil, gas, coal, or other subsurface mineral and use rights or conditions.
12. Cost estimates provided herein in the cost approach (if applicable) to value section are based on typical average replacement costs for similar utility of buildings. These costs are used only for the purpose of appraisal analysis. They should not be misconstrued as an exact cost to complete or rebuild this project. This is an appraisal estimate only.

14. The appraisal is made for valuation purposes only. It is not intended nor to be construed to be an engineering report. The appraiser(s) is (are) not qualified structural engineers, therefore are not qualified to judge the structural integrity of the improvements. Consequently, no warranty, representations or liability are assumed for the structural soundness, quality, adequacy or capacities of said improvements and utility services, including HVAC systems. Should there be any questions concerning same, it is strongly recommended that an engineering/construction inspection be obtained. The value estimate(s) is predicated on the assumption that all improvements, equipment and building services are structurally sound and suffer no concealed or latent defects or inadequacies.
15. Neither Meicher Real Estate LLC nor any individuals signing or associated with this report shall be required by reason of this report to give testimony or appear in court or other legal proceedings unless specific arrangements therefore have been previously made.
16. This report has been made only for the purpose stated and shall not be used for any other purpose. Neither this report nor any portions thereof (including without limitation any conclusions as to value, the identity of Meicher Real Estate LLC or any individuals signing or associated with this report, or the professional associations for organizations with which they are affiliated) shall be disseminated to third parties by any means without the prior written consent and approval of Meicher Real Estate LLC. The report may not be used for SEC filings.
17. The date of value to which the conclusion and opinion expressed in this report applies will be set forth in the letter of transmittal. The value opinion is based on the purchasing power of the United States' dollar as of the effective date of the value estimate(s).
18. Unless otherwise stated in this report, I (we) did not observe the existence of hazardous material, which may or may not be present on the property. I (we) have no knowledge of the existence of such materials on, or in, the property; however, we are not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on, or in, the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
19. If the property being appraised is part of a larger tract, any values reported relate only to the portion being considered and should not be misconstrued as applying with equal validity to other portions of the larger tract.
20. Any projections of market or future rents, expenses, net operating income, mortgage terms, capital outlays, inflation, capitalization rates, or discount rates, are intended solely for analytical purposes and are not to be misconstrued as predictions by Meicher Real Estate LLC. They represent the judgment of the authors only as to the assumptions typically used by the market participants, and their accuracy is in no way guaranteed.
21. Unless otherwise stated, the values presented in this report exclude furniture, fixtures, and equipment (FF&E) and machinery and equipment (M&E) present (or to be present) in the property.
22. If improvements or renovations are proposed, this report specifically assumes completion within the time frame outlined herein. Should there be any subsequent changes or delays to the construction or renovations schedule, this may or may not materially alter the value conclusions presented. As we cannot be held responsible for these circumstances, if they do occur, we reserve the right to review any changes and may make the necessary modifications to the analysis at an additional charge.

23. The Americans with Disabilities Act (“ADA”) became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible non-compliance with the requirements of ADA in estimating the value of the property.
24. Unless otherwise agreed upon in writing (via contract or engagement for services), the client(s) upon accepting the appraisal, shall indemnify and hold harmless Meicher Real Estate, LLC and/or its individual staff members from and against all damages, expenses, claims, demands and costs; including legal fees and/or court costs.
25. Unless otherwise agreed upon in writing (via contract or engagement for services), the maximum damages recoverable from Meicher Real Estate LLC relative to this engagement shall be the amount of the moneys actually collected by Meicher Real Estate LLC for this assignment and under no circumstances shall any claim for consequential damages be made. In addition, there is no accountability or liability to any third party.
26. The by-law’s and Regulations of the Appraisal Institute require each member and candidate to control the use and distribution of each appraisal signed by such member or candidate. Therefore, except as hereinafter provided, the party for whom this appraisal was prepared may distribute copies of this appraisal, in its entirety, to such third parties as may be selected by the party for whom this appraisal was completed, but shall not be given to third parties without the prior written consent of the signatory of this appraisal. Further, neither all nor any part of this appraisal shall be disseminated to the general public by the use of advertising media, public relations media, news media, sales media or other media for public communications without the prior written consent of the signatory of this appraisal.
27. Any controversy or claim arising out of or relating to this appraisal report or the services provided by Meicher Real Estate LLC pursuant thereto (including any such matter involving any parent, subsidiary, affiliate, successor in interest, assignee, or agent of the Company or of Meicher Real Estate LLC) shall be submitted first to voluntary mediation, and if mediation is not successful, then to binding arbitration, in accordance with the dispute resolution procedures set forth in Annex 1 hereto. Judgment on any arbitration award may be entered in any court having proper jurisdiction.
28. No recipient shall be relieved of the effect of, or its obligations under, any assumption or limiting condition hereof without the express written consent of Meicher Real Estate LLC.
29. Acceptance of and/or use of this report constitutes acceptance of all of the foregoing Assumptions and Limiting Conditions.

Privacy Notice

Pursuant to the Gramm-Leach-Bliley Act of 1999, effective July 1, 2001, Appraisers, along with all providers of personal financial services are now required by federal law to inform their clients of the policies of the firm with regard to the privacy of client nonpublic personal information. As professionals, we understand that your privacy is very important to you and are pleased to provide you with this information.

Types of Nonpublic Personal Information We Collect

In the course of performing appraisals, we may collect what is known as “nonpublic personal information” about you or your Client. This information is used to facilitate the services that we provide to you and may include the information provided to us by you directly or received by us from others with your authorization.

Parties to Whom We Disclose Information

We do not disclose any nonpublic personal information obtained in the course of our engagement with our clients to nonaffiliated third parties, except as necessary or as required by law. By way of example, a necessary disclosure would be to our employees, and in certain situations, to unrelated third party consultants who need to know that information to assist us in provided appraisal services to you. All of our employees and any third party consultants we employ are informed that any information they see as part of an appraisal assignment is to be maintained in strict confidence within the firm.

A disclosure required by law would be a disclosure by us that is ordered by a court of competent jurisdiction with regard to a legal action to which you are a party.

Confidentiality and Security

We will retain records relating to professional services that we have provided to you for a reasonable time so that we are better able assist you with your needs. In order to protect your nonpublic personal information from unauthorized access by third parties, we maintain physical, electronic and procedural safeguards that comply with our professional standards to insure the security and integrity of your information. Please feel free to call us at any time if you have any questions about the confidentiality of the information that you provide to us.

Certification

I CERTIFY THAT, TO THE BEST OF MY KNOWLEDGE AND BELIEF...

1. The statements of fact contained in this report are true and correct and I have not knowingly withheld any significant information
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and assumptions and are my personal, unbiased professional analyses, opinions, and conclusions
3. I have no interest, present or prospective, in the property that is the subject of this report or to the parties involved
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment
5. I have not previously appraised the subject property within the last three years
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results
7. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of the appraisal
8. My analyses, opinions, and conclusions that were developed and this report that has been prepared are in conformity with the requirements of the Code of Professional Ethics and the Supplemental Standards of Professional Practice of The Appraisal Institute and the Uniform Standards of Professional Appraisal Practice
9. The use of this report is subject to the requirements of The Appraisal Institute relating to review by its duly authorized representatives
10. As of the date of this report, I have completed the requirements of the continuing education program of the States of Wisconsin and Illinois
11. I made a physical inspection of the subject property on June 30, 2017
12. William P. Mueller provided significant professional assistance to the person(s) signing this report
13. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser or The Appraisal Institute or the MAI or RM designations) shall be disseminated to the public through advertising media, public relations media, news media, sales media, or any other public means of communication without the prior written consent and approval of the undersigned
14. This appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan



Kevin F. Meicher
Wisconsin Certified General Appraiser #758
Illinois Certified General Appraiser #153001311



William P. Mueller
Research Assistant

SECTION X: ADDENDUM

Engagement Letter



June 9, 2017

Mr. Robert Kardasz
Stoughton Utilities
600 South Fourth Street
Stoughton, WI 53589

RE: Engagement Letter for the Requested Appraisal

Dear Mr. Kardasz,

Pursuant to your request, we are pleased to submit an engagement letter for an appraisal of the vacant land located at Lot 2 of CSM 14525, in the City of Stoughton, Dane County, Wisconsin

The Appraisal Report shall be prepared for Mr. Robert Kardasz and is for the sole and exclusive use of Stoughton Utilities and/or affiliates. We request that you seek our written authorization before releasing the report to any party other than those referenced.

The purpose of the Appraisal Report is to develop the Market Value of the subject property in "As Is" condition as of the date of inspection. The appraisal will be prepared in accordance with the Uniform Standards of Professional Appraisal Practice. The report is subject to our Statement of Limiting Conditions and Appraiser Certifications which are attached to all appraisals prepared by this office.

The estimated completion date of the appraisal is within four weeks of receipt of this signed engagement letter and any relevant information requested for the preparation of the report.

The following information is requested for the appraisal:

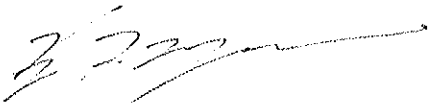
- Site Plans
- Sales History / Offer to Purchase / Closing Statements (if applicable)
- Tax Parcel Number / Most Recent Tax Bill
- Zoning / Development Approvals
- Any other data in your files that may be relevant for valuation purposes

We will furnish you with an electronic copy of the Appraisal Report in PDF format, and a paper copy if requested. Our fee for the appraisal will be \$1,400. These charges include all out-of-pocket expenses. Should additional consulting services, such as additional analysis or testimony work, be requested or required, we will charge an hourly rate of \$245 for the additional time. The professional fees are due upon delivery of the appraisal report.

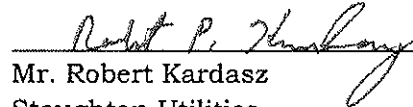
We will proceed with the preparation of this appraisal upon receipt of a signed copy of this letter. If you have any questions please give us a call.

Sincerely,

Accepted By:



Kevin F. Meicher
Meicher Real Estate




Mr. Robert Kardasz
Stoughton Utilities

JUNE 13, 2017
Date

Parcel Info

Parcel Detail

Less —

Municipality Name	CITY OF STOUGHTON	
State Municipality Code	281	
Township & Range	Section	Quarter/Quarter & Quarter
T05NR10E	12	NE of the NE
Plat Name	CSM 14525	
Block/Building		
Lot/Unit	2	
Parcel Description	LOT 2 CSM 14525 CS100/127&128-6/1/2017 DESCR AS SEC 12-5-10 PRT NE1/4NE1/4 (10.683 ACRES EXCL R/W) This property description is for tax purposes. It may be abbreviated. For the complete legal description please refer to the deed.	
Current Owner	STOUGHTON, CITY OF 	
Primary Address	3201 MCCOMB RD	
Billing Address	381 E MAIN ST STOUGHTON WI 53589	

Assessment Detail

Less —

[«](#)
[< Newer](#)
[Older >](#)
[»](#)

Assessment Year 

Valuation Classification
Assessment Acres
Land Value
Improved Value
Total Value
Average Assessment Ratio 
Estimated Fair Market Value 
Valuation Date 

Show Valuation Breakout

Open Book

Open Book dates have passed for the year

Starts: ~~04/03/2017 12:00 PM~~

Ends: ~~04/03/2017 07:00 PM~~

Starts: ~~04/04/2017 09:00 AM~~

Ends: ~~04/04/2017 03:00 PM~~

[About Open Book](#)

Board Of Review

Starts: 05/16/2017 - 10:00 AM

Ends: To Adjourn

[About Board Of Review](#)

Show Assessment Contact Information 

Zoning Information

Contact your local city or village office for municipal zoning information.

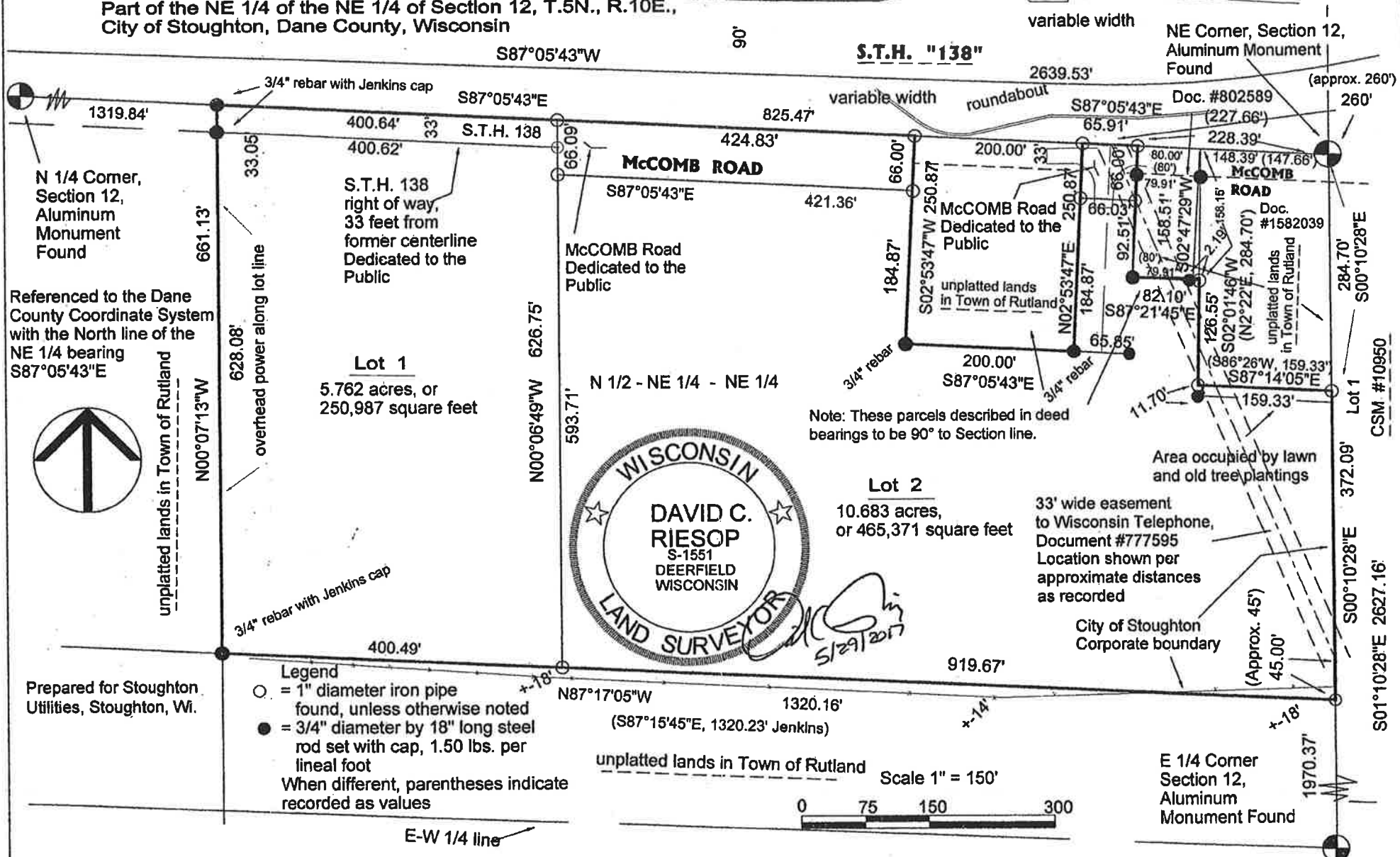
CSM

Certified Survey Map

Part of the NE 1/4 of the NE 1/4 of Section 12, T.5N., R.10E.,
City of Stoughton, Dane County, Wisconsin

Lot 2 CSM #14058

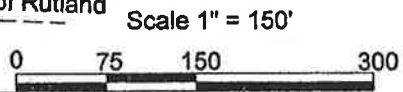
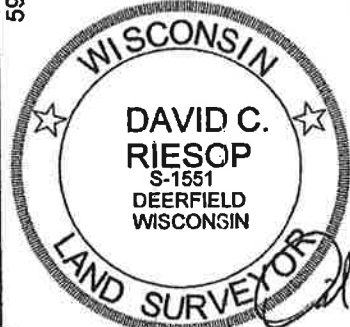
KETTLE WEST CONDOMINIUM



Referenced to the Dane County Coordinate System with the North line of the NE 1/4 bearing S87°05'43"E



- Legend**
- = 1" diameter iron pipe found, unless otherwise noted
 - = 3/4" diameter by 18" long steel rod set with cap, 1.50 lbs. per lineal foot
- When different, parentheses indicate recorded as values



Dwg. No. 4079-11 Date 5/24/2017
Sheet 1 of 2
Document No. 5329922
C. S. M. No. 14525 V. 100 P. 127

Wisconsin Mapping, LLC
surveying and mapping services
306 West Quarry Street, Deerfield, Wisconsin 53531
(608) 764-5602

Certified Survey Map

Owner's Certificate

The City of Stoughton, Dane County, Wisconsin, as owner, does hereby certify that it has caused the land described on this Certified Survey Map to be surveyed, divided, mapped and dedicated as represented hereon; and does further certify that this CSM is required by S.236.34 of the State Statutes to be submitted to the City of Stoughton Common Council for approval.

Dated this 31st day of May, 2017

by: Donna Olson
Donna Olson, Mayor, City of Stoughton

STATE OF WISCONSIN)

) ss.

COUNTY OF DANE)

Personally came before me this 31 day of May, 2017, the above named Donna Olson, to me known to be the person who executed the foregoing instrument and acknowledged the same.

Kristi Chlebowski
Notary Public, Dane County, Wisconsin
my commission expires 12/3/2021

Surveyor's Certificate

I hereby certify that in full compliance with the provisions of Chapter 236.34 of the Wisconsin Statutes and the subdivision regulations of the City of Stoughton, and by the direction of Robert Kardasz, agent for the owner, I have surveyed, divided and mapped the lands described hereon, and that such map correctly represents the exterior boundaries of the lands surveyed and its subdivision thereof, and that this land is located within and more fully described to wit:

Part of the NE ¼ of the NE ¼ of Section 12, T.5N., R.12E., City of Stoughton, Dane County, Wisconsin, described as follows:

Commencing at the Northeast corner of Section 12; thence S00°10'28"E along the East line of the NE ¼, 284.70 feet to the point of beginning; thence continue S00°10'28"E along said line, 372.09 feet to the Southeast corner of the N ½ of the NE ¼; thence N87°17'05"W, 1320.16 feet to the Southwest corner of said N ½; thence N00°07'13"W along the West line of the NE ¼ of the NE ¼, 661.13 feet to the Northwest corner thereof; thence S87°05'43"E along the North line of said ½ - ¼, 825.47 feet; thence S02°53'47"W, 250.87 feet; thence S87°05'43"E, 200.00 feet; thence N02°53'47"E, 250.87 feet to the North line of said ½ - ¼; thence S87°05'43"E along said line, 65.91 feet; thence S02°47'29"W, 158.51 feet; thence S87°21'45"E, 82.10 feet; thence S02°01'46"W, 126.55 feet; thence S87°14'05"E, 159.33 feet to the point of beginning. The above described containing 17.490 acres, or 761,860 square feet, being subject to the dedication for McComb Road and State Trunk Highway 138 as mapped hereon.

David C. Riesop 5/29/2017
David C. Riesop S-1551



City Approval

This Certified Survey Map, having been approved by Plan Commission action of May 13, 2017 and Common Council action of March 28, 2017 is hereby approved for recording, and further that the road dedications as shown are hereby acknowledged and accepted by the City of Stoughton.

Lana Kropf
Lana Kropf, City Clerk, City of Stoughton

Register of Deeds Certificate

Received for recording this 1 day of June, 2017 at 11:47 o'clock A.M. and recorded in Volume 100 of Certified Surveys, Pages 127-128.

Kristi Chlebowski
Kristi Chlebowski, Register of Deeds

Received 6.1.2017 9:33 AM

Wisconsin Mapping, LLC

surveying and mapping services

306 West Quarry Street, Deerfield, Wisconsin 5353
(608) 764-5602

Dwg. No. 4079-11 Date 5/24/2017

Sheet 2 of 2

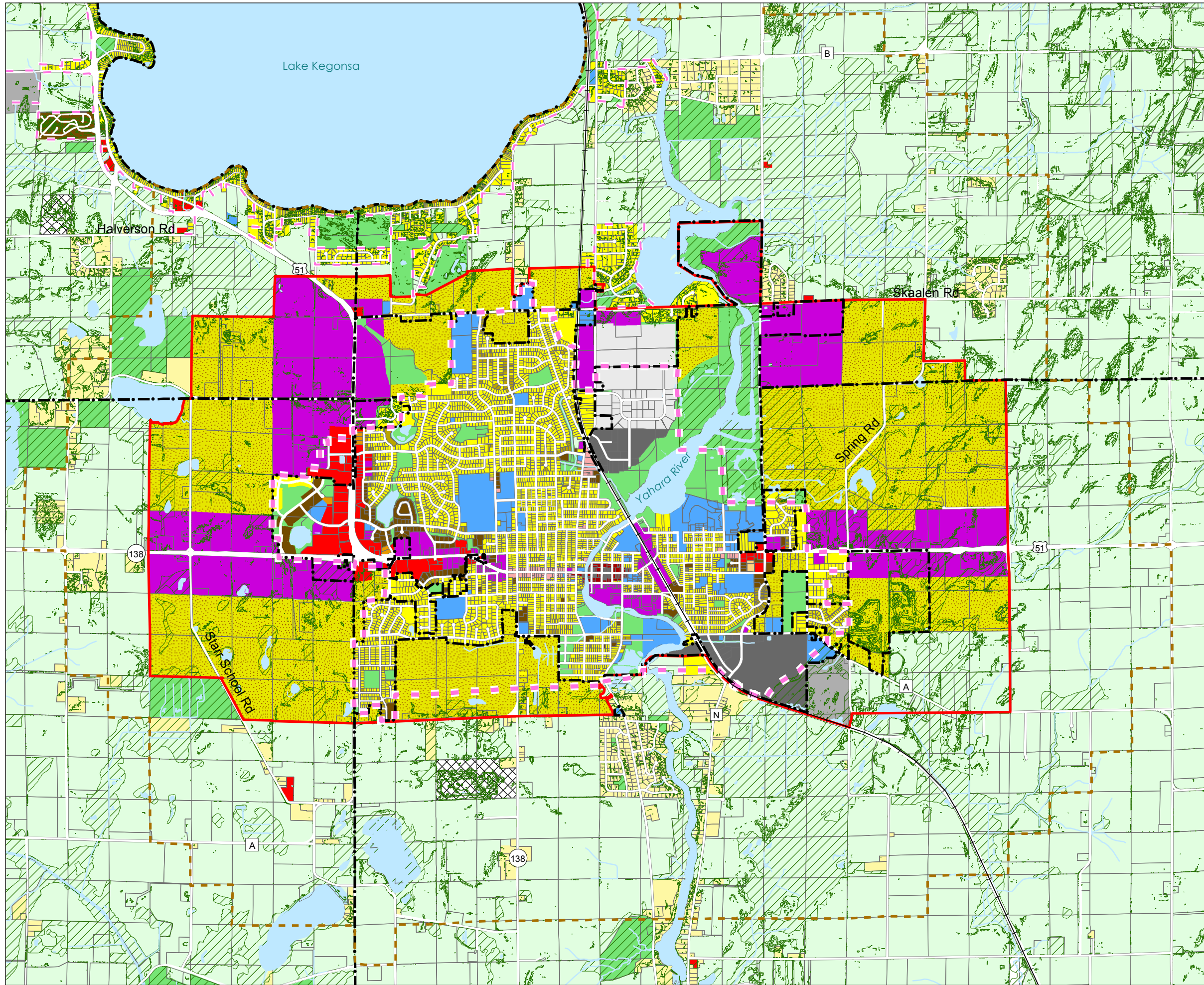
Document No. 5329922

C. S. M. No. 14525 V.100 P.128

Zoning & Land Use Maps

City of Stoughton Comprehensive Plan **DRAFT** Future Land Use

Map
6c

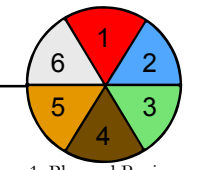


- Planned Stoughton Urban Development Area**
- - - 2017 Urban Service Areas
- - - 2017 Limited Service Areas
- - - 2017 Municipal Boundaries
- - - 2017 ETJ Boundary
- +— Railroads

Future Land Use

- Agriculture/Rural
- Unsewered Residential
- Single Family Residential
- Two Family Residential
- Multi-Family Residential
- Planned Neighborhood
- Central Business
- Planned Mixed Use
- Planned Office
- Neighborhood Office
- Planned Business
- Neighborhood Business
- Planned Industrial
- General Industrial
- Heavy Industrial
- Landfill/Extraction
- Institutional
- Recreation or Public Open Space
- Environmental Corridor (subject to confirmation)*
- Surface Water
- Right-of-Way

1. Single Family Residential
2. Two Family Residential
3. Multi-Family Residential
4. Institutional
5. Neighborhood Office
6. Neighborhood Business
7. Recreation or Public Open Space



1. Planned Business
2. Institutional
3. Recreation or Public Open Space
4. Multi-Family Residential
5. Planned Office
6. Planned Industrial

Shapes on map represent general recommendations for future land use. Actual boundaries between different land use types and associated zoning districts may vary somewhat from representations on this map. Existing (not future) land use pattern shown beyond Planned Development Area.

*Environmental corridors are a composite of the most important natural resources. Individual components consist of most of those elements seen on Map 2: Natural Resources. These include: DNR Wetlands, 100 Year Floodplain, Woodlands, Public Lands, Steep Slopes above 12%, and all other Environmental Corridors as defined by CARPC. Within the Stoughton Urban Service Area, only Corridors defined by CARPC are depicted.

** See Table 9 for Acreage Totals.








Draft: May 15, 2017



Sources: Dane County LIO, City of Stoughton, CARPC, FEMA, WI DNR, Madison Area Transportation Planning Board



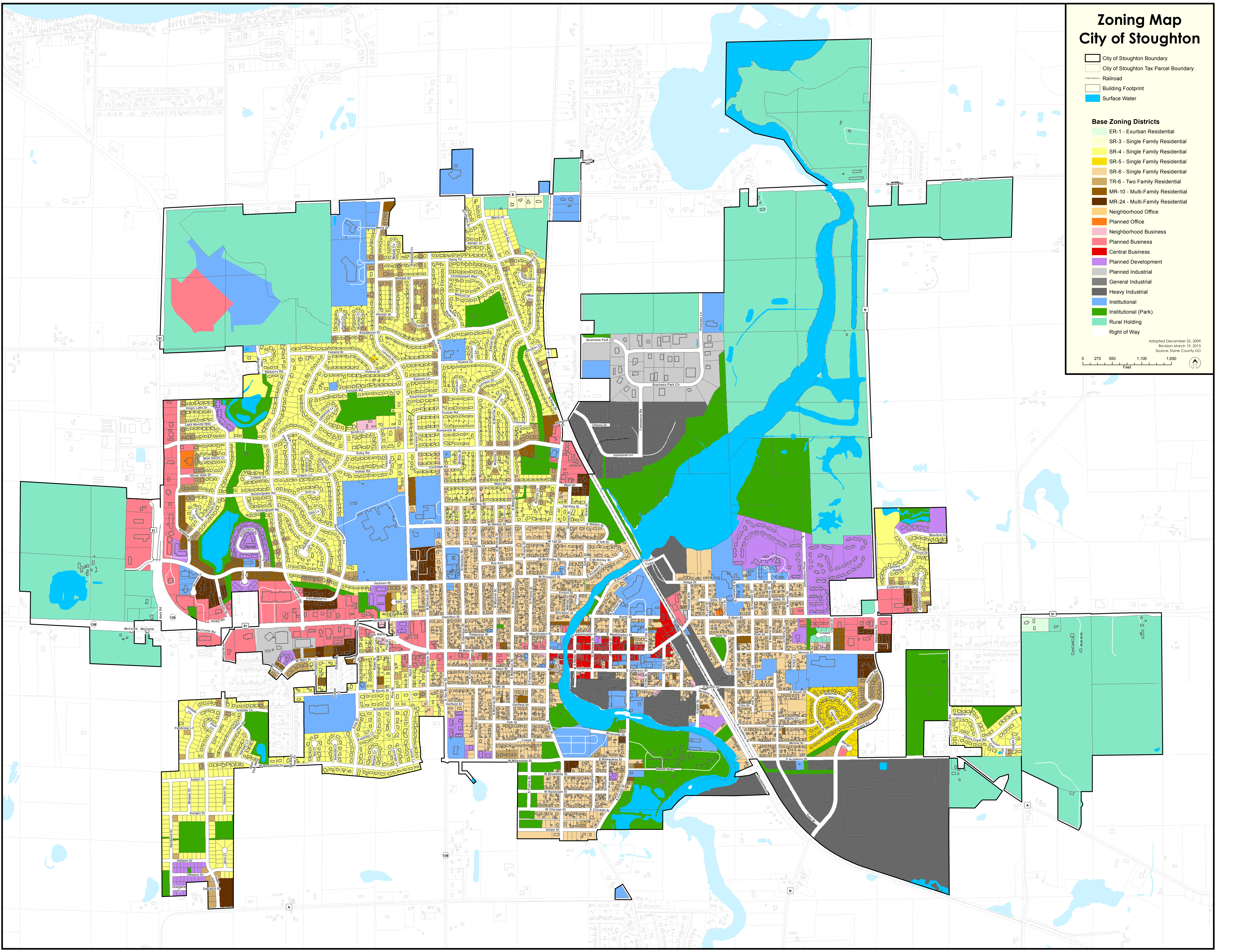
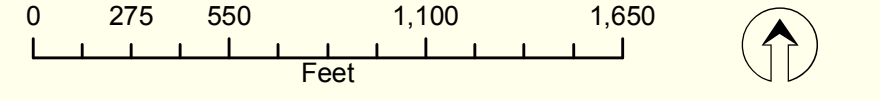
Zoning Map City of Stoughton

-  City of Stoughton Boundary
-  City of Stoughton Tax Parcel Boundary
-  Railroad
-  Building Footprint
-  Surface Water

Base Zoning Districts

-  ER-1 - Exurban Residential
-  SR-3 - Single Family Residential
-  SR-4 - Single Family Residential
-  SR-5 - Single Family Residential
-  SR-6 - Single Family Residential
-  TR-6 - Two Family Residential
-  MR-10 - Multi-Family Residential
-  Neighborhood Office
-  Planned Office
-  Neighborhood Business
-  Planned Business
-  Central Business
-  Planned Development
-  Planned Industrial
-  General Industrial
-  Heavy Industrial
-  Institutional
-  Institutional (Park)
-  Rural Holding
-  Right of Way

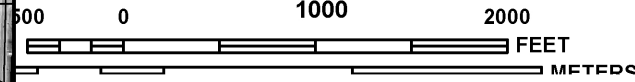
Adopted December 22, 2009
Revision March 19, 2015
Source: Dane County LCO



Flood Map



MAP SCALE 1" = 1000'



PANEL 0620H

FIRM

FLOOD INSURANCE RATE MAP
 DANE COUNTY,
 WISCONSIN
 AND INCORPORATED AREAS

PANEL 620 OF 850
 (SEE MAP INDEX FOR FIRM PANEL LAYOUT)

CONTAINS:

COMMUNITY	NUMBER	PANEL	SUFFIX
DANE COUNTY	550077	0620	H
STOUGHTON, CITY OF	550091	0620	H

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



MAP NUMBER
 55025C0620H
 MAP REVISED
 SEPTEMBER 17, 2014

Federal Emergency Management Agency

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

Appraiser Qualifications

APPRAISAL QUALIFICATIONS OF

KEVIN F. MEICHER

Wisconsin Certified General Appraiser #758
Illinois Certified General Appraiser #153001311

MEICHER REAL ESTATE

Member / Owner
April 2001 to Present

Specializing in commercial real estate appraisal, brokerage and consulting, Meicher Real Estate, LLC consolidates the experience of individuals with diverse backgrounds and expertise. Specific services available include commercial real estate appraisal and consultation in conformity with USPAP and FIRREA; market and feasibility studies; business valuations; real estate brokerage; personal property and real property tax consultation; and expert witness testimony related to the services provided.

APPRAISAL EXPERTISE

Income Producing and Special Purpose Properties, Including (but not limited to) the Following:

- Apartment / Multi-Family Developments
- Lodging Facilities
- Special-Purpose Properties
- Retail Shopping Centers
- Subdivision and Condominium Developments (including retail, commercial, single and multi-family residential, and condominiums)
- Industrial / Warehouse / Production Facilities
- Senior Housing (Assisted Living, Adult Family Homes, Senior Apartments, CBRFs, RCACs)
- Office Buildings
- Corporate Headquarters Facilities
- Market Feasibility Studies

ADDITIONAL EXPERIENCE

President / Corporate Officer

Millennium Real Estate Group,
Inc. (f/k/a MBM Associates, Inc.)
April 1995 – March 2001
Real estate appraisal, brokerage,
and consulting company

Commercial Appraiser

Midwest Valuation Service, Inc.
(f/k/a John P. Hill & Associates,
Inc.)
March 1993 – August 1998
Commercial real estate appraisal

Other Real Estate Experience

Investment
Property Management
Financing
New Construction Coordination

CERTIFICATIONS AND PROFESSIONAL AFFILIATIONS

- Illinois Certified General Appraiser #153001311 - January, 2000
- Wisconsin Certified General Appraiser #758 - December, 1995
- Wisconsin Real Estate Broker's License - March, 1995
- Wisconsin Real Estate Salespersons License - May, 1993
- Associate Member of the Appraisal Institute – MAI Candidate
- Member of the Greater Madison Area Board of Realtors
- Member of the South Central Wisconsin Multiple Listing Service

EDUCATION

University of Wisconsin – Whitewater

B.B.A. Business - Finance (Real Estate Emphasis)

Areas of Study:

- Real Estate Development
- Real Estate Investments
- Real Estate
- Estates and Trusts

Appraisal Institute

Courses Completed:

- 310 - Capitalization Theory and Techniques
- 410 - Standards of Professional Practice, Part A
- 420 - Standards of Professional Practice, Part B
- 510 - Advanced Income Capitalization
- 520 - Highest & Best Use and Market Analysis
- 530 - Advanced Sales Comparison & Cost Approaches

Continuing Education

Completed Yearly for License Renewals

Courses include, but are not limited to, the following:

- USPAP
- Business Practices and Ethics
- Condominiums, Co-ops, and PUDs
- Analyzing Operating Expenses
- Supervising Appraisal Trainees
- Developing and Growing an Appraisal Practice
- Technology for Today's Appraiser
- Subdivision Analysis

REPRESENTATIVE CLIENTS / REFERENCES

Banks & Lending Companies

- Anchor Bank
- Associated Bank
- Bache Funding of Wisconsin
- Bank of Sun Prairie
- BMO Harris Bank
- Business Lending Services
- Capitol Bank
- DMB Community Bank
- Dubuque Bank & Trust
- First Business Bank
- First National Bank & Trust
- Johnson Bank, NA
- McFarland State Bank
- Middleton Community Bank
- Monona State Bank
- National Mutual Benefit
- Oak Bank
- Park Bank
- River Valley Bank
- Settlers Bank
- Starion Financial
- State Bank Financial
- State Bank of Cross Plains
- Summit Credit Union
- Wintrust / Town Bank
- US Bank
- Wisconsin Community Bank

Investors, Developers, Attorneys & Accountants

- Alexander Company
- Augusta Realty
- Axley Brynelson
- Baker Tilly
- Benerik Properties
- Bob Castleberg
- City of Fitchburg
- City of Janesville
- City of Stoughton
- Coldwell Bank / Sveum Realtors
- Contemporary Real Estate
- DeWitt Ross & Stevens
- Elderspan
- Encore Construction
- Gallina Company
- Gorman & Company Inc
- Great Dane Realty
- Gregg Shimanski Realty
- Haen Real Estate
- Heartland Properties
- Horizon Development
- Hovde Properties
- Hovde Realty
- Joseph McCormick
- Joseph Soderholm
- Kindred Hearts
- Knupp & Watson
- Krupp Construction
- M & M Real Estate
- Meriter Hospitals
- Murphy and Desmond, S.C.
- North American Realty Advisors
- Reinhart Boerner Van Deuren s.c.
- Rouse Management
- Steve Brown Apartments
- Suby, Von Haden, & Associates
- Sveum Enterprises
- T. Wall Properties
- Valuation Compliance, LLC
- Veridian Homes
- Welton Enterprises