



414 Nicollet Mall  
Minneapolis, MN 55401

September 1, 2022

—Via Electronic Filing—

Will Seuffert  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7<sup>th</sup> Place East, Suite 350  
St. Paul, MN 55101

RE: PETITION FOR APPROVAL TO SELL 348 ACRES OF LAND AT SHERCO  
DOCKET NO. E002/M-22-\_\_\_\_\_

Dear Mr. Seuffert:

Northern States Power Company, doing business as Xcel Energy, submits to the Minnesota Public Utilities Commission this Petition for approval of a transaction to sell approximately 348 acres of land located at our Sherburne County Generating Station in Becker, Minnesota to Elk River Technologies, LLC.

This is the first land sale at Sherco in several years and is a part of a broader effort focused on ensuring a responsible and just energy transition for the Becker community. Elk River Technologies plans to use the property for data center development, which will bring additional jobs, capital investment, and tax base to the Becker community. We continue to work in close coordination with the City of Becker and Sherburne County officials on other potential economic development opportunities and anticipate bringing forward additional land sales in the future as we are able to complete agreements.

We have electronically filed this document with the Minnesota Public Utilities Commission, and copies have been served on the parties on the attached service list. Please contact Bria Shea at [bria.e.shea@xcelenergy.com](mailto:bria.e.shea@xcelenergy.com) if you have any questions regarding this filing.

Sincerely,

/s/

BRIA SHEA  
REGIONAL VICE PRESIDENT, REGULATORY POLICY

Enclosures  
c: Service List

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STATE OF MINNESOTA  
BEFORE THE  
MINNESOTA PUBLIC UTILITIES COMMISSION

|                    |              |
|--------------------|--------------|
| Katie J. Sieben    | Chair        |
| Joseph K. Sullivan | Vice Chair   |
| Valerie Means      | Commissioner |
| Matthew Schuerger  | Commissioner |
| John A. Tuma       | Commissioner |

IN THE MATTER OF THE PETITION OF  
NORTHERN STATES POWER COMPANY  
FOR APPROVAL TO SELL 348 ACRES OF  
LAND AT SHERCO

DOCKET NO. E002/M-22-\_\_\_\_\_

**PETITION**

**INTRODUCTION**

Northern States Power Company, doing business as Xcel Energy (“Company”), submits to the Minnesota Public Utilities Commission this Petition for approval of this transaction to sell approximately 348 acres of land located at our Sherburne County Generating Station (Sherco) in Becker, Minnesota. As discussed below, we believe this transaction will benefit our customers and stakeholders, including specifically the Becker community. In fact, these negotiations are part of an effort led by Xcel Energy and officials in the Sherburne County to attract new economic development to the Becker area. While the Commission has noted in a past docket that determining the appropriate treatment of gains from land sales is a complex and fact-specific issue, we are proposing to pass the Minnesota share of these proceeds from this sale onto our customers because we are focused on promoting growth in Sherburne County. For these reasons, we believe the transaction is consistent with the public interest, and we respectfully request that the Commission approve the transaction under Minn. Stat. 216B.50.

The transaction involves an Option Agreement for the sale of up to 348 acres of land to Elk River Technologies, LLC (“Elk River Technologies”). Elk River Technologies plans to utilize the site for data center development. The exact number of acres to be sold will be finalized when the project design is complete; the Company will need to retain a small portion of the land—estimated to be between 5 and 10 acres—for electrical infrastructure. This sale will benefit customers because it involves the sale

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of land that is no longer necessary as buffer around the Company's Sherco Plant and will result in proceeds of approximately \$7,700,000 and a net gain of approximately \$7,469,777. We propose the Minnesota share of approximately \$5,435,727 be returned to customers.

This sale is supported by the City of Becker and will benefit the Becker community as the anticipated data center development will bring additional jobs, capital investment, and tax base to the Becker community. This is the first land sale at Sherco in several years and is a part of a broader effort focused on ensuring a responsible and just energy transition for the Becker community. We continue to work in close coordination with the City of Becker on potential economic development opportunities and anticipate bringing forward additional land sales in the future as we are able to complete agreements.

Through this Petition, we specifically request that the Commission:

- Approve the transaction according to the terms and conditions stated in the attached Option Agreement;
- Approve the proposed accounting treatment of the sales revenue from these transactions so the gains can be passed on to customers as a one-time bill credit; and
- Grant a variance to Minn. R. 7825.1800, subpart B as it relates to the information required under Minn. R. 7825.1400, subparts F through I.

**I. SUMMARY OF FILING**

A one-paragraph summary is attached to this filing pursuant to Minn. R. 7829.1300, subp. 1.

**II. SERVICE ON OTHER PARTIES**

Pursuant to Minn. R. 7829.1300, subp. 2, the Company has served a copy of this filing on the Office of the Attorney General – Residential Utilities Division. A summary of the filing has been served on all parties on the enclosed service list.

**III. GENERAL FILING INFORMATION**

Pursuant to Minn. R. 7829.1300, subp. 3, we provide the following information.

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**A. Name, Address, and Telephone Number of Utility**

Northern States Power Company, doing business as:  
Xcel Energy  
414 Nicollet Mall  
Minneapolis, MN 55401  
(612) 330-5500

**B. Name, Address, and Telephone Number of Utility Attorney**

Ian M. Dobson  
Assistant General Counsel  
Xcel Energy  
414 Nicollet Mall, 401 – 8<sup>th</sup> Floor  
Minneapolis, MN 55401  
(612) 370-3578

**C. Date of Filing and Date the Property Transfer Is to Take Effect**

The date of this filing is September 1, 2022. The Elk River Technologies option agreement was executed on July 22, 2022, and Elk River Technologies’ exclusive option to purchase the Becker land is good for 6 months thereafter until January 21, 2023 (“Expiration Date”). Elk River Technologies may also extend the option period for up to three additional six-month periods (expiring on July 21, 2023, January 21, 2024, and July 21, 2024, respectively). If, however, the Commission does not approve the Option Agreement prior to December 21, 2022, then the initial Expiration Date will be revised to be 30 days after receipt of Commission approval, and the six-month extended Expiration Dates will be adjusted accordingly.

**D. Statute Controlling Schedule for Processing the Filing**

This filing is made under Minn. Stat. § 216B.50 (Restrictions on property Transfer and Merger). That statute does not state a specific schedule for processing a property sale filing. Because no determination of Xcel Energy’s general revenue requirement is necessary, this eligibility determination filing falls within the definition of a “miscellaneous tariff filing” under Minn. Rule 7829.0100, Subpart 11. Pursuant to Minn. Rule 7829.1400, subparts 1 and 4, initial comments on a miscellaneous tariff filing are due within 30 days of filing, and replies are due 10 days from the expiration of the original comment period.

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We note that in these types of sales, the ability to secure regulatory approval and close a transaction quickly can impact whether a sale is ultimately completed. Given that this transaction provides an important economic development opportunity for Becker and benefits our customers with the sale proceeds, we appreciate a timely review by the Commission and other stakeholders. As noted earlier, we anticipate similar transactions in the future and want to ensure that utility requirements and processes do not impede Becker's ability to attract and secure new investment. With that in mind, the Company hopes to identify ways to streamline the approval process for such sales in the future while ensuring our regulators and stakeholders have the opportunity for a thorough review. The Company welcomes feedback from the Commission and other parties on options to streamline the review of future filings.

**E. Utility Employee Responsible for Filing**

Bria E. Shea  
Regional Vice President, Regulatory Policy  
Xcel Energy  
414 Nicollet Mall, 401 – 7<sup>th</sup> Floor  
Minneapolis, MN 55401  
(612) 330-6064

**IV. MISCELLANEOUS INFORMATION**

Pursuant to Minn. R. 7829.0700, the Company requests that the following persons be placed on the Commission's official service list for this proceeding:

Ian M. Dobson  
Assistant General Counsel  
Xcel Energy  
414 Nicollet Mall, 401 – 8<sup>th</sup> Floor  
Minneapolis, MN 55401  
[ian.m.dobson@xcelenergy.com](mailto:ian.m.dobson@xcelenergy.com)

Carl Cronin  
Regulatory Administrator  
Xcel Energy  
414 Nicollet Mall, 401 – 7<sup>th</sup> Floor  
Minneapolis, MN 55401  
[regulatory.records@xcelenergy.com](mailto:regulatory.records@xcelenergy.com)

Any information requests in this proceeding should be submitted to Mr. Cronin at the Regulatory Records email address above.

**V. DESCRIPTION AND PURPOSE OF FILING**

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We request approval of the land sale contemplated by the Option Agreement described in this Petition. The agreement between Northern States Power Company and Elk River Technologies, LLC is included as Attachment A.

In support of this filing, we provide the following information:

- Background
- Description of Transaction
- Standard of Review
- Proposed Accounting Treatment for Sale Proceeds

Attachments provided with this filing are listed below:

- Attachment A – Executed Agreement with Elk River Technologies, LLC
- Attachment B – Market Value Appraisal
- Attachment C – Proposed Journal Entries<sup>1</sup>

**A. Background**

The transaction proposed in this Petition involves the sale of land that was previously maintained as buffer around the Sherco facility site. The Company undertook an analysis of the Sherco site and concluded that the land is no longer necessary as buffer. As a result, the land can be sold without any impact on our operations, reliability, or safety. The Company subsequently sought opportunities to market the land for industrial development projects, which ultimately led to negotiations with the party described below. These negotiations are part of an overall economic development effort by Xcel Energy and officials in the Sherburne County area.

Elk River Technologies is a Minnesota limited liability company that—if it elects to exercise the option—intends to utilize the land for data center development. As part of this transaction, the Company and Elk River Technologies entered into a non-disclosure agreement to govern the exchange of confidential information during the negotiation process, including Elk River Technologies' specific intended use for the land.

**B. Description of Transactions**

The basic terms of the Option Agreement between the Company and Elk River Technologies are as follows:

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<sup>1</sup> Since the Company does not yet know the final acreage or price of the sale, we propose providing final journal entries to the Commission in a compliance filing after the transaction closes.

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- In exchange for an escrow deposit of \$75,000, Xcel Energy granted Elk River Technologies an exclusive option and right to purchase approximately 348 acres of land in Becker, Minnesota for a purchase price of \$22,882 per acre (with the precise acreage to be determined once final design is complete and the Company has determined how much land needs to be maintained for electric infrastructure). This purchase price was determined based on an appraisal obtained by the Company from a nationally recognized valuation firm (Patchin Messner Valuation Counselors in Burnsville, Minnesota). A copy of the appraisal is provided as Attachment B.
- Elk River Technologies' option is good for six months following execution of the Option Agreement, which is January 21, 2023 ("Expiration Date"). Elk River Technologies may also extend the option period for up to three additional six-month periods (expiring on July 21, 2023, January 21, 2024, and July 21, 2024, respectively). If, however, the Commission does not approve the Option Agreement prior to December 21, 2022, then the initial Expiration Date will be revised to be 30 days after receipt of Commission approval, and the six-month extended Expiration Dates will be adjusted accordingly.
- If it elects to exercise the option, Elk River Technologies intends to develop the property for data center use and ancillary purposes. Upon closing, the Company may record a use restriction against the property that prohibits the property from being used for residential or retail purposes for a term of eight years.
- If Elk River Technologies exercises the option, the purchase and sale of the land must be closed within 30 days after the date on which the option is exercised.
- Elk River Technologies will also be responsible for the full amount of any special assessments levied against the Property after the date of the Option Agreement, as more fully described in the Option Agreement.
- Aside from the specific representations and warranties made by Xcel Energy in the Option Agreement, Elk River Technologies—if it elects to exercise its option—agrees to take the property "in its 'AS-IS' condition."

**C. Standard of Review**

*1. Statutory Requirements*

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Minn. Stat. § 216B.50 specifies certain transactions and property transfers that require Commission approval. It states:

No public utility shall sell, acquire, lease, or rent any plant as an operating unit or system in this state for a total consideration in excess of \$100,000, or merge or consolidate with another public utility or transmission company operating in this state, without first being authorized so to do by the commission. Upon the filing of an application for the approval and consent of the commission, the commission shall investigate, with or without public hearing. The commission shall hold a public hearing, upon such notice as the commission may require. If the commission finds that the proposed action is consistent with the public interest, it shall give its consent and approval by order in writing. In reaching its determination, the commission shall take into consideration the reasonable value of the property, plant, or securities to be acquired or disposed of, or merged and consolidated.

Thus, Commission approval depends on demonstrating that the transaction is consistent with the public interest.

We believe the transaction at issue in this Petition is consistent with the public interest for several reasons. First, we believe the purchase price for the transaction is reasonable and well-supported by an independent appraisal. Second, given the significant gains that will result from this sale along with the many years this land has been in-service, we intend to pass the Minnesota share of these net gains back to customers as more fully discussed below. Third, the transaction will provide significant benefits—including substantial capital investment and increased tax base—to the Becker community and are part of an overall economic development effort by Xcel Energy and officials in the Sherburne County area. We have worked directly with the City of Becker on this specific economic development opportunity and they enthusiastically support this transaction.

For these reasons, we respectfully request that the Commission approve the transaction pursuant to Minn. Stat. 216B.50.



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2. *Rule 7825.1800, Subp. B Filing Requirements*

Minn. Rule 7825.1800, subp. B requires the Company to provide various detailed information (items A through J) set forth in Minn. Rule 7825.1400 for a transfer of property.

In this Petition we provide: Item A on page 1; Item B in Part V; Item C in Part III; Item D in Part IV; and Item E in Part VI. Items F through I are relevant to a capital structure filing and required for purposes investigating the issuance of securities. We believe this information has no direct relevance or application to ascertaining whether the land sales at issue in this Petition are consistent with the public interest. We therefore respectfully request a variance of these filing requirements for purposes of this Petition. We believe the requirement to provide this information would impose an excessive burden on the Company and that granting the variance would not conflict with any statutory provisions or adversely affect the public interest.

**D. Proposed Accounting Treatment for Sales Proceeds**

The parcel of land the Company is proposing to sell has the following book value:

|           |           |
|-----------|-----------|
| 348 Acres | \$155,223 |
|-----------|-----------|

We therefore calculate the approximate potential net gains as follows:

|  |             |
|--|-------------|
| <b>348 Acres (Elk River Technologies Option)</b> |             |
| Expected Sales Proceeds                          | \$7,700,000 |
| Book Value                                       | \$155,223   |
| Transaction Fees <sup>2</sup>                    | \$75,000    |
| Net Gain   | \$7,469,777 |

The FERC Uniform System of Accounts typically requires that any gains on the sale of land or land rights be included in FERC account 421.1 “Gain on disposition of

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<sup>2</sup> Transaction fees include legal and other fees incurred to date and an estimate of fees that will be incurred in connection with closing each transaction. We note that netting out legal fees from the gain is consistent with the Commission’s November 22, 2006 Order in Docket. No. E002/M-06-1126, which approved Xcel Energy’s proposed refund of Department of Energy settlement funds on a net-of-fees basis. We will provide updated fee amounts, calculations, and journal entries following closing.

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utility property,” which is excluded from ratemaking and not required to be shared with utility customers; however, as we are proposing that the Minnesota share of these potential gains be shared with our customers, we propose recording the gain to FERC Account 254 until returned to customers. We propose to do so as a one-time bill credit.

Please see Attachment C for the estimated, proposed journal entries for this transaction. We will provide final journal entries following closing of the transaction.

**VI. VERIFICATION**

Pursuant to Rule 7825.1800, Subp. B, the undersigned Xcel Energy Services Inc. employee verifies the information contained in this filing is accurate and complete to the best of the Company’s knowledge.

**CONCLUSION**

For the reasons discussed above, Xcel Energy respectfully requests that the Commission:

- Approve the transaction according to the terms and conditions stated in the attached Option Agreement;
- Approve the proposed accounting treatment of the sales revenue from these transactions so the gains can be passed on to customers as a one-time bill credit; and
- Grant a variance to Minn. R. 7825.1800, subpart B as it relates to the information required under Minn. R. 7825.1400, subparts F through I.

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STATE OF MINNESOTA  
BEFORE THE  
MINNESOTA PUBLIC UTILITIES COMMISSION

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IN THE MATTER OF THE PETITION OF  
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DOCKET No. E002/M-22-\_\_\_\_

**PETITION**

**SUMMARY OF FILING**

Please take notice that on September 1, 2022, Northern States Power Company doing business as Xcel Energy filed with the Minnesota Public Utilities Commission a Petition for approval of a transaction to sell approximately 348 acres of land located at our Sherburne County Generating Station in Becker, Minnesota.

## OPTION TO PURCHASE PROPERTY

**THIS OPTION TO PURCHASE PROPERTY** (this “**Contract**”) is entered into this 22<sup>nd</sup> day of July, 2022 (the “**Effective Date**”) by and between **Northern States Power Company**, a Minnesota corporation (“**Owner**”), and Elk River Technologies, LLC, a Minnesota limited liability company (“**Optionee**”). Owner and Optionee are sometimes also referred to in this Contract collectively as the “**Parties**” and individually as a “**Party**.”

### RECITALS

A. Owner owns the real property located in Sherburne County, Minnesota consisting of the approximately 348 acres of land legally described on the attached Exhibit A, together with all buildings and other improvements located thereon, and including any appurtenances thereto (the “**Property**”).

B. Owner and Optionee have negotiated the terms of an option whereby Optionee shall have the exclusive option to purchase the Property under the terms and conditions of this Contract.

### AGREEMENT

In consideration of the foregoing recitals and the mutual covenants in this Contract, as well as other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Owner and Optionee agree as follows:

#### 1. Grant and Exercise of Option; Consideration.

- (a) Grant of Option. Owner hereby grants to Optionee the sole, exclusive and irrevocable right and option to purchase the Property (the “**Option**”) on the terms and conditions set forth in this Contract. If Optionee exercises the Option as provided herein, Owner shall be obligated to sell, transfer and convey the Property to Optionee, and Optionee shall purchase the Property from Owner, for the price and on the terms and conditions set forth in this Contract.

Notwithstanding the foregoing, the Parties acknowledge and agree that a substation, transmission lines, or distribution lines may need to be located on the Property as part of the development of the Property for the Optionee’s Use (as hereinafter defined). In such case, Owner shall be entitled to retain an approximately 5-10 acre portion of the Property in fee on the southern boundary for the installation of a substation and/or easements for its equipment or lines in locations at the Property that are mutually acceptable to the Parties. The parties will cooperate to determine the size and location of such portion of the Property, if any, prior to Closing. In the event that a portion of the Property is retained in fee by Owner as set forth above, the definition of the Property herein shall be amended to exclude such retained portion, and the Purchase Price shall be adjusted on a per acre basis.

- (b) **Option Period.** The Option period (the “**Option Period**”) shall commence on the Effective Date and, subject to the right of Optionee to extend the period to exercise the Option, as described below in this subsection, shall terminate at 11:59 p.m. Central Time six (6) months thereafter (i.e., January 21, 2023) (the “**Expiration Date**”). Notwithstanding the foregoing, if Optionee has achieved the due diligence milestones as defined in Exhibit A-1 (the “**Due Diligence Milestones**”), Optionee shall have the option to extend the Option Period and the Expiration Date for three (3) additional six (6) month periods (expiring on July 21, 2023, January 21, 2024, and July 21, 2024, respectively) by giving written notice of each such extension (the “**Extension Notice**”) to Optionee not less than thirty (30) business days prior to the then-applicable Expiration Date.

The above Expiration Dates (including the initial Expiration Date and any extended Expiration Dates) shall be delayed upon the occurrence of any of the following events:

- (A) In the event that PUC Approval (as hereinafter defined) is not received on or prior to December 21, 2022 (i.e. 30 days prior to the initial Expiration Date), then the initial Expiration Date shall be revised to the date that is thirty (30) days after receipt of PUC Approval, and any extended Expiration Dates shall be adjusted accordingly.
- (B) In the event of an Owner Delay (as hereinafter defined), the initial Expiration Date and any extended Expiration Dates shall be delayed on a day for day basis for the duration of such Owner Delay.
- (c) **Option Consideration.** As consideration for Owner’s grant of the Option, Optionee shall pay to Owner the following sums (the “**Option Payment**”):
- (A) Seventy Five Thousand and 00/100 Dollars (\$75,000.00) within five (5) days following the Effective Date;
- (B) Seventy Five Thousand and 00/100 Dollars (\$75,000.00) within five (5) days following the delivery of each Extension Notice, if applicable.

The foregoing Option Payment sums shall each become nonrefundable upon payment, unless:

- (i) Optionee terminates this Contract pursuant to violations of or non-compliance with: Section 5: Owners Representations and Warranties; Section 7 (Optionee’s Title Objections), Section 9 (Default and Remedies) or Section 27 (Condemnation) below;
- (ii) the failure of any of the Closing Conditions set forth in Section 8(b) (Optionee’s Conditions) below, unless such failure is the result of Optionee’s default of its obligations under this Contract.

If (i) or (ii) above occur, then in each case the Option Payment shall be returned in full to Optionee within thirty (30) days after Optionee's demand. If Optionee exercises the Option, the Option Payment shall be credited against the Purchase Price at Closing.

- (d) Time and Manner of Exercise. The Option may be exercised by Optionee at any time prior to 11:59 p.m. Central Time on or prior to the Expiration Date (as hereinafter defined), or prior to 11:59 p.m. Central Time, by giving written notice thereof in accordance with Section 12 hereof (the "**Option Exercise Notice**"). If Optionee does not exercise the Option on or prior to 11:59 p.m. on the Expiration Date (as such date may be extended, as set forth above), this Contract shall automatically terminate (if not previously terminated), in which event the Option Payment shall be retained by Owner.
- (e) Right to Terminate for Convenience. Optionee may, in its sole discretion and at any time during the Option Period, terminate this Contract by giving written notice of termination to Owner. In the event of termination of this Contract by either Optionee or Owner pursuant to this Section 1(e) prior to the Expiration Date, the Option Payment shall be retained by Owner. This Contract shall thereafter be null and void and neither party shall have any obligation to the other, with the exception of any provisions of this Contract which expressly provide for survival following termination.

## 2. Purchase Price.

- (a) If Optionee exercises its Option to purchase the Property, the total purchase price for the Property (the "**Purchase Price**") shall be calculated at the rate of Twenty-Two Thousand Eight Hundred Eighty Two and 00/100 Dollars (\$22,882.00) per acre of the Property. If the exact acreage of the Property as shown in the Survey obtained by Optionee during the Option Period is more or less than the acreage set forth in Recital A, then the Purchase Price shall be adjusted (based on Twenty-Two Thousand Eight Hundred Eighty Two and 00/100 Dollars (\$22,882.00) to reflect the exact acreage. The total Purchase Price for the Property shall be subject to adjustments and credits, including all Option Payments, at Closing as described below in this Contract. In addition, Optionee shall be responsible for full amount of any special assessments levied against the Property after the Effective Date hereof, as more fully described in Section 8(f)(ii).

## 3. Due Diligence.

- (a) Access and Investigation. After the Effective Date and until the earlier of the termination of this Contract or the Closing, Optionee and its affiliates, contractors, consultants, agents, representatives or employees shall have the continuing right, after providing reasonable notice of three (3) business days to Owner, at Optionee's expense, to enter the Property to analyze and investigate, in Optionee's sole and

absolute discretion and expense, all aspects of the Property which may include, among other things, a Phase 1 Environmental Site Assessment, a Phase 2 Environmental Site Assessment if deemed necessary by Optionee and provided that the scope of which has been approved by Owner (such consent to not be unreasonably withheld or delayed), engineering studies, site inspections, water rights analysis, shared infrastructure analysis, special assessment analysis (including, but not limited to, assessments relating to any municipal sewer and water projects), permitting and entitlement review, geotechnical review and survey through temporary borings and excavated test pits, groundwater testing and sampling, air quality monitoring and sampling, ALTA/NSPS survey of the Property (“**Survey**”), floodplain evaluation, archaeological assessments and other due diligence inspections and tasks on the Property as determined by Optionee as to the Property’s condition, attributes and its suitability for Optionee’s use (“**Due Diligence**”). Optionee will promptly restore and repair any damage or disturbance to the Property to reasonably the same condition existing prior to Optionee’s inspections, investigations, surveys or tests to the extent such damage was caused by Optionee or its contractors, consultants, agents, representatives or employees. Optionee shall deliver copies of all such final Due Diligence reports to Owner, provided that Optionee shall not be obligated to deliver reports that are subject to third party confidentiality agreements and/or contain technical information relating to Optionee’s potential use of or plans for the Property, and Owner shall be responsible for any fees required to permit reliance on such reports by Owner.

- (b) Inspection Indemnity/Release. Optionee hereby indemnifies Owner and its employees, agents, officers, directors, successors and assigns from and against any and all claims, causes of action, liens, losses, fines, penalties and reasonable attorneys’ fees and costs (“**Claims**”), arising from or related to any damage to the Property or personal injury directly caused by the negligent act or omission of Optionee, as proven by Owner, or its consultants during the course of the Due Diligence to the extent that such damage was not satisfactorily repaired in accordance with Section 3(a) above, but specifically excluding any consequential or punitive damages. The foregoing indemnity excludes Claims arising from or related to the mere presence of any existing contamination on the Property or the Property’s pre-existing and undisturbed condition. Owner hereby indemnifies Optionee and its employees, agents, officers, directors, successors and assigns from and against any and all Claims arising from or related to any damage to the Property or personal injury directly caused by the negligent act or omission of Owner, as proven by Optionee during the course of the Due Diligence, but specifically excluding any consequential or punitive damages. The provisions of this Section 3(b) shall survive the termination hereof and shall be deemed to survive the Closing if the Option is exercised by Optionee.

#### 4. Cooperation by Owner.

- (a) Within five (5) business days after the Effective Date, Owner will furnish to Optionee copies of any information in Owner’s possession about the Property

including but not limited to: (i) most recent title commitment including the Property, permitted exceptions for the Property, Property surveys, soil studies, environmental assessments, any permits relating to the Property (which do not include operating permits for Owner's Sherburne County power plant), written documentation regarding the presence of any underground storage tanks, wells (including any related infrastructure and pumps and motors), easements, licenses, leases, including oil and gas leases, covenants, restrictions or other encumbrances, rights of way, planning and zoning requirements, building setbacks and local land to building ratios and density restrictions, land use permitting history, regardless of whether such documents are officially recorded or not; (iii) leases or off-record contracts, governmental program entitlements or agreements, or other documents affecting use or possession of the Property; and (iv) any other non-confidential documentation reasonably requested by Optionee relating to the Property. Notwithstanding the foregoing, Owner shall not be required to furnish documents that are subject to third party confidentiality agreements and/or contain technical information relating to potential use of or plans for the Property. Optionee agrees that the information provided to Optionee by Owner under this Section 4(a) shall be treated with the upmost care and agrees that such information shall be subject to Section 23 of this Contract. Further, if this Contract is terminated or Optionee does not exercise the Option, Optionee shall destroy all such information in its possession.

- (b) From the Effective Date until the Closing Date or earlier termination of the Option, Owner shall maintain the Property in substantially the same manner and condition which now exist, and shall pay all liens, property taxes and current installments of assessments coming due on the Property, excluding any liens arising from Optionee's Due Diligence, whereby Owner shall provide notice and evidence of such liens to Optionee with thirty (30) days of receipt of knowledge of such lien(s) and Optionee shall cure such lien(s) within thirty (30) days of receipt of such Owner's notice.
- (c) During the Option Period, Optionee shall have the right to apply for the re-zoning of the Property, with Owner's full cooperation, as Optionee deems necessary for Optionee's proposed use and to apply for all permits and other governmental approvals (including but not limited to site plan approvals and building permits) necessary to allow for development of the Property for commercial or industrial purposes. Owner authorizes Optionee, at Optionee's expense, to present the Property to all governmental authorities having jurisdiction to obtain the necessary approvals for Optionee's proposed use. Such approvals shall include, without limitation, property zoning, utility availability, design review, water rights and development entitlements; provided, however, that none of such approvals shall bind or obligate the Owner or the Property prior to Closing without Owner's prior written consent. Owner shall reasonably cooperate with Optionee in obtaining re-zoning of the Property and other governmental approvals, including signing applications for permits, licenses or government approvals or other applications which Optionee reasonably may deem necessary or advisable for purposes of its



intended use or development of the Property; provided, however, that the costs for obtaining such permits, licenses, instruments and approvals, including the reasonable out-of-pocket costs and expenses (if any) incurred by Owner in cooperating with Optionee, shall be paid by Optionee. Owner must respond to Optionee for any cooperation requests within five (5) business days, and any further delay shall be considered an “**Owner’s Delay**.” A period of Owner’s Delay shall begin upon written notice from Optionee to Owner of such failure, and shall continue until Optionee has reasonably received consent and/or cooperation from Owner.

**5. Representations and Warranties of Owner.**

Owner represents and warrants to and for the benefit of Optionee that:

- (a) Owner has the right, power and authority to enter into this Contract and to sell the Property to Optionee under the terms of this Contract. Owner has not entered into any contract, oral or written, affecting the Property which would adversely affect its ability to perform its obligations pursuant to this Contract and close the transaction described hereunder.
- (b) The Property and Owner are not subject to any claim, demand, suit, filed or unfiled lien, proceeding, arbitration, mediation, or litigation of any kind affecting the Property or which would in any way be binding on Optionee or which would limit its full use and enjoyment of the Property or which would limit the ability of Owner to perform its obligations under this Contract.
- (c) The Property is not subject to any unrecorded leases, liens, encumbrances, or covenants.
- (d) To Owner’s knowledge, there are no unrecorded mineral rights, oil or gas leases, agricultural leases, licenses, contracts, hunting rights, or easements granted to or held by a third party affecting the Property, other than as set forth in the Owner’s Title Policy or disclosed immediately after the Execution Date.
- (e) The person or persons executing this Contract on behalf of Owner each have been duly authorized to bind Owner and no other signatures or consents are needed which have not already been obtained, including without limitation from any governmental or regulatory authority or commission, to give full force and effect to this Contract on the part of Owner and render it binding on and enforceable against Owner.
- (f) Owner has not received written notice of any violation of any applicable laws or regulations with respect to the Property from any federal, state or local governmental entity.

- (g) Pursuant to the Minnesota Ground Water Protection Act, Minn. Stat. Chapter 103I, Owner certifies that there are four (4) wells on the Property and Owner will deliver the required certifications to Optionee at least thirty (30) days before the Execution Date. Owner certifies that no individual sanitary treatment systems or “septic systems” currently exist on the Property. To Owner’s knowledge, methamphetamine production has not occurred at the Property. For the purposes of satisfying any applicable requirements of Minn. Stat. § 360.065, Seller discloses that to Seller’s knowledge Property is not affected by airport zoning regulations. Owner certifies that no aboveground or underground storage tanks are now located in or on the Property. Owner certifies that no aboveground or underground storage tanks have been located in or on the Property and if any have previously existed, they have subsequently been removed or filled. All of the Owner’s certifications in this Section 5(g) may be modified by any tests, reports, studies or other information concerning the Property previously provided to or obtained by Optionee or which are provided to or obtained by Optionee prior to Closing.
- (h) The foregoing representations and warranties set forth in this Section 5 shall be in all respects true and correct as of the Effective Date and as of the Closing, unless Optionee provides evidence after the Effective Date that such representation or warranty required amendment or updating not due to the negligence or oversight by Owner, and shall survive Closing for a period of twelve (12) months.
- (i) As a material part of the consideration for this Contract, Optionee agrees that if Optionee exercises the Option, it will acquire the Property in its “AS-IS” condition, with any and all latent and patent defects, and that there is no warranty by Owner that the Property is fit for any particular purpose, except for the representations and warranties set forth above. Optionee acknowledges that it is not relying upon any representation, statement or other assertion with respect to the Property or its condition, except as expressly stated in this Contract or the deed delivered pursuant hereto, except for the representations and warranties set forth above, and is supplementing such representatives and warranties with evidence gathered through its examination of the Property during Due Diligence. Optionee agrees that if Optionee exercises the Option and proceeds to acquire the Property pursuant to this Contract, Optionee accepts the Property under the express understanding that there are no additional express or implied warranties, except as set forth herein, specifically Section 5. This provision, Section 5(i), shall survive the Closing..

**6. Representations and Warranties of Optionee.**

Optionee represents and warrants to and for the benefit of Owner that:

- (a) Optionee is a duly organized and validly existing Minnesota limited liability company.

- (b) The person or persons executing this Contract on behalf of Optionee has been duly authorized to bind Optionee and no other signatures or consents are needed to give full force and effect to this Contract on the part of Optionee.
- (c) Optionee is purchasing the Property with the sole intent of developing it for data center use and ancillary purposes (“**Optionee’s Use**”).
- (d) The representations and warranties set forth in this Section 6 shall be in all respects true and correct as of the Closing, and Optionee shall provide written confirmation at Closing of such reaffirmation.

7. **Title and Survey Review.**

- (a) Owner has furnished to Optionee a copy of its most recent commitment for title insurance for the Property. Within ninety (90) days following the Effective Date, Optionee shall obtain an updated proforma title report and/or commitment for title insurance (the “**Title Report**”).
- (b) Optionee shall have thirty (30) days following receipt of both the Title Report and the Survey, to notify Owner of Optionee’s disapproval of any exceptions or other matters shown in the applicable Title Report or Survey (“**Optionee’s Title Objections**”) and to identify which of the exceptions identified in the applicable Title Report and Survey are acceptable exceptions to title (with all such acceptable exceptions defined herein as the “**Permitted Exceptions**”) and to identify any endorsements that will be required by Optionee. The Use Restriction, as hereinafter defined, shall be a Permitted Exception. Owner and Optionee shall work together to remove any Objections prior to Closing. Further, Owner shall fully cooperate with Optionee, by providing necessary documentation or needed contact information, to obtain any needed Endorsements required by Optionee in order to obtain Optionee’s title policy (the “**Title Policy**”) at Closing.
- (c) Within ten (10) business days following Optionee’s exercise of the Option, Optionee shall obtain an updated pro forma Title Report. If the updated pro forma Title Report includes any Exception, added in between the first pro forma Title Report and the reissued pro forma Title Report, and such Exception is a monetary encumbrance on the Property or a non-monetary encumbrance that adversely impacts Optionee’s ability to use the Property for Optionee’s Use (as used below, a “**Material Additional Exception**”), Optionee shall provide notice to Owner and Owner shall expeditiously assist Optionee with the removal of such Material Additional Exception, at Owner’s sole cost. If Optionee so requests, Closing may be postponed until the Additional Exceptions are resolved.
- (e) In no event shall “**Permitted Exceptions**” include (i) any monetary liens or rights to claim liens (excepting only liens for real property taxes not yet due for the current tax year); (b) rights or claims of third parties to ownership or occupancy of any

portion of the Property; (c) material encroachments, gaps and gores, if any; and (d) lack of legal physical access to the Property.

- (f) Notwithstanding any provision to the contrary, the parties acknowledge that Owner shall apply for and obtain a release of the Property from Owner's Trust Indenture within one hundred twenty (120) days after Closing. Owner shall provide a letter of undertaking relating to such release if required by Optionee's title company, in order for Optionee to obtain coverage over any Exception relating to such Trust Indenture. This obligation shall survive Closing.

**8. Closing; Title; Possession.**

- (a) Date of Closing. If Optionee exercises the Option, this transaction shall be closed, subject to the satisfaction of the closing conditions defined below ("**Closing Conditions**"), on a date selected by Optionee and reasonably acceptable to Owner within thirty (30) days after the date Optionee exercises the Option (the "**Closing Date**" or the "**Closing**").
- (b) Mutual Conditions. Owner's and Optionee's obligation to close this transaction are subject to the satisfaction of all of the following conditions:
- (i) Owner shall apply for approval of the closing of this Option Agreement on the terms described herein with the Minnesota Public Utility Commission ("**PUC Approval**") and any other authority having jurisdiction over the sale of the Property on or prior to September 1, 2022.
- (ii) If, in order for Optionee to record the Deed, the Property must be platted or subdivided, either separately or in conjunction with other land, then Owner, at its sole cost and expense, shall cause such platting or subdivision requirement to be satisfied prior to Closing.
- (c) Optionee's Conditions. Upon Optionee's exercise of the Option, Optionee's obligation to close this transaction is subject to the satisfaction of all of the following conditions:
- (i) Optionee's Title Review Inspection Contingency.
- A. Optionee shall have received a Title Policy with the Permitted Exceptions and Endorsements as requested by Optionee as of the date of Closing.
- (ii) Owner's Compliance. Owner's fulfillment of each of its obligations under this Agreement.
- (iii) Owner's Representations. The continuing accuracy of all of Owner's warranties and representations in this Contract in all material respects from the Execution Date through the Closing Date.

- (d) Owner's Conditions. Owner's obligation to close this transaction is subject to the following conditions:
- (i) Optionee's fulfillment of each of its obligations under this Agreement. Optionee's obligation (and this condition) may be satisfied by Optionee's delivery of funds to be paid through escrow at Closing, if Optionee so elects.
- (e) Failure of Closing Conditions. In the event any one or more of the above conditions in this Section 8 is not satisfied as of the Closing Date, or if the Party for whom such condition is intended to benefit reasonably determines that the same are not capable of being so satisfied by the Closing Date, such Party may:
- (i) waive such condition by so advising the other Party in writing, whereupon this sale shall close in accordance with the terms hereof;
  - (ii) extend the Closing Date for up to fifteen (15) business days and, to the extent constituting a misrepresentation or default of the other Party, require the other Party to satisfy the condition to the extent feasible or if capable of being satisfied by monetary payment; or
  - (iii) elect to terminate this Contract, in which event, and except to the extent the Parties' remedies are otherwise limited by this Contract, the nonperforming Party, if any, shall continue to be liable to the other Party hereto for its out-of-pocket damages and expenses (excluding special or consequential damages) caused by such failure or inability to close this transaction with all conditions satisfied.
- (f) Prorations, Liens, Adjustments and Other Closing Costs. At Closing, the following items shall be adjusted, prorated, paid or satisfied as so provided:
- (i) Owner shall pay in full all real property taxes due and payable for the years prior to the year of Closing. All real property taxes due and payable in the year of Closing shall be prorated and adjusted between the Parties as of the Closing Date. Owner shall also be responsible for any deferred taxes arising from the sale of the Property to Optionee.
  - (ii) Owner shall pay any installments of special assessments levied against the Property as of the Effective Date hereof, and due and payable for the years prior to the year of Closing. Any installments of special assessments levied against the Property as of the Effective Date hereof and due and payable in the year of Closing shall be prorated and adjusted between the Parties as of the Closing Date. Notwithstanding the foregoing, Optionee shall be responsible for full amount of any special assessments levied against the Property after the Effective Date hereof, and/or any additional assessments arising from the sale of the Property to Optionee, including but not limited

to any special assessments arising from the municipal and city water project described in that certain Agreement Regarding Land Rights and Special Assessment Procedures for City of Becker Business Park Project by and between the City of Becker and Owner as of February 25, 2022.

- (iii) the closing fee shall be shared equally between the Parties;
  - (iv) Optionee shall pay the cost of recording the Deed (described below);
  - (v) Owner shall pay all conveyance, transfer, excise and sales taxes in connection with the sale and transfer of the Property to the extent any such taxes accrue or are payable;
  - (vi) Optionee shall pay the premium for its own Title Policy issued to Optionee as required herein, and Optionee shall pay any premium attributable to endorsements requested by Optionee; and
  - (vii) each Party shall pay its own attorneys' fees.
- (g) Manner and Place of Closing. This transaction shall be closed in escrow electronically through the Title Company Optionee chooses. . Closing shall take place in the manner specified in this Contract.
- (h) Deliveries Prior to Closing.
- (i) Optionee's Deliveries. Optionee shall deposit each of the following items with the Title Company in escrow prior and as a condition to Closing:
    - A. the Purchase Price in cash at Closing, less a credit for the Option Payment previously paid and subject to the prorations and adjustments set forth above; and
    - B. such other documents and instruments, including settlement statements prepared by Title Company, as may be required by Optionee or Title Company to legally transfer to Optionee all components of the Property and to close the escrow.
  - (ii) Owner's Deliveries. Owner shall deposit each of the following items with the Title Company in escrow prior and as a condition to Closing:
    - A. a duly executed limited warranty deed ("**Deed**") conveying the Property to Optionee, subject only to the Permitted Exceptions (as defined above), and a bill of sale conveying any personal property, together with a duly executed Well Disclosure Certificate for each well on the Property, if applicable;

- B. the Use Restriction, which restriction shall not be part of the Deed;
  - C. evidence of Owner's due authorization of the transaction and approving and designating a signatory for each of the documents and instruments to be delivered by Owner in connection with the Closing;
  - D. a FIRPTA affidavit;
  - E. A Bring Down Certificate of Seller;
  - F. a customary Owner's Affidavit as may be required by the Title Company in order to issue the Title Policy;
  - G. such other documents and instruments, including settlement statements prepared by Title Company, as may be reasonably required by Optionee or Title Company in order to implement the transaction described in this Contract and complete the Closing thereof.
- (i) Closing. Provided the Title Company has received the sums and is in a position to cause the Optionee's Title Policy to be issued, and subject to the satisfaction of the Closing Conditions, this transaction will be closed on the Closing Date as follows:
- (i) The Title Company shall calculate the expenses to be paid at Closing and the Parties shall be charged and credited accordingly as set forth on a settlement statement to be approved and executed by Optionee and Owner prior to Closing.
  - (ii) The Title Company shall pay from funds otherwise distributable to Owner (i) all claims, demands and liens necessary to place title to the Property in the condition set forth in Section 7 above, and (ii) Owner's share of closing costs as set forth herein and any existing special assessments pending and levied against any of the Property.
  - (iii) The Title Company shall pay from funds deposited by Optionee, the Optionee's share of closing costs as set forth herein.
  - (iv) Taxes and charges shall be prorated as set forth in Section 8(e) above.
  - (v) The Title Company shall record the Deed to Optionee in the official records of Sherburne County, Minnesota and file the Well Disclosure Certificate if applicable.
  - (vi) The Title Company shall deliver each of the other items deposited by Owner to Optionee, with fully executed copies of all deposited documents provided to Owner.

(vii) The Title Company shall distribute the balance of the Purchase Price to Owner in accordance with Owner's written instructions to Title Company.

(j) Possession. Owner shall deliver possession of the Property to Optionee on the Closing Date, free of all leases or other occupancy rights.

(k) Other Documents; Expenses. Owner and Optionee agree to execute and deliver such other documents, certifications, or affidavits which may be reasonably required by the Title Company in order to implement the transaction described in this Contract and complete the Closing thereof.

9. **Default and Remedies.**

(a) If Owner defaults or fails to perform any of its obligations of Owner under this Contract, Optionee shall provide Owner with written notice and not less than ten (10) days to cure. Following the cure period, if the default has not been cured, Optionee shall have the right to exercise all rights and remedies as are available at law, in equity and/or by statute including, without limitation, (i) the right to bring an action for general, incidental and other damages (but specifically excluding special or consequential damages) provided that any such action must be commenced within six (6) months after the date of written notice of the related default and the expiration of the 10-day cure period; and (ii) the right to terminate this Contract and receive an immediate refund of the Option Payment.

(b) If (i) Optionee exercises the Option, (ii) all terms and conditions precedent to Optionee's performance under this Contract have been satisfied (or waived by Optionee in writing), and (iii) Optionee refuses or is unable to consummate the purchase of the Property in accordance with the terms of this Contract, then Owner, as Owner's sole and exclusive remedy, shall be entitled to declare this Contract canceled and forfeited pursuant to Minn. Stat. § 559.21 and to retain the Option Payment as liquidated damages but shall have no other claim or recourse against Optionee. Notwithstanding the foregoing, Owner shall have the remedies set forth at Section 3(b) herein notwithstanding whether Optionee exercises the Option.

10. **Intentionally Omitted.**

11. **Risk of Loss.**

Owner shall bear the risk of loss or damage to the Property during the Option Period and if the Option is exercised, bear said risk until Closing. Owner agrees to maintain the existing liability insurance on the Property (if any) in full force and effect during the Option Period and if the Option is exercised, maintain said insurance until Closing.



**12. Notices.**

All notices permitted or required under this Contract shall be in writing and shall be deemed given when (a) personally delivered; or (b) deposited in the United States mail, postage prepaid and sent by certified or registered mail; or (c) deposited with a nationally recognized overnight courier such as Federal Express or UPS; or (d) sent by electronic mail transmission, addressed as follows:

**To Owner:**

In care of: Xcel Energy, Inc.  
401 Nicollet Mall, Suite 700  
Minneapolis, MN 55401  
Attn: Jennifer Thulien Smith  
Email: [jennifer.thuliensmith@xcelenergy.com](mailto:jennifer.thuliensmith@xcelenergy.com)

**With a copy to:**

In care of: Fredrikson & Byron, P.A.  
200 South Sixth Street, Suite 4000  
Minneapolis, MN 55402  
Attn: Katherine L. Cole  
Email: [kcole@fredlaw.com](mailto:kcole@fredlaw.com)

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or to such other address or person as hereafter designated in writing by the applicable Party in the manner provided in this Section for giving notice.

Any notice (i) sent by mail in the manner specified in paragraph (b) of this section shall be deemed served or given two (2) business days after deposit in the United States Postal Service, (ii) delivered by nationally recognized overnight courier shall be deemed served or given one (1) Business Day after delivery to the courier, charges prepaid, and (iii) given by electronic mail transmission shall be deemed given after being transmitted and receipt has been confirmed either electronically or otherwise.

**13. Entire Contract.**

This Contract constitutes the entire Contract between the Parties pertaining to the subject matter of this Contract and supersedes all negotiations, discussions or understandings relating thereto.

**14. Delay Not a Waiver.**

No delay by any Party in exercising any right or remedy provided in this Contract or otherwise afforded by law shall be deemed a waiver of or preclude the exercise of any right or remedy and no waiver by a Party of any particular provision of this Contract shall be deemed effective unless it is in writing and is signed by the Party granting the waiver.

**15. Time of the Essence.**

Time is of the essence in this Contract. If the time for performance of any of the terms, conditions and provisions hereof shall fall on a Saturday, Sunday or legal holiday or, where participation or action by Title Company is required, a day that the Title Company's office is closed or Title Company is not available, then the time of such performance shall be extended to the next business day thereafter.

**16. Broker Fees.**

Owner represents to Optionee that Owner has not enlisted the services of any broker or agent in connection with this Contract or the purchase and sale of the Property. Optionee represents to Owner that Optionee has not enlisted the services of any broker or agent in connection with the transaction described in this Contract or the purchase and sale of the Property. Any commission owing to any broker engaged by Owner shall be paid at Closing out of Owner's sale proceeds. Optionee shall indemnify and hold Owner harmless against any claim for a fee or commission made by an agent or broker claiming through Optionee. Likewise, Owner shall indemnify and hold Optionee harmless against any claim for a fee or commission made by an agent or broker claiming through Optionee.

**17. Survival of Representations.**

The representations and warranties of Owner in favor of Optionee in this Contract shall be deemed to survive the Closing for a period of eighteen (18) months if the Option is exercised by Optionee.

**18. Minnesota Law.**

This Contract shall be construed under and shall be subject to and enforced pursuant to the laws of the State of Minnesota.

**19. Number; Gender; Captions.**

Words and phrases contained herein shall be construed as in the singular or plural number, and as masculine, feminine or neuter gender according to the context. The captions and headings of this Contract are for convenience of reference only and are not to be used to interpret or define the provisions hereof.

**20. Execution in Counterparts.**

This Contract may be executed in counterparts and all such counterparts taken as a whole shall be deemed to be one instrument. Furthermore, this Contract may be executed electronically.

**21. Memorandum of Contract.**

This Contract shall not be recorded; however, Owner will, if requested by Optionee, execute, acknowledge and deliver to Optionee for recording in the County Recorder's Office or the Register of Titles of Sherburne County, Minnesota a Memorandum of Option in the form attached as Exhibit B, which may be modified by Optionee as needed for recording purposes. Such Memorandum of Option may be recorded at Optionee's expense at its discretion. If Optionee fails to exercise the Option prior to expiration of the Option Period or if the Option is otherwise terminated pursuant to the terms of this Contract, Optionee will, upon request of Owner, execute, acknowledge and deliver to Owner a document sufficient to terminate and release of record Optionee's rights under this Contract.

**22. Assignment of Contract.**

This Contract may not be assigned by Optionee to a Party who is not an affiliate of Optionee, without the consent of Owner, provided that the original Optionee shall not be released from liability upon assignment.

**23. Confidentiality.**

The Parties agree that this Contract and all terms herein (including, but not limited to, the identity of Optionee) are confidential and shall not be released to or shared with any other person or entity, whether verbally or in writing, without the prior approval of all Parties (other than the Parties' attorneys, consultants, lenders and advisors who shall also be subject to this confidentiality requirement and shall be so advised prior to furnishing information to them). Furthermore, Owner and anyone receiving information from Owner shall be strictly prohibited from using, appropriating, or releasing any trade secrets or confidential information of Optionee. No Party shall make any public announcement or carry out any publicity whatsoever in connection with this Contract unless mutually agreed in writing. This confidentiality requirement shall survive termination of this Contract in the event it is terminated by either Party and also survive the Closing of the transaction described in this Contract if the Option is exercised by Optionee except as to those matters which will appear of public record after the recording of the Memorandum of Contract attached as Exhibit B, the Deed, or all applications and filings by Optionee in connection with obtaining its government approvals as described herein.

**24. Severability.**

If any provision, section or paragraph of this Contract is declared by a court of competent jurisdiction to be unlawful, unenforceable, or invalid, such declaration shall in no way negate or invalidate the balance of the Contract and the balance of the Contract shall remain in full force and effect in accordance with the Parties' intentions.

**25. Costs and Attorneys' Fees.**

In the event suit or action is instituted to enforce any of the terms of this Contract, the prevailing Party shall be entitled to recover from the other Party its reasonable costs, expenses and attorneys' fees at trial, on any appeal, on any petition for review or in connection with any other related legal proceedings.

**26. Certification.**

Owner and Optionee each certify that they are not acting directly or indirectly, for or on behalf of any person, group, entity or nation named by any Executive Order or the United States Treasury Department as a terrorist, "Specially Designated Nation and Blocked Person" or any other banned or blocked person, entity, nation or transaction pursuant to any law, order, rule or regulation that is enforced or administered by the Office of Foreign Assets Control; and are not engaged in this transaction, directly or indirectly on behalf of, any such person, group, entity or nation. Each Party hereby agrees to defend, indemnify and hold harmless the other Party from and against any and all claims, damages, losses, risks, liability and expenses (including attorney's fees and costs) arising from or related to any breach of the foregoing certification.

**27. Condemnation.**

If, prior to Closing, any authority having the right of eminent domain shall commence negotiations with Owner or shall commence legal action against Owner for the damaging, taking or acquiring of all or any substantial part of the Property in any condemnation proceeding or by exercise of the right of eminent domain (or transfer in lieu thereof), Owner shall immediately give notice of the same to Optionee. Upon the occurrence of any of the foregoing events, Optionee shall have the right, at its election, to terminate this Contract by giving notice thereof to Owner, in which event the Parties shall be released from all further obligations hereunder and the Option Payment as consideration for this Option shall be returned to Optionee.

If Optionee does not so terminate this Contract, the following provisions shall apply:

- (a) If Owner receives any awards, settlement proceeds or other proceeds prior to Closing, for any permanent damage, taking or acquisition of part of the Property the Purchase Price shall be reduced by the total of such award.
- (b) In the case of a temporary taking, if the period of time subject to such taking commences prior to Closing and extends to after Closing, the award shall be prorated between the Parties as of the Closing Date. All awards for a temporary

taking shall otherwise be the property of the Party who owned or will own the Property at the time of the temporary taking.

- (c) At the time of Closing, Owner shall assign to Optionee all of its rights in and to any awards, settlement proceeds or other proceeds payable after Closing by reason of any such damage, taking or acquisition.

The risk of condemnation or eminent domain shall be borne by Owner until Closing. In the event of any negotiations with any authority regarding any settlement on account of any damage, taking or acquisition of the Property through condemnation or eminent domain, Owner will inform Optionee of all such negotiations of which Owner has notice and will permit Optionee to take part therein. No settlement shall be made without Optionee's prior written approval, which consent shall not be unreasonably withheld.

**28. Use Restriction.** Owner shall have the right at Closing to record a use restriction against the Property in the real estate records of Sherburne County, Minnesota subject to the following conditions (the "Use Restriction"):

- (a) any such restriction shall be a restrictive covenant separate and apart from the Deed and shall be in form mutually agreed by the Parties prior to the Expiration Date;
- (b) the restrictive covenant shall be in effect for the benefit of Owner only, and only so long as Owner continues to own or operate a power plant in the vicinity of the Property with capacity to serve the Property; and
- (c) the restriction shall be for a term of eight (8) years following the Closing and shall provide that the Property shall not be used for residential or retail uses purposes (except any retail uses incidental to Optionee's Use), absent Owner's written consent.
- (d) the following definitions shall be included in the Use Restriction, which definitions shall not be affected by any definitions of such terms in regulations or other sources, whether existing on the date of the Use Restriction or thereafter:
- (i) Residential use shall mean land used or occupied, or intended to be used or occupied, wholly or partly, as the home or residence of one or more persons.
- (ii) Retail use shall mean land that is principally used (A) to sell, lease, rent, or trade products, goods, and services to and/or from the public (including, but not limited to, daycares, medical facilities, and gyms), and/or (B) to provide transient, short-term lodging spaces, rooms, or parcels and their operations are essentially service-oriented (for example, hotel/motel accommodations, resorts, recreational vehicle and camping parks, and other primarily service-oriented activities). For the avoidance of doubt, Optionee's Use, and uses ancillary thereto, shall not be deemed a retail use for the purposes of the Use Restriction.

*[Signatures appear on following page]*

IN WITNESS WHEREOF, the Parties have caused this Contract to be entered into as of the Effective Date.

**OWNER:**

**NORTHERN STATES POWER COMPANY,**  
a Minnesota corporation

By: \_\_\_\_\_  
Title: \_\_\_\_\_

DocuSigned by:  
*Christopher Clark*  
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**EXHIBIT A**  
**Legal Description of Property**

That certain real property situated in Sherburne County, Minnesota and more particularly described as follows:

That part of the West One Half (W1/2) of Section Thirty-six (36), Township Thirty-four (34) North, Range Twenty-nine (29) West, Sherburne County, Minnesota, lying north of the South 140.00 feet thereof and lying east of the following described line:

Commencing at the southeast corner of the Southwest Quarter of said Section 36; thence North 89 degrees 51 minutes 59 seconds West, along the south line of said Southwest Quarter, a distance of 1165.92 feet to the point of beginning of the line to be described; thence North 63 degrees 08 minutes 41 seconds West 98.92 feet; thence northwesterly 519.97 feet along an 800.00 foot radius tangential curve, concave to the northeast, with a central angle of 37 degrees 14 minutes 25 seconds; thence North 25 degrees 54 minutes 16 seconds West, tangent to the last described curve, 159.35 feet; thence North 07 degrees 29 minutes 54 seconds West 232.36 feet; thence North 01 degree 31 minutes 19 seconds West 143.02 feet; thence North 10 degrees 37 minutes 47 seconds West 185.93 feet; thence North 00 degrees 04 minutes 08 seconds East 2847.31 feet; thence North 17 degrees 52 minutes 04 seconds East 65.39 feet; thence North 06 degrees 48 minutes 22 seconds East 40.55 feet; thence North 00 degrees 13 minutes 15 seconds East 1229.91 feet to the north line of then Northwest Quarter of said Section 36 and there terminating.

ALSO

The West One Half of the Southeast One Quarter (W 1/2 of SE 1/4) lying north of the south 140.00 feet thereof and that part of the West One Half of the Northeast One Quarter (W 1/2 of NE 1/4) lying Southwesterly of the Railroad right of way, all in Section Thirty-six (36), Township Thirty-four (34) North, Range Twenty-nine (29) West, Sherburne County, Minnesota

*Subject to the right of way of River Road and Energy Drive, easements granted by Owner to the City for sewer and water, and other easements of record.*

S



**EXHIBIT A-1**  
**Due Diligence Milestones**

Optionee must demonstrate reasonable progress toward all of the following Due Diligence Milestones prior to the delivery of the first Option Exercise Notice:

- Phase I Environmental Site Assessment
- Phase 2 Environmental Site Assessment if deemed necessary by Optionee and as approved by Owner
- Geotechnical review and survey through temporary borings and excavated test pits. Optionee may perform desktop geotechnical review in lieu of on-site investigation
- Groundwater testing and sampling, if deemed necessary by Optionee
- ALTA/NSPS survey, if deemed necessary by Optionee
- Floodplain evaluation
- Archaeological assessments
- Title review
- Detailed discussions with Owner regarding electric power infrastructure, energy procurement (including renewables) and contracting processes for same
- Enter into discussions and evaluations with Owner regarding Shared Infrastructure, as applicable (including high-level transmission plan and process cooling plan)
- Preparing or submitting to applicable governmental agencies applications for permits and approvals required for Optionee's development of its commercial/industrial use of the Property (including domestic water/wastewater with the City of Becker)

Optionee must complete all of the following Due Diligence Milestones prior to the delivery of the second Option Exercise Notice:

- Commence initial discussions with city of Becker and Sherburne County on potential Development Agreement within first two months of second 6 month option period.

For the avoidance of doubt, no specific Due Diligence Milestones are required prior to the delivery of the third Option Exercise Notice.

The foregoing list of tests, applications and evaluations is not intended to preclude Optionee from conducting other tests, evaluations or analyses as it may elect in its discretion.

**EXHIBIT B**  
Memorandum of Option

After recording, return to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**MEMORANDUM OF OPTION**

This **MEMORANDUM OF OPTION** is made as of \_\_\_\_\_, 2022 between **Northern States Power Company**, a Minnesota corporation, whose address is \_\_\_\_\_ (**“Owner”**) **Elk River Technologies, LLC**, a Minnesota limited liability company (**“Optionee”**), whose address is \_\_\_\_\_.

By Option to Purchase Property by and between Owner and Optionee dated \_\_\_\_\_, 2022 (the **“Agreement”**), Owner has granted to Optionee an option (**“Option”**) to purchase the real property described on the attached Exhibit A (the **“Property”**) in accordance with the terms and conditions set forth in the Agreement.

This Memorandum is executed to evidence and confirm the Agreement, to which reference is made for its terms and conditions. The Agreement provides that the Option will terminate at 11:59 p.m. (Central Time) on \_\_\_\_\_, 2022, unless previously exercised in accordance with the Agreement or unless the period for exercising the Option is extended by three (3) additional six (6) month periods by Optionee in accordance with and subject to the terms and conditions of the Agreement. If the Option is exercised, the Agreement provides for the closing of the sale of the Property to occur within thirty (30) days following exercise of the Option.

This Memorandum may be executed in any number of counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

**OWNER:**

**Northern States Power Company**,  
a Minnesota corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_, 2022

**OPTIONEE:**

**Elk River Technologies, LLC**, a Minnesota limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Date: \_\_\_\_\_, 2022

STATE OF MINNESOTA )  
 )ss.  
COUNTY OF HENNEPIN )

This instrument was acknowledged before me on \_\_\_\_\_, 2022, by \_\_\_\_\_  
\_\_\_\_\_, as \_\_\_\_\_ of Northern States Power Company, a Minnesota corporation, on  
its behalf.

\_\_\_\_\_  
Notary Public - State of \_\_\_\_\_  
My Commission Expires: \_\_\_\_\_

STATE OF \_\_\_\_\_ )  
 )ss.  
COUNTY OF \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_, 2022, by \_\_\_\_\_  
\_\_\_\_\_ as \_\_\_\_\_ of \_\_\_\_\_, a(n) \_\_\_\_\_  
limited liability company, on its behalf.

\_\_\_\_\_  
Notary Public - State of \_\_\_\_\_  
My Commission Expires: \_\_\_\_\_

This instrument was drafted by:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

MARKET VALUE APPRAISAL  
NORTHERN STATES POWER COMPANY PROPERTY  
348 ACRES SOUTH OF C.S.A.H. 8/RIVER ROAD SOUTHEAST  
13500 UNIVERSITY AVENUE SOUTHEAST  
BECKER, MINNESOTA

DATE OF REPORT:  
July 1, 2022

PREPARED FOR:  
Xcel Energy  
414 Nicollet Mall, MP-7B  
Minneapolis, MN 55401

PREPARED BY:  
Patchin Messner Valuation Counselors  
Sunset Ponds Office Park  
13961 West Preserve Boulevard  
Burnsville, MN 55337

Northern States Power Company



PATCHIN MESSNER  
VALUATION COUNSELORS

July 1, 2022

Xcel Energy, Inc.  
414 Nicollet Mall, MP-7B  
Minneapolis, MN 55401

ATTN: Peter Gitzen  
Manager of Siting and Land Rights

RE: Market Value Appraisal  
Northern States Power Company Property  
13500 University Avenue Southeast  
Becker, Minnesota

Dear Mr. Gitzen:

At your request, we have appraised the above-referenced property for the purpose of estimating its fee simple market value. The intended use of this appraisal is to provide valuation guidance to Xcel Energy in evaluating the possible sale of the subject property.

This appraisal report is intended to comply with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation, and with the Minnesota Department of Transportation Right-of-Way Manual. It has also been performed in compliance with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, and is presented following the USPAP Standards Rule 2 – 2(a) guidelines for real property appraisal reporting. As such, this report presents only summary discussions of the data and analyses used in the appraisal process. Additional information and documentation concerning the data and analyses of this appraisal have been retained in our files.

The subject property consists of a ±348.30-acre tract of land located at 13500 University Avenue Southeast in Becker, Minnesota. As referenced on the survey provided, the subject is a portion of Sherburne County tax parcel 60-336-2100. The property could also be described as the easterly portion of the Sherco 1 site, and is unimproved as of the date of this appraisal.

Based on inspections of the property, and after consideration of the factors influencing market value, it is the appraisers' opinion that market value of the subject property, as of June 1, 2022, is **\$7,700,000**.

**SEVEN MILLION SEVEN HUNDRED THOUSAND DOLLARS**

Note – The above value conclusion assumes that a buyer of the subject is responsible for future special assessments, if any, levied against the property for public improvement projects that may be pending or proposed at the time of sale.

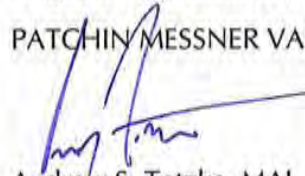
Also, the subject property was previously appraised by our firm in a report dated September 12, 2019, and a valuation date as of September 3, 2019, for the purpose of estimating its fee simple market value.

Further, this letter of transmittal does not qualify as an appraisal, and the reader is directed to the following report for the data, analyses and conclusions, which support this value estimate. The appraisal report is contingent upon the assumptions and limiting conditions submitted within the report. The "Contingent and Limiting Conditions" section of this report should be thoroughly read and understood before relying on any information or analysis presented herein.

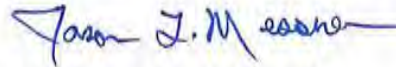
Thank you for allowing our firm to be of assistance in this matter. If you have any questions after reading this report, feel free to contact us at your convenience.

Respectfully submitted,

PATCHIN MESSNER VALUATION COUNSELORS



Andrew S. Totzke, MAI  
Certified General Real Property Appraiser  
Minnesota License 402884565



Jason L. Messner, MAI, CRE  
Certified General Real Property Appraiser  
Minnesota License 4000836

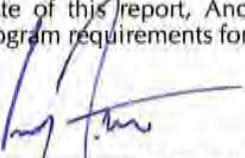
22233

iii

**CERTIFICATION OF ANDREW S. TOTZKE**

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
4. I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
6. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation.
7. I have made a personal inspection of the property that is the subject of this report.
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. No one provided significant real property appraisal assistance to the persons signing this certification or report.
11. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
12. This appraisal cannot be completely understood without reading the Contingent and Limiting Conditions section of this report, which should be thoroughly read and understood before relying on any information or analysis presented herein.
13. As of the date of this report, Andrew S. Totzke has completed the continuing education program requirements for Designated Members of the Appraisal Institute.

  
\_\_\_\_\_  
Andrew S. Totzke, MAI

July 1, 2022  
\_\_\_\_\_  
Date

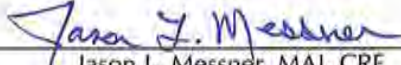
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iv

**CERTIFICATION OF JASON L. MESSNER**

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
4. I have performed services as an appraiser regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
6. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation.
7. I have made a personal inspection of the property that is the subject of this report.
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. No one provided significant real property appraisal assistance to the persons signing this certification or report.
11. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
12. This appraisal cannot be completely understood without reading the Contingent and Limiting Conditions section of this report, which should be thoroughly read and understood before relying on any information or analysis presented herein.
13. As of the date of this report, Jason L. Messner has completed the continuing education program requirements for Designated Members of the Appraisal Institute.

  
\_\_\_\_\_  
Jason L. Messner, MAI, CRE

  
\_\_\_\_\_  
Date



**SUMMARY OF SALIENT FACTS AND CONCLUSIONS**

Fee Owner: Northern States Power Company

Location: 13500 University Avenue Southeast  
Becker, Minnesota

Date of Valuation: June 1, 2022

Dates of Inspection: September 3, 2019, April 25, 2022, and subsequent dates

Property Appraised: Real Property

Rights & Interests Appraised: Fee Simple Market Value

Zoning: I-GEN, General Industrial District  
I-PG, Power Generation

Guiding: Heavy Industrial

Site Description: The subject is a rectangular tract, totaling 348.30 acres, which is located south of the U.S. Highway 10 corridor in Becker. The tract has frontage on newly constructed Energy Drive Southeast along the northeast portion of the property. Energy Drive Southeast then merges into River Road Southeast (C.S.A.H. 8) near the northwest portion of the property. Additionally, University Avenue Southeast is a dirt road that traverses the central part of the subject bearing east/west. Vehicular access is available from Energy Drive Southeast, River Road Southeast, and University Avenue Southeast. The site has a mixture of open tillable acreage, with rows of forestry plantings. The property is unimproved as of the date of this appraisal.

Highest and Best Use: Industrial development, upon extension sanitary sewer

## Site Area:

|                          |                    |
|--------------------------|--------------------|
| Gross Area:              | 348.30 Acres       |
| Less: Road Right-of-way  | <u>11.79 Acres</u> |
| Area Net of Right-of-way | 336.51 Acres       |

Note: University Avenue totals 4.04 acres of right-of-way and C.S.A.H. 8 & Energy Drive totals 7.75 acres of right-of-way. Additionally, there are 6.68 acres north of Energy Drive, which are isolated from the remainder. All areas of the subject are based on a survey and calculations provided by the Client.

**Final Conclusion  
of Market Value: \$7,700,000**

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**PHOTOGRAPHS OF SUBJECT**

(Taken April 25, 2022)



Looking Southwest at Subject from Energy Drive SE in Northeast Portion of Property



Looking Southerly at Subject from River Road SE near NWC of Property

**PHOTOGRAPHS OF SUBJECT**

(Taken September 3, 2019)



Looking North Along East Boundary from University Avenue SE



Looking West Along University Avenue SE from East Boundary

**PHOTOGRAPHS OF SUBJECT**

(Taken September 3, 2019)



Looking South at Southeast Portion of Subject



Looking North at North Central Portion of Subject

**PHOTOGRAPHS OF SUBJECT**

(Taken September 3, 2019)



Looking North Along West Boundary from University Avenue SE

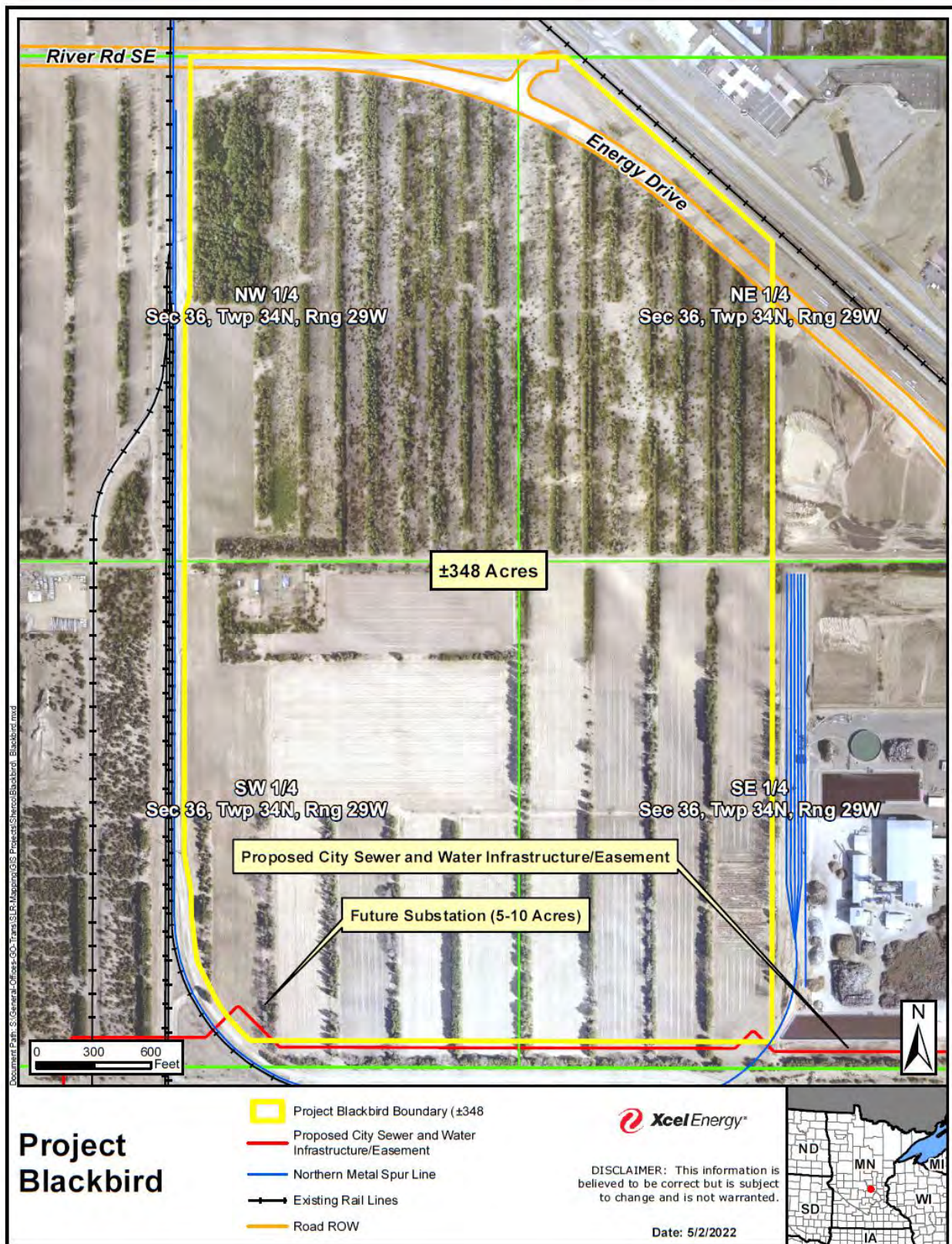


Looking South Along West Boundary from University Avenue SE

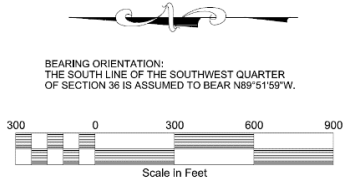
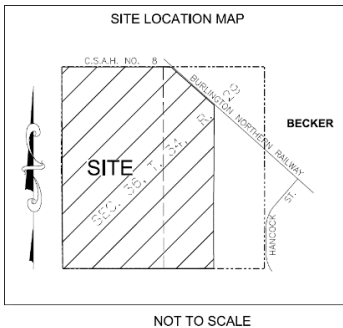
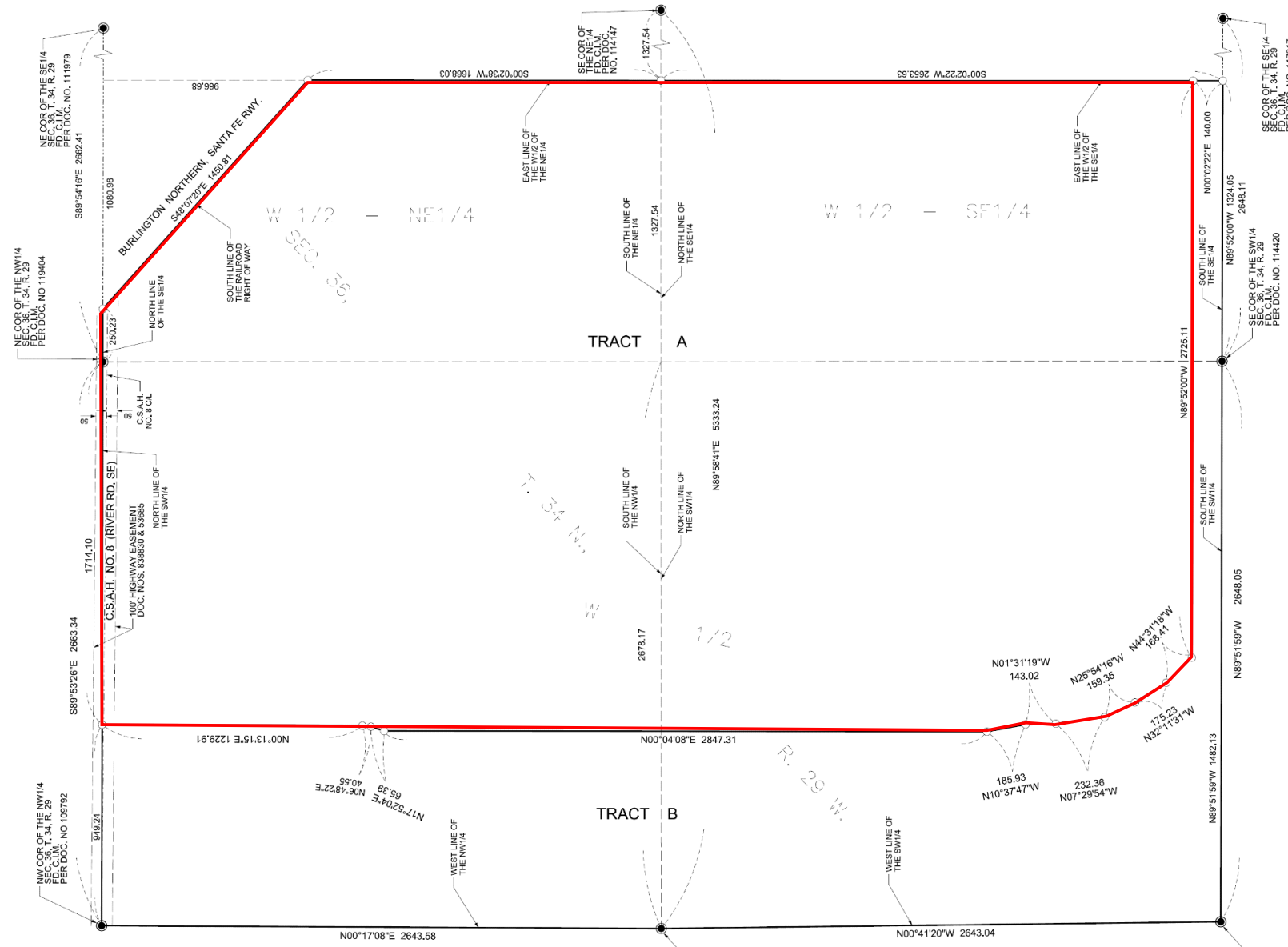
**ARIEL VIEW OF SUBJECT**







REGISTERED LAND SURVEY NO. \_\_\_\_\_



LEGEND  
○ SET REBAR WITH CAP #40035

I hereby certify that in accordance with the provisions of Minnesota Statutes Section 508.47, I have surveyed the following described property situated in the County of Sherburne, State of Minnesota, to wit:

The West One Half (W1/2); the West One Half of the Southeast One Quarter (W1/2 of SE1/4) and that part of West One Half of the Northeast One Quarter (W1/2 of NE1/4) lying Southwesterly of the Railroad right of way, all in Section Thirty-six (36), Township Thirty-four (34) North, Range Twenty-nine (29) West, Sherburne County, Minnesota, Certificate of Title No. 2557 (As to Parcel 3)

I hereby certify that this Registered Land Survey is a correct delineation of said survey.  
Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2019

Michael E. Cannon, Land Surveyor  
License No. 40035

STATE OF MINNESOTA  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2017 by  
Michael E. Cannon, Licensed Land Surveyor.

Notary Signature \_\_\_\_\_ Notary Printed Name \_\_\_\_\_  
Notary Public, \_\_\_\_\_ County, State of Minnesota  
My Commission Expires: \_\_\_\_\_

Approved and accepted by the City Council of the City of Becker, Sherburne County, Minnesota at a meeting held on the  
\_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Mayor \_\_\_\_\_ Attested: \_\_\_\_\_

I hereby certify that proper evidence of title has been presented and examined by me and I hereby approve this Registered Land Survey as to form and execution this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Becker Attorney \_\_\_\_\_

Pursuant to Sherburne County Ordinance Number 006, I hereby certify that this Registered Land Survey has been checked and approved as to compliance with Chapter 508, Minnesota Statutes this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Sherburne County Surveyor \_\_\_\_\_

I hereby certify that this Registered Land Survey has been reviewed by the office of the County Highway Engineer.  
Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Sherburne County Highway Engineer \_\_\_\_\_

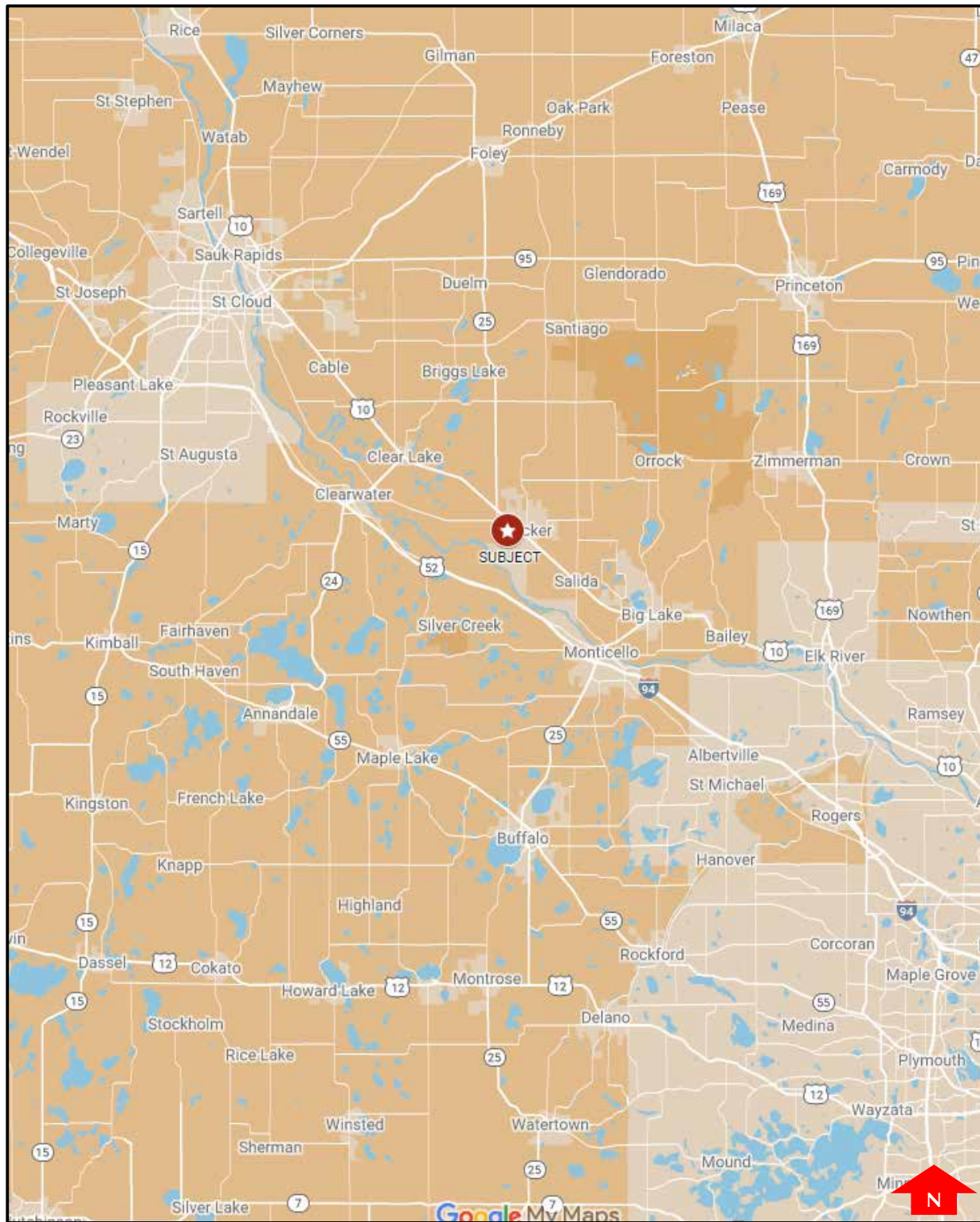
I hereby certify taxes payable in the year \_\_\_\_\_ on lands herein described are paid in full, and there are no delinquent taxes, and that transfer was entered this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Sherburne County Auditor/Treasurer \_\_\_\_\_

I hereby certify that this instrument was filed in the Office of the Registrar of Titles for record on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ at \_\_\_\_\_ o'clock \_\_\_\_\_ M. and was duly filed as Torrens Document No. \_\_\_\_\_.

Sherburne County Registrar of Titles \_\_\_\_\_

Northern States Power Company  
22233



**SUBJECT LOCATION MAP**

**PROPERTY APPRAISED**

The subject property consists of a 348.30-acre tract of land located at 13500 University Avenue Southeast in Becker, Minnesota. As referenced on the survey provided, the subject is a portion of Sherburne County tax parcel 60-336-2100. The subject could also be described as the eastern portion of the Sherco 1 site, and is unimproved as of the date of this appraisal.

**DATE OF APPRAISAL**

The effective date of this appraisal is June 1, 2022.

**INSPECTION OF THE PROPERTY**

Jason Messner viewed the property from Energy Drive Southeast and River Road Southeast on April 25, 2022. Additionally, Andrew Totzke subsequently viewed the property from public right-of-way. It is noted that Jason Messner also viewed the property from University Avenue Southeast on September 3, 2019.

**PROPERTY OWNERSHIP**

The Sherburne County Assessor's office reported that the subject is owned by Northern States Power Company.

**SALES HISTORY**

The Uniform Standards of Professional Appraisal Practice (USPAP) requires that all sales of the subject during the previous three years be reported and analyzed. Sherburne County records show there have been no sales of the subject property for the three year period prior to the valuation date. However, it is noted that the intended use of this appraisal is to provide valuation guidance to Xcel Energy in evaluating the possible sale of the subject property.

**INTENDED USE**

The intended use of this appraisal is to provide valuation guidance in the possible sale of the subject property.

**CLIENT AND INTENDED USER**

The client and intended user of this appraisal is Xcel Energy, Inc.

**PURPOSE OF THE APPRAISAL**

The purpose of this appraisal is to estimate the market value of the fee simple interest of the property.

**PROPERTY RIGHTS APPRAISED**

The subject property will be appraised by estimating the market value of the fee simple interest of the real estate, subject to existing easements. For use in this appraisal, the fee simple interest in the real estate is subject to the following definition obtained on Page 73 of *The Dictionary of Real Estate Appraisal*, Seventh Edition, Appraisal Institute.

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

**COMPETENCY OF APPRAISERS**

Jason L. Messner, MAI, CRE, and Andrew S. Totzke, MAI have both the knowledge and experience to complete this appraisal assignment competently and in compliance with USPAP. Refer to the Appraisers' Qualifications in the Addenda of this report for further details.

**MARKET VALUE DEFINED**

Market value as utilized in this appraisal conforms to the following definition obtained from Page 118 of *The Dictionary of Real Estate Appraisal*, Seventh Edition.

*The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:*

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

Unless otherwise noted in the appraisal report, market value shall represent cash equivalent terms where the seller receives all cash for their interest. The property may be financed at typical market terms under this definition.

The above definition describes market value as an exchange concept. According to *The Dictionary of Real Estate Appraisal*, Seventh Edition, at Page 200, value in exchange is defined as “a type of value that reflects the amount that can be obtained for an asset if exchanged between parties.”

**SCOPE OF WORK**

This document is intended to provide a market value appraisal of the subject property. This appraisal report is intended to comply with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation. It has also been performed in compliance with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute. The data and analyses contained in this report and the appraiser’s files provide the basis for the value conclusion.

## SCOPE OF WORK

The appraisal task is to estimate the market value of the subject property. The sales comparison approach was developed to estimate the subject's market value as of the valuation date.

### Summary of Appraisal Methodology

In this analysis, the following data and concepts pertaining to the subject property have been examined.

1. Physical Characteristics of Real Property, including:

Inspections of the Subject on September 3, 2019, April 25, 2022, and subsequent dates from public right-of-way – The inspections were conducted in order to gather information about the physical characteristics of the subject that are relevant to the valuation problem.

Review of available Surveys, Half-Section, and Plat Maps

Review of available Aerial Views

Observation of the Local Market and the Subject's Place within this Market

2. Non-Physical Characteristics of Real Property, including:

Property Rights

Legal Description – The legal description of the subject was provided by the client, and is included in the Addenda to this report as Exhibit 2.

Existing Road, Drainage and Utility Easements, if any

Tax and Assessment Data

Zoning and Land Use Data – We have examined zoning and land use data from the City of Becker.

Availability of Existing Public Utilities, including discussions with City officials regarding the location and likely cost to extend sanitary sewer.

3. Observations and Data Concerning the Subject's Market and Transactions within this Market:

Sales of Land – In order to gather the comparable sales, we searched our internal files, as well as transaction data on eCRV, Northstar Multiple Listing Service and RediComps.

## SCOPE OF WORK

### Summary of Appraisal Methodology

#### 3. Observations and Data (continued):

After selecting the sales, a comparative analysis of relevant factors that influence value was undertaken to adjust the sales to the subject property based upon the actions and preferences demonstrated by the participants in the marketplace.

Supply and Demand Generators of the Market

Financing Available within the Market

Perception of the Market as to the Future

From the above data and concepts, we have made the following analyses:

Highest and Best Use analysis of the Subject Property

Application of Appropriate Approaches to Value for the Property – See the following Appraisal Procedures and Techniques section of this report for an explanation of the approaches to value.

The sales comparison approach is completed, and is necessary for credible results, given the property characteristics and type of value sought. The cost and income approaches are not considered applicable to arrive at credible results, and are not completed in this analysis.

Correlation of value indications to form a Final Estimate of Value

## EXTRAORDINARY ASSUMPTION

Extraordinary assumption is defined in *The Dictionary of Real Estate Appraisal*, Seventh Edition, Appraisal Institute, as follows:

*An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. Comment: Uncertain information might include physical, legal, or economic characteristics of the subject property, or conditions external to the property, such as market conditions or trends, or about the integrity of data used in an analysis.*



**EXTRAORDINARY ASSUMPTION**

The value conclusion stated herein is an “as-is” value and assumes that a buyer of the subject is responsible for future special assessments, if any, levied against the property for public improvement projects that may be pending or proposed at the time of sale.

**ENVIRONMENTAL CONSIDERATIONS**

Based on inspections of the property, it is assumed that no environmental concerns such as PCBs, toxic and hazardous soil or ground water contamination exist upon the subject as of the date of this appraisal report. However, the reader is advised that the appraisers are not qualified to perform inspections concerning the existence or absence of environmental concerns. If any environmental contaminants do exist within the subject property, the assignment results would likely be different.

**AREA AND NEIGHBORHOOD DATA**

The subject property is located in southwestern Sherburne County in the city of Becker, Minnesota. Becker is a rural community located along Highway 10, approximately 30 miles northwest of the Minneapolis/St. Paul Metropolitan Area and approximately 20 miles southeast of St. Cloud. The subject is located south of Highway 10, in the west-central portion of the City of Becker. Demographic data for the City of Becker was obtained from Site To Do Business, and is included as Exhibit 1 in the Addenda.

Commonly referred to as the “Twin Cities,” the Minneapolis/St. Paul metropolitan area is the sixteenth largest metropolitan area in the United States, as well as the primary business center between Chicago and Seattle. The Seven County Metropolitan Area (SCMA), includes Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington Counties. According to Metropolitan Council, the seven-county metro area had a total population of 3,163,104 in 2020.

St. Cloud is located in central Minnesota. The city itself includes portions of three counties; those being Stearns, Sherburne and Benton Counties. In addition, the city of St. Cloud

**AREA AND NEIGHBORHOOD DATA**

constitutes the core of the St. Cloud metropolitan area. Briefly, the St. Cloud metropolitan area includes St. Cloud and the abutting cities of Waite Park, Sauk Rapids and Sartell. According to the U.S. Census Bureau, these four cities had a combined population of about 108,500 persons in 2020.

The subject neighborhood is described as that portion of Becker located south of Highway 10. Development in this area is largely industrial, and is driven by the transportation linkage of U.S. Highway 10 with the St. Cloud and Twin Cities metropolitan areas.

The Becker Furniture World showroom has a distribution warehouse located southeast of the subject. Also southeast of the subject is KMI Machine, Paradigme Engineering, and the Liberty Paper Incorporated paper mill. Additionally, Northern Metal moved its metal shredder from Minneapolis to Becker in 2019, and the new facility is located just east of the subject. The Sherburne County Generating Station (Sherco) is a three-unit coal fired power plant located immediately south of the subject. The plant has a combined capacity of 2,500 megawatts, making it the largest power plant in the State. However, with the changes to environmental laws at the State and Federal level, Xcel Energy has proposed the shutdown all three of Sherco's coal units by 2030, and replace a portion of that capacity with a 460-megawatt solar project that would cover ± 3,200 acres.

U.S. Highway 10 connects Becker to both St. Cloud and the Twin Cities. Interstate 94, approximately three miles southwest of Becker, is another regional transportation corridor that connects St. Cloud to the Twin Cities. However, due to the Mississippi River corridor south of Becker, connections to Interstate 94 are made at either Clearwater going northwest, or Monticello headed southeast.

The west boundary of the subject coincides with the BNSF railroad spur serving the Sherco site. The subject also has frontage on C.S.A.H. 8 (River Road)/Energy Drive Southeast and the Burlington Northern Santa Fe Railroad along the north boundary. University Avenue Southeast is a dirt and gravel-surfaced roadway that bears east/west from Energy Drive Southeast traversing the central portion of the subject, and dead-ends at the west boundary of the subject. Energy Drive Southeast is a newly constructed roadway built to commercial/industrial standards and intersects with River Road Southeast, north of the subject,

## AREA AND NEIGHBORHOOD DATA

providing access to U.S. Highway 10 via a three-quarter intersection. Energy Drive Southeast also intersects with Liberty Lane Southeast, southeast of the subject, providing access to U.S. Highway 10 via a fully signalized intersection, as well as Hancock Street Southeast, east of the subject, providing access to U.S. Highway 10 via a full, non-signalized, intersection.

It is also noted that the City constructed Energy Drive Southeast and installed public sanitary sewer, water main, and storm water system improvements along portions of the roadway. Currently, water main utilities are located along Energy Drive Southeast and extend south along the east/northeast property boundary from Energy Drive to University Avenue. Alternatively, sanitary sewer utilities are not immediately available to serve the subject property as of the date of this appraisal. Based on conversations with the Becker City Engineer and the City's engineering consultant (SEH, Inc.), a sanitary sewer main is stubbed near the lift station located at the northeast corner of the Northern Metals site, a distance of approximately 1,500 LF to the east of the subject. Additionally, the City is planning to construct additional infrastructure in the neighborhood to facilitate full development of the subject and adjoining lands. With that said, much of the land west and north of the subject are not currently served with municipal water and sanitary sewer.

Further, the City of Becker developed the Energy Park Fifth Addition southeast of the subject. The 35-acre industrial development site, owned by the City of Becker Economic Development Authority, achieved a certification of "Shovel Ready" for development. There are five lots currently available for development, ranging from 5.00 to 15.10 acres in size, and are being marketed for \$1.80 per SF (\$78,408 per acre). Additionally, Potter Investments, LLC, purchased three lots in the Energy Park Fifth Addition development from the City of Becker in two transactions, having occurred in October 2021 and April 2020. The total sale price was \$875,557, which equates a unit price of \$43,560 per acre ( $\$875,557 \div 20.10$  acres). The lots were re-platted to a 20.10-acre site, and developed with a warehouse and outdoor storage for a trucking operation. Similar city industrial park projects are also available in Big Lake, Dayton-Rogers, Monticello, Elk River, and St. Cloud.

While there is an abundance of developed lots available for industrial development in the region, proximity to Highway 10 and Interstate 94 should continue to drive development in the subject neighborhood.

Northern States Power Company  
22233

### LOCATION AND LEGAL DESCRIPTION

Location: 13500 University Avenue Southeast  
Becker, Minnesota

Property Identification  
Number: Part of 60-336-2100

Legal Description: That part of the West Half, the West Half of the Northeast Quarter, and the West Half of the Southeast Quarter, ALL in Section 36, Township 34 North, Range 29 West, Sherburne County, Minnesota.

The complete legal description of the subject property is lengthy and is included in the Addenda to this report as Exhibit 2. (Note: The legal description was provided by the Client.)

### TAX AND ASSESSMENT DATA

| <b>TAX AND ASSESSMENT DATA</b>                     |              |                                |             |
|--|--------------|--------------------------------|-------------|
| <b>Property Identification Number: 60-336-2100</b> |              |                                |             |
| 2021 Assessor's Market Value                       |              | 2022 Assessor's Market Value   |             |
| Land   | \$3,262,700  | Land                           | \$3,191,800 |
| Improvements                                       | \$125,900    | Improvements                   | \$0         |
| Total  | \$3,388,600  | Total                          | \$3,191,800 |
| Real Estate Taxes Payable 2022                     |              | Real Estate Taxes Payable 2023 |             |
| General Taxes                                      | \$104,500.00 | General Taxes                  | N/A         |
| Special Assessments                                | \$0.00       | Special Assessments            | N/A         |
| Total  | \$104,500.00 | Total                          | N/A         |
| Effective Tax Rate                                 | 3.08%        | Effective Tax Rate             | N/A         |

Note: The land is assessed by the State of Minnesota and the buildings are taxed separately as personal property by Sherburne County. Furthermore, the tax parcel noted above includes approximately 125 acres west of the BNSF Railroad spur that is not included as part of the subject.

**TAX AND ASSESSMENT DATA**

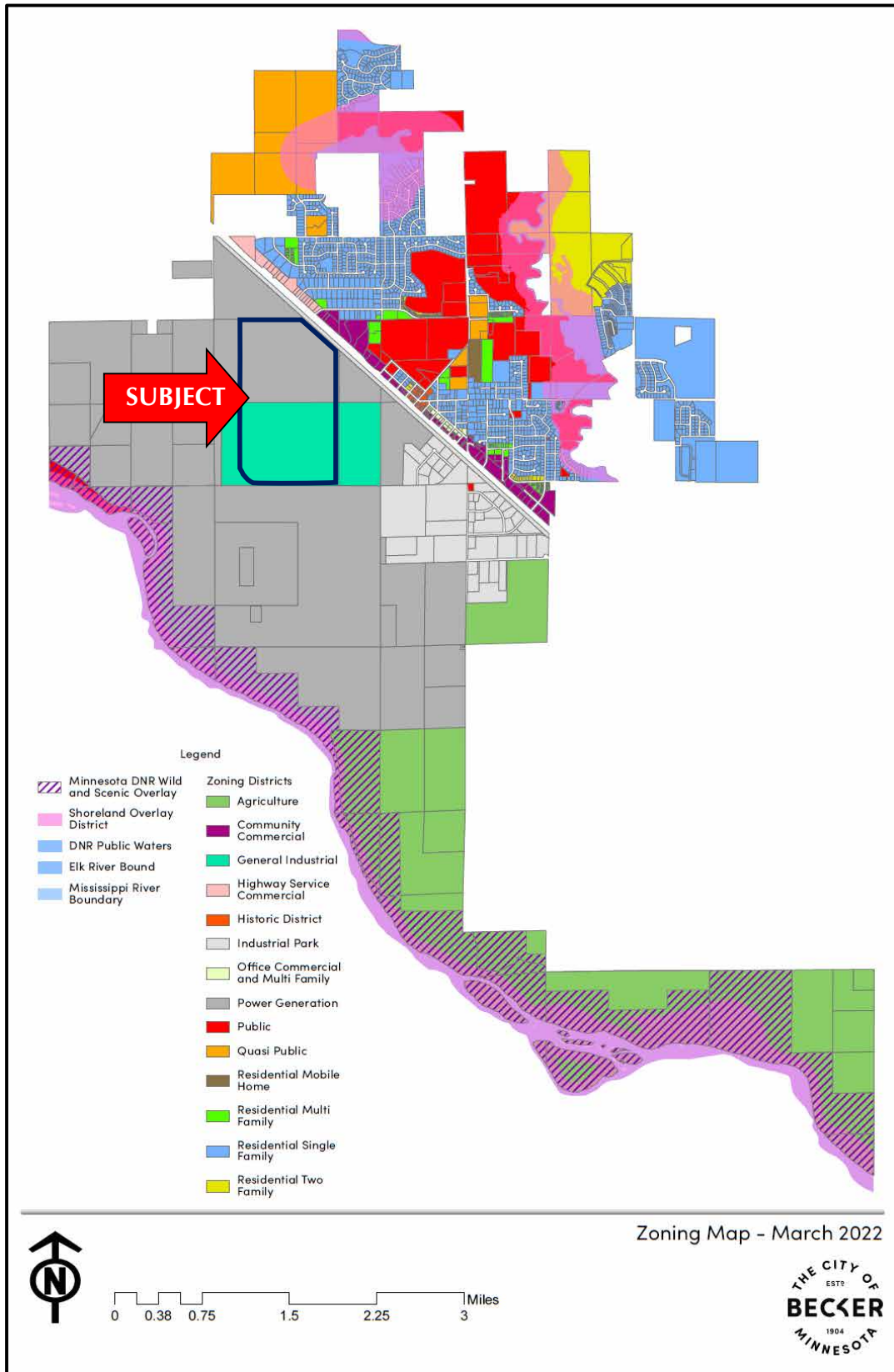
As previously discussed, the City constructed an industrial road including water and sewer extensions called Energy Drive Southeast between County Road 8 and Liberty Lane, including that portion along the northeastern portion of the subject property. However, the sanitary sewer main was not extended to the subject boundaries and is not immediately available as of the date of this appraisal. Xcel Energy also agreed to pay 20.22% of the total cost of the improvements, which were \$1,508,411.17 assessed against the subject property and larger ownership in October 2020. Xcel has since paid the sum of these assessments to the City. See the following table for a summary of the property and assessments.

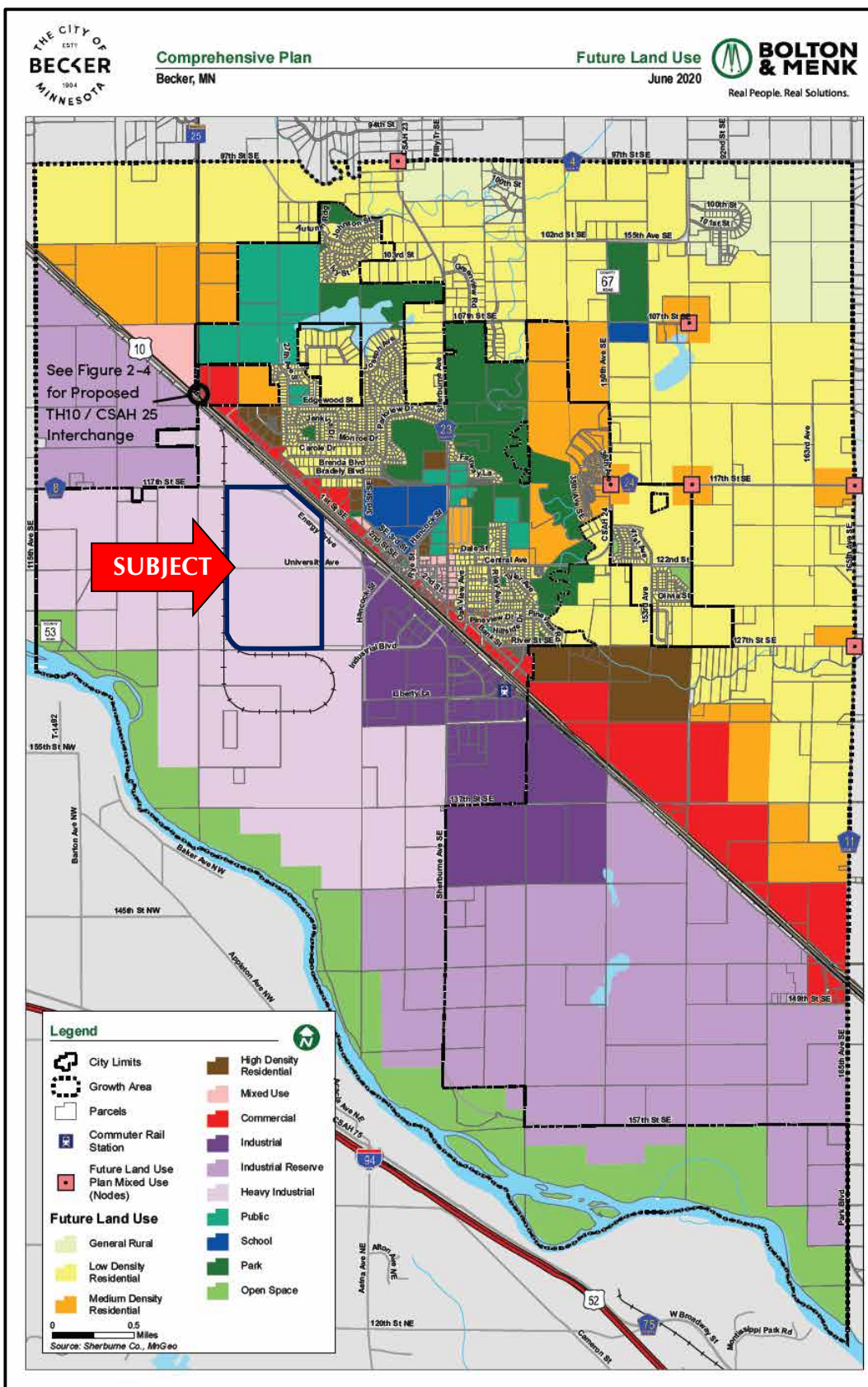
| Final Special Assessment Worksheet Xcel Energy (City Cost Share Only) |                 |                                    |            |                         |                            |                     |                            |                                |                          |                         |                             |                                |                            | 10/6/2020                                 |                       |
|---|-----------------|------------------------------------|------------|-------------------------|----------------------------|---------------------|----------------------------|--------------------------------|--------------------------|-------------------------|-----------------------------|--------------------------------|----------------------------|---|-----------------------|
| 2019 Industrial Park Expansion (Energy Drive)<br>Becker, MN           |                 |                                    |            |                         |                            |                     |                            |                                |                          |                         |                             | Street                         | \$54.94                    | /Foot                                     |                       |
|   |                 |                                    |            |                         |                            |                     |                            |                                |                          |                         |                             | Water Main Lateral Benefit     | \$33.29                    | /Foot                                     |                       |
|   |                 |                                    |            |                         |                            |                     |                            |                                |                          |                         |                             | Trunk Water Main Charge        | \$244.19                   | /Acre                                     |                       |
|   |                 |                                    |            |                         |                            |                     |                            |                                |                          |                         |                             | Sanitary Sewer Lateral Benefit | \$23.91                    | /Foot                                     |                       |
|   |                 |                                    |            |                         |                            |                     |                            |                                |                          |                         |                             | Trunk Sanitary Sewer Charge    | \$84.52                    | /Acre                                     |                       |
|   |                 |                                    |            |                         |                            |                     |                            |                                |                          |                         |                             | Pump Station & Force Main      | \$1,950.34                 | /Acre                                     |                       |
| Parcel ID No.   | Owner of Record | Abutting Footage                   |            | Assessed Street Footage | Trunk Utility Service Area | Special Assessments |                            |                                |                          | Trunk Utility Charges   |                             |                                |                            | Total                                     |                       |
|   |                 | Long Side                          | Short Side | Feet                    | Acre                       | Street              | Water Main Lateral Benefit | Sanitary Sewer Lateral Benefit | Total Special Assessment | Trunk Water Main Charge | Trunk Sanitary Sewer Charge | Pump Station & Force Main      | Total Trunk Utility Charge | Special Assessment + Trunk Utility Charge |                       |
| 1   | 60-006-2200     | Northern States Power Company - MN | 0          | 1,492                   | 1,492                      | 27.32               | \$81,804.28                | \$49,658.36                    | \$0.00                   | \$131,462.64            | \$6,671.27                  | \$0.00                         | \$0.00                     | \$6,671.27                                | \$138,133.91          |
| 2   | 60-131-3000     | Northern States Power Company - MN | 0          | 3,021                   | 3,021                      | 39.17               | \$165,689.19               | \$100,579.74                   | \$72,239.76              | \$338,508.69            | \$9,564.92                  | \$0.00                         | \$76,394.82                | \$85,959.74                               | \$424,468.43          |
| 3   | 60-201-1000     | Northern States Power Company - MN | 0          | 1,586                   | 1,586                      | 0                   | \$86,964.18                | \$0.00                         | \$0.00                   | \$86,964.18             | \$0.00                      | \$0.00                         | \$0.00                     | \$0.00                                    | \$86,964.18           |
| 4   | 60-336-1100     | Northern States Power Company - MN | 0          | 1,588                   | 1,588                      | 20.45               | \$87,084.27                | \$52,863.52                    | \$37,968.36              | \$177,916.15            | \$4,993.69                  | \$1,728.43                     | \$39,884.45                | \$46,606.57                               | \$224,522.73          |
| 5   | 60-336-2100     | Northern States Power Company - MN | 0          | 1,630                   | 1,630                      | 215.28              | \$89,411.68                | \$54,276.35                    | \$0.00                   | \$143,688.03            | \$52,569.22                 | \$18,195.47                    | \$419,869.20               | \$490,633.89                              | \$634,321.92          |
| <b>Totals</b>   |                 |                                    | <b>0</b>   | <b>9,317</b>            | <b>9,317</b>               | <b>302.22</b>       | <b>\$510,953.60</b>        | <b>\$257,377.97</b>            | <b>\$110,208.12</b>      | <b>\$878,539.69</b>     | <b>\$73,799.10</b>          | <b>\$19,923.90</b>             | <b>\$536,148.47</b>        | <b>\$629,871.47</b>                       | <b>\$1,508,411.17</b> |

As depicted above, assessments levied against the subject totaled \$634,321.92, which included 1,630 feet of assessed street frontage and 215.28 acres of trunk utility service area charges.

**ZONING**

Zoning is administered by the City of Becker. As depicted on the following City of Becker Zoning Map, the south half of the subject is zoned I-GEN, General Industrial District, and the north half of the tract is zoned I-PG, Power Generation. Also, based on the following Comprehensive Plan Land Use Map, the subject is guided Heavy Industrial, which is generally consistent with zoning.





## ZONING

The intent of the I-GEN, General Industrial District is to

*“reserve appropriately located areas for industrial and related activities;*

*protect areas appropriate for industrial uses from intrusion by inharmonious uses;*

*protect residential and commercial properties and to protect nuisance-free, nonhazardous industrial uses from noise, odor, insect nuisance, dust, dirt, smoke, vibration, heat and cold, glare, truck, and rail traffic, and other objectionable influences, and from fire, explosion, noxious fumes, radiation, and other hazards incidental to certain industrial uses;*

*provide opportunities for certain types of industrial plants to concentrate in mutually beneficial relationships to each other;*

*provide adequate space to meet the needs of modern industrial development, including off-street parking and truck loading areas and landscaping;*

*provide sufficient open space around industrial structures to protect them from the hazard of fire and to minimize the impact of industrial plants and nearby uses;*

*minimize traffic congestion and to avoid the overloading of utilities by preventing the construction of buildings of excessive size in relation to the amount of land around them;*

*provide locations where industries that desire larger sites and outside storage can operate with minimum restriction and without adverse effects on other uses.”*

The intent of the I-PG, Power Generation District is similar. However, the ordinance for the Power Generation District includes locations for plants and transmission corridors for development and support of the power generation industry within the City, so that the industry can operate with minimum restrictions and conflicts.

Permitted uses in the I-GEN, General Industrial District, include any use permitted in the I-PRK, Industrial Park District, or I-PG, Power Generation District. The following is a partial list of the permitted uses in the I-PRK and I-PG Districts.

- Bottling
- Building material sales and storage
- Dry cleaning and dyeing
- Automobile manufacturing
- Technology innovative industries
- Manufacturing/industrial operations
- Public utility structures
- Electric light or power generating stations
- Warehouses
- Assembly, manufacturing, packaging and wholesaling businesses
- Mini-storage facilities



**ZONING**

The following are conditional uses in the I-GEN, General Industrial District, which require a permit. Here again, this is a partial list only.

- Wireless Telecommunications Facilities
- Grain elevators and storage
- Large L.P. tanks
- Distillation operations

Lot requirements within the respective districts are as follows:

|                       | <u>I-GEN District</u> | <u>I-PG District</u> |
|-----------------------|-----------------------|----------------------|
| Minimum Lot Area      | 5 Acres               | 35 Acres             |
| Minimum Lot Width     | 300 Feet              | 1,200 Feet           |
| Minimum Lot Depth     | 300 Feet              | 1,200 Feet           |
| Maximum Height        | 50 Feet               | 199 Feet             |
| Minimum Yard Setbacks |                       |                      |
| Front Yard            | 75 Feet               | 75 Feet              |
| Side Yard             | 50 Feet               | 50 Feet              |
| Rear Yard             | 50 Feet               | 50 Feet              |
| Maximum Lot Coverage  | 75%                   | 75%                  |

The subject is also guided Heavy Industrial per the City of Becker 2040 Comprehensive Plan. The following is a description of the Heavy Industrial Land Use Category:

*“Involves the processing of raw materials, the fabrication and assemblage of parts that are bulky and heavy, large data centers, and power generation. Also allowed are surface structures associated with manufacturing operations including loading devices, trucks, access roads, processing facilities, stock piles, and storage sheds.”*

In summary, the subject is a large vacant tract of land that may be developed under the zoning standards stated above.

**LAND DESCRIPTION**

|            |                           |                    |
|------------|---------------------------|--------------------|
| Land Size: | Gross Area:               | 348.30 Acres       |
|            | Less: Road Right-of-way   | <u>11.79 Acres</u> |
|            | Area Net of Right-of-way: | 336.51 Acres       |

**LAND DESCRIPTION**

|                         |   |
|-------------------------|---|
| Land Size:              | <u>Note:</u> University Avenue totals 4.04 acres of right-of-way and C.S.A.H. 8 & Energy Drive totals 7.75 acres of right-of-way. Additionally, there are 6.68 acres north of Energy Drive, which are isolated from the remainder. All areas of the subject are based on a survey provided by the Client.   |
| Shape:                  | Effectively rectangular with isolated area north of Energy Drive Southeast.   |
| Street Frontage/Access: | The subject has $\pm$ 1,630 LF of frontage on newly constructed Energy Drive Southeast along the northeast portion of the property. Energy Drive Southeast then merges into River Road Southeast (C.S.A.H. 8) near the northwest portion of the property, and the subject has $\pm$ 470 LF of frontage on River Road Southeast/C.S.A.H. 8. Additionally, University Avenue Southeast is a dirt road that traverses the central part of the subject bearing east/west. Vehicle access is available from Energy Drive Southeast, River Road Southeast, and University Avenue Southeast. It is also noted that the subject has some limited visibility from U.S. Highway 10, over and across the BNSF Railroad right-of-way. |
| Rail Frontage:          | The subject has rail frontage along the northeast, west and south boundaries. Burlington Northern Santa Fe Railroad serves the area.  |
| Terrain:                | The site is a mixture of tillable acreage and forestry plantings. The topography is generally level.  |
| Flood Hazard:           | The subject is located in Zone X, an area outside of the 500-year floodplain.   |
|                         | Panel Number: 27141C0220F<br>Effective Date: November 16, 2011  |
| Utilities:              | The City installed public sanitary sewer, water main, and storm water system improvements with the Energy Drive improvement project. Currently, water main utilities are located along Energy Drive Southeast and extend south along the east/northeast property boundary from Energy Drive to University Avenue. Alternatively, sanitary sewer utilities are not immediately available to serve the subject property as of the date of this appraisal. Based on conversations with the Becker  |

**LAND DESCRIPTION**

Utilities (Continued): City Engineer and the City's engineering consultant (SEH, Inc.), a sanitary sewer main is stubbed near the lift station located at the northeast corner of the Northern Metals site, a distance of approximately 1,500 LF to the east of the subject.

It is also noted that the City assessed 215.28 acres of the subject parcel for trunk utility service area charges. Furthermore, the City is planning to construct additional infrastructure in the neighborhood to facilitate full development of the subject and adjoining lands. The proposed utility improvements will reportedly be made in the next two to three years.

Soil Conditions: The soils appear stable and suitable for typical construction practices. However, neither soils tests nor engineering data have been provided to us in conjunction with this appraisal.

Easements/  
Encumbrances: While high-voltage transmission lines are located along the west boundary, the extent of any potential associated easement is unknown. Also, the northeast portion of the site is encumbered by a high-voltage transmission line, adjacent to the BNSF Railroad.

The appraisers are not aware of any other apparent easements, encroachments, or encumbrances which would have a deleterious impact on the site's marketability and/or market value. However, a title examination was not provided to the appraisers as part of the appraisal process.

**HIGHEST AND BEST USE**

Highest and best use is defined in *The Dictionary of Real Estate Appraisal*, Seventh Edition, Appraisal Institute as follows:

*The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.*

## HIGHEST AND BEST USE

As further described in *The Dictionary of Real Estate Appraisal*, Fifth Edition, Appraisal Institute, the highest and best use, as vacant and as improved, is distinguished as follows:

*Highest and best use of land or site as though vacant - Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements.*

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

In order to determine highest and best use of the subject property, as vacant, the following factors must be considered when addressing possible uses. They are:

1. Legally Permissible
2. Physically Possible
3. Financially Feasible
4. Maximally Productive

As described in the Zoning section of this report, the subject is located in the General Industrial District and Power Generation District. Furthermore, the subject is guided Heavy Industrial. These zoning districts are designed to provide for the establishment of industrial manufacturing, power generation, warehouse development and other uses which, because of the nature of the product or character of activity, requires isolation from residential or commercial uses. As such, a wide variety of industrial development options would be legally permissible.

The subject property totals 336.51 acres, net of right-of-way, and is large enough to accommodate a wide variety of industrial development. The site is also primarily level and at street grade. As evidenced by development on neighboring parcels, soils in the area appear suitable for typical construction practices. Currently, municipal water is available to serve the property while municipal sanitary sewer is proximate, but not immediately available to serve the subject as of the date of this appraisal. Even so, there is a sanitary sewer main stubbed near the lift station at the northeast corner of the Northern Metals property, a distance of  $\pm 1,500$  LF east of the subject, and could be extended to

**HIGHEST AND BEST USE**

serve the subject. Further, upon extension of the sanitary sewer main, the City of Becker's engineering consultant (SEH, Inc.) reported that approximately 25% to 50% of the subject could be developed depending on the density and intensity of the use. Also, the City is planning to construct additional infrastructure improvements in the neighborhood to facilitate full development of the subject and adjoining lands. The proposed utility improvements will reportedly be made in the next two to three years.

The subject has good access to regional transportation routes, with a three-quarter intersection at River Road Southeast and Highway 10 at the northeast corner of the parcel. The property also has suitable connectivity to both northbound and southbound Highway 10 at Liberty Lane Southeast and Hancock Street Southeast. Thus, it is physically possible to develop the subject in the near-term. It is recognized that extraordinary development costs are anticipated to fully develop the property.

As evidenced by the comparable sales, there are examples of new industrial developments occurring between the Twin Cities and St. Cloud. Additionally, the subject offers a buyer the opportunity to acquire a large tract of land where specialized industrial needs could be met. Furthermore, industrial use conforms to existing development in the neighborhood.

Given the subject's convenient access to regional transportation corridors, industrial development appears to be financially feasible. Even so, considering the subject's location in a rural community, an owner-user or developer would be the most likely buyer of the subject land.

Based on the characteristics revealed by the market, along with current supply and demand influences, the highest and best use of the subject property is for industrial development. While the subject may not be developed to its maximum density or potential for a number of years, it could be developed with multiple lots or in phases over time in response to demand in the market.

## EXPOSURE AND MARKETING TIME

The following definitions are taken from *The Dictionary of Real Estate Appraisal*, Seventh Edition, Appraisal Institute:

*Exposure Time: The time a property remains on the market; 2) An opinion, based on supporting market data, of the length of time that 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: An opinion of the amount of time to sell a property interest at the concluded market value or at a benchmark price during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which precedes the effective date of an appraisal.*

Exposure time of 12 to 18 months would be required to sell the subject property, based on the value stated herein. Marketing time, including due diligence and closing, is also estimated at 12 to 18 months.

## APPRAISAL PROCEDURES AND TECHNIQUES

Three traditional approaches to value are widely accepted in the appraisal of real property. These three approaches are briefly described below.

Cost Approach - Considers the current cost of replacing a property, less the depreciation from three sources: physical deterioration, functional obsolescence and external obsolescence. A summation of the market value of the land, assumed vacant, and the depreciated replacement cost of the improvements provides an indication of the total value of the property.

Sales Comparison Approach - Produces an estimate of value by comparing the subject property to sales and/or listings of similar properties in the same or competing areas. This technique is used to indicate the value established by informed buyers and sellers in the market.

Income Approach - Based on an estimate of the subject property's possible net income. The net income is capitalized to arrive at an indication of value from the standpoint of an investment. This method measures the present worth of anticipated future benefits (net income) derived from a property.

The sales comparison approach is the most common method of developing a market value estimate for land. Therefore, this appraisal utilizes the sales comparison approach to value

## **APPRAISAL PROCEDURES AND TECHNIQUES**

the subject land. The cost and income approaches are not considered applicable to arrive at credible results, and are not completed in this analysis.

## **SALES COMPARISON APPROACH**

In the sales comparison approach, sales of vacant land comparable to the subject property are gathered and analyzed. The sale prices are adjusted for market conditions and other relevant variations. The adjusted prices are reduced to some common unit of comparison, such as price per acre or price per SF. The appraiser analyzes this information and derives a unit value applicable to the subject property. When applied to the appropriate unit measure, this value results in an estimate of the market value of the land. The unit of comparison most commonly used for large tracts of industrial land is price per acre.

The validity of this approach is based on the assumption that continuity exists between similar properties of like adequacy and their market values. The reliability of this technique is dependent upon the availability of sales data and the degree of comparability of the sales analyzed. A sufficient number of verifiable sales are available to validate this approach.

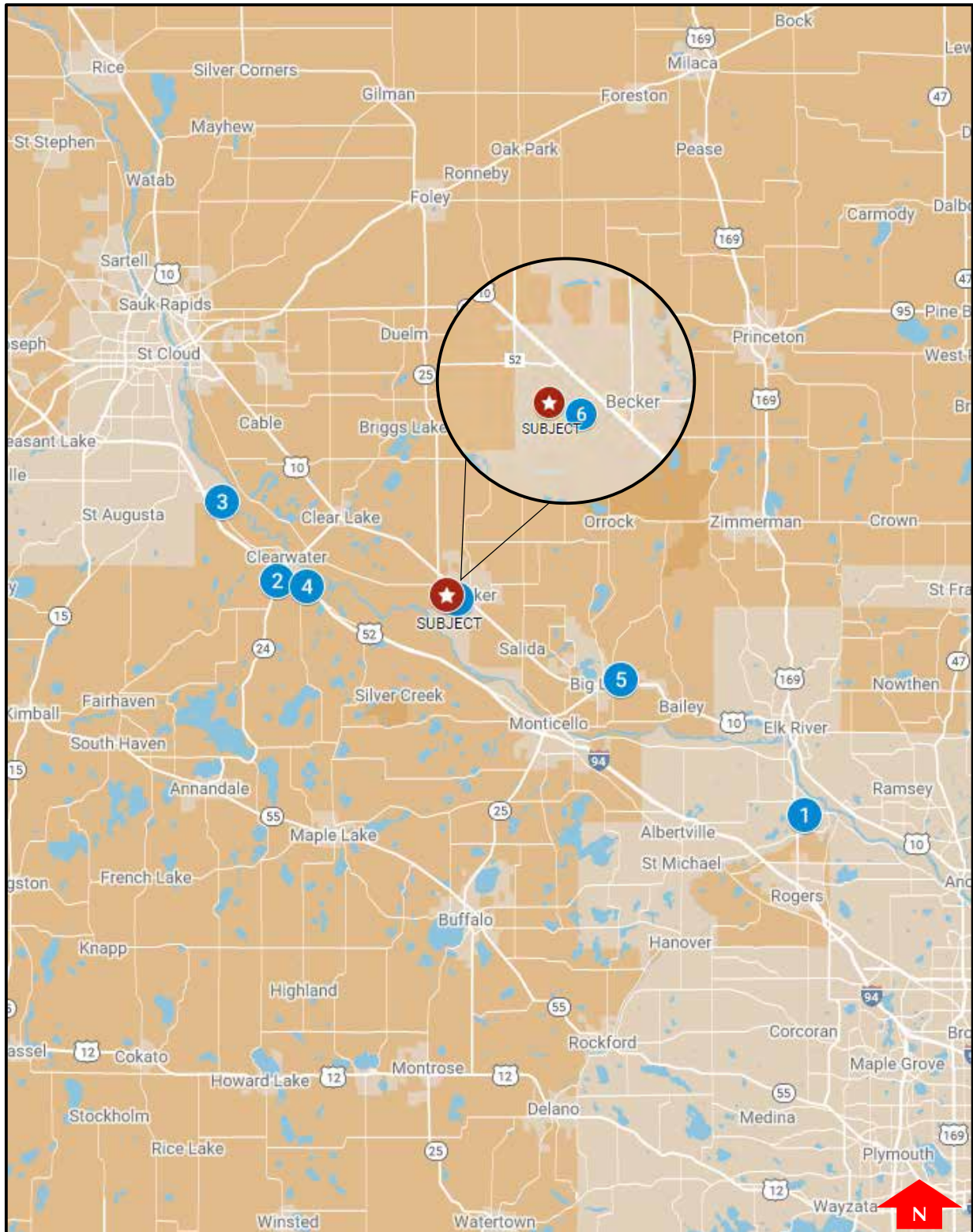
To apply this approach to the subject, information has been sought on recent sales of parcels that are similar in terms of highest and best use, location, size and appeal. The search focused on sales in Sherburne County and the surrounding area. The sales used in this analysis are presented on a location map, followed by individual write-ups, an adjustment grid, and narrative analysis, to arrive at a value estimate.

As previously discussed, public sanitary sewer is not immediately available to serve the subject property as of the date of this report. The sanitary sewer main is stubbed  $\pm 1,500$  LF to the east at a lift station near the northeast corner of the Northern Metal site. Upon extension, the property could be developed with an industrial use. Costs to extend sanitary sewer utilities to the subject property were obtained from the City's engineering consultant (SEH, Inc.), and will be deducted from the estimate of market value to determine the subject's as-is value. Furthermore, the following analysis recognizes that only 25% to 50% of the subject could be developed at the current capacity of utilities depending on

**SALES COMPARISON APPROACH**

the density and intensity of the use. The City is also planning to construct additional infrastructure improvements in the neighborhood to facilitate full development of the subject and adjoining lands. The proposed utility improvements will reportedly be made in the next two to three years. Thus, it is recognized that extraordinary development costs are anticipated to fully develop the property.





**COMPARABLE SALES LOCATION MAP**

**SALES COMPARISON APPROACH****Comparable Sale 1**

Location: 16705 - 65th Street Northeast  
 Otsego, Wright County, Minnesota  
 PID(s): 118-500-354100  
 Buyer: Endeavor Investments XII, LLC  
 Seller: Fae Jacobs Family Real Estate Trust dated December 19, 2019  
 Date of Sale: May 2022  
 Public Utilities: Available  
 Zoning / Guiding: I-1, Limited Industrial District / Industrial  
 Intended Use: Warehouse Distribution  
 Size: 78.50 Acres  
 Sale Price: \$2,637,580  
 Price per Acre: \$33,600

Remarks: This is a publicly marketed, arm's-length transaction. The sale price was openly negotiated and reported to be at or near market. The property is located along the Highway 101 corridor in Otsego and was purchased for warehouse distribution. All public utilities were available to service the property at the time of sale, and the broker reported that no special assessments for trunk area utilities were required to develop the site. The warehouse distribution project is being developed in two phases. Phase 1 is currently under construction and includes a 401,544 SF industrial building, and Phase 2 would add 343,200 SF, for a total buildout of 744,744 SF. It is noted that Phase 2 development will require 65th Street to be upgraded as an Industrial/Commercial Major Collector Street at the developer's expense. Lastly, it is noted that the soils were suitable for construction; however, the site contains some wetland areas, and development requires wetland mitigation.

**SALES COMPARISON APPROACH****Comparable Sale 2**

Location: Southeast Corner of Highway 24 and County Road 7  
Clearwater, Wright County, Minnesota

PID(s): 204-100-034103 & 204-100-034400

Buyer: Russell Pikus

Seller: The Harold R. Agnew and Ione C. Agnew Loving Trust Agreement & Family Trust created under the Harold R. Agnew and Ione C. Agnew Loving Trust

Date of Sale: February 2022

Public Utilities: Proximate

Zoning / Guiding: C-4, General Commercial District / Commercial

Intended Use: Warehouse Distribution

Size: 51.85 Acres

Sale Price: \$1,150,000

Price per Acre: \$22,179

Remarks: This is a publicly marketed, arm's-length transaction. The property was under contract for \$1,300,000, but was contingent upon annexation into Clearwater city limits and approval of a freezer-storage warehouse and distribution facility. The property was annexed during the contract period at the buyer's expense; however, the proposed development was subject to multiple delays and the contract was nearing expiration. In the meantime, the buyer was approaching a 1031 exchange deadline for a previous investment, and presented a \$1,150,000 cash offer to close the sale. The seller accepted the cash offer reduced price. The broker opined that the sale price was within the range of market value, albeit at the low end. The project continues to be in the planning stages as of the date of this appraisal. Public utilities are stubbed at the northeast boundary of the property, and the buyer is responsible for trunk area utilities charges at the time of development.

**SALES COMPARISON APPROACH****Comparable Sale 3**

Location: 275 & 315 - 74th Street South  
 St. Cloud, Stearns County, Minnesota  
 PID(s): 82.50617.0250 & 82.50617.0251  
 Buyer: Midwest Real Estate Holdings, LLC d/b/a MREH, LLC  
 Seller: Mark Coborn and Chris Coborn Real Property Family Partnership & Saint Cloud Opportunities, Inc. and SEA Development, LLC  
 Date of Sale: September 2021  
 Public Utilities: Available  
 Zoning / Guiding: I-3, Planned Industrial District / Light Industrial  
 Intended Use: Distribution Warehouse  
 Size: 79.72 Acres  
 Sale Price: \$4,199,495  
 Price per Acre: \$52,678  
 Remarks: The buyer purchased two independent  $\pm 40$ -acre tracts from unrelated sellers. The west parcel was publicly marketed; however, the east parcel was not on the market, and the buyer approached the seller with interest in acquiring the tract for additional land. Both sale prices were independently negotiated and considered to be at or near market. The buyer purchased the sites to develop a grocery warehouse facility in the second half of 2022. Construction is planned in multiple phases. The first phase consists of a 330,000 SF warehouse for perishable foods, loading docks, and offices. The second phase includes building an additional 470,000 SF for dry goods. The second phase will require construction of a new public road between 74th Street South and Glenn Carlson Drive. There is also additional expansion proposed in a third phase. All public utilities are available to serve the site, and no assessments will be levied against the property for trunk area utilities.

Northern States Power Company  
22233

## SALES COMPARISON APPROACH



### Comparable Sale 4

Location: 17xxx County Road 78 Northwest  
Clearwater Township, Wright County, Minnesota

PID(s): 204-100-013400 & 204-100-122100

Buyer: Adroit, LLC

Seller: J.J. Ergen and Son's, LLC

Date of Sale: August 2021

Public Utilities: Not Available

Zoning / Guiding: AG, Agricultural / Industrial

Intended Use: Industrial building with open storage for semi-trailers

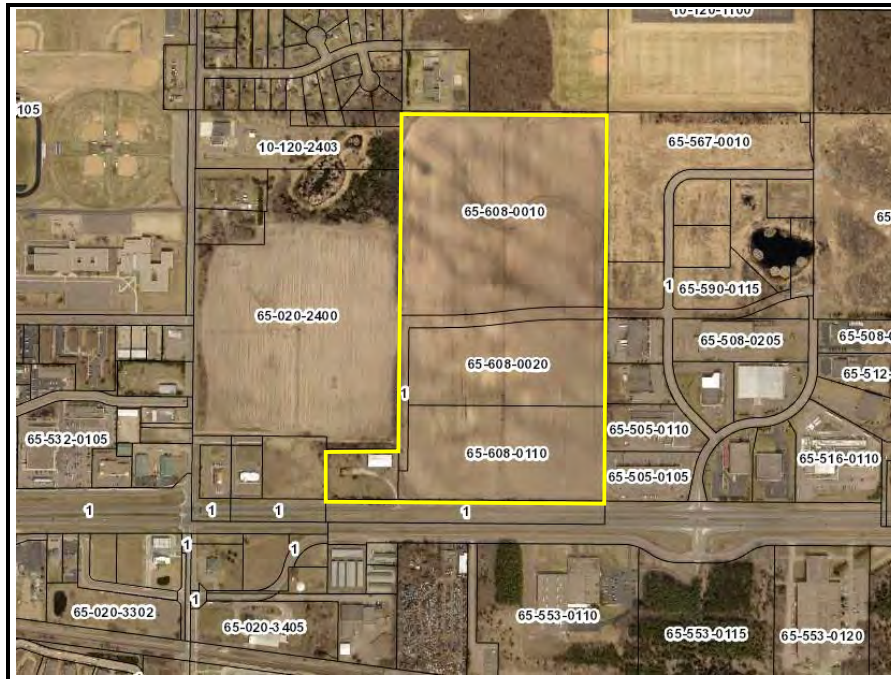
Size: 83.41 Acres

Sale Price: \$3,588,275

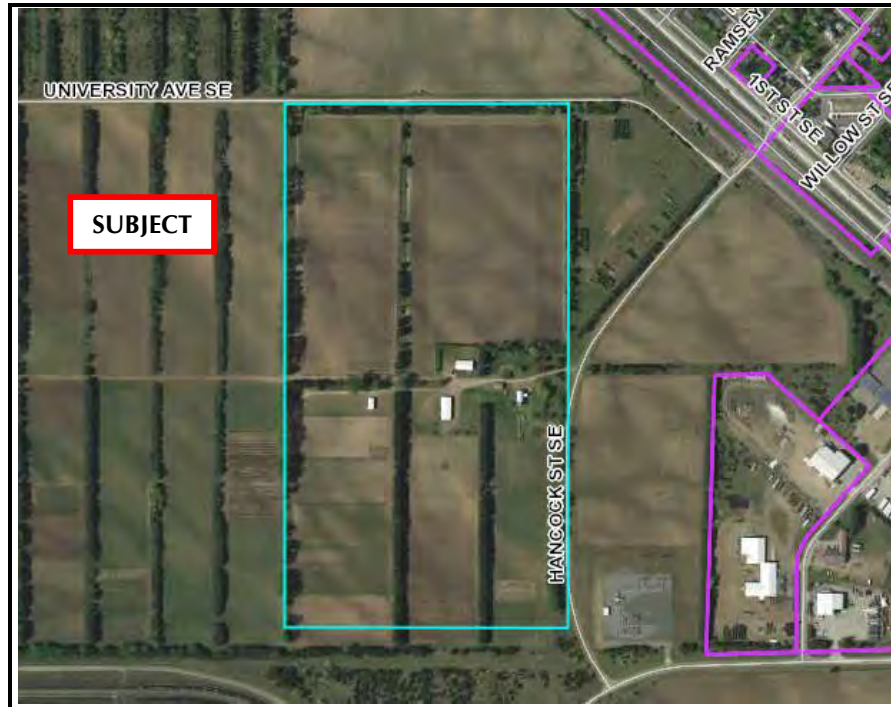
Price per Acre: \$43,020

Remarks:

This is a publicly marketed, arm's-length transaction. The sale price was openly negotiated and reported to be at or near market. The property has over 3,000 LF of frontage along I-94 and was located in Clearwater Township at the time of sale. The property has since been annexed into Clearwater city limits. Public sanitary sewer and water are not available to the property; however, as set forth in the orderly annexation agreement, should public utilities become available to the site, all city fees for trunk and connection charges shall be paid. The buyer purchased the property to construct an industrial building containing space for major vehicle repair, an accessory building for office space, and open storage for semi-trailers.

**SALES COMPARISON APPROACH****Comparable Sale 5**

Location: 18040 U.S. Highway 10 Northwest  
 Big Lake, Sherburne County, Minnesota  
 PID(s): 10-120-1300  
 Buyer: Carlson Development Group, LLC  
 Seller: Ewald T. Petersen and Rita R. Petersen  
 Date of Sale: July 2021  
 Public Utilities: Available  
 Zoning / Guiding: A, Agricultural / Industry or Office  
 Intended Use: Manufacturing Facility  
 Size: 85.26 Acres  
 Sale Price: \$2,591,820  
 Plus: Trunk Assmnts \$ 570,755  
 Plus: Demolition \$ 25,000  
 Indicated Land Price: \$3,187,575  
 Price per Acre: \$30,399 (actual); \$37,387 (including assessments and demolition)  
 Remarks: This is a publicly marketed, arm's-length transaction. The sale price was openly negotiated and reported to be at or near market. The buyer purchased the property to develop a manufacturing facility and ancillary uses. Approximately 21 acres along the U.S. Highway 10 frontage is being developed with a 151,710 SF manufacturing facility to be leased by Premier Marine. Additional industrial and commercial uses are proposed to the north in future phases. All public utilities area available to the site; however, the developer is responsible for trunk utility area charges, and \$570,755 is estimated to be levied against the property. The special assessments equate to \$6,694 per acre ( $\$570,755 \div 85.26$  acres). In addition, the seller executed a life estate for the existing homesite in the southwest portion of the property. The buyer will be responsible for demolition costs upon termination of the life estate, and demolition costs are estimated to be approximately \$25,000.

**SALES COMPARISON APPROACH****Comparable Sale 6**

|                       |  |
|-----------------------|--|
| Location:             | 12432 Hancock Street Southeast<br>Becker, Sherburne County, Minnesota  |
| PID(s):               | 60-336-1105  |
| Buyer:                | Praedius (USA 1), LLC  |
| Seller:               | Northern States Power Company  |
| Date of Sale:         | June 2018  |
| Public Utilities:     | Extension Required   |
| Zoning / Guiding:     | I-GEN, General Industrial District / Heavy Industrial  |
| Intended Use:         | Metal Recycling  |
| Size:                 | 78.73 Acres  |
| Sale Price:           | \$1,325,000  |
| Plus: Assessments     | \$1,172,533  |
| Indicated Land Price: | \$2,630,033  |
| Price per Acre:       | \$16,830 (actual); \$33,406 (including assessments)  |
| Remarks:              | This land was not publicly marketed. The buyer and seller originally negotiated the price based on a different property. When it was determined that the other site would not work for the buyer's needs, this tract adjacent to the east of the subject was purchased without re-negotiating the sale price. Even so, the sale is considered an arm's-length transaction. Furthermore, the seller benefits by having this heavy power user proximate to the Sherco Power Plant. At the time of sale, upgrades to Hancock Street and municipal utilities were needed for industrial development. The buyer is responsible for assessments of \$1,172,533 for the Hancock Street infrastructure project. The special assessments equate to \$14,893 per acre ( $\$1,172,533 \div 78.73$ acres). |

22233

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| COMPARABLE LAND SALES ADJUSTMENT GRID |   |  |  |  |   |   |  |          |
|---------------------------------------|---|--|--|--|---|---|--|----------|
| Sale Data                             | Subject   | Land Sale 1  | Land Sale 2  | Land Sale 3  | Land Sale 4   | Land Sale 5   | Land Sale 6  | Average  |
| Location<br>City/Township             | 13500 University Avenue Southeast<br>Becker, Sherburne County | 16705 - 65th Street Northeast<br>Otsego, Wright County | SEC of Highway 24 & County Road 7<br>Clearwater, Wright County | 275 & 315 - 74th Street South<br>St. Cloud, Stearns County | 17xx County Road 75 Northwest<br>Clearwater Township, Wright County | 18040 U.S. Highway 10 Northwest<br>Big Lake, Sherburne County | 12432 Hancock Street Southeast<br>Becker, Sherburne County |          |
| Property ID No(s)                     | Part of 60-336-2100   | 118-500-354100   | 204-100-034103 & 204-100-034400                                | 82.50617.0250 & 82.50617.0251                              | 204-100-013400 & 204-100-122100                                     | 10-120-1300   | 60-336-1105  |          |
| Land Area                             | 336.51 AC   | 78.50 AC   | 51.85 AC   | 79.72 AC   | 83.41 AC  | 85.26 AC  | 78.73 AC   |          |
| Recorded Sale Price                   |   | \$2,637,580  | \$1,150,000  | \$4,199,495  | \$3,588,275   | \$2,591,820   | \$1,325,000  |          |
| Price per AC                          |   | \$33,600   | \$22,179   | \$52,678   | \$43,020  | \$30,399  | \$16,890   | \$38,118 |
| <b>Transactional Adjustments</b>      |   |  |  |  |   |   |  |          |
| Unadjusted Sale Price                 |   | \$2,637,580  | \$1,150,000  | \$4,199,495  | \$3,588,275   | \$2,591,820   | \$1,325,000  |          |
| Property Rights                       | Fee Simple  | Fee Simple   | Fee Simple   | Fee Simple   | Fee Simple  | Fee Simple  | Fee Simple   |          |
| Adjusted Sale Price                   |   | \$2,637,580  | \$1,150,000  | \$4,199,495  | \$3,588,275   | \$2,591,820   | \$1,325,000  |          |
| Financing                             | Cash To Seller  | Cash To Seller   | Cash To Seller   | Cash To Seller   | Cash To Seller  | Cash To Seller  | Cash To Seller   |          |
| Adjusted Sale Price                   |   | \$2,637,580  | \$1,150,000  | \$4,199,495  | \$3,588,275   | \$2,591,820   | \$1,325,000  |          |
| Conditions of Sale                    | Typical   | Typical  | Typical  | Typical  | Typical   | Typical   | Motivated Seller   |          |
| Adjusted Sale Price                   |   | \$2,637,580  | \$1,150,000  | \$4,199,495  | \$3,588,275   | \$2,591,820   | \$1,457,500  |          |
| Special Assessments                   | None  | None   | None   | None   | None  | Trunk Assessments   | Assessments  |          |
| Adjusted Sale Price                   |   | \$2,637,580  | \$1,150,000  | \$4,199,495  | \$3,588,275   | \$3,162,575   | \$1,172,533  |          |
| Other Expenditures                    | None  | None   | None   | None   | None  | Demolition  | None   |          |
| Adjusted Sale Price                   |   | \$2,637,580  | \$1,150,000  | \$4,199,495  | \$3,588,275   | \$3,187,575   | \$2,630,033  |          |
| Market Conditions                     | Jun-22  | May-22   | Feb-22   | Sep-21   | Aug-21  | Jul-21  | Jun-18   |          |
| Adjusted Sale Price                   |   | \$2,637,580  | \$1,161,500  | \$4,283,485  | \$3,660,041   | \$3,283,202   | \$2,971,937  |          |
| Adjusted Price Per AC                 |   | \$33,600   | \$22,401   | \$53,732   | \$43,880  | \$38,508  | \$37,748   | \$38,312 |
| <b>Qualitative Analysis</b>           |   |  |  |  |   |   |  |          |
| Location Rating                       | Becker / Hwy 10 & I-94 / Avg Acs / Ltd Vis                    | Otsego / Hwy 101 & I-94 / Avg Acs / No Vis             | Clearwater / I-94 / Avg Acs / No Vis                           | St. Cloud / I-94 / Avg Acs / Ltd Vis                       | Clearwater / I-94 / Avg Acs / Xint Vis                              | Big Lake / Hwy 10 & I-494 / Avg Acs / Xint Vis                | Becker / Hwy 10 & I-94 / Avg Acs / Ltd Vis                 |          |
| Public Utilities Rating               | Partially Available   | Fully Available  | Proximate  | Fully Available  | Not Available   | Fully Available   | Fully Available  |          |
| Zoning / Guiding Rating               | I-GEN & I-PG / Heavy Industrial                               | I-1 / Industrial                                       | C-4 / Commercial   | I-3 / Light Industrial                                     | AG / Industrial   | A / Industry or Office  | I-GEN / Heavy Industrial                                   |          |
| Land Area Rating                      | 336.51 AC   | 78.50 AC   | 51.85 AC   | 79.72 AC   | 83.41 AC  | 85.26 AC  | 78.73 AC   |          |
| Shape Rating                          | Effectively Rectangular w/ Isolated Area                      | Rectangular  | Slightly Irregular   | Effectively Rectangular                                    | Irregular   | Effectively Rectangular                                       | Rectangular  |          |
| Terrain Rating                        | Mixed Trees & Ag./Level                                       | Level w/ Open, Wooded, & Wetland Areas                 | Generally Level & Open   | Generally Level & Mostly Open                              | Generally Level & Mostly Open                                       | Generally Level & Open  | Mixed Trees/Ag., Level                                     |          |
| Overall Rating                        |   | Superior   | Inferior   | Superior   | Superior  | Superior  | Superior   |          |
| Indicated Subject Price Per AC        |   | \$33,600   | \$22,401   | \$53,732   | \$43,880  | \$38,508  | \$37,748   | \$38,312 |



## SALES COMPARISON APPROACH

### Explanation of Adjustments

#### Quantitative Adjustments

##### Property Rights

All of the sales represent the transfer of the fee simple interest. Therefore, no adjustments are necessary.

##### Financing

No unusual financing circumstances were reported that would have affected the sale prices of the comparables.

##### Conditions of Sale

The purchase agreement for Land Sale 2 was nearing expiration due to prolonged development approvals. In an effort to close the transaction prior to terminating the contract, the buyer offered a reduced cash offer, and the seller accepted a  $\pm 10\%$  discount in price. Even so, the broker opined that the sale price was within the range of market value, albeit at the low end. Therefore, no adjustment is applied to Land Sale 2 for conditions of sale.

The seller of Land Sale 6 benefits from the buyer's specific property use at this location. Thus, warranting an upward adjustment for conditions of sale.

The remaining comparable land sales are representative of typical, arm's-length, market transactions, and no adjustments for conditions of sale are necessary.

##### Special Assessments

Land Sales 1 and 3 are responsible for constructing industrial/commercial roadways in future development phases. However, it is recognized that most larger tract developments require internal infrastructure suitable for industrial/commercial standards. Therefore, no adjustments are applied to Land Sales 1 and 3 for future assessment costs.

The buyer/developer of Land Sale 2 is responsible for trunk area utilities charges at the time of development. However, the proposed project continues to be in the planning

## **SALES COMPARISON APPROACH**

### **Explanation of Adjustments**

#### **Quantitative Adjustments**

##### Special Assessments

stages as of the date of this appraisal. Thus, no adjustments are applied to Land Sale 2 for special assessments, and public utilities are considered in a subsequent adjustment.

The buyer/developer of Land Sale 4 is responsible for all city fees for trunk and connection charges upon availability of public utilities. However, public utilities are not anticipated in the near-term, and this factor is considered in the Public Utilities adjustment.

The buyer of Land Sale 5 is responsible for trunk utility area charges, and \$570,755 is estimated to be levied against the property.

The buyer of Land Sale 6 paid \$1,172,533 to upgrade Hancock Street and extended public utilities to the property.

##### Other Expenditures

Land Sale 5 was improved with a homesite in the southwest portion of the property at the time of sale, and the seller retained a life estate to occupy the building improvements. The buyer will be responsible for demolition costs upon termination of the life estate, and demolition costs are estimated to be  $\pm$  \$25,000.

##### Market Conditions

This adjustment reflects differences in market conditions between the date of appraisal and the date the comparables sold or when the sale price was negotiated. The date of valuation is June 1, 2022. The comparable sales occurred between June 2018 and May 2022.

There has been strong demand for industrial development in most markets. However, given the subject's location in a free-standing rural community, the market conditions adjustment for industrial land in more outlying areas is tempered somewhat. The comparable sales are adjusted upward 3% per annum from 2018 through the date of valuation.

## SALES COMPARISON APPROACH

### Explanation of Adjustments

#### Qualitative Adjustments

Qualitative analysis is necessary to account for differences in property characteristics that are difficult to quantify, especially when market data that is sufficient to decompose the complex interactions of the property characteristics does not exist. In the following analysis, qualitative evaluations are made based on the elements of comparison which are often considered drivers of value in this market.

Each comparable sale has been rated as Superior, Similar, or Inferior in comparison to the subject based on whether the sale's quality with regard to the element of comparison would be expected to result in a higher, similar, or lower unit price. An overall rating is then assigned to the sale, based on the analysis of the individual elements of comparison.

#### Location

This adjustment is based upon observations of both the subject and the comparable sales. Primary consideration is given to factors such as demand generators, frontage, surrounding land use, regional accessibility, and proximity to the St. Cloud and Twin Cities metropolitan areas.

Land Sale 1 is located within a recently developed industrial park along the Highway 101 corridor in Otsego, and is proximate to the Twin Cities metro area. Thus, Land Sale 1 is given a *Superior* rating for location as compared to the subject.

Land Sale 2 is located in Clearwater, and the surrounding area, except for the single-family residential development to the east, is primarily comprised of agricultural and rural residential properties. Therefore, Land Sale 2 is given an *Inferior* rating for location as compared to the subject.

Land Sale 3 is located in an active industrial neighborhood proximate to the St. Cloud metropolitan area and is given a *Superior* rating for location as compared to the subject.

Land Sale 4 is located in Clearwater, however, as opposed to Land Sale 2, this property is located near industrial development and has over 3,000 LF of frontage on I-94. As such, Land Sale 4 is given a *Superior* rating for location as compared to the subject.

## SALES COMPARISON APPROACH

### Explanation of Adjustments

#### Qualitative Adjustments

##### Location

Land Sale 5 is located along the U.S. Highway 10 corridor in Big Lake, with excellent visibility, and abuts an industrial development to the east. Therefore, Land Sale 5 is given a *Superior* rating for location as compared to the subject.

Land Sale 6 is adjacent to the subject to the east, and shares locational similarities with the subject. Thus, Land Sale 6 is given a *Similar* rating for location as compared to the subject.

##### Public Utilities

As discussed, municipal water utilities are available to serve the subject property while municipal sanitary sewer utilities are not immediately available to serve the subject as of the date of this appraisal. However, the sanitary sewer main is proximate and the cost to extend the sanitary sewer is considered in the following analysis. Therefore, this adjustment recognizes that public utilities are available to immediately develop 25% to 50% of the subject based on the current capacity and the density and intensity of the use. Further, the City of Becker is planning utility upgrades to this area to fully serve the subject and adjacent lands, and additional assessments will be levied at some point in the future.

Land Sales 1, 3, 5, and 6 are able to be fully developed based on the current capacity of public utilities. Therefore, Land Sales 1, 3, 5, and 6 are given a *Superior* rating for public utilities as compared to the subject.

Public utilities are stubbed at the northeast boundary of Land Sale 2; however, the property is not able to be serviced with public utilities until the project is approved for development. The project continues to be in the planning stages as of the date of this appraisal, and the buyer is responsible for trunk area utilities charges at the time of development. Therefore, Land Sale 2 is granted an *Inferior* rating for public utilities as compared to the subject.

Public sanitary sewer and water are not available to Land Sale 4, and the comparable is granted an *Inferior* rating for public utilities as compared to the subject.

## SALES COMPARISON APPROACH

### Explanation of Adjustments

#### Qualitative Adjustments

##### Zoning / Guiding

The subject and comparables are zoned and/or guided for industrial use. Thus, the comparables are considered *Similar* to the subject in terms of zoning/guiding. It is noted that Land Sale 2 is zoned/guided for commercial use; however, the property was purchased for an industrial use and no adjustment is necessary.

##### Land Area

The subject totals 336.51 acres, net of existing right-of-way. In comparison, the comparable land sales range in size from 51.85 acres to 85.26 acres. Typically, a smaller site will command a higher unit price than a larger site, all else being equal. Therefore, the comparables are granted *Superior* ratings for land area as compared to the subject.

##### Shape

The shape of the subject and comparables are conducive to development. It is recognized, however, that the subject contains approximately 6.68 acres of land north of Energy Drive, which are isolated from the remainder. Even so, this isolated area is relatively small and comprises 1.99% of the total land area, net of existing right-of-way. As such, the isolated area is anticipated to have minimal adverse impacts to the overall value of the property. In comparison, the southeast portion of Land Sale 4 is irregular and elongated in shape. Thus, Land Sale 4 is granted an *Inferior* rating for shape as compared to the subject.

Conversely, the remaining comparables are granted a *Similar* rating for shape characteristics.

##### Terrain

The subject is mostly open, generally level, and considered entirely usable. All of the comparables, except for Land Sale 1, are generally level and mostly open tract, and are granted a *Similar* rating for terrain. Land Sale 1 contains some wetland areas and requires wetland mitigation to facilitate development. Thus, Land Sale 1 is granted an *Inferior* rating as compared to the subject.

## SALES COMPARISON APPROACH

### Explanation of Adjustments

#### Analysis

The six comparable sales range in unadjusted price from \$16,830 per acre to \$52,678 per acre, with an average of \$33,118 per acre. After the adjustment process, the sales indicate a value range greater than \$22,401 per acre and less than \$53,732 per acre, with an average of \$38,312 per acre.

Generally speaking, all of the comparable land sales are relatively large industrial tracts located in Becker or the surrounding area. The properties also share physical similarities with the subject, and sold within a reasonable period of time in relation to the valuation date. As such, all of the comparable sales are considered meaningful indicators of value.

However, four of the six comparables received a *Superior* rating for location as compared to the subject, and four of the six comparables also received a *Superior* rating for public utilities as compared to the subject. Furthermore, all of the comparables received a *Superior* rating for land area. Therefore, majority of the comparables received *Superior* overall ratings as compared to the subject.

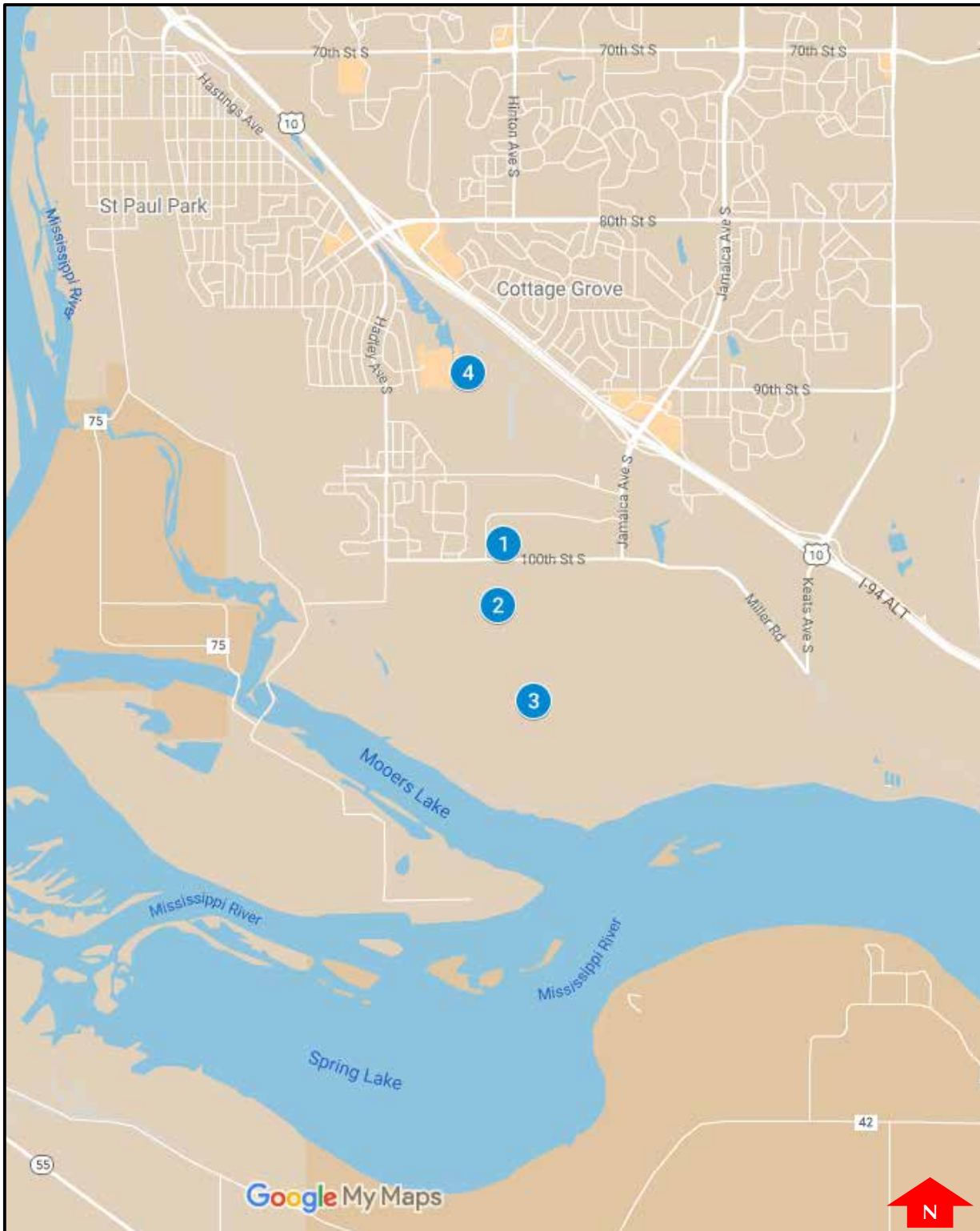
Land Sales 1, 3, 4, 5, and 6 received overall *Superior* ratings primarily due to location, public utilities, and smaller land size. These comparables range in price from \$33,600 per acre to \$53,732 per acre, and the market value of the subject is likely below the adjusted unit price of Land Sales 1, 3, 4, 5, and 6.

Land Sale 2 received an overall *Inferior* rating due to its inferior location in a primarily undeveloped area of Clearwater and lack of public utilities. Therefore, the adjusted unit price of \$22,401 per acre likely understates to market value of the subject.

Given the above, the market value of the subject is likely to fall between \$22,401 and \$33,600 per acre. Again, it is recognized that all of the comparables land sales are less than one-third of the subject's land size. Thus, the appraisers conducted an additional search for larger industrial tracts around the periphery of the Twin Cities metropolitan area.

**SALES COMPARISON APPROACH****Analysis**

The purpose of the search is to demonstrate the price differences in land size between larger acreage and smaller tracts. Several examples were found and are analyzed on the following pages. It is noted that a number of examples also demonstrate a significant price difference due to locational attributes such as surrounding land use, city limits, and availability of public utilities.

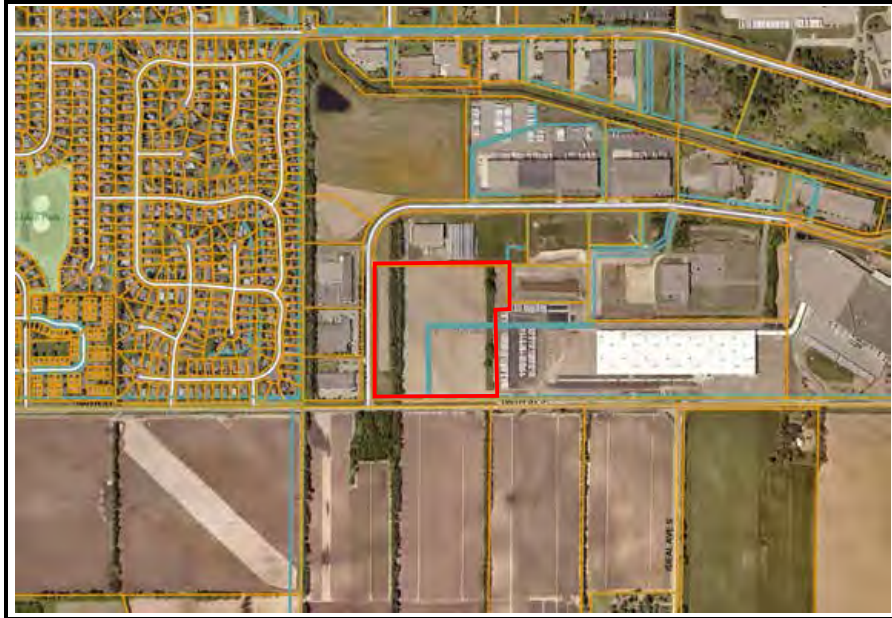


**COTTAGE GROVE PAIRED SALES LOCATION MAP**



**SALES COMPARISON APPROACH**

**Paired Sales Analysis – Cottage Grove**



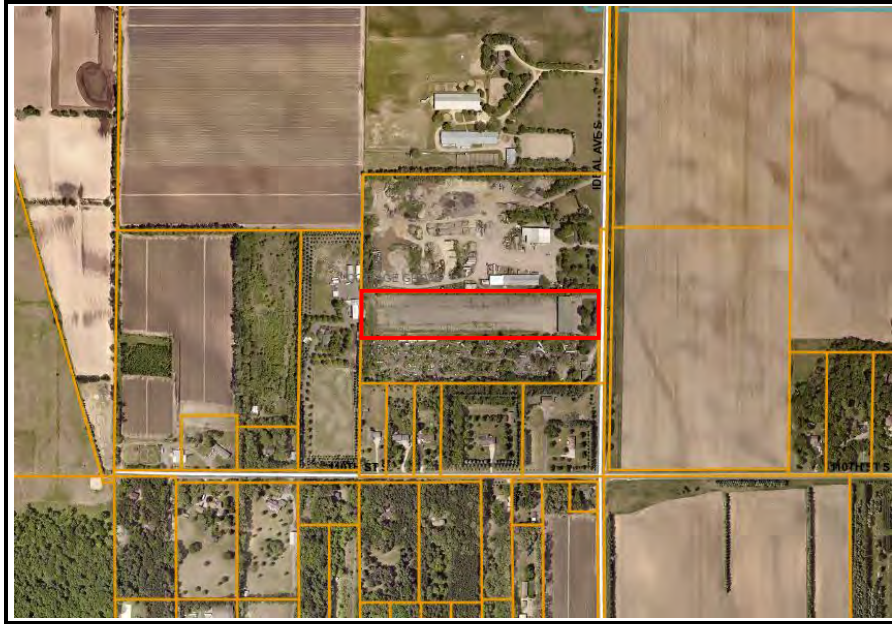
**Paired Sale 1**



**Paired Sale 2**

**SALES COMPARISON APPROACH**

**Paired Sales Analysis – Cottage Grove**



**Paired Sale 3**



**Paired Sale 4**

**SALES COMPARISON APPROACH****Paired Sales Analysis – Cottage Grove**

| INDUSTRIAL LAND SALES SUMMARY GRID |   |              |              |              |              |  |
|------------------------------------|---|--------------|--------------|--------------|--------------|--|
| Sale No.                           | Location  | Date of Sale | Land Size    | Sale Price   | Price per AC |  |
| 1                                  | Outlot A, Glengrove Industrial Park 8th Addition, Cottage Grove       | 3/30/2022    | 19.30 Acres  | \$2,948,190  | \$152,756    | Renewal by Andersen, LLC, purchased this property from the City of Cottage Grove to expand the adjacent business operation. It is noted that Renewal by Andersen also purchased 18.66 acres from the City for \$2,438,631 (\$130,688 per acre) in July 2019, and also purchased 9.21 acres from the City for \$1,203,504 (\$130,674 per acre) in July 2018.  |
| 2                                  | South of 100th Street South Cottage Grove                             | 12/20/2021   | 252.80 Acres | \$20,851,612 | \$82,483     | Northpoint Development purchased multiple large tract parcels to develop a 3.4 million SF industrial park in the southwest portion of Cottage Grove. The industrial park project is currently being developed with two buildings, which are anticipated to be complete in 10 to 12 months of construction. There will be seven more buildings constructed in phased development. The two buildings in the first phase are 487,000 SF and 281,000 SF in size, and future phases proposed buildings between 200,000 SF and 700,000 SF in size. |
| 3                                  | 10870 Ideal Avenue South Cottage Grove                                | 7/9/2021     | 7.32 Acres   | \$800,000    | \$109,290    | This is the sale of a 7.32-acre tract improved with a low-cost, office/warehouse building, totaling 11,200 SF of GBA. The building is anticipated to contribute minimal value, if any.   |
| 4                                  | Lot 1, Block 1, Southeast Industrial Park 2nd Addition, Cottage Grove | 7/7/2021     | 4.53 Acres   | \$621,164    | \$137,122    | This property was publicly marketed, and purchased by an adjacent owner to expand their business operation.  |

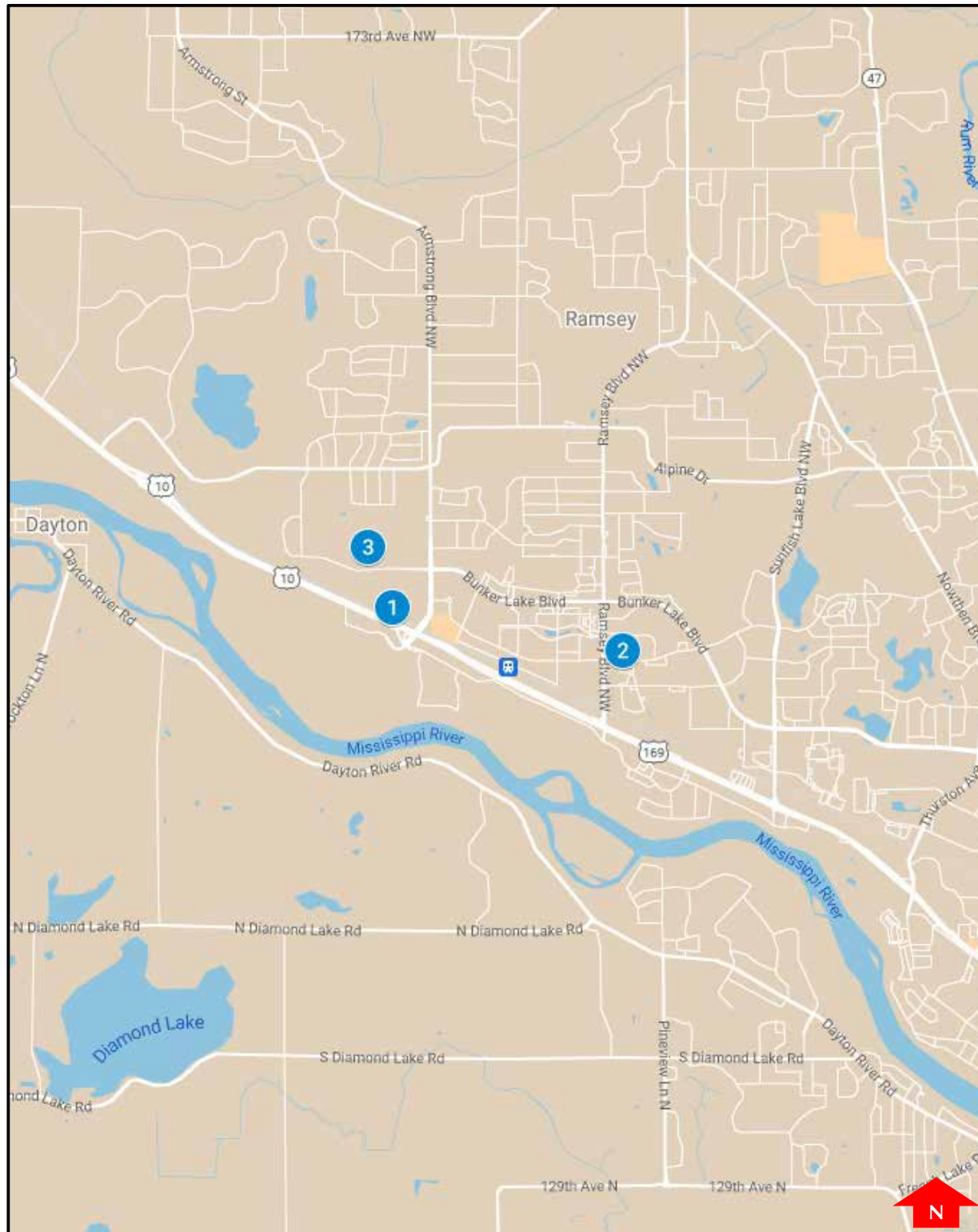
The four sales are located in southwest Cottage Grove and are relatively similar in terms of location. Furthermore, as illustrated in the aerial views, the properties share similar shape and terrain features. However, the land sales range in size from 4.53 acres to 252.80 acres, and range in unit price between \$82,483 per acre and \$152,756 per acre. Given that land size is the primary difference in the properties, and that the smaller land sales sold for a higher price per acre as compared to the larger tract, the above indicates that there is a relationship in price paid and land size. Thus, it is appropriate to analyze the sales based on differences in land size.

The size adjustment is demonstrated on the following table, which compares the smaller sites to the larger tract. More specifically, the price per acre of the smaller tracts summarized on the previous grid are adjusted based on an 85%, 90%, and 95% rule, or a 5%, 10%, and 15% inverse curve, which recognizes a 5%, 10%, and 15% decrease in price paid per acre for each doubling in size.

**SALES COMPARISON APPROACH****Paired Sales Analysis – Cottage Grove**

|                                |                  | Size Curve Used  |                  |                 |
|--------------------------------|------------------|------------------|------------------|-----------------|
|                                |                  | 95% rule         | 90% rule         | 85% rule        |
| <b>Comp 2</b>                  | <b>252.80 AC</b> | <b>0.074</b>     | <b>0.152</b>     | <b>0.23445</b>  |
| Comp 1                         | 19.30 AC         | 0.83             | 0.68             | 0.55            |
| <b>Adjusted Price per Acre</b> |                  | <b>\$126,787</b> | <b>\$103,874</b> | <b>\$84,016</b> |
| Comp 3                         | 7.32 AC          | 0.77             | 0.58             | 0.44            |
| <b>Adjusted Price per Acre</b> |                  | <b>\$84,153</b>  | <b>\$63,388</b>  | <b>\$48,088</b> |
| Comp 4                         | 4.53 AC          | 0.74             | 0.54             | 0.39            |
| <b>Adjusted Price per Acre</b> |                  | <b>\$101,470</b> | <b>\$74,046</b>  | <b>\$53,478</b> |

Based on an analysis of the sales and recognizing that Paired Sales 1 and 4 were purchased by adjacent owners for expansion of their existing business operations suggests a size adjustment based on a 5% to 10% inverse curve.



**RAMSEY PAIRED SALES LOCATION MAP**

**SALES COMPARISON APPROACH**

**Paired Sales Analysis – Ramsey**



**Paired Sale 1**



**Paired Sale 2**

**SALES COMPARISON APPROACH**

**Paired Sales Analysis – Ramsey**



**Paired Sale 3**

**SALES COMPARISON APPROACH****Paired Sales Analysis – Ramsey**

| INDUSTRIAL LAND SALES SUMMARY GRID |  |              |                              |             |              |  |
|------------------------------------|--|--------------|------------------------------|-------------|--------------|--|
| Sale No.                           | Location   | Date of Sale | Land Size                    | Sale Price  | Price per AC |  |
| 1                                  | 14622 & 14650 Ferret Street<br>Ramsey                  | Pending      | 12.88 Acres                  | \$1,542,895 | \$119,790    | This is an industrial guided land listing along Highway 10/169 in Ramsey. The property has been actively marketed for-sale since August 2019 and reportedly there have been several interested industrial users. The property is now under contract with the potential buyer, the Anoka Ramsey Athletic Association (ARAA), who plans to develop a large sports dome.    |
| 2                                  | 7105 & 7185 Sunwood Drive NW<br>Ramsey                 | 9/30/2021    | 12.26 Acres                  | \$1,528,520 | \$124,675    | This property was not openly marketed for sale and the seller had a previous relationship with the buyer. Even so, the sale price was determined by researching comparable sales and by using in-house evaluators. The buyer has plans to develop a 65,000 SF industrial manufacturing building in the near term with a future 52,000 SF planned expansion/second phase. |
| 3                                  | 8227, 8297, & 8367 Bunker Lake<br>Boulevard NW, Ramsey | 9/2/2021     | 37.04 Acres<br>(usable land) | \$4,050,000 | \$109,341    | This is the sale of a 43.55-acre tract purchased for development of three Class A buildings. Construction commenced in first quarter of 2022. The tract contains ±5.83 acres of wetland area in the north portion of the property.   |

The three industrial land sales are located in southern Ramsey and are relatively similar in terms of location and physical characteristics, but range in size from 12.26 acres to 37.04 acres. As can be observed above, the land sales in Ramsey also indicate a difference in price paid based on land size. However, it is recognized that Paired Sale 1 is triangular and may understate the indicated adjustment. Furthermore, the Paired Sale 3 contains unusable wetland area along the north boundary and is analyzed on a usable acreage basis. Again, the smaller land sales are compared to the larger tract on the following table, and adjusted based on an 85%, 90%, and 95% rule.



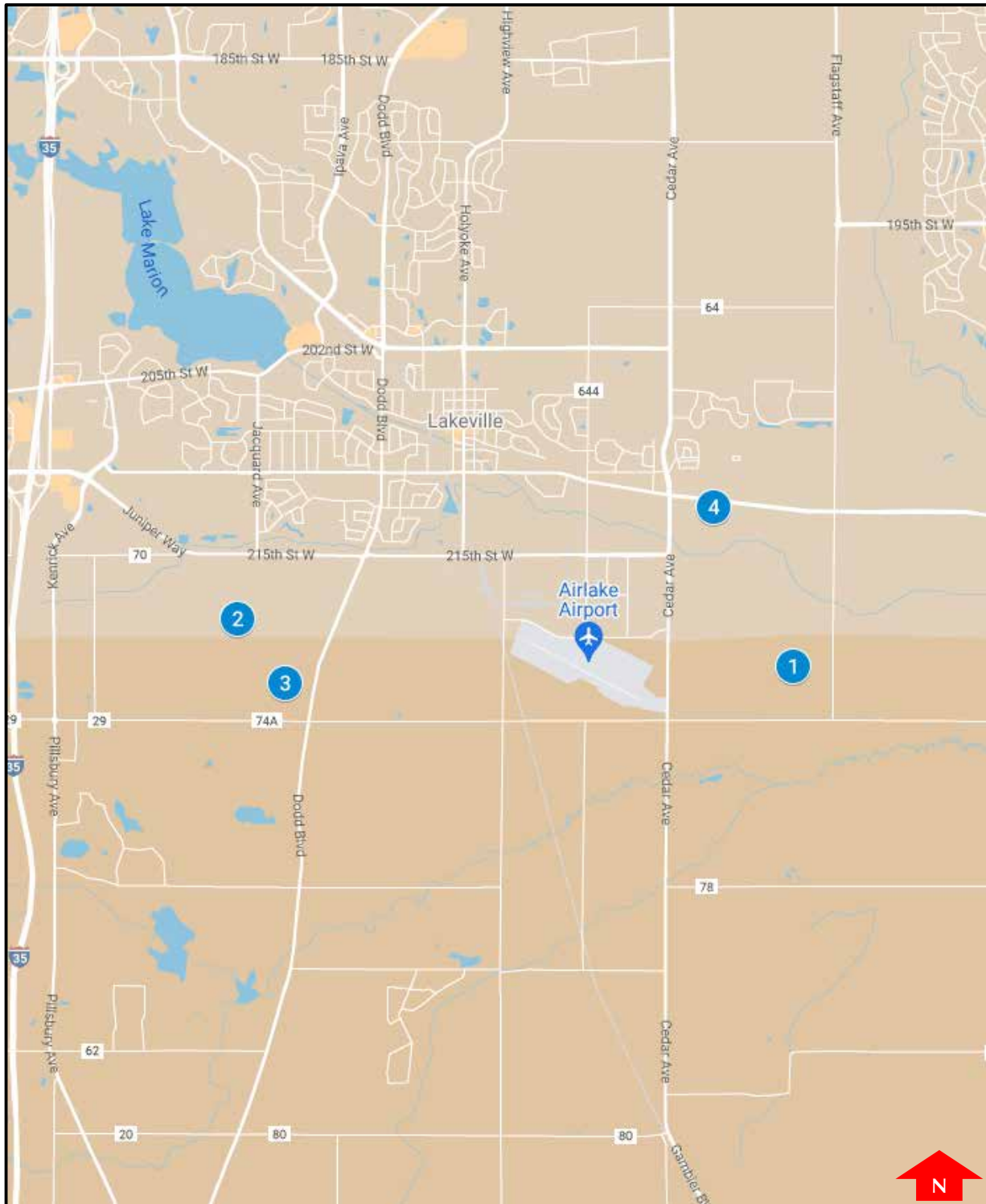
Northern States Power Company  
22233

## SALES COMPARISON APPROACH

### Paired Sales Analysis – Ramsey

|                                |                 | Size Curve Used  |                  |                 |
|--------------------------------|-----------------|------------------|------------------|-----------------|
|                                |                 | 95% rule         | 90% rule         | 85% rule        |
| <b>Comp 3</b>                  | <b>37.04 AC</b> | <b>0.074</b>     | <b>0.152</b>     | <b>0.23445</b>  |
| Comp 1                         | 12.88 AC        | 0.92             | 0.85             | 0.78            |
| <b>Adjusted Price per Acre</b> |                 | <b>\$110,207</b> | <b>\$101,822</b> | <b>\$93,436</b> |
| Comp 2                         | 12.26 AC        | 0.92             | 0.85             | 0.77            |
| <b>Adjusted Price per Acre</b> |                 | <b>\$114,701</b> | <b>\$105,974</b> | <b>\$96,000</b> |

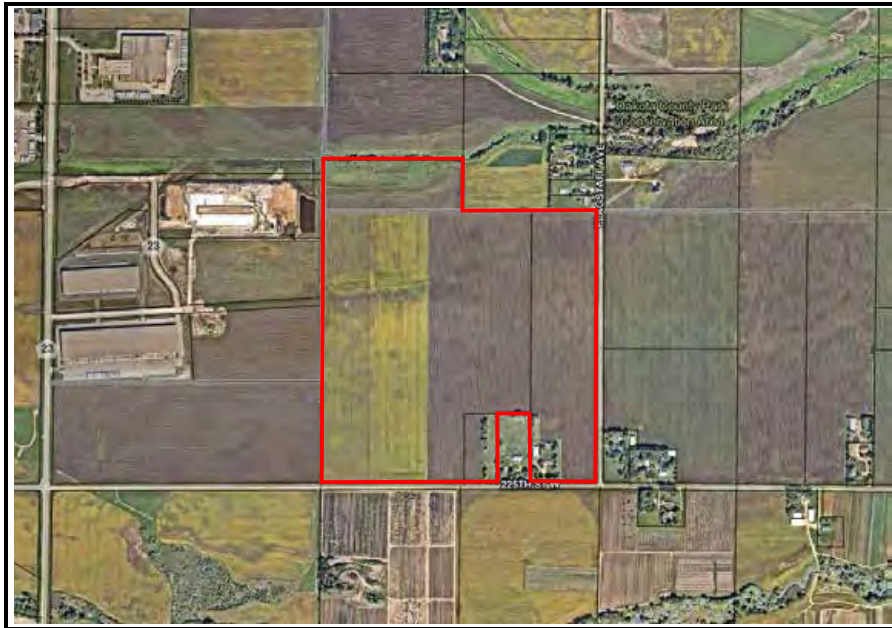
Given the above, and recognizing that the larger tract sold for \$109,341 per acre indicates a size adjustment based on a 90% and 95% curve.



**LAKEVILLE PAIRED SALES LOCATION MAP**

**SALES COMPARISON APPROACH**

**Paired Sales Analysis – Lakeville**



**Paired Sale 1**



**Paired Sale 2**

**SALES COMPARISON APPROACH**

**Paired Sales Analysis – Lakeville**



**Paired Sale 3**



**Paired Sale 4**

**SALES COMPARISON APPROACH****Paired Sales Analysis – Lakeville**

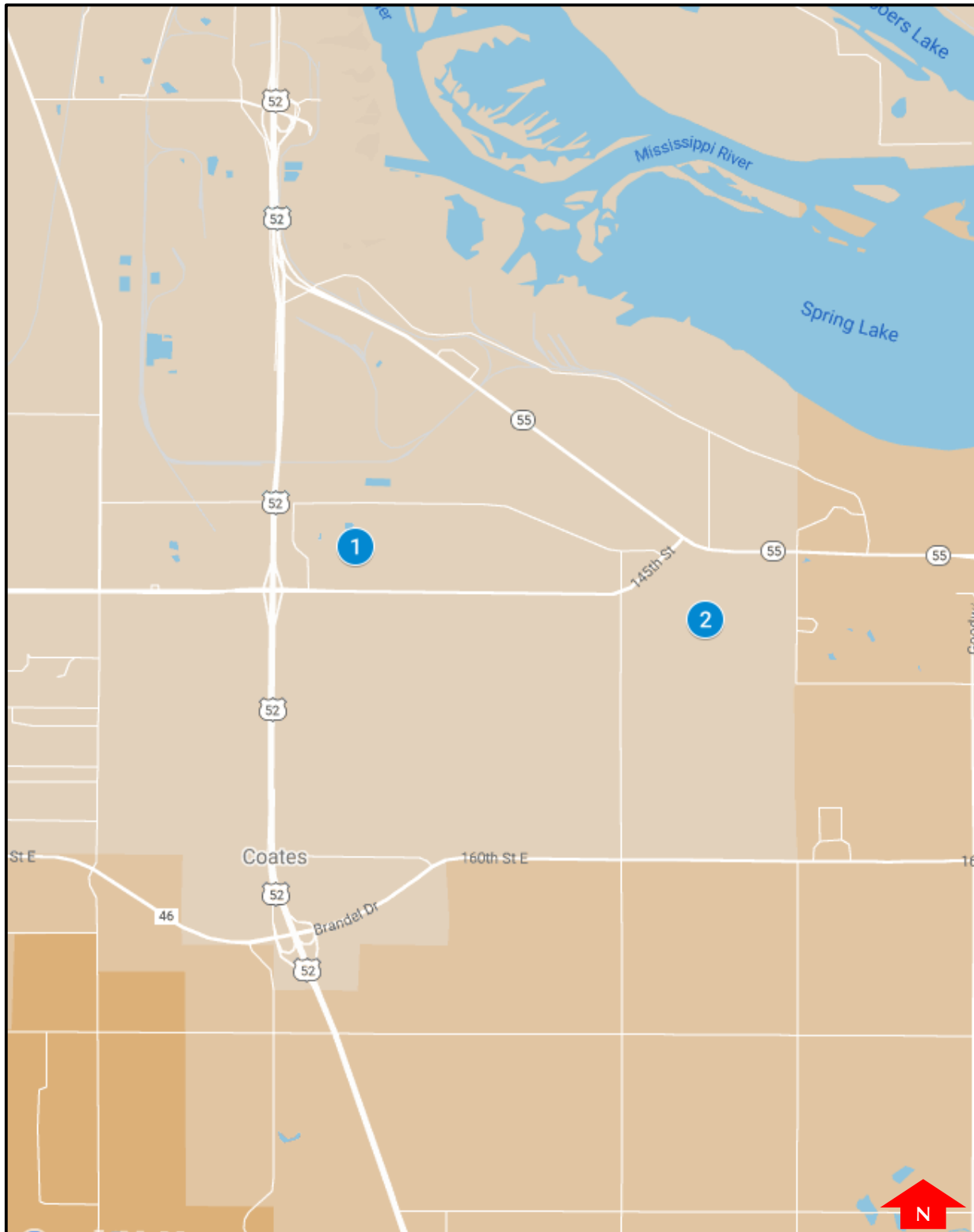
| INDUSTRIAL LAND SALES SUMMARY GRID |  |                          |              |             |              |   |
|------------------------------------|--|--------------------------|--------------|-------------|--------------|---|
| Sale No.                           | Location   | Date of Sale             | Land Size    | Sale Price  | Price per AC |   |
| 1                                  | NWC of Flagstaff Avenue & 225th Street West, Eureka Twp. | 11/17/2021<br>10/20/2021 | 166.99 Acres | \$3,410,000 | \$20,420     | This is the combined sale of two transactions of adjoining properties. The Certificates of Real Estate Value indicate different buyers; however, the sales are unconfirmed and given the similarities in date of sale, locational attributes and physical similarities, the sales are analyzed together for purposes of this analysis. The property is located along Lakeville city limits, but is within Eureka Township and public utilities are not immediately available. |
| 2                                  | 21895 Jacquard Avenue<br>Lakeville                       | 10/22/2021               | 27.71 Acres  | \$3,344,450 | \$120,695    | Magnum Companies purchased this tract from Scannell Properties for an industrial development. The site is located just southwest of a 750,076 SF bulk distribution warehouse that Scannell developed in 2021.   |
| 3                                  | NWQ of Dodd Boulevard & 225th Street West, Eureka Twp.   | 9/14/2021                | 88.75 Acres  | \$4,568,500 | \$51,476     | Scannell Properties purchased a 88.75-acre site that abuts its Amazon-anchored industrial park in Lakeville. The property is located along Lakeville city limits, but is within Eureka Township and public utilities are not immediately available.   |
| 4                                  | 7200 Lakeville Boulevard<br>Lakeville                    | 8/11/2021                | 10.31 Acres  | \$2,600,000 | \$252,182    | This is the sale of a 10.31-acre site located along Lakeville Boulevard. Apple Auto Group was issued a building permit in February 2022 to construct a 58,550 square foot automotive service and repair facility.   |

The four paired land sales are located within, or along the southern edge of Lakeville city limits. However, the properties are not similar in terms of location, and are discussed as follows.

Paired Sales 1 and 3 are within Eureka Township and public utilities are not available to serve the properties. Even so, Paired Sale 3 abuts industrial development to the north and could be developed upon annexation with minimal extraordinary development costs to extend public utilities. In comparison, the surrounding land use of Paired Sale 1 is primarily unimproved, agricultural land, and the property would likely incur significant extraordinary development costs to extend public utilities. Paired Sale 3 sold for \$51,476 per acre, and is approximately half the land size of Paired Sale 1. If Paired Sale 3 is adjusted for land size based on a 5% to 10% inverse curve, as previously discussed, its adjusted sale price would be \$46,843 per acre to \$48,902 per acre, as compared to Paired Sale 1's unit value of \$20,420 per acre. As such, there is an additional 50% to 55% discount in price paid for lack of public utilities for an extended period of time.

**SALES COMPARISON APPROACH****Paired Sales Analysis – Lakeville**

Paired Sales 2 and 4 are within Lakeville city limits and public utilities are available to serve the tracts. Paired Sale 2 is a 27.71-acre site located along the edge of development. In comparison, Paired Sale 4 is a 10.31-acre site is located in a more immediately developed area. Paired Sale 2 sold for \$120,695 per acre, and Parcel Sale 4 sold for \$252,182 per acre. Again, applying a size adjustment to Paired Sale 4 for smaller land size based on a 5% to 10% inverse curve equates an adjusted price of \$191,658 per acre to \$234,529 per acre, suggesting a discount in price between 35% and 40% for Land Sale 2's location along the edge of development.



**ROSEMOUNT PAIRED SALES LOCATION MAP**

**SALES COMPARISON APPROACH**

**Paired Sales Analysis – Rosemount**



**Paired Sale 1**



**Paired Sale 2**



**SALES COMPARISON APPROACH**

**Paired Sales Analysis – Rosemount**

| INDUSTRIAL LAND SALES SUMMARY GRID |  |                        |              |              |              |  |
|------------------------------------|--|------------------------|--------------|--------------|--------------|--|
| Sale No.                           | Location   | Date of Sale           | Land Size    | Sale Price   | Price per AC |  |
| 1                                  | NEQ of U.S. Highway 52 & 145th Street E, Rosemount | 5/16/2022<br>2/15/2022 | 160.26 Acres | \$15,777,371 | \$98,449     | Scannell Properties purchased the Rich Valley Golf Course for conversion into a business park anchored by a 548,000 SF FedEx Ground distribution center. It is noted that the south portion of the property is guided for commercial use with the remainder being planned for business park and industrial/mixed use by the City of Rosemount.   |
| 2                                  | SWQ of T.H. 55 & County Road 42, Rosemount         | 6/1/2021               | 381.79 Acres | \$4,600,000  | \$12,049     | This is the sale of over 380 acres of land located along the east boundary of Rosemount. The west half of the property is within the 2040 MUSA; however, the remainder is outside of MUSA boundaries. According to the Certificate of Real Estate Value, the property was purchased for continued agricultural use. It is noted that Rosemount plans this property for commercial, transitional residential and urban residential use. |

This analysis includes two sales of land located in southeast Rosemount. The sales are located about 1.25 miles from one another. However, the purchase of the former Rich Valley Golf Course is within 2020 MUSA boundaries and is guided for a mix of commercial and industrial use. In comparison, the eastern most property is partially within the 2040 MUSA; however, the east portion of the property is outside MUSA boundaries. This site is guided for a mix of uses by the City of Rosemount. Given the above, there is a significant difference in sale price due to the locational differences, similar to the Lakeville analysis.

In addition to the above, it is noted that Earl Street Partners II, LLC purchased 435 acres of land from Regents of the University of Minnesota for \$13,100,000 (\$30,115 per acre) in December 2021. While this sale is not meant to be a directly compared to the subject property due to primarily residential intended uses, it is good evidence that market participants are seeking larger acreage tracts to develop an urban use ultimately served by public utilities.

**Paired Sales Analysis – Summary**

A number of paired sales were analyzed to demonstrate price differences due to size and location. As evidenced by the Cottage Grove and Ramsey pairings, industrial properties

## SALES COMPARISON APPROACH

### Paired Sales Analysis – Summary

typically sell based on a 5% to 10% inverse curve due to differences in land size. Furthermore, the Lakeville and Rosemount pairings also indicate a difference in price paid due to land size; however, these pairings are significantly influenced by differences in locational attributes and availability of public utilities.

In comparison, several of the Lakeville sites were outside city limits and/or abut undeveloped land, imposing a delay to development. The two Lakeville sites outside city limits total 166.99 acres and 88.75 acres, and sold for \$20,420 per acre, and \$51,476 per acre, respectively. The 166.99 acres abuts undeveloped land and will likely experience a significant delay to development, whereas the 88.75 acres of land abuts an urban industrial development. If the 5% to 10% inverse curve is applied for differences in land size, the adjusted unit price of the 88.75 acres indicates a discount of 55% to 60% for delay to development due to lack of public utilities in the near term. Furthermore, the Lakeville pairing within city limits indicated a 35% to 40% discount for an infill site versus a site along the edge of development.

Likewise, the Rosemount pairing includes the transaction of 160.26 acres within MUSA boundaries and access to public utilities, and the sale of 381.79 acres outside of 2020 MUSA with no access to public utilities. If the 5% to 10% inverse curve is applied for differences in land size, the adjusted unit price of the 160.26 acres indicates a discount of 85% to 90% for delay to development.

In summary, there is a modest reduction in price paid simply due to differences in land size, whereas a delay to development for lack of access to public utilities can decrease price paid by up to 90%.

### Summary

Again, the direct comparable land sales in Becker and the surrounding area range in adjusted unit price from \$22,401 per acre to \$53,732 per acre, with an average of \$38,312 per acre. Majority of the comparables received *Superior* overall ratings as compared to the subject due to superior location, public utilities, and land size. These comparables range in price from \$33,600 per acre to \$53,732 per acre. In comparison, Land Sale 2 received

**SALES COMPARISON APPROACH****Paired Sales Analysis – Summary**Summary

an overall *Inferior* rating and has an adjusted unit price of \$22,401 per acre. Thus, the market value of the subject is likely to fall between \$22,401 and \$33,600 per acre.

However, the comparables in the previous analysis were not adjusted for land size. As evidenced in the preceding paired sales analysis, a reasonable adjustment for land sales is based on a 5% to 10% inverse curve. In the particular case of analyzing on a 5% inverse curve, the sales indicate a value range greater than \$19,041 per acre and less than \$48,359 per acre, with an average of \$34,294 per acre. The adjusted unit value is obtained by applying a 10% downward adjustment to Land Sales 1, 3, 4, 5, and 6, and applying a 15% downward adjustment to Land Sale 2 for smaller site size. Moreover, when a 10% inverse curve is applied to the comparables, the value range is adjusted to greater than \$16,801 per acre, and less than \$42,986 per acre, with an average of \$30,463 per acre. The adjusted unit value is obtained by applying a 20% downward adjustment to Land Sales 1, 3, 4, 5, and 6, and a 25% downward adjustment to Land Sale 2 for smaller site size.

Additionally, only a portion of the subject will be immediately available for development upon the extension of the sanitary sewer main, with the remainder requiring additional utility infrastructure to fully serve the property. As observed from the Lakeville and Rosemount sale pairings, the lack of public utilities can significantly impact the market value of a property. In the particular case of the Lakeville pairing, the price paid was reduced by up to 60%, and the price paid for the Rosemount pairing was discounted up to 90%.

Given the above, and considering the differences for price paid due to land size and availability of public utilities to only serve partial development of the subject, the market value of the subject land is estimated to be \$25,000 per acre, net of right-of-way.

Thus, the potential market value of the subject land, prior to considering the cost to extend the sanitary sewer main, is calculated as follows:

$$336.51 \text{ Acres} \quad \times \quad \$25,000 \text{ per Acre} \quad = \quad \$8,412,750$$

**SALES COMPARISON APPROACH****Paired Sales Analysis – Summary****Summary**

Next, the as-is market value is estimated and considers cost estimates to extend public sanitary sewer services to the subject property and cost estimates were provided by the City of Becker's engineering consultant (SEH, Inc.). According to the engineering consultant, the City bid a similar depth, 21" gravity sanitary sewer project this year (2022) for which the average bid price was \$200 per lineal foot (LF). However, the required 30" pipe may be on the order of \$250 to \$275 per LF, and furthermore, when factoring in manhole costs, construction costs may range from \$350 to \$375 per LF (assuming a quantity of several thousands of feet of pipe). All things considered, extending a 30" sanitary sewer main  $\pm$  1,500 LF from the lift station near the northeast corner of the Northern Metal site to the east boundary of the subject, could cost between \$500,000 to \$700,000.

Therefore, the upper end of the cost estimate is deducted from the subject's potential market value. Considering the above, the subject's as-is market value, as of June 1, 2022, is estimated as follows:

|                                       |                     |
|---------------------------------------|---------------------|
| Market Value as Developable           | \$8,412,750         |
| Less: Extraordinary Development Costs | <u>(\$ 700,000)</u> |
| As-Is Market Value                    | \$7,712,750         |
| Rounded to                            | \$7,700,000         |

**FINAL SUMMATION**

Based on the preceding data and analysis, the appraisers' final conclusion of market value, as of June 1, 2022, is **\$7,700,000**.

**SEVEN MILLION SEVEN HUNDRED THOUSAND DOLLARS**


Note: The above value conclusion assumes that a buyer of the subject is responsible for future special assessments, if any, levied against the property for public improvement projects that may be pending or proposed at the time of sale.


**ADDENDA**

**EXHIBIT 1**


City of Becker  
Demographic Profile

(Pages 60-70)

|  <b>Executive Summary</b>  |        |  |               |
|---|--------|--|---------------|
| Becker, Minnesota<br>Rings: 1, 3, 5 mile radii  |        | Prepared by Esri<br>Latitude: 45.39355<br>Longitude: -93.87640 |               |
|   | 1 mile | 3 miles  | 5 miles       |
| <b>Population</b>   |        |  |               |
| 2000 Population   | 1,917  | 3,385  | 6,309         |
| 2010 Population   | 3,068  | 5,445  | 9,372         |
| 2021 Population   | 3,326  | 6,274  | 10,990        |
| 2026 Population   | 3,543  | 6,788  | 11,898        |
| 2000-2010 Annual Rate   | 4.81%  | 4.87%  | 4.04%         |
| 2010-2021 Annual Rate   | 0.72%  | 1.27%  | 1.43%         |
| 2021-2026 Annual Rate   | 1.27%  | 1.59%  | 1.60%         |
| 2021 Male Population  | 48.9%  | 48.3%  | 48.9%         |
| 2021 Female Population  | 51.1%  | 51.7%  | 51.1%         |
| 2021 Median Age   | 33.4   | 33.3   | 34.5          |
| <p>In the identified area, the current year population is 10,990. In 2010, the Census count in the area was 9,372. The rate of change since 2010 was 1.43% annually. The five-year projection for the population in the area is 11,898 representing a change of 1.60% annually from 2021 to 2026. Currently, the population is 48.9% male and 51.1% female.</p>                                   |        |  |               |
| <b>Median Age</b>   |        |  |               |
| <p>The median age in this area is 33.4, compared to U.S. median age of 38.5.</p>  |        |  |               |
| <b>Race and Ethnicity</b>   |        |  |               |
| 2021 White Alone  | 95.3%  | 95.3%  | 95.5%         |
| 2021 Black Alone  | 0.7%   | 0.8%   | 0.8%          |
| 2021 American Indian/Alaska Native Alone  | 0.3%   | 0.3%   | 0.3%          |
| 2021 Asian Alone  | 1.0%   | 0.8%   | 0.7%          |
| 2021 Pacific Islander Alone   | 0.2%   | 0.1%   | 0.1%          |
| 2021 Other Race   | 0.4%   | 0.4%   | 0.5%          |
| 2021 Two or More Races  | 2.1%   | 2.3%   | 2.1%          |
| 2021 Hispanic Origin (Any Race)   | 1.7%   | 1.9%   | 1.9%          |
| <p>Persons of Hispanic origin represent 1.9% of the population in the identified area compared to 18.9% of the U.S. population. Persons of Hispanic Origin may be of any race. The Diversity Index, which measures the probability that two people from the same area will be from different race/ethnic groups, is 12.2 in the identified area, compared to 65.4 for the U.S. as a whole.</p>    |        |  |               |
| <b>Households</b>   |        |  |               |
| 2021 Wealth Index   | 100    | 104  | 119           |
| 2000 Households   | 692    | 1,159  | 2,069         |
| 2010 Households   | 1,076  | 1,827  | 3,077         |
| 2021 Total Households   | 1,166  | 2,113  | 3,621         |
| 2026 Total Households   | 1,244  | 2,293  | 3,931         |
| 2000-2010 Annual Rate   | 4.51%  | 4.66%  | 4.05%         |
| 2010-2021 Annual Rate   | 0.72%  | 1.30%  | 1.46%         |
| 2021-2026 Annual Rate   | 1.30%  | 1.65%  | 1.66%         |
| 2021 Average Household Size   | 2.84   | 2.95   | 3.02          |
| <p>The household count in this area has changed from 3,077 in 2010 to 3,621 in the current year, a change of 1.46% annually. The five-year projection of households is 3,931, a change of 1.66% annually from the current year total. Average household size is currently 3.02, compared to 3.02 in the year 2010. The number of families in the current year is 2,893 in the specified area.</p> |        |  |               |
| <p><b>Data Note:</b> Income is expressed in current dollars. Housing Affordability Index and Percent of Income for Mortgage calculations are only available for areas with 50 or more owner-occupied housing units.<br/> <b>Source:</b> U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2021 and 2026. Esri converted Census 2000 data into 2010 geography.</p>                |        |  |               |
|   |        |  | June 21, 2022 |
| ©2022 Esri  |        |  | Page 1 of 2   |

|  <b>Executive Summary</b>  |           |  |               |
|---|-----------|--|---------------|
| Becker, Minnesota<br>Rings: 1, 3, 5 mile radii  |           | Prepared by Esri<br>Latitude: 45.39355<br>Longitude: -93.87640 |               |
|   | 1 mile    | 3 miles  | 5 miles       |
| <b>Mortgage Income</b>  |           |  |               |
| 2021 Percent of Income for Mortgage   | 11.4%     | 11.0%  | 11.4%         |
| <b>Median Household Income</b>  |           |  |               |
| 2021 Median Household Income  | \$92,054  | \$99,589   | \$101,561     |
| 2026 Median Household Income  | \$101,593 | \$105,337  | \$106,970     |
| 2021-2026 Annual Rate   | 1.99%     | 1.13%  | 1.04%         |
| <b>Average Household Income</b>   |           |  |               |
| 2021 Average Household Income   | \$104,738 | \$107,018  | \$111,382     |
| 2026 Average Household Income   | \$117,531 | \$120,352  | \$123,996     |
| 2021-2026 Annual Rate   | 2.33%     | 2.38%  | 2.17%         |
| <b>Per Capita Income</b>  |           |  |               |
| 2021 Per Capita Income  | \$34,863  | \$35,117   | \$36,631      |
| 2026 Per Capita Income  | \$39,177  | \$39,632   | \$40,895      |
| 2021-2026 Annual Rate   | 2.36%     | 2.45%  | 2.23%         |
| <b>Households by Income</b>   |           |  |               |
| Current median household income is \$101,561 in the area, compared to \$64,730 for all U.S. households. Median household income is projected to be \$106,970 in five years, compared to \$72,932 for all U.S. households  |           |  |               |
| Current average household income is \$111,382 in this area, compared to \$90,054 for all U.S. households. Average household income is projected to be \$123,996 in five years, compared to \$103,679 for all U.S. households  |           |  |               |
| Current per capita income is \$36,631 in the area, compared to the U.S. per capita income of \$34,136. The per capita income is projected to be \$40,895 in five years, compared to \$39,378 for all U.S. households  |           |  |               |
| <b>Housing</b>  |           |  |               |
| 2021 Housing Affordability Index  | 195       | 203  | 196           |
| 2000 Total Housing Units  | 719       | 1,214  | 2,201         |
| 2000 Owner Occupied Housing Units   | 585       | 983  | 1,813         |
| 2000 Renter Occupied Housing Units  | 108       | 176  | 256           |
| 2000 Vacant Housing Units   | 26        | 55   | 132           |
| 2010 Total Housing Units  | 1,155     | 1,971  | 3,284         |
| 2010 Owner Occupied Housing Units   | 844       | 1,508  | 2,671         |
| 2010 Renter Occupied Housing Units  | 232       | 319  | 406           |
| 2010 Vacant Housing Units   | 79        | 144  | 207           |
| 2021 Total Housing Units  | 1,234     | 2,226  | 3,785         |
| 2021 Owner Occupied Housing Units   | 955       | 1,812  | 3,225         |
| 2021 Renter Occupied Housing Units  | 212       | 302  | 396           |
| 2021 Vacant Housing Units   | 68        | 113  | 164           |
| 2026 Total Housing Units  | 1,315     | 2,414  | 4,109         |
| 2026 Owner Occupied Housing Units   | 1,050     | 2,011  | 3,554         |
| 2026 Renter Occupied Housing Units  | 195       | 282  | 377           |
| 2026 Vacant Housing Units   | 71        | 121  | 178           |
| Currently, 85.2% of the 3,785 housing units in the area are owner occupied; 10.5%, renter occupied; and 4.3% are vacant. Currently, in the U.S., 57.3% of the housing units in the area are owner occupied; 31.2% are renter occupied; and 11.5% are vacant. In 2010, there were 3,284 housing units in the area - 81.3% owner occupied, 12.4% renter occupied, and 6.3% vacant. The annual rate of change in housing units since 2010 is 6.51%. Median home value in the area is \$275,623, compared to a median home value of \$264,021 for the U.S. In five years, median value is projected to change by 3.84% annually to \$332,773. |           |  |               |
| <b>Data Note:</b> Income is expressed in current dollars. Housing Affordability Index and Percent of Income for Mortgage calculations are only available for areas with 50 or more owner-occupied housing units.  |           |  |               |
| <b>Source:</b> U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2021 and 2026. Esri converted Census 2000 data into 2010 geography.   |           |  |               |
|   |           |  | June 21, 2022 |
| ©2022 Esri  |           |  | Page 2 of 2   |




|  <b>Market Profile</b> |           |  |           |
|---|-----------|--|-----------|
| Becker, Minnesota<br>Rings: 1, 3, 5 mile radii  |           | Prepared by Esri<br>Latitude: 45.39355<br>Longitude: -93.87640 |           |
|   | 1 mile    | 3 miles  | 5 miles   |
| <b>Population Summary</b>   |           |  |           |
| 2000 Total Population   | 1,917     | 3,385  | 6,309     |
| 2010 Total Population   | 3,068     | 5,445  | 9,372     |
| 2021 Total Population   | 3,326     | 6,274  | 10,990    |
| 2021 Group Quarters   | 18        | 49   | 67        |
| 2026 Total Population   | 3,543     | 6,788  | 11,898    |
| 2021-2026 Annual Rate   | 1.27%     | 1.59%  | 1.60%     |
| 2021 Total Daytime Population   | 3,445     | 5,883  | 9,434     |
| Workers   | 1,904     | 2,920  | 4,190     |
| Residents   | 1,541     | 2,963  | 5,244     |
| <b>Household Summary</b>  |           |  |           |
| 2000 Households   | 692       | 1,159  | 2,069     |
| 2000 Average Household Size   | 2.77      | 2.92   | 3.05      |
| 2010 Households   | 1,076     | 1,827  | 3,077     |
| 2010 Average Household Size   | 2.83      | 2.95   | 3.02      |
| 2021 Households   | 1,166     | 2,113  | 3,621     |
| 2021 Average Household Size   | 2.84      | 2.95   | 3.02      |
| 2026 Households   | 1,244     | 2,293  | 3,931     |
| 2026 Average Household Size   | 2.83      | 2.94   | 3.01      |
| 2021-2026 Annual Rate   | 1.30%     | 1.65%  | 1.66%     |
| 2010 Families   | 829       | 1,449  | 2,482     |
| 2010 Average Family Size  | 3.23      | 3.31   | 3.35      |
| 2021 Families   | 890       | 1,661  | 2,893     |
| 2021 Average Family Size  | 3.24      | 3.30   | 3.35      |
| 2026 Families   | 948       | 1,798  | 3,132     |
| 2026 Average Family Size  | 3.24      | 3.30   | 3.34      |
| 2021-2026 Annual Rate   | 1.27%     | 1.60%  | 1.60%     |
| <b>Housing Unit Summary</b>   |           |  |           |
| 2000 Housing Units  | 719       | 1,214  | 2,201     |
| Owner Occupied Housing Units  | 81.4%     | 81.0%  | 82.4%     |
| Renter Occupied Housing Units   | 15.0%     | 14.5%  | 11.6%     |
| Vacant Housing Units  | 3.6%      | 4.5%   | 6.0%      |
| 2010 Housing Units  | 1,155     | 1,971  | 3,284     |
| Owner Occupied Housing Units  | 73.1%     | 76.5%  | 81.3%     |
| Renter Occupied Housing Units   | 20.1%     | 16.2%  | 12.4%     |
| Vacant Housing Units  | 6.8%      | 7.3%   | 6.3%      |
| 2021 Housing Units  | 1,234     | 2,226  | 3,785     |
| Owner Occupied Housing Units  | 77.4%     | 81.4%  | 85.2%     |
| Renter Occupied Housing Units   | 17.2%     | 13.6%  | 10.5%     |
| Vacant Housing Units  | 5.5%      | 5.1%   | 4.3%      |
| 2026 Housing Units  | 1,315     | 2,414  | 4,109     |
| Owner Occupied Housing Units  | 79.8%     | 83.3%  | 86.5%     |
| Renter Occupied Housing Units   | 14.8%     | 11.7%  | 9.2%      |
| Vacant Housing Units  | 5.4%      | 5.0%   | 4.3%      |
| <b>Median Household Income</b>  |           |  |           |
| 2021  | \$92,054  | \$99,589   | \$101,561 |
| 2026  | \$101,593 | \$105,337  | \$106,970 |
| <b>Median Home Value</b>  |           |  |           |
| 2021  | \$251,036 | \$260,775  | \$275,623 |
| 2026  | \$322,901 | \$323,875  | \$332,773 |
| <b>Per Capita Income</b>  |           |  |           |
| 2021  | \$34,863  | \$35,117   | \$36,631  |
| 2026  | \$39,177  | \$39,632   | \$40,895  |
| <b>Median Age</b>   |           |  |           |
| 2010  | 31.7      | 32.0   | 33.3      |
| 2021  | 33.4      | 33.3   | 34.5      |
| 2026  | 33.6      | 33.5   | 34.5      |

**Data Note:** Household population includes persons not residing in group quarters. Average Household Size is the household population divided by total households. Persons in families include the householder and persons related to the householder by birth, marriage, or adoption. Per Capita Income represents the income received by all persons aged 15 years and over divided by the total population.

**Source:** U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2021 and 2026 Esri converted Census 2000 data into 2010 geography.

June 21, 2022

|  <b>Market Profile</b> |           |  |           |
|---|-----------|--|-----------|
| Becker, Minnesota<br>Rings: 1, 3, 5 mile radii  |           | Prepared by Esri<br>Latitude: 45.39355<br>Longitude: -93.87640 |           |
|   | 1 mile    | 3 miles  | 5 miles   |
| <b>2021 Households by Income</b>  |           |  |           |
| Household Income Base   | 1,166     | 2,113  | 3,621     |
| <\$15,000   | 3.3%      | 2.8%   | 2.4%      |
| \$15,000 - \$24,999   | 3.0%      | 3.6%   | 3.4%      |
| \$25,000 - \$34,999   | 4.3%      | 3.0%   | 2.8%      |
| \$35,000 - \$49,999   | 5.3%      | 5.3%   | 5.9%      |
| \$50,000 - \$74,999   | 21.6%     | 20.4%  | 19.8%     |
| \$75,000 - \$99,999   | 16.9%     | 15.1%  | 13.9%     |
| \$100,000 - \$149,999   | 27.4%     | 31.0%  | 31.4%     |
| \$150,000 - \$199,999   | 12.2%     | 12.5%  | 12.7%     |
| \$200,000+  | 6.2%      | 6.2%   | 7.8%      |
| Average Household Income  | \$104,738 | \$107,018  | \$111,382 |
| <b>2026 Households by Income</b>  |           |  |           |
| Household Income Base   | 1,244     | 2,293  | 3,931     |
| <\$15,000   | 2.5%      | 2.2%   | 1.9%      |
| \$15,000 - \$24,999   | 2.4%      | 2.9%   | 2.7%      |
| \$25,000 - \$34,999   | 3.1%      | 2.3%   | 2.2%      |
| \$35,000 - \$49,999   | 4.5%      | 4.5%   | 5.1%      |
| \$50,000 - \$74,999   | 19.5%     | 18.3%  | 17.7%     |
| \$75,000 - \$99,999   | 16.4%     | 14.1%  | 13.0%     |
| \$100,000 - \$149,999   | 28.7%     | 31.8%  | 32.4%     |
| \$150,000 - \$199,999   | 15.5%     | 16.1%  | 15.9%     |
| \$200,000+  | 7.4%      | 7.8%   | 9.1%      |
| Average Household Income  | \$117,531 | \$120,352  | \$123,996 |
| <b>2021 Owner Occupied Housing Units by Value</b>   |           |  |           |
| Total   | 955       | 1,812  | 3,225     |
| <\$50,000   | 1.8%      | 1.7%   | 1.5%      |
| \$50,000 - \$99,999   | 0.0%      | 0.0%   | 0.2%      |
| \$100,000 - \$149,999   | 5.4%      | 4.6%   | 3.4%      |
| \$150,000 - \$199,999   | 15.4%     | 15.0%  | 12.3%     |
| \$200,000 - \$249,999   | 27.0%     | 24.5%  | 22.5%     |
| \$250,000 - \$299,999   | 17.7%     | 19.6%  | 19.9%     |
| \$300,000 - \$399,999   | 21.4%     | 23.6%  | 26.4%     |
| \$400,000 - \$499,999   | 7.2%      | 7.7%   | 9.0%      |
| \$500,000 - \$749,999   | 2.2%      | 1.8%   | 3.3%      |
| \$750,000 - \$999,999   | 0.0%      | 0.2%   | 0.4%      |
| \$1,000,000 - \$1,499,999   | 0.0%      | 0.0%   | 0.1%      |
| \$1,500,000 - \$1,999,999   | 1.4%      | 0.8%   | 0.4%      |
| \$2,000,000 +   | 0.5%      | 0.7%   | 0.7%      |
| Average Home Value  | \$300,262 | \$299,573  | \$312,353 |
| <b>2026 Owner Occupied Housing Units by Value</b>   |           |  |           |
| Total   | 1,050     | 2,011  | 3,554     |
| <\$50,000   | 0.5%      | 0.4%   | 0.4%      |
| \$50,000 - \$99,999   | 0.0%      | 0.0%   | 0.0%      |
| \$100,000 - \$149,999   | 0.6%      | 0.5%   | 0.4%      |
| \$150,000 - \$199,999   | 3.5%      | 3.3%   | 2.6%      |
| \$200,000 - \$249,999   | 16.3%     | 14.2%  | 12.2%     |
| \$250,000 - \$299,999   | 20.6%     | 22.1%  | 20.9%     |
| \$300,000 - \$399,999   | 37.4%     | 39.8%  | 41.0%     |
| \$400,000 - \$499,999   | 14.9%     | 14.9%  | 15.9%     |
| \$500,000 - \$749,999   | 4.1%      | 3.1%   | 4.9%      |
| \$750,000 - \$999,999   | 0.0%      | 0.2%   | 0.4%      |
| \$1,000,000 - \$1,499,999   | 0.0%      | 0.0%   | 0.1%      |
| \$1,500,000 - \$1,999,999   | 1.7%      | 0.9%   | 0.5%      |
| \$2,000,000 +   | 0.5%      | 0.6%   | 0.6%      |
| Average Home Value  | \$364,381 | \$357,219  | \$363,797 |

**Data Note:** Income represents the preceding year, expressed in current dollars. Household income includes wage and salary earnings, interest dividends, net rents, pensions, SSI and welfare payments, child support, and alimony.

**Source:** U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2021 and 2026 Esri converted Census 2000 data into 2010 geography.

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|  <b>Market Profile</b> |        |  |         |
|---|--------|--|---------|
| Becker, Minnesota<br>Rings: 1, 3, 5 mile radii  |        | Prepared by Esri<br>Latitude: 45.39355<br>Longitude: -93.87640 |         |
|   | 1 mile | 3 miles  | 5 miles |
| <b>2010 Population by Age</b>   |        |  |         |
| Total   | 3,066  | 5,448  | 9,370   |
| 0 - 4   | 8.6%   | 8.4%   | 8.0%    |
| 5 - 9   | 9.3%   | 9.3%   | 9.1%    |
| 10 - 14   | 10.4%  | 10.7%  | 10.3%   |
| 15 - 24   | 12.8%  | 12.7%  | 12.5%   |
| 25 - 34   | 14.1%  | 13.3%  | 12.5%   |
| 35 - 44   | 17.0%  | 17.0%  | 16.8%   |
| 45 - 54   | 13.3%  | 13.5%  | 14.6%   |
| 55 - 64   | 7.1%   | 7.3%   | 8.5%    |
| 65 - 74   | 4.2%   | 4.2%   | 4.6%    |
| 75 - 84   | 2.5%   | 2.6%   | 2.4%    |
| 85 +  | 0.8%   | 0.9%   | 0.8%    |
| 18 +  | 66.5%  | 66.1%  | 67.2%   |
| <b>2021 Population by Age</b>   |        |  |         |
| Total   | 3,325  | 6,275  | 10,990  |
| 0 - 4   | 7.6%   | 7.6%   | 7.3%    |
| 5 - 9   | 8.0%   | 7.9%   | 7.6%    |
| 10 - 14   | 7.9%   | 7.8%   | 7.7%    |
| 15 - 24   | 13.9%  | 14.0%  | 13.6%   |
| 25 - 34   | 14.9%  | 15.1%  | 14.6%   |
| 35 - 44   | 14.0%  | 13.6%  | 13.1%   |
| 45 - 54   | 13.8%  | 13.7%  | 13.9%   |
| 55 - 64   | 10.7%  | 10.7%  | 11.7%   |
| 65 - 74   | 5.5%   | 5.8%   | 6.7%    |
| 75 - 84   | 2.7%   | 2.7%   | 2.9%    |
| 85 +  | 0.9%   | 1.1%   | 1.0%    |
| 18 +  | 71.8%  | 71.8%  | 72.7%   |
| <b>2026 Population by Age</b>   |        |  |         |
| Total   | 3,543  | 6,790  | 11,899  |
| 0 - 4   | 7.8%   | 7.9%   | 7.5%    |
| 5 - 9   | 7.8%   | 7.8%   | 7.5%    |
| 10 - 14   | 8.0%   | 7.9%   | 7.7%    |
| 15 - 24   | 12.0%  | 11.7%  | 11.4%   |
| 25 - 34   | 16.9%  | 17.6%  | 16.7%   |
| 35 - 44   | 14.1%  | 13.9%  | 13.6%   |
| 45 - 54   | 12.4%  | 11.9%  | 12.0%   |
| 55 - 64   | 11.0%  | 11.0%  | 11.8%   |
| 65 - 74   | 6.5%   | 6.5%   | 7.4%    |
| 75 - 84   | 2.6%   | 2.7%   | 3.2%    |
| 85 +  | 1.0%   | 1.1%   | 1.1%    |
| 18 +  | 71.8%  | 71.8%  | 72.8%   |
| <b>2010 Population by Sex</b>   |        |  |         |
| Males   | 1,511  | 2,671  | 4,658   |
| Females   | 1,557  | 2,774  | 4,714   |
| <b>2021 Population by Sex</b>   |        |  |         |
| Males   | 1,625  | 3,028  | 5,372   |
| Females   | 1,701  | 3,246  | 5,618   |
| <b>2026 Population by Sex</b>   |        |  |         |
| Males   | 1,718  | 3,246  | 5,765   |
| Females   | 1,824  | 3,542  | 6,133   |

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2021 and 2026 Esri converted Census 2000 data into 2010 geography.

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|  <b>Market Profile</b> |        |  |         |
|---|--------|--|---------|
| Becker, Minnesota<br>Rings: 1, 3, 5 mile radii  |        | Prepared by Esri<br>Latitude: 45.39355<br>Longitude: -93.87640 |         |
|   | 1 mile | 3 miles  | 5 miles |
| <b>2010 Population by Race/Ethnicity</b>  |        |  |         |
| Total   | 3,067  | 5,444  | 9,371   |
| White Alone   | 96.7%  | 96.8%  | 97.0%   |
| Black Alone   | 0.3%   | 0.4%   | 0.4%    |
| American Indian Alone   | 0.3%   | 0.3%   | 0.2%    |
| Asian Alone   | 0.9%   | 0.7%   | 0.6%    |
| Pacific Islander Alone  | 0.1%   | 0.1%   | 0.0%    |
| Some Other Race Alone   | 0.3%   | 0.3%   | 0.3%    |
| Two or More Races   | 1.4%   | 1.5%   | 1.4%    |
| Hispanic Origin   | 1.3%   | 1.3%   | 1.3%    |
| Diversity Index   | 8.8    | 8.9  | 8.5     |
| <b>2021 Population by Race/Ethnicity</b>  |        |  |         |
| Total   | 3,326  | 6,273  | 10,992  |
| White Alone   | 95.3%  | 95.3%  | 95.5%   |
| Black Alone   | 0.7%   | 0.8%   | 0.8%    |
| American Indian Alone   | 0.3%   | 0.3%   | 0.3%    |
| Asian Alone   | 1.0%   | 0.8%   | 0.7%    |
| Pacific Islander Alone  | 0.2%   | 0.1%   | 0.1%    |
| Some Other Race Alone   | 0.4%   | 0.4%   | 0.5%    |
| Two or More Races   | 2.1%   | 2.3%   | 2.1%    |
| Hispanic Origin   | 1.7%   | 1.9%   | 1.9%    |
| Diversity Index   | 12.2   | 12.7   | 12.2    |
| <b>2026 Population by Race/Ethnicity</b>  |        |  |         |
| Total   | 3,545  | 6,788  | 11,898  |
| White Alone   | 94.6%  | 94.5%  | 94.8%   |
| Black Alone   | 0.9%   | 1.0%   | 1.0%    |
| American Indian Alone   | 0.4%   | 0.4%   | 0.3%    |
| Asian Alone   | 1.0%   | 0.8%   | 0.7%    |
| Pacific Islander Alone  | 0.3%   | 0.1%   | 0.1%    |
| Some Other Race Alone   | 0.5%   | 0.5%   | 0.6%    |
| Two or More Races   | 2.4%   | 2.6%   | 2.4%    |
| Hispanic Origin   | 2.1%   | 2.3%   | 2.3%    |
| Diversity Index   | 13.9   | 14.6   | 14.1    |
| <b>2010 Population by Relationship and Household Type</b>   |        |  |         |
| Total   | 3,068  | 5,445  | 9,372   |
| In Households   | 99.4%  | 99.1%  | 99.3%   |
| In Family Households  | 89.1%  | 90.1%  | 90.8%   |
| Householder   | 25.7%  | 26.0%  | 26.4%   |
| Spouse  | 20.9%  | 21.5%  | 22.3%   |
| Child   | 38.5%  | 38.8%  | 38.1%   |
| Other relative  | 2.1%   | 1.8%   | 1.8%    |
| Nonrelative   | 2.0%   | 2.1%   | 2.1%    |
| In Nonfamily Households   | 10.3%  | 9.1%   | 8.5%    |
| In Group Quarters   | 0.6%   | 0.9%   | 0.7%    |
| Institutionalized Population  | 0.6%   | 0.9%   | 0.7%    |
| Noninstitutionalized Population   | 0.0%   | 0.0%   | 0.0%    |

**Data Note:** Persons of Hispanic Origin may be of any race. The Diversity Index measures the probability that two people from the same area will be from different race/ethnic groups.  
**Source:** U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2021 and 2026 Esri converted Census 2000 data into 2010 geography.


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|  |        | <b>Market Profile</b> |         |  |
|---|--------|-----------------------|---------|--|
| Becker, Minnesota   |        | Prepared by Esri      |         |  |
| Rings: 1, 3, 5 mile radii   |        | Latitude: 45.39355    |         |  |
|   |        | Longitude: -93.87640  |         |  |
|   | 1 mile | 3 miles               | 5 miles |  |
| <b>2021 Population 25+ by Educational Attainment</b>                              |        |                       |         |  |
| Total   | 2,082  | 3,932                 | 7,015   |  |
| Less than 9th Grade   | 0.6%   | 0.4%                  | 0.4%    |  |
| 9th - 12th Grade, No Diploma  | 3.1%   | 2.6%                  | 2.8%    |  |
| High School Graduate  | 28.0%  | 27.8%                 | 27.1%   |  |
| GED/Alternative Credential  | 3.4%   | 2.7%                  | 2.4%    |  |
| Some College, No Degree   | 21.3%  | 20.6%                 | 21.0%   |  |
| Associate Degree  | 15.7%  | 15.7%                 | 16.0%   |  |
| Bachelor's Degree   | 21.8%  | 22.9%                 | 22.1%   |  |
| Graduate/Professional Degree  | 6.2%   | 7.3%                  | 8.3%    |  |
| <b>2021 Population 15+ by Marital Status</b>                                      |        |                       |         |  |
| Total   | 2,544  | 4,811                 | 8,512   |  |
| Never Married   | 29.4%  | 30.9%                 | 30.8%   |  |
| Married   | 60.1%  | 58.9%                 | 59.1%   |  |
| Widowed   | 2.2%   | 2.3%                  | 2.1%    |  |
| Divorced  | 8.2%   | 7.8%                  | 8.0%    |  |
| <b>2021 Civilian Population 16+ in Labor Force</b>                                |        |                       |         |  |
| Civilian Population 16+   | 1,863  | 3,441                 | 5,955   |  |
| Population 16+ Employed   | 95.9%  | 96.4%                 | 96.9%   |  |
| Population 16+ Unemployment rate  | 4.1%   | 3.6%                  | 3.1%    |  |
| Population 16-24 Employed   | 12.2%  | 11.9%                 | 12.0%   |  |
| Population 16-24 Unemployment rate  | 1.4%   | 1.5%                  | 1.8%    |  |
| Population 25-54 Employed   | 72.4%  | 72.6%                 | 70.8%   |  |
| Population 25-54 Unemployment rate  | 2.2%   | 2.0%                  | 1.9%    |  |
| Population 55-64 Employed   | 13.2%  | 13.3%                 | 14.8%   |  |
| Population 55-64 Unemployment rate  | 15.5%  | 13.3%                 | 9.5%    |  |
| Population 65+ Employed   | 2.2%   | 2.2%                  | 2.5%    |  |
| Population 65+ Unemployment rate  | 2.4%   | 2.7%                  | 2.7%    |  |
| <b>2021 Employed Population 16+ by Industry</b>                                   |        |                       |         |  |
| Total   | 1,786  | 3,317                 | 5,770   |  |
| Agriculture/Mining  | 1.1%   | 0.9%                  | 1.3%    |  |
| Construction  | 8.8%   | 8.6%                  | 9.4%    |  |
| Manufacturing   | 12.8%  | 11.5%                 | 11.4%   |  |
| Wholesale Trade   | 1.4%   | 2.1%                  | 2.6%    |  |
| Retail Trade  | 14.7%  | 13.9%                 | 12.8%   |  |
| Transportation/Utilities  | 7.8%   | 7.4%                  | 6.8%    |  |
| Information   | 0.0%   | 0.0%                  | 0.2%    |  |
| Finance/Insurance/Real Estate   | 5.3%   | 6.9%                  | 7.1%    |  |
| Services  | 38.7%  | 40.4%                 | 41.6%   |  |
| Public Administration   | 9.4%   | 8.3%                  | 6.7%    |  |
| <b>2021 Employed Population 16+ by Occupation</b>                                 |        |                       |         |  |
| Total   | 1,784  | 3,318                 | 5,770   |  |
| White Collar  | 58.5%  | 60.6%                 | 60.9%   |  |
| Management/Business/Financial   | 12.2%  | 12.4%                 | 14.5%   |  |
| Professional  | 24.9%  | 26.3%                 | 25.6%   |  |
| Sales   | 8.4%   | 7.6%                  | 7.6%    |  |
| Administrative Support  | 13.0%  | 14.2%                 | 13.2%   |  |
| Services  | 13.2%  | 13.9%                 | 13.6%   |  |
| Blue Collar   | 28.2%  | 25.5%                 | 25.5%   |  |
| Farming/Forestry/Fishing  | 1.0%   | 0.8%                  | 0.6%    |  |
| Construction/Extraction   | 6.7%   | 6.2%                  | 6.6%    |  |
| Installation/Maintenance/Repair   | 2.0%   | 2.4%                  | 3.2%    |  |
| Production  | 10.0%  | 9.5%                  | 8.8%    |  |
| Transportation/Material Moving  | 8.6%   | 6.7%                  | 6.3%    |  |

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2021 and 2026 Esri converted Census 2000 data into 2010 geography.

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|  <b>Market Profile</b> |        |  |         |  |
|---|--------|--|---------|--|
| Becker, Minnesota<br>Rings: 1, 3, 5 mile radii  |        | Prepared by Esri<br>Latitude: 45.39355<br>Longitude: -93.87640 |         |  |
|   | 1 mile | 3 miles  | 5 miles |  |
| <b>2010 Households by Type</b>  |        |  |         |  |
| Total   | 1,076  | 1,828  | 3,078   |  |
| Households with 1 Person  | 17.2%  | 15.5%  | 14.4%   |  |
| Households with 2+ People   | 82.8%  | 84.5%  | 85.6%   |  |
| Family Households   | 77.0%  | 79.3%  | 80.6%   |  |
| Husband-wife Families   | 62.7%  | 65.5%  | 68.1%   |  |
| With Related Children   | 38.1%  | 39.6%  | 39.1%   |  |
| Other Family (No Spouse Present)  | 14.4%  | 13.7%  | 12.5%   |  |
| Other Family with Male Householder  | 4.8%   | 4.7%   | 4.7%    |  |
| With Related Children   | 3.6%   | 3.5%   | 3.5%    |  |
| Other Family with Female Householder  | 9.6%   | 9.0%   | 7.8%    |  |
| With Related Children   | 7.2%   | 7.0%   | 5.9%    |  |
| Nonfamily Households  | 5.8%   | 5.2%   | 5.0%    |  |
| All Households with Children  | 49.6%  | 50.8%  | 49.2%   |  |
| Multigenerational Households  | 2.8%   | 2.8%   | 2.9%    |  |
| Unmarried Partner Households  | 8.4%   | 7.8%   | 7.3%    |  |
| Male-female   | 8.0%   | 7.5%   | 7.0%    |  |
| Same-sex  | 0.4%   | 0.3%   | 0.4%    |  |
| <b>2010 Households by Size</b>  |        |  |         |  |
| Total   | 1,075  | 1,828  | 3,078   |  |
| 1 Person Household  | 17.2%  | 15.5%  | 14.4%   |  |
| 2 Person Household  | 27.9%  | 28.3%  | 30.0%   |  |
| 3 Person Household  | 17.6%  | 17.6%  | 17.4%   |  |
| 4 Person Household  | 21.5%  | 22.3%  | 22.0%   |  |
| 5 Person Household  | 11.0%  | 11.1%  | 10.9%   |  |
| 6 Person Household  | 3.4%   | 3.8%   | 3.9%    |  |
| 7 + Person Household  | 1.4%   | 1.4%   | 1.4%    |  |
| <b>2010 Households by Tenure and Mortgage Status</b>  |        |  |         |  |
| Total   | 1,076  | 1,827  | 3,077   |  |
| Owner Occupied  | 78.4%  | 82.5%  | 86.8%   |  |
| Owned with a Mortgage/Loan  | 67.7%  | 70.7%  | 73.2%   |  |
| Owned Free and Clear  | 10.8%  | 11.8%  | 13.6%   |  |
| Renter Occupied   | 21.6%  | 17.5%  | 13.2%   |  |
| <b>2021 Affordability, Mortgage and Wealth</b>  |        |  |         |  |
| Housing Affordability Index   | 195    | 203  | 196     |  |
| Percent of Income for Mortgage  | 11.4%  | 11.0%  | 11.4%   |  |
| Wealth Index  | 100    | 104  | 119     |  |
| <b>2010 Housing Units By Urban/ Rural Status</b>  |        |  |         |  |
| Total Housing Units   | 1,155  | 1,971  | 3,284   |  |
| Housing Units Inside Urbanized Area   | 0.0%   | 0.0%   | 0.0%    |  |
| Housing Units Inside Urbanized Cluster  | 72.3%  | 63.5%  | 47.0%   |  |
| Rural Housing Units   | 27.7%  | 36.5%  | 53.0%   |  |
| <b>2010 Population By Urban/ Rural Status</b>   |        |  |         |  |
| Total Population  | 3,068  | 5,445  | 9,372   |  |
| Population Inside Urbanized Area  | 0.0%   | 0.0%   | 0.0%    |  |
| Population Inside Urbanized Cluster   | 70.8%  | 61.8%  | 45.9%   |  |
| Rural Population  | 29.2%  | 38.2%  | 54.1%   |  |

**Data Note:** Households with children include any households with people under age 18, related or not. Multigenerational households are families with 3 or more parent-child relationships. Unmarried partner households are usually classified as nonfamily households unless there is another member of the household related to the householder. Multigenerational and unmarried partner households are reported only to the tract level. Esri estimated block group data, which is used to estimate polygons or non-standard geography.

**Source:** U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2021 and 2026 Esri converted Census 2000 data into 2010 geography.

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|   |                             | 1 mile       | 3 miles                     | 5 miles                     |
|---|-----------------------------|--------------|-----------------------------|-----------------------------|
| <b>Top 3 Tapestry Segments</b>                              |                             |              |                             |                             |
| 1.  | Middleburg (4C)             |              | Workday Drive (4A)          | Workday Drive (4A)          |
| 2.  | Workday Drive (4A)          |              | Middleburg (4C)             | Up and Coming Families (7A) |
| 3.  | Up and Coming Families (7A) |              | Up and Coming Families (7A) | Middleburg (4C)             |
| <b>2021 Consumer Spending</b>                               |                             |              |                             |                             |
| Apparel & Services: Total \$                                |                             | \$2,791,470  | \$5,163,249                 | \$9,163,617                 |
| Average Spent   |                             | \$2,394.06   | \$2,443.56                  | \$2,530.69                  |
| Spending Potential Index                                    |                             | 113          | 115                         | 119                         |
| Education: Total \$   |                             | \$2,044,466  | \$3,834,709                 | \$6,943,159                 |
| Average Spent   |                             | \$1,753.40   | \$1,814.82                  | \$1,917.47                  |
| Spending Potential Index                                    |                             | 102          | 105                         | 111                         |
| Entertainment/Recreation: Total \$                          |                             | \$4,264,062  | \$7,875,752                 | \$14,038,871                |
| Average Spent   |                             | \$3,657.00   | \$3,727.28                  | \$3,877.07                  |
| Spending Potential Index                                    |                             | 113          | 115                         | 120                         |
| Food at Home: Total \$                                      |                             | \$7,001,777  | \$12,896,350                | \$22,889,516                |
| Average Spent   |                             | \$6,004.95   | \$6,103.34                  | \$6,321.32                  |
| Spending Potential Index                                    |                             | 110          | 112                         | 116                         |
| Food Away from Home: Total \$                               |                             | \$5,001,117  | \$9,250,401                 | \$16,385,820                |
| Average Spent   |                             | \$4,289.12   | \$4,377.85                  | \$4,525.22                  |
| Spending Potential Index                                    |                             | 113          | 115                         | 119                         |
| Health Care: Total \$                                       |                             | \$8,306,026  | \$15,238,291                | \$27,136,885                |
| Average Spent   |                             | \$7,123.52   | \$7,211.69                  | \$7,494.31                  |
| Spending Potential Index                                    |                             | 114          | 116                         | 120                         |
| HH Furnishings & Equipment: Total \$                        |                             | \$3,086,973  | \$5,726,123                 | \$10,183,146                |
| Average Spent   |                             | \$2,647.49   | \$2,709.95                  | \$2,812.25                  |
| Spending Potential Index                                    |                             | 117          | 120                         | 125                         |
| Personal Care Products & Services: Total \$                 |                             | \$1,186,159  | \$2,194,986                 | \$3,904,468                 |
| Average Spent   |                             | \$1,017.29   | \$1,038.80                  | \$1,078.28                  |
| Spending Potential Index                                    |                             | 113          | 116                         | 120                         |
| Shelter: Total \$   |                             | \$25,603,987 | \$47,588,929                | \$84,791,002                |
| Average Spent   |                             | \$21,958.82  | \$22,521.97                 | \$23,416.46                 |
| Spending Potential Index                                    |                             | 109          | 112                         | 116                         |
| Support Payments/Cash Contributions/Gifts in Kind: Total \$ |                             | \$3,374,353  | \$6,281,524                 | \$11,146,640                |
| Average Spent   |                             | \$2,893.96   | \$2,972.80                  | \$3,078.33                  |
| Spending Potential Index                                    |                             | 121          | 124                         | 129                         |
| Travel: Total \$  |                             | \$3,419,323  | \$6,368,944                 | \$11,389,668                |
| Average Spent   |                             | \$2,932.52   | \$3,014.17                  | \$3,145.45                  |
| Spending Potential Index                                    |                             | 116          | 119                         | 124                         |
| Vehicle Maintenance & Repairs: Total \$                     |                             | \$1,495,983  | \$2,756,966                 | \$4,881,745                 |
| Average Spent   |                             | \$1,283.00   | \$1,304.76                  | \$1,348.18                  |
| Spending Potential Index                                    |                             | 116          | 118                         | 122                         |

**Data Note:** Consumer spending shows the amount spent on a variety of goods and services by households that reside in the area. Expenditures are shown by broad budget categories that are not mutually exclusive. Consumer spending does not equal business revenue. Total and Average Amount Spent Per Household represent annual figures. The Spending Potential Index represents the amount spent in the area relative to a national average of 100.

**Source:** Consumer Spending data are derived from the 2018 and 2019 Consumer Expenditure Surveys, Bureau of Labor Statistics, Esri.

**Source:** U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2021 and 2026 Esri converted Census 2000 data into 2010 geography.

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|   |     | 1 mile        |                |                  | 3 miles       |                |                  | 5 miles       |                |                  |
|---|-----|---------------|----------------|------------------|---------------|----------------|------------------|---------------|----------------|------------------|
|   |     | Number        | Percent        | Employees        | Number        | Percent        | Employees        | Number        | Percent        | Employees        |
| <b>Data for all businesses in area</b>                    |     | 152           |                | 238              |               | 314            |                  |               |                |                  |
| Total Businesses:   |     | 152           |                | 238              |               | 314            |                  |               |                |                  |
| Total Employees:  |     | 1,921         |                | 2,662            |               | 3,027          |                  |               |                |                  |
| Total Residential Population:                             |     | 3,326         |                | 6,274            |               | 10,990         |                  |               |                |                  |
| Employee/Residential population Ratio (per 100 Residents) |     | 58            |                | 42               |               | 28             |                  |               |                |                  |
| <b>by SIC Codes</b>                                       |     | <b>Number</b> | <b>Percent</b> | <b>Employees</b> | <b>Number</b> | <b>Percent</b> | <b>Employees</b> | <b>Number</b> | <b>Percent</b> | <b>Employees</b> |
| Agriculture & Mining                                      | 4   | 2.6%          | 15             | 0.8%             | 9             | 3.8%           | 40               | 1.5%          | 15             | 4.8%             |
| Construction  | 11  | 7.2%          | 355            | 18.5%            | 22            | 9.2%           | 480              | 18.0%         | 41             | 13.1%            |
| Manufacturing   | 12  | 7.9%          | 254            | 13.2%            | 18            | 7.6%           | 327              | 12.3%         | 22             | 7.0%             |
| Transportation  | 8   | 5.3%          | 183            | 9.5%             | 12            | 5.0%           | 230              | 8.6%          | 16             | 5.1%             |
| Communication   | 0   | 0.0%          | 0              | 0.0%             | 0             | 0.0%           | 0                | 0.0%          | 0              | 0.0%             |
| Utility   | 2   | 1.3%          | 20             | 1.0%             | 2             | 0.8%           | 77               | 2.9%          | 3              | 1.0%             |
| Wholesale Trade   | 8   | 5.3%          | 194            | 10.1%            | 13            | 5.5%           | 254              | 9.5%          | 16             | 5.1%             |
| Retail Trade Summary                                      | 36  | 23.7%         | 297            | 15.5%            | 50            | 21.0%          | 386              | 14.5%         | 58             | 18.5%            |
| Home Improvement  | 4   | 2.6%          | 39             | 2.0%             | 6             | 2.5%           | 52               | 2.0%          | 6              | 1.9%             |
| General Merchandise Stores                                | 2   | 1.3%          | 6              | 0.3%             | 2             | 0.8%           | 8                | 0.3%          | 2              | 0.6%             |
| Food Stores   | 4   | 2.6%          | 35             | 1.8%             | 6             | 2.5%           | 46               | 1.7%          | 7              | 2.2%             |
| Auto Dealers, Gas Stations, Auto Aftermarket              | 1   | 0.7%          | 10             | 0.5%             | 3             | 1.3%           | 16               | 0.6%          | 4              | 1.3%             |
| Apparel & Accessory Stores                                | 0   | 0.0%          | 0              | 0.0%             | 0             | 0.0%           | 0                | 0.0%          | 0              | 0.0%             |
| Furniture & Home Furnishings                              | 2   | 1.3%          | 17             | 0.9%             | 4             | 1.7%           | 24               | 0.9%          | 6              | 1.9%             |
| Eating & Drinking Places                                  | 10  | 6.6%          | 151            | 7.9%             | 13            | 5.5%           | 192              | 7.2%          | 15             | 4.8%             |
| Miscellaneous Retail                                      | 13  | 8.6%          | 39             | 2.0%             | 17            | 7.1%           | 50               | 1.9%          | 18             | 5.7%             |
| Finance, Insurance, Real Estate Summary                   | 12  | 7.9%          | 76             | 4.0%             | 18            | 7.6%           | 112              | 4.2%          | 21             | 6.7%             |
| Banks, Savings & Lending Institutions                     | 3   | 2.0%          | 25             | 1.3%             | 5             | 2.1%           | 32               | 1.2%          | 5              | 1.6%             |
| Securities Brokers  | 1   | 0.7%          | 2              | 0.1%             | 1             | 0.4%           | 3                | 0.1%          | 1              | 0.3%             |
| Insurance Carriers & Agents                               | 3   | 2.0%          | 9              | 0.5%             | 4             | 1.7%           | 11               | 0.4%          | 4              | 1.3%             |
| Real Estate, Holding, Other Investment Offices            | 5   | 3.3%          | 39             | 2.0%             | 8             | 3.4%           | 65               | 2.4%          | 10             | 3.2%             |
| Services Summary  | 47  | 30.9%         | 481            | 25.0%            | 75            | 31.5%          | 697              | 26.2%         | 97             | 30.9%            |
| Hotels & Lodging  | 2   | 1.3%          | 6              | 0.3%             | 3             | 1.3%           | 9                | 0.3%          | 3              | 1.0%             |
| Automotive Services                                       | 2   | 1.3%          | 6              | 0.3%             | 7             | 2.9%           | 18               | 0.7%          | 9              | 2.9%             |
| Motion Pictures & Amusements                              | 3   | 2.0%          | 15             | 0.8%             | 4             | 1.7%           | 33               | 1.2%          | 5              | 1.6%             |
| Health Services   | 7   | 4.6%          | 59             | 3.1%             | 10            | 4.2%           | 78               | 2.9%          | 11             | 3.5%             |
| Legal Services  | 0   | 0.0%          | 0              | 0.0%             | 0             | 0.0%           | 0                | 0.0%          | 0              | 0.0%             |
| Education Institutions & Libraries                        | 6   | 3.9%          | 249            | 13.0%            | 8             | 3.4%           | 310              | 11.6%         | 9              | 2.9%             |
| Other Services  | 27  | 17.8%         | 147            | 7.7%             | 43            | 18.1%          | 250              | 9.4%          | 60             | 19.1%            |
| Government  | 3   | 2.0%          | 44             | 2.3%             | 5             | 2.1%           | 58               | 2.2%          | 7              | 2.2%             |
| Unclassified Establishments                               | 9   | 5.9%          | 2              | 0.1%             | 15            | 6.3%           | 2                | 0.1%          | 20             | 6.4%             |
| Totals  | 152 | 100.0%        | 1,921          | 100.0%           | 238           | 100.0%         | 2,662            | 100.0%        | 314            | 100.0%           |

Source: Copyright 2021 Data Axle, Inc. All rights reserved. Esri Total Residential Population forecasts for 2021.

Date Note: Data on the Business Summary report is calculated using Esri's Data allocation method which uses census block groups to allocate business summary data to custom areas.



| by NAICS Codes  |            | Businesses    |              | Employees     |            | Businesses    |              | Employees     |            | Businesses    |              | Employees     |         |        |
|---|------------|---------------|--------------|---------------|------------|---------------|--------------|---------------|------------|---------------|--------------|---------------|---------|--------|
|   |            | Number        | Percent      | Number        | Percent    | Number        | Percent      | Number        | Percent    | Number        | Percent      | Number        | Percent |        |
| <p>Prepared by Esri<br/>                     Latitude: 45.39355<br/>                     Longitude: -93.87640</p> <p>Becker, Minnesota<br/>                     Rings: 1, 3, 5 mile radii</p> |            |               |              |               |            |               |              |               |            |               |              |               |         |        |
| Agriculture, Forestry, Fishing & Hunting  | 2          | 1.3%          | 11           | 0.6%          | 4          | 1.7%          | 25           | 0.9%          | 6          | 1.9%          | 32           | 1.1%          | 0       | 0.0%   |
| Mining  | 0          | 0.0%          | 0            | 0.0%          | 0          | 0.0%          | 0            | 0.0%          | 0          | 0.0%          | 0            | 0.0%          | 0       | 0.0%   |
| Utilities   | 0          | 0.0%          | 0            | 0.0%          | 0          | 0.0%          | 52           | 2.0%          | 0          | 0.0%          | 110          | 3.6%          | 0       | 0.0%   |
| Construction  | 12         | 7.9%          | 357          | 18.6%         | 23         | 9.7%          | 483          | 18.1%         | 42         | 13.4%         | 551          | 18.2%         | 42      | 13.4%  |
| Manufacturing   | 12         | 7.9%          | 254          | 13.2%         | 18         | 7.6%          | 327          | 12.3%         | 22         | 7.0%          | 355          | 11.7%         | 16      | 5.1%   |
| Wholesale Trade   | 8          | 5.3%          | 194          | 10.1%         | 13         | 5.5%          | 254          | 9.5%          | 16         | 5.1%          | 268          | 8.9%          | 42      | 13.4%  |
| Retail Trade  | 25         | 16.4%         | 146          | 7.6%          | 36         | 15.1%         | 194          | 7.3%          | 42         | 13.4%         | 221          | 7.3%          | 3       | 1.0%   |
| Motor Vehicle & Parts Dealers   | 0          | 0.0%          | 1            | 0.1%          | 2          | 0.8%          | 4            | 0.2%          | 3          | 1.0%          | 7            | 0.2%          | 2       | 0.6%   |
| Furniture & Home Furnishings Stores   | 1          | 0.7%          | 13           | 0.7%          | 2          | 0.8%          | 19           | 0.7%          | 2          | 0.6%          | 21           | 0.7%          | 2       | 0.6%   |
| Electronics & Appliance Stores  | 1          | 0.7%          | 3            | 0.2%          | 1          | 0.4%          | 4            | 0.2%          | 2          | 0.6%          | 9            | 0.3%          | 2       | 0.6%   |
| Bldg Material & Garden Equipment & Supplies Dealers   | 4          | 2.6%          | 39           | 2.0%          | 6          | 2.5%          | 52           | 2.0%          | 6          | 1.9%          | 56           | 1.9%          | 6       | 1.9%   |
| Food & Beverage Stores  | 6          | 3.9%          | 48           | 2.5%          | 9          | 3.8%          | 62           | 2.3%          | 10         | 3.2%          | 72           | 2.4%          | 2       | 0.6%   |
| Health & Personal Care Stores   | 2          | 1.3%          | 4            | 0.2%          | 2          | 0.8%          | 5            | 0.2%          | 2          | 0.6%          | 5            | 0.2%          | 1       | 0.3%   |
| Gasoline Stations   | 1          | 0.7%          | 9            | 0.5%          | 1          | 0.4%          | 11           | 0.4%          | 1          | 0.3%          | 11           | 0.4%          | 0       | 0.0%   |
| Clothing & Clothing Accessories Stores  | 0          | 0.0%          | 0            | 0.0%          | 0          | 0.0%          | 0            | 0.0%          | 0          | 0.0%          | 0            | 0.0%          | 0       | 0.0%   |
| Sport Goods, Hobby, Book, & Music Stores  | 3          | 2.0%          | 10           | 0.5%          | 4          | 1.7%          | 12           | 0.5%          | 4          | 1.3%          | 13           | 0.4%          | 2       | 0.6%   |
| General Merchandise Stores  | 2          | 1.3%          | 6            | 0.3%          | 2          | 0.8%          | 8            | 0.3%          | 2          | 0.6%          | 8            | 0.3%          | 7       | 2.2%   |
| Miscellaneous Store Retailers   | 5          | 3.3%          | 12           | 0.6%          | 7          | 2.9%          | 17           | 0.6%          | 7          | 2.2%          | 18           | 0.6%          | 2       | 0.6%   |
| Nonstore Retailers  | 2          | 1.3%          | 0            | 0.0%          | 2          | 0.8%          | 0            | 0.0%          | 2          | 0.6%          | 0            | 0.0%          | 15      | 4.8%   |
| Transportation & Warehousing  | 8          | 5.3%          | 182          | 9.5%          | 11         | 4.6%          | 226          | 8.5%          | 15         | 4.8%          | 232          | 7.7%          | 3       | 1.0%   |
| Information   | 0          | 0.0%          | 2            | 0.1%          | 2          | 0.8%          | 8            | 0.3%          | 3          | 1.0%          | 11           | 0.4%          | 10      | 3.2%   |
| Finance & Insurance   | 7          | 4.6%          | 36           | 1.9%          | 10         | 4.2%          | 46           | 1.7%          | 10         | 3.2%          | 49           | 1.6%          | 4       | 1.3%   |
| Central Bank/Credit Intermediation & Related Activities   | 3          | 2.0%          | 22           | 1.1%          | 4          | 1.7%          | 28           | 1.1%          | 4          | 1.3%          | 30           | 1.0%          | 2       | 0.6%   |
| Securities, Commodity Contracts & Other Financial   | 2          | 1.3%          | 5            | 0.3%          | 2          | 0.8%          | 7            | 0.3%          | 2          | 0.6%          | 7            | 0.2%          | 11      | 0.4%   |
| Insurance Carriers & Related Activities; Funds, Trusts &  | 3          | 2.0%          | 9            | 0.5%          | 4          | 1.7%          | 11           | 0.4%          | 4          | 1.3%          | 12           | 0.4%          | 15      | 4.8%   |
| Real Estate, Rental & Leasing   | 7          | 4.6%          | 43           | 2.2%          | 12         | 5.0%          | 73           | 2.7%          | 15         | 4.8%          | 83           | 2.7%          | 22      | 7.0%   |
| Professional, Scientific & Tech Services  | 9          | 5.9%          | 66           | 3.4%          | 16         | 6.7%          | 100          | 3.8%          | 22         | 7.0%          | 121          | 4.0%          | 0       | 0.0%   |
| Legal Services  | 0          | 0.0%          | 0            | 0.0%          | 0          | 0.0%          | 0            | 0.0%          | 0          | 0.0%          | 0            | 0.0%          | 1       | 0.3%   |
| Management of Companies & Enterprises   | 1          | 0.7%          | 2            | 0.1%          | 1          | 0.4%          | 3            | 0.1%          | 1          | 0.3%          | 3            | 0.1%          | 10      | 3.2%   |
| Administrative & Support & Waste Management & Remediation   | 3          | 2.0%          | 24           | 1.2%          | 6          | 2.5%          | 36           | 1.4%          | 10         | 3.2%          | 55           | 1.8%          | 8       | 2.5%   |
| Educational Services  | 6          | 3.9%          | 249          | 13.0%         | 8          | 3.4%          | 311          | 11.7%         | 8          | 2.5%          | 317          | 10.5%         | 16      | 5.1%   |
| Health Care & Social Assistance   | 10         | 6.6%          | 94           | 4.9%          | 14         | 5.9%          | 157          | 5.9%          | 16         | 5.1%          | 177          | 5.8%          | 4       | 1.3%   |
| Arts, Entertainment & Recreation  | 2          | 1.3%          | 14           | 0.7%          | 3          | 1.3%          | 31           | 1.2%          | 4          | 1.3%          | 53           | 1.8%          | 3       | 1.0%   |
| Accommodation & Food Services   | 12         | 7.9%          | 157          | 8.2%          | 16         | 6.7%          | 201          | 7.6%          | 18         | 5.7%          | 216          | 7.1%          | 15      | 4.8%   |
| Accommodation   | 2          | 1.3%          | 6            | 0.3%          | 3          | 1.3%          | 9            | 0.3%          | 3          | 1.0%          | 9            | 0.3%          | 15      | 4.8%   |
| Food Services & Drinking Places   | 10         | 6.6%          | 151          | 7.9%          | 13         | 5.5%          | 192          | 7.2%          | 15         | 4.8%          | 207          | 6.8%          | 37      | 11.8%  |
| Other Services (except Public Administration)   | 16         | 10.5%         | 45           | 2.3%          | 26         | 10.9%         | 77           | 2.9%          | 37         | 11.8%         | 104          | 3.4%          | 6       | 1.9%   |
| Automotive Repair & Maintenance   | 1          | 0.7%          | 3            | 0.2%          | 4          | 1.7%          | 12           | 0.5%          | 6          | 1.9%          | 17           | 0.6%          | 5       | 2.1%   |
| Public Administration   | 3          | 2.0%          | 44           | 2.3%          | 5          | 2.1%          | 57           | 2.1%          | 6          | 1.9%          | 65           | 2.1%          | 2       | 0.6%   |
| Unclassified Establishments   | 9          | 5.9%          | 2            | 0.1%          | 15         | 6.3%          | 2            | 0.1%          | 20         | 6.4%          | 4            | 0.1%          | 238     | 100.0% |
| <b>Total</b>  | <b>152</b> | <b>100.0%</b> | <b>1,921</b> | <b>100.0%</b> | <b>238</b> | <b>100.0%</b> | <b>2,662</b> | <b>100.0%</b> | <b>314</b> | <b>100.0%</b> | <b>3,027</b> | <b>100.0%</b> |         |        |

Source: Copyright 2021 Data Axle, Inc. All rights reserved. Esri Total Residential Population forecasts for 2021.  
 Date Note: Data on the Business Summary report is calculated using Esri's Data allocation method which uses census block groups to allocate business summary data to custom areas.

**EXHIBIT 2**

Legal Description

(Page 72)

That part of the West Half, the West Half of the Northeast Quarter, and the West Half of the Southeast Quarter, ALL in Section 36, Township 34 North, Range 29 West, Sherburne County, Minnesota, described as follows:

Beginning at the northwest corner of said Northeast Quarter of Section 36; thence South 89 degrees 54 minutes 16 seconds East 250.23 feet along the north line of said Northeast Quarter of Section 36 to the south line of the railroad right of way; thence South 48 degrees 07 minutes 20 seconds East 1450.81 feet along the south line of the railroad right of way to the east line of said West Half of the Northeast Quarter of Section 36; thence South 00 degrees 02 minutes 38 seconds West 1668.03 feet along said east line of the West Half of the Northeast Quarter of Section 36 to the Northeast corner of the West Half of the Southeast Quarter; thence South 00 degrees 02 minutes 22 seconds West 2513.63 feet along the east line of the West Half of the Southeast Quarter of said Section 36; thence North 89 degrees 52 minutes 00 seconds West 2725.11 feet ; thence North 44 degrees 31 minutes 18 seconds West 168.41 feet; thence North 32 degrees 11 minutes 31 seconds West 175.23 feet; thence North 25 degrees 54 minutes 16 seconds West 159.35 feet; thence North 07 degrees 29 minutes 54 seconds West 232.36 feet; thence North 01 degrees 31 minutes 19 seconds West 143.02 feet; thence North 10 degrees 37 minutes 47 seconds West 185.93 feet; thence North 00 degrees 04 minutes 08 seconds East 2847.31 feet; thence North 17 degrees 52 minutes 04 seconds East 65.39 feet; thence North 06 degrees 48 minutes 22 seconds East 40.55 feet; thence North 00 degrees 13 minutes 15 seconds East 1229.91 feet to the north line of the Northwest Quarter of said Section 36; thence South 89 degrees 53 minutes 26 seconds East 1714.10 feet along the north line of said Northwest Quarter of Section 36 to the point of beginning.

Containing 348.30 acres, more or less.

## CONTINGENT AND LIMITING CONDITIONS

(Pages 74-75)

## CONTINGENT AND LIMITING CONDITIONS

The value estimates and conclusions in the appraisal are made subject to these assumptions and conditions:

1. No title search has been made and the reader should consult an appropriate attorney or title insurance company for accurate ownership data. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The legal description, furnished or otherwise, is assumed to be correct. No responsibility is assumed for the legal description or for matters including legal or title considerations.
3. The information contained in this report is not guaranteed, but it has been gathered from reliable sources. The appraiser(s) certify that, to the best of their knowledge and belief, the statements, information and materials contained in the appraisal are correct.
4. All value estimates in this report assume stable soil and any necessary soil corrections are to be made at the seller's expense, unless otherwise noted.
5. The site plan, if any, in this report is included to assist the reader in visualizing the property, but we assume no responsibility for its accuracy.
6. The market value herein assigned is based on conditions which were applicable as of the effective date of appraisal, unless otherwise noted.
7. The appraiser(s) that signed this report shall not be required to prepare for, or appear in court, or before any board or governmental body by the reason of the completion of this assignment without predetermined arrangements and agreements.
8. Surveys, plans and sketches may have been provided in this report. These documents may not be complete or be drawn exactly to scale.
9. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person, other than the party to whom it is addressed, without the written consent of the appraiser, and in any event only in its entirety.
10. Information in the appraisal relating to comparable market data is more fully documented in the confidential file in the office of the appraiser.
11. All studies and field notes are secured in our files for future reference.
12. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a non-conformity has been stated, defined and considered in the appraisal report. It is also assumed that the utilization of the land and any improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted within the report.

13. The distribution of the total valuation in this report between land and any improvements, if stated, applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.
14. It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless non-compliance is stated, defined and considered in the appraisal report.
15. The appraiser was not aware of the presence of soil contamination on the subject property, unless otherwise noted in this appraisal report. The effect on market value due to contamination was not considered in this appraisal, unless otherwise stated.
16. The appraiser was not aware of the presence of asbestos or other toxic contaminants in any building(s) located on the site, unless otherwise noted in this report. The effect on market value, due to contamination was not considered in this appraisal, unless otherwise stated.
17. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The 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 detrimental environmental conditions, or for any expertise or engineering knowledge required to discover such substances. The client is urged to retain an expert in this field, if desired.
18. The value stated in this report is fee simple, assuming responsible ownership and management, unless otherwise indicated. This appraisal recognizes that available financing is a major consideration by typical purchasers of real estate in the market, and the appraisal assumes that financing is or was made available to purchasers of the property described herein.
19. The appraiser has neither present nor contemplated interest in the property appraised and employment is not contingent upon the value reported.
20. Unless otherwise stated in this report, the appraiser has not made a survey or analysis to determine whether any buildings on the property are in compliance with "The Americans with Disabilities Act" (ADA). If the property is not in compliance with the ADA, it could have a negative effect on the value of the property.
21. The property is appraised free and clear of any or all liens or encumbrances, unless otherwise stated.

## **APPRAISER QUALIFICATIONS**

(Pages 77-80)

Northern States Power Company  
22233

## QUALIFICATIONS OF ANDREW S. TOTZKE

### PROFESSIONAL AFFILIATIONS

**MAI Member, Appraisal Institute**  
Certified General Real Property Appraiser, Minnesota License No. 40288605

### BUSINESS EXPERIENCE

Patchin Messner Valuation Counselors, Principal 2022-Present, Appraiser 2012-Present

### EDUCATIONAL BACKGROUND

Bachelor of Science Degree, Real Estate  
St. Cloud State University, St. Cloud, MN

### SPECIALIZED REAL ESTATE TRAINING

**Real Estate Principles**, St. Cloud State University  
**Real Estate Property Management**, Saint Cloud State University  
**Real Estate Investments**, Saint Cloud State University  
**Real Estate Law**, Saint Cloud State University  
**Real Estate Appraisal**, Saint Cloud State University  
**Commercial Appraisal**, Saint Cloud State University  
**National USPAP 15-Hour Course (410)**, Bloomington, MN, 55431  
**Real Estate Finance, Statistics and Valuation Modeling**, North Star Chapter  
**General Appraiser, Sales Comparison Approach**, North Star Chapter  
**Supervisory Appraiser/Trainee Appraiser Course**, North Star Chapter  
**General Appraiser, Site Valuation and Cost Approach**, North Star Chapter  
**General Appraiser, Market Analysis and Highest & Best Use**, North Star Chapter  
**General Appraiser, Report Writing and Case Studies**, North Star Chapter  
**Commercial Appraisal Review**, McKissock Educational Services  
**Expert Witness for Commercial Appraisers**, McKissock Educational Services  
**General Appraiser, Income Approach / Parts I & II**, North Star Chapter  
**Advanced Income Capitalization**, Synchronous  
**Quantitative Analysis**, North Star Chapter  
**Advanced Market Analysis and Highest & Best Use**, Synchronous  
**Advanced Concepts & Case Studies**, North Star Chapter

### APPRAISAL EXPERIENCE

Preparation of appraisals within the Twin Cities seven-county metropolitan area for the purposes of condemnation, tax appeal, acquisition, litigation, consultation, internal decision making and insurance settlement. Properties appraised include office and industrial buildings, apartment buildings, restaurants, retail centers, single-family residences, development land, and other specialty uses.

### COURT EXPERIENCE

Qualified as an expert witness for Commission Hearings in Carver County, Dakota County, Hennepin County, and Scott County.

### RELATED EXPERIENCE

North Star Chapter of the Appraisal Institute: Board of Directors, 2019 to 2021  
Hennepin County Property Tax Assessment, 2011



Northern States Power Company  
22233

**APPRAISAL  
CLIENTS**

|  |  |
|--|--|
| AFC Enterprises, Inc.                    | Metropolitan Council                           |
| Afton Law Office                         | Minnesota Department of Transportation (MnDOT) |
| Aggregate Industries - MWR               | Monroe Moxness Berg                            |
| Alliance Bank                            | Mounds View School District No. 621            |
| Bureau of Indian Affairs                 | Muller Family Theatres                         |
| Bolton & Menk, Inc.                      | Northern Natural Gas Company                   |
| City National Bank                       | Peace Reformed Church                          |
| Edina Realty                             | Ridgeview Medical Center                       |
| Foreman & Associates, LLC                | Rockford Area Schools                          |
| Fredrikson & Byron, P.A.                 | Shakopee Mdewakanton Sioux Community (SMSC)    |
| Great River Energy                       | Shakopee Public Utilities Commission (SPUC)    |
| Gregerson, Rosow, Johnson, & Nilan, Ltd. | SRF Consulting Group                           |
| Henning Professional Services, Inc.      | Stewart Title                                  |
| Independent School District 191          | Three Rivers Park District                     |
| Independent School District 194          | Upper Midwest Management, Inc.                 |
| Kennedy & Graven                         | Wilson Development Services, LLC               |
| Melchert Hubert Sjodin, PLLP             | WSB & Associates, Inc.                         |

Cities: Burnsville, Cambridge, Carver, Chanhassen, Chaska, Delano, Eagan, Eden Prairie, Elk River, Excelsior, Golden Valley, Hamburg, Inver Grove Heights, Lake Elmo, Lakeville, Lino Lakes, Minnetonka, Monticello, New Brighton, New Ulm, Plymouth, Prior Lake, Red Wing, Rogers, Rosemount, Shakopee, Victoria, and Waconia

Counties: Carver, Dakota, Hennepin, Scott, Sibley and Washington

**QUALIFICATIONS OF JASON L. MESSNER****PROFESSIONAL  
AFFILIATIONS****MAI Member, Appraisal Institute****CRE Member, The Counselors of Real Estate**

Certified General Real Property Appraiser, Minnesota License No. 4000836

Certified General Real Property Appraiser, North Dakota License No. TP-219038

Member, Minneapolis Area Association of Realtors

Member (No. 6591), International Right of Way Association

**BUSINESS  
EXPERIENCE**

Patchin Messner Valuation Counselors, President/Principal, 2001 to Present

Patchin Messner Appraisals, Inc., Principal, 1995 to 2000

Peter J. Patchin &amp; Associates, Inc., Associate Appraiser, 1986-1994

Century 21 Granite City Real Estate, Residential Salesperson, 1985

**EDUCATIONAL  
BACKGROUND**

Bachelor of Science Degree, St. Cloud State University, majored in Real Estate, graduated Magna Cum Laude, 1986

Associate in Arts Degree in Business Administration, Willmar Community College, graduated with honors, 1984

**SPECIALIZED  
REAL ESTATE  
TRAINING****Basic Valuation Procedures**, American Institute of Real Estate Appraisers, 1986**Real Estate Appraisal Principles** American Institute of Real Estate Appraiser, 1986**Capitalization Theory and Techniques (Part A)**, A.I.R.E.A., Minneapolis, MN, 1987**Standards of Professional Practice**, A.I.R.E.A., Minneapolis, MN, 1988; Appraisal Institute, Minneapolis, MN, 1994**Capitalization Theory and Techniques (Part B)**, A.I.R.E.A., Minneapolis, MN, 1989**Case Studies in Real Estate Valuation**, American Institute of Real Estate Appraisers, Minneapolis, MN, 1990**Report Writing & Valuation Analysis**, Appraisal Institute, Minneapolis, MN, 1991**SEMINARS ATTENDED**Appraisal Institute

Condemnation: Legal Rules and Appraisal Practices

Special-Purpose Properties: The Challenges of Real Estate Appraising in Limited Markets

New Industrial Valuation

The Road Less Traveled: Special Purpose Properties

National Uniform Standards of Professional Appraisal Practice Update

The Appraiser as Expert Witness

The Appraisal of Local Retail Properties

Valuation of Detrimental Conditions in Real Estate

Analyzing Distressed Real Estate

Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book)

Fundamentals of Separating Real Property, Personal Property, and Intangible Business Assets

Appraising the Appraisal: Appraisal Review-General

Complex Litigation Appraisal Case Studies

Real Estate Valuation in Condemnation Appraising in Minnesota

**APPRAISAL  
EXPERIENCE**

Preparation of appraisals for condemnation, tax appeal, litigation, financing, debt restructuring, acquisition/disposal, and special assessment appeal. Properties appraised include: office buildings, warehouses, service stations, manufacturing plants, medical and veterinary clinics, shopping centers, restaurants, apartment buildings, subsidized housing, research and redevelopment buildings, grain

Northern States Power Company  
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elevators, flour mills, special-purpose properties, lands, air rights, aviation easements, utility easements, highway easements, and environmentally impaired properties. Specialize in litigation valuation of commercial, industrial, development land and investment properties.

#### RELATED EXPERIENCE

Participant in the writing of The Effect of Contamination on The Market Value of Property, Federal Highway Admin.; Office of Right-of-Way, Washington, DC, 1993

Faculty participant at the Hazardous Waste Litigation seminar, Minnesota Institute of Legal Education, 1995

Adjunct lecturer on environmental appraisal issues, University of St. Thomas, Minneapolis., MN, 1996 and 2002

Faculty participant at the Annual Right-of-Way Professionals Conference, Minnesota Department of Transportation, 2004, 2005 and 2007

Metro/Minnesota Chapter of the Appraisal Institute; Education Coordinator – 1997 through 2001, Secretary – 2001, Vice President – 2002, President – 2003, Region III Representative - 2008 through 2011. National Board of Directors of the Appraisal Institute, 2012 through 2016 and 2021 to present.

#### APPRAISAL CLIENTS

|                                       |  |
|---------------------------------------|--|
| Alliant Techsystems, Inc.             | Medtronic, Inc.  |
| Bank of America                       | Metropolitan Airports Commission                               |
| B.P. Oil Pipeline Company             | Minneapolis Community Planning and Economic Development (CPED) |
| Burlington Northern Railroad Company  | Minnesota Department of Transportation                         |
| Campbell Soup Company                 | 3M Corporation   |
| Ceridian Corporation                  | Northwest Airlines, Inc.                                       |
| CMC Heartland Partners                | Northwestern Mutual Life Insurance Co.                         |
| Deluxe Check Corporation              | Old Dutch Foods  |
| Equitable Life Assurance Co.          | Philips Lighting   |
| Exxon Mobil Corporation               | Resolution Trust Corporation                                   |
| Farm Credit Services                  | Reynolds Metals Company  |
| First Bank Systems                    | Soo Line Railroad Company                                      |
| Great River Energy                    | Unisys Corporation   |
| Honeywell, Inc.                       | University of Minnesota  |
| IBM Corporation                       | U.S. Environmental Protection Agency                           |
| IDS Financial Services                | U.S. Fish & Wildlife   |
| Internal Revenue Service              | U.S. Postal Service  |
| Jostens, Inc.                         | Wells Fargo  |
| LaSalle National Bank                 | Williams Pipeline Company                                      |
| Lockheed Martin                       | Xcel Energy  |
| Louisville Regional Airport Authority |  |

Other clients include various Cities (Andover, Belle Plaine, Bloomington, Brooklyn Center, Burnsville, Cambridge, Chanhassen, Chaska, Cokato, Columbia Heights, Crystal, Duluth, Elk River, Farmington, Jordan, Lake City, Lino Lakes, Marshall, Medina, Minneapolis, Minnetonka, New Brighton, New Prague, Osseo, Prior Lake, Ramsey, Richfield, Robbinsdale, Rochester, St. Paul, St. Louis Park, Savage, Shakopee and Victoria), and Counties (Anoka, Benton, Brown, Carver, Clay, Dakota, Douglas, Goodhue, Hennepin, Jackson, McLeod, Murray, Nicollet, Otter Tail, Ramsey, Scott, Sherburne, Stearns, Steele and Washington), in the State of Minnesota.

#### COURT EXPERIENCE

Qualified as an expert witness in Minnesota Tax Court, U. S. District Court (Minnesota), Anoka, Carver, Dakota, Goodhue, Hennepin, Isanti, Rice, Scott, Wabasha, Washington and Wright County District Court and various Commission Hearings.

| Activity  | FERC Account | Account Description                           | Debit        | Credit       |
|---|--------------|---|--------------|--------------|
| Record Sale Proceeds                                    | 131          | Cash or Equivalent                            | \$ 7,700,000 |              |
|   | 108.30       | Retirement Work in Progress - Salvage         |              | \$ 7,700,000 |
| Record Costs Associated with Sale                       | 108.20       | Retirement Work in Progress - Cost of Removal | \$ 75,000    |              |
|   | 131          | Cash or Equivalent                            |              | \$ 75,000    |
| Retire Assets Sold and Clear Retirement Work Order      | 108.30       | Retirement Work in Progress - Salvage         | \$ 7,700,000 |              |
|   | 421.1        | Gain on Disposition of Property               |              | \$ 7,469,777 |
|   | 108.20       | Retirement Work in Progress - Cost of Removal |              | \$ 75,000    |
|   | 101          | Electric Plant in Service-Land                |              | \$ 155,223   |
| Reclass Minnesota share of gain to Regulatory Liability | 421.1        | Gain on Disposition of Property               | \$ 5,435,727 |              |
|   | 254          | Other Regulatory Liability                    |              | \$ 5,435,727 |

348 acres

**\$ 20,910,727 \$ 20,910,727**

**\$ -**

2021 Actual Allocators:  
 EDemandProd  
 36 mth Interchange Demand Allocator

| MN          | ND        | SD        |  |
|-------------|-----------|-----------|--|
| 86.96%      | 6.29%     | 6.75%     |  |
| 83.68%      | 83.68%    | 83.68%    |  |
| 72.77%      | 5.26%     | 5.65%     |  |
| \$5,435,727 | \$392,925 | \$421,953 |  |

## CERTIFICATE OF SERVICE

I, Crystal Syvertsen, hereby certify that I have this day served copies of the foregoing document on the attached lists of persons.

by depositing a true and correct copy thereof, properly enveloped with postage paid in the United States mail at Minneapolis, Minnesota

electronic filing

**Docket No.**

Dated this 1st day of September 2022

/s/

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Crystal Syvertsen Regulatory Administrator

| First Name     | Last Name          | Email                                | Company Name                       | Address   | Delivery Method    | View Trade Secret | Service List Name   |
|----------------|--------------------|--------------------------------------|------------------------------------|---|--------------------|-------------------|---|
| Alison C       | Archer             | aarcher@misoenergy.org               | MISO                               | 2985 Ames Crossing Rd<br><br>Eagan,<br>MN<br>55121                                  | Electronic Service | No                | GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric |
| James J.       | Bertrand           | james.bertrand@stinson.com           | STINSON LLP                        | 50 S 6th St Ste 2600<br><br>Minneapolis,<br>MN<br>55402                             | Electronic Service | No                | GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric |
| John           | Coffman            | john@johncoffman.net                 | AARP                               | 871 Tuxedo Blvd.<br><br>St, Louis,<br>MO<br>63119-2044                              | Electronic Service | No                | GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric |
| Generic Notice | Commerce Attorneys | commerce.attorneys@ag.state.mn.us    | Office of the Attorney General-DOC | 445 Minnesota Street Suite 1400<br><br>St. Paul,<br>MN<br>55101                     | Electronic Service | No                | GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric |
| Riley          | Conlin             | riley.conlin@stoel.com               | Stoel Rives LLP                    | 33 S. 6th Street Suite 4200<br>Minneapolis,<br>MN<br>55402                          | Electronic Service | No                | GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric |
| Brooke         | Cooper             | bcooper@allete.com                   | Minnesota Power                    | 30 W Superior St<br><br>Duluth,<br>MN<br>558022191                                  | Electronic Service | No                | GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric |
| George         | Crocker            | gwillc@nawo.org                      | North American Water Office        | PO Box 174<br><br>Lake Elmo,<br>MN<br>55042   | Electronic Service | No                | GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric |
| Christopher    | Droske             | christopher.droske@minneapolismn.gov | City of Minneapolis                | 661 5th Ave N<br><br>Minneapolis,<br>MN<br>55405                                    | Electronic Service | No                | GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric |
| John           | Farrell            | jfarrell@ilsr.org                    | Institute for Local Self-Reliance  | 2720 E. 22nd St<br>Institute for Local Self-Reliance<br>Minneapolis,<br>MN<br>55406 | Electronic Service | No                | GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric |
| Sharon         | Ferguson           | sharon.ferguson@state.mn.us          | Department of Commerce             | 85 7th Place E Ste 280<br><br>Saint Paul,<br>MN<br>551012198                        | Electronic Service | No                | GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric |
|                |                    |                                      |                                    |   |                    |                   |   |

| First Name | Last Name        | Email                            | Company Name                         | Address   | Delivery Method    | View Trade Secret | Service List Name   |
|------------|------------------|----------------------------------|--------------------------------------|---|--------------------|-------------------|---|
| Edward     | Garvey           | edward.garvey@AESLconsulting.com | AESL Consulting                      | 32 Lawton St<br>Saint Paul,<br>MN<br>55102-2617                       | Electronic Service | No                | GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric |
| Adam       | Heinen           | aheinen@dakotaelectric.com       | Dakota Electric Association          | 4300 220th St W<br>Farmington,<br>MN<br>55024                         | Electronic Service | No                | GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric |
| Michael    | Hoppe            | lu23@ibew23.org                  | Local Union 23, I.B.E.W.             | 445 Etna Street<br>Ste. 61<br>St. Paul,<br>MN<br>55106                | Electronic Service | No                | GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric |
| Alan       | Jenkins          | aj@jenkinsatlaw.com              | Jenkins at Law                       | 2950 Yellowtail Ave.<br>Marathon,<br>FL<br>33050                      | Electronic Service | No                | GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric |
| Richard    | Johnson          | Rick.Johnson@lawmoss.com         | Moss & Barnett                       | 150 S. 5th Street<br>Suite 1200<br>Minneapolis,<br>MN<br>55402        | Electronic Service | No                | GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric |
| Sarah      | Johnson Phillips | sarah.phillips@stoel.com         | Stoel Rives LLP                      | 33 South Sixth Street<br>Suite 4200<br>Minneapolis,<br>MN<br>55402    | Electronic Service | No                | GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric |
| Thomas     | Koehler          | TGK@IBEW160.org                  | Local Union #160, IBEW               | 2909 Anthony Ln<br>St Anthony Village,<br>MN<br>55418-3238            | Electronic Service | No                | GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric |
| Peder      | Larson           | plarson@larkinhoffman.com        | Larkin Hoffman Daly & Lindgren, Ltd. | 8300 Norman Center Drive<br>Suite 1000<br>Bloomington,<br>MN<br>55437 | Electronic Service | No                | GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric |
| Kavita     | Maini            | kmains@wi.rr.com                 | KM Energy Consulting, LLC            | 961 N Lost Woods Rd<br>Oconomowoc,<br>WI<br>53066                     | Electronic Service | No                | GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric |
| Pam        | Marshall         | pam@energycents.org              | Energy CENTS Coalition               | 823 7th St E<br>St. Paul,<br>MN<br>55106                              | Electronic Service | No                | GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric |

| First Name     | Last Name                      | Email                                | Company Name                         | Address  | Delivery Method    | View Trade Secret | Service List Name  |
|----------------|--------------------------------|--------------------------------------|--------------------------------------|--|--------------------|-------------------|--|
| Stacy          | Miller                         | stacy.miller@minneapolisn.gov        | City of Minneapolis                  | 350 S. 5th Street<br>Room M 301<br>Minneapolis,<br>MN<br>55415             | Electronic Service | No                | GEN_SL_Northern States<br>Power Company dba Xcel<br>Energy-Elec_Xcel Miscl<br>Electric |
| David          | Moeller                        | dmoeller@allete.com                  | Minnesota Power                      | 30 W Superior St<br><br>Duluth,<br>MN<br>558022093                         | Electronic Service | No                | GEN_SL_Northern States<br>Power Company dba Xcel<br>Energy-Elec_Xcel Miscl<br>Electric |
| Andrew         | Moratzka                       | andrew.moratzka@stoel.com            | Stoel Rives LLP                      | 33 South Sixth St Ste 4200<br><br>Minneapolis,<br>MN<br>55402              | Electronic Service | No                | GEN_SL_Northern States<br>Power Company dba Xcel<br>Energy-Elec_Xcel Miscl<br>Electric |
| David          | Niles                          | david.niles@avantenergy.com          | Minnesota Municipal Power Agency     | 220 South Sixth Street<br>Suite 1300<br>Minneapolis,<br>Minnesota<br>55402 | Electronic Service | No                | GEN_SL_Northern States<br>Power Company dba Xcel<br>Energy-Elec_Xcel Miscl<br>Electric |
| Carol A.       | Overland                       | overland@legalectric.org             | Legalelectric - Overland Law Office  | 1110 West Avenue<br><br>Red Wing,<br>MN<br>55066                           | Electronic Service | No                | GEN_SL_Northern States<br>Power Company dba Xcel<br>Energy-Elec_Xcel Miscl<br>Electric |
| Generic Notice | Residential Utilities Division | residential.utilities@ag.state.mn.us | Office of the Attorney General-RUD   | 1400 BRM Tower<br>445 Minnesota St<br>St. Paul,<br>MN<br>551012131         | Electronic Service | No                | GEN_SL_Northern States<br>Power Company dba Xcel<br>Energy-Elec_Xcel Miscl<br>Electric |
| Kevin          | Reuther                        | kreuther@mncenter.org                | MN Center for Environmental Advocacy | 26 E Exchange St, Ste 206<br><br>St. Paul,<br>MN<br>551011667              | Electronic Service | No                | GEN_SL_Northern States<br>Power Company dba Xcel<br>Energy-Elec_Xcel Miscl<br>Electric |
| Richard        | Savelkoul                      | rsavelkoul@martinsquires.com         | Martin & Squires, P.A.               | 332 Minnesota Street Ste W2750<br><br>St. Paul,<br>MN<br>55101             | Electronic Service | No                | GEN_SL_Northern States<br>Power Company dba Xcel<br>Energy-Elec_Xcel Miscl<br>Electric |
| Christine      | Schwartz                       | Regulatory.records@xcelenergy.com    | Xcel Energy                          | 414 Nicollet Mall FL 7<br><br>Minneapolis,<br>MN<br>554011993              | Electronic Service | No                | GEN_SL_Northern States<br>Power Company dba Xcel<br>Energy-Elec_Xcel Miscl<br>Electric |
| Will           | Seuffert                       | Will.Seuffert@state.mn.us            | Public Utilities Commission          | 121 7th Pl E Ste 350<br><br>Saint Paul,<br>MN<br>55101                     | Electronic Service | No                | GEN_SL_Northern States<br>Power Company dba Xcel<br>Energy-Elec_Xcel Miscl<br>Electric |



| First Name | Last Name | Email                        | Company Name                  | Address   | Delivery Method    | View Trade Secret | Service List Name   |
|------------|-----------|------------------------------|-------------------------------|---|--------------------|-------------------|---|
| Ken        | Smith     | ken.smith@districtenergy.com | District Energy St. Paul Inc. | 76 W Kellogg Blvd<br><br>St. Paul,<br>MN<br>55102                                 | Electronic Service | No                | GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric |
| Byron E.   | Starns    | byron.starns@stinson.com     | STINSON LLP                   | 50 S 6th St Ste 2600<br><br>Minneapolis,<br>MN<br>55402                           | Electronic Service | No                | GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric |
| James M    | Strommen  | jstrommen@kennedy-graven.com | Kennedy & Graven, Chartered   | 150 S 5th St Ste 700<br><br>Minneapolis,<br>MN<br>55402                           | Electronic Service | No                | GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric |
| Eric       | Swanson   | eswanson@winthrop.com        | Winthrop & Weinstine          | 225 S 6th St Ste 3500<br>Capella Tower<br>Minneapolis,<br>MN<br>554024629         | Electronic Service | No                | GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric |
| Lisa       | Veith     | lisa.veith@ci.stpaul.mn.us   | City of St. Paul              | 400 City Hall and Courthouse<br>15 West Kellogg Blvd.<br>St. Paul,<br>MN<br>55102 | Electronic Service | No                | GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric |
| Joseph     | Windler   | jwindler@winthrop.com        | Winthrop & Weinstine          | 225 South Sixth Street,<br>Suite 3500<br><br>Minneapolis,<br>MN<br>55402          | Electronic Service | No                | GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric |
| Patrick    | Zomer     | Pat.Zomer@lawmoss.com        | Moss & Barnett PA             | 150 S 5th St #1200<br><br>Minneapolis,<br>MN<br>55402                             | Electronic Service | No                | GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric |