



414 Nicollet Mall
Minneapolis, MN 55401

June 30, 2017

—Via Electronic Filing—

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101

RE: PETITION FOR APPROVAL TO SELL 365 ACRES OF SHERCO LAND
DOCKET NO. E002/M-17-_____

Dear Mr. Wolf:

Northern States Power Company, doing business as Xcel Energy, submits to the Minnesota Public Utilities Commission this Petition for approval of two transactions to sell a total of 365 acres of land located at our Sherburne County Generating Station in Becker, Minnesota.

In addition to this filing, we are also making four related but separate filings today in other dockets. The overall goal of all of these filings is the same: to lower customer costs while continuing to provide safe, reliable service. If approved by the Commission, these initiatives together will achieve over \$531 million in total cost savings (nominally) for our customers over the next 10 years. We believe there are more opportunities to further reduce customer costs and will continue to evaluate other potential transactions and may come forward with additional cost-saving proposals in the future.

The Company acknowledges that bringing forward five separate petitions increases the workload for the Department of Commerce and Commission Staff. We believe it was important to pursue these transactions separately because each transaction has its own unique sets of facts and circumstances. With that being said, we look forward to working with the Department and Commission Staff on developing a schedule that is responsive to any concerns they may have.

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 or (612) 330-6064 if you have any questions regarding this filing.

Sincerely,

/s/

AAKASH H. CHANDARANA
REGIONAL VICE PRESIDENT
RATES AND REGULATORY AFFAIRS

Enclosures
c: Service List

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

Nancy Lange	Chair
Dan Lipschultz	Commissioner
Matthew Schuerger	Commissioner
Katie J. Sieben	Commissioner
John A. Tuma	Commissioner

IN THE MATTER OF THE PETITION OF
NORTHERN STATES POWER COMPANY
FOR APPROVAL TO SELL 365 ACRES OF
SHERCO LAND

DOCKET NO. E002/M-17-_____

PETITION

INTRODUCTION

Northern States Power Company, doing business as Xcel Energy, submits to the Minnesota Public Utilities Commission this Petition for approval of two transactions to sell a total of 365 acres of land located at our Sherburne County Generating Station (Sherco) in Becker, Minnesota. As discussed below, we believe both of these transactions will benefit our customers and stakeholders, including specifically the Becker community. In fact, these negotiations are part of an overall economic development effort by Xcel Energy and officials in the Sherburne County area. And although the Commission has noted in a past docket that deciding who gets the gain from the sale of land is a complex and fact-specific issue, we are proposing to pass all of the gains from these sales on to our customers because our focus is on promoting growth in Sherburne County. For these reasons, we believe the transactions are consistent with the public interest, and we respectfully request that the Commission approve the transactions under Minn. Stat. 216B.50.

The first transaction involves an option agreement for the sale of approximately 50 acres of land to Northern Metals LLC (Northern Metals). This sale will benefit customers because it involves the sale of land that is no longer necessary as buffer around the Company's Sherco Plant and will result in proceeds of approximately \$1,250,000 and a net gain of \$1,222,631.55 (on a NSPM basis), all of which will be returned to customers. The sale will also benefit Northern Metals and the Minnesota Pollution Control Agency (MPCA) by facilitating a settlement between the parties that requires Northern Metals to relocate its recycling facility from its current North Minneapolis location. Finally, the sale will benefit the Becker community by locating

the recycling facility in an appropriate industrial zone and by bringing approximately 85 jobs and significant capital investment to the area in 2019.

The second transaction involves an option agreement for sale of 315.2 acres of land to Jet Stream LLC (Jet Stream). Again, this sale will benefit customers because it involves the sale of land that is no longer necessary as buffer around Sherco and will result in proceeds of \$6,304,000 and a net gain of \$6,014,805.45, all of which will be returned to customers. Like the Northern Metals transaction, this sale will also benefit the Becker community because the site will be used for industrial and/or commercial purposes, which we expect to bring additional jobs, capital investment, and tax base to the Becker community.

Through this Petition, we specifically request that the Commission:

- Approve the land sales according to the terms and conditions stated in the attached option agreements;
- Approve the proposed accounting treatment of the sales revenue from these transactions including a variance to Minn. Rule 7829.3200 so the gains can be passed on to customers through the fuel clause adjustment (FCA); 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 – Antitrust and 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.

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

Ryan J. Long
Principal Attorney
Xcel Energy
414 Nicollet Mall, 401 – 8th Floor
Minneapolis, MN 55401
(612) 215-4659

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

The date of this filing is June 30, 2017.

The Northern Metals option agreement was executed on February 24, 2017, and Northern Metals’ exclusive option to purchase the Becker land is good for 18 months from that date. However, Northern Metals cannot exercise the option for a period of six months from the Option Agreement’s execution date (August 24, 2017), so that Xcel Energy can seek regulatory approval for the transaction during this period.¹

The Jet Stream option agreement was executed on April 28, 2017, and Jet Stream’s exclusive option to purchase the Becker land is good for an initial term of one year from that date. The option can be extended by one additional year provided that Jet Stream complies with certain terms provided in the agreement and discussed below. However, as with the Northern Metals agreement, Jet Stream cannot exercise the option for a period of six months from the Option Agreement’s execution date (October 28, 2017), so that Xcel Energy can seek regulatory approval for the transaction during this period.

We are filing this Petition now—in late June—so the two transactions could be

¹ Neither agreement contains an explicit condition precedent for regulatory approval. Northern Metals could not agree to such a provision in light of its settlement with the MPCA and its need for transactional certainty to facilitate that settlement. We therefore elected to treat both transactions symmetrically and to provide a time period for seeking regulatory approvals rather than a condition precedent.

combined in the same filing and so we could bring forward a larger portfolio of customer savings through a combination of filings related to various power purchase agreements and asset sales for the Commission’s consideration. We believe our customers and stakeholders will benefit from the Commission considering these filings as a package rather than in isolation.

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.

E. Utility Employee Responsible for Filing

Bria E. Shea
Director, Regulatory and Strategic Analysis
Xcel Energy
414 Nicollet Mall, 401 – 7th 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:

Ryan J. Long
Principal Attorney
Xcel Energy
414 Nicollet Mall, 401 – 8th Floor
Minneapolis, MN 55401
ryan.j.long@xcelenergy.com

Carl Cronin
Regulatory Administrator
Xcel Energy
414 Nicollet Mall, 401 – 7th Floor
Minneapolis, MN 55401
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

We request approval of the land sales contemplated by the two option agreements described in this Petition. The agreement between Northern States Power Company and Northern Metals is included as Attachment A. The agreement between Northern States Power Company and Jet Stream is included as Attachment B.

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

- Background
- Description of Transactions
- Standard of Review
- Proposed Accounting Treatment for Sales Proceeds

Attachments provided with this filing are listed below:

- Attachment A – Northern Metals Agreement
- Attachment B – Jet Stream Agreement
- Attachment C – Patchin Messner Dodd & Brumm Appraisal
- Attachment D – Proposed Journal Entries

A. Background

Both of the transactions proposed in this Petition involve the sale of land that was previously maintained as buffer around the Sherco site. Due to improved environmental controls that have been installed at Sherco, however, 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 therefore proceeded to seek out opportunities to market the land for industrial development projects, which ultimately led to negotiations with the parties described below. These negotiations are part of an overall economic development effort by Xcel Energy and officials in the Sherburne County area.

Northern Metals is one of the largest metal recycling companies in the Midwest and currently operates a metal shredder at 2800 Pacific Street in Northern Minneapolis. In 2016, the MPCA sought to revoke Northern Metals' air quality permit on the basis of particulate emissions that, according to MPCA, violated state air quality standards near the site. In March of 2017, Northern Metals and the MPCA reached a settlement agreement that, among other things, required Northern Metals to relocate its facility out of Minneapolis by 2019. As this settlement agreement was being negotiated, Xcel Energy and Northern Metals were negotiating the option agreement at issue in this

Petition. That agreement gives Northern Metals the option to purchase approximately 50 acres of land suitable for industrial use in Becker, Minnesota, where Northern Metals plans to construct a state-of-the-art metals recycling facility. Xcel Energy and Northern Metals announced this agreement on the same day the settlement agreement between Northern Metals and the MPCA was made public. Northern Metals hopes to complete the new facility by August of 2019 so that it can relocate its shredding operation following closure of its Minneapolis facility.

Jet Stream is a Delaware special purpose entity that—if it elects to exercise the option—intends to develop the Becker land for industrial purposes. As part of this transaction, the Company and Jet Stream entered into a non-disclosure agreement to govern the exchange of confidential information during the negotiation process, including Jet Stream’s specific intended use for the land.

B. Description of Transactions

The basic terms of the option agreement between the Company and Northern Metals are as follows:

- In exchange for an escrow deposit of \$60,000, Xcel Energy granted Northern Metals an exclusive option and right to purchase approximately 50 acres of land in Becker, Minnesota for a purchase price of \$25,000 per acre (with the precise acreage to be determined by survey). This purchase price was determined on the basis of an appraisal obtained by the Company from a nationally recognized valuation firm (Patchin Messner Dodd & Brumm in Burnsville, Minnesota). A copy of the appraisal is provided as Attachment C.
- Northern Metals’ option is good for 18 months from the date the Option Agreement was executed, which was February 24, 2017. However, Northern Metals cannot exercise its options until six months has passed from the time the Option Agreement was executed in order to facilitate Xcel Energy’s request for regulatory approval for the land sale.
- If it elects to exercise the option, Northern Metals’ use of the property will be limited to developing it as a scrap metal recycling facility, which will involve the relocation of its existing shredder and non-ferrous metal processing operations from 2800 Pacific Street in Minneapolis.
- If Northern Metals exercises the option, the purchase and sale of the land must be closed within 60 days after the date on which the option is exercised.
- Aside from the specific representations and warranties made by Xcel Energy in the Option Agreement, Northern Metals—if it elects to exercise its option—agrees to take the property “as-is, where-is, with all faults” with no right of set-off or reduction in the purchase price.

The basic terms of the option agreement between the Company and Jet Stream are as follows:

- In exchange for an escrow deposit of \$100,000, Xcel Energy granted Jet Stream an exclusive option and right to purchase 315.2 acres of land in Becker, Minnesota for a purchase price of \$20,000 per acre for a total price of \$6,304,000. This purchase price was also determined on the basis of the appraisal discussed above, which analyzed the similar—but substantially smaller—parcel of land that is the subject of the Northern Metals option agreement. The reduced per-acre purchase price reflects the volume of land to be purchased by Jet Stream (if it exercises the option).
- Jet Stream’s option is good for one year from the date the option agreement was executed, which was April 28, 2017.² However, Jet Stream cannot exercise its option until six months has passed from the time the option agreement was executed in order to facilitate Xcel Energy’s request for regulatory approval for the land sale.
- Jet Stream has the right to extend the option period for an additional year, provided that it gives written notice to Xcel Energy at least 90 days prior to the initial expiration date and deposits another \$100,000 with the escrow agent.
- If it elects to exercise the option, Jet Stream’s use of the property will be limited to developing it for commercial or industrial purposes.
- If Jet Stream 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.
- Aside from the specific representations and warranties made by Xcel Energy in the Option Agreement, Jet Stream—if it elects to exercise its option—agrees to take the property “as-is, where-is, with all faults” with not right of set-off or reduction in the purchase price.

C. Standard of Review

1. Statutory Requirements

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

² April 28, 2018 is a Saturday, so the option agreement specifies that the option expires on Monday, April 30, 2018.

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 a showing that the transaction is consistent with the public interest.

We believe both of the transactions at issue in this Petition are consistent with the public interest for a number of reasons. First, we believe the purchase price for each transaction is reasonable and supported by an independent appraisal. Second, given the significant gains that will result from these sales along with the many years this land has been in-service, we intend to pass all of the net gains back to customers as more fully discussed below. Third, both transactions will provide significant benefits—including substantial capital investment and increased tax base—to the Becker community and, in fact, are part of an overall economic development effort by Xcel Energy and officials in the Sherburne County area. Additionally, with respect to the Northern Metals transaction in particular, the relocation of Northern Metals' recycling facility is expected to bring at least 85 jobs to the area. For these reasons, the Becker City Manager has publicly expressed his enthusiasm for the transaction:

We are very pleased that Northern Metals is bringing new jobs and capital investments to the area. They have chosen a great site for their new facility and we look forward to the many positive impacts Northern Metals Recycling will have in the Becker community.³

³ <http://minnesota.cbslocal.com/2017/03/03/northern-metals-settlement-moving/>

Finally, the Northern Metals transaction will facilitate the settlement between Northern Metals and the MPCA and, by so doing, will benefit the City of Minneapolis, the MPCA, and the Becker community by relocating the recycling facility to an area that is well-suited for industrial development.

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

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 two parcels of land the Company is proposing to sell have the following book values⁴:

50 Acres (Northern Metals)	\$11,199.63 ⁵
315.2 Acres (Jet Stream)	\$277,272.40

We therefore calculate the approximate potential net gains on each sale as follows:

⁴ Combined, these parcels have less than \$25,000 of impact on the Company's annual revenue requirement.

⁵ Dollar amounts are for NSPM.

50 Acres (Northern Metals Option)

Expected Sales Proceeds	\$1,250,000.00
Book Value	\$11,199.63
Transaction Fees ⁶	\$16,168.82
Net Gain	\$1,222,631.55

315.2 Acres (Jet Stream Option)

Expected Sales Proceeds	\$6,304,000.00
Book Value	\$277,272.40
Transaction Fees	\$11,922.15
Net Gain	\$6,014,805.45

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 utility property, which is excluded from rate-making and not required to be shared with utility customers; however, as we are suggesting that these potential gains be shared with our customers, we propose recording this purchase to FERC Account 254 until returned to customers.

In order to pass these net gains on to our customers in a timely fashion, we propose to do so through the FCA (assuming the options are ultimately exercised). We are therefore also requesting that the Commission grant a variance pursuant to Minn. Rule 7829.3200 to allow this pass through of funds using the FCA. We believe this variance would facilitate an efficient pass through of benefits to customers, would further the public interest, and would not violate any standard imposed by law. A similar variance was granted by the Commission in Docket. No. E002/M-06-1126 to facilitate a refund to customers of settlement funds the Company received from the Department of Energy.

Please see Attachment D for estimated, proposed journal entries for these transactions. We will provide final journal entries following each closing.

⁶ 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 each closing.

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 land sales according to the terms and conditions stated in the attached option agreements;
- Approve the proposed accounting treatment of the sales revenue from these transactions; 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.

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

Nancy Lange	Chair
Dan Lipschultz	Commissioner
Matthew Schuerger	Commissioner
Katie J. Sieben	Commissioner
John A. Tuma	Commissioner

IN THE MATTER OF THE PETITION OF
NORTHERN STATES POWER COMPANY
FOR APPROVAL TO SELL 365 ACRES OF
SHERCO LAND

DOCKET NO. E002/M-17-____

PETITION

SUMMARY OF FILING

Please take notice that on June 30, 2017, Northern States Power Company doing business as Xcel Energy filed with the Minnesota Public Utilities Commission a Petition for approval of two transactions to sell a total of 365 acres of land located at our Sherburne County Generating Station in Becker, Minnesota.

Execution Copy

OPTION AGREEMENT

THIS OPTION AGREEMENT (the "Agreement") is made and entered into as of this ____ day of February, 2017 by and between Northern Metals LLC, a Delaware limited liability company ("Purchaser") and Northern States Power Company, a Minnesota corporation ("Seller").

R E C I T A L S :

Seller is the owner in fee simple of certain lands located in the City of Becker, County of Sherburne, and State of Minnesota.

Purchaser desires to obtain from Seller an exclusive option (the "Option") to purchase a portion of the Seller's property, as described below. Seller is willing to grant the Option on the terms set out below.

NOW THEREFORE, in consideration of the deposit by Purchaser of Sixty Thousand Dollars (\$60,000.00) as "Option Consideration" (which shall be held by the Title Company, as defined below, and be nonrefundable to Purchaser except as expressly provided herein), the mutual covenants and agreements contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, agree as follows:

1.0 Property Subject to the Option. The real property subject to the Option shall be that portion of Seller's land generally described on the attached Exhibit A and all rights, privileges, easements, tenements, hereditaments and appurtenances belonging thereto (the "Property"). The Property consists of approximately 50 acres. The exact dimensions of the Property shall generally conform with Exhibit A and shall be verified by Survey, as further described below.

2.0 Option to Purchase the Property. Seller hereby grants to Purchaser for the period (the "Option Period") beginning on the date hereof and ending at 11:59 p.m. Minnesota time on the date eighteen (18) months thereafter (the "Option Expiration Time") the exclusive right and option to purchase the Property for the Purchase Price (as hereinafter defined) which shall be payable in full at Closing, which shall occur within sixty (60) days following Purchaser's exercise of the Option on a date to be mutually determined by Seller and Purchaser ("Closing" or "Date of Closing"). In the event that the Option Period is terminated or lapses without Purchaser having exercised the Option, the entire Option Consideration shall be retained by Seller, except as set forth at Paragraph 4.0. Purchaser may terminate this Agreement for any reason or for no reason at any time prior to exercise of the Option by delivering written notice to Seller.

3.0 Purchaser's Representations; Proposed Use. As an express condition of this Agreement, Purchaser hereby represents and warrants that it shall only develop the Property as a scrap metal recycling facility, including but not limited, to ferrous metal shredding and non-ferrous metal recovery operations ("Proposed Use"), and Purchaser intends to move its existing

shredder and non-ferrous metal processing operations from 2800 Pacific Street, Minneapolis, MN (the "NMR Pacific Street Location") to the Property, provided that Purchaser may continue to use the NMR Pacific Street Location for other ancillary purposes related to its business that do not include the use of a shredder or non-ferrous metal processing equipment. Purchaser shall provide Seller with a true and complete copy of the final consent decree ("Consent Decree") with the Minnesota Pollution Control Agency ("MPCA") documenting Purchaser's requirement to cease operations of the metal shredder and non-ferrous metal processing operations at the NMR Pacific Street Location on or before August 1, 2019 (unless an extension is otherwise agreed to by MPCA for good cause) and commence operations at the Property on or about the same date (unless otherwise extended by MPCA) with written notice of such extension to Seller.

4.0 Termination of Agreement by Seller. Notwithstanding the provisions of Paragraph 2.0, Seller reserves the right to terminate this Agreement by delivering written notice of such termination ("Termination Notice") to Purchaser in the event that on or before the Date of Closing, Seller determines that Purchaser is either pursuing the development of the Property for purposes other than the Proposed Use or has abandoned its efforts to develop the Property. Upon delivery of the Termination Notice, this Agreement shall terminate and neither party shall have any rights or obligations hereunder. In the event Seller terminates the Agreement as set forth in this Paragraph 4.0, Seller shall return the Option Consideration to Purchaser without interest.

5.0 Purchase Price. The purchase price ("Purchase Price") for the Property shall be equal to the number of acres, or portions thereof within the Property, exclusive of portions of the Property within dedicated public road rights-of-ways (the "Qualified Acres") multiplied by Twenty-Five Thousand Dollars (\$25,000.00) per acre or portion thereof. The number of Qualified Acres shall be set forth on the Survey. Purchaser shall be granted a credit against the Purchase Price for the Option Consideration paid pursuant to this Agreement. The Purchase Price shall be paid to Seller in cash, certified check or wire transfer of immediately available funds at Closing.

6.0 Exercise of Option.

- (a) Purchaser shall exercise the Option only in its entirety by delivering to Seller prior to the expiration of the Option Period, the Option Exercise Notice in the form attached hereto as Exhibit B.
- (b) Notwithstanding anything to the contrary in this Agreement, Purchaser shall not exercise the Option at any time prior to the six (6) month anniversary of the date when this Agreement was executed by both parties to give Seller sufficient time to obtain regulatory approvals, which it shall diligently pursue. Notwithstanding the foregoing, Seller may waive the foregoing limitation at any time prior to the six (6)-month anniversary by written notice to Purchaser. If Purchaser tenders exercise of the Option prior to such date, such exercise shall be invalid and of no force or effect.
- (c) Unless the Option is exercised by Purchaser prior to the Option Expiration

Time, all Purchaser's rights, options and privileges hereunder as to the Property shall automatically and fully expire on the Option Expiration Time and be of no further force or effect whatsoever and neither Purchaser nor Seller shall have any further liability or obligation to the other under this Agreement.

7.0 Purchaser to Determine Prior to Exercising the Option that Seller's Title to the Property is Marketable. Prior to electing to exercise the Option, Purchaser must satisfy itself that Seller's title to the Property is marketable. Seller shall cause to be delivered to Purchaser a commitment for an owner's title insurance policy in the current ALTA form issued by Commercial Partners Title Company (the "Title Company"). If Purchaser exercises the Option, Purchaser shall be solely responsible for payment of all premium charges for any policy of title insurance for the Property.

Seller shall deliver to Purchaser an ALTA/NSPS survey describing the Property and showing the number of Qualified Acres (the "Survey"). If legal subdivision or platting is required in connection with the Purchaser's development of the Property or the conveyance of the Property to Purchaser, Purchaser shall pay all costs associated therewith. If subdivision or platting is not legally required, Seller shall be responsible for preparing the legal description so that the Property may be conveyed by metes and bounds legal description.

8.0 Due Diligence.

(a) Review of Documents. Seller shall deliver to Purchaser:

- (i) Copies of any notices of any statute, ordinance or code violations pertaining to the Property received by Seller or its agents which have not been corrected.
- (ii) Copies of any existing soil tests, environmental and hazardous waste reports and assessments, engineering reports and assessments and all other reports of a similar nature pertaining to Environmental Laws (as defined below) relating to the Property in Seller's possession, custody or control.
- (iii) Copies of any Leases affecting the Property.
- (iv) Copies of any easements Seller requires for the present and future operation of its facilities over, under and across the Property as referenced in Paragraph 12.0(b).
- (v) Copies of any special assessments, levied or pending against the Property.

Seller shall deliver all such information within ten (10) business days after the date hereof and shall periodically provide updated information, as appropriate. Purchaser shall not disclose any

information relating to the environmental conditions at the Property or at or related to the operations of Seller's adjacent properties to third parties without first obtaining Seller's written consent.

- (b) Promptly, but not later than ten (10) business days after full execution of this Agreement, Purchaser shall deliver to Seller documents, plans, models, and reports regarding Purchaser's design of its facility to be constructed at the Property and its expected air emissions from all sources. Purchaser shall provide Seller with updates of such information, as requested.
- (c) Prior to electing to exercise the Option, Purchaser shall take such steps and actions as it considers necessary or appropriate in the circumstances to satisfy Purchaser fully as to:
 - (i) The present condition, state of repair and fitness of the Property, as well as the present and prospective use and value of the Property;
 - (ii) Soil and subterranean conditions, load-bearing capabilities and all other characteristics, qualities and elements of the Property; and
 - (iii) The building, use, zoning and environmental laws, ordinances and regulations (local, state and federal) applicable in any way to the Property and Purchaser's development of same or to any part or portion thereof.
- (d) During the Option Period, Purchaser and its employees, consultants and contractors shall, at Purchaser's sole cost and expense, be entitled to:
 - (i) Enter upon and examine, inspect and test the Property and each and every part thereof pursuant to the terms of the Access Agreement set forth as Exhibit C; and
 - (ii) Seek such municipal and other governmental permits or approvals as Purchaser deems necessary or appropriate, including without limitation subdivision and platting approval (all of which shall be effective only after the Date of Closing).

9.0 Control of Property. Until the Date of Closing, Seller shall have the full responsibility and the entire liability for any and all damages or injuries of any kind whatsoever to the Property, to any and all persons, whether employees or otherwise, and to any other property from and connected to the Property, except liability arising directly from the negligence of Purchaser, its agents or employees. If, following exercise of the Option but prior to the Date of Closing, all or a portion of the Property shall be the subject of an action in eminent domain or a proposed taking by a governmental authority, whether temporary or permanent, Purchaser, at its sole election, shall have the right to terminate this Agreement without liability on its part, by so notifying Seller and all sums heretofore paid by Purchaser shall then be promptly refunded to

Purchaser. Seller agrees to keep the Property continually insured during the term of this Agreement under a policy of fire and extended coverage insurance with actual replacement cost endorsement.

10.0 Brokerage Fees and Commissions. Seller warrants to Purchaser that in connection with this transaction Seller has not taken any action which will result in any real estate broker's fee being due or payable to any party. Purchaser warrants to Seller that in connection with this transaction, Purchaser has not taken any action which would result in any real estate broker's fee, finder's fee or other fee being due or payable to any party. Seller and Purchaser respectively agree to indemnify, defend and hold harmless the other from and against any and all claims, fees, commissions and suits of any real estate broker or agent with respect to services claimed to have been rendered for or on behalf of the indemnifying party in connection with the execution of this Agreement or the transaction set forth herein.

11.0 Seller's Warranties. Seller hereby warrants that:

- (a) The Property is not subject to any lease or sublease, nor are there any tenants in possession of the Property other than as reflected in the copies of Leases delivered to Purchaser pursuant to Paragraph 8.0(a)(iii) hereof.
- (b) Seller has not received any notice nor is it aware of any pending action to take by eminent domain or by deed in lieu thereof all or any portion of the Property.
- (c) Seller is not a "foreign person" as contemplated by Section 1445 of the Internal Revenue Code.
- (d) Seller has the full, right, power and authority to enter into this Agreement and to carry out the terms and provisions hereof including, but not limited to, compliance with all appropriate procedures to authorize the execution and delivery of this Agreement and the documents and instruments of conveyance necessary or appropriate to carry out this transaction.
- (e) Pursuant to the Minnesota Ground Water Protection Act, Minn. Stat. Chapter 103I, Seller certifies that it knows of one well on the Property. Seller certifies that it does not know of any individual sanitary treatment systems or "septic systems" on the Property. To Seller's knowledge, methamphetamine production has not occurred at the Property. Seller discloses that any applicable airport zoning regulations affecting the Property are available for review at the Sherburne County Courthouse. Seller certifies that it does not know of any above ground or underground storage tanks now located in or on the Property. Seller certifies that it does not know of any above ground or underground storage tanks that have been located in or on the Property and have subsequently been removed or filled. Purchaser acknowledges that Seller's certifications in this Section entitled "Statutory Representations" are provided only to the

extent required by Minnesota law and shall be deemed limited in scope and purpose so as to provide only the certifications as expressly required by law.

All of the Seller's certifications in this Paragraph 11.0 shall be subject to and automatically modified by any tests, reports, studies or other information concerning the Property previously provided to or obtained by Purchaser or which are provided to or obtained by Purchaser prior to Closing. The Seller's representations and warranties set out in this Agreement shall be continuing and shall be deemed to survive the Closing for a period of six (6) months and shall not be merged in the delivery and execution of the deed or other instruments of conveyance called for in this Agreement.

12.0 Closing.

- (a) If Purchaser exercises the Option as and when required hereunder, the purchase and sale contemplated hereunder shall be closed through escrow conducted by the Title Company within sixty (60) days after the exercise of the Option (the "Closing").
- (b) Seller shall, upon payment by Purchaser of the Purchase Price, convey marketable title to the Property to Purchaser by a duly executed and acknowledged limited warranty deed, free and clear of all liens and encumbrances, except a restrictive covenant as agreed to by Seller and Purchaser recorded against the Property that restricts the use of the Property to the Proposed Use; municipal and zoning ordinances, defined recorded easements for public utilities, recorded building and use restrictions and covenants, general taxes levied in the year of closing and special assessments, and the reservation of any easements Seller requires for the present and future operation of its facilities over, under and across the Property, including the right to install and monitor groundwater monitoring wells and an easement to encumber the property with noise and vibrations as well as dust (coal, ash or soil) or other emissions into the atmosphere which may result from the normal and lawful operation of an electric generating plant and related facilities in the form set forth at Exhibit D. All such reservations will be set forth in the limited warranty deed.
- (c) Seller shall deliver to Purchaser executed (and notarized, where applicable) originals of the following documents:
 - (i) A transferor's certification stating that Seller is not a "foreign person," "foreign partnership," "foreign trust" or "foreign estate" as those terms are defined in Section 1445 of the Internal Revenue Code, and containing such additional information as may be required thereunder.
 - (ii) All normal and customary documents and instruments which (1) Purchaser or the Title Company may reasonably determine are necessary

to transfer the Property to Purchaser in the condition required hereunder; (2) the Title Company may reasonably determine are necessary to evidence the authority of Seller to perform this Agreement and the documents and instruments required to be executed and delivered by Seller pursuant to this Agreement; (3) the Title Company may reasonably require as a condition to issuing a title insurance policy, including any Seller's affidavits or agreements; or (4) may be required of Seller under applicable law.

(iii) A Settlement Statement consistent with this Option Agreement executed by Seller.

(iv) The repurchase option in favor of Seller, as further described at Paragraph 20.0.

(v) An undertaking, whereby Seller agrees to obtain a release of the Property from its Corporate Trust Indenture within 120 days (or such longer period of time as may be necessary, provided Seller is diligently pursuing the release, but in no case shall such period of time exceed 240 days) after the Date of Closing.

(d) On the Date of Closing, Purchaser shall deliver to Seller the following:

(i) The Purchase Price, subject to the adjustments and prorations set forth herein.

(ii) A Settlement Statement consistent with this Option Agreement executed by Purchaser.

(iii) The repurchase option in favor of Seller, as further described at Paragraph 20.0.

13.0 Proration of Real Estate Taxes if Purchaser Exercises the Option. If Purchaser exercises the Option:

(a) All the real estate taxes and installments of special assessment that are payable on the Property in the year of Closing and in prior years shall be paid in full by Seller at or before the Date of Closing;

(b) The real estate taxes payable on the Property in the year of Closing shall be prorated as between Seller and Purchaser as of the Date of Closing; and

(c) Purchaser shall pay all taxes that are payable on the Property in the year following the Date of Closing and thereafter.

(d) Seller and Purchaser shall prorate at closing all special assessments, levied

or pending on the Property as of the Date of Closing.

- (e) Any utilities furnished to the Property shall be prorated as of the Date of Closing.

14.0 “AS-IS”

Except for the warranties made in Paragraph 11.0 hereof, the Property is sold by Seller and acquired by Purchaser, and Purchaser acknowledges and agrees that the Property is being accepted by Purchaser, “AS-IS, WHERE-IS, WITH ALL FAULTS” with no right of set-off or reduction in the Purchase Price, and that except as explicitly set forth in this Agreement and in the limited warranty deed (with respect to warranties of title) such sale shall be without representation of warranties, express or implied, either oral or written, made by Seller or any agent or representative of Seller with respect to the physical or structural condition of the Property, or with respect to the existence or absence of, Hazardous Materials, in, on, under, or affecting the Property or with respect to the compliance of the Property or its operation with any laws, ordinances or regulations of any government or other body. Purchaser acknowledges and agrees that Seller has not made and does not make any representations, warranties or covenants of any kind or character whatsoever, whether express or implied, with respect to warranty of income potential, operating expenses, uses, habitability, tenant-ability, or suitability for any purpose, merchantability, or fitness of the Property for a particular purpose, including current or historic environmental conditions of the Property. Purchaser is relying entirely upon information and knowledge obtained from its own investigation, experience, or personal inspection of the Property. Purchaser expressly assumes, at closing, all environmental and other liabilities with respect to the Property and releases and indemnifies Seller from same, whether such liability is imposed by statute or derived from common law including, but not limited to, liabilities arising under any Environmental Law. Purchaser assumes all responsibility for all liabilities and damages caused by, relating to or arising out of any condition of the Property or any liability relating thereof (including, without limitation, environmental investigation and remediation expenses), whether now existing or hereafter arising, and will hold Seller harmless therefrom. Purchaser hereby covenants and expressly waives any right of rescission and all claims for damages relating to the condition of the Property. Purchaser hereby further releases and discharges Seller from any and all claims or causes of action which Purchaser or anyone else may have against Purchaser or Seller in connection with, or arising out of, the condition of the Property. All statements of fact or disclosures, if any, made in this Agreement by Seller or in connection with this Agreement, do not constitute warranties or representations of any nature. The provisions of Paragraph 14 shall survive Closing and shall not be deemed merged into any instrument of conveyance delivered at Closing.

As used herein, the term, Environmental Laws shall mean any and all applicable environmental laws, whether imposed by statute or derived from common law including, but not limited to, the Toxic Substances Control Act (15 U.S.C. § 2601, et seq.), the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, (42 U.S.C. § 9601, et seq.), the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act (42

U.S.C. § 6901, et seq.), the Hazardous Material Transportation Act, (49 U.S.C. § 5101, et seq.), the Federal Water Pollution Control Act, (33 U.S.C. § 1251, et seq.), the Clean Air Act, (42 U.S.C. § 7401, et seq.), the Low-Level Radioactive Waste Policy Act, 42 U.S.C. 2021b et seq., and applicable state counterparts, and their implementing regulations, all as amended from time-to-time, and all other comparable federal, state or local environmental, conservation or environmental protection laws, rules or regulations.

Hazardous Materials shall mean any substance, pollutant, contaminant, chemical, material or waste that is regulated, listed, or identified under any Environmental Laws, or which is deemed or may be deemed hazardous, dangerous, damaging or toxic to living things or the environment, and shall include, without limitation, any flammable, explosive, or radioactive materials; hazardous materials; radioactive wastes; hazardous wastes; hazardous or toxic substances or related materials; polychlorinated biphenyls; petroleum products, fractions and by-products thereof; asbestos and asbestos-containing materials; medical waste, solid waste, and any excavated soil, debris, or groundwater that is contaminated with such materials.

15.0 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of Seller and Purchaser, and their respective successors and assigns; provided, however, that Purchaser's rights hereunder may be assigned to an entity formed by Purchaser for purposes of acquiring title to the Property, provided that such assignment be effective as of the Date of Closing.

16.0 Time is of the Essence. Time is and shall at all times be and remain of the essence of this Agreement.

17.0 Notices. Any notice required or permitted hereunder shall be in writing and shall be either personally served or mailed by certified mail, postage prepaid, return receipt requested, or by overnight courier service such as Federal Express, addressed:

If to Seller, at:

Matt Boehlke
Director, Real Estate Services
Northern States Power Company
414 Nicollet Mall
Minneapolis, MN 55401

with a copy to:

Susan D. Steinwall, Esq.
Fredrikson & Byron, P.A.
200 South Sixth Street, Suite 4000
Minneapolis, Minnesota 55402-1425

If to Purchaser, at:

Northern Metals LLC
143 Harding Avenue
Bellmawr, NJ 08031
Attention: Michael Gross, General Counsel

with a copy to:

Ronald A. Zamansky, Esq.
Zamansky Professional Association
3901 IDS Tower
80 South 8th Street
Minneapolis, MN 55402

or, in either case, such other address as Seller or Purchaser, as the case may be, may from time to time designate by written notice to the other party hereto. Mailed notice shall be deemed to have been given one day following the date it is mailed as herein provided. Personally delivered notice shall be deemed given on the date the same is delivered.

18.0 Default. If Purchaser exercises the Option but fails to close on the purchase of the Property as and when required under this Agreement, Seller may terminate this Agreement as required under applicable law and may retain the Option Consideration as liquidated damages. In the case of any uncured default by Seller following written notice with at least 30 days to cure, upon Purchaser's option, Purchaser may terminate this Agreement and Seller shall immediately return the Option Consideration and reimburse Purchaser for all out-of-pocket expenses reasonably incurred up to a maximum of Fifteen Thousand Dollars (\$15,000.00). Purchaser also shall have the right to specifically enforce this Agreement, provided that any action therefor is commenced within six (6) months after such right arises. Purchaser waives any right it may have to recover damages from Seller.

19.0 Survival of Covenants. If Purchaser exercises the Option, all the terms, conditions, covenants and agreements contained herein shall survive the Closing hereunder and shall thereafter continue in full force and effect.

20.0 Option to Repurchase. Purchaser represents and agrees that it is purchasing the Property for the purpose of redeveloping it for the Proposed Use and not for speculation in land holdings. Purchaser acknowledges the importance of the redevelopment of the Property is to the Seller's interests in developing its industrial customer base and also that the Purchaser's development plans are of particular interest to Seller as consideration for this Agreement. Purchaser further recognizes that it is because of such development plans that the Seller is entering into this Agreement with Purchaser and, in so doing, is further willing to accept and rely on the obligations of the Purchaser for the faithful performance of all undertakings and covenants hereby by it to be performed. As further consideration, Purchaser hereby agrees that if Purchaser exercises the Option hereunder and closes on the purchase of the Property and is subsequently unable or unwilling to commence use of the Property for the Proposed Use on or before August 1, 2020 (the "Trigger Date"), Seller shall have the option and right, to be exercised by written notice to Purchaser at its sole option, to repurchase the Property. On the Date of Closing, the

parties shall enter into a repurchase option agreement in recordable form in favor of Seller that will contain the following: (a) terms customary for commercial real estate transactions in the State of Minnesota; (b) the repurchase Purchase Price shall equal the Purchase Price as defined at Paragraph 5 above plus Purchaser's documented out-of-pocket expenses, if any, to improve the Property, not to exceed \$100,000.00; (c) Purchaser shall convey the Property to Seller free and clear of all liens and monetary encumbrances; (d) Seller shall not be able to exercise the repurchase option prior to the Trigger Date; (e) the repurchase option right shall terminate and be of no further force and effect on the date when the Property is first used for the Proposed Use; (f) a commercially customary clause that extends the Trigger Date for each day that commencement of the Proposed Use is delayed as a result of Force Majeure (as that term is commonly understood); and (g) obligates Seller to provide estoppel certificates to Purchaser or its lender, if necessary, as to the status of the repurchase option.

21.0 Entire Agreement. This Agreement embodies the entire agreement between Seller and Purchaser in relationship to the transaction contemplated hereby, and there have been and are no covenants, agreements, representations, warranties or undertakings of any sort or kind between the parties hereto with respect thereto other than those specifically set forth herein and in the annexed attachments. This Agreement may be amended only by a written instrument executed by both Seller and Purchaser.

22.0 Headings. The headings of the paragraphs of this Agreement are for convenience of reference only and do not form a part hereof and are not to be taken into account in any way in interpreting or construing the text of this Agreement or any part thereof.

23.0 Grammatical Adjustments. Words of any gender used in this Agreement shall be held and construed to include any other gender, and words of a singular number shall be held to include the plural and vice versa, unless the context requires otherwise.

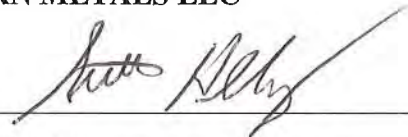
24.0 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original but all of such shall constitute but one and the same agreement.

25.0 Recording. Neither party shall record this Agreement. In the event Purchaser records this Agreement, this Agreement shall automatically terminate.

[Signature Page Follows]


PURCHASER:

NORTHERN METALS LLC

By: 
Its: Chief Operating Officer
Date: 2/22/17

SELLER:

NORTHERN STATES POWER COMPANY

By: 
Its: President
Date: 2/27/17

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EXHIBIT A

The Property

Sherburne County, Minnesota Tax Parcel Number: #60-006-2200 lying north of Liberty Lane SE and south of Industrial Boulevard SE in the City of Becker, Minnesota.

Formal legal description established by the Survey to follow.

EXHIBIT B

Option Exercise Notice

[Exercise Date]

Hand Delivered

Matt Boehlke
Director, Real Estate Services
Northern States Power Company
414 Nicollet Mall
Minneapolis, MN 55401

RE: Notice of Exercise of Option Agreement dated February _____, 2017

Dear Mr. Boehlke:

In accordance with Article 6 of the above referenced Option Agreement (the "Agreement"), the undersigned Purchaser, as the holder of the Option under the Agreement, does hereby exercise the Option by delivering to you this Option Exercise Notice.

Sincerely yours,

Northern Metals LLC

By: _____

Its: _____

EXHIBIT C

Property Access Agreement

This Agreement is effective this _____ day of _____, 2017 by and between Northern Metals LLC, a Delaware limited liability company ("Purchaser") and Northern States Power Company, a Minnesota corporation ("NSP").

Recitals

- A. Purchaser is conducting an inspection of a parcel of land described as the Property in that certain Option Agreement between Purchaser and NSP, dated February ____, 2017 (the "Option Agreement").
- B. In connection with such activities, Purchaser has requested NSP's permission for its authorized employees and representatives to enter the Property.
- C. NSP is willing to provide Purchaser with such access under the terms and conditions set forth in this Agreement.

Agreement

1. Purchaser and its designated employees, contractors or agents shall be granted access to the Property under this Agreement only for the purpose of conducting the inspection described at Paragraph 8 of the Option Agreement and to commence any non-destructive and wholly reversible pre-construction activities in connection with Purchaser's development of the Property as a scrap metal recycling facility as described in Paragraph 3.0 of the Option Agreement (the "Work"). The persons or firms performing the Work will be subject to NSP's reasonable approval prior to any entry onto the Property. Further, Purchaser shall provide NSP with written notice of its intention to enter the Property one (1) business day prior to entering.
2. Purchaser shall repair any damage done to the Property as a result of the Work and upon completion of the Work shall restore the Property to its condition as existed immediately prior to the entry by Purchaser.
3. This Agreement shall terminate upon the sooner of completion of the Work, the Date of Closing or termination of the Option Agreement. Any provision of this Agreement shall survive termination if context so requires including without limitation the indemnities provided for in Paragraph 4 hereof.
4. Purchaser shall defend, indemnify and hold NSP harmless from and against any and all costs (including reasonable attorneys' fees, consultant and expert witness fees), damages,

claims, actions, suits, judgments, fines, penalties or liabilities for personal injury, death, property damage, environmental contamination or natural resource damages arising or allegedly arising in any way as a result of the Work or presence on the Property of Purchaser or any of its agents, contractors, consultants or employees. If NSP provides written consent for invasive tests, Purchaser shall be responsible for the proper treatment and disposal of all samples taken with respect to the Property.

5. Purchaser shall obey all NSP rules and regulations made known to it prior to its entry as well as reasonable oral instructions related to safety as such are made known to Purchaser during its presence on the Property.

6. At all times while on the Property, Purchaser shall be accompanied by a NSP representative, unless otherwise authorized by NSP in advance. Purchaser shall provide NSP with a copy of any completed report or document describing the results or conclusions arising from the Work as soon as such report is completed. Upon issuance of any final reports, Purchaser shall deliver to NSP all non-privileged prior drafts and other documents generated pursuant to the Work within its possession or control. Purchaser agrees to maintain all information and documents (including final reports) generated as a result of the Work as strictly secret and confidential and will not disclose such information or documents to any third party without the express written consent of NSP or as required by law, except to lenders, attorneys and consultants to the extent necessary to complete Purchaser's investigation and perform its obligations hereunder, and subject to such third party's agreement to maintain the information as confidential. Confidential information shall be disseminated within Purchaser's organization and within third party organizations on a "need to know" basis only. In the event that Purchaser does not acquire the Property for any reason, Purchaser will deliver to NSP all copies of any reports, documents describing the results or conclusions arising from or related to the Work, and any and all other documents, writings or records discussing the Work and the results or conclusions.

7. Purchaser and any of its agents, contractors or consultants performing the Work shall take out and maintain, at their own expense, at least the following insurance:

<u>Insurance</u>	<u>Amounts</u>
a. Workers Compensation	Statutory.
b. Comprehensive General Liability	\$1,000,000 each occurrence. \$2,000,000 aggregate.
c. Automotive liability	\$1,000,000 each occurrence. \$2,000,000 aggregate.

NSP must be named as an additional insured on Purchaser's policy of Comprehensive General Liability. Before Purchaser enters the Property, NSP must receive and approve certificates of insurance evidencing the required policies of insurance.

8. Purchaser shall be solely responsible for ensuring that all of its agents, contractor,

consultants, and employees comply with the requirements of this Agreement.

9. This Agreement shall be governed, construed and enforced in accordance with the laws of the State of Minnesota.

10. This Agreement and the Option Agreement set forth the entire agreement and understanding of the parties with respect to the transactions contemplated hereby and supersede all prior agreements, arrangements and understandings relating to the subject matter hereof.

11. This Agreement shall bind upon and inure to the benefit of the parties hereto and their permitted successors and assigns.

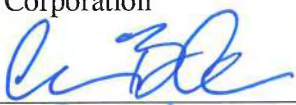
12. This Agreement may be amended, modified, superseded or canceled, and any of the terms or covenants hereof may be waived, only by written instrument executed by the parties hereto or, in the case of waiver, by the party waiving compliance.

13. The failure of NSP at any time or times to require performance of any provision hereof shall in no manner affect its right at a later time to enforce the same. No waiver by NSP of the breach of any terms or covenant contained in this Agreement, whether by conduct or otherwise, in any one or more instances shall be deemed to be construed as further or continuing waiver of any such breach or a breach of any other term or covenant of this Agreement.

IN WITNESS WHEREOF, the parties hereto, intending to be bound hereby, have caused this Agreement to be executed by their officers, duly authorized, as of the day and year first above written.

**NORTHERN STATES POWER
COMPANY**

A Minnesota Corporation

By: 

Its: President

NORTHERN METALS LLC

A Delaware Limited Liability Company

By: _____

Its: _____

[Note: This Is An Exhibit To The Option Agreement Not For Signature]

EXHIBIT D**Reserved Easements**

The Deed shall include the following provisions:

EXCEPTING and RESERVING unto Grantor an easement described as follows:

Grantor hereby excepts and reserves for the benefit of the NSP Property legally described on Exhibit _____ attached hereto and incorporated herein by reference, an easement over the Property granted herein whereby Grantor has the right to encumber said Property with noise and vibrations as well as dust (coal, ash or soil) or other emissions into the atmosphere which may result from the normal and lawful operation of an electric generating plant and related facilities on the NSP Property, whether as it currently exists or as such electric generating facility may be modified, reconstructed or expanded from time to time hereafter. It is further stipulated this easement is for the benefit of any co-owner or lessee or agent representing Grantor or any other owner owning or operating said electric generating plant facilities or any portion thereof, on the NSP Property. Grantor hereby covenants on behalf of itself and its successors and assigns to grant a release of this easement upon retirement and abandonment of all electric generating facilities on the NSP Property.

And Also EXCEPTING and RESERVING unto Grantor an easement described as follows:

The perpetual right, privilege and easement to access and cross a portion of the Property to install, maintain, abandon, and monitor groundwater monitoring wells on the Property and also to excavate for, construct, operate, maintain, use, inspect, rebuild or remove electric and gas transmission lines for the transmission of electric and natural gas energy with necessary and proper valves and other appurtenances and devices used or useful in the operation, maintenance and use of said gas transmission lines and all towers, structures, poles, crossarms, cables, wires, guys, supports, counterpoises, fixtures and devices appurtenant to said electric transmission lines through, over, under and across a portion of the above-described Property to-wit:

An area twenty-five (25) feet in width measured from each of the Property's property lines.

(hereinafter called the "Easement Area")

The reservation of easement herein contained shall also include the right to enter upon the Property (upon reasonable advanced notice to Grantee), to survey for and locate said lines and shall also include the right to trim or remove from said Easement Area any structures, trees (including tall or leaning trees located within the Property adjacent to the Easement Area, which may endanger said lines by reason of falling thereon) or objects, except fences, which in the reasonable opinion of Grantor will interfere with said lines. Grantee agrees not to erect any buildings, structures or other objects, permanent or temporary, except fences, upon the Easement Area. Grantee further agrees not to plant any trees within the Easement Area without the prior

express written approval from NSP, and shall not perform any act which will interfere with or endanger said lines. The Easement Area shall be non-exclusive, provided that other utilities or uses of the Easement Area do not interfere with Grantor's reserved rights as set forth herein.

The reservation of easement herein contained shall also include the right of Grantor to have reasonable access to said Easement Area across the Property as long as such reasonable access does not interfere with Grantee's operations and facilities located on the Property. The reservation of easement herein contained shall also include the right of reasonable temporary use by Grantor of portions of the Property adjacent to said Easement Area during construction, repair or replacement of said transmission lines, provided that such temporary use does not interfere with Grantee's operations and facilities located on the Property.

Said electric lines and supporting structures from time to time may be reconstructed or relocated on said Easement Area with changed dimensions and to operate at different voltages.

The reservation herein contained shall also include the right of Grantor to permit the attachment of wires of others to the structures supporting said lines provided that actions do not interfere with Grantee's operations and facilities located on the Property.

OPTION TO PURCHASE PROPERTY

28th THIS OPTION TO PURCHASE PROPERTY (this "Contract") is entered into this day of April, 2017 (the "Effective Date") by and between Northern States Power Company, a Minnesota corporation ("Owner"), and Jet Stream LLC, a Delaware limited liability company, or its assigns ("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 315.20 acres of land legally described on the attached Exhibit A, together with all buildings and other improvements located thereon, and including any mineral interests associated therewith owned by Owner, easements, rights (including water rights and development rights), permits, privileges, easements, entitlements and 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.
- (b) Option Consideration. As consideration for Owner's grant of the Option, Optionee shall deposit with the Escrow Agent (as defined in Section 1(h) below) for the benefit of Owner the sum of One Hundred Thousand and 00/100 Dollars (\$100,000.00) (the "Year 1 Option Payment") within ten (10) business days following the Effective Date. The Year 1 Option Payment shall be deposited by Escrow Agent in an interest-bearing account (with interest accruing for the benefit of Optionee). If and at such time as Optionee exercises the Option pursuant to Section 1(c) or extends the period for exercising the Option pursuant to Section 1(d) below, the Year 1 Option Payment shall become nonrefundable unless and until such time as:
- (i) Optionee terminates this Contract pursuant to Section 9 or Section 27 below;

CONFIDENTIAL

- (ii) the failure of any of the Closing Conditions set forth in Section 8(b) below, unless such failure is the result of Optionee's default of its obligations under this Contract; or
- (iii) Owner or Optionee terminates this Contract prior to the Expiration Date pursuant to Section 1(e) below.

If (A) either of (i) or (ii) above occur, or (B) if Optionee or Owner terminates this Contract in accordance with Section 1(e) below prior to the Expiration Date, or (C) if Optionee neither exercises the Option nor extends the Option Period prior to 11:59 p.m. Pacific Time on the Expiration Date, then in each case the Option Payment, with interest thereon, shall be returned to Optionee within five (5) days after Optionee's demand. If Optionee exercises the Option, the Year 1 Option Payment shall be credited against the Purchase Price at Closing. The Parties agree to provide Escrow Agent with instructions for the retention and disposition of the Year 1 Option Payment consistent with the terms of this Section 1.

- (c) Time and Manner of Exercise. Commencing on the six-month anniversary of the Effective Date, the Option may be exercised by Optionee at any time prior to 11:59 p.m. Pacific Time on or prior to the Expiration Date (as hereinafter defined), or prior to 11:59 p.m. Pacific Time on or prior to the last day of the Extended Option Period if the period for exercising the Option is extended in accordance with Section 1(d) below, by giving written notice thereof in accordance with Section 12 hereof. If Optionee does not exercise the Option on or prior to 11:59 p.m. on the Expiration Date and if Optionee does not extend the period for Optionee to exercise the Option in accordance with Section 1(d) below, this Contract shall automatically terminate (if not previously terminated), in which event the Year 1 Option Payment shall be returned to Optionee as set forth above at Section 1(b). The Option may not be exercised prior to the six-month anniversary of the Effective Date.
- (d) Option Period; Extended Option Period. The Option shall commence on the Effective Date and, subject to the right of Optionee to extend the period for Optionee to exercise the Option as described below in this subsection, shall terminate at 11:59 p.m. Pacific Time one (1) year thereafter (i.e., April 30, 2018) (the "**Expiration Date**"). The period beginning on the Effective Date and ending on the Expiration Date is referred to herein as the "**Option Period**." Notwithstanding anything in this Contract to the contrary, however, Optionee shall have the absolute right in its sole and absolute discretion (provided that Owner has not exercised its termination right set forth in Section 1(e)) to extend the period for exercise of the Option by an additional one (1) year period beyond the Expiration Date ("**Extended Option Period**") by (i) providing written notice to Owner of such extension in accordance with Section 12 at least ninety (90) days prior to the Expiration Date and (ii) depositing with the Escrow Agent, as additional consideration for the Option, the sum of One Hundred Thousand and 00/100 Dollars (\$100,000.00) ("**Extended Option Payment**") on or before the

first day of the Extended Option Period. If Optionee elects to extend the Option, the Year 1 Option Payment shall become nonrefundable except as provided in Section 1(b) and the Extended Option Payment, if any, shall be subject to the same terms and conditions as, and treated as a part of, the Year 1 Option Payment described above in Section 1(b) of this Contract, and all references to the Year 1 Option Payment shall include the Extended Option Payment as applicable.

- (e) Right to Terminate. Optionee may, in its sole discretion and at any time during the Option Period or the Extended Option Period, terminate this Contract by giving written notice of termination to Owner. Owner shall have the right to terminate this Contract, effective as of the Expiration Date by giving written notice of termination to Optionee within the ten (10) business day period prior to the Expiration Date if Optionee has not achieved the due diligence milestones as defined in Exhibit A-2 at least ten (10) business days prior to the Expiration Date (the “**Due Diligence Milestones**”). In the event Owner does not terminate this Contract by the Expiration Date, Owner shall be deemed to have waived the right of termination afforded under this Section 1(e). 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 Year 1 Option Payment (and, if paid, the Extended Option Payment) shall be returned to Optionee. 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. If Optionee terminates the Contract during the Extended Option Period *other than* pursuant to Section 7(e) or Section 9(a) below, both the Year 1 Option Payment and the Extended Option Payment shall be paid to Owner.
- (f) Binding Obligation. If Optionee exercises the Option (in its sole and absolute discretion) 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.
- (g) Negotiations with Third Parties; Backup Offers. In consideration of the significant expenses Optionee will incur during the term of this Contract, Owner will, for the term of the Option and the duration of this Contract, refrain from any direct or indirect negotiations, discussions, agreements or understandings with any third parties in regard to the sale, leasing, exchange or other transfer of the Property and will not solicit or accept any offers from other parties or otherwise pursue or engage in any discussion, action, matter, marketing or transaction that would be likely to materially interfere with the purpose of this Contract.
- (h) Escrow Agent. Within five (5) days after the execution of this Contract by both Parties, the Parties shall deliver a copy of this fully executed Contract to First American Title Insurance Company (“**Escrow Agent**”), having its offices at 801 Nicollet Mall, Suite 1900, Minneapolis, Minnesota 55402.

2. **Purchase Price.**

If Optionee exercises its Option to purchase the Property, the total purchase price for the Property (the "**Purchase Price**") shall be Six Million Three Hundred Four Thousand and 00/100 Dollars (\$6,304,000.00) (calculated at the rate of Twenty Thousand and 00/100 Dollars (\$20,000.00) per 315.20 gross acres of the Property as established by the Existing Survey (defined below) of the Property. If the exact acreage of the Property as shown in the Survey obtained by Optionee during the Option Period, as described below, is more or less than the acreage shown in the Existing Survey, then the Purchase Price shall be adjusted (based on Twenty Thousand and 00/100 Dollars (\$20,000.00) per acre) to reflect the exact acreage. The total Purchase Price for the Property shall be subject to adjustments and credits at Closing as described below in this Contract.

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 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, permitting and entitlement review, geotechnical review and survey through temporary borings and excavated test pits, groundwater testing 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. Owner acknowledges and agrees that, unless already in the public domain, the information obtained pursuant to the Due Diligence shall be confidential information subject to Section 23 hereof, but may be used and disclosed by Optionee to governmental authorities or other third parties as Optionee proceeds with applications and requests for entitlements, permits, clearance of title exceptions and estoppel and comfort letters relating to the Property and its intended use of the Property. All reports and communications and analyses containing information developed by or at the direction of Optionee as its Due Diligence shall remain the sole property of Optionee, except for such materials delivered to Optionee by Owner pursuant to Section 4(a).

Owner shall obtain the consent of any tenants or farm operators on the Property to the access and investigative rights granted herein to Optionee. Optionee shall be responsible to pay for all damages to growing crops, if any, caused by it during Due Diligence as follows: (i) at the time of any damage to growing crops due to the Due Diligence activities of Optionee, the area of damage shall be measured and documented by Optionee in consultation with Owner; (ii) at the time the crop is harvested on the Property, the average per acre yield shall be verified by the farm tenant and the yield shall be applied to the total area where crop damage occurred due to the activities of Optionee; and (iii) the commodity per bushel price at the time of harvest in Sherburne County, Minnesota shall control and the farm tenant shall be paid as if the growing crops had not been damaged by the activities of Optionee. In the alternative, Optionee and the farm tenant, in consultation with Owner, may negotiate the amount of compensation owing at the time the damage to growing crops occurs and the farm tenant may be paid at that time instead of at the time of harvest. Optionee's obligation to pay crop damages as set forth herein shall survive Closing or termination of this Contract. At the time of payment for damage to growing crops and as a condition thereto, Owner and the farm tenant shall sign a release of Optionee for the damage to growing crops containing terms reasonably satisfactory to the Parties. Other than Optionee's foregoing obligation to pay crop damages resulting from its Due Diligence, Owner shall be responsible for the payment of any costs, damages or compensation for growing crops or otherwise to any tenant or other party arising from the termination of any leases affecting the Property as required under this Contract.

- (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 attorneys' fees and costs ("Claims"), arising from or related to any damage to the Property or personal injury caused by the negligent act or omission of Optionee or its consultants during the course of the Due Diligence, including without limitation, any claims arising from or related to Optionee's Due Diligence and any services or materials provided by third parties to Optionee in connection with its Due Diligence. 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, any Claims arising from or related to the permitted disclosure of the information from the Due Diligence in accordance with this Contract, or Claims arising from or related to the negligence or intentional acts or omissions of Owner.

Owner hereby waives and releases Optionee and its employees, agents, officers, directors, successors and assigns from and against any and all Claims arising from or related to the Due Diligence, arising from or related to any existing contamination on the Property or the Property's pre-existing condition, and any Claims arising from or related to the permitted disclosure of the information from the Due Diligence in accordance with this Contract, but specifically excluding

Claims arising from or related to any damage to the Property or personal injury caused by the negligent act or omission of Optionee or its consultants during the course of the Due Diligence or any Claims arising from any exacerbation of any existing contamination on the Property caused by Optionee during the course of Due Diligence.

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.

- (c) Wetlands Mitigation. If during the Due Diligence it is discovered that any portion of the Property is classified as “wetlands” under federal or state law, then at any time during the Option Period and Extended Option Period, Optionee and/or its designees shall have the right to negotiate with the US Army Corps of Engineers and/or other governmental agencies having jurisdiction over such wetlands in an attempt to remove such designations from all or some of these wetland areas or to obtain permits to fill and develop such areas through wetlands mitigation and other measures. Obtaining such permits may entail the elimination and/or relocation of any current wetlands. Owner shall cooperate with Optionee’s efforts in this regard at no expense to Owner and Owner shall have no obligation to provide off-site locations for wetlands mitigation. Any activity of Optionee pursuant to this Section (such as wetlands delineation or permitting) which would have the effect of imposing limits on the use of or restrictions applicable to the Property if Optionee elects not to exercise its Option must first be approved by Owner.

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) documentation of any service agreements entered into by Owner and the Owner’s costs of water, sewer, natural gas, and electrical service during the past calendar year, but specifically excluding documentation of such costs incurred by Owner’s tenants of the Property; (ii) 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), any written background regarding the past and current use of the Property, 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; (iii) leases or off-record contracts, governmental program entitlements or agreements, or other documents affecting use or possession of the Property; (iv) the ALTA/NSPS Land Title Survey prepared internally by Owner dated December 20, 2016 (the “Existing Survey”); and (v) any other documentation reasonably requested by Optionee relating to the Property. Optionee agrees that, unless already in the

public domain, the information provided to Optionee by Owner under this Section 4(a) shall be confidential information subject to Section 23 hereof, and if this Contract is terminated or Optionee does not exercise the Option, Optionee shall destroy all such information in its possession.

- (b) Owner covenants and represents that any existing farm leases will be terminated by Owner after Optionee exercises the Option, such termination to be effective for all purposes no later than the Closing Date.
- (c) 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, but specifically excluding any liens arising from Optionee's Due Diligence. Without limiting the foregoing, Owner shall not grant any easements, licenses, liens, security interests, leaseholds, other options or any other interests in and to the Property that will survive Closing without first obtaining Optionee's written consent. Owner acknowledges that the foregoing promise by Owner constitutes a significant portion of the consideration (in addition to the other promises contained herein) received by Optionee in exchange for Optionee's promise to pay Owner the Year 1 Option Payment and, if applicable the Extended Option Payment.
- (d) During the Option Period and, if applicable, the Extended Option Period, Optionee shall have the right to apply for the re-zoning of the Property 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, 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.

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) To Owner's knowledge, 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 written or unwritten leases, liens, encumbrances, covenants or special assessments not otherwise disclosed in the Title Report except for the farm leases, complete copies of which shall be provided to Optionee as set forth at Section 4(a). Such leases shall not be amended or extended during the term of this Contract absent Optionee's prior written consent, and shall be terminated as to the Property by Owner as provided in Section 4(b) above.
- (d) To Owner's knowledge, there are no unrecorded mineral rights, oil or gas 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 Title Report.
- (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 from, and has no knowledge of, any violation of any applicable laws or regulations with respect to the Property from any federal, state or local governmental entity.
- (g) Owner has not received any notice from any federal, state or local governmental entity, and has no knowledge, of any proposed or pending special assessment, impact fees, or other fees or charges in addition to real estate taxes which could be assessed, charged or imposed against the Property and be binding on Optionee.
- (h) Owner has not received any written notice from the Minnesota Department of Transportation, Sherburne County, City of Becker, U.S. Army Corps of

Engineers, or any other federal, state or local governmental entity, and has no knowledge, as to any pending or proposed condemnation of all or part of the Property.

- (i) To Owner's knowledge, there are not now and there have not been any hazardous substances, environmental hazards, wetlands, human burial grounds, or hazardous waste disposal sites located on or affecting the Property, other than as set forth in the reports provided to Optionee pursuant to Section 4(a) or hazardous substances used and stored in the normal course of agricultural operations on the Property in compliance with all applicable law. Owner has not received any notice of such conditions or violations from any federal, state or local governmental entity.
- (j) Pursuant to the Minnesota Ground Water Protection Act, Minn. Stat. Chapter 103I, Owner certifies that there is one (1) well on the Property and Owner will deliver the required certifications to Optionee at Closing. Owner certifies that it does not know of any individual sanitary treatment systems or "septic systems" on the Property. To Owner's knowledge, methamphetamine production has not occurred at the Property. Owner discloses that any applicable airport zoning regulations affecting the Property are available for review at the Sherburne County Courthouse. Owner certifies that it does not know of any aboveground or underground storage tanks now located in or on the Property. Owner certifies that it does not know of any aboveground or underground storage tanks that have been located in or on the Property and have subsequently been removed or filled. All of the Owner's certifications in this Section 5(j) shall be subject to and automatically modified by any tests, reports, studies or other information concerning the Property previously provided to or obtained by Purchaser or which are provided to or obtained by Purchaser prior to Closing.
- (k) 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. 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, but is relying upon its examination of the Property. 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 express or implied warranties, except as set forth herein or in any of the documents delivered to Optionee at Closing pursuant to the requirements of Section 8(g). The provisions of this Section 5(k) shall survive the Closing of this transaction.
- (l) The representations and warranties set forth in this Section 5 shall be in all respects true and correct as of the Closing and shall survive Closing for a period of eighteen (18) months. At Closing Owner shall provide written confirmation at Closing of such reaffirmation.

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 Delaware 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 for the sole purpose of developing it for industrial/commercial purposes and ancillary purposes (“**Optionee’s Use**”) and not for speculation in land holdings.
- (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) Within ten (10) business days following the Effective Date Owner shall furnish to Optionee, at Owner’s expense, a title commitment (“**Title Report**”) issued by Commercial Partners Title, LLC, as agent for Old Republic National Title Insurance Company (the “**Title Company**”) regarding the Property, showing marketable fee simple title to the Property vested in Owner and accompanied by full copies of all exceptions referenced in the Title Report.
- (b) Optionee shall have the later of (i) ninety (90) days following the Effective Date, and (ii) ten (10) business 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. To the extent any survey obtained by Optionee changes or adds any exceptions to the Title Report, Optionee shall have thirty (30) days following receipt of such change or addition (as reflected in a supplemental or updated Title Report issued by the Title Company) to disapprove such change or addition and notify Owner about related changes or additions to the Optionee’s Title Objections.
- (c) Within fifteen (15) business days following Owner’s receipt of Optionee’s notice of Optionee’s Title Objections, Owner shall notify Optionee in writing as to whether Owner agrees to remove, cure or modify (to the extent Optionee so

requests) the items identified in Optionee's Title Objections ("**Owner's Title Response**"). Owner shall have until the Closing Date to eliminate, or otherwise resolve to Optionee's reasonable satisfaction, all Optionee's Title Objections.

- (d) If Owner elects in writing to not cure or satisfy any one or more of the Optionee's Title Objections of which it is notified, or is unable to do so, Optionee shall then have the right, by written notice delivered to Owner given prior to 11:59 P.M. Pacific Time on the Expiration Date to either (i) waive its prior notice as to any of the Optionee's Title Objections so identified; or (ii) terminate this Contract without penalty and promptly receive a full refund of the Year 1 Option Payment and, if previously paid, the Extended Option Payment, by giving written notice of termination to Owner and Escrow Agent. Within ten (10) days following receipt of Optionee's notice of termination of the Contract, Owner shall direct the Escrow Agent to refund the Year 1 Option Payment and, if previously paid, the Extended Option Payment, in full to Optionee by wire transfer of immediately available funds. If Owner fails, refuses or neglects to so direct the Escrow Agent, Optionee shall have an absolute right to receive a refund of the Year 1 Option Payment and, if previously paid, the Extended Option Payment, from the Escrow Agent upon furnishing to the Escrow Agent a copy of the termination notice and proof of receipt by Owner together with an affidavit by an authorized signatory of Optionee confirming the termination. Upon a refund of the Year 1 Option Payment and, if previously paid, the Extended Option Payment, to Optionee, the Escrow Agent shall be deemed to be automatically released from any further obligations or duties in relation to Owner or Optionee and shall be automatically released from any liability relating thereto and the Escrow Account shall be closed.
- (e) Within ten (10) days following Optionee's exercise of the Option, Owner shall furnish to Optionee an update or supplement to the Title Report, with full copies of any exceptions not previously disclosed ("**Additional Exceptions**"). If such update or supplement to the Title Report shows any such Additional Exceptions, Optionee shall have ten (10) days to provide written notice of any additional Title Objections to the Additional Exceptions and Owner shall respond to Optionee's notice as set forth above at Section 7(c), but within ten (10) days after receipt of Optionee's notice. If the Additional Exception is a Title Objection because it 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's notice shall so indicate. If Owner so requests, Closing may be postponed until the Additional Exceptions are resolved. If Owner is unwilling or unable to cure an Additional Exception, Optionee may terminate the Contract in the manner set forth above at Section 7(d) and if the Title Objection was a Material Additional Exception, the Year 1 Option Payment and any Extended Option Payment that may have been paid shall be returned to Optionee upon such termination. If the Title Objection was not a Material Additional Exception, then only the Extended Option Payment shall be returned to Optionee.

- (f) 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.

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, 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) 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 (“Closing Conditions”):
- (i) Optionee’s Title Review Inspection Contingency.
- A. Optionee shall not have given a notice of termination pursuant to Section 7(e); and
- B. Optionee shall have received the commitment of the Title Company to issue the Optionee’s owner’s Title Policy subject only to the Permitted Exceptions upon payment of the premium and 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, including the lack of discovery of any fact or circumstance of which Owner did not have knowledge on the date Owner executes this Contract (regardless of whether such fact or circumstance arose or was discovered thereafter). For the purposes of this Section, the phrase “**in all material respects**” shall mean that by closing this transaction, Optionee shall not incur an Expense Liability of more than Ten Thousand and 00/100 Dollars (\$10,000.00). “**Expense Liability**” shall mean the sum of (a) the costs that would be necessary to cause the Property to be restored to the condition represented by Owner or otherwise existing as of the Effective Date, less any insurance proceeds, condemnation awards and rights to warranty payments assigned or made to Optionee to cover such costs, plus (b) the expenses which Optionee is reasonably obligated to incur as the

result of any statement in Owner's representations being inaccurate which are not related to the physical condition of the Property;

- (iv) Property Access. Subsequent to the exercise of the Option, the Property shall have lost its legally enforceable, dedicated, insurable access in all respects satisfactory to Optionee in its sole and absolute discretion.
- (v) Permitted Uses. Subsequent to the exercise of the Option there is no material violation of any applicable statute, law or regulation regarding the physical condition of the Property or any material change in any laws or statutes which materially affect the Optionee's ability to use the Property for Optionee's Use.
- (c) Owner's Conditions. Owner's obligation to close this transaction is subject to Optionee's fulfillment of each of its obligations under this Agreement, including the payment of all crop damages owed, if any, to any farm tenant, as provided in Section 3(a) above. 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.
- (d) 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.
- (e) 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 and any special assessments assessed against the Property due and payable for the years prior to the year of Closing and any additional levies (including any deferred taxes

and assessments, and all installments owing thereunder) arising from the sale of the Property to Optionee. All real property taxes encumbering the Property due and payable in the year of Closing shall be prorated and adjusted between the Parties as of the Closing Date;

- (ii) any liens or assessments encumbering the Property shall be satisfied and released, at Owner's expense, unless Optionee has previously approved them in writing;
 - (iii) the escrow 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) all rents paid by the farm tenants for periods prior to Closing shall be paid to Owner;
 - (vii) Optionee shall pay the premium for the Title Policy issued to Optionee as required herein, and Optionee shall pay any premium attributable to endorsements requested by Optionee; and
 - (viii) each Party shall pay its own attorneys' fees.
- (f) Manner and Place of Closing. This transaction shall be closed in escrow by the Escrow Agent at its offices in Minneapolis, Minnesota, or as otherwise mutually agreed by the Parties. Closing shall take place in the manner specified in this Contract.
- (g) Deliveries Prior to Closing.
- (i) Optionee's Deliveries. Optionee shall deposit each of the following items with the Escrow Agent in escrow prior and as a condition to Closing:
 - A. the Purchase Price in cash at Closing, less a credit for the Year 1 Option Payment previously paid and, if applicable, the Extended 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 Escrow Agent, 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 Escrow Agent 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 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. a certificate to the effect that, except as therein identified, there have been no changes in Owner's representations or warranties under this Contract;
 - 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 customary Owner's Affidavit as may be required by the Title Company in order to issue the Title Policy;
 - F. an assignment of intangible interests, if any, in the form requested by Optionee to legally convey all of the Property at Closing; and
 - G. such other documents and instruments, including settlement statements prepared by Escrow Agent, as may be required by Optionee or Title Company to legally transfer to Optionee all components of the Property and to close the Escrow.
- (h) **Closing.** Provided the Escrow Agent 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 Escrow Agent 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 by Optionee and Owner prior to Closing.
 - (ii) The Escrow Agent 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 Escrow Agent 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 Escrow Agent shall record the Deed to Optionee in the official records of Sherburne County, Minnesota and file the Well Disclosure Certificate if applicable.
 - (vi) The Escrow Agent 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 Escrow Agent shall distribute the balance of the Purchase Price to Owner in accordance with Owner's written instructions to Escrow Agent.
- (i) Title Insurance. As soon as practicable after the Closing Date, the Escrow Agent shall cause the Title Company to furnish Optionee an ALTA (2006) extended coverage owner's policy of title insurance issued by the Title Company covering all of the Property in the amount of the total Purchase Price for the Property, subject only to the Permitted Exceptions (the "**Title Policy**"). Optionee may elect to obtain specified endorsements to such Title Policy, provided Optionee pays the additional premium for such endorsement coverage.
- (j) Possession. Owner shall deliver possession of the Property to Optionee on the Closing Date, free of all leases or other occupancy rights, including without limitation any farm tenants or operators.
- (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 Escrow Agent in order to implement the transaction described in this Contract and complete the Closing thereof. Each Party shall be responsible to pay its own legal fees incurred in connection with the transaction.

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) and/or specific performance of this Contract, provided that any such action must be commenced within eighteen (18) 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 Year 1 Option Payment (and, if the Extended Option Payment has been made, a refund of the Extended 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 Year 1 Option Payment (and, if the Extended Option Payment has been made, the Extended 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 in Section 3(b) above in the event that Optionee does not exercise the Option.

10. Indemnity.

Owner agrees to defend, indemnify and hold Optionee harmless from and against all claims, damages, losses and attorney's fees which are caused by Owner's failure to perform any obligation under any contract relating to the Property prior to the Closing Date, or for which Owner is responsible pursuant to the terms of this Contract. Optionee agrees to defend, indemnify and hold Owner harmless from and against all claims, damages, losses and attorney's fees which are caused by Optionee's failure to perform any obligation under any contract entered into by Optionee relating to the Property prior to the Closing Date, or for which Optionee is responsible pursuant to the terms of this Contract.

11. Risk of Loss.

Owner shall bear the risk of loss or damage to the Property during the Option Period and Extended Option Period (if applicable) and if the Option is exercised, bear said risk until Closing. Owner agrees to maintain the existing liability insurance on the Property in full force and effect during the Option Period and Extended Option Period (if applicable) 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, UPS, or Airborne; 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: Matthew Boehlke
Email: matthew.m.boehlke@excelenergy.com

With a copy to:

In care of: Fredrikson & Byron, P.A.
200 South Sixth Street, Suite 4000
Minneapolis, MN 55402
Attn: Susan D. Steinwall
Email: ssteinwall@fredlaw.com

To Optionee:

In care of: Jet Stream LLC
c/o Corporation Service Company
2711 Centerville Road, Suite 300 PMB811
Wilmington, DE 19808
Attn: General Counsel

With a copy to:

In care of: Stoel Rives LLP
600 University Street, Suite 3600
Seattle, WA 98101
Attn: Virginia M. Pedreira
Email: virginia.pedreira@stoel.com

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 Escrow Agent is required, a day that the Escrow Agent's office is closed or Escrow Agent 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. 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 Extended Option Period, if applicable) 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 without the consent of Owner, except that Optionee may, in its discretion assign this Contract to an entity controlled by or under common control with Optionee at any time without the consent of Owner; provided, however, that within thirty (30) days following any assignment, Optionee shall notify Owner in writing of the assignment, including the name, address and other pertinent information regarding the assignee accompanied by Optionee's representation that the assignment is permitted under this Section 22. For the purposes of this Contract, the term "Optionee" shall also be deemed to include any assignee.

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 part of the Property, either temporarily for a period that would extend following the Closing or permanently, 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 Year 1 Option Payment and, if previously paid, the Extended 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. Right of First Offer and Right of First Refusal. As part of the consideration for this Contract, Optionee has agreed to grant to Owner a one-time right of first refusal and first offer to repurchase the Property for an eight (8) year period following the Closing subject to the terms set forth in the Right of First Offer/Refusal Agreement attached hereto as Exhibit C. Owner's rights of first refusal and offer shall terminate upon the earlier of (a) the issuance of a building permit for the construction of one or more buildings on the Property designed for the Optionee's Use; (b) eight (8) years following the Closing, and (c) the failure to exercise the related rights, as more particularly set forth in the Rights of First Offer/Refusal Agreement. The Right of First Offer/Refusal Agreement shall be terminated and released from the public records at the time of such termination.

29. 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:

- (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 principally for purposes other than industrial, agricultural or related purposes (with the precise language of the restriction to permit the Property to be used for a data center under the related zoning classification, but without making specific reference to data centers) absent Owner's written consent.


30. Transmission Lines; Substation. If requested by Optionee, Owner shall terminate or relocate, either offsite of the Property or to a location within the Property reasonably acceptable to Optionee, any existing transmission or other easements in favor of Owner, at no cost to Optionee. Any easements of record shall be amended or released accordingly; provided, however, that no such request shall prejudice Owner's right to require new easements over the Property in favor of Owner in such locations as may be mutually acceptable to Optionee and Owner in connection with the development of electrical transmission/distribution infrastructure supporting Optionee's Use. Owner shall have no obligation to expend any funds in relocating any existing transmission or other easements unless and until Optionee exercises the Option and also provides Owner with a written certification that Optionee intends to proceed with the development of the Property for Optionee's Use, including site and infrastructure development to position the Property for construction. The covenants set forth in this Section 30 shall survive the Closing and recordation of the Deed.

[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: 
Name: Christopher B. Clark
Title: President
Date: April 24, 2017

OPTIONEE:

Jet Stream LLC,
a Delaware limited liability company

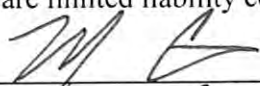
By: 
Name: Todd Carpenter
Title: Member
Date: April 28, 2017

EXHIBIT A
Legal Description of Property

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

Tract A

The Northwest Quarter of Section 35, Township 34 North, Range 29 West.

Tract B

The Southwest Quarter of Section 35, Township 34 North, Range 29 West, including Government Lot 1.

Tract C

That part of Government Lot 2, Section 2, Township 33 North, Range 29 West, lying north of the centerline of the traveled County Road No. 53, now vacated.

Exhibit A

EXHIBIT A-2
Due Diligence Milestones

Optionee shall meet the Due Diligence Milestones by conducting two or more of the following analyses by such consultants, engineers and agents as it selects, and completing at least two of such milestones not later than ten (10) business days prior to the Expiration Date:

- 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
- Groundwater testing and sampling
- 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
- 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

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

MEMORANDUM OF OPTION

This **MEMORANDUM OF OPTION** is made as of April __, 2017 between **Northern States Power Company**, a Minnesota corporation (“**Owner**”), and **Jet Stream LLC**, a Delaware limited liability company (“**Optionee**”).

By Option to Purchase Property by and between Owner and Optionee dated April __, 2017 (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. (Pacific Time) on April __, 2018, unless previously exercised in accordance with the Agreement or unless the period for exercising the Option is extended by an additional one (1) year period 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:

OPTIONEE:

Northern States Power Company,
a Minnesota corporation

Jet Stream LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____
Date: _____, 2017

By: _____
Name: _____
Title: _____
Date: _____, 2017

STATE OF MINNESOTA)
)ss.
COUNTY OF HENNEPIN)

This instrument was acknowledged before me on April ____, 2017, 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 April ____, 2017, by _____
_____, as _____ of Jet Stream LLC, a Delaware limited liability company, on
its behalf.

Notary Public - State of _____
My Commission Expires: _____

This instrument was drafted by:

Sue Steinwall, Esq.
Fredrikson & Byron, P.A.
200 South Sixth Street, Suite 4000
Minneapolis, MN 55402

EXHIBIT B
Legal Description of Property

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

Tract A

The Northwest Quarter of Section 35, Township 34 North, Range 29 West.

Tract B

The Southwest Quarter of Section 35, Township 34 North, Range 29 West, including Government Lot 1.

Tract C

That part of Government Lot 2, Section 2, Township 33 North, Range 29 West, lying north of the centerline of the traveled County Road No. 53, now vacated.

EXHIBIT C

RIGHT OF FIRST OFFER/REFUSAL AGREEMENT

RIGHT OF FIRST OFFER/REFUSAL AGREEMENT

THIS RIGHT OF FIRST OFFER/REFUSAL AGREEMENT (this “**Agreement**”) is made as of _____, _____, between _____, a(n) _____ (“**Owner**”) and NORTHERN STATES POWER COMPANY, a Minnesota corporation (“**Grantee**”).

RECITALS

A. Owner is the owner of certain land located in Sherburne County, Minnesota, as described in Exhibit A attached to and made a part of this Agreement, together with any and all buildings and other improvements now or hereafter located on the Land (the “**Property**”).

B. For valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Owner agrees to grant to Grantee an exclusive right of first offer and right of first refusal to purchase the Property before Owner lists, markets, sells, and/or otherwise transfers the Property, on the terms and conditions set forth in this Agreement.

AGREEMENT

Therefore, Owner and Grantee hereby agree as follows:

1. **Right of First Offer.**

1.1 In the event Owner desires to offer the Property (or a part of, or interest in, the Property) for sale or to otherwise transfer the Property (or a part of, or interest in, the Property) to any third party or parties, Owner shall first give Grantee written notice (the “**First Offer Notice**”) before Owner actively solicits offers from any third party or parties for the purchase of the Property (or a part of, or interest in, the Property). The First Offer Notice shall contain the terms and conditions on which Owner intends to market the Property (or a part of, or interest in, the Property) for sale or otherwise transfer the Property (or a part of, or interest in, the Property), which terms shall include earnest money not exceeding three percent (3%) of the purchase price and a purchase price of (a) not more than Twenty Thousand Dollars (\$20,000) per acre plus an annual escalator tied to the consumer price index (CPI), plus (b) an amount equal to the costs and expenses incurred by Owner (which shall be itemized at Grantee’s request) in improving or developing the Property or preparing it for improvement and development. The

First Offer Notice shall include a form of purchase and sale agreement (the “**Offer**”) incorporating the foregoing terms and conditions. Grantee shall have the prior and preferential right (but not the obligation) to acquire the Property (or a part of, or interest in, the Property covered by the Offer, as the case may be) at the price and on the terms and conditions as are contained in the First Offer Notice and Offer, except that if Grantee exercises such right then the closing of the transaction contemplated by the Offer shall take place no earlier than forty-five (45) days after the date that Grantee exercises such right.

1.2 Grantee shall have twenty (20) days from the date that Grantee receives the First Offer Notice and a copy of the Offer to notify Owner whether Grantee elects to purchase the Property (or a part of, or interest in, the Property covered by the Offer, as the case may be) pursuant to the terms of the Offer. If Grantee elects to exercise its right to purchase the Property (or a part of, or interest in, the Property covered by the Offer, as the case may be), then, in addition to giving Owner written notice of its election within the 20-day period, Grantee also shall execute and deliver the purchase and sale agreement accompanying the First Offer Notice (which shall provide for closing of the transaction to take place no earlier than forty-five (45) days after the date that Grantee exercises such right).

1.3 If Grantee fails to timely exercise its right to purchase the Property (or a part of, or interest in, the Property covered by the Offer, as the case may be) pursuant to Section 1.2, then (a) Owner shall be entitled to offer the Property (or a part of, or interest in, the Property covered by the Offer, as the case may be) for sale to third parties on such terms and conditions (including purchase price) as Owner shall elect, and (b) this Agreement shall terminate, as more fully set forth at Section 3, below.

2. Right of First Refusal.

2.1 In the event Owner receives from a third party (the “**Third-Party Offeror**”) a bona fide offer to purchase or otherwise acquire the Property, or a part of it, or an interest in it, that Owner desires to accept, Owner must give Grantee written notice (the “**First Refusal Notice**”) of the price, terms, and conditions of such offer and deliver a copy of the executed contract evidencing such offer (the “**Third-Party Offer**”) to Grantee.

2.2 When Grantee receives the First Refusal Notice and a copy of the Third-Party Offer, Grantee will have the prior and preferential right (but not the obligation) to purchase the Property (or the part of or interest in the Property covered by the Third-Party Offer, as the case may be) at the same price and on the same terms and conditions as are contained in the Third-Party Offer, except that if Grantee exercises the right of first refusal by electing to purchase the Property (or the part of or interest in the Property covered by the Third-Party Offer, as the case may be) then the closing of the transaction contemplated by the Third-Party Offer will take place no earlier than 45 days after the date that Grantee elects to exercise the right of first refusal.

2.3 Grantee will have fifteen (15) days from the date that Grantee receives the First Refusal Notice and a copy of the Third-Party Offer to notify Owner whether Grantee elects to purchase the Property (or the part of or interest in the Property covered by the Third-Party

Offer, as the case may be) under the terms of the Third-Party Offer. If Grantee elects to exercise its right to purchase the Property (or the part of or interest in the Property covered by the Third-Party Offer, as the case may be), then, in addition to giving Owner written notice of its election within the 15-day period, Grantee also must tender to Owner an amount equal to the earnest money deposit, if any, specified in the Third-Party Offer, which will be held and used in accordance with the terms and conditions of the Third-Party Offer, together with its written agreement substantially in the form of the Third-Party Offer.

2.4 If Grantee fails to timely exercise its right to purchase the Property (or the part of or interest in the Property covered by the Third-Party Offer, as the case may be) under the terms of this Agreement, then Owner will be entitled to sell the Property (or the part of or interest in the Property covered by the Third-Party Offer, as the case may be) according to the terms of the Third-Party Offer to the Third-Party Offeror, provided that Grantee's rights under this Agreement shall remain in effect with respect to any part of the Property not covered by the Third-Party Offer.

2.5 If Grantee elects to purchase the Property (or the part of or interest in the Property covered by the Third-Party Offer, as the case may be) and any element of the consideration specified in the Third-Party Offer is not cash or deferred purchase money (e.g., an exchange of property or performance of covenants other than the payment of money), then Grantee may elect to have the nonmonetary consideration appraised by an independent MAI appraiser and pay Owner the cash value of the nonmonetary consideration in lieu of the performance of the nonmonetary obligations specified in the Third-Party Offer.

3. **Term.** The term of this Agreement commences on the date of this Agreement and terminates on the earlier to occur of (1) the expiration of eight (8) years after the date of this Agreement, or (2) the failure of Grantee to exercise its right of first offer following receipt of a First Offer Notice, as provided in Section 1.3 above; (3) the failure of Grantee to exercise its right of first refusal following a First Refusal Notice, as provided in Section 2.4 above; or (4) the date on which Owner obtains the issuance of a building permit for the construction of one or more buildings on the Property designed for commercial or industrial use. If the First Offer Notice or the First Refusal Notice covers less than the entirety of the Property, then Grantee's rights under this Agreement shall only be terminated with respect to the portion of the Property so covered. Upon termination of this Agreement as to all or any part of the Property, Grantee shall cooperate in providing Owner with any instruments that Owner reasonably may require for the purpose of removing from the public record any cloud on title to the Property attributable in any manner to the grant or existence of the right of first offer and right of first refusal set forth in this Agreement.

4. **Notices.** All notices required by or given under this Agreement shall be in writing and either (a) personally delivered, (b) deposited in the United States mail, postage prepaid and sent by certified or registered mail; or (c) sent by a nationally recognized overnight courier such as Federal Express, UPS, or Airborne; or (d) sent by electronic mail transmission, addressed as follows:

To Owner: _____

 Email: _____

To Grantee: Northern States Power Company
 c/o Xcel Energy
 414 Nicollet Mall
 Minneapolis, MN 55401
 Attention: Siting and Land Rights Department
 E-mail: _____

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.

5. **Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the state of Minnesota.

6. **Binding Effect.** This Agreement shall run with the land and shall be binding on and inure to the benefit of the parties and their respective heirs, successors, and assigns; provided, however that Grantee shall not assign or transfer any interest in this Agreement and any attempt to do so shall be void and of no force or effect. There are no intended third party beneficiaries of this Agreement.

7. **Recording.** Either Owner or Grantee may record this Agreement in the Records of Sherburne County, Minnesota. The party recording this Agreement shall pay the cost of recording this Agreement.

8. **Entire Agreement.** This Agreement contains the final and entire understanding between Owner and Grantee with respect to its subject matter and is intended to be an integration of all prior negotiations and understandings with respect to the subject matter of this Agreement. No change or modification of this Agreement shall be valid unless it is in writing and is signed by both Owner and Grantee.

9. **Affiliate Transfer.** The parties agree that the rights granted to Grantee in this Agreement shall not apply to or be triggered by a transfer from Owner to an entity wholly owned by Owner or by Owner's member(s). However, Owner will provide written notice of any such transfer to Grantee.

10. **Invalidity of Provisions.** In the event any provision of this Agreement is declared invalid or unenforceable for any reason, such provision shall be deleted from such document and shall not invalidate any other provision contained in the document.

11. **Waiver.** A failure by Owner or Grantee to enforce any right under this Agreement shall not be deemed to be a waiver of that right or of any other right.

12. **Remedies.** In the event Owner fails to comply with the terms of this Agreement, Grantee shall be entitled to such remedies for breach of contract as may be available under applicable law including, without limitation, the remedy of specific performance and the right to seek injunctive relief with respect to any other potential sale or transfer of all or any portion of, or interest in, the Property in violation of this Agreement.

13. **Counterparts.** This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall be effective when one or more counterparts have been signed and delivered by Owner and Grantee.

Executed as of the day and year first above written.

OWNER:

By: _____

Name: _____

Title: _____

GRANTEE:

NORTHERN STATES POWER COMPANY,
a Minnesota corporation

By: _____

Name: _____

Title: _____

STATE OF MINNESOTA)
)ss.
COUNTY OF HENNEPIN)

This Agreement was acknowledged before me on _____, _____, 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 Agreement was acknowledged before me on _____, _____, by _____
_____, as _____ of _____, a(n) _____
limited liability company, on its behalf.

Notary Public - State of _____
My Commission Expires: _____

This instrument was drafted by:

EXHIBIT A

Legal Description of the Property

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

Tract A

The Northwest Quarter of Section 35, Township 34 North, Range 29 West.

Tract B

The Southwest Quarter of Section 35, Township 34 North, Range 29 West, including Government Lot 1.

Tract C

That part of Government Lot 2, Section 2, Township 33 North, Range 29 West, lying north of the centerline of the traveled County Road No. 53, now vacated.

MEMORANDUM OF OPTION

This **MEMORANDUM OF OPTION** is made as of April 24, 2017 between **Northern States Power Company**, a Minnesota corporation ("**Owner**"), and **Jet Stream LLC**, a Delaware limited liability company ("**Optionee**").


By Option to Purchase Property by and between Owner and Optionee dated April 28, 2017 (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. (Pacific Time) on April 30, 2018, unless previously exercised in accordance with the Agreement or unless the period for exercising the Option is extended by an additional one (1) year period 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.

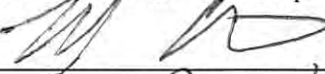
OWNER:

Northern States Power Company,
a Minnesota corporation

By: 
Name: Christopher B. Clark
Title: President
Date: 4/24, 2017

OPTIONEE:

Jet Stream LLC,
a Delaware limited liability company

By: 
Name: Todd Carpenter
Title: Member
Date: April 28, 2017

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189



A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of San Francisco

On April 26, 2017 before me, Deanna Rae Toney-Ezgar, Notary Public,
Date Here Insert Name and Title of the Officer

personally appeared Todd Christopher Carpenter
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature [Handwritten Signature]
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____ Document Date: _____
Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____

Signer's Name: _____
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____

IN RE: [Illegible]

STATE OF CALIFORNIA

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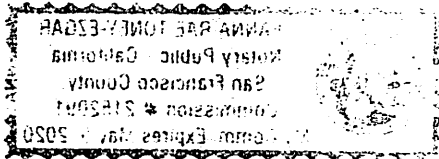
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STATE OF MINNESOTA)
)ss.
COUNTY OF HENNEPIN)

This instrument was acknowledged before me on April 24, 2017, by Christopher D. Clark, as President of Northern States Power Company, a Minnesota corporation, on its behalf.



Barbara J Bridgeman
Notary Public - State of MINNESOTA
My Commission Expires: January 31, 2020

STATE OF _____)
)ss.
COUNTY OF _____)

This instrument was acknowledged before me on April ____, 2017, by _____ as _____ of Jet Stream LLC, a Delaware limited liability company, on its behalf.

Notary Public - State of _____
My Commission Expires: _____

This instrument was drafted by:

Sue Steinwall, Esq.
Fredrikson & Byron, P.A.
200 South Sixth Street, Suite 4000
Minneapolis, MN 55402

EXHIBIT B
Legal Description of Property

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

Tract A

The Northwest Quarter of Section 35, Township 34 North, Range 29 West.

Tract B

The Southwest Quarter of Section 35, Township 34 North, Range 29 West, including Government Lot 1.

Tract C

That part of Government Lot 2, Section 2, Township 33 North, Range 29 West, lying north of the centerline of the traveled County Road No. 53, now vacated.

MARKET VALUE APPRAISAL
NORTHERN STATES POWER COMPANY PROPERTY
NORHTWEST CORNER OF LIBERTY LANE SOUTHEAST
AND SHERBURNE AVENUE SOUTHEAST
BECKER, MINNESOTA

DATE OF REPORT:

April 8, 2016

PREPARED FOR:

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

PREPARED BY:

Patchin Messner Dodd & Brumm
Sunset Ponds Office Park
13961 West Preserve Boulevard
Burnsville, MN 55337



PATCHIN MESSNER DODD & BRUMM

VALUATION COUNSELORS

April 8, 2016

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

ATTN: Chris Berglund
Senior Land Rights Agent

RE: Market Value Appraisal
Northern States Power Company Property
NWC Liberty Lane Southeast and
Sherburne Avenue Southeast
Becker, Minnesota

Dear Mr. Berglund:

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

This appraisal is intended to comply with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation. This report presents 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 rectangular, 103.66-acre tract of vacant land owned by Northern States Power Company, in the City of Becker, Minnesota. Three Sherburne County tax parcels generally comprise the subject, PIDs 60-006-2200, 60-006-2100, and 60-006-2400. However, the south 3.3 acres of PID 60-006-2100, lying south of Liberty Lane SE, are not included in the land valued in this appraisal.

Based upon inspection of the property on April 4, 2016, and after consideration of the many factors influencing market value, it is the appraisers' opinion that market value of the subject property, as of April 4, 2016, is \$2,420,000.

TWO MILLION FOUR HUNDRED TWENTY THOUSAND DOLLARS

It should also be noted that this letter 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.

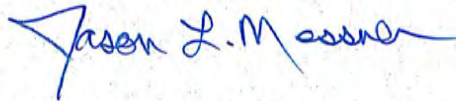
Thank you for allowing our firm to be of assistance in this matter. If you have any questions after reading this report, feel free to contact us at your convenience.

Respectfully submitted,

PATCHIN MESSNER DODD & BRUMM



Randy J. Deones
Certified General Real Property Appraiser
Minnesota License 40264161



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

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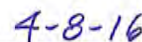
CERTIFICATION
(Real Estate)

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, un-biased 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 is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
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 professional assistance to the persons signing this report, except as noted herein.
11. The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
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, Randy J. Deones has completed the Standards and Ethics Education Requirement for Practicing Affiliates of the Appraisal Institute.



Randy J. Deones



Date

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CERTIFICATION
(Real Estate)

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, un-biased 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 is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
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 not 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 professional assistance to the persons signing this report, except as noted herein.
11. The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
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



Date

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SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Fee Owner:	Northern States Power Company
Location:	NWC Liberty Lane Southeast and Sherburne Avenue Southeast Becker, Minnesota
Date of Valuation:	April 4, 2016
Date of Inspection:	April 4, 2016
Property Appraised:	Real Property (Land Only)
Rights & Interests Appraised:	Fee Simple Market Value
Zoning:	I-PRK, Industrial Park District
Guiding:	Industrial
Site Description:	The subject is a rectangular, 103.66-acre tract of vacant agricultural land. The site is mostly open and level. There is an irrigation well and center pivot serving the agricultural operations. In this case, the center pivot is considered personal property.
Highest and Best Use:	Industrial Development
Site Area:	
Gross Area:	103.66 Acres
Less: Road Right-of-way	<u>6.90 Acres</u>
Area Net of Right-of-way	96.76 Acres

(Note: Areas of the subject are based on Sherburne County Assessor's data.)

Conclusion of Market Value as of April 4, 2016:	\$2,420,000
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PHOTOGRAPHS OF SUBJECT



Looking North from Southwest Corner of Subject



Looking Northeast from Southwest Corner of Subject

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PHOTOGRAPHS OF SUBJECT



Looking Northwest from Southeast Corner of Subject



Looking North from Southeast Corner of Subject

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PHOTOGRAPHS OF SUBJECT



Looking Northwest at Northeast Portion of Subject from Sherburne Avenue



Looking South at East Portion of Subject from Industrial Boulevard

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PHOTOGRAPHS OF SUBJECT



Looking Southwest at Subject from Industrial Boulevard



Looking Southwest at Northwest Portion of Subject from Industrial Boulevard

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PHOTOGRAPHS OF SUBJECT



Looking Southeast at Subject from Northwest Corner



Looking South along Sherburne Avenue from Northeast Corner

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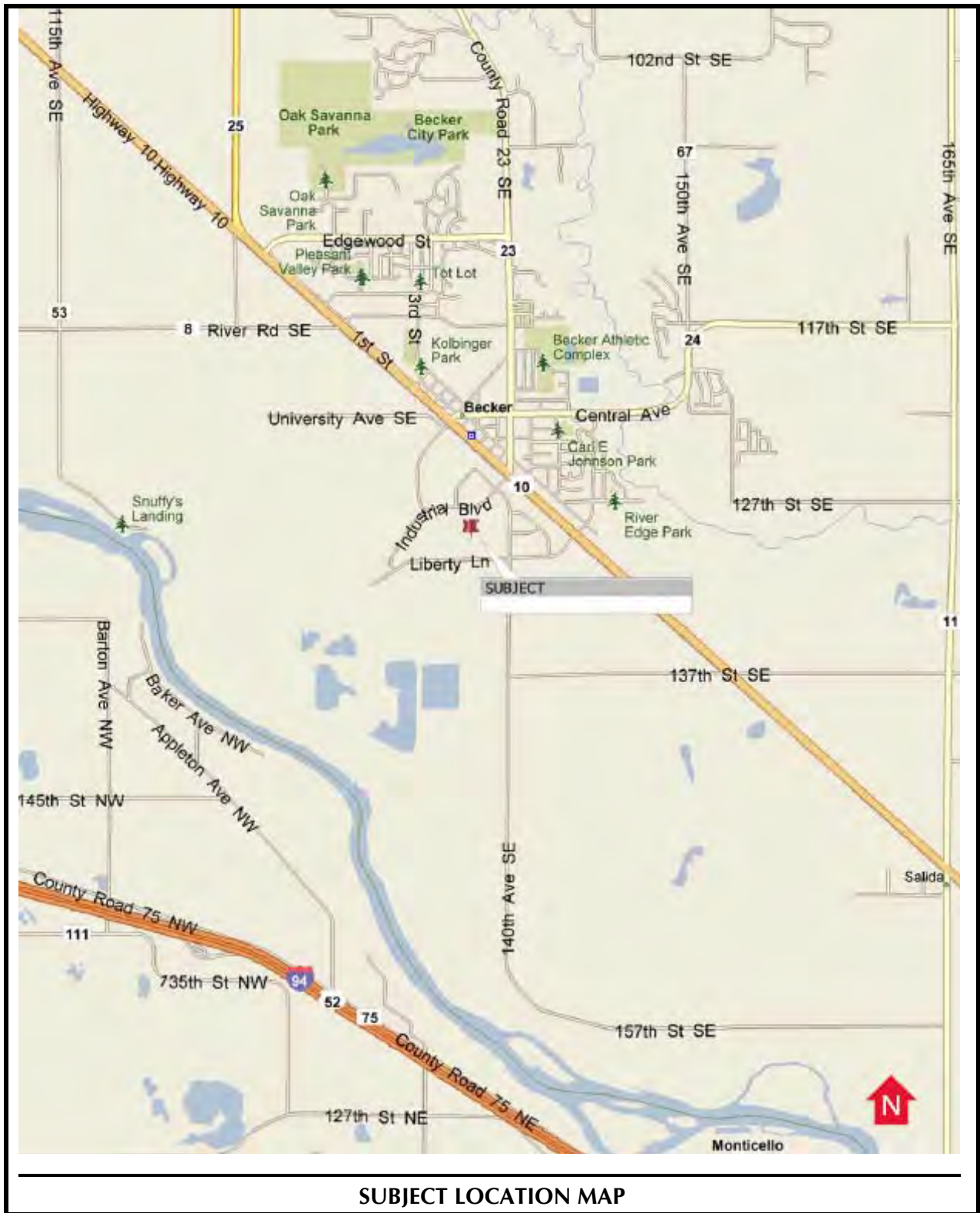
PHOTOGRAPHS OF SUBJECT



Aerial View of Subject

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SUBJECT LOCATION MAP

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PROPERTY APPRAISED

The subject property consists of a rectangular, 103.66-acre tract of vacant land owned by Northern States Power Company, in the City of Becker, Minnesota. Three Sherburne County tax parcels generally comprise the subject, PIDs 60-006-2200, 60-006-2100, and 60-006-2400. However, the south 3.3 acres of PID 60-006-2100, lying south of Liberty Lane SE, are not included in the land valued in this appraisal.

DATE OF APPRAISAL

The effective date of this appraisal is April 4, 2016.

INSPECTION OF THE PROPERTY

Xcel Energy granted the appraisers permission to inspect the property independently. Randy J. Deones inspected the property on April 4, 2016.

PROPERTY OWNERSHIP

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.

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INTENDED USE

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

CLIENT & 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 land.

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 90 of *The Dictionary of Real Estate Appraisal*, Sixth 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, and Randy J. Deones have 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.

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MARKET VALUE DEFINED

Market value as utilized in this appraisal report conforms to the following definition obtained from Page 142 of *The Dictionary of Real Estate Appraisal*, Sixth 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*, Sixth Edition, at Page 245, 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."

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SCOPE OF WORK

This document is intended to provide a market value appraisal of the subject in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP). The data and analyses contained in this report and the appraisers' files provide the basis for the value conclusions.

Summary of Appraisal Methodology

The function of this report is to provide valuation guidance for the possible sale of the subject property. In this analysis, we have examined the following data and concepts pertaining to the property.

1. Physical Characteristics of Real Property, including:

Inspection of the Subject on April 4, 2016 - This inspection was 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- We have examined property rights of the subject property.

Legal Description – The legal descriptions of the three tax parcels that generally comprise the subject were obtained from Sherburne County Assessor's records.

Existing Road, Drainage and Utility Easements, if any

Tax and Assessment Data

Zoning Data - We have examined the City of Becker zoning data.

Land Use Data – We have examined the City of Becker Comprehensive Plan.

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SCOPE OF WORKSummary of Appraisal Methodology

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 the Northstar Multiple Listing Service and RediComps.

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

The following assumptions have been made relating to the appraisal:

1. Xcel Energy provided Patchin Messner Dodd & Brumm with a survey of the Northern States Power Company property, titled Sherco Generating Plant Property Survey. That portion of the survey depicting the subject property is included in the following Land Description section of this report. The

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EXTRAORDINARY ASSUMPTION

survey identifies several road and utility easements affecting the subject property. However, after review of the title documents referenced in the survey, the large easement depicted over the south portion of the subject appears to be incorrectly located. Therefore, this appraisal assumes the subject is **not** encumbered by any large atypical easements. The possible impact on market value due to the use of this extraordinary assumption has not been evaluated.

ENVIRONMENTAL CONSIDERATIONS

Based upon inspection 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 neither appraiser is qualified to perform inspections concerning the existence or absence of environmental concerns. If any environmental contaminants do exist within the site, we reserve the right to adjust the estimated market value contained in this report accordingly.

AREA AND NEIGHBORHOOD DATA

Location

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 south portion of the City of Becker. Demographic data for the City of Becker is included as Exhibit 1 in the Addenda.

Commonly referred to as the "Twin Cities," the Minneapolis/St. Paul metropolitan area is located in the southeastern region of the State of Minnesota at the confluence of the Mississippi and Minnesota Rivers, and is the sixteenth largest metropolitan area in the United States, as well as the primary business center between Chicago and Seattle.

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AREA AND NEIGHBORHOOD DATA

Location

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 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 in 2010 of just over 101,200 persons. Including the adjacent urban townships and other nearby communities, the St. Cloud metro area's 2010 population was approximately 120,000 persons.

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 located south of Becker, connections to Interstate 94 are made at either Clearwater going northbound, or Monticello headed southbound.

The subject has approximately one-half mile of frontage along Liberty Lane Southeast on the south boundary. Liberty Lane extends easterly to a signalized intersection at Highway 10. 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 along Highway 10 has a distribution warehouse located east of the subject. Also east of the subject is KMI Machine and Paradigm Engineering. South of the subject is the Liberty Paper Incorporated paper mill. The Sherburne County Generating Station, also known as Sherco, is a massive coal-fired power plant west of the subject. Municipal water and sanitary sewer services are available along the east and south boundary of the site.

Southeast of the subject, the city of Becker has developed the Energy Park Fifth Addition where there are eight lots available for industrial development, ranging from five to ten

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AREA AND NEIGHBORHOOD DATA

Location

acres with list prices ranging from \$1.65 per SF to \$1.90 per SF. Similar city industrial park projects are noted 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, both the Sherburne County Assessor and Wright County Assessor reported numerous industrial lot sales within the past two years. In addition, the large size of the subject offers the potential for a large scale industrial development not provided by the smaller urban industrial lots. Furthermore, proximity to Highway 10 and Interstate 94 should continue to drive development in the subject neighborhood.

LOCATION AND LEGAL DESCRIPTIONS

Location:	Northwest Corner of Liberty Lane Southeast and Sherburne Avenue Southeast Becker, Minnesota
PID: 60-006-2100	Sec. 6, T33N, R28W, NE 1-4 of NW 1-4 EX PT DEEDED TO CITY BY CRV 13185
PID: 60-006-2200	Sec. 6, T33N, R28W, W 1-2 OF NW 1-4 EX THE S 850 FT OF W 1536.16 FT OF E 2575 FT & ALSO EX THAT PORTION OF W 1-2 OF NW 1-4 NOW PLATTED AS ENERGY PARK. EX THAT PT PLATTED AS BECKER TRUSS
PID: 60-006-2400	Sec. 6, T33N, R28W, SE 1-4 OF NW 1-4 EX DOC NO 285077. AND EX THAT PART OF S 850 FT OF E 2575 FT OF NW ¼ LYING E OF THE W 1536.16 FT THEREOF

(Note: Legal descriptions are obtained from Sherburne County Assessor's data.)

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TAX AND ASSESSMENT DATA

Property Identification Number	60-006-2200	60-006-2100	60-006-2400	Total
2015 Assessor's Market Value (Payable 2016)				
Land	\$309,400	\$198,800	\$72,200	\$580,400
Improvements	\$8,700	\$0	\$0	\$8,700
Total Market Value	\$318,100	\$198,800	\$72,200	\$589,100
2014 Assessor's Market Value (Payable 2015)				
Land	\$309,400	\$198,800	\$72,200	\$580,400
Improvements	\$8,800	\$0	\$0	\$8,800
Total Market Value	\$318,200	\$198,800	\$72,200	\$589,200
Real Estate Taxes Payable 2016				
General Taxes	\$4,524.00	\$2,264.00	\$822.00	\$7,610
Special Assessments	\$0.00	\$0.00	\$0.00	\$0
Total	\$4,524.00	\$2,264.00	\$822.00	\$7,610
Effective Tax Rate	1.42%	1.14%	1.14%	1.29%

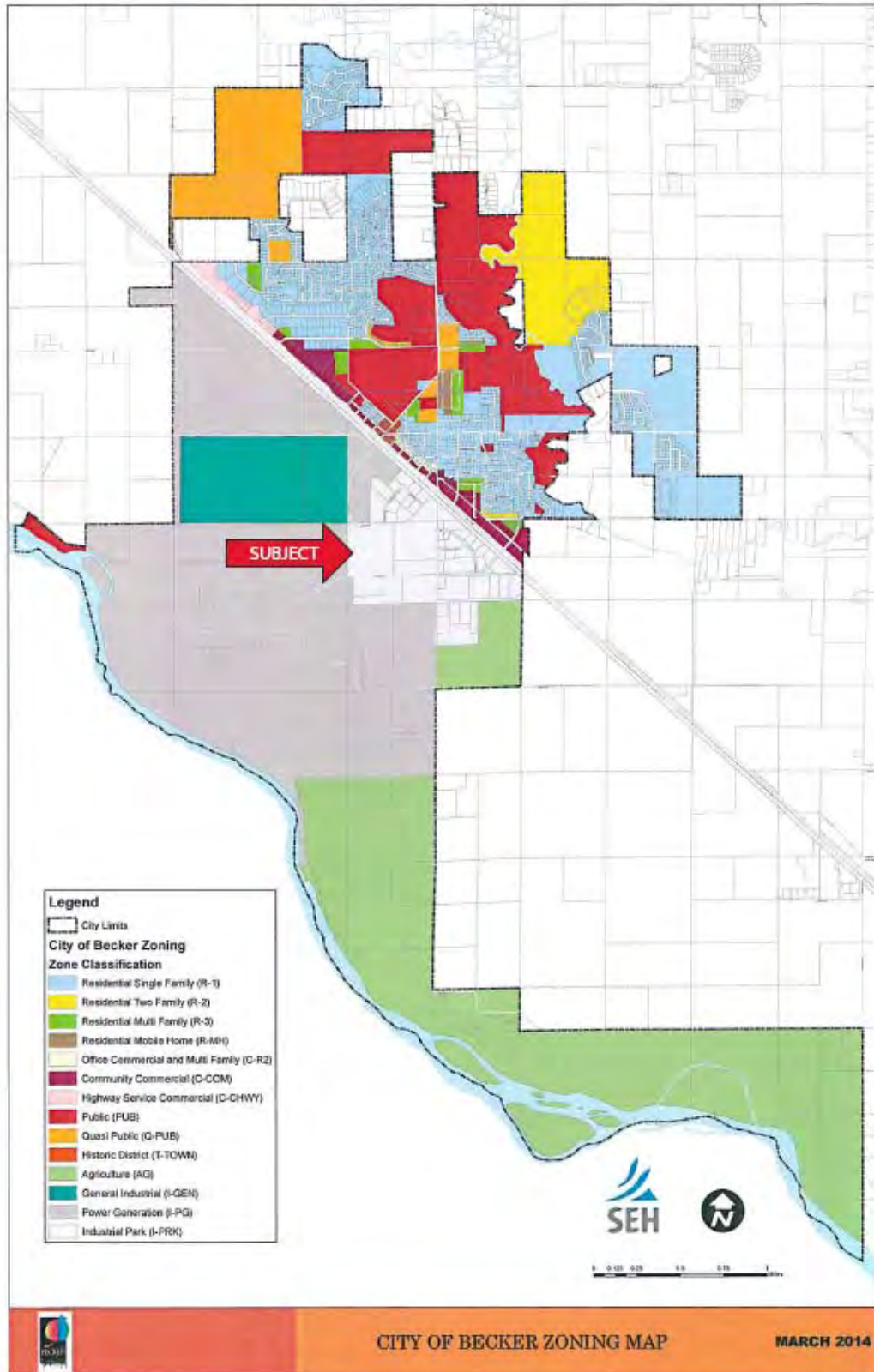
It is noted that the data cited above for PID 60-006-2200 includes approximately 3.3 acres south of Liberty Lane Southeast that are not part of the subject valued in this appraisal.

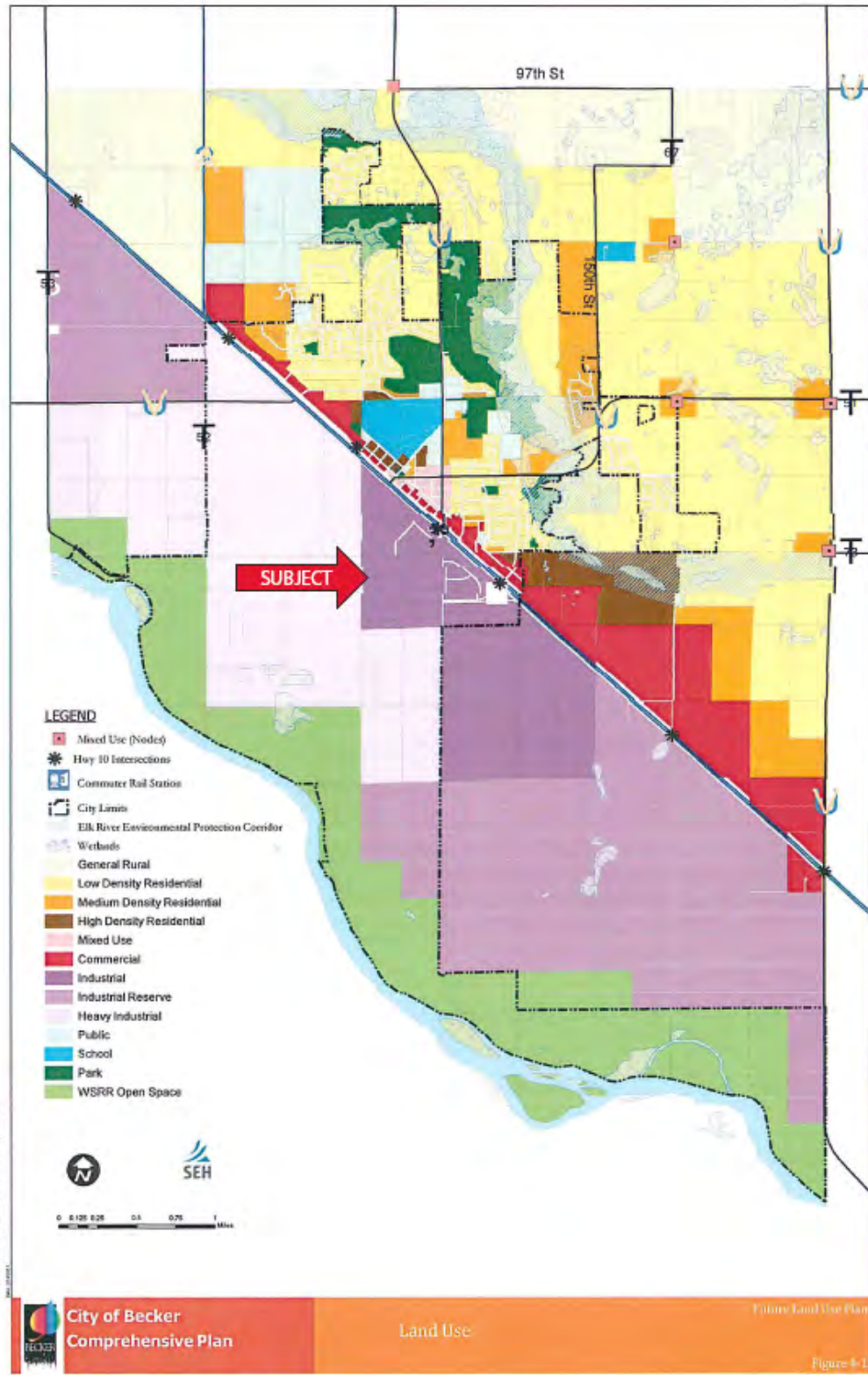
ZONING

Zoning is administered by the City of Becker. As depicted on the City of Becker Zoning Map and Comprehensive Plan Land Use Map, which follow, the subject property is zoned I-PRK, Industrial Park District, and guided Industrial.

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ZONING

The intent of the I-PRK, Industrial Park 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. To 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;

establish and maintain high standards of site planning, architecture, and landscape design that will create an environment attractive to the most discriminating industries;

provide and ensure the continuity of locations for industries that can operate on small sites with minimum mutual adverse impact.”

The following is a partial list of the permitted uses in the I-PRK, Industrial Park District.

- Technology innovative industries
- Manufacturing/industrial operations
- Wood products
- Construction establishments
- Warehouses
- Assembly, manufacturing, packaging and wholesaling businesses
- Mini-storage facilities

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ZONING

The following are conditional uses under the I-PRK, Industrial Park District and require a permit. Here again, this is a partial list only.

- Coal and building material storage
- Large L.P. tanks

Lot requirements within the I-PRK, Industrial Park District are as follows:

Minimum Lot Area:	30,000 SF
Minimum Lot Width:	150 Feet
Minimum Lot Depth:	200 Feet

Minimum Yard Setbacks:

Front Yard	40 Feet
Side Yard	25 Feet
Rear Yard	25 Feet

Minimum Lot Coverage:	75%
-----------------------	-----

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

LAND DESCRIPTION

The market value of the subject land is based on the following description.

Site Area:	103.66 Acres
Less: Road Right-of-way	<u>6.90 Acres</u>
Area Net of Right-of-way	96.76 Acres
Shape:	Rectangular

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LAND DESCRIPTION

Street Frontage/Access: The subject has approximately 1/2 mile of frontage along Liberty Lane Southeast on the south boundary, approximately 1/4 mile along Sherburne Avenue Southeast on the east boundary and approximately 2,000 LF along Industrial Boulevard Southeast on the north boundary. All of the roadways are asphalt surfaced with one lane of travel in each direction. Liberty Lane and Sherburne Avenue are constructed to urban street standards with concrete curb/gutter, and an in-ground storm water system. Industrial Boulevard has grass inslope and ditches.

Rail Frontage: None

River Frontage: None

Terrain: The site is open, generally level, agricultural land.

Flood Hazard: The subject is located in Zone X, an area outside of the 500-year floodplain.

Community Panel Number: 27141C0220F
Effective Date: November 16, 2011

Utilities: Municipal water and sanitary sewer services are available to the subject, located along the east and south boundary within road right-of-way.

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: As mentioned previously, the following survey drawing of the Northern States Power Company property identifies several roadway and utility easements across the subject. However, an extraordinary assumption is made that there are no large atypical easements encumbering the subject.

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SUBJECT

SURVEY SKETCH

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HIGHEST AND BEST USE

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

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

This publication goes on to distinguish the highest and best use as vacant and as improved, 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.

As Vacant

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 I-PRK, Industrial Park District. This zoning is designed to provide for the establishment of industrial manufacturing and 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, industrial development of the subject would be legally possible.

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HIGHEST AND BEST USE**As Vacant**

The subject is a vacant, 96.76-acre tract, net of right-of-way, and large enough to accommodate most forms of industrial development. The site is primarily open, level cultivated fields. As evidenced by development on neighboring parcels, soils in the area appear suitable for typical construction practices. Municipal utilities are available at the property boundary and vehicle access is provided to/from public roadways along the north, east and south boundaries. The subject also has good access to regional transportation routes, with State Highway 10 located less than 1/4 mile to the northeast of the property. Therefore, development of the legally permissible uses is physically possible.

As evidenced by the comparable sales, there are examples of new industrial developments resuming between the Twin Cities and St. Cloud. Particularly, the subject offers a buyer the opportunity to acquire a large tract of land where specialized industrial needs could be met. Furthermore, industrial development conforms to the area surrounding the property. Given the subject's convenient access to regional transportation corridors, industrial development appears to be financially feasible. Considering the subject's location in a rather small rural community, an owner-user 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, as vacant, is for industrial development consistent with zoning. While the subject may not be developed at its maximum density initially, it may be developed with lots or in phases over time in response to demand in the market.

EXPOSURE AND MARKETING TIME

Exposure time of nine to twelve 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 nine to twelve months.

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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 reproducing 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 reproduction 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 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.

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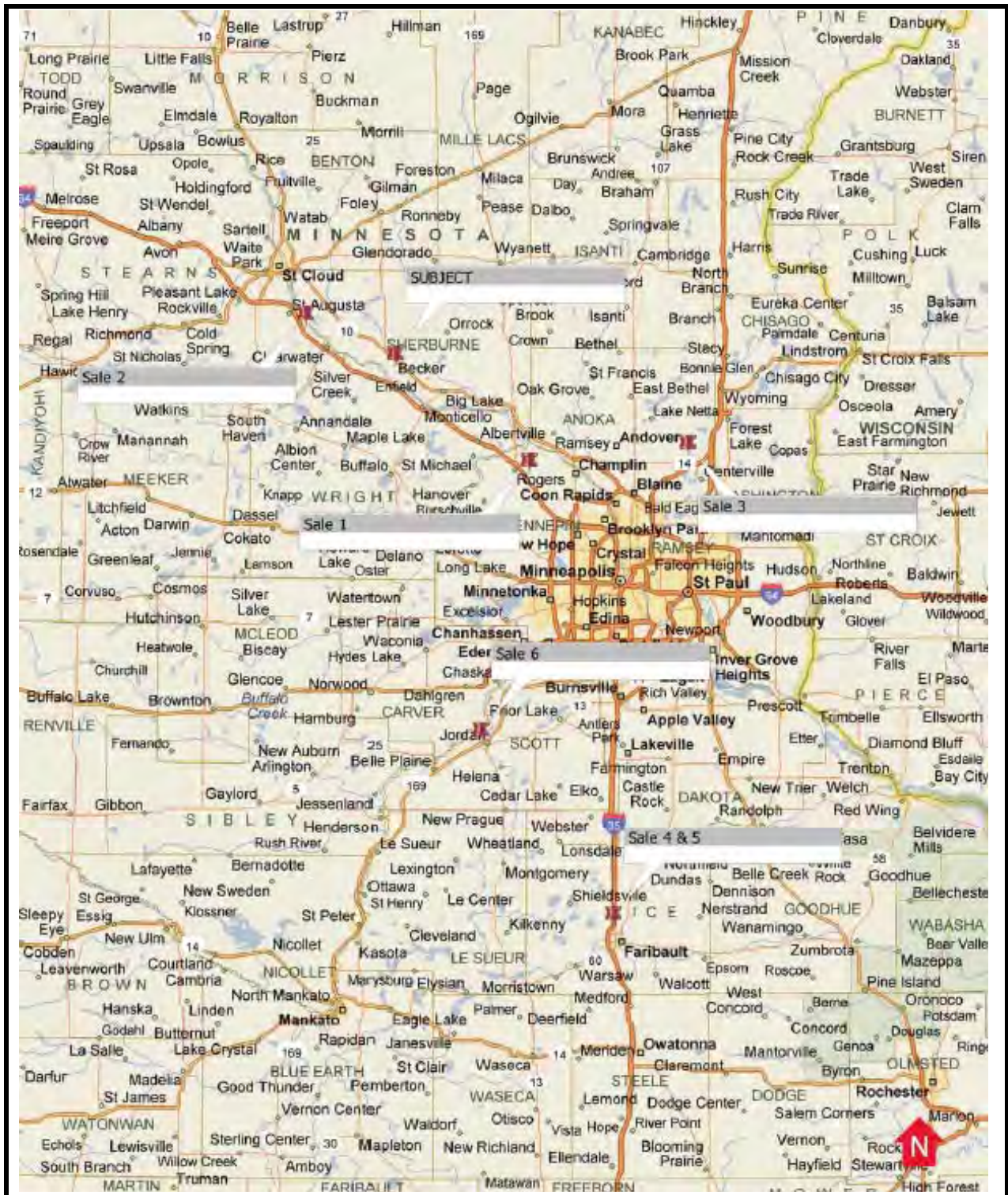
SALES COMPARISON APPROACH

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 quantity of verifiable sales is 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 Wright County, but was expanded to include other counties around the Twin Cities metropolitan 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.

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COMPARABLE SALES LOCATION MAP

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SALES COMPARISON APPROACH**Comparable Sale 1**

Location: East Side of Brockton Lane at 124th Avenue North
 Dayton and Rogers, Minnesota
 PID(s): 19-120-22-31-0001, 19-120-22-33-0001, 19-120-22-34-0001, 30-120-22-22-0004, 24-120-23-44-0002, 30-120-22-22-0003, 30-120-22-24-0006 & 30-120-22-42-0002
 Buyer: Liberty Property Limited Partnership
 Sellers: 1. Gonyea, Walesch, Allen, LLC
 2. Brian Ertel and Glen Ertel, Trustees of the Evelyn L. Henry Revocable Trust dated June 28, 1999
 3. Susan E. & John O'Donnell
 Date of Sale: November 2015
 Utilities: Public Utilities Available, Extension Required
 Zoning: I-1, Light Industrial District and LI, Limited Industry District
 Intended Use: Industrial Park
 Size: 187.11 Acres
 Sale Price: \$10,718,737
 Price per Acre: \$57,286
 Remarks: This is the combined purchase from three separate sellers that closed on the same day. Prior to the sale, the city council approved the developer's agreement and final plat for the French Lake Industrial Park. The majority of the project is to be built in Dayton, with a small portion crossing into the City of Rogers. The cities have approved a joint powers agreement to coordinate improvements to infrastructure in and around the project, including sanitary sewer, municipal water and construction of an interchange at Interstate 94 and Brockton Lane. The buyer is responsible for extraordinary infrastructure cost; however, the buyer's representative stated that the majority of the infrastructure cost will be reimbursed through a TIF agreement.

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SALES COMPARISON APPROACH**Comparable Sale 2**

Location:	23204 County Road 75, St. Cloud, Minnesota
PID:	82.50617.0249
Buyer:	Anderson Trucking Service, Inc.
Seller:	Saint Cloud Opportunities, Inc. & SEA Development, LLC
Date of Sale:	April 2015
Utilities:	Available
Zoning:	AG, Agricultural District; Guided Industrial
Intended Use:	Industrial
Size:	50.85 Acres
Sale Price:	\$2,768,571
Price per Acre:	\$54,446
Remarks:	The site was mostly open, level, tilled agricultural land. There has been a new road constructed to serve the property. According to the City of St. Cloud Planning Office, a non-profit economic development entity referred to as Business Park Partners, which includes the City of St. Cloud, the Economic Development Authority and St. Cloud Opportunity, among others, provided the funds for the extension of utilities, construction of 74 th Street South and the addition of turn lanes along County Road 75.

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SALES COMPARISON APPROACH**Comparable Sale 3**

Location: West side of Lake Drive, Columbus, Minnesota
 PID: 33-32-22-31-0005
 Buyer: MN Management Partners, LLC
 Seller: Waldoch II Family Trust
 Date of Sale: March 2015
 Utilities: Private
 Zoning: C/I, Commercial/Industrial District
 Intended Use: Industrial w/outdoor storage
 Size: 18.90 Acres per buyer
 Sale Price: \$720,000
 Price per Acre: \$38,095
 Remarks: This is a marketed, arm's-length transaction. The buyer reported that approximately two acres contain wetland soils. Previously, the entire site was tilled agricultural land. The buyer preferred to acquire land along the State Highway 10 corridor northwest of the Twin Cities metropolitan area; however, this property allows outdoor storage which is necessary for their intended use.

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SALES COMPARISON APPROACH**Land Sale 4**

Location: 17925 Bagley Avenue
 Faribault, Minnesota
 PID(s): 18.13.3.50.002
 Buyer: Ronald G. & Jean M. McDonough
 Seller: William M. & Lynette M. McCue
 Date of Sale: January 2015
 Utilities: Available
 Zoning: I-P, Industrial Park District
 Intended Use: Industrial
 Size: 49.66 Acres (27.26 Acres Usable)
 Sale Price: \$435,000
 Price per Acre: \$15,957 Usable
 Remarks:

The property was publicly marketed on the Multiple Listing Service. The property is improved with an older farm house, outbuildings and two billboards. Since the house is being rented which offsets future razing cost, no adjustment is made to the sale price for the improvements. Municipal utilities are located adjacent to the site. The interchange on Interstate 35 is approximately one-half mile south. The total site is 49.66 acres; however, the east 22.4 acres of the property, or 45% of the site, are wetland. Prior to this sale, the seller purchased the property, along with an additional 39.1 acres, in June 2014, for a price of

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SALES COMPARISON APPROACH

As Vacant

Land Sale 4

Remarks

(Continued):

\$550,000, or \$6,196 per gross acre. Currently, the property is listed for sale as a preliminary six-lot industrial subdivision with all lots having frontage on Bagley Avenue.

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SALES COMPARISON APPROACH**Land Sale 5**

Location: 1575 - 170th Street West
 Faribault, MN
 PID(s): 18.12.3.00.001
 Buyer: William & Lynette McCue
 Seller: BGM Real Estate Holdings
 Date of Sale: June 2014
 Utilities: Extension Required
 Zoning: I-P, Industrial Park District
 Size: 55.95 Acres
 Sale Price: \$690,000
 Price per Acre: \$12,332
 Remarks:

The property was publicly marketed on the Multiple Listing Service. The buyer relisted the property for sale in September 2015, for a price of \$1,095,000. The property has approximately one-half mile of frontage on Interstate 35 and is located approximately 1 ½ miles north of an interchange. The site also has two billboards and productive soils (CPI 82.9) to mitigate holding costs. Municipal utilities are located on Bagley Avenue approximately three-quarters of a mile to the southwest.

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SALES COMPARISON APPROACH**Comparable Sale 6**

Location: 620 Corporate Drive, Jordan, Minnesota
 PID: 22.092001.0, 22.092003.0, & 22.092004.0
 Buyer: Minger Properties, LLC
 Seller: Eugene F. Hauer
 Date of Sale: June 2014
 Utilities: Available
 Zoning: I-2, General Industrial District
 Intended Use: Industrial
 Size: 18.79 Acres
 Sale Price: \$481,495
 Price per Acre: \$25,625
 Remarks:

This property was not publicly marketed. However, the seller reported that it is an arm's-length market rate sale. The seller removed an old concrete foundation prior to the sale and the site was ready for development. The site is generally open and gently sloping downward to the southeast. Municipal utilities are available to the site. The buyers have constructed a storm water detention pond in the southeast corner that the seller may utilized upon development of property to the west.

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COMPARABLE LAND SALES ADJUSTMENT GRID								
Sale Data	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Averages
Location City, State	NWC Liberty Lane SE & Sherburne Avenue SE Becker, MN	East Side of Brockton Lane at 124th Avenue North Dayton/Rogers, MN	23204 County Road 75 St. Cloud, MN	West side of Lake Drive Columbus, MN	17925 Bagley Avenue Faribault, MN	1575 - 170th Street West Faribault, MN	620 Corporate Drive Jordan, MN	
Property ID No.	60-006-2200, 60-006-2100 & 60-006-2400	19-120-22-31-0001 et al.	82.50617.0249	33-32-22-31-0005	18.13.3.50.002	18.12.3.00.001	22.092001.0, 22.092003.0 & 22.092004.0	
Land Area (Net R/W)	96.76 AC	187.11 AC	50.85 AC	18.90 AC	27.26 AC	55.95 AC	18.79 AC	
Recorded Sale Price Price per Acre		\$10,718,737 \$57,286	\$2,768,571 \$54,446	\$720,000 \$38,095	\$435,000 \$15,957	\$690,000 \$12,332	\$481,495 \$25,625	\$33,957
Transactional Adjustments								
Unadjusted Sale Price		\$10,718,737	\$2,768,571	\$720,000	\$435,000	\$690,000	\$481,495	
Property Rights	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	
Adjusted Sale Price		\$10,718,737	\$2,768,571	\$720,000	\$435,000	\$690,000	\$481,495	
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		\$10,718,737	\$2,768,571	\$720,000	\$435,000	\$690,000	\$481,495	
Conditions of Sale	Typical	Typical	Typical	Typical	Typical	Typical	Use of Storm Pond	
Adjusted Sale Price		\$10,718,737	\$2,768,571	\$720,000	\$435,000	\$690,000	\$471,865	
Special Assessments	None	None	None	None	None	None	None	
Adjusted Sale Price		\$10,718,737	\$2,768,571	\$720,000	\$435,000	\$690,000	\$471,865	
Other Expenditures	None	None	None	None	None	None	None	
Adjusted Sale Price		\$10,718,737	\$2,768,571	\$720,000	\$435,000	\$690,000	\$471,865	
Market Conditions	4-Apr-16	Nov-15	Apr-15	Mar-15	Jan-15	Jun-14	Jun-14	
Adjusted Sale Price		\$10,933,112	\$2,907,000	\$756,000	\$461,100	\$752,100	\$514,333	
Adjusted Sale Price per Acre		\$58,431	\$57,168	\$40,000	\$16,915	\$13,442	\$27,373	\$35,555
Property Adjustments								
Location	Good	Superior	Superior	Superior	Similar	Similar	Similar	
Zoning	I-PRK	I-1, LI	AG	C/I	I-P	I-P	I-2	
Size	96.76 AC	187.11 AC	50.85 AC	18.90 AC	27.26 AC	55.95 AC	18.79 AC	
Shape	Rectangular	Irregular	Generally Rectangular	Rectangular	Generally Rectangular	Generally Rectangular	Rectangular	
Access	Good	Similar	Similar	Similar	Similar	Similar	Similar	
Public Utilities	Available	Available	Available	Private	Available	Ext. Req.	Available	
Terrain	Open/Level	Open/Level/Wetland	Open/Level	Open/Level	Generally Open/Level	Open/Level	Generally Open/Sloping	
Net Adjustment		0.77	0.72	0.66	0.97	1.08	0.75	
Indicated Subject								
Value per Acre		\$44,992	\$41,161	\$26,400	\$16,408	\$14,517	\$20,530	\$27,335
Value per SF		\$1.03	\$0.94	\$0.61	\$0.38	\$0.33	\$0.47	\$0.63

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SALES COMPARISON APPROACHExplanation of Adjustments

Property Rights:	We are appraising the market value of the fee simple interest in the property. All of the comparable sales involved transfers of the fee simple interest. As such, no adjustments for property rights conveyed have been made.
Financing:	All of the comparable sales resulted in cash to the seller at closing. Therefore, no adjustment is applied.
Conditions of Sale:	All of the comparable sales are considered arm's-length transactions by unrelated parties. However, Comparable 6 is given a slight downward adjustment for the drainage rights that the seller reserved for the pond constructed by the buyer in the southeast corner.
Special Assessments:	None of the sales reported that assessments were due at closing. Therefore, no adjustments are made.
Other Expenditures:	The buyer of Comparable 1 is responsible for extraordinary infrastructure cost; however, the majority of the expense will be reimbursed through a TIF agreement with the City of Dayton. Similarly, funds for extension of infrastructure for Comparable 2 were provided by public sources. No other extraordinary development costs were reported.
Market Conditions:	<p>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 April 4, 2016. The comparable sales occurred between April 2014 and November 2015.</p> <p>Demand for industrial land proximate to the Twin Cities stabilized in 2011 and 2012, following the recession. Since that time, there has been strong demand for industrial development in select markets. However, given the subject's location in a small rural community, the market conditions adjustment for industrial land in more outlying areas is tempered somewhat.</p>

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SALES COMPARISON APPROACHExplanation of AdjustmentsMarket Conditions
(Continued):

The following annual adjustments are made for market conditions:

Year	Annual Market Change
2013	3%
2014	5%
2015	5%
2016	5%

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, surrounding land use, regional accessibility, and proximity to the Twin Cities Metropolitan Area.

Comparables 1, 2, and 3, are in superior locations closer to the Twin Cities metropolitan area or the St. Cloud metropolitan area. Therefore, these sales are given downward adjustments.

Zoning:

The comparable sales were selected based on their similarity to the subject in land use allowed by their respective zoning designations or guiding. Therefore, no adjustments have been made for zoning differences.

Size:

Typically a smaller site will command a higher price per unit than a larger site, all else being equal. The size adjustment applied is based on the premise that for each doubling in size, there is a 10% reduction in the per unit price.

Shape:

The subject property boundary is rectangular in shape, and consists of multiple tax parcels. Comparables 1 has an irregular boundary; however, given its large size, shape is not expected to impact development potential. Therefore, no adjustment is necessary.

Access:

All of the comparable sales have frontage on public rights-of-way, similar to the subject. Therefore, no adjustments are warranted.

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SALES COMPARISON APPROACHExplanation of Adjustments

Utilities:	The subject property is located within city limits with municipal water and sanitary sewer services available along the east and south boundary. Upward adjustments are applied to the comparable sales where private utility systems are required or extension of municipal utilities is necessary.
Terrain:	The subject is open, generally level, and considered entirely usable. While Comparable 1 contains some wetland, due to the overall size of the property, the wetland area is not expected to limit development potential of the site. Since the usable area is utilized for Comparable 4, and recognizing that wetland areas contribute some value for density calculations and open space, Comparable 4 is given a modest upward adjustment.

Analysis

The six comparable sales range in unadjusted price from \$12,332 per acre to \$57,286 per acre, with an average of \$33,957 per acre. After the adjustment process, the sales range in unit price from \$14,517 per acre to \$44,992 per acre, with an average of \$27,335 per acre. This narrowing of the unit range supports the adjustments made and provides for meaningful analysis.

The subject is located in the city of Becker, a rural community between the St. Cloud and Twin Cities metropolitan areas. For this reason, Comparables 4, 5 and 6, which are located in similar outlying communities, are given additional weight in the final analysis. The average of Comparables 4, 5 and 6 is \$17,152 per acre. However, given its size, similar terrain features and proximity to the subject, Comparable 2 is also given more weight. Furthermore, similar to Comparable 2, an owner-user may develop a large-scale industrial use on the subject, and reserve the remainder for development of smaller lots in phases over time. For these reasons, a blended unit value of the subject land is estimated to be \$25,000 per acre, net of right-of-way. Thus, the total market value of the subject land as of April 4, 2016, is calculated as follows:

$$96.76 \text{ Acres} \times \$25,000 \text{ per Acre} = \$2,419,000$$

$$\text{Rounded to} \quad \$2,420,000$$

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SALES COMPARISON APPROACH

Analysis

As previously mentioned, the subject is improved with an irrigation system and well. The irrigation system is considered personal property and not valued in this appraisal. Alternatively, while the well is considered an element of the real property, the well has no contributory value given that the highest and best use is near-term industrial development in a location where municipal utilities are available.

FINAL SUMMATION

Based on the preceding data and analysis, the appraisers' final conclusion of market value, as of April 4, 2016, is estimated to be \$2,420,000.

TWO MILLION FOUR HUNDRED TWENTY THOUSAND DOLLARS

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ADDENDA

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EXHIBIT 1

Demographic Profile

(Pages 35-43)

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Demographic Profile

In 2010, the population in ZCTA 55308¹ was 9,064.

The region has a civilian labor force of 5,088 with a participation rate of 81.4%. Of individuals 25 to 64 in ZCTA 55308,² 29.8% have a bachelor's degree or higher which compares with 30.5% in the nation.

The median household income in ZCTA 55308³ is \$78,611 and the median house value is \$194,200.

	Demographic Profile ¹					
	Percent			Value		
	ZCTA 55308	Minnesota	USA	ZCTA 55308	Minnesota	USA
Demographics						
Population	—	—	—	9,064	5,303,925	308,745,538
Median Age ²	—	—	—	32.5	37.4	37.2
Under 18 Years	33.4%	24.2%	24.0%	3,027	1,284,063	74,181,467
18 to 24 Years	7.2%	9.5%	9.9%	655	502,799	30,672,088
25 to 34 Years	13.0%	13.5%	13.3%	1,182	715,586	41,063,948
35 to 44 Years	17.2%	12.8%	13.3%	1,556	681,094	41,070,606
45 to 54 Years	14.3%	15.2%	14.6%	1,296	807,898	45,006,716
55 to 64 Years	7.8%	11.9%	11.8%	707	629,364	36,482,729
65 to 74 Years	4.0%	6.7%	7.0%	366	354,427	21,713,429
75 Years, and Over	3.0%	6.2%	6.0%	275	328,694	18,554,555
Race: White	96.8%	85.3%	72.4%	8,778	4,524,062	223,553,265
Race: Black or African American	0.3%	5.2%	12.6%	30	274,412	38,929,319
Race: American Indian and Alaska Native	0.3%	1.1%	0.9%	25	60,916	2,932,248
Race: Asian	0.6%	4.0%	4.8%	55	214,234	14,674,252
Race: Native Hawaiian and Other Pacific Islander	0.1%	0.0%	0.2%	5	2,156	540,013
Race: Some Other Race	0.4%	1.9%	6.2%	36	103,000	19,107,368
Race: Two or More Races	1.5%	2.4%	2.9%	135	125,145	9,009,073
Hispanic or Latino (of any race)	1.4%	4.7%	16.3%	125	750,258	50,477,594
Economic						
Labor Force Participation Rate and Size (civilian population 16 years and over) ⁴	81.4%	70.2%	63.8%	5,088	2,958,989	157,113,886
Armed Forces Labor Force ⁴	0.0%	0.1%	0.4%	0	2,487	1,083,691
Veterans, Age 18-64 ⁴	6.7%	5.8%	6.2%	370	195,510	11,977,656
Median Household Income ^{3,4}	—	—	—	\$78,611	\$59,836	\$53,046
Poverty Level (of all people) ⁴	4.5%	11.5%	15.4%	395	598,391	46,663,433
Mean Commute Time (minutes) ⁴	—	—	—	32.3	22.9	25.5
Commute via Public Transportation ⁴	0.4%	3.4%	5.0%	19	92,680	7,000,722
Union Membership ⁵	—	14.1%	11.1%	—	—	—
Housing						
Total Housing Units ⁴	—	—	—	3,074	2,353,932	132,057,804
Median House Value (of owner-occupied units) ^{3,4}	—	—	—	\$194,200	\$187,900	\$176,700

Source: JobsEQ®, <http://www.chmuraecon.com/jobseq>
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	Demographic Profile ¹					
	Percent			Value		
	ZCTA 55308	Minnesota	USA	ZCTA 55308	Minnesota	USA
Homeowner Vacancy ⁴	1.6%	1.6%	2.2%	43	24,575	1,682,020
Rental Vacancy ⁴	13.5%	4.9%	7.3%	92	30,186	3,230,123
Renter-Occupied Housing Units (% of Occupied Units) ⁴	20.4%	27.5%	35.1%	589	578,960	40,534,516
Occupied Housing Units with No Vehicle Available (% of Occupied Units) ⁴	3.5%	7.1%	9.1%	100	149,666	10,483,077
Social						
No High School Diploma (educational attainment, age 25-64) ⁴	5.0%	6.2%	12.2%	251	177,706	20,081,351
High School Graduate (educational attainment, age 25-64) ⁴	20.2%	23.9%	26.7%	1,007	681,368	43,924,394
Some College, No Degree (educational attainment, age 25-64) ⁴	26.5%	23.1%	22.0%	1,319	659,711	36,266,398
Associate's Degree (educational attainment, age 25-64) ⁴	18.4%	11.7%	8.6%	916	334,011	14,216,331
Bachelor's Degree (educational attainment, age 25-64) ⁴	24.1%	23.9%	19.5%	1,197	682,593	32,105,737
Postgraduate Degree (educational attainment, age 25-64) ⁴	5.7%	11.1%	11.0%	285	318,075	18,142,599
Enrolled in Grade 12 (% of total population) ⁴	1.3%	1.5%	1.4%	112	80,464	4,496,472
Disabled, Age 18-64 ⁴	5.8%	8.2%	10.1%	317	272,630	19,403,946
Foreign Born ⁴	1.7%	7.3%	12.9%	150	392,037	40,341,898
Speak English Less Than Very Well (population 5 yrs and over) ⁴	0.4%	4.3%	8.6%	31	212,464	25,148,900

Source: [JobsEQ](http://www.chmuraecon.com/jobseq)

1. Census 2010, unless noted otherwise

2. Census 2013, annual average growth rate since 2003

3. Median values for certain aggregate regions (such as MSAs) may be estimated as the weighted averages of the median values from the comprising counties.

4. ACS 2009-2013

5. 2013, Current Population Survey, www.census.gov, and Chmura

Source: JobsEQ®, <http://www.chmuraecon.com/jobseq>
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Employment Trends

As of 2015Q1, total employment for ZCTA 55308 was 2,016 (based on a four-quarter moving average). Over the year ending 2015Q1, employment declined 1.7% in the region.



Employment data are derived from the Quarterly Census of Employment and Wages, provided by the Bureau of Labor Statistics and imputed where necessary. Data are updated through 2014Q3 with preliminary estimates updated to 2015Q1.

Wage Trends

The average worker in ZCTA 55308 earned annual wages of \$39,501 as of 2015Q1. Average annual wages per worker increased 1.7% in the region during the preceding four quarters. For comparison purposes, annual average wages were \$51,050 in the nation as of 2015Q1.



Annual average wages per worker data are derived from the Quarterly Census of Employment and Wages, provided by the Bureau of Labor Statistics and imputed where necessary. Data are updated through 2014Q3 with preliminary estimates updated to 2015Q1.

Source: JobsEQ®, <http://www.chmuraecon.com/jobsq>
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Cost of Living Index

The Cost of Living Index estimates the relative price levels for consumer goods and services. When applied to wages and salaries, the result is a measure of relative purchasing power. The cost of living is 5.6% higher in ZCTA 55308 than the U.S. average.

Cost of Living Information			
	Annual Average Salary	Cost of Living Index (Base US)	US Purchasing Power
ZCTA 55308	\$39,501	105.6	\$37,402
Minnesota	\$51,361	105.2	\$48,844
USA	\$51,050	100.0	\$51,050

Source: JobsEQ®
 Data as of 2015Q1
 The Cost of Living Index is developed by Chmura Economics & Analytics and is updated quarterly.

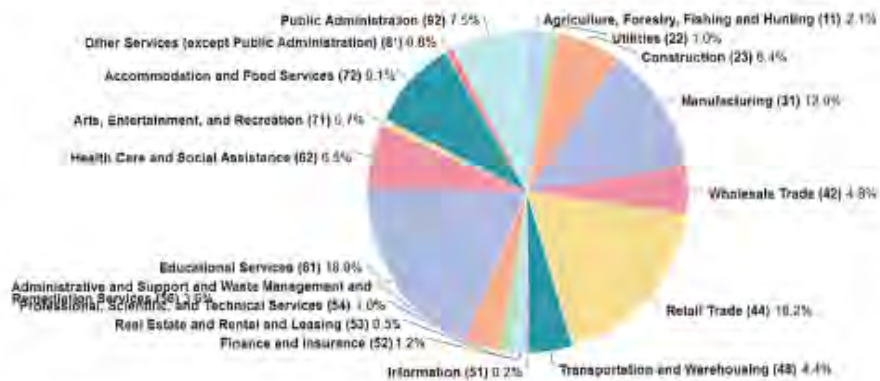
Source: JobsEQ®, <http://www.chmuraecon.com/jobseq>
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Industry Snapshot

The largest sector in ZCTA 55308 is Educational Services, employing 382 workers. The next-largest sectors in the region are Retail Trade (367 workers) and Manufacturing (261). High location quotients (LQs) indicate sectors in which a region has high concentrations of employment compared to the national average. The sectors with the largest LQs in the region are Agriculture, Forestry, Fishing and Hunting (LQ = 2.35), Educational Services (2.11), and Utilities (1.67).

Total Workers for ZCTA 55308 by Industry



Employment data are derived from the Quarterly Census of Employment and Wages, provided by the Bureau of Labor Statistics and imputed where necessary. Data are updated through 2014Q3 with preliminary estimates updated to 2015Q1.

Sectors in ZCTA 55308 with the highest average wages per worker are Utilities (\$72,262), Construction (\$57,358), and Professional, Scientific, and Technical Services (\$55,166). Regional sectors with the best job growth (or most moderate job losses) over the last 5 years are Accommodation and Food Services (+84 jobs), Construction (+52), and Administrative and Support and Waste Management and Remediation Services (+46).

Over the next 10 years, employment in ZCTA 55308 is projected to expand by 268 jobs. The fastest growing sector in the region is expected to be Health Care and Social Assistance with a +3.3% year-over-year rate of growth. The strongest forecast by number of jobs over this period is expected for Health Care and Social Assistance (+51 jobs), Construction (+39), and Retail Trade (+25).

Source: JobEQ® <http://www.chmuraecon.com/jobseq>
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NAICS	Industry	Current			Total Change over the Last 5 Years	Historical			Forecast		
		Four Quarters Ending with 2015q1				Average Annual % Change in Employment 2010q1-2015q1			Over the Next 10 Years		
		Empl	Avg. Annual Wages	Location Quotient		Empl	ZCTA 55308	Minnesota	USA	Total Approx Repl Demand	Total Growth Demand
11	Agriculture, Forestry, Fishing and Hunting	43	\$28,533	2.35	29	25.0%	2.5%	1.5%	15	0	-0.1%
21	Mining, Quarrying, and Oil and Gas Extraction	0	n/a	0.00	0	n/a	8.1%	6.3%	0	0	0.0%
22	Utilities	20	\$72,262	1.67	19	90.7%	0.5%	-0.4%	5	-2	-1.2%
23	Construction	129	\$57,358	1.39	52	10.9%	3.3%	1.4%	29	39	2.7%
31	Manufacturing	261	\$50,805	1.45	44	3.8%	1.3%	1.1%	61	3	0.1%
42	Wholesale Trade	97	\$48,212	1.14	28	7.0%	1.2%	1.2%	22	7	0.7%
44	Retail Trade	367	\$24,693	1.62	-56	-2.8%	0.8%	1.3%	117	25	0.7%
48	Transportation and Warehousing	89	\$39,163	1.13	-68	-10.7%	0.7%	1.5%	24	8	0.9%
51	Information	4	\$48,777	0.11	-3	-9.6%	-0.6%	-0.2%	1	0	-0.1%
52	Finance and Insurance	23	\$54,453	0.28	-22	-12.4%	0.4%	0.3%	6	2	0.7%
53	Real Estate and Rental and Leasing	10	\$23,291	0.33	1	1.9%	1.7%	1.0%	7	1	1.2%
54	Professional, Scientific, and Technical Services	20	\$55,166	0.16	-19	-12.2%	2.9%	2.6%	5	4	1.9%
55	Management of Companies and Enterprises	0	n/a	0.00	-2	n/a	2.4%	3.3%	0	0	0.0%
56	Administrative and Support and Waste Management and Remediation Services	74	\$26,541	0.58	46	21.6%	3.6%	3.8%	18	15	1.9%
61	Educational Services	382	\$44,712	2.11	-49	-2.4%	0.3%	0.2%	79	-2	0.0%
62	Health Care and Social Assistance	131	\$31,600	0.45	-40	-5.2%	1.7%	2.2%	29	51	3.3%
71	Arts, Entertainment, and Recreation	14	\$13,017	0.40	3	4.6%	0.5%	1.5%	5	2	-1.1%
72	Accommodation and Food Services	183	\$12,279	0.98	84	13.1%	1.5%	2.7%	67	17	0.9%
81	Other Services (except Public Administration)	16	\$19,735	0.26	-16	-12.5%	1.3%	-0.6%	4	7	1.2%
92	Public Administration	152	\$43,447	1.43	6	0.8%	0.5%	-0.7%	37	-1	-0.1%
	Total - All Industries	2,016	\$39,501	1.00	39	0.4%	1.4%	1.5%	519	268	1.3%

Source: JobsEQ®
 Employment data are derived from the Quarterly Census of Employment and Wages, provided by the Bureau of Labor Statistics and imputed where necessary. Data are updated through 2014Q3 with preliminary estimates updated to 2015Q1. Forecast employment growth uses national projections adapted for regional growth patterns.

Source: JobsEQ®, <http://www.chmuraecon.com/jobseq>
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Occupation Snapshot

The largest major occupation group in ZCTA 55308 is Education, Training, and Library Occupations, employing 282 workers. The next-largest occupation groups in the region are Office and Administrative Support Occupations (249 workers) and Sales and Related Occupations (241). High location quotients (LQs) indicate occupation groups in which a region has high concentrations of employment compared to the national average. The major groups with the largest LQs in the region are Education, Training, and Library Occupations (LQ = 2.26), Farming, Fishing, and Forestry Occupations (2.12), and Transportation and Material Moving Occupations (1.46).

Occupation groups in ZCTA 55308 with the highest average wages per worker are Management Occupations (\$89,600), Legal Occupations (\$85,200), and Healthcare Practitioners and Technical Occupations (\$74,200). The unemployment rate in the region varied among the major groups from 1.6% among Management Occupations to 6.4% among Construction and Extraction Occupations.

Over the next 10 years, the fastest growing occupation group in ZCTA 55308 is expected to be Healthcare Support Occupations with a +2.4% year-over-year rate of growth. The strongest forecast by number of jobs over this period is expected for Construction and Extraction Occupations (+26 jobs) and Food Preparation and Serving Related Occupations (+16). Over the same period, the highest replacement demand (occupation demand due to retirements and workers moving from one occupation to another) is expected in Sales and Related Occupations (82 jobs) and Food Preparation and Serving Related Occupations (71).

SOC	Title	Current					Total Change over the Last 5 Years	Historical			Forecast		
		Four Quarters Ending with 2015q1			2015q1			Avg Ann % Chg in Empl 2010q1-2015q1			Over the Next 10 Years		
		Empl	Avg. Annual Wages ¹	LQ	Unempl	Unempl Rate		Empl	ZCTA 55308	Minnesota	USA	Total Repl Demand	Total Growth Demand
11-0000	Management Occupations	88	\$89,600	0.87	4	1.6%	9	2.1%	1.5%	1.5%	24	5	0.6%
13-0000	Business and Financial Operations Occupations	50	\$56,600	0.50	5	2.4%	1	0.3%	1.1%	1.5%	11	4	0.8%
15-0000	Computer and Mathematical Occupations	19	\$64,300	0.34	2	2.2%	3	3.1%	2.0%	2.4%	3	2	0.9%
17-0000	Architecture and Engineering Occupations	22	\$65,600	0.62	2	2.1%	3	3.1%	1.6%	1.2%	5	-1	-0.3%
19-0000	Life, Physical, and Social Science Occupations	10	\$56,500	0.57	1	2.5%	1	2.6%	1.7%	1.2%	3	0	0.0%
21-0000	Community and Social Service Occupations	21	\$46,200	0.69	2	2.3%	-12	-8.7%	1.8%	2.6%	4	0	0.1%
23-0000	Legal Occupations	5	\$85,200	0.33	0	2.0%	-1	-2.1%	-0.1%	0.1%	3	0	0.4%
25-0000	Education, Training, and Library Occupations	282	\$46,500	2.26	11	4.0%	-34	-2.2%	0.5%	0.3%	61	6	0.2%
27-0000	Arts, Design, Entertainment, Sports, and Media Occupations	17	\$38,000	0.64	2	1.4%	-6	-6.3%	0.5%	1.0%	5	1	0.7%

Source: JobsEQ®, <http://www.chmuraecon.com/jobsq>
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Occupation Snapshot in ZCTA 55308													
		Current					Historical					Forecast	
		Four Quarters Ending with 2015q1			2015q1		Total Change over the Last 5 Years	Avg Ann % Chg in Empl 2010q1-2015q1			Over the Next 10 Years		
SOC	Title	Empl	Avg. Annual Wages ¹	LQ	Unempl	Unempl Rate	Empl	ZCTA 55308	Minnesota	USA	Total Repl Demand	Total Growth Demand	Avg. Annual Growth Percent
29-0000	Healthcare Practitioners and Technical Occupations	59	\$74,200	0.51	5	1.8%	12	-4.8%	-1.3%	1.3%	13	12	1.9%
31-0000	Healthcare Support Occupations	29	\$29,300	0.48	6	3.5%	-3	-2.3%	1.5%	2.0%	6	8	2.4%
33-0000	Protective Service Occupations	47	\$43,200	0.97	3	2.8%	-13	-4.8%	0.5%	0.5%	15	7	0.5%
35-0000	Food Preparation and Serving Related Occupations	189	\$18,500	1.03	32	6.1%	66	8.0%	1.4%	2.5%	71	16	0.8%
37-0000	Building and Grounds Cleaning and Maintenance Occupations	56	\$23,900	0.83	10	6.0%	5	2.0%	1.9%	0.9%	13	4	0.7%
39-0000	Personal Care and Service Occupations	40	\$21,600	0.63	9	4.8%	-22	-8.2%	1.9%	1.7%	13	6	1.5%
41-0000	Sales and Related Occupations	241	\$28,800	1.14	21	4.1%	-33	-2.5%	0.9%	1.2%	82	16	0.6%
43-0000	Office and Administrative Support Occupations	249	\$32,100	0.77	37	4.3%	-18	-1.4%	1.1%	1.3%	57	10	0.4%
45-0000	Farming, Fishing, and Forestry Occupations	28	\$22,900	2.12	2	5.2%	18	22.7%	2.3%	1.5%	10	-1	-0.2%
47-0000	Construction and Extraction Occupations	101	\$47,900	1.28	16	6.4%	36	9.2%	3.1%	1.6%	21	26	2.3%
49-0000	Installation, Maintenance, and Repair Occupations	97	\$41,000	1.26	7	3.1%	28	6.9%	1.8%	1.4%	24	5	0.5%
51-0000	Production Occupations	169	\$34,100	1.28	21	4.6%	30	4.0%	1.8%	1.6%	39	-11	-0.7%
53-0000	Transportation and Material Moving Occupations	198	\$31,200	1.46	18	5.1%	-32	-2.9%	1.6%	1.9%	44	14	0.7%
00-0000	Total - All Occupations	2,015	\$38,800	1.00	n/a	n/a	39	0.4%	1.4%	1.5%	524	128	0.8%

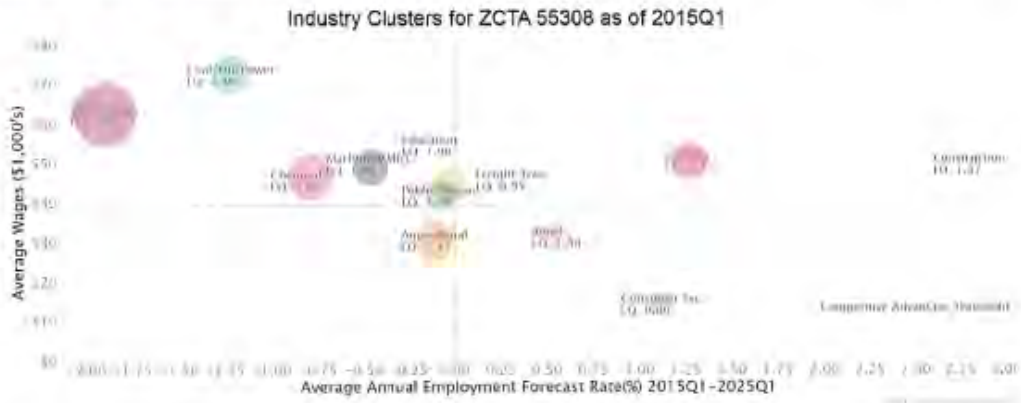
Source: [JobsEQ.com](http://www.jobsEQ.com)
 Note: Figures may not sum due to rounding.
 1. Occupation wages are as of 2013.
 Occupation employment data are estimated via industry employment data and the estimated industry-occupation mix. Industry employment data are derived from the Quarterly Census of Employment and Wages, provided by the Bureau of Labor Statistics and currently updated through 2014Q3, imputed where necessary with preliminary estimates updated to 2015Q1. Wages by occupation are as of 2013 provided by the BLS and imputed where necessary. Forecast employment growth uses national projections from the Bureau of Labor Statistics adapted for regional growth patterns.

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Industry Clusters

A cluster is a geographic concentration of interrelated industries or occupations. The industry cluster in ZCTA 55308 with the highest relative concentration is Wood/Paper with a location quotient of 7.37. This cluster employs 123 workers in the region with an average wage of \$62,300. Employment in the Wood/Paper cluster is projected to contract in the region about 1.9% per year over the next ten years.

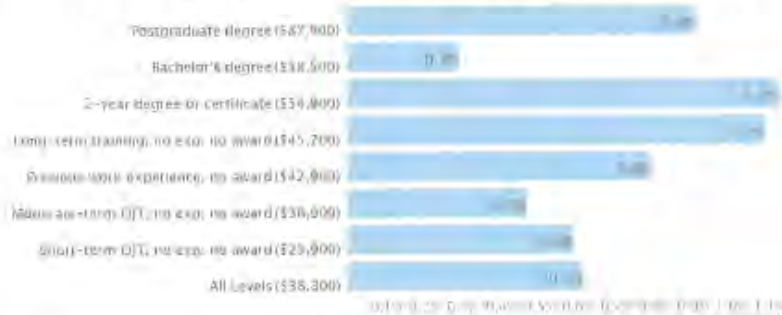


Location quotient and average wage data are derived from the Quarterly Census of Employment and Wages, provided by the Bureau of Labor Statistics, imputed where necessary, and updated through 2014Q3 with preliminary estimates updated to 2015Q1. Forecast employment growth uses national projections from the Bureau of Labor Statistics adapted for regional growth patterns.

Education Levels

Expected growth rates for occupations vary by the education and training required. While all employment in ZCTA 55308 is projected to grow 0.6% over the next ten years, occupations typically requiring a postgraduate degree are expected to grow 0.9% per year, those requiring a bachelor's degree are forecast to grow 0.3% per year, and occupations typically needing a 2-year degree or certificate are expected to grow 1.1% per year.

Annual Average Projected Job Growth by Training Required for ZCTA 55308



Employment by occupation data are estimates as of 2015Q1. Education levels of occupations are based on ELS assignments. Forecast employment growth uses national projections from the Bureau of Labor Statistics adapted for regional growth patterns.

Source: JobsEQ®, <http://www.chmuraecon.com/jobsseq>
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CONTINGENT AND LIMITING CONDITIONS

(Pages 45-47)

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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. They 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 with properly written qualification and 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.

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CONTINGENT AND LIMITING CONDITIONS

(Continued)

11. All studies and field notes will be 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. And, it is 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 upon 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 upon 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 such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
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 property described herein.

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CONTINGENT AND LIMITING CONDITIONS

(Continued)

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 appraisers have 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.

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APPRAISER QUALIFICATIONS

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QUALIFICATIONS OF

RANDY J. DEONES

**PROFESSIONAL
AFFILIATIONS**

Practicing Affiliate, Appraisal Institute, December 2011
Minnesota Certified General Real Property Appraiser, License No. 40264161

**BUSINESS
EXPERIENCE**

Patchin Messner Dodd & Brumm, June 2011 to Present
Licensed Oregon Real Estate Broker, 2008 to 2011
Land Developer, Self-employed, 2003 – Present
Metron & Associates - Licensed Land Surveyor, Washington State; License No. 35970 1995-2005

**EDUCATIONAL
WORK**

Bachelor of Science Degree in Resource Management, University of Wisconsin, graduated 1988

**SPECIALIZED
REAL ESTATE
TRAINING**

General Appraiser Income Approach - 2013
General Appraiser Market Analysis and Highest and Best Use - 2012
Statistics Modeling and Finance – 2012
General Appraiser Sales Comparison Approach – 2012
Business Practices and Ethics - 2012
Basic Appraisal Principles - 2011
Basic Appraisal Procedures – 2011
2010-2011 National USPAP
Oregon State and Federal Real Estate Broker Exam - 2009
Oregon Registered Appraisal Assistant Qualification – 2008
Wetland Soils Course, Everett Community College - 1998

SEMINARS ATTENDED:

L.S.A.W. Conferences 1995-2005
Real Estate Broker, Continuing Education
1031 Exchanges
Legal Lot Status
Tax Planning
Investment Evaluation

**APPRAISAL
EXPERIENCE**

Preparation of appraisals for condemnation, estate planning, property tax appeal, acquisition/disposal and special benefit purposes. Properties appraised include historic building, office buildings industrial properties, retail properties, and development land. Specialize in litigation valuation of development land and commercial, industrial and investment properties.

**APPRAISAL
CLIENTS
INCLUDE**

100 University Family Limited Partnership	Dakota County
Assured Financial, LLC	Estate of Lawrence An-Shih-Liu
Campbell, Knutson, P.A.	Felhaber Larson Fenlon & Vogt
Carver County	Hennepin County
Chisago County Public Works	Iverson Reuvers
City of Burnsville	Leonard, Street and Deinard
City of Carver	Ramsey County
City of Chanhassen	Scott County Public Works
City of Chaska	Siegel Brill
City of Eden Prairie	Sjoberg & Tebelius
City of Farmington	SRF Consulting Group, Inc.
City of Lino Lakes	Walmart Realty
City of Rosemount	Washington County
City of Victoria	

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QUALIFICATIONS OF

JASON L. MESSNER

**PROFESSIONAL
AFFILIATIONS****MAI Member, Appraisal Institute**

Certified General Real Property, State of Minnesota, License No. 4000836
 Member, Minneapolis Area Association of Realtors
 Member (No. 6591), International Right of Way Association

**BUSINESS
EXPERIENCE**

Patchin Messner Dodd & Brumm, President/Principal, 2001 to Present
 Patchin Messner Appraisals, Inc., Principal, 1995 to 2000
 Peter J. Patchin & 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, Mpls., MN, 1990
Report Writing & Valuation Analysis, Appraisal Institute, Minneapolis, MN, 1991

SEMINARS ATTENDEDAppraisal Institute

Income Property Valuation for the 1990s
 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)
 Valuation of Donated Real Estate, including Conservation Easements

Minnesota Institute of Legal Education

Hazardous Waste Litigation
 Eminent Domain
 Property Tax Appeals

**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 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.

21622

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QUALIFICATIONS OF

JASON L. MESSNER (CONTINUED)

**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, Mpls., MN, 1996 and 2002

Faculty participant at the Annual Right-of-Way Professionals Conference, Minnesota Department of Transportation, 2004, 2005, 2007 and 2014

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 to present.

**APPRAISAL
CLIENTS
INCLUDE**

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

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 (Benton, Brown, Carver, Clay, Dakota, Douglas, Goodhue, Hennepin, Jackson, McLeod, Murray, Nicollet, Otter Trail, 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, Hennepin, Isanti, Ramsey, Rice, Scott, Wabasha, Washington and Wright County District Court and various Commission Hearings.

Xcel Energy
NSPM - Sherco Land Sales
Proposed Journal Entries-Northern Metal
Prepared 6/26/2017
Prepared by John Piercy, Capital Asset Accounting

Docket No. E002/M-17-____
 Petition
 Attachment D - Page 1 of 2

Activity	FERC Account	Account Description	Debit	Credit
Record Sale Proceeds	131	Cash or Equivalent-(Northern Metals Parcel)	\$ 1,250,000.00	
	108.30	Retirement Work in Progress - Salvage		\$ 1,250,000.00
Record Costs Associated with Sale	108.20	Retirement Work in Progress - Cost of Removal-Northern Metals*	\$ 16,168.82	
	131	Cash or Equivalent		\$ 16,168.82
Retire Assets Sold and Clear Retirement Work Order	108.30	Retirement Work in Progress - Salvage	\$ 1,250,000.00	
	421.1	Gain on Disposition of Property		\$ 1,222,631.55
	108.2	Retirement Work in Progress - Cost of Removal-Northern Metals		\$ 16,168.82
	101	Electric Plant in Service-Land-(Northern Metals)		\$ 11,199.63
Reclass gain to regulatory liability	421.1	Gain on Disposition of Property	\$ 1,222,631.55	
	254	Other Regulatory Liability		\$ 1,222,631.55

\$ 3,738,800.37 \$ 3,738,800.37

Northern Metals Parcel - 50 Acres

*Includes actual costs and project costs of \$5,000 per site

\$ -

Xcel Energy
 NSPM - Sherco Land Sales
 Proposed Journal Entries-Jet Stream
 Prepared 6/26/2017
 Prepared by John Piercy, Capital Asset Accounting

Docket No. E002/M-17-____
 Petition
 Attachment D - Page 2 of 2

Activity	FERC Account	Account Description	Debit	Credit
Record Sale Proceeds	131	Cash or Equivalent-Jet Stream	\$ 6,304,000.00	
	108.30	Retirement Work in Progress - Salvage		\$ 6,304,000.00
Record Costs Associated with Sale	108.20	Retirement Work in Progress - Cost of Removal-Jet Stream*	\$ 11,922.15	
	131	Cash or Equivalent		\$ 11,922.15
Retire Assets Sold and Clear Retirement Work Order	108.30	Retirement Work in Progress - Salvage	\$ 6,304,000.00	
	421.1	Gain on Disposition of Property		\$ 6,014,805.45
	108.2	Retirement Work in Progress - Cost of Removal-Jet Stream		\$ 11,922.15
	101	Electric Plant in Service-Land-Jet Stream		\$ 277,272.40
Reclass gain to Regulatory Liability	421.1	Gain on Disposition of Property	\$ 6,014,805.45	
	254	Other Regulatory Liability		\$ 6,014,805.45

Jet Stream - 315.2 Acres

*Includes actual costs and project costs of \$5,000 per site

\$ 18,634,727.60	\$ 18,634,727.60
	\$ -

CERTIFICATE OF SERVICE

I, Lynnette Sweet, hereby certify that I have this day served copies of the foregoing document on the attached list of persons.

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

xx electronic filing

Docket No. E002/M-17-____
Xcel Energy's Miscellaneous Electric Service List

Dated this 30th day of June 2017

/s/

Lynnette Sweet
Regulatory Administrator

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
David	Aafedt	daafedt@winthrop.com	Winthrop & Weinstine, P.A.	Suite 3500, 225 South Sixth Street Minneapolis, MN 554024629	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric
Christopher	Anderson	canderson@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022191	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric
Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric
Alison C	Archer	aarcher@misoenergy.org	MISO	2985 Ames Crossing Rd Eagan, MN 55121	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric
Ryan	Barlow	Ryan.Barlow@ag.state.mn.us	Office of the Attorney General-RUD	445 Minnesota Street Bremer Tower, Suite 1400 St. Paul, Minnesota 55101	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric
James J.	Bertrand	james.bertrand@stinson.com	Stinson Leonard Street LLP	150 South Fifth Street, Suite 2300 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric
William A.	Blazar	bblazar@mnchamber.com	Minnesota Chamber Of Commerce	Suite 1500 400 Robert Street North St. Paul, MN 55101	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric
James	Canaday	james.canaday@ag.state.mn.us	Office of the Attorney General-RUD	Suite 1400 445 Minnesota St. St. Paul, MN 55101	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric
Jeanne	Cochran	Jeanne.Cochran@state.mn.us	Office of Administrative Hearings	P.O. Box 64620 St. Paul, MN 55164-0620	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. St. Louis, MO 63119-2044	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
Corey	Conover	corey.conover@minneapolismn.gov	Minneapolis City Attorney	350 S. Fifth Street City Hall, Room 210 Minneapolis, MN 554022453	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric
Carl	Cronin	Regulatory.records@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 7 Minneapolis, MN 554011993	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric
Joseph	Dammel	joseph.dammel@ag.state.mn.us	Office of the Attorney General-RUD	Bremer Tower, Suite 1400 445 Minnesota Street St. Paul, MN 55101-2131	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric
Ian	Dobson	ian.dobson@ag.state.mn.us	Office of the Attorney General-RUD	Antitrust and Utilities Division 445 Minnesota Street, BRM Tower St. Paul, MN 55101	Electronic Service 1400	No	GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric
Ian	Dobson	Residential.Utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	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	1313 5th St SE #303 Minneapolis, MN 55414	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric
Emma	Fazio	emma.fazio@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	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 Saint Paul, MN 551012198	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric
Stephen	Fogel	Stephen.E.Fogel@XcelEnergy.com	Xcel Energy Services, Inc.	816 Congress Ave, Suite 1650 Austin, TX 78701	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
Karen	Gados	karen@mysunshare.com	SunShare, LLC	1441 18th Street Suite 400 Denver, CO 80202	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric
Edward	Garvey	edward.garvey@AESLconsulting.com	AESL Consulting	32 Lawton St Saint Paul, MN 55102-2617	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric
Janet	Gonzalez	Janet.gonzalez@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 55101	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric
Michael	Hoppe	il23@mtn.org	Local Union 23, I.B.E.W.	932 Payne Avenue St. Paul, MN 55130	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric
Julia	Jazynka	jjazynka@energyfreedomcoalition.com	Energy Freedom Coalition of America	101 Constitution Ave NW Ste 525 East Washington, DC 20001	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric
Alan	Jenkins	aj@jenkinsatlaw.com	Jenkins at Law	2265 Roswell Road Suite 100 Marietta, GA 30062	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric
Linda	Jensen	linda.s.jensen@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota Street St. Paul, MN 551012134	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 Suite 1200 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric
Sarah	Johnson Phillips	siphillips@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	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
Mark J.	Kaufman	mkaufman@ibewlocal949.org	IBEW Local Union 949	12908 Nicollet Avenue South Burnsville, MN 55337	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Misc Electric
Hudson	Kingston	hkingston@mncenter.org	MN Center for Environmental Advocacy	26 East Exchange Street, Suite 206 St. Paul, Minnesota 55101	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Misc Electric
Thomas	Koehler	TGK@IBEW160.org	Local Union #160, IBEW	2909 Anthony Ln St Anthony Village, MN 55418-3238	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Misc Electric
Michael	Krikava	mkrikava@briggs.com	Briggs And Morgan, P.A.	2200 IDS Center 80 S 8th St Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Misc Electric
Peder	Larson	plarson@larkinhoffman.com	Larkin Hoffman Daly & Lindgren, Ltd.	8300 Norman Center Drive Suite 1000 Bloomington, MN 55437	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Misc Electric
Douglas	Larson	dlarson@dakotaelectric.com	Dakota Electric Association	4300 220th St W Farmington, MN 55024	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Misc Electric
Paula	Maccabee	Pmaccabee@justchangela.w.com	Just Change Law Offices	1961 Selby Ave Saint Paul, MN 55104	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Misc Electric
Peter	Madsen	peter.madsen@ag.state.mn.us	Office of the Attorney General-DOC	Bremer Tower, Suite 1800 445 Minnesota Street St. Paul, Minnesota 55101	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Misc Electric
Kavita	Maini	kmains@wi.rr.com	KM Energy Consulting LLC	961 N Lost Woods Rd Oconomowoc, WI 53066	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Misc Electric

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E St. Paul, MN 55106	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric
Joseph	Meyer	joseph.meyer@ag.state.mn.us	Office of the Attorney General-RUD	Bremer Tower, Suite 1400 445 Minnesota Street St Paul, MN 55101-2131	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric
David	Moeller	dmoeller@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022093	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric
Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP	33 South Sixth St Ste 4200 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric
David	Niles	david.niles@avantenergy.com	Minnesota Municipal Power Agency	220 South Sixth Street Suite 1300 Minneapolis, Minnesota 55402	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric
Carol A.	Overland	overland@legalelectric.org	Legalelectric - Overland Law Office	1110 West Avenue Red Wing, MN 55066	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric
Jeff	Oxley	jeff.oxley@state.mn.us	Office of Administrative Hearings	600 North Robert Street St. Paul, MN 55101	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric
Kevin	Reuther	kreuther@mncenter.org	MN Center for Environmental Advocacy	26 E Exchange St, Ste 206 St. Paul, MN 551011667	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric
Richard	Savelkoul	rsavelkoul@martinsquires.com	Martin & Squires, P.A.	332 Minnesota Street Ste W2750 St. Paul, MN 55101	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric
Inga	Schuchard	ischuchard@larkinhoffman.com	Larkin Hoffman	8300 Norman Center Drive Suite 1000 Minneapolis, MN 55437	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
Zeviel	Simpser	zsimpser@briggs.com	Briggs and Morgan PA	2200 IDS Center 80 South Eighth Street Minneapolis, MN 554022157	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric
Ken	Smith	ken.smith@districtenergy.com	District Energy St. Paul Inc.	76 W Kellogg Blvd St. Paul, MN 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 Leonard Street LLP	150 South 5th Street Suite 2300 Minneapolis, MN 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	470 U.S. Bank Plaza 200 South Sixth Street Minneapolis, MN 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 Capella Tower Minneapolis, MN 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 15 West Kellogg Blvd. St. Paul, MN 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, Suite 3500 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric
Cam	Winton	cwinton@mnychamber.com	Minnesota Chamber of Commerce	400 Robert Street North Suite 1500 St. Paul, Minnesota 55101	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Miscl Electric
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	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
Patrick	Zomer	Patrick.Zomer@lawmoss.com	Moss & Barnett a Professional Association	150 S. 5th Street, #1200 Minneapolis, MN 55402	Electronic Service	No	GEN_SL_Northern States Power Company dba Xcel Energy-Elec_Xcel Misc Electric