AMENDED ITEMS—NOVEMBER 4, 2013

CONSENT AGENDA:

a. Purchase order for mower

SUGGESTED MOTION:
Move to authorize the chairman to sign a purchase order with RDO Equipment Co. in the amount of $5,400.00 for a Road Department mower.

REGULAR AGENDA:

4a. Sheriff's Office request for Court Transport – 24/7 Program deputy position

SUGGESTED MOTION:
Move to approve a request for one-full time B32 deputy position to support Court Transport 50% of the time, and the remaining 50% to be dedicated to the 24/7 Program.

4b. Red River Regional Dispatch Center lease with option to purchase property

SUGGESTED MOTION:
Move that the Cass County Board of Commissioners endorse the purchase of property located at 300 NP Avenue, Fargo, North Dakota, which currently houses the Red River Regional Dispatch Center (the purchase has also been endorsed by the Red River Regional Dispatch Center Board of Authority).

4c. Purchase of flood prone property in Chrisan Subdivision

SUGGESTED MOTION:
Move to authorize the acquisition of property located at 1209 76th Avenue South using county funds.

4d. Flood Diversion Board of Authority billing for October

SUGGESTED MOTION:
Move to approve the expenses for the Flood Diversion Board of Authority in the amount of $1,023,383.20, and to remit $113,680.12 for Cass County's share of cash flow to cover Minnesota receivables for the month of October, 2013.

CASS COUNTY
GOVERNMENT

Highway Department

Jason Benson, P.E.
County Engineer

Richard S. Sieg
Superintendent

Thomas B. Soucy, P.E.
Design and Construction Engineer

RECEIVED

NOV 1 2013

CASS COUNTY COMMISSION

MEMORANDUM

TO: Cass County Commission

FROM: Jason Benson, County Engineer JB

DATE: October 29, 2013

SUBJECT: Consent agenda topic for November 4th Commission Meeting: Purchase of Mower

---

The 2013 budget included the purchase of a mower for the West Fargo shop yard. This will replace a 2002 John Deere 1435 mower. Several mowers were tested, and quotes were solicited from the venders:

RDO Equipment	John Deere Z950R	$ 9,900.00
North Country Marketing	Skag Cheetah	$12,492.00
North Country Marketing	Skag Cheetah (used)	$ 7,071.00
Garden Hut	Cub Cadet S60	$ 5,759.28

After the testing by several of our staff, consensus was that the John Deere Z950R was more comfortable and easier to operate than the Skag, and of heavier construction than the Cub Cadet. The dealer will also allow a $4,500.00 trade allowance, for a net price of $5,400.00. The other dealers were unable to offer a trade allowance. I am recommending that the Commission approve the purchase of this equipment from RDO Equipment of Moorhead.

SUGGESTED MOTION: AUTHORIZE CHAIRMAN TO APPROVE PURCHASE ORDER FOR THE PURCHASE OF MOWERS FROM RDO EQUIPMENT CO. FOR $5,400.00.

S:\Admin-Eng\Commission Corrsp\2013 Commission Correspondence\Consent Memo for Yard Mower 102913.docx

1201 Main Avenue West
West Fargo, North Dakota
58078-1301

701-298-2370
Fax: 701-298-2395

PURCHASE ORDER

PAGE:
P.O. NO.: 113005
DATE: 10/31/13

CASS COUNTY GOVERNMENT

N.D. Sales Tax Exempt No. E-3009

RDO EQUIPMENT CO.-FARGO
PO BOX 7160
FARGO, ND 58106-7160

SHIP TO:
CASS COUNTY GOVERNMENT
COUNTY ENGINEER
1201 WEST MAIN AVENUE
WEST FARGO, ND 58078

VENDOR NO.
2149

DELIVER BY	SHIP VIA	F.O.B.	TERMS
10/31/13			NET

CONFIRM BY	CONFIRM TO	REQUISITIONED BY
	HALLAND, SHARI K	JASON BENSON

FREIGHT	CONTRACT NO	ACCOUNT NO.	PROJECT	REQ. NO.	REQ. DATE
		211-4001-431.74-15		RDO EQUIP	10/31/13

LINE NO.	QUANTITY	UOM	ITEM NO. AND DESCRIPTION	UNIT COST	EXTENDED COST
1	1.00	EA	JOHN DEERE Z950R MOWER	5400.0000	5400.00
			SUB-TOTAL		5400.00
			REMARKS: This is a 2013 budgeted item.		
					5400.00

AUTHORIZED BY_______________________
COUNTY OFFICIAL

CASS COUNTY GOVERNMENT

Office of the Sheriff

Paul D. Laney, Sheriff

October 30, 2013

RECEIVED

OCT 31 2013

CASS COUNTY COMMISSION

Chad Peterson, Portfolio Commissioner
Cass County Commission

Re: Request for one (1) B-32 Deputy Position

Chairman Vern Bennett,

Effective July 1, 2013 the State of North Dakota mandated that the Sheriff of each county, shall designate a 24/7 sobriety program testing site, or sites in the Sheriff's respective county to conduct twice per day alcohol breath testing, drug patch and urinalysis testing, installation of remote electronic alcohol monitoring equipment, the collection of program fees from participants in the 24/7 program and enter the information into the Sobriety Program Information System.

Prior to July 1, 2013 the 24/7, Program had approximately 50 participants; today the Sheriff's Office has 97 persons currently reporting; we are averaging the addition of five (5) participants each week. This includes SCRAM Bracelets and Drug Patches.

As you know, the Cass County Commission approved the half time Court/Transport Position January 1, 2012, salary and benefits are currently budgeted for that position.

We are requesting the equivalent of a full time position dedicated half time to Court Transport, half time 24/7 Program.

We propose that the salary and benefits, for the halftime 24/7 deputy, be funded from the 24/7 Program fees collected by the Cass County Sheriff.

I have included an overview of the North Dakota Attorney General's Office 24/7 Program and Sobriety Program Guidelines for your review.

> *Move to authorize the chairman to approve the request for one full time B-32 position to support Court Transport 50% of the time and the balance of 50% be dedicated to the 24/7 Program.*

Should you have any questions, please contact our office.

Sincerely,

Captain Michele D. Harmon
Administration/Court Services Division

Cass County Sheriff
211 9 St. S.
PO Box 488
Fargo, ND 58107-0488
Phone: 701-241-5800
Fax: 701-241-5805

Cass County Jail
450 34 St. S.
Fargo, ND 58103-2229
Phone: 701-271-2900
Fax: 701-271-2967

Cass County Detention
1019 3 Ave. S.
PO Box 2806
Fargo, ND 58108-2806
Phone: 701-241-5845
Fax: 701-241-5938

B32 - Half Time Position

	2013		2014	
	B32-1	B32-19	B32-1	B32-19
Gross Wages	22,286.16	31,413.20	22,508.72	31,727.28
Benefits				
Social Security	1,381.74	1,947.62	1,395.54	1,967.09
Medicare	323.15	455.49	326.38	460.05
NDPERS	2,509.42	3,537.13	2,759.57	3,889.76
Dental	20.00	20.00	20.00	20.00
Health - Family	534.00	534.00	534.00	534.00
Total Benefits	4,768.31	6,494.24	5,035.49	6,870.90
Annual Salary & Benefits	27,054.47	37,907.44	27,544.21	38,598.18

North Dakota
Attorney General's Office

24/7

Attorney General Wayne Stenehjem

Updated May 2013

ABOUT THE PROGRAM

*DUI-alcohol and controlled substances; Domestic violence; Abuse or neglect of a child; other offenses involving alcohol or controlled substances

*Bond Condition; Pretrial Condition; Post conviction requirement

*Court Mandated

*Monitored: Intoxilyzer Twice per Day
Remote Electronic Alcohol Monitoring Bracelet
Urine/Drug testing

GOAL:

- Defendant sobriety - 24/7
- Target group

  = anyone arrested for DUI (alcohol or drugs) with prior conviction in the last 10 years

  = anyone arrested for controlled substance abuse.

  = anyone arrested for abuse or neglect of a child

  = anyone arrested for a crime involving alcohol/controlled substance

  = anyone on parole or probation involved in a crime listed above (intermediate measure)

PROGRAM CONDITIONS

- No alcohol
- No bars
- Breath test - 7 a.m. and 7 p.m. or,
- Electronic Monitoring;
- Random U/A or Drug Patch test;
- Defendant pays for the program;
- If you skip or fail, **you go to jail**;
- Does NOT replace any treatment component.

BENEFITS

- Parents, Spouses, and Children are safer
- Public is safer
- Defendant will spend less time in jail
- Treatment prospects improve
- Defendant's employer happy
- ALMOST NO COST TO TAXPAYER

CASS COUNTY GOVERNMENT

Office of the Sheriff

Paul D. Laney, Sheriff

October 29, 2013

RECEIVED

OCT 29 2013

CASS COUNTY COMMISSION

Chad Peterson, Portfolio Commissioner
Cass County Commission
Cass County Courthouse
Fargo, ND 58103

Re: Red River Regional Dispatch Center Board of Authority, Lease Agreement expiration, with option to purchase property

Chairman Vern Bennett,

Attached please find Option Agreement Exhibit A, which grants the option to purchase the property located at 300 NP Avenue, Fargo, North Dakota at the end of this ten (10) year lease agreement between Sterling Corporation, and the Red River Regional Dispatch Center Board of Authority.

The RRRDC Board of Authority has decided to exercise its option and purchase the property for three hundred thousand dollars. ($300,000.00). An extensive appraisal was completed on September 6, 2013 that valued the property at five hundred eighty thousand dollars ($580,000)

An extensive Summary Appraisal Report is also attached for your review.

A copy of the Option Agreement Exhibit A, has been provided to our States Attorney for his review.

> *Move to authorize the chairman to endorse the purchase of the property located at 300 NP Avenue, Fargo, North Dakota which currently houses the Red River Regional Dispatch Center. The purchase, is endorsed by the Red River Regional Dispatch Center Board of Authority.*

Should you have any questions, please contact our office.

Sincerely,

Captain Michele D. Harmon
Administration/Court Services Division

Cass County Sheriff
211 9 St. S.
PO Box 488
Fargo, ND 58107-0488
Phone: 701-241-5800
Fax: 701-241-5805

Cass County Jail
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Phone: 701-271-2900
Fax: 701-271-2967

Cass County Detention
1019 3 Ave. S.
PO Box 2806
Fargo, ND 58108-2806
Phone: 701-241-5845
Fax: 701-241-5938

Exhibit A

OPTION AGREEMENT

THIS OPTION AGREEMENT made this 12th day of June, 2003, by and between Sterling Development Group Six, LLC, (hereinafter referred to as "Owner") and Red River Regional Dispatch Center (hereinafter referred to as "Optionee"), whose address is currently 915 9th Avenue North, Moorhead, Minnesota 56560.

WITNESSETH:

1. Subject Property. Owner is the owner of certain real property known, or to become known as Unit C-2, of the 300 NP Lofts Condominium, created under a Declaration of Condominium recorded, or to be recorded, at the office of the Recorder for Cass County, North Dakota, which is a condominium of certain real property situate in the County of Cass and State of North Dakota, more fully described as follows:

Lots One, Two, Three, Four, Twenty-one, Twenty-two, Twenty-three and Twenty-four, in Block A-2 of Northern Pacific Second Addition to the City of Fargo, situate in the County of Cass and the State of North Dakota, and all that portion of the vacated alley in said Block A-2 lying between said lots, and that portion of vacated Front Street lying South of and adjacent to Lots Twenty-one, Twenty-two, Twenty-three and Twenty-four;

And;

Lot One (1), Block two (2), of Machinery Row Addition to the City of Fargo, Cass County, North Dakota

[hereinafter referred to as the "Subject Property"].

2. Grant of Option to Lease and Purchase Price. Owner hereby irrevocably grants to Optionee the exclusive option to purchase the Subject Property (the "Option"). Said Option may be exercised after the 10th year of the lease between Owner and Optionee (the "Lease") for the Subject Property or after the 15th year of said lease. In the event the Option is exercised after the 10th year, the purchase price shall be Three Hundred Thousand and 00/100 Dollars ($300,000.00) and in the event the Option is exercised after the 15th year, the purchase price shall be Two Hundred Thousand and 00/100 Dollars ($200,000.00). The term "exclusive option" shall mean that Owner shall be prohibited from selling or conveying any interest in the subject

property to anyone other than Optionee.

3. Consideration for Option. As consideration for the Option, Optionee and Owner have entered into a lease agreement for the rental of the Subject Property by Optionee.

4. Term of Option. Optionee may exercise the Option on or after the tenth (10^{th}) year of the term year as set forth in Section 2.1 of the Lease, but no later than the end of the fifteenth (15^{th}) year of the term year as set forth in Section 2.1 of the Lease; provided, however, that this Option Agreement shall terminate immediately upon termination of the Lease and further provided, however, that said Option Agreement shall not terminate after the fifteenth (15^{th}) year so long as notice of intent to exercise said Option is given prior to expiration of the fifteenth (15^{th}) year. In the event the lease terminates pending a closing on the exercise of an option, then the lease shall be extended during the interim period upon the same terms as existed at the end of such lease. As previously stated, the amount of the purchase price varies depending upon the time the option is to be exercised. This period of time shall be referred to as the "Option Term".

5. Exercise of Option. Optionee may exercise the Option by giving written notice to Owner during the Option Term. Written notice of the exercise of the Option shall be given either by personal delivery or by certified mail, addressed to Owner at the above address. If such notice is given by certified mail, it shall be effective on the date of mailing.

7. Contingencies. If the Option is exercised, Optionee's obligations under this agreement shall be conditioned upon the satisfaction of the contingencies set forth in this paragraph.

7.1 Owner shall furnish to Optionee an abstract of title for such Subject Property showing marketable title in Owner, subject only to the following, which shall be known as "Permitted Exceptions":

7.1.1 Lien of outstanding special assessments certified, and uncertified.

7.1.2 Easements and restrictions of record affecting the Subject Property, which do not interfere with Buyer's planned development of the Subject Property.

7.1.3 Condominium declarations and bylaws then in effect and of record.

7.1.4 Any mortgages, judgments or other liens, which shall be satisfied out of the proceeds of the sale.

Optionee shall give Owner written notice of any defects. Owner shall have a period of sixty (60) days in which to correct any such defects and if the defects are not corrected within said period to Optionee's satisfaction, then Optionee shall, in Optionee's sole discretion have the option of:

7.1.4 Accepting the Subject Property with such legal defects; or

7.1.4 Consummate the transaction in the same manner as if there had been no title objections, withholding from the amount due at closing the reasonable cost of curing such objections in which event the transaction contemplated herein shall consummate on the date of closing.

7.2 <u>Other contingencies.</u> Optionee's obligation to close the transaction contemplated hereunder and to accept the conveyance of the Subject Property is further conditioned upon the following:

7.2.1 The determination that the Subject Property is properly zoned for Optionee's contemplated use.

8. <u>Representations and Warranties by Owner.</u> Owner hereby represents and warrants, which representations and warranties shall survive this Option Agreement and the closing described in paragraph 11 below, as follows:

8.1 There is no condemnation proceeding pending or declaration of taking or other similar instrument filed against any of the Subject Property and that is has not received any notice or has any knowledge that any such proceeding is threatened or will take place or that such instruments will be filed.

8.2 There is no litigation or proceeding pending, or to the best of its knowledge, threatened, which materially affects the Subject Property.

8.3 It is the owner of the Subject Property, in fee simple, subject only to the Permitted Exceptions.

8.4 There are no planned or commenced public improvements by governmental authorities, which may result in special assessments or otherwise materially affect the Subject Property, to the best of the Owner's knowledge.

8.5 Owner has no notice or knowledge of any governmental agency or court order requiring repair, alteration or correction of any existing condition upon the Subject Property.

8.6 Owner has no notice of any environmental impact notices. Buyer has the right to perform environmental studies and agrees to pay for those studies. Seller and Buyer shall negotiate the cost of remedy of any negative impact discovered by those tests.

9. Taxes. During the Option Term, Owner shall be responsible for payment of all real estate taxes and installments for special assessments. If the Option is exercised, general taxes and annual installment for special assessments shall be prorated at the closing based on the net general taxes and special assessment installment for the current year. If the net general taxes and special assessment installment for the current year are not ascertainable, general taxes and special assessment installment shall be prorated on the basis of the net general taxes and special assessment installment for the preceding year. Uncertified special assessments, if any, for work on the Subject Property actually commenced or levied prior to the date of this Agreement shall be assumed by the Optionee. All other special assessments, including any contemplated special assessments, shall be assumed by Optionee.

10. Closing. If the Purchase Option is exercised, the closing shall, subject to the provision in the paragraph 7 above, be held within thirty (30) days thereafter at the offices of the

Seller or at such other time and place as Buyer and Seller may agree upon in writing. At the closing, the parties shall do the following:

10.1 Seller shall convey the Subject Property to Buyer free and clear of all liens, claims and encumbrances, and free and clear of any encroachments, easements, restrictions, or rights-of-way which would interfere with the Buyer's planned development of the Subject Property other than easements, restrictions, and other interests of record accepted by Buyer pursuant to paragraph 7.1 above.

10.2 Seller and Buyer shall, from time to time upon the request of the other party, execute any and all other instruments reasonably deemed necessary to effect a conveyance of the Subject Property in accordance with this Agreement.

11. Closing Costs.

11.1 Seller's Closing Costs. Seller shall pay Seller's attorneys' fees, if any, the abstract costs, costs of recording any documents to satisfy or remove any unpaid liens or delinquent special assessment installments against the Subject Property and shall pay one-half of the closer's fee.

11.2 Buyer's Closing Costs. Buyer shall pay Buyer's attorneys' fees, the cost of recording the deed, and one-half of the closer's fee.

12. Possession. Possession and occupancy of the Subject Property shall be delivered to Buyer immediately upon closing.

13. A memorandum of this option agreement shall be executed by Owner and Optionee containing relevant terms which memorandum may be recorded by Optionee at the Cass County Recorder's office.

14. Binding Effect. All of the covenants, terms, conditions, rights and obligations contained in this Option Agreement shall inure to the benefit of and be binding upon the parties hereto and their heirs, executors, administrators, successors and assigns. Buyer or Seller may assign its interest under this agreement.

IN WITNESS WHEREOF, this Option Agreement has been executed by the parties hereto on the day, month, year first above written.

OWNER
STERLING DEVELOPMENT GROUP SIX, LLC

____
Kevin J. Bartram, its President

STATE OF NORTH DAKOTA)
) ss.
COUNTY OF CASS)

On this ____ day of ______, 2003, before me, a notary public in and for said county and state, personally appeared Kevin J. Bartram, to me known to be the persons described in and that executed the within and foregoing instrument, and acknowledged to me that he executed the same as President of Sterling Development Group Six, LLC.

____
Notary Public
Residing at:____________________
My Commission Expires:__________

(SEAL)

BUYER
RED RIVER REGIONAL DISPATCH CENTER

By: ______________________________
____________________, Chairman of the Board of Authority

STATE OF NORTH DAKOTA)
) ss.
COUNTY OF CASS)

On this ____ day of _________, 2003, before me, a notary public in and for said county and state, personally ____________________, to me known to be the person described in and that executed the within and foregoing instrument, and acknowledged to me that he executed the same as Chairman of the Board of Authority of the Red River Regional Dispatch Center.

____
Notary Public
Residing at:____________________
My Commission Expires:__________

(SEAL)

SUMMARY APPRAISAL REPORT
of

RETECHS #13-010429-01
UNIT C-2, 300 NP LOFTS CONDOMINIUM
SPACE OCCUPIED BY RED RIVER REGIONAL DISPATCH
300 NP Avenue
Fargo, North Dakota 58102

PREPARED FOR:

U.S. Bank RETECHS
155 First Avenue SW
Rochester, MN 55902

AS OF:

September 6, 2013

PREPARED BY:
Appraisal Services Inc.

Neal A. Eriksmoen
1220 Main Avenue, Suite 125
Fargo, ND 58103-8201
(701) 235-1189

Appraisal Services Inc.

Neal A. Eriksmoen
Jerry Link, ARA
Scott M. Mandy, MAI

1220 Main Avenue, Suite 125
Fargo, ND 58103-8201
Phone (701) 235-1189
Fax (701) 235-9465

September 12, 2013

Mr. Robert Edstrom
U.S. Bank RETECHS
155 First Avenue SW
Rochester, MN 55902

RE: RETECHS #13-010429-01

Dear Mr. Edstrom:

In accordance with your request, I have made an appraisal of the market value of the conditional fee simple interest in the following described property, reported in a summary format.

Space Occupied by Red River Regional Dispatch
Unit C-2, 300 NP Lofts Condominium
300 NP Avenue
Fargo, North Dakota

This appraisal report was prepared at the request of U.S. Bank RETECHS to be used as the basis for a mortgage lending decision. The intended users are limited to US Bank National Association and its parent, affiliates, subsidiaries and assigns. It is not to be relied on by any other parties for any other purpose, whatsoever.

I viewed the property, reviewed the condominium documents and reviewed the lease encumbering the space. The lease is included in the attachments. Section 1.8 of the lease deals with a purchase option allowing the tenant to purchase the leased property for $300,000. The lease also includes a provision whereby the tenant can acquire other space that it leases in the building, such as the employee locker room. The cost for the additional acquired space will be based on the original option price prorated for additional square footage. This appraisal provides a value conclusion for the condominium unit with the additional leased space, based on a conversation with Mr. Byron Sieber, the contact person for the assignment. The tenant intends to exercise the purchase agreement in the lease resulting in no weight being given to the lease/rental payments.

I have conducted an appraisal analysis of the factors that bear upon the value of the real estate. Based on the appraisal analysis summarized herein, it is my opinion that the market value of the conditional fee simple interest in the appraised condominium, as of September 6, 2013, was:

FIVE HUNDRED EIGHTY THOUSAND DOLLARS
($580,000)

The appraised value includes the rights associated with a second floor condominium unit in a commercial condominium in downtown Fargo, ND. The appraised value does not include any of the occupant's furniture, fixtures or equipment.

The common areas of the condominium project include a lobby, elevator, and two conference rooms that can be used by the condominium owners/tenants. The property also has a back-up generator. There is basement parking that is available for lease. The main and second floors consist of commercial space. Residential condominiums are located above the second floor.

The appraised value includes the current balance of special assessments encumbering the site, which are reported to total $511.04. It is customary in the local area for buyers to assume the balance of unpaid special assessments since they are usually financed at below market rates. Typically, the balance of special assessments should be subtracted from the final value indication to determine the net value for mortgage purposes. The special assessment balance is relatively small in light of the overall value of the property and has little impact on its value.

It is assumed that there are no adverse environmental conditions affecting the property. It is an older building that has been entirely renovated. The viewing of the common areas and the appraised condominium did not reveal any apparent adverse environmental conditions; however, the appraiser is not an expert in determining these conditions. The client should seek other expertise for this type of determination.

The appraised property is located on the second floor. The building is handicap accessible with an entry ramp, elevator access and handicap accessible restrooms. The property appears to conform to ADA guidelines, although an ADA survey has not been completed for this assignment.

The accompanying report contains a brief summary of the data, reasoning and analysis, which was used in the appraisal process to develop the appraiser's opinion of value. Additional supporting documentation has been retained in the appraiser's work file. The report is considered to conform to the Uniform Standards of Professional Appraisal Practice, the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) and the appraisal requirements of U.S. Bank RETECHS.

This appraisal assignment was not based on a requested minimum valuation or specific valuation for approval of a loan. The appraised value reflects a typical exposure time period of six to twelve months and a marketing time of six to twelve months.

Please call if any further information is required.
Respectfully submitted,

APPRAISAL SERVICES INC.

Neal A. Eriksmoen
ND Certified General Real Property Appraiser Permit #CG-1027
MN Certified General Real Property Appraiser License #4000890
SD State Certified General Appraiser License #859CG-2007R
NAE/kma

TABLE OF CONTENTS

SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

Property Name:	Space Occupied by Red River Regional Dispatch	
	Unit C-2, 300 NP Lofts Condominium	
Property Address:	300 NP Avenue	
	Fargo, North Dakota	
Effective Value Date (As Is Value):	9/6/2013	
Date of Appraisal Report:	9/12/2013	
Property Rights Appraised:	Conditional Fee Simple	
Zoning:	DMU, Downtown Mixed-Use District	
Current Use:	Office Space	
Highest and Best Use:	Office Space	
Flood Zone:	Other Areas - Zone X	
Flood Map Number:	385364 0020 E, Revised 11/2/95	
Tax Identification Number:	01-2150-00101-030	
Census Tract Number:	38 017 589 0545 7.00	
MSA Number:	MSA-2520 (Cass County, ND/Clay County, MN)	
Year Built:	1921, Renovated in 2003-2004	
	Net	Gross
Condominium Area:	4,467 SF	5,362 SF
Leased Space:	299 SF	359 SF
Total Appraised Space	4,766 SF	5,721 SF

<u>Summary of Analysis</u>

Market Value Estimate

Value Indicated by Cost Approach:	Not Applicable
Value Indicated by Income Capitalization Approach:	$570,000
Value Indicated by Comparable Sales Approach:	$584,000

Market Value Estimate $580,000

Personal Property Included in Market Value Estimate:	$0
Balance of Unpaid Special Assessments (Bonded Indebtedness)	$511

Estimated Exposure Time Period:	Six to Twelve Months
Estimated Marketing Time Period:	Six to Twelve Months

Forecasted Gross Annual Income:		$94,397
Vacancies:	5.00%	($4,720)
Effective Gross Income (EGI):	100% EGI	$89,677
Forecasted Annual Expenses:	49% EGI	($44,090)
Forecasted Net Annual Income:	51% EGI	$45,587

SUMMARY APPRAISAL REPORT

Overview

This is a Summary Appraisal Report, which is intended to comply with the reporting requirements set forth under Standards Rule 2 of the Uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report. As such, it presents only summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated below. The appraiser is not responsible for unauthorized use of this report.

Client

U.S. Bank RETECHS
155 First Avenue SW
Rochester, MN 55902

Appraiser

Neal A. Eriksmoen
Appraisal Services Inc.
1220 Main Avenue, Suite 125
Fargo, North Dakota 58103

Subject Property

The subject property is a single commercial condominium unit on the second floor of a four-story building. The original building was constructed in 1921 to house an implement dealership. In 2004, the property was extensively remodeled, and an addition was added to the back of the building to provide access for the basement parking. The main and second floors have been redeveloped into good quality office space with access provided by a pedestrian elevator and a freight elevator. The two top floors were added in 2004. They are wood-frame construction and contain eleven residential condominium units. The property also has a back-up generator.

The amenities of the commercial condominium include handicap accessibility, main floor and second floor lobbies, a pedestrian and a freight elevator, common restrooms on each floor, a conference room on each floor that can be used by the condominium tenants and owner, and access to a backup generator.

The appraised condominium consists of reception area, several private offices, several workspaces, an employee break room, a locker room, a utility/computer room and a large room with a raised floor used as the call center and dispatch hub. The raised floor allows for flexibility and continuity in wiring.

SUMMARY APPRAISAL REPORT (Cont.)

The overall condition of the appraised space was noted to be very good. The condition of the overall condominium project was also noted to be very good. The appraised property is depicted in the photographs included in the attachments and the diagrams included later in the report.

Purpose of the Appraisal

The purpose of this appraisal is to estimate the Market Value of the appraised property as of the effective date of the report. Market Value is defined as follows.

> "The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:
>
> 1. Buyer and seller are typically motivated;
> 2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
> 3. A reasonable time is allowed for exposure in the open market;
> 4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
> 5. The price represents normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale, or other special or creative terms, services, fees, costs, or credits involved in the transaction."[1]

Intended Use of Report

This appraisal report was prepared at the request of U.S. Bank RETECHS to be used as the basis for a mortgage lending decision. The intended users are limited to US Bank National Association and its parent, affiliates, subsidiaries and assigns. It is not to be relied on by any other parties for any other purpose, whatsoever.

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[1] Office of the Comptroller of the Currency under 12 CFR, Part 34, subpart C-appraisals, 34.42 Definitions (f).

Interest Valued

Three terms are helpful in clarifying the rights appraised in real property that is leased. They are fee simple, leased fee and leasehold. They are defined as:

> "Fee-Simple - 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."[2]
>
> "Leased Fee - A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease)."[3]
>
> "Leasehold - The tenant's possessory interest created by a lease."[4]

The appraised property is currently leased by the prospective purchaser. The lease will be discontinued upon closing of the sale, resulting in no weight being placed on it in the analysis herein.

The interest appraised is the conditional fee simple interest in a condominium unit in the 300 NP Lofts Condominium project, and includes 299 feet of net area that is presently leased. A condominium is defined as "a form of ownership in which each owner possesses the exclusive right to use and occupy an allotted unit plus an undivided interest in the common areas."[5]

The property is subject to the "Declaration of Condominium and Restrictions" as well as the "Bylaws". These documents are included in the attachments and do not appear to be have any adverse impact on the value of the appraised property.

Effective Date of Value

The property was viewed on September 6, 2013, relating the effective date of the value conclusion.

Date of Report

September 12, 2013

[2] The Dictionary of Real Estate Appraisal, Fifth Edition, The Appraisal Institute, Illinois, 2010, Page 78.

[3] Ibid., Page 111.

[4] Ibid., Page 111.

[5] Ibid., Page 41.

SUMMARY APPRAISAL REPORT (Cont.)

Scope of Work

This appraisal was prepared in conformance with Uniform Standards of Professional Appraisal Practice, the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) and the appraisal requirements of U.S. Bank RETECHS. The appraised property is located in Fargo, North Dakota where I have previously appraised numerous office properties, including condominium office space in the community and downtown area. The assignment was considered to be within my scope of qualifications. No additional steps were considered necessary or appropriate to comply with the competency provisions of USPAP. In preparing the appraisal, the appraiser

- ♦ Physically viewed the property, reviewed the current lease with purchase option, and reviewed the condominium documents;

- ♦ Investigated and verified public records for descriptive data on the subject property including, but not limited to, taxes, assessments, easements, restrictions, zoning, municipal services, and a sales history of the subject property for the past three years;

- ♦ Inspected and analyzed the regional, community and neighborhood characteristics affecting the value of the appraised property;

- ♦ Considered the physical, governmental, social and economic factors, which impact the value of the subject property;

- ♦ Gathered information on comparable property sales, rents, operating expenses, and capitalization rates;

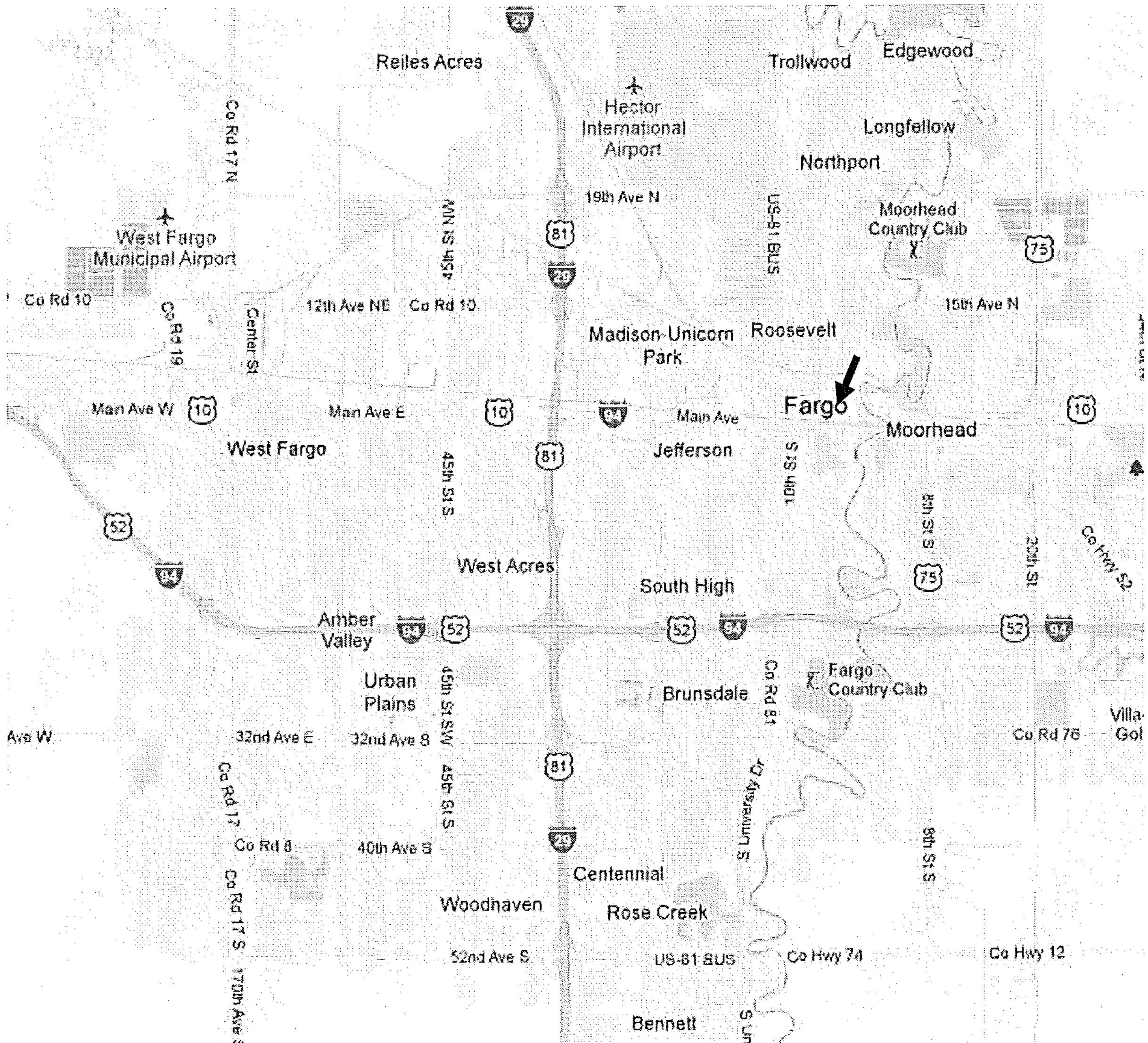
- ♦ Confirmed and analyzed the data and applied the Income and Sales Comparison Approaches to value. The Cost Approach is not applicable to valuing a single condominium unit and was omitted.

- ♦ Reconciled the value indications into a final opinion of value and reported in a summary format per Standard 2 of USPAP.

Description of the Real Estate Appraised

LOCATIONAL DESCRIPTION

The subject property is located in the eastern portion of the Central Business District of Fargo, North Dakota, as indicated on the city map on the following page.



Map Data ©2013 Google

Fargo is the largest community in the state and is the nucleus of a large metropolitan area, consisting of Fargo and West Fargo, North Dakota, and Moorhead and Dilworth, Minnesota. The metro area is the regional center for retail and wholesale trade, transportation, finance, industry, education, culture, medicine, entertainment and conventions. This has resulted in the metropolitan area maintaining a stable, long-term growth rate, favorably affecting real estate values. The favorable growth characteristics of Fargo and the rest of the metro area are reflected in the following table.

Metropolitan Population			
	1990	2000	2010
Fargo, ND	74,111	90,599	105,549
West Fargo, ND	12,287	14,940	25,830
	86,398	105,539	131,379
Moorhead, MN	32,295	32,177	38,065
Dilworth, MN	2,562	3,001	4,024
	34,857	35,178	42,089
Metro Total	153,296	174,367	208,777

Source: U.S. Census

During the 1960's, the retail prominence of the Fargo Central Business District (CBD) began to dwindle with the construction of strip shopping centers in secondary portions of the community. The construction of West Acres Mall in 1972 caused a major shift of the regional retail center to the southwest quadrant of the city. This shift also resulted in the area surrounding West Acres developing with a major concentration of motel rooms, restaurants, entertainment facilities, new office growth and new apartment units.

Adjacent Moorhead, Minnesota experienced similar changes, except on a much smaller scale. The CBD in this community was substantially redeveloped with an enclosed mall in the latter 1970's. This resulted in a more viable downtown. The Moorhead growth rate has been less dynamic than adjacent Fargo due to a differential in business and income expenses. The individual and income tax, real estate taxes, and unemployment insurance costs in Moorhead are higher than in adjacent North Dakota, making Fargo a more favorable business environment.

The retail space in the metropolitan area currently totals about 9,223,000 square feet. The major retail center is the West Acres Mall, which contains about 10.2 percent of the retail space in the metro area. This mall is located in the southwest quadrant of the 13th Avenue/Interstate 29 interchange. Since construction of the mall, 13th Avenue between 23rd Street in Fargo and 9th Street East in adjacent West Fargo, and 45th Street from 13th Avenue to Interstate 94, has developed with the majority of the retail space in the metropolitan area. It now accounts for approximately 52 percent of the retail space in the metropolitan area.

The vacancy rate for retail space in the metro area is about 8.3 percent, based on a January 2013 survey. The vacancy condition was elevated during the 2008-2010 time period as a result of the downturn in the national economy and the significant growth that had been occurring in the metro area over the last eight to ten years. The January 2013 retail vacancy rates for the local area were: Fargo - 7.7%, West Fargo - 6.3% and Moorhead/Dilworth - 11.0%. The Fargo and West Fargo vacancy levels have been stable over the last two years, with Moorhead relating a two percent increase over the last year. The peripheral commercial neighborhoods are the areas where vacancies are still elevated.

Big-box retail space has an impact on the vacancy level. There are six big-box retail spaces that are vacant in the metro area, which total about 290,000 square feet of area. Eliminating this space from the vacancy survey reduces the overall vacancy condition to 5.0%. The vacancy conditions for the individual market segments, after eliminating the big-box vacant space, is as follows: Fargo - 3.9%, West Fargo - 3.4% and Moorhead/Dilworth - 9.5%.

The amount of retail growth in the southwest portion of the community has been a catalyst for office space development in the southern portion of the community. Nominal growth has occurred in the CBD in the last 10 to 15 years; although the CBD continues to be a primary business center for the region. The development of Class B office space had been exceeding demand in the community for a number of years, resulting in a temporary oversupply. The vacancy conditions have declined over the last four years, as related in the Office Space Survey on the following page. The Class A vacancy rate was negligible outside the CBD and about 4.8% for Class B space at the beginning of 2013. Demand appears to have caught up with supply, favorably affecting the absorption of local office properties.

SUMMARY OF OFFICE SPACE GROWTH
(Outside CBD)

	Total SF	Vacant SF	Absorbed Space	Vacancy %	Avg Gross Rate/SF
2008 Class A	1,522,788	5,037	52,188	0.33%	$21.00
2008 Class B	2,932,691	308,480	(46,018)	10.52%	$14.50
2009 Class A	1,686,637	7,737	161,149	0.46%	$20.00
2009 Class B	3,009,960	324,342	61,407	10.78%	$15.00
2011 Class A	1,686,637	21,172	(13,435)	1.26%	$18.00
2011 Class B	3,045,742	253,515	106,609	8.32%	$13.25
2011 Class A	1,686,637	20,596	576	1.22%	$20.00
2011 Class B	3,116,770	191,319	133,224	6.14%	$15.00
2012 Class A	1,749,911	-	83,870	0.00%	$20.00
2012 Class B	3,585,314	175,274	484,589	4.89%	$15.00

	Growth		Absorbed	
Average/Year (A)	45,425	(2007-2012)	15,543	(2007-2012)
Average/Year (B)	139,292	(2007-2012)	33,808	(2007-2012)

The metro area is located at two intersecting interstate highways, which is one of the major factors responsible for the metropolitan area developing into a major distribution and industrial center. The current industrial and warehouse inventory is estimated at 18.3 million square feet with a vacancy rate of 1.7 percent. The majority of the industrial space in the local market is owner occupied.

Higher education, including North Dakota State University, Minnesota State University-Moorhead and Concordia College, is another favorable attribute of the metro area. These institutions have a combined student population exceeding 24,000. The financial impact of these institutions on the local economy is substantial. They are considered a major stabilizing force for the metro area. Two regional hospitals, the primary facilities for two regional clinics and numerous small medical and dental clinics are also considered a major stabilizing force for the local economy.

The general growth trend for the community is in a south/southwesterly direction. The Red River (North Dakota/Minnesota border), North Dakota State University, a regional airport and the community's industrial park restrict growth of the north portion of the community. The north side of the community is nearly fully developed. West Fargo is located immediately west of Fargo. These two communities continue to grow together around the regional retail center on the southwest edge of the Fargo. Most of the new residential development is occurring on the south and southwest edges of the metro area.

The dynamic growth of residential and commercial property in the community is reflected in the building permit summary included in the attachments.

The building permit table indicates that the majority of the metro area growth occurs in the Fargo portion of the market. The single-family housing in Fargo has been increasing at a rate of 355 houses per year over the last five years, with 2012 showing an increase to 403 housing units. The apartment construction in Fargo has averaged 606 units per year over the last five years, with new starts increasing to 732 units in 2012 as vacancy conditions have continued to decline below five percent. Fargo continues to benefit from the bulk of the growth for the metro area.

The adverse condition of the national economy over the last several years had a limited impact on the area due to the stability of the local and regional economy. The Fargo/West Fargo/Moorhead metro area is the major population center in the region and is surrounded by rich agricultural land. It is a major distribution center as it is located at two intersecting interstate highways. Two universities, a private college and technical college also help stabilize the economy. The metro area is the main campus location for the two major medical providers in the region. It also serves as the major business center, which includes a large Microsoft campus. Lending practices in the region are more conservative than in other parts of the nation. All of these conditions have helped the local economy continue to grow, even during periodic downturns in the national economy over the past forty years. The local real estate market remains stable, avoiding the highs and lows that have occurred in other parts of the nation.

The CBD is a secondary commercial location in the community, which is overshadowed by the commercial development on the community's southwest edge, surrounding the West Acres Mall. The CBD continues to be an office and business center and is improving as a boutique retail shopping center. A resurgence of residential development over the last ten years, through the extensive renovations of upper floors in many of the buildings in the CBD, has had a favorable impact on demand for commercial and residential space in the CBD. There are numerous examples of upper floor space being redeveloped with exclusive apartments or residential condominiums with a value range of $125,000 to $1,000,000. There have also been several new housing projects that have been constructed in the CBD targeting young professionals and college students. The downtown area has redeveloped into a desirable place to live. The income level of the downtown renter has also increased, providing demand for neighborhood commercial space.

The redevelopment in the downtown area is partially attributable to most of the CBD being included in a Renaissance Zone. This provides a variety of tax incentives to property owners and occupants, which can include: a five-year real estate abatement on improvements to the real estate, favorable income tax treatment from the income derived from renovated property, and the exemption from State Income Tax for people living in the renovated property.

The appraised property is located in the eastern portion of the CBD, as indicated in the following aerial photograph, looking south. Broadway is the major north/south traffic thoroughfare and is located three blocks west of the subject. First Avenue and Northern Pacific Avenue are the major east-west thoroughfares of the CBD, which have recently been converted to two-way traffic. The cityscape of Broadway has been enhanced in an effort to attract business back into the CBD.

Another favorable condition resulting in increased demand for commercial and residential space in the CBD is the expansion of the North Dakota State University (NDSU) Campus. The primary NDSU Campus is located on the northwest edge of the community, about one mile northwest of the CBD. A loft building and two obsolete office buildings in the CBD have been renovated into space for arts and architectural studies programs and the business programs for NDSU. This has had a favorable impact on demand for student housing in the CBD, resulting in several new housing projects.

The appraised property is located in an area that has been experiencing updating over the last ten years. The former commercial bus terminal, located on the southwest corner of 4th Street and NP Avenue, was recently renovated into the community municipal court. A retail building, located on the southeast corner of 4th Street and NP Avenue, was recently renovated into office space for a title and abstract company. The warehouse building on the northwest corner of 3rd Street and NP Avenue has recently been renovated into the new Fargo/Cass County Public Health facility. The building located across the street to the east was renovated into good-quality office space for a major regional law about the same time that the subject was renovated. The appraised property is an integral part of this updated neighborhood.

In conclusion, the Fargo Metropolitan Area is the major regional center for all types of trade and services. This status has been beneficial as indicated by the steady growth summarized herein. The dynamics of the community have resulted in a real estate market that has experienced steady appreciation. This trend is anticipated to continue in the foreseeable future, particularly in the southwest and south growth portions of the community. The appraised property is located in the eastern portion of the CBD, which has been experiencing a steady upgrading trend, along with the rest of the CBD. The location should result in reasonable demand for continued use as a professional office building, helping it to maintain its value. Additional statistical information about the local area has been included in the attachments.

PROPERTY DESCRIPTION

The subject property is a condominium unit located on the second floor of the 300 NP Lofts Condominiums. The legal description for the major portion of the appraised condominium is as follows: Unit C-2 of the 300 NP Lofts Condominium, erected upon Lots 1 - 4 and Lots 21 - 24, plus adjacent vacated alley and half of the adjacent vacated street, all in Block A-2, Northern Pacific 2nd Addition to the City of Fargo, Cass County, North Dakota.

The tenant intends to buy the property. The current lease (included in the attachments) includes a provision whereby the occupant can purchase this condominium unit for $300,000. The tenant intends to exercise this option, as well as the option to acquire additional space in the property that it currently leases.

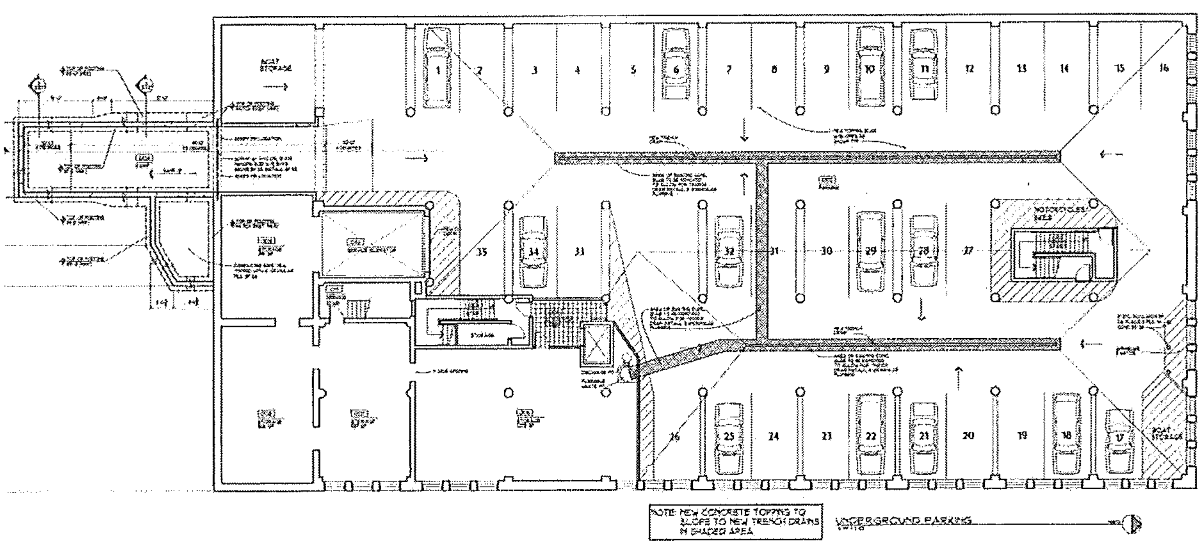
The leased space is an employee locker room located at the southwestern corner of the appraised unit, which contains 299 square feet of net area and 359 square feet of gross area. This space has been considered as part of the appraised property.

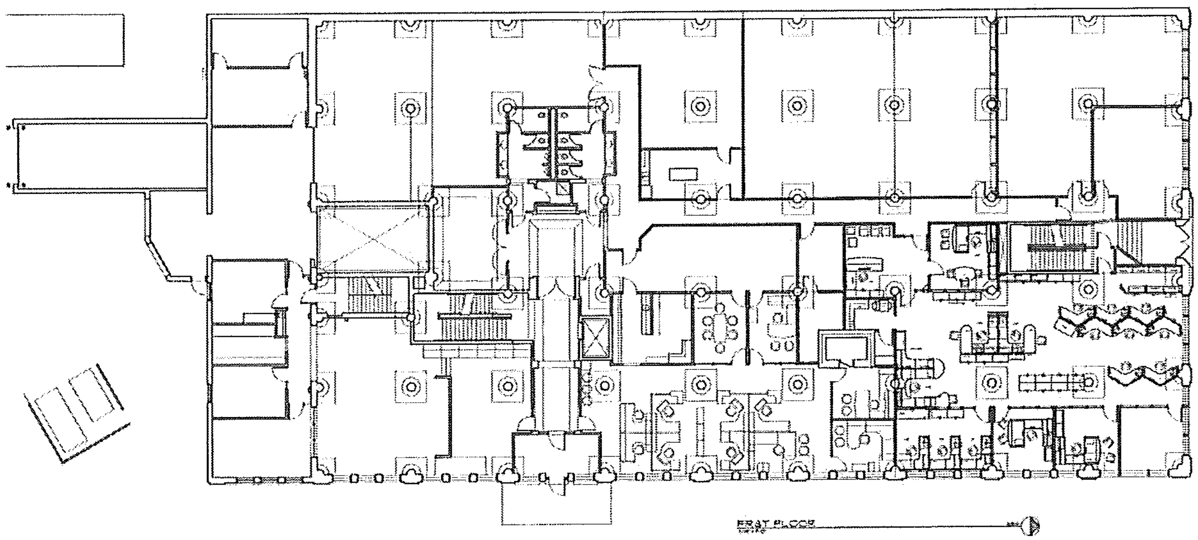
There is a floor plan included in the attachments that indicate net and gross area for the second floor units in the property. The dimensions used to relate the size of the appraised space are from this table, rather than using the 5,224 gross area related in the lease. Based on the floor plan, the appraised condominium contains 4,766 square feet of net area (4,467 square feet of condominium space and 299 square feet of leased space) and 5,721 square feet of gross area (5,362 square feet of condominium space and 359 square feet of leased space). The 5,721 square foot gross area number will be used throughout the remainder of the report.

Portions of the appraised property are located in a historic building. The first two floors of the appraised property were originally constructed in 1921 to house a threshing manufacturer. This portion of the property has a heavy concrete frame, concrete floors and heavy masonry walls with updated windows. In 2004, the main floor was expanded along the south side of the property, providing ramp access to the basement for basement parking. The main and second floors were renovated into good quality office space, as depicted in the floor plans related herein. Two floors of wood-frame construction were added to the building, adding eleven residential condominiums to the top of the building. The building has a back-up generator, a pedestrian elevator and a freight elevator.

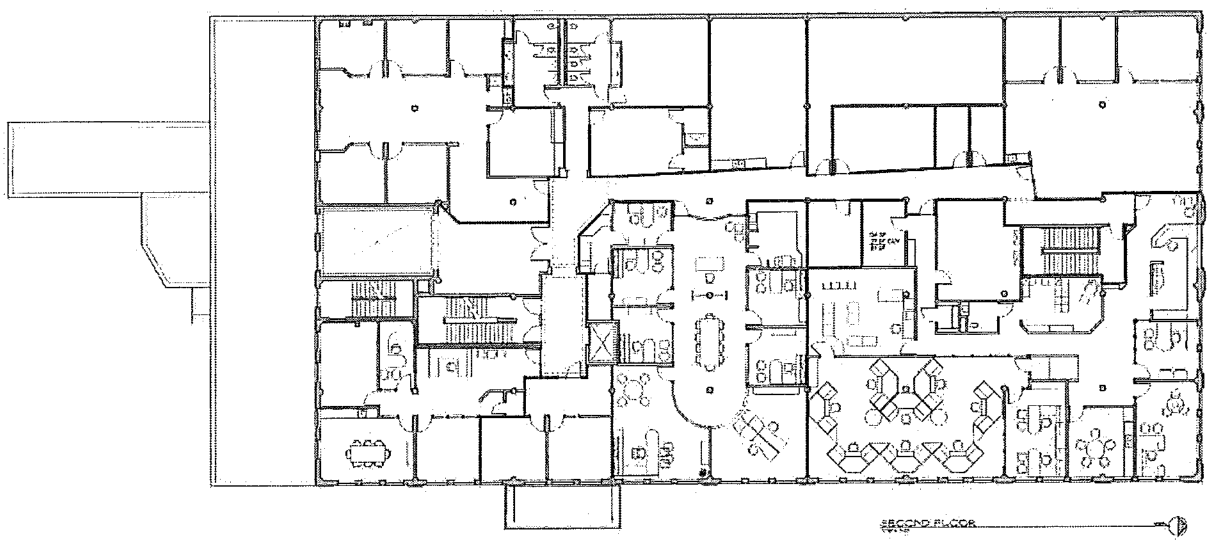
The commercial condominiums in the property consist of two units, the appraised property and the rest of the second floor, the main floor and basement parking. Basement parking space can be leased, although there is no basement parking allotted to appraised condominium.

The main floor of the building is located several steps above ground level. A stairway and an access ramp provide access to the main floor. A lobby provides access to the pedestrian elevator, common restrooms, and a conference room that can be used by the tenants of the commercial condominium units. There is also a loading dock and service elevator and that provides access to the basement, main floor and second floor. There are two stairwells serving the commercial portions of the property. The floor plans for the basement, main floor and second floor are related below and on the following page.





The second floor has a lobby, common restrooms, freight elevator lobby and a conference room for use by the occupants of the building.



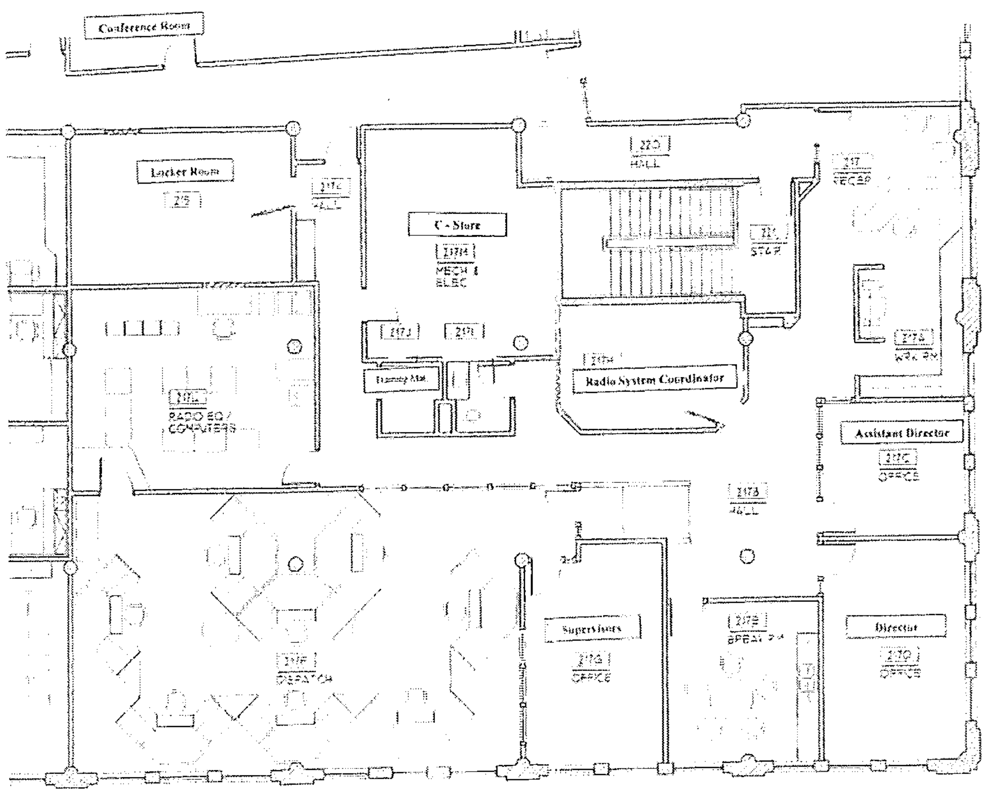
The basement garage space can be leased. There are no on-site parking spaces provided with the appraised condominium. There is adjacent street parking provided for clients/guests of the occupants in the building. There is a city parking lot located directly south of the appraised property, which provides the ability to lease parking for employees. The current rate for lased spots in the city lot is $50 per month.

The CBD is zoned DMU, Downtown Mixed-Use District. This district is intended to preserve and enhance the city's downtown area. The district allows a broad range of uses in order to enhance downtown Fargo's role as a commercial, cultural, governmental, and residential center.

This area is typically developed with high building to land coverage ratios, large buildings and buildings placed close together. Development is intended to be pedestrian oriented with a strong emphasis on a safe and attractive streetscape. The current office use of the appraised property is a permitted use.

The appraised property is not subject to flooding. The underlying site of the 300 NP Lofts Condominium is located in an area designated (Other Areas - Zone X) according to the Flood Insurance Rate Map (Community Panel No. 385364 0020 E, Revised 11/2/95). This indicates areas determined to be outside the 500-year flood plain.

The floor plan for the appraised condominium unit is related below. It has reception area, several private offices, workspace, employee break room that can also serve as a conference room, computer/utility room, and the dispatch area, which has a raised floor to provide ease of access for wiring. There is a restroom in the unit. There is also an employee locker room, which is currently leased space that will be acquired through the option provision included in the current lease.



The appraised space is heated and air-conditioned. The property is protected by a fire sprinkler system and has a backup generator. It is reported that the condominium fee for the appraised space will total about $32,000 per year, paying all common area expenses as well as heat, lights (including light bulb replacement) and air conditioning in the appraised property.

The overall condition of the condominium project appears to be very good. The overall condition of the appraised space also appears to be very good, as depicted by the photographs included in the attachments. The effective age of the appraised property is estimated to be 12 years, based on the observed condition. The structural portions of the property are 92 years old. The typical life for this type of construction is about 60 years, indicating an estimated remaining economic life of about 48 years.

The tax parcel number for the appraised condominium unit is 01-2150-00101-030. The current tax information is as follows.

True & Full Value:	Land	$9,100
	Improvements	$230,300
	Total	$239,400
Taxes:	General Real Estate Tax*	$4,483.48
	Annual Specials Payment	$172.57
	Annual Drain Payment	$0.00
	Total	$4,656.05
Unpaid Balance of Special Assessments:		$511.04

The current True and Full Value for the appraised property appears to be conservative in light of the value conclusion herein. It is unlikely that the value would change significantly, since the option price is only 25 percent greater than the assessed value. The city assessor has to maintain the value at a level similar to that of the rest of the commercial space in the 300 NP Lofts Condominium project.

According to public records, the subject is owned by Sterling Development Group 6, LLC. This entity developed the property in 2004. There have been no recent sales of the property, nor is it currently listed for sale.

Highest and Best Use

The determination of highest and best use is a result of the appraiser's judgment and analytical skill. It represents an opinion, rather than a fact that is found. The highest and best use analysis is based on the following definition: "The most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value of the property being valued."[6]

[6] The Dictionary of Real Estate Appraisal, Fifth Edition, The Appraisal Institute, Illinois, 2010, page 93.

The site is zoned DMU, Downtown Mixed-Use District. This district is intended to preserve and enhance the city's downtown area. The district allows a broad range of uses in order to enhance downtown Fargo's role as a commercial, cultural, governmental, and residential center. This area is typically developed with high building to land coverage ratios, large buildings and buildings placed close together. Development is intended to be pedestrian oriented with a strong emphasis on a safe and attractive streetscape.

The appraised property is a commercial condominium in a multi-story downtown building. The neighborhood has experienced an upgrading trend over the last ten years, resulting in a number of buildings being renovated into professional office space.

The appraised space has a significant remaining physical life. The current office use appears to be the most appropriate use for the appraised space. This conclusion is supported by the amount of office space in the remainder of the building, as well as in other buildings in the immediate neighborhood. It is unlikely that the property would be purchased and converted to another use. The highest and best use is considered the current and designed use, as a professional office space.

Summary of Valuation and Analysis

The appraisal of real estate is typically based on the three approaches to value (Cost, Income Capitalization and Sales Comparison), which are reconciled into a final value conclusion. Not all of the approaches are necessarily applicable to every valuation problem.

The appraised property is a condominium unit in a downtown loft building that was originally constructed in 1921 and was extensively renovated in 2004. The Cost Approach is not applicable to estimating the value of a single condominium space, due to its partial interest characteristic. Therefore, the Cost Approach was omitted.

The Income Capitalization Approach provides an indication of value based on the income potential of the appraised property. The Income Capitalization Approach is one of the primary methods used to value office properties that are leased. Several techniques are available to convert the income to be derived from the property into a value estimate. Direct capitalization is the technique that is typically applied to office properties by the market. This technique converts the net operating income (NOI) into a value indication by dividing the income by an appropriate rate. NOI is the income available after paying all expenses except debt service and recapture (depreciation).

The rate used in the capitalization process is based on the relationship of NOI to the selling prices of comparable office properties. It is called the overall rate and is abstracted from market via the following calculation: NOI/Sale Price = Overall Rate. The capitalization process is accomplished by applying the selected capitalization rate to the NOI in the following calculation: NOI/Overall Rate = Value.

SUMMARY APPRAISAL REPORT (Cont.)

The Income Approach begins with estimating the rental income from the subject space. The appraised property is leased per the lease included in the attachments. The lease is a "gross" lease as summarized below.

Tenant	Use	Net Area (SF)	Term	Lease Expiration	Renewal Option	Monthly Rent	Rent/SF	Expense* Taxes	Ins	Util	Cam
RRRegional Dispatch	Office	5,721	15-Yr	11/1/2019	2 5-Yr	$9,270	$19.44	O	O	O	O

* Expenses: O=Owner, T=Tenant, PS=Prorata Share, Taxes=Real Estate Taxes, Ins=Insurance, Util=Utilities, Cam=Common Area Maint.

Notes - Lease increases 3 percent per year.

The current lease rate appears to be at the top of the market, based on the leased information related below. Pictures of the comparables have been included in the attachments.

Rent No.	Address	Use	Area (SF)	Rent/SF	Expense* Taxes	Ins	Util	Cam
	Subject Property 300 NP Avenue	Office	5,721	$19.44	O	O	O	Cam
1	305 Broadway	Office	2,171	$15.70	O	O	T	Cam
2	112 Roberts Street	Office	1,276	$17.49	O	O	O	T
3	52-60 Broadway	Office	850	$14.12	O	O	T	O
		Lounge	2,850	$12.63	O	O	T	O
		Office	1,500	$12.80	O	O	T	O
4	201 5th St N	Office	6,910	$23.15	T	O	T	O
5	2537 S University	Office	14,005	$12.06-16.85	O	O	T	O
6	1715 Goldmark Dr	Office	16,400	$16.64	O	O	O	O

O=Owner Paid, T=Tenant Paid, PS=Proportionate Share

Rentals 1, 2, 3 and 4 provide an indication of the rental rate range in the downtown area, with Rental 4 relating the top of the market. Rentals 5 and 6 relate the typical level for good quality suburban office space in the southwest portion of Fargo.

The appraised property should have a lease rate in the upper portion of the downtown market because of its amenities, which include good quality space, elevator access, the use of two conference rooms that are part of the common area of the 300 NP Lofts Condominium project, and the backup power source. The one amenity that is not available to the subject that is available for other office properties in the community is on-site employee parking. This was taken into account when forecasting the market rent for the appraised space.

SUMMARY APPRAISAL REPORT (Cont.)

Based on the comparable data and the characteristics of the subject, it is my opinion that the market rental rate for the appraised space is $16.50 per square foot, with the owner paying all expenses. The forecast annual Gross Potential Income, is $94,397 as indicated in the following Income Approach Summary.

INCOME APPROACH SUMMARY

(Fee Simple Interest)

Potential Gross Income (	$16.50 /SF GRA)				
RRRegional Dispatch	$16.50 /SF X	5,721 SF=	$94,397		/SF GRA
	Gross Rentable Area (GRA)	5,721 SF		$94,397	$16.50
Vacancy and Credit Losses		5.00%		($4,720)	($0.83)
Effective Gross Income (EGI)				$89,677	$15.67
Less Estimated Expenses					
Real Estate Tax (Based on Curretn Taxation)		$4,344			
Insurance	$0.25 /SF NRA	$1,430			
Management	5.00% of EGI	$4,484			
Condo Fee	$5.60 /SF NRA	$32,038			
Reserves	2.00% of EGI	$1,794			
			Total	($44,090)	($7.71)
Estimated Net Operating Income (N.O.I.)				$45,587	$7.97

	Income	/	Rate	=	Value		
Market Based OAR	$45,587	/	8.00%	=	$569,831		
Band Of Investment OAR	$45,587	/	7.94%	=	$574,137		
Value Via the Income Approach					Rounded	$570,000	$99.63

Overall Rate Selection via the Band of Investment

Assumptions		Band Of Investment Calculations					
Term (Years)	20.00	Capital Source(%)		X	Cash Flow Rate	=	Weighted Average
Interest Rate	5.00%	Loan	0.75	x *	0.0792	=	0.0594
Mortgage Ratio	75.0%	Equity	0.25	x	0.0800	=	0.0200
Equity Dividend Rate	8.0%		1.00				0.0794

*Mortgage Constant

A stabilized vacancy and credit loss of five percent was considered appropriate, when using market rent. The resulting Effective Gross Income is $89,677 or $15.67 per square foot on an annual basis.

The owner's expense forecast includes real estate taxes, insurance on the fit-up inside the appraised condominium, owner's management, a condominium fee and reserves for replacements. The current tax value and taxing procedure provided the basis for the real estate tax estimate. Insurance cost information collected appraising other office properties provided the basis for the property insurance forecast, which is related only to the fit-up inside the condominium unit. The condominium fee includes the property insurance covering the building.

The owner's management burden was estimated at five percent of the Effective Gross Income. This is the typical management fee for office properties in the local area. The management fee also takes into account leasing commissions that may be necessary to find a tenant for the property if it were to be vacated.

The condominium fee covers all expenses associated with the property, including building maintenance, common area maintenance, and all utilities, including heat lights and air conditioning to the unit. It was reported that the condominium fee for the appraised space will cost about $32,000 per year. This is equal to $5.59 per square foot, which appears reasonable considering that it covers heat, lights and air conditioning.

Reserves for replacement relate cost for replacement of short-lived items such as floor covering, mechanical systems and roof covering. The reserve expense estimate was forecast at three percent of the effective gross income, based on the quality of the property.

The total expenses amount to $44,090 or an annual rate of $7.71 per square foot of net rentable area. The resulting net operating income estimate was $45,587 or $7.97 per square foot annually.

The final item required for this approach is the selection of the overall capitalization rate. The enclosed comparable sales data included only one office condominium where adequate data was available for abstracting an overall rate. It was the oldest sale and indicated an overall rate of 10.39 percent. The office property capitalization rates in the local area typically range from 7.5 to 8.5 percent. Based on the good condition and quality of the appraised improvements, it is my opinion that the appropriate overall rate for the appraised property is 8.00 percent. The indicated value using the forecasted net operating income of $45,587 and an overall capitalization rate of 8.00 percent is $569,831.

The Band of Investment provides another method of estimating the appropriate overall rate using prevailing interest rates and typical investor equity dividend rates. Lenders are surveyed on an ongoing basis and indicated that the typical financing for the appraised property would be a 20-year loan with a 5 percent interest rate and a 75 percent loan to value ratio. Equity investors indicate that an 8.0 percent equity dividend rate would be appropriate for an office property.

The Band of Investment, included at the bottom of the Income Approach Summary on the preceding page, indicates an overall rate of 7.94 percent. The capitalization process using this rate results in a value indication of $574,137.

Based on the value range reflected by the market-based overall rate and the Band of Investment overall rate, the indicated value via the Income Approach is $570,000.

The Sales Comparison Approach is an applicable approach for office properties. It is based on comparative indicators that are abstracted from sales of similar properties and applied to the appraised property. This approach requires an ample amount of sales information to provide a reliable estimate of value.

SUMMARY APPRAISAL REPORT (Cont.)

The local market was researched for sales of office condominiums with limited success, since the local office condominium market is not very substantial. Four office condominium sales have been documented in the attachments and related to the appraised property in the following sales grid.

Sale Number		1	2	3	4	
Property	Subject	O13104FG	O12103FG	O10106FG	O08115FG	
Sale Date	9/13	04/13	05/12	06/10	8/08	
Gross Building Area (GBA-SF	5,721	2,317	3,548	2,168	17,095	
Net Rentable Area (NRA-SF)	4,766	1,980	2,902	1,786	14,419	
Common Area Ratio	16.69%	14.54%	18.21%	17.62%	15.65%	
Land Size (SF)	8,077	5,605	8,527	5,245	53,000	
Land/Bldg Ratio	1.41	2.42	2.40	2.42	3.10	
Location	Good	Ave-Good	Ave-Good	Ave-Good	Good	
Condition of Improvements	Good	Average	Average	Average	Ave-Good	
Year Built	1921	1983	1983	1983	1990	
Effective Age	12	22	26	25	16	
Design	4 Story	2 Story	2 Story	2 Story	3 Story	
Condition of Sale	Condo	Condo	Condo	Condo	Condo	
Occupancy	STO	STO	STO	STO	MTO	
Net Relation to Subject		Inferior	Inferior	Inferior	Comparable	
Sale Price		$251,102	$287,416	$226,000	$1,800,000	Average
NOI/SF GBA *Estimate*	*$7.97*				$12.97	$12.97
Indicated Overall Rate					10.39%	10.39%
Price/SF NRA		$108.37	$81.01	$104.24	$105.29	$99.73
			Adjustments			
Time		$0.00	$0.00	$0.00	$6.32	
Condition of Sale		$0.00	$0.00	$0.00	$0.00	
Location		$0.00	$0.00	$0.00	$0.00	
Parking		($15.00)	($15.00)	($15.00)	($15.00)	
Size		($3.00)	($1.00)	($2.70)	$3.00	
Condition		$10.84	$10.94	$13.03	$3.69	
Quality of Construction		$0.00	$20.25	$0.00	$0.00	
Other (Back up Generator)		$2.00	$2.00	$2.00	$2.00	
ADJUSTED BUILDING VALUE/SF NRA		$103.21	$98.20	$101.57	$105.30	
Multiplied by NRA of Subject		5,721	5,721	5,721	5,721	
Indicated Market Value of Subject		$590,464	$561,802	$581,082	$602,421	$583,942
Average of Value Indications		$583,942				
Value via the Sales Comparison Approach			$584,000	Equals	$102.08 /SF GBA	

Three of the enclosed sales were recent transactions and did not require any "time" adjustments. Sale 4 occurred in 2008 and warranted an upward adjustment to relate the appreciation experienced in the office market as demand caught up to supply over this time period.

All of the sales were considered to reflect market transactions and did not require any "condition of sale" adjustment.

All of the sales are located in or on the edge of the CBD. Their locations were considered comparable to the subject, indicating no need for any location adjustments.

The appraised property does not have any on-site parking, which is typical for many downtown buildings. The comparable office condominiums all had ample on-site parking for clients and employees. An adjustment was warranted for this condition. The "lack of parking" adjustment was based on a parking ratio of 2.5 vehicles per 1,000 square feet, indicating the need for 14 spaces of on-site parking for the subject. The annual cost of 14 parking spaces in the neighborhood of the subject is about $8,400 ($50/space x 14 spaces x 12 months). Capitalizing this parking rent requirement using the overall rate from the Income Approach (8%) indicates a loss of value of 105,000 attributable to the lack of parking or having to go out and rent parking. This loss is equal to $18.35 per square foot, based on the subject's gross area. As previously indicated, there are other office buildings in the CBD, which do not have any on-site or very limited on-site parking. Therefore, the downward adjustment related in the grid was $15.00 per square foot for having to go out and lease parking for employees.

The sales bracketed the size characteristics of the subject. The local market indicates that as size increases, the price per square foot decreases. Appropriate "size" adjustments are related in the comparable sales grid on the preceding page.

The sales all contained older space that was inferior in condition to the appraised space. The "condition" adjustments were based on the differential between the depreciation (effective age/60-year life) affecting the subject and the depreciation affecting the comparable sales, multiplied by the building value per square foot of the comparable.

Sales 1, 2 and 4 were considered to be similar in "quality of construction" to the appraised condominium. Sale 2 warranted a lager upward adjustment in this category because it contained dated orthodontist space. After remaining vacant for a number of months, the dated orthodontist space was removed and the space is in the process of being redone with new professional office space.

The final adjustment is of the backup generator included in the design of the appraised condominium project. None of the comparable sales has this favorable feature. An upward adjustment was made to all of the comparables.

The adjusted "price per square foot indicator" from each sale was applied to the net rentable area of the subject. The indicated value range from the adjustment process was $561,802 to $602,421, with an average of $583,942. Based on the enclosed sales, it is my opinion that the indicated value of the subject via the Sales Comparison Approach was $584,000

Reconciliation and Value Conclusion

Indications of value for the appraised property have been presented in this report by utilizing several approaches. The results of these approaches are indicated below:

Value by the Cost Approach	Not Applicable
Value by the Income Capitalization Approach	\$570,000
Value by the Sales Comparison Approach	\$584,000

The Cost Approach is not applicable to estimating the value of a single condominium unit and was omitted.

The Income Capitalization Approach is one of the primary approaches used to estimate the market value of office properties that are leased. The supportive information for the Income Approach was considered reasonable; however, single unit condominiums are typical bought for owner occupancy, rather than as an investment. Lesser weight was placed this approach in the final analysis.

The Sales Comparison Approach contained the best available office condominium sale information from the local area. This information bracketed most of the characteristics of the appraised property. The final value indication was (\$95.79 per square foot) was within the \$81.01 to \$108.37 raw range indicated by the sales. The value indication from this approach was given the most weight in the final analysis.

Based on the previous information summarized herein, it is my opinion that the market value of the conditional fee simple interest in the appraised condominium, as of September 6, 2013, was:

FIVE HUNDRED EIGHTY THOUSAND DOLLARS
(\$580,000)

The appraised value includes the rights associated with a single condominium unit in a commercial condominium. The common areas include a lobby, pedestrian elevator and freight elevator, two conference rooms that area available for use by the condominium tenants, common restrooms on each floor, and a back-up generator. The appraised value does not include any tenant furniture, fixtures or equipment.

The appraised value includes the current balance of special assessments encumbering the site, which were reported to total \$511.04. It is customary in the local area for buyers to assume the balance of unpaid special assessments since they are usually financed at below market rates. The special assessment balance should be subtracted from the final value indication to determine the net value for mortgage purposes. The balance of special assessments is considered insignificant in light of the overall value of the property.

SUMMARY APPRAISAL REPORT (Cont.)

It is assumed that there are no adverse environmental conditions affecting the appraised property. The appraiser is not an expert in determining such factors; therefore, additional expertise should be sought, if so desired.

Two additional estimations are required in the appraisal process. These include the estimate of the typical market exposure time period and the typical marketing time. Market exposure time period is that period of time that the property is exposed to the market, prior to the date of the appraisal, which results in a sale at the appraised value. Marketing time is the estimated time period after the date of appraisal, which will result in a sale of the property at the appraised value.

The comparable sales information is usually the basis for the best indication of the appropriate market exposure time period. The enclosed sales related market exposure time periods that ranged from buyers and sellers coming together without any market exposure (private sales) to properties that were exposed to the market for up to 3 months. Sales exceeding a market exposure time period of one year tend to reflect properties that are originally overpriced.

It is noteworthy that market exposure time period is really a process. It requires the listing of the property, exposure of the property to the market, negotiations of the sale between the buyer and the seller, due diligence of the buyer and additional time to obtain financing. Considering this process and the characteristics of the appraised property, it is my opinion that the typical market exposure time period reflected by the value conclusion herein is six to twelve months.

Due to the stability of the local market, it is my opinion that the typical marketing time period would also be six to twelve months, based on the value conclusion.

Assumptions and Limiting Conditions

1. This is a Summary Appraisal Report, which is intended to comply with the reporting requirements set forth under Standard Rule 2 of the Uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report. As such, it does not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated herein. The appraiser is not responsible for unauthorized use of this report.

2. No responsibility is assumed by the appraiser for matters that are legal in nature. The title is assumed good and marketable and the legal description, as furnished to us by others, is assumed to be true and correct.

3. The property is appraised as if free and clear of any or all liens and encumbrances unless otherwise stated in this report.

4. Responsible ownership and competent property management are assumed unless otherwise stated in this report.

5. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.

6. All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.

7. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.

8. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in this report.

9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless non-conformity has been identified, defined, and considered in the appraisal report.

10. It is assumed that all required licenses, certificates of occupancy, consents or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimates in this report are based.

11. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.

12. It is assumed that the utilization of the land and improvements is confined within the boundaries or property lines of the property described and that there are no encroachments or trespasses unless otherwise stated in this report.

13. The appraiser is not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The appraiser's 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, unless otherwise stated in this report. No responsibility is assumed for any environmental conditions or for any expertise or engineering knowledge required discovering them. The appraiser's

descriptions and resulting comments are the result of the routine observations made during the appraisal process.

14. Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility.

15. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

16. 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 proper written qualification and only in its entirety.

17. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news sales, or other media without the prior written consent and approval of the appraiser.

18. Section 1.8 of the lease deals with a purchase option allowing the tenant to purchase the appraised condominium for $300,000. The lease also includes a provision whereby the tenant can acquire other space that it leases in the building, such as the employee locker room. The cost for the additional acquired space will be based on the original option price prorated for additional square footage. This appraisal provides a value conclusion for the condominium unit with the additional leased space, based on a conversation with Mr. Byron Sieber, the contact person for the assignment.

SUMMARY APPRAISAL REPORT (Cont.)

Certification

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

- The statements of fact contained in this report are true and correct.

- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions and conclusions.

- 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.

- I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.

- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

- My engagement in this assignment was not contingent upon developing or reporting predetermined results.

- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice and in accordance with the Code of Professional Ethics of the Appraisal Institute.

- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

- As of the date of this report, I have completed the Standards and Ethics Education Requirements for Associate Member of the Appraisal Institute.

- No one provided significant real property appraisal assistance to the person signing this certification.

SUMMARY APPRAISAL REPORT (Cont.)

♦ The appraisal assignment was not based on a requested minimum valuation or specific valuation or approval of a loan.

♦ I have personally viewed the property that is the subject of this report:

Space Occupied by Red River Regional Dispatch
Unit C-2, 300 NP Lofts Condominium
300 NP Avenue
Fargo, North Dakota

APPRAISAL SERVICES INC.

Neal A. Eriksmoen
ND Certified General Real Property Appraiser Permit #CG-1027
MN Certified General Real Property Appraiser License #4000890
SD State Certified General Appraiser License #859CG-2007R

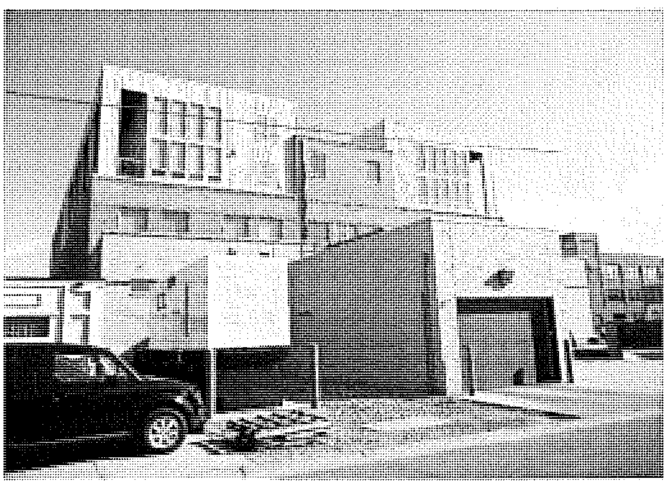
ATTACHMENTS

PHOTOGRAPHS OF SUBJECT PROPERTY

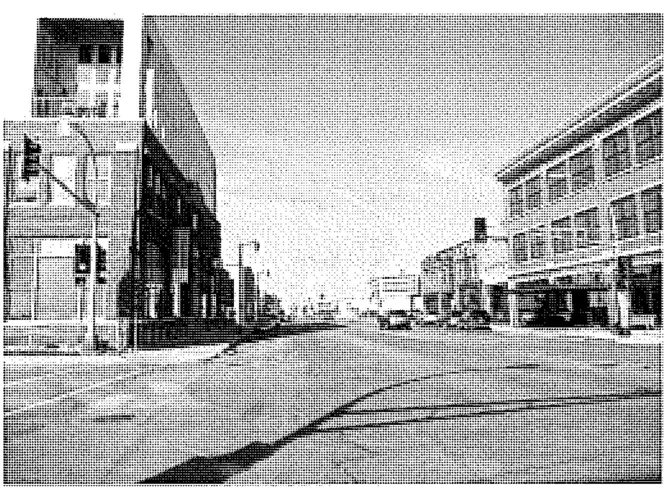
SUBJECT PHOTOGRAPHS


Subject Looking Southeast


Subject Looking Southwest

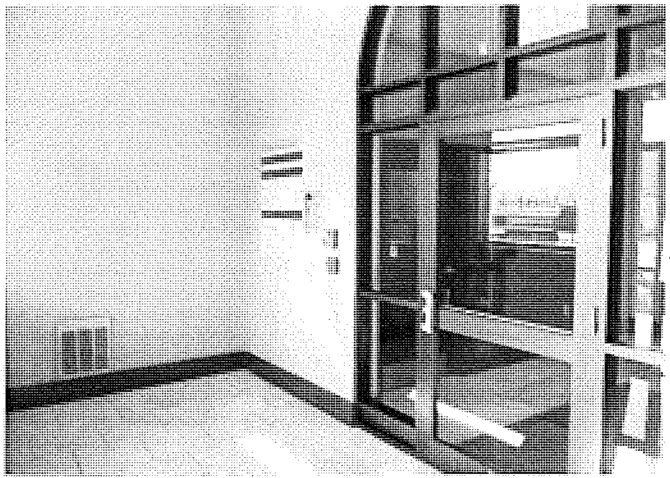

Subject Looking Northeast


Subject Looking Northwest


Subject Looking Down NP Avenue


Main Entrance

SUBJECT PHOTOGRAPHS (Cont.)

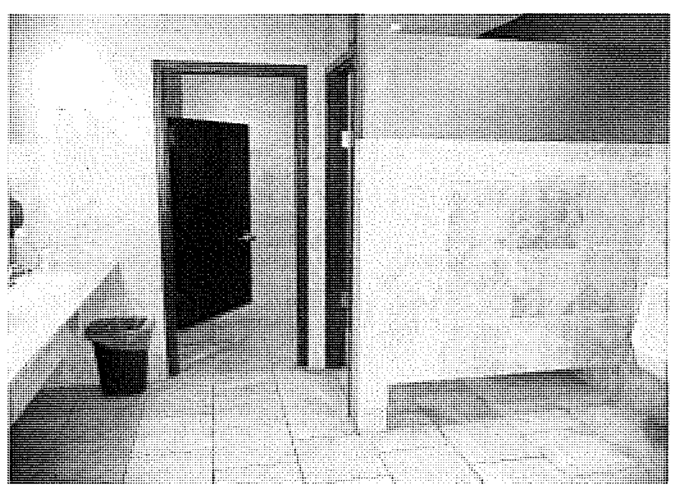

Main Entrance


Main Common Lobby

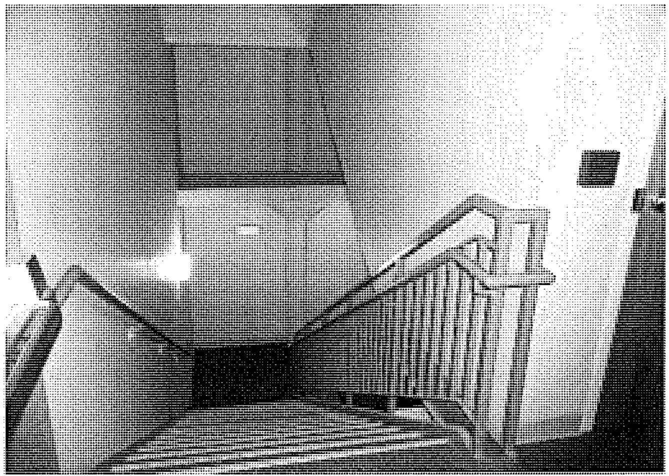

Common Elevator


Common Elevator

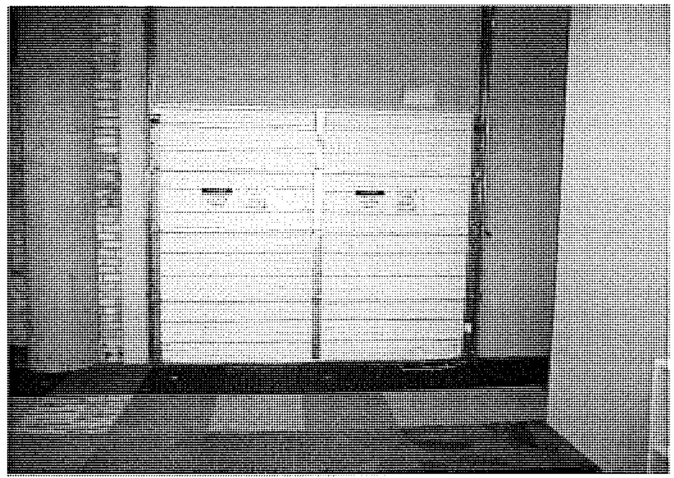

Common Conference Room


Common Restroom

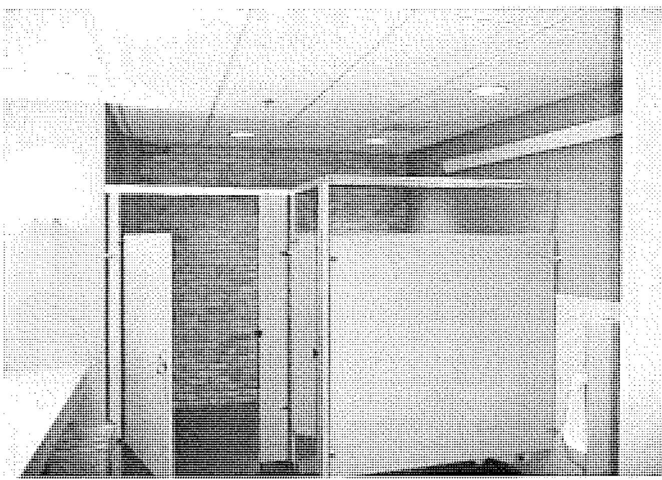
SUBJECT PHOTOGRAPHS (Cont.)



Common Stairs

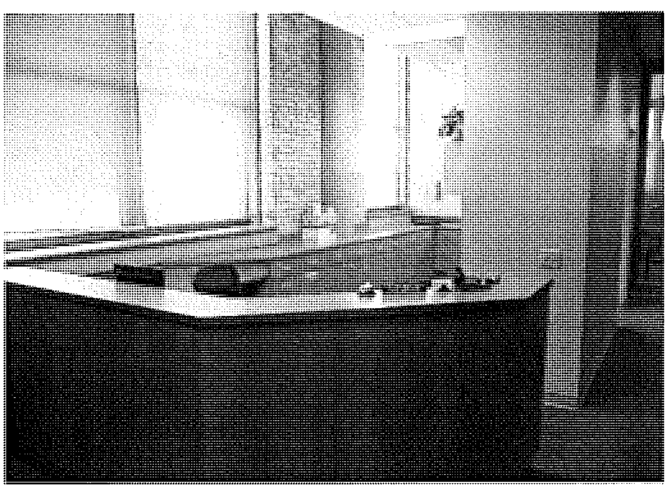


Common Freight Elevator

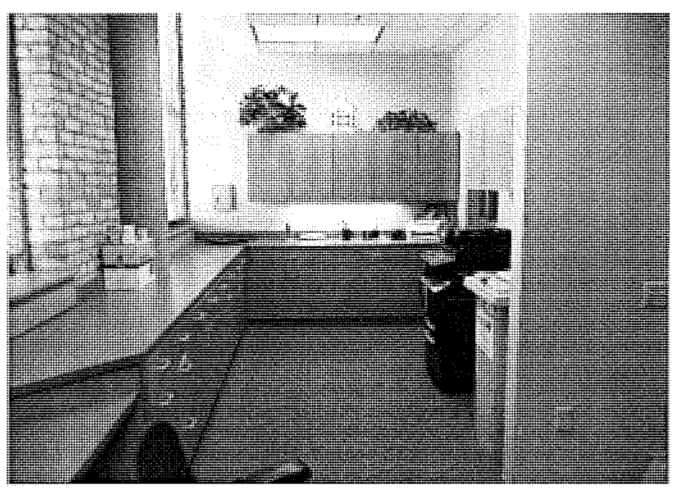


Common Restroom

Common Conference Room



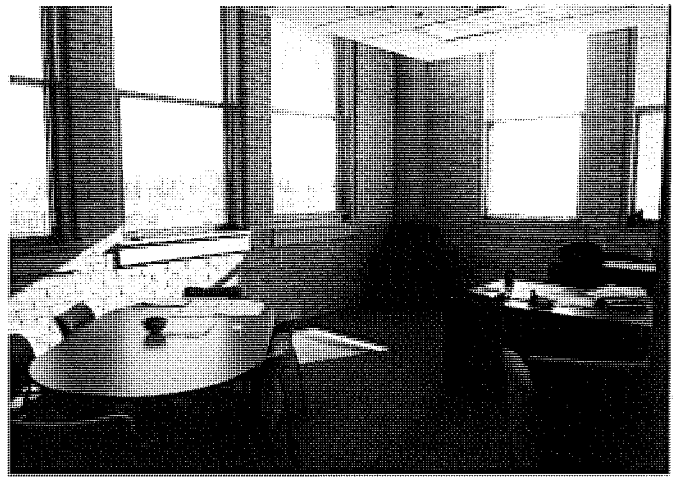
Main Reception Area

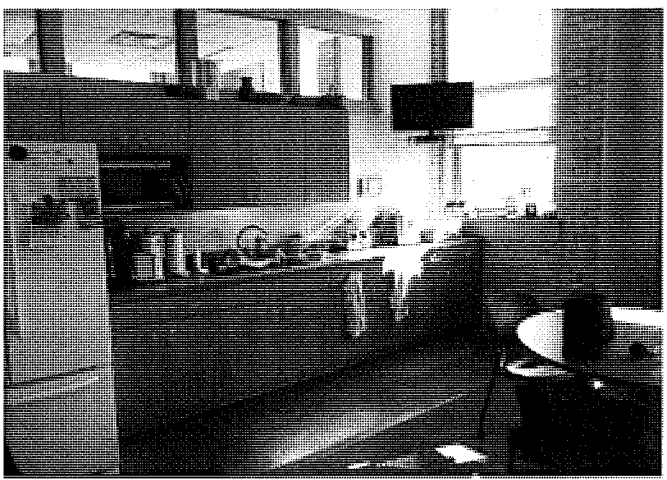


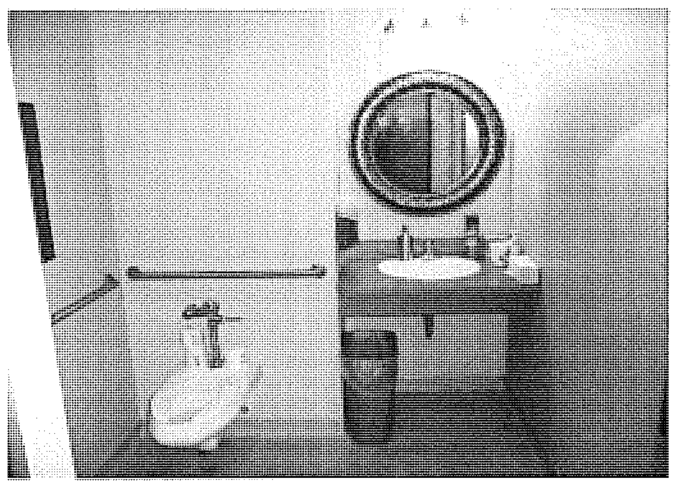
General Office Area

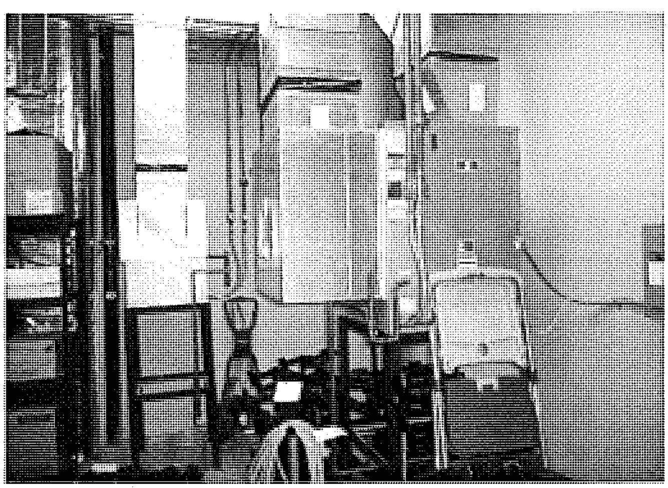
SUBJECT PHOTOGRAPHS (Cont.)

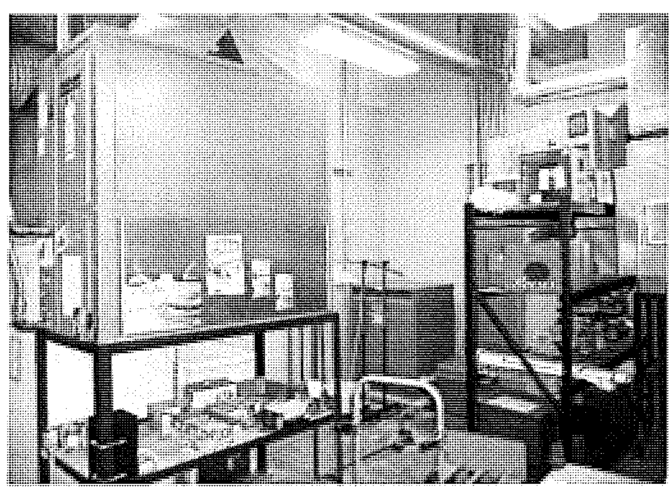

General Office Area


Private Office

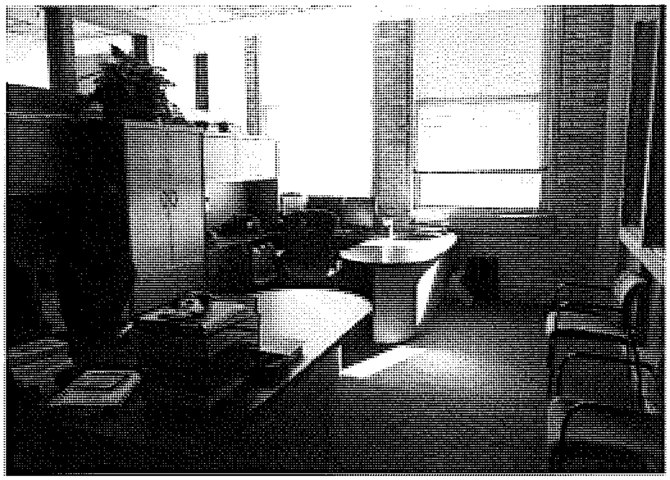

Employee Break Room


Restroom

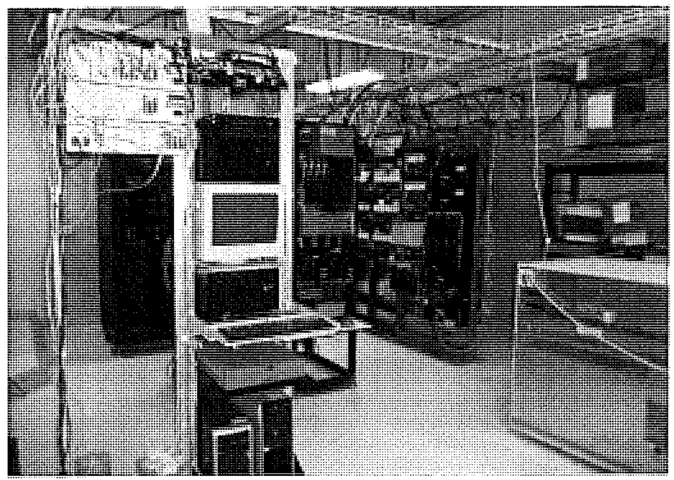

Utility Room


Utility Room

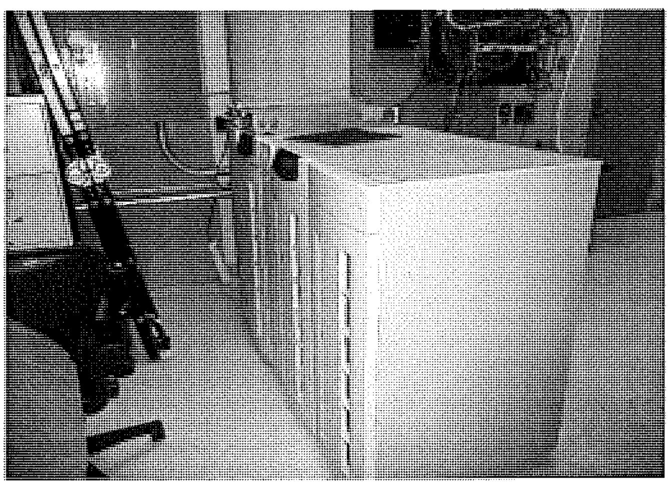
SUBJECT PHOTOGRAPHS (Cont.)



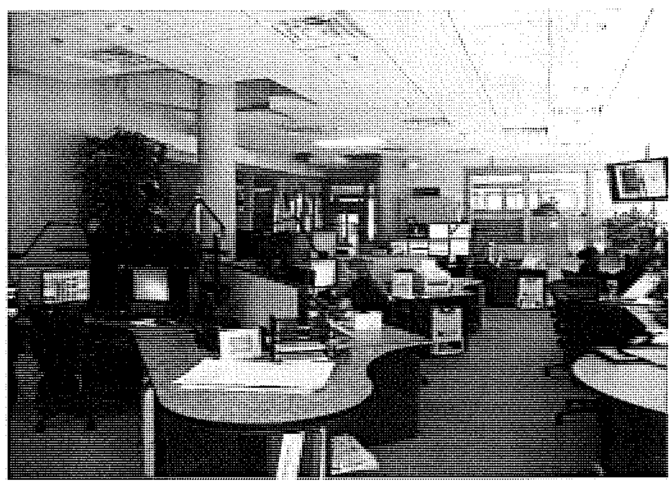
General Office Area



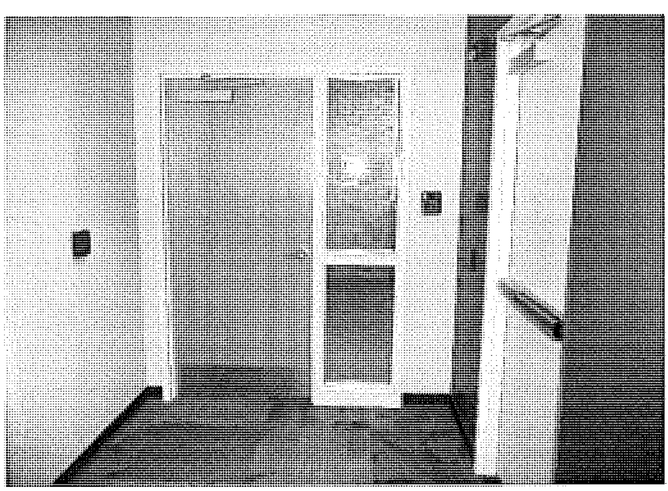
Computer Room



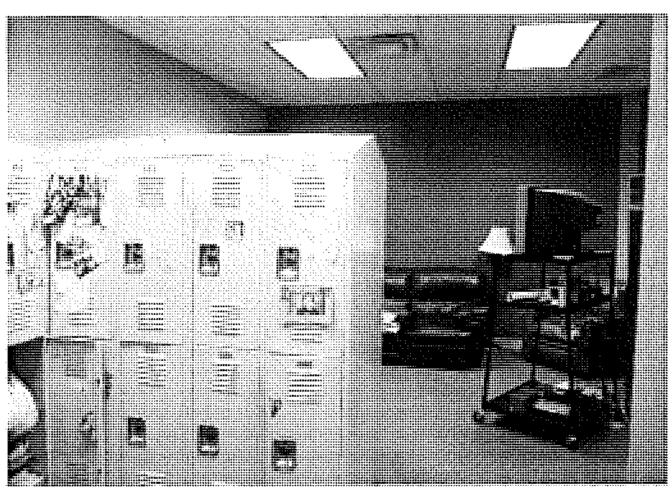
Battery Back-up



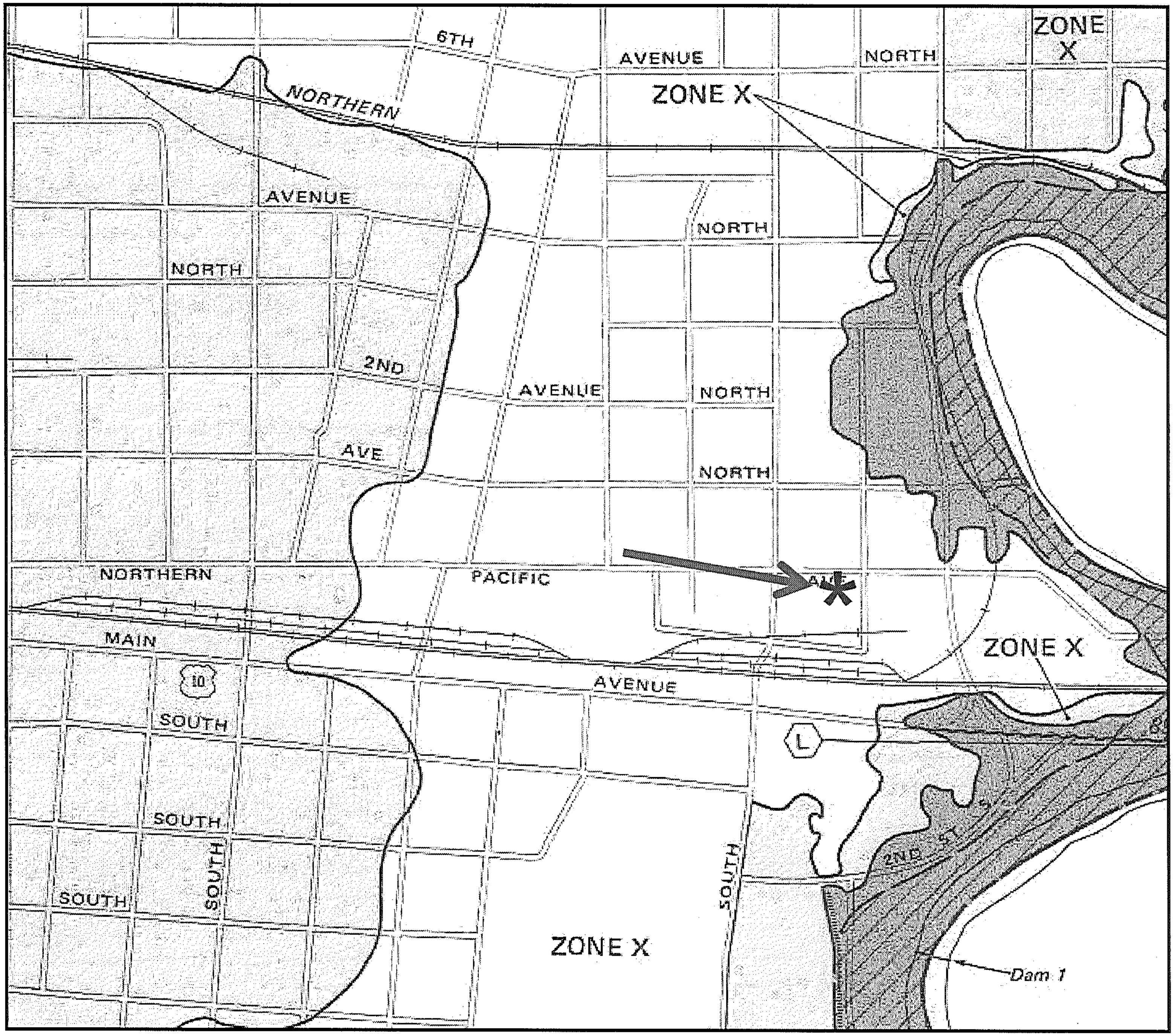
Call Center

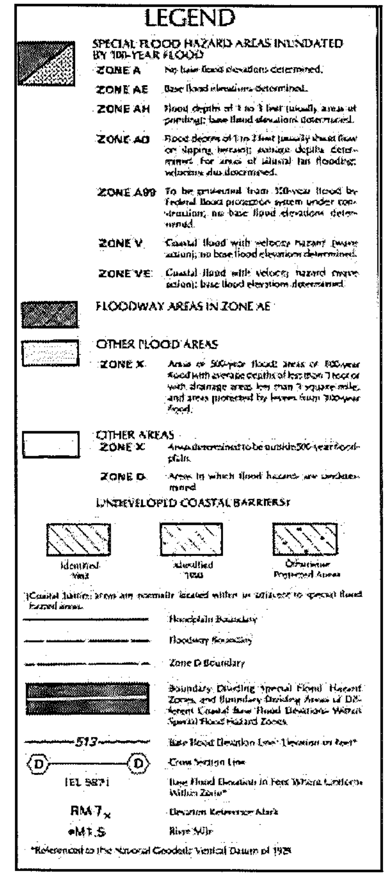


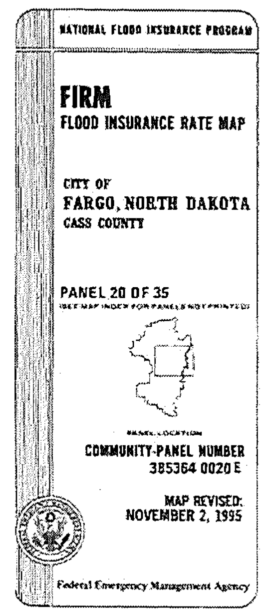
Rear Exit



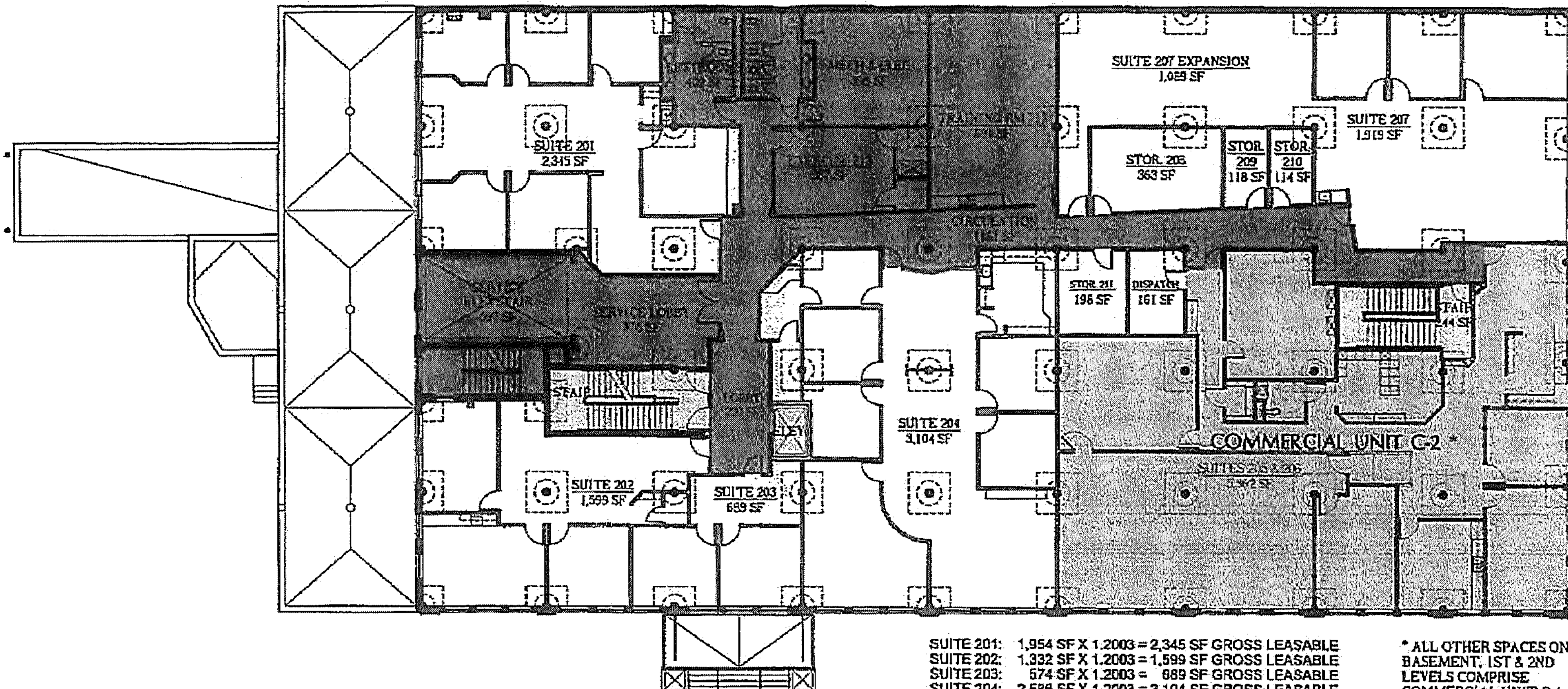
Employee Lounge/Locker Room


6TH
AVENUE
NORTH
ZONE X
ZONE X
NORTHERN
AVENUE
NORTH
NORTH
2ND
AVENUE
NORTH
AVE
NORTH
NORTHERN
PACIFIC
AVE
MAIN
10
AVENUE
SOUTH
SOUTH
SOUTH
SOUTH
SOUTH
ZONE X
ZONE X
L
2ND ST S
Dam 1


LEGEND
SPECIAL FLOOD HAZARD AREAS INUNDATED BY 100-YEAR FLOOD
ZONE A
ZONE AE
Base flood elevations determined.
ZONE AH
ZONE AO
ZONE A99
ZONE V
ZONE VE
FLOODWAY AREAS IN ZONE AE
OTHER FLOOD AREAS
ZONE X
OTHER AREAS
ZONE X
ZONE D
UNDEVELOPED COASTAL BARRIERS
Zone D Boundary
513
Cross Section Line
D
D
RM 7
Elevation Reference Mark
M1.5


NATIONAL FLOOD INSURANCE PROGRAM
FIRM
FLOOD INSURANCE RATE MAP
CITY OF
FARGO, NORTH DAKOTA
CASS COUNTY
PANEL 20 OF 35
COMMUNITY-PANEL NUMBER
385364 0020 E
MAP REVISED:
NOVEMBER 2, 1995
Federal Emergency Management Agency

Flood Map



SUITE 201:	1,954 SF X 1.2003 =	2,345 SF GROSS LEASABLE
SUITE 202:	1,332 SF X 1.2003 =	1,599 SF GROSS LEASABLE
SUITE 203:	574 SF X 1.2003 =	689 SF GROSS LEASABLE
SUITE 204:	2,586 SF X 1.2003 =	3,104 SF GROSS LEASABLE
SUITE 205/6:	4,467 SF X 1.2003 =	5,362 SF GROSS LEASABLE
SUITE 207:	1,599 SF X 1.2003 =	1,919 SF GROSS LEASABLE
EXPAN 207:	907 SF X 1.2003 =	1,089 SF GROSS LEASABLE
STOR 208:	302 SF X 1.2003 =	363 SF GROSS LEASABLE
STOR 209:	98 SF X 1.2003 =	118 SF GROSS LEASABLE
STOR 210:	95 SF X 1.2003 =	114 SF GROSS LEASABLE
STOR 211:	165 SF X 1.2003 =	198 SF GROSS LEASABLE
DISPATCH:	134 SF X 1.2003 =	161 SF GROSS LEASABLE

* ALL OTHER SPACES ON BASEMENT, 1ST & 2ND LEVELS COMPRISE COMMERCIAL UNIT C-1.

SECOND FLOOR PLAN - COMMERCIAL UNITS C-1 & C-2

0' 5' 10' 20'

NORTH

LEGEND

- COMMERCIAL UNIT - COMMON AREA
- RESIDENTIAL UNIT - COMMON AREA
- GENERAL - COMMON AREA

CASS COUNTY
GOVERNMENT

County
Administrator

Keith Berndt

MEMO

TO: Cass County Commissioners

FROM: Keith Berndt

DATE: November 4, 2013

SUBJECT: Flood Prone Property in Chrisan Subdivision

On May 5, 2013, County Engineer Jason Benson brought forward an item to the Commission agenda to consider purchase of two flood prone properties adjacent to 76th Avenue and Cass County 81 with county funds instead of FEMA/HMGP funds to avoid deed restrictions on the properties. A motion was made to purchase the properties with county highway funds but failed for lack of a second.

One of the properties was included in the HMGP program, and the acquisition is moving forward. The owner is agreeable to selling a small easement prior to the HMGP application to preserve some added roadway corridor room.

The second property was not included on the 2011 application in the original HMGP grant program. Efforts have been made to add the property to the grant but have been denied by FEMA.

Commissioner Scherling has been approached by the owner (Vickie Fonder) seeking a definitive answer on her status. Given FEMA's denial, I would like to hold another discussion with the Commission on this matter. I would suggest the county reconsider using highway or sales tax funds for the acquisition. The value of the property is estimated around \$205,500. Several factors may warrant purchasing the property with local funds:

1. The property is flood prone with or without the diversion project in place.
2. Removal of the property would simplify the emergency levee construction in this area.
3. The home is currently vacant, so removing it now would minimize the inconvenience and avoid another unknowing owner entering into a flood prone area.
4. It would maintain future flexibility on the land in the event that it was used for roadway or flood control construction activities.

<u>SUGGESTED MOTION:</u>
Authorize acquisition of property located at 1209 76th Avenue South using county funds.

Box 2806
211 Ninth Street South
Fargo, North Dakota 58108

701-241-5720
Fax 701-297-6020
www.casscountynd.gov
berndtk@casscountynd.gov


N
W
E
S
0
200
Feet
CASS COUNTY GOVERNMENT
Map Prepared: 4/26/2013
12TH ST S
CHRISAN BLVD
73 AVE S
UNIVERSITY DR S
CHRISAN WAY
1209 76 AVE S
7503 CHRISAN WAY
76TH AVE S
76TH AVE S
76TH AVE S
76TH AVE S
76TH AVE S
76TH AVE S
76TH AVE S
ORCHARD PARK DR
FOREST RIVER RD
Properties in Question
Locally Funded Properties
FEMA Deed Restricted Property

CASS COUNTY
GOVERNMENT

November 1, 2013

Auditor

Michael Montplaisir, CPA
701-241-5601

Treasurer

Charlotte Sandvik
701-241-5611

Director of Equalization

Frank Klein
701-241-5616

Cass County Board of Commissioners
Cass County Government
211 9th Street South
Fargo ND 58103

RE: October Diversion Billing

Dear Commissioners:

The October billing for the Flood Diversion Board of Authority are attached. The expenses are the county's share of engineering, legal, management contract, and accounting services.

The higher costs this month are due to an advance of $525,000 to the Army Corps of Engineers, the purchase of one property in Oxbow and one property in rural Minnesota, and payment to CH2MHill.

Sincerely,

Michael Montplaisir, CPA
Cass County Auditor

SUGGESTED MOTION:
Move to approve the expenses for the Flood Diversion Board of Authority in the amount of $1,023,383.20 and to remit $113,680.12 for Cass County's share of cash flow to cover Minnesota receivables for the month of October, 2013.

MY DOCUMENTS\HEATHER\DIVERSION DOCUMENTS\COMMISSION LETTER FOR DIVERSION BILLING-OCT 2013.DOCX

Box 2806
211 Ninth Street South
Fargo, North Dakota 58103

Fax 701-241-5728

www.casscountynd.gov

INVOICE

CITY OF FARGO, NORTH DAKOTA
CITY AUDITORS OFFICE
PO BOX 1607
FARGO, ND 58107

(701) 241-1333

TO: Cass County Auditors Office
Mike Montplaisir
PO Box 2806
FARGO, ND 58107

INVOICE NO: 225347
DATE: 10/31/13

CUSTOMER NO: 899/17916 TYPE: DV - DIVERSION AUTHORITY

QUANTITY	DESCRIPTION	UNIT PRICE	EXTENDED PRICE
1.00	FM Diversion Authority October 2013 Billing	1,023,383.20	1,023,383.20

1/2 of minnesota amt 113,709.25
adj for Sept - 29.13
#1,137,063.32

*DUE UPON RECEIPT. LATE PAYMENT CHARGE OF 1.5%/MO
WILL BE APPLIED 30 DAYS AFTER INVOICE DATE.

TOTAL DUE: $1,023,383.20

PLEASE DETACH AND SEND THIS COPY WITH REMITTANCE

DATE: 10/31/13 DUE DATE:10/31/13
CUSTOMER NO: 899/17916

NAME: Cass County Auditors Office
TYPE: DV - DIVERSION AUTHORITY

REMIT AND MAKE CHECK PAYABLE TO:
CITY OF FARGO, NORTH DAKOTA
CITY AUDITORS OFFICE
PO BOX 1607
FARGO ND 58107

INVOICE NO: 225347
TERMS: NET 0 DAYS

AMOUNT: $1,023,383.20

FM DIVERSION AUTHORITY
LOCAL AGENCY BILLINGS (Cash Disbursement Basis)

BILLING PERIOD:		**Oct-13**
INVOICE DATE:		**10/31/2013**
TOTAL INVOICED AMOUNTS:	**$**	**2,292,784.88**

DETAILS OF COSTS BILLED:

Revenues Received During Period			**Amount**
361.85-00	Lease/Rental Payments	$	7,427.10
370.10-00	Miscellaneous		-
Total Received		**$**	**7,427.10**

Expenses Disbursed During Period			**Amount**
33-05	Engineering Services	$	629,703.11
33-20	Accounting Services		620.00
33-25	Legal Services		71,685.51
33-42	Army Corp of Engineers		525,000.00
33-79	Construction Management Services		683,899.26
61-50	Postage		18.13
68-10	Miscellaneous		143.27
71-30	Land Purchases		385,642.70
71-31	Easements		3,500.00
Total Disbursed		**$**	**2,300,211.98**
TOTAL TO BILL FOR PERIOD		**$**	**2,292,784.88**

FM Diversion Cost Allocation		**A/R Type**	**A/R Code**	**Cust. ID #**	**Agency Cost Share**		**Billed Amounts**
334-10-00	State Water Commission	DV	FMDV3	10427	Land Cost		18,600.00
337-80-20	City of Fargo				45%		1,023,383.20
337-80-25	City of Moorhead	DV	FMDV1	1969	10%		227,418.49
337-80-30	Cass County	DV	FMDV2	899	45%		1,023,383.20
Total Partnership A/R Billing Totals						**$**	**2,292,784.88**

FM Diversion Authority
Summary of Cash Disbursements
Period October 2013

Period/Year: 10/2013

Date: 10/31/2013

Account Number	Check Date	Check Number	Vendor Name	Transaction Amount	Description 1	Project Number	Project Description
790-7905-429.33-42	10/1/2013	JB10130022	ARMY CORP OF ENGINEERS	525,000.00	LOCAL SHARE Q1 FY14	V01101	Army Corp Local Share Pmt
			Total Local Share to USACE - Army Corp of Engineers	525,000.00			
790-7910-429.33-20	10/28/2013	JB10130029	CITY OF FARGO	620.00	FISCAL SERVICES	V00102	General & Admin. WIK
			Total WIK - General & Admin - Accounting Services	620.00			
790-7910-429.33-25	10/23/2013	243900	ERIK R JOHNSON & ASSOCIATES	4,513.51	METRO FLOOD PROJECT	V00102	General & Admin. WIK
			Total WIK - General & Admin. - Legal Services	4,513.51			
790-7915-429.33-05	10/2/2013	243421	RED RIVER BASIN COMMISSION	52,188.40	HUR PROJECT	V02101	STUDY UPPER RR RETENTION
	10/2/2013	243421	RED RIVER BASIN COMMISSION	76,534.00	HUR PROJECT	V02101	STUDY UPPER RR RETENTION
	10/10/2013	243565	HOUSTON-MOORE GROUP LLC	2,299.50	8/1-31/13	V01607	RECREATION/USE MASTER PLN
	10/10/2013	243565	HOUSTON-MOORE GROUP LLC	51,777.50	8/1-31/13	V01609	HYDROLOGY/HYDRAULIC MODEL
	10/10/2013	243565	HOUSTON-MOORE GROUP LLC	124,085.71	8/1-31/13	V01613	LEVEE DESIGN & SUPPORT
	10/10/2013	243565	HOUSTON-MOORE GROUP LLC	63,701.46	8/1-31/13	V01614	TRANS/DRAINAGE MASTER PLN
	10/2/2013	243445	URS CORPORATION	1,046.75	7/13-8/9/13	V01003	CULTURAL RESOURCES INVEST
	10/2/2013	243445	URS CORPORATION	2,309.96	8/10-9/6/13	V01003	CULTURAL RESOURCES INVEST
			Total WIK - Project Design - Engineering Services	373,943.28			
790-7920-429.33-05	10/10/2013	243565	HOUSTON-MOORE GROUP LLC	71,057.07	8/1-31/13	V01601	HMG - PROJECT MANAGEMENT
			Total WIK Construction Mgmt. - Engineering Services	71,057.07			
790-7920-429.33-79	10/23/2013	243882	CH2M HILL ENGINEERS INC	317,808.23	TASK ORDER 2	V00203	CH2M HILL - 10/1-6/30/13
	10/23/2013	243882	CH2M HILL ENGINEERS INC	6,091.03	TASK ORDER 2	V00203	CH2M HILL - 10/1-6/30/13
	10/23/2013	243882	CH2M HILL ENGINEERS INC	180,000.00	AUG/SEPT 2013	V00204	CH2M Hill-9.1.13-2.28.14
	10/23/2013	243882	CH2M HILL ENGINEERS INC	180,000.00	SEPT/OCT 2013	V00204	CH2M Hill-9.1.13-2.28.14
			Total WIK Construction Mgmt. - Project Management	683,899.26			
790-7930-429.33-05	10/16/2013	243701	CASS COUNTY JOINT WATER RESOURCE DI	78,316.11	FM AREA DIVERSION/DPAC	V01202	Cass Joint Water DPAC
	10/10/2013	243565	HOUSTON-MOORE GROUP LLC	21,753.38	8/1-31/13	V01602	CR-31 BRIDGE DESIGN
	10/10/2013	243565	HOUSTON-MOORE GROUP LLC	19,174.50	8/1-31/13	V01604	CR-32 & CR-22 BRIDGE DSGN
	10/10/2013	243565	HOUSTON-MOORE GROUP LLC	400.00	8/1-31/13	V01604	CR-32 & CR-22 BRIDGE DSGN

FM Diversion Authority
Summary of Cash Disbursements
Period October 2013

Period/Year: 10/2013

Date: 10/31/2013

Account Number	Check Date	Check Number	Vendor Name	Transaction Amount	Description 1	Project Number	Project Description
	10/10/2013	243565	HOUSTON-MOORE GROUP LLC	27,248.86	8/1-31/13	V01606	LAND MANAGEMENT SERVICES
	10/10/2013	243565	HOUSTON-MOORE GROUP LLC	2,904.00	8/1-31/13	V01610	UTILITIES DESIGN
	10/10/2013	243565	HOUSTON-MOORE GROUP LLC	34,905.91	8/1-31/13	V01611	REACH 6 & CR20 BRIDGE
			Total LERRDS - North Dakota - Engineering Services	184,702.76			
790-7930-429.33-25	10/16/2013	243710	DORSEY & WHITNEY LLP	19,416.00	RED RIVER DIVERSION PROJ	V00101	Dorsey Whitney Legal
	10/16/2013	243701	CASS COUNTY JOINT WATER RESOURCE DI	38,262.45	FM AREA DIVERSION/DPAC	V01201	Cass Joint Water ROE
	10/16/2013	243701	CASS COUNTY JOINT WATER RESOURCE DI	6,176.00	FM AREA DIVERSION/DPAC	V01202	Cass Joint Water DPAC
	10/23/2013	243900	ERIK R JOHNSON & ASSOCIATES	3,317.55	METRO FLOOD PROJECT	V00103	General & Admin. LERRDS
			Total LERRDS - North Dakota - Legal Services	67,172.00			
790-7930-429.61-50	10/16/2013	243701	CASS COUNTY JOINT WATER RESOURCE DI	4.55	FM AREA DIVERSION/DPAC	V01201	Cass Joint Water ROE
	10/16/2013	243701	CASS COUNTY JOINT WATER RESOURCE DI	13.58	FM AREA DIVERSION/DPAC	V01202	Cass Joint Water DPAC
			Total LERRDS - North Dakota - Postage	18.13			
790-7930-429.68-10	10/16/2013	243701	CASS COUNTY JOINT WATER RESOURCE DI	143.27	FM AREA DIVERSION/DPAC	V01201	Cass Joint Water ROE
			Total LERRDS - North Dakota - Miscellaneous	143.27			
790-7930-429.71-30	10/16/2013	243701	CASS COUNTY JOINT WATER RESOURCE DI	104,087.79	FM AREA DIVERSION/DPAC	V01701	ND LAND PURCHASES
			Total LERRDS - North Dakota - Land Purchases	104,087.79			
790-7930-429.71-31	10/16/2013	243701	CASS COUNTY JOINT WATER RESOURCE DI	3,500.00	FM AREA DIVERSION/DPAC	V01201	Cass Joint Water ROE
			Total LERRDS - North Dakota - Easements	3,500.00			
790-7931-429.71-30	10/30/2013	244126	KENNELLY & OKEEFFE (ACQUISITIONS)	281,554.91	FMDA HARDSHIP LAND PURCH	V02302	MN LAND PURCHASE-HARDSHIP
			Total LERRDS - Minnesota - Land Purchases	281,554.91			
			Total Disbursed for Period	**$2,300,211.98**			