



HERMANTOWN ECONOMIC DEVELOPMENT AUTHORITY

AGENDA

**Thursday, May 22 2025 at 5:00 p.m.
Council Chambers
Governmental Services Building**

1. ROLL CALL

2. MINUTES – Approval or correction

2.1 April 17, 2025 HEDA Minutes

3. MOTIONS

4. RESOLUTIONS

4.1 RESOLUTION AUTHORIZING AN ELECTRIC LINE EASEMENT WITH
MINNESOTA POWER RELATED TO PID: 395-0092-00160

5. WORK SESSION

5.1 Morris Thomas Housing Project Presentation (Jason Hale of North Shore
Development)

5.2 HEDA Enabling Resolution and Bylaws

5.3 June 19th Meeting Reschedule

6. RECESS

CITY OF HERMANTOWN

HERMANTOWN ECONOMIC DEVELOPMENT AUTHORITY

Thursday, April 17, 2025 at 5:00 PM Central

Council Chambers, City Hall – Hermantown Governmental Services Building

Mayor Wayne Boucher:	Present
Councilor John Geissler:	Absent
Councilor Andy Hjelle:	Absent
Councilor Joe Peterson:	Present
Councilor Brian LeBlanc:	Present
Karen Pionk:	Present
Rob Unzen:	Present

CITY STAFF: Chad Ronchetti, Economic Development Director; Mia Thibodeau, HEDA Attorney

VISITORS:

1. **ROLL CALL**

2. **MINUTES**

A. Approve April 17, 2025 HEDA Minutes

Motion to approve minutes as presented. This motion, made by LaBlanc and seconded by Pionk, Carried.

Mayor Wayne Boucher:	Yea
Councilor John Geissler:	Absent
Councilor Andy Hjelle:	Absent
Councilor Joe Peterson:	Yea
Councilor Brian LeBlanc:	Yea
Karen Pionk:	Yea
Rob Unzen:	Yea

Yea: 5, Nay: 0, Absent: 2

3. **MOTIONS**

4. **RESOLUTIONS**

5. **WORK SESSION**

A. Establishment Resolution and Bylaws Review

Director Ronchetti discussed the structure and appointment process for Economic Development Authorities (EDAs) in Minnesota, noting that larger cities tend to have 7-member EDAs with more at-large community representation. Director Ronchetti

presented data on EDA structures in comparable cities and discusses the pros and cons of having the mayor on the EDA. The commission members debated the merits of changing their EDA structure to include more at-large members, considering the balance between council oversight and community representation. The Commissioners discussed whether the Mayor should be the President of the Commission and whether the City Administrator should remain as the Executive Director.

The Commission also debated updating the \$50 per meeting compensation for commissioners, with suggestions ranging from no change to doubling it to around \$100. Commissioners discussed the need to align any pay increase with council policies and consider staggering terms if the structure changes to maintain continuity of experience.

Director Ronchetti committed to speaking with the two absent Commissioners and revising the topic at the May HEDA meeting.

6. **RECESS**

Motion to recess at 6:22 p.m. This motion, made by Commissioner Pionk and seconded by Commissioner LaBlanc, Carried.


Mayor Wayne Boucher:	Yea
Councilor John Geissler:	Absent
Councilor Andy Hjelle:	Absent
Councilor Joe Peterson:	Yea
Councilor Brian LeBlanc:	Yea
Karen Pionk:	Yea
Rob Unzen:	Yea

Yea: 5, Nay: 0, Absent: 2

Recorded by:



Chad Ronchetti, Economic Development Director

HEDA MEETING DATE:		May 22, 2025	
TO:	HEDA Commissioners		
FROM:	Chad Ronchetti, Economic Development Director		
SUBJECT:	Permanent Easement to Minnesota Power		

☒ **RESOLUTION:**☐ **WORK SESSION**☐ **OTHER:**

REQUESTED ACTION

Approve Permanent Easement

BACKGROUND

MN Power desires to construct a portion of the Duluth Loop Reliability Project in the City of Hermantown in the Summer of 2025. MN Power is seeking to replace and slightly expand two existing powerline easements as part of the Loop Project. HEDA is getting paid for the easements \$12,600, based upon an uncomplicated appraisal by LandVest. It is recommended HEDA accept the easement agreements.

SOURCE OF FUNDS (if applicable)

ATTACHMENTS

Easement Agreement 395-0092-00185
Appraisal

Hermantown Economic Development Authority

HEDA's mission is to intentionally lead economic growth, creating a vibrant and prosperous community.

Hermantown Economic Development Authority
Resolution No. 2025-06H

HEDA Commissioner _____ introduced the following resolution and moved its adoption:

RESOLUTION AUTHORIZING AND DIRECTING PRESIDENT AND SECRETARY TO EXECUTE AN ACCEPTANCE OF EASEMENT AGREEMENT FOR PARCEL 395-0092-00160 TO MINNESOTA POWER FROM THE HERMANTOWN ECONOMIC DEVELOPMENT AUTHORITY FOR THE DULUTH LOOP RELIABILITY PROJECT

WHEREAS, Minnesota Power (MNP) currently has easements across HEDA owned land, and;

WHEREAS, MNP desires to construct the Duluth Loop Reliability Project in the City of Hermantown (“Project”); and

WHEREAS, MNP needs to expand the current easement (“Easement Parcel 395-0092-00160”) from the HEDA to construct the Project

WHEREAS, MNP has executed and delivered the required Easement agreement to the HEDA; and

WHEREAS, the HEDA desires to provide the Easement Parcel A as described in and granted by the Easement Agreement attached hereto as Exhibit A.

NOW, THEREFORE, BE IT RESOLVED by commissioners of HEDA as follows:

1. The President and Secretary are hereby authorized and directed to execute and deliver the Acceptance of the Easement Agreement for Parcel 395-0092-00160 from Minnesota Power.

The motion for the adoption of the foregoing resolution was duly seconded by HEDA Commissioner _____ and, after full discussion thereof and upon a vote being taken thereon, the following HEDA Members voted in favor thereof:

and the following voted against the same:

Whereupon said resolution was declared duly passed and adopted.

Dated this 22nd day of May, 2025.

HEDA Administrator

EXHIBIT A

(The above space for Recorder's use)

ELECTRIC LINE EASEMENT AGREEMENT

THIS ELECTRIC LINE EASEMENT AGREEMENT ("Agreement") is made this ____ day of _____, 2025 (the "Effective Date"), by and between the Hermantown Economic Development Authority, an Economic Development Authority created pursuant to Minnesota Statutes Chapter 469 (whether one or more, "Grantor") and Minnesota Power, a division of ALLETE, Inc., a Minnesota corporation, its successors and assigns ("Grantee").

RECITALS

A. Grantor owns that certain real property legally described as follows ("Grantor Property");

Lot 3, Except Southerly 218 feet and all of Lots 4, 5 and 6 and Lot 9, Block Two (2),
Maple Grove Industrial Center, St. Louis County, Minnesota.

Torrens property: Certificate of Title No. 363835
PIN: 395-0092-00160

B. Grantee desires to amend those easements filed as Document Nos. 52590 and 314190, running over a portion of the Grantor Property legally described on **Exhibit A** attached hereto, as amended herein (the "Easement Area"), for the purposes described in Sections 2 and 3 below (the "Electric Line Easement"); and

C. Grantor agrees to grant the Electric Line Easement pursuant to this Agreement.

In consideration of the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Grantor and Grantee hereby agree as follows.

AGREEMENT

1. **Incorporation of Recitals.** The foregoing recitals are hereby incorporated into this Agreement by reference as substantive provisions hereof.

2. **Grant of Easement.** Grantor hereby grants to Grantee a perpetual non-exclusive utility easement, (a) upon, over, under, across and through the Easement Area for the installation, construction, operation, maintenance, inspection, repair, replacement, reconductoring, removal and relocation of an electric power lines or cables, together with all structures, poles, towers, structures, crossarms, cables, braces, guy wires, supports, conduits, counterpoises, fixtures, equipment, devices and any other utility related improvements deemed necessary by Grantee in its sole discretion in the installation, construction, operation, maintenance, repair, replacement, removal and relocation of said lines and cables; and (b) upon, over, under, across and through such additional area outside of the described Easement Area as is necessary to accommodate guy wires, anchors and any other utility related appurtenances deemed necessary by Grantee in its sole discretion, subject to the terms and conditions hereof. Grantor also grants to Grantee a perpetual and non-exclusive easement upon and across the Grantor Property to access the Easement Area for the foregoing purposes.
3. **Scope of Easement.** The grant of easement herein contained shall include the following rights of Grantee:
- a. Grantee is acknowledged to be the primary user of the utility easement granted and may access the Easement Area for the purposes set forth in Section 2 at all times deemed necessary by Grantee in Grantee's sole discretion. The lines and cables installed by Grantee may be at various voltages and dimensions as Grantee shall deem useful or necessary from time to time in its sole discretion.
 - b. Ingress and egress across the Grantor Property to and within the Easement Area by Grantee shall be by means of existing roads, field roads and lanes, if any, or any other route mutually agreed upon by Grantor and Grantee. Should Grantor fail to agree upon a reasonable route sufficient for Grantee's access needs, and upon the occurrence of an event causing the interruption of power or endangerment of the electric line facility which requires immediate access, Grantee shall make access by the shortest reasonable route as required under the circumstances. In the event that a fence currently exists within the Easement Area as of the Effective Date, Grantee shall have the right to install a gate or other temporary access in the fence to ensure Grantee's access to the Easement Area related to the purposes described herein.
 - c. Grantee may alter, remove, and dispose of any improvements, structures, trees, crops, brush and vegetation, or other objects within the Easement Area or within such portion of the Grantor Property as would prevent or interfere in any way whatsoever with Grantee's use and enjoyment of the rights and easements granted herein or otherwise jeopardize Grantee's electric lines, cables or related equipment, including, but not limited to, the right to cut and dispose of all dead, weak, leaning, or dangerous trees, crops, brush and vegetation within or outside of the Easement Area deemed by Grantee, in its sole discretion, to be reasonably necessary for the installation, construction, operation, maintenance, inspection, repair, replacement, removal and relocation and protection of said lines, cables and equipment and to protect the public safety.

- d. Access to, and construction upon, the Grantor Property of all equipment necessary to ground fences, structures, buildings, or any other structure determined by Grantee in its sole discretion to require grounding for safety purposes, and as Grantee determines in its sole discretion are required by applicable statutes, regulations and the National Electric Safety Code.
 - e. Grading the surface of the Easement Area as Grantee deems reasonably necessary in its sole discretion for the installation, construction, operation, maintenance, inspection, repair, replacement, removal and relocation of its electric lines, cables and related improvements. Such grading will take into consideration the impact and drainage on the Grantor Property.
4. **Reserved Rights and Restrictions.** Grantor reserves the right to build recreational trails, trail amenities, parking, gates, fences, lighting, and benches within or crossing the Easement Area as further described herein, provided that any such improvements must be approved by the Grantee in writing, which approval shall not be unreasonably withheld. Grantor reserves the right to allow public and private utilities to cross the Easement Area in a way that does not interfere with Grantee's rights as further described herein provided that any such improvements must be approved by the Grantee in writing, which approval shall not be unreasonably withheld. Grantor reserves the right to cultivate, use and occupy the Easement Area, and to run additional non-interfering public utilities within the outer 30 feet on either side of the Easement Area, except that without the prior written approval of Grantee that will not be unreasonably withheld, Grantor shall not bury or place in the ground any object, nor plant any trees within the central 100 feet of the Easement Area, nor erect any structures, hay or straw stacks, or other permanent objects, except fences, and in the event that Grantee's electric lines or cables are placed beneath the surface, Grantor shall seek prior written approval from Grantee prior to any digging to a depth of more than two (2) feet within the central 100 feet of the Easement Area. Any crossing of the Easement Area by a public or private utility shall be at a location designated by Grantee as non-interfering with Grantee's facilities and with Grantee's consent, which consent shall not be unreasonably withheld. Grantor shall otherwise have the full use and enjoyment of the Easement Area except as the same may be necessary for the purposes herein granted to Grantee. Grantor shall consult with Grantee on all such projects so as to prevent damage to or interference with the efficient operation and control of Grantee's facilities and to ensure the public safety within the Easement Area.
5. **Restoration.** Following completion of the construction of the electric lines, cables and related improvements, Grantee shall restore those portions of the Grantor Property and the Easement Area (other than the areas improved) which were damaged by Grantee's entry, use or activities thereon to substantially the same condition as said lands existed on the Effective Date. Grantee shall pay for all damages to crops, fences, roads, structures and fields within the Grantor Property or Easement Area directly and proximately caused by Grantee as a result of Grantee's entry or activities thereon; provided, however, that Grantee shall not be responsible for costs or expenses which (a) arise from or relate to Grantor's own actions, inactions, negligence, recklessness, or willful misconduct, or (b) relate to the removal of trees and brush within the Easement Area as permitted by Section 3c above.

6. Miscellaneous.

- a. All electric lines, cables and related fixtures, equipment, devices and improvements installed and placed within the Easement Area by or on behalf of Grantee shall remain the sole and exclusive property of Grantee.
- b. Limited use or non-use of the rights granted herein shall not be deemed a complete or partial abandonment of the easement and the easement shall not be extinguished by, merged into, modified or otherwise deemed affected by any other interest or estate in the Easement Area now or hereinafter held by Grantee, its successors or assigns.
- c. Grantor represents, warrants and covenants to Grantee, its successors, and assigns, that Grantor is the owner of the real property described herein and has the full power, right and authority to grant the easement herein described.
- d. The easements recorded as Document Nos. 52590 and 314190 are hereby amended by this Agreement, including all rights, privileges, and obligations contained herein, which shall run with the land herein described and shall inure to the benefit of the parties hereto, their respective heirs, legal representatives, successors and assigns. The terms of this Electric Line Easement Agreement shall control over any conflicting terms within the prior easement recorded as Document Nos. 52590 and 314190, which shall otherwise continue in full force and effect.
- e. No amendment or modification of this Agreement shall be effective unless made by written instrument signed by Grantor and Grantee or their respective successors and assigns; provided, however, Grantee may assign its rights herein without consent of Grantor.
- f. It is mutually understood and agreed that this Agreement covers all of the agreements and stipulations between the parties with respect to the subject hereof, and that no representation or verbal statements have been made modifying, adding to, or changing the terms hereof.
- g. If any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect the remainder of such provision or any other provisions hereof.
- h. This Agreement shall be governed by and construed under the laws of the State of Minnesota.
- i. This Agreement is exempt from payment of state deed stamps pursuant to Minnesota Statutes Section 287.22.

[Remainder of Page Blank. Signature Page to Follow.]

Grantor: Hermantown Economic Development
Authority

Name: Wayne Boucher
Its: President

Name: Brian LeBlanc
Its: Secretary

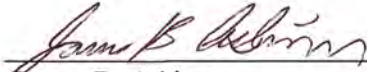
STATE OF MINNESOTA)
)ss
COUNTY OF ST. LOUIS)

The foregoing instrument was acknowledged before me this ____ day of _____, 2025, by Wayne Boucher and Brian LeBlanc, the President and Secretary, respectively, of the Hermantown Economic Development Authority, an Economic Development Authority created pursuant to Minnesota Statutes Chapter 469, on behalf of the Authority.

Notarial Stamp or Seal

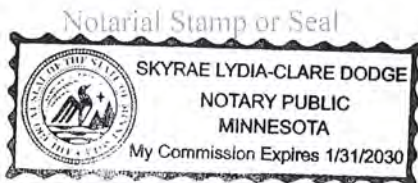
Notary Public

Grantee: Minnesota Power, a division
Of ALLETE, Inc., a Minnesota
Corporation

By: 
Name: James B. Atkinson
Its: Manager - Siting and Land Rights

STATE OF MINNESOTA)
)ss
COUNTY OF ST. LOUIS)

The foregoing instrument was acknowledged before me this 16 day of April,
2025, by James B. Atkinson the Environmental and Real Estate Manager of Minnesota Power, a
division of ALLETE, Inc., a Minnesota corporation, on behalf of the corporation.



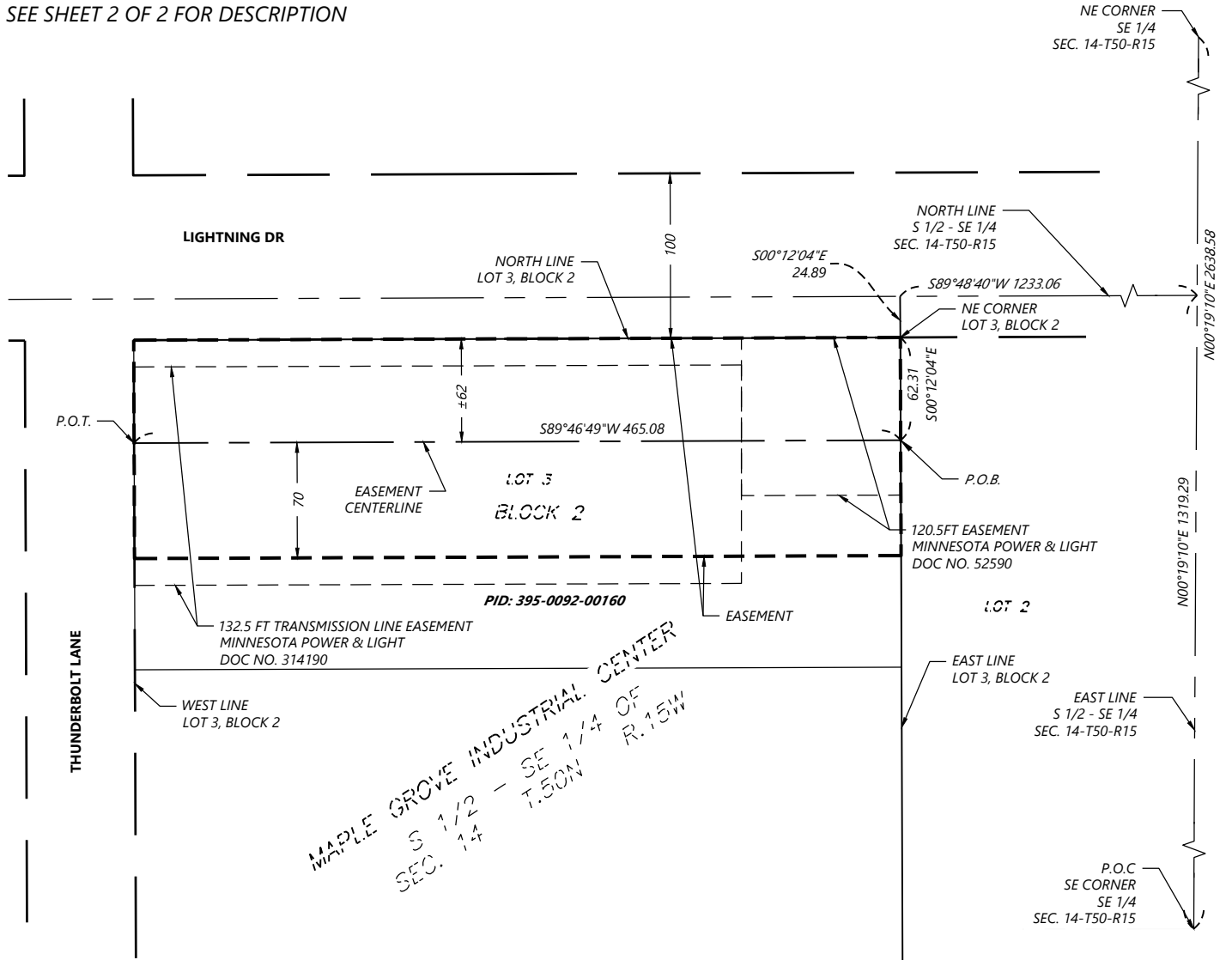

Notary Public

Drafted By:
Minnesota Power
30 W. Superior St.
Duluth, MN 55802

EXHIBIT A

EASEMENT EXHIBIT

GRANTOR: HERMANTOWN ECONOMIC DEVELOPMENT AUTHORITY, A
MINNESOTA ECONOMIC DEVELOPMENT AUTHORITY
SEE SHEET 2 OF 2 FOR DESCRIPTION



P.O.C. = POINT OF COMMENCEMENT
P.O.B. = POINT OF BEGINNING
P.O.T. = POINT OF TERMINATION

BEARINGS, DISTANCES AND ACREAGE
ARE BASED ON ST. LOUIS COUNTY
SOUTH COORDINATE SYSTEM, NAD83
(2011) ADJUSTMENT, US SURVEY FT

I HEREBY CERTIFY THAT THIS SURVEY, PLAN OR REPORT WAS
PREPARED BY ME OR UNDER MY DIRECT SUPERVISION AND
THAT I AM A DULY LICENSED LAND SURVEYOR UNDER THE
LAWS OF THE STATE OF MINNESOTA.

Seth Weckman
SETH WECKMAN

LIC. NO. 57085

DATE 7/19/2024

SHEET: 1 OF 2

REV. DATE:

MA - 36086

TOWNSHIP

T50N

RANGE

R15W

SECTION

14

Westwood

Phone (320) 253-9495 13341 Cypress Drive, Suite 101
Toll Free (800) 270-9495 Baxter, MN 56425
westwoodps.com

Westwood Professional Services, Inc.

EXHIBIT A

EASEMENT EXHIBIT

GRANTOR: HERMANTOWN ECONOMIC DEVELOPMENT AUTHORITY,
A MINNESOTA ECONOMIC DEVELOPMENT AUTHORITY

"PROPERTY"

Lot 3, Except Southerly 218 feet and all of Lots 4, 5, 6, and Lot 9, Block Two (2), Maple Grove Industrial Center, St. Louis County, Minnesota.

"EASEMENT AREA"

A 140.00 foot wide easement lying over, under and across that part of the hereinbefore described "PROPERTY" which lies within 70.00 feet on each side of the following described centerline:

Commencing at the southeast corner of the Southeast Quarter of Section 14, Township 50 North, Range 15 West; thence North 00 degrees 19 minutes 10 seconds East along the east line of the South Half of said Southeast Quarter, a distance of 1319.29 feet to the north line of said South Half of the Southeast Quarter; thence South 89 degrees 48 minutes 40 seconds West along the north line of said South Half of the Southeast Quarter, a distance of 1233.06 feet to the northerly extension of the east line of Lot 3, Block 2, Maple Grove Industrial Center, St. Louis County, Minnesota; thence South 00 degrees 12 minutes 04 seconds East along the northerly extension of the east line of said Lot 3, Block 2, a distance of 24.89 feet to the northeast corner of said Lot 3, Block 2; thence continuing South 00 degrees 12 minutes 04 seconds East along the east line of said Lot 3, Block 2, a distance of 62.31 feet to the point of beginning of the centerline to be described; thence South 89 degrees 46 minutes 49 seconds West, a distance of 465.08 feet to the west line of said Lot 3, Block 2, and said centerline there terminating.

The side lines of said easement are to be prolonged or shortened to terminate at the north, east and west lines of said Lot 3, Block 2.

"SUMMARY OF AREAS"

Proposed easement:	1.41 acres, more or less
Proposed easement inside road right of way:	N/A
Proposed easement inside existing easement:	1.19 acres, more or less
Proposed easement less road right of way & existing easement:	0.22 acres, more or less

BEARINGS, DISTANCES AND ACREAGE
ARE BASED ON ST. LOUIS COUNTY
SOUTH COORDINATE SYSTEM, NAD83
(2011) ADJUSTMENT, US SURVEY FT

Westwood

Phone (320) 252-9495 13341 Cypress Drive, Suite 101
Toll Free (800) 270-9495 Baxter, MN 56425
westwoodps.com
Westwood Professional Services, Inc.

SHEET: 2 OF 2

MA - 36086

Appraisal Report

Project:

**Minnesota Power – Duluth Loop Reliability Project
Electric Line Easement Agreement**

Property:

**4.46 Acres – City of Hermantown
St. Louis County, Minnesota**

Landowner(s):

**Hermantown Economic Development Authority
5255 Maple Grove Road
Hermantown, Minnesota 55811**

Prepared For:

**Barbara A. Taves, SR/WA | Real Estate Project Manager
Minnesota Power, an Allete Company
4891 Miller Trunk Highway, Suite 200
Hermantown, Minnesota 55811**

Prepared By:

**Daniel T. Schummer
Minnesota Certified General Appraiser #40442140
LandVest, Inc.
102 West Washington Street, Suite 102
Marquette, Michigan 49855**

September 5, 2024

Barbara A. Taves, SR/WA | Real Estate Project Manager
Minnesota Power, an Allete Company
4891 Miller Trunk Highway, Suite 200
Hermantown, Minnesota 55811

Re: Appraisal Report
Project: Minnesota Power – Duluth Loop Reliability Project
Location: St. Louis County, Minnesota
Landowner(s): Hermantown Economic Development Authority

Dear Ms. Taves:

As requested, enclosed is my appraisal of 4.46 acres of vacant land owned by Hermantown Economic Development Authority located in the City of Hermantown, St. Louis County, Minnesota. The purpose of this appraisal is to determine the impact of the proposed Electric Line Easement Agreement that is placed on the aforementioned property. It is the appraiser's opinion that the partial taking impacts the land value.

Based on the appraisal methods in the following report, it is my opinion that the subject property, in the *before* condition, has a market land value of \$196,240. In the *after* condition, with the Electric Line Easement Agreement in place, it is my opinion that the property has a market land value of \$183,678. As of August 13, 2024, the date of inspection, the difference in the *before* and *after* values is \$12,600, rounded from \$12,562.

I appreciate the opportunity to provide you with this appraisal. Please contact me if you have any questions. Thank you.

Sincerely,



Daniel T. Schummer
Minnesota Certified General Appraiser #40442140

DTS

Enc.

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I. Introductory Information

Summary of Appraisal Facts and Conclusions

Property Identification

Project: Minnesota Power – Duluth Loop Reliability Project
Property Landowner(s): Hermantown Economic Development Authority
Property Location: 4970 Lightning Drive
Hermantown, Minnesota 55811

Property Data

Type of Property: Commercial/Manufacturing
Parcel Size: 4.46 Acres (GIS Acres)
Zoning: BLM-Business/Light Manufacturing and R3-Residential

Highest and Best Use

Before: Commercial/Manufacturing
After: Commercial/Manufacturing

Sale History

No recent arm's-length transactions were found.

Interest Acquired

Electric Line Easement Agreement: 1.41 Acres in Total
1.19 Acres within Existing Easement
0.22 Acres outside of Existing Easement

Appraisal Conditions and Results

Appraiser's Name: Daniel T. Schummer
Date of Property Inspection(s): August 13, 2024
Effective Date of Value: August 13, 2024
Appraisal Report Date: September 5, 2024
Appraisal Intended Use: Just Compensation

Market Value Estimate

Appraised Value – *Before*: \$196,240
Appraised Value – *After*: \$183,678
Difference in Value: \$ 12,562
Rounded To: \$ 12,600

Compensation for Easement: \$12,600

II. Assignment Conditions

Client

The client is the authorized agent of Land Service Company, who is working under the direction of Minnesota Power, an Allete Company.

Intended Use and Intended Users

The intended use of the appraisal is to provide an opinion of market value that can be used by Minnesota Power and their authorized representatives in connection with the acquisition of an Electric Line Easement Agreement from the landowner(s), Hermantown Economic Development Authority.

The intended users of the appraisal report are the client, Minnesota Power, and their legal counsel and authorized representatives.

Appraisal Problem

The purpose of the appraisal is to estimate the market value of the subject property in its current condition (*before* condition), followed by an estimate of the market value as encumbered by an Electric Line Easement Agreement (*after* condition). The difference in market value between the *before* condition and the *after* condition is the impact on the property's value that is attributable to the proposed easement and the basis for the amount of just compensation due to the landowner(s), Hermantown Economic Development Authority. This is done following the provisions of Chapter 117 of Minnesota Statutes – Eminent Domain.

The effective date of this appraisal report is August 13, 2024, which is the date the appraiser inspected the subject property.

Interest Appraised

In the *before* condition, the estate appraised is the fee simple interest in and to 4.46 acres owned by Hermantown Economic Development Authority subject to existing encumbrances, liens, and restrictions as identified in the First American Title Insurance Company Report (File Number 1622446-48 with an effective date of July 1, 2024). The *before* condition appraisal is not subject to any hypothetical conditions or extraordinary assumptions.

In the *after* condition, the estate appraised is the fee simple title to 4.46 acres owned by Hermantown Economic Development Authority subject to existing encumbrances, liens, and restrictions, as identified in the First American Title Insurance Company Report (File Number 1622446-48, with an effective date of July 1, 2024), and also subject to a new Electric Line Easement Agreement.

Definition of Market Value

The following definition of market value is derived and stated from *The Dictionary of Real Estate Appraisal, Sixth Edition* and is as follows:

The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and

knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

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

This appraisal is provided in an Appraisal Report according to Standards Rules 1 and 2 of the Uniform Standards of Professional Appraisal Practice (USPAP 2024-2025). This Appraisal Report is written using a “*before and after*” method and format.

Approaches to Value

There are three basic approaches to value, which are briefly described and summarized below:

- Sales Comparison Approach: With this approach, the appraiser obtains (from the marketplace) sales of property that are comparable to the subject property. The appraiser then verifies the terms of the sale, the conditions of the sale, and the sale price with a party to the transaction (if available). After analysis and adjustments, these sales are utilized to arrive at a range of value for the subject. When sales are available, this approach typically is the best indicator of value since it represents the actions of buyers and sellers in the marketplace. For this appraisal, there is sufficient data available that provides the support for the estimate of value for the subject property.
- Cost Approach: In some instances, an appraiser may use this method to arrive at a value for the improvements on the subject property. With this approach, the appraiser utilizes current reproduction costs or replacement for improvements. Depreciation is applied to this price to arrive at an in-place value for the subject’s improvements. The value of the land is then added from the sales comparison approach. This approach is based on numerous assumptions, and because the subject property is vacant, the cost approach is not utilized for this assignment.
- Income Approach: This approach to value uses the assumption that there is a relationship between the amount of income a property will earn and the future value of the property. The appraiser uses the anticipated net income from the subject property and processes a net present value for the subject. This process uses a capitalization rate including such factors as risk, time, and interest on the capital investment, and recaptures the depreciating asset. For this assignment, there is reliable comparable sales data; therefore, this approach is not used.

Effective Date of Value

The property was inspected on August 13, 2024, which is the effective date of the appraisal report.

Scope of Work

The appraiser of record is Daniel T. Schummer, Certified General Appraiser with LandVest, Inc. Mr. Schummer was hired by Land Service Company to prepare an appraisal report for the acquisition of the rights associated with an Electric Line Easement Agreement. The project involves an easement to be acquired across one property owner, located in the City of Hermantown, St. Louis County, Minnesota.

The appraiser began this assignment with an inspection of the subject property. Appropriate mapping or survey of the site provides an indication as to the legal use(s) of the subject. Appraisals of real property are typically based on the highest and best use of the property, assuming there is a willing buyer and a willing seller. The Scope of Work for this assignment includes the following:

- Analyze and determine the highest and best use of the subject property, and field verify the physical characteristics of the land that is being acquired or affected.
- Review St. Louis County tax records, including tax parcel maps pertaining to the subject property.
- Examine zoning maps and ordinances and land use maps for the City of Hermantown and St. Louis County.
- Identify potential sales and listings using the St. Louis County online records, local Multiple Listing Service (MLS), and the Minnesota Electric Certificate of Real Estate Value database.
- Complete inspections of potential sales and MLS listings.
- Perform a detailed investigation of transaction data for the selected sales. Data review includes an examination of deeds, mortgages, and certified survey maps held by local Register of Deeds offices with the use of geographic information systems and ArcGIS mapping tools to aid in analyzing physical characteristics and to map sales and each subject property.
- Contact the landowner(s) of the subject property to extend an invitation to accompany the appraiser during property inspection.
- Complete detailed inspections of the subject property, including a thorough evaluation of the land cover and quality, access and utilities, improvements, and overall physical characteristics.

The appraiser concludes that sufficient data is available to support the opinion of value for this assignment. After completing the above tasks, the appraiser authored the final appraisal report.

Statement of Assumptions and Limiting Conditions

The appraisal is subject to the following:

- Title to the subject property is assumed to be marketable. The appraiser assumes no responsibility for matters of legal nature, especially those affecting title to the property.
- The legal description(s) furnished to the appraiser is assumed to be correct. Information in this report furnished to the appraiser by others is believed to be reliable and correct, but no responsibility is assumed for its accuracy.
- Maps, sketches, drawings, and surveys in this report are believed to be correct and are included to assist the reader in visualizing the property.
- The property is assumed to be free of any contamination and hazardous waste. No contamination or hazardous waste was observed during the subject property inspection; however, the appraiser is not trained to perform such an evaluation.
- The appraiser has made a routine inspection of the subject. The appraiser, however, is not a qualified building inspector, engineer, soils expert, biologist, or geologist, and the appraisal is subject to these conditions.

Extraordinary Assumptions

There are no extraordinary assumptions associated with this valuation assignment.

Hypothetical Conditions

The *before* appraisal is not subject to any hypothetical conditions. The *after* appraisal is subject to the hypothetical condition that the Electric Line Easement Agreement is in place and encumbering the property as of August 13, 2024.

Certificate of Appraiser

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 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 had no prior engagements involving the subject property within three years of the effective date of value.
- I have no bias with respect to the property that is the subject of this report or to the parties involved.
- 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”.
- The appraiser employs no extraordinary assumptions and one hypothetical condition within this appraisal report. The use of hypothetical conditions may alter the appraisal results; however, in this appraisal report, the total damages would not change.
- The appraiser contacted Trish Crego, representative for the Hermantown Economic Development Authority, regarding a property inspection. Ms. Crego provided permission for the appraiser to inspect the property on August 13, 2024, but was unable to accompany the appraiser.
- For this assignment, as a Minnesota Certified General Appraiser for LandVest, Daniel T. Schummer inspected the property on August 13, 2024.
- No other individuals provided real property appraisal assistance to the person signing this certification.



Daniel T. Schummer
LandVest, Inc.

Minnesota Certified General Appraiser #40442140
(Expires 08/31/2026)

III. Presentation of Data

Area and Neighborhood Data

The subject property is located in southcentral St. Louis County, in the east central portion of Minnesota. The subject is located in the City of Hermantown (population 10,202). The City of Duluth (population 87,680), the County Seat, is roughly six miles southeast of the subject property.

The main transportation arteries within close proximity to the Duluth Loop Reliability Project include Interstate Highway (I) 35 and United States Highway (USH) 2, along with numerous local streets. Additional county and state highways provide adequate roads and travel linkages to this area of Minnesota. Airline transportation is available near the project area at the Duluth International Airport and the Minneapolis-St. Paul International Airport. Railroad service is provided throughout St. Louis County by the BNSF Railway, Canadian National (CN) Railway, Northshore Mining Railroad, and North Shore Scenic Railroad.

St. Louis County has a population of approximately 200,514 and a median household income of about \$66,500. Although this is lower than the State's average of about \$84,300, it is consistent with the median household income for surrounding counties. St. Louis County is home to one of the two "Twin Ports" on Lake Superior, which, combined, is considered the largest freshwater port in the world. The Twin Ports are formed by the Cities of Duluth (Minnesota) and Superior (Wisconsin). In addition to government services in Duluth (the County Seat), the county also maintains courthouses in Hibbing and Virginia, along with a Government Services Center in Ely in order to serve county residents. Leading employment sectors throughout the county include mining, manufacturing, and timber. The county forms part of the Iron Range, which has a significant taconite mining industry centered in Hibbing, Virginia, Mountain Iron, Aurora, and Hoyt Lakes. Surface mining of high-grade iron ore remains the major component of the economy in the Iron Range. The county is also significantly supported by tourism, with recreational opportunities provided by the Superior National Forest, Kabetogama State Forest, Jeanette State Forest, Burntside State Forest, Voyageurs National Park, and the Boundary Waters Canoe Area Wilderness (BWCAW). In addition, the county manages 872,100 acres of forestland, of which 639,400 is considered commercial forest. The County Land and Minerals Department sells around 10,000 acres (200,000 cords) of timber stumpage at public auction each year to local loggers and wood-product companies.

Duluth is the largest city in the county with a population of approximately 87,680 and a median household income of about \$63,550. Situated at the southwestern tip of Lake Superior, Duluth is the regional hub not only for its own immediate area, but also for a large area encompassing northeastern Minnesota, northwestern Wisconsin, and the western Upper Peninsula (U.P.) of Michigan. The city is a major transportation center for the transshipment of coal, taconite, agricultural products, steel, limestone, and cement. In recent years, the city has seen strong growth in the transshipment of wind turbine components and oversized industrial machinery. The local tourism industry is supported by recreational activities offered by Lake Superior, the Great Lake Aquarium, Park Point (the world's largest freshwater sandbar), the Superior Hiking Trail, and the North Country National Scenic Trail. (Population and income data was obtained from city-data.com and census.gov and is based on current estimates.)

Subject Property Information – *Before* ConditionEstate Appraised

In the *before* condition, the estate appraised is fee simple subject to rights of the state, the county, and the public for roads. The appraiser was provided with an Owners and Encumbrances Plus Easements Report prepared by First American Title Insurance Company. The estate appraised is subject to a utility easement. The estate appraised will be addressed in the outstanding rights portion of this report. The appraiser reserves the right to amend the appraisal and opinion of value if an updated title report reveals significant easements or outstanding rights on the subject. The following is a list of reported encumbrances:

The Real Estate is encumbered by the following Mortgages, Contract for Deeds, and other liens, including: Mechanic's Liens, Tax Liens and Judgments Plus Easements: None

1. A document entitled "Regulations governing the Height of Structures and Trees and the use of property in the vicinity of the Duluth Municipal Airport" recorded June 05, 1946 as [Book 129 of Misc., page 255](#) of Official Records.
2. A document entitled "Amendments to Regulations governing the Height of Structures and Trees and the use of property in the vicinity of the Duluth Municipal Airport" recorded August 19, 1954 as [Book 198 of Misc., Page 713](#) of Official Records.
3. A document entitled "Easement" recorded June 28, 1965 as Document No. [314190.0](#) of Official Records.
4. A document entitled "Protective Covenants" recorded June 20, 1978 as Document No. [412618.0](#) of Official Records.
5. A document entitled "Protective Covenants" recorded July 09, 1980 as Document No. [431503.0](#) of Official Records.
6. A document entitled "Adverse Claim" recorded May 22, 1986 as Document No. [476548.0](#) of Official Records.
7. A document entitled "Adverse Claim" recorded February 24, 1995 as Document No. [594488.0](#) of Official Records.
8. A document entitled "Quitclaim Deed" recorded April 07, 1995 as Document No. [595927](#) of Official Records.
Affects: The land and other property.
9. A document entitled "Resolution No. 97-10" recorded February 24, 1997 as Document No. [625715.0](#) of Official Records.
10. A document entitled "Resolution No. 2002-61" recorded September 18, 2002 as Document No. [730932.0](#) of Official Records.
11. A document entitled "Permit" recorded April 15, 2009 as Document No. [867158.0](#) of Official Records.

Size and Legal Description

The subject property contains 4.46 acres (GIS acres) and is described as:

Lot 3, Except Southerly 218 feet and all of Lots 4, 5, 6 and Lot 9, Block Two (2), Maple Grove Industrial Center, St. Louis County, Minnesota.

Subject to regulations governing the Height of Structures and Trees and the use of property in the vicinity of the Duluth Municipal Airport and amendments thereto, recorded in the office of the Register of Deeds in Book 129 of Miscellaneous page 255 and in Book 198 of Miscellaneous page 713.

(See the Addenda – Title Information.)

Location, Access, and Utilities

The subject property is located in the City of Hermantown and located along Lightning Drive which provides reliable access and acts as the northern boundary. The subject property is vacant and totals 4.46 (GIS) acres as part of two tax parcels. Based on the property inspection, the property is serviced by rural electric and private septic; however, it is connected to municipal water.

Land

The subject property consists of 4.46 acres of land that is approximately 85 percent wooded, and 15 percent open. The open area is near the northern boundary and is used for parking vehicles within a fenced area. The subject property is estimated to be 55 percent upland and 45 percent lowland, with the lowlands found in the center and southwest portions of the property. The forest cover is primarily mixed hardwood, aspen, and conifer. The subject's topography is generally level. The soil type in the area is predominately Rifle soils, dense substratum with 0 to 1 percent slopes.

Improvements

The subject property is vacant, with exception to some chain link fencing.

Zoning and Land Use Restrictions

The subject property is zoned BLM-Business/Light Manufacturing, administered by the City of Hermantown. The BLM district deals with business and light manufacturing uses of land and structures in the city. Permitted uses include catering, distribution centers, farmland, office warehouse, and public buildings, to name a few. Conditional uses include breweries, commercial towers/antennas, gasoline service station, retail sales, wholesale businesses, and automobile repairs, among others. Dimensional requirements are summarized on the following page:

<i>Dimension Type</i>	Requirement
1. Minimum lot area	None
2. Minimum lot width	100 feet
3. Minimum depth of front yard (from R.O.W.)	20 feet
4. Minimum depth of corner yard (from R.O.W.)	20 feet
5. Minimum side yard setbacks – generally	20 feet
Minimum side yard setbacks – adjacent to residential	50 feet
6. Minimum rear yard setbacks – generally	20 feet
Minimum rear yard setbacks – adjacent to residential	50 feet
7. Maximum lot coverage – generally	35%
Maximum lot coverage with a landscaping plan approved by the City Council as part of an SUP	65%
8. Maximum building height	80 feet

Assessment and Tax Information

The subject property consists of part of two tax parcels totaling 4.46 GIS acres. The current taxes and assessments are as follows:

Taxes and Assessment Information					
Parcel ID Number	GIS Acres	2024 Taxes	Assessed Values		
			Land	Improvements	Total
Part of 395-0092-00160	2.23	\$0.00	\$282,100	\$0	\$282,100
395-0092-00185	2.23	\$0.00	\$172,000	\$0	\$172,100
Totals:	4.46	\$0.00	\$454,100	\$0	\$454,100

The assessments total \$454,100; however, the subject property is only 2.23 acres of Parcel 395-0092-00160, and the assessments would be lower. No taxes are generated as it is owned by a municipal entity.

Outstanding Rights

The rights appraised are fee simple, as indicated in an Owners and Encumbrances Plus Easements Report and identified as File Number 1622446-48. The Report of Title identifies mortgages, land contracts, leases, notices of Lis Pendens, easements, restrictions, highway deeds, and other liens and judgements. A copy of the report is provided in the Addenda. The appraiser identifies one utility easement encumbering the property.

Aside from the encumbrances listed in the Estate Appraised and within the Owners and Encumbrances Plus Easements Report provided to the appraiser, there are no known outstanding rights encumbering the subject property.

Map Location



0 1 2 Miles

Hermantown Economic Development Authority Property

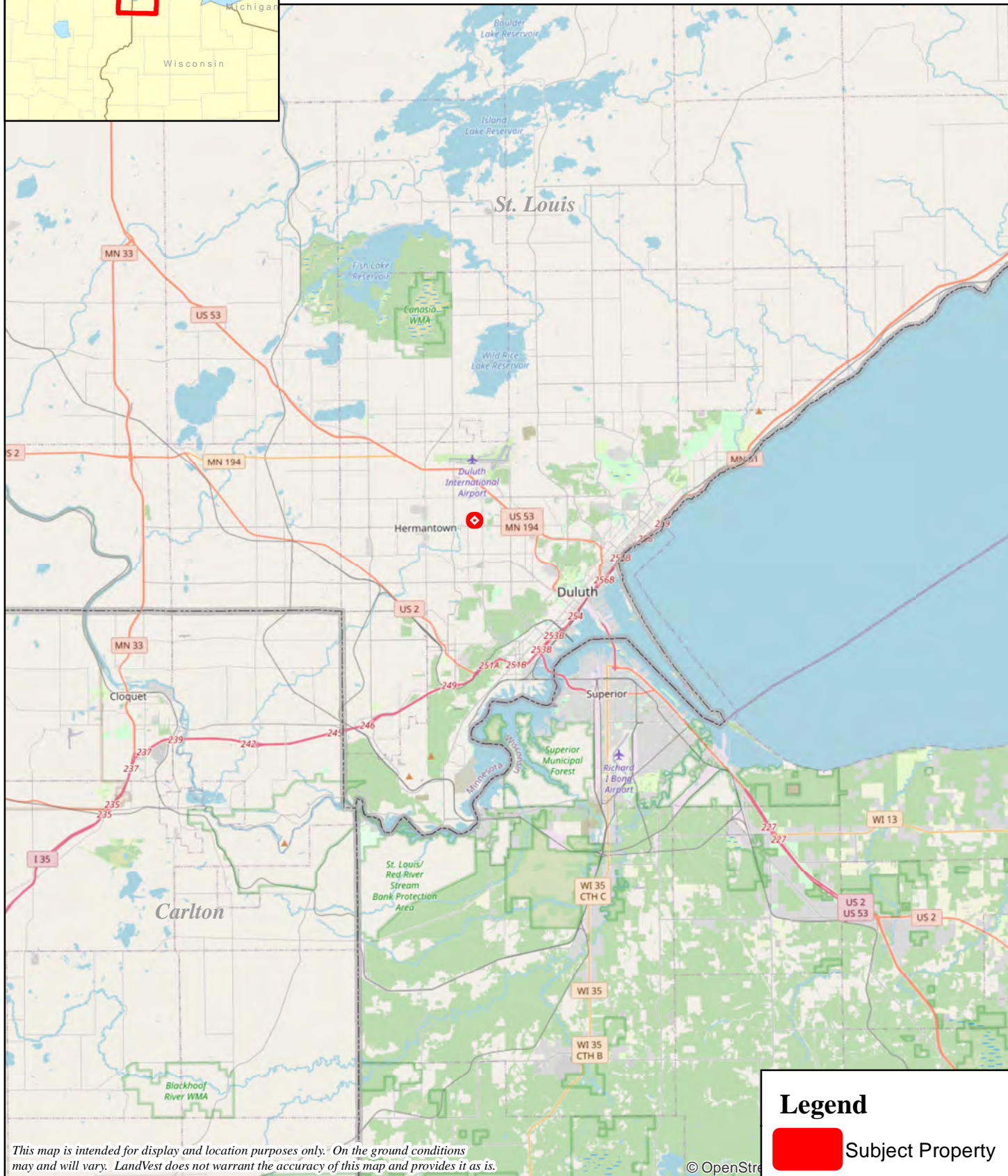
Part of Section 14

T50N-R15W

St. Louis County, MN

LandVest

1:300,000 General Location Map



Legend

 Subject Property

This map is intended for display and location purposes only. On the ground conditions may and will vary. LandVest does not warrant the accuracy of this map and provides it as is.

© OpenStreetMap

Map Location



0 40 80 Feet

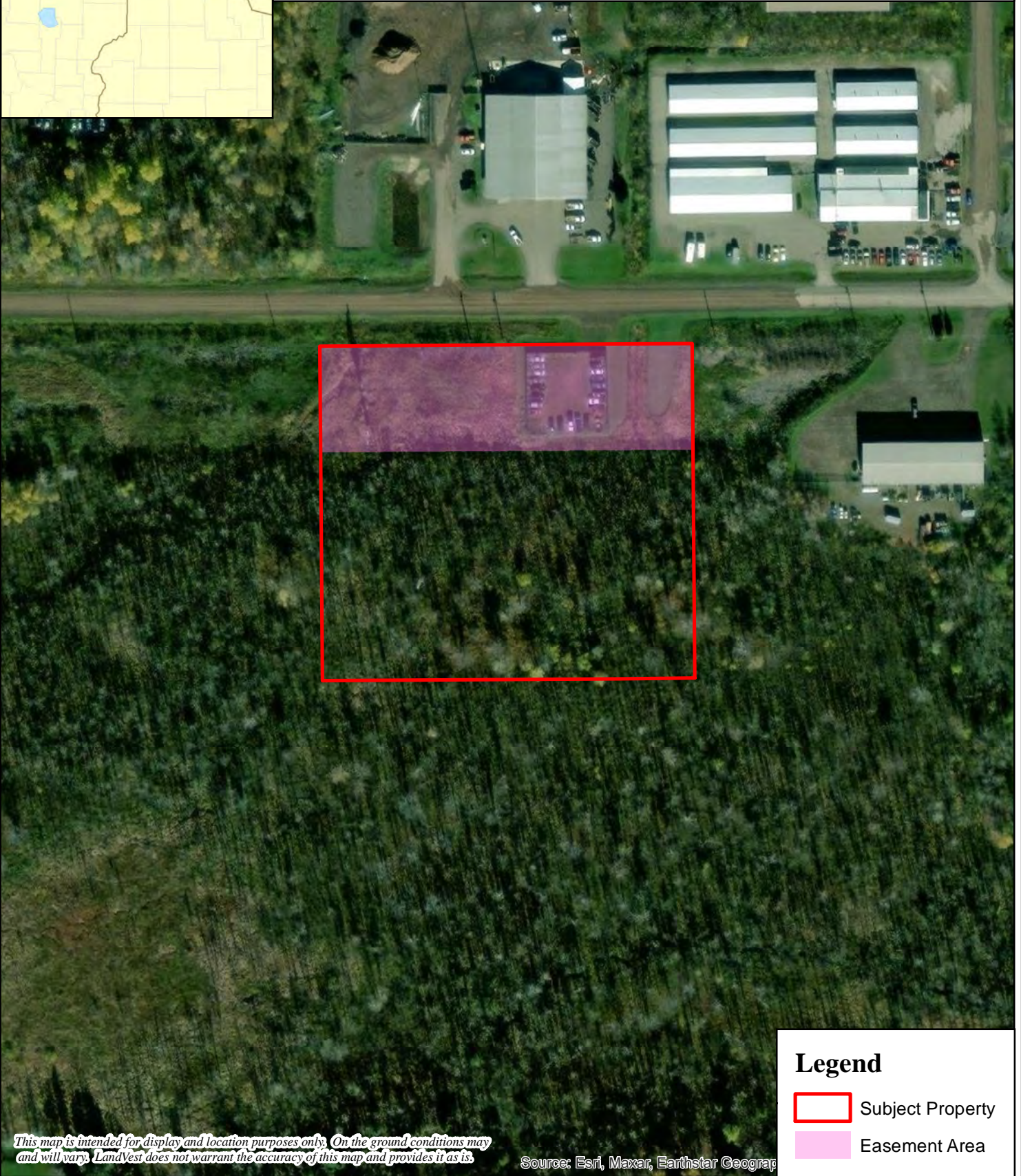
Hermantown Economic Development Authority Property

Part of Section 14
T50N-R15W



St. Louis County, MN

LandVest

1:1,980 Aerial Photograph (2023)



Legend

-  Subject Property
-  Easement Area

This map is intended for display and location purposes only. On the ground conditions may and will vary. LandVest does not warrant the accuracy of this map and provides it as is.

Source: Esri, Maxar, Earthstar Geograph

Map Location



Hermantown Economic
Development Authority Property

LandVest

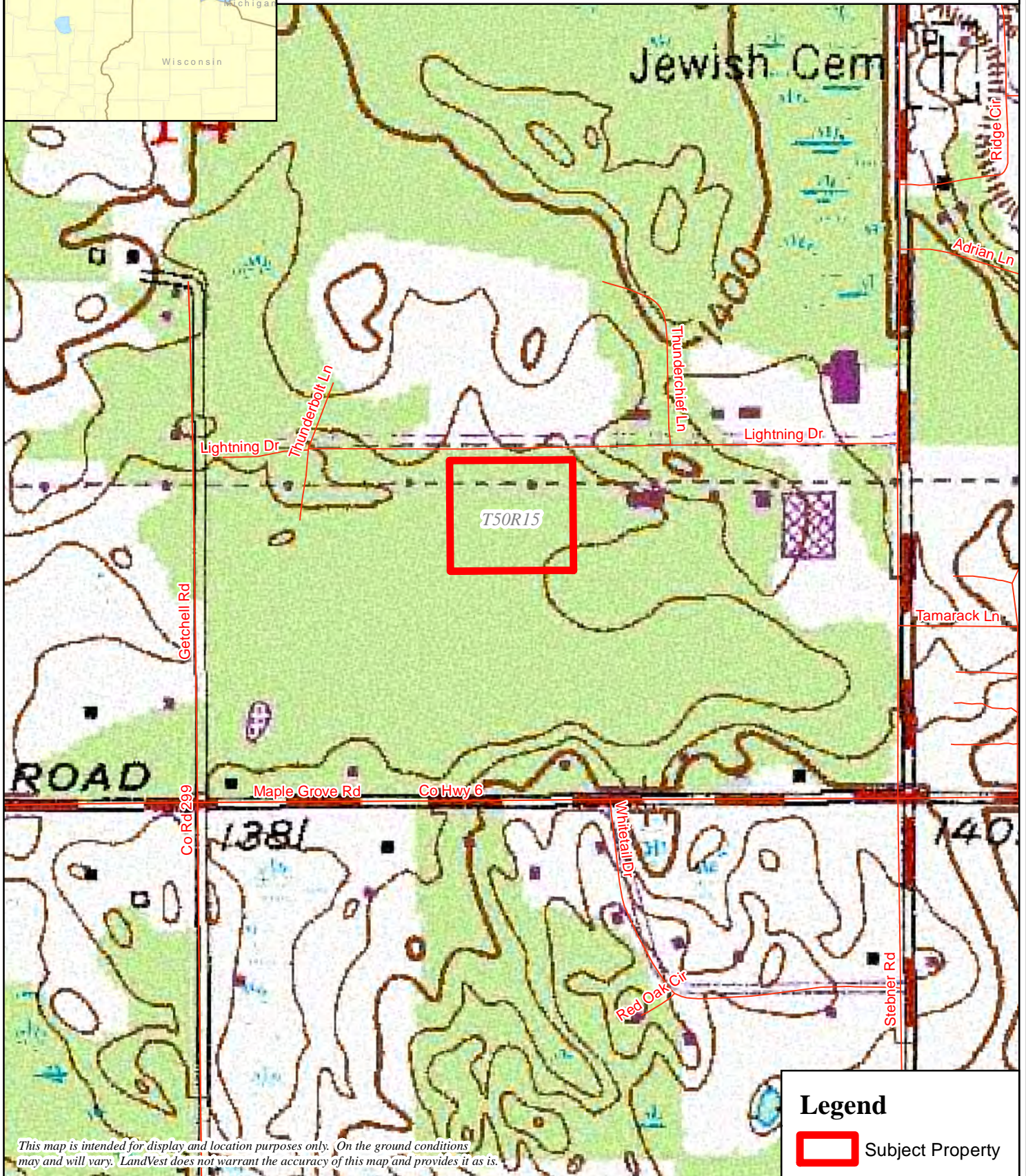
Part of Section 14

T50N-R15W

St. Louis County, MN

0 165 330 Feet

1:6,000 Topographic Map



This map is intended for display and location purposes only. On the ground conditions may and will vary. LandVest does not warrant the accuracy of this map and provides it as is.

Legend

 Subject Property

Subject Property Photographs

(Photos were taken by Daniel T. Schummer on August 13, 2024.)



View of the property's frontage along Lightning Drive and existing utility easements on-site.



View west along the existing and proposed easement corridors on the property.



View of the lowland forest cover near the center of the property.



View of the parking area and fencing on the property which lies within the existing and proposed easement corridors.

IV. Subject Property *Before* Valuation

Highest and Best Use

According to The Appraisal of Real Estate (14th Edition), highest and best use is defined as: “The reasonably probable use of property that results in the highest value”. This simple definition will serve as a point of emphasis for examining the highest and best use concept. To be reasonably probable, a use must meet certain conditions. The use must be physically possible (or it is reasonably probable to render it so), the use must be legally permissible (or it is reasonably probable to render it so), and the use must be financially feasible. Uses that meet the three criteria of reasonably probable uses are tested for economic productivity, and the reasonably probable use with the highest value is the highest and best use.

The highest and best use analysis is conducted in two steps. First, the site is analyzed as if vacant. Second, the site is analyzed considering improvements. In both cases, the highest and best use must meet four tests. The four tests are as follows:

- Be legally permissible;
- be physically possible;
- be financially feasible, and
- be maximally productive.

Highest and Best Use as Vacant

Legally Permissible

The subject property lies within the BLM-Business/Light Manufacturing District, administered by the City of Hermantown. The zoning on the subject property allows for a variety of commercial/business/manufacturing uses. As vacant, the legally permissible uses are commercial/manufacturing.

Physically Possible

The subject property has access from Lightning Drive, along the northern boundary. The land is 55 percent upland with level topography. The physical characteristics of the land are conducive to most uses. As vacant, commercial/manufacturing uses are legally permissible and physically possible.

Financially Feasible

The subject property is in a manufacturing area in the City of Hermantown. Recently Lightning Drive was extended west and ties into Getchell Road now. The property lies in close proximity to several roads with higher traffic volumes and is easily accessible. The characteristics of the land and area are suitable for commercial and manufacturing uses. A commercial/manufacturing use is financially feasible.

Maximally Productive

Maximally productive is the specific use that produces the highest value of all the legally permissible, physically possible, and financially feasible uses. The subject property is located in an established business/manufacturing area. It has desirable characteristics within the

manufacturing market that includes being located within the City of Hermantown and proximity to major thoroughfares. It is the appraiser's opinion that the highest and best use as vacant is commercial/manufacturing.

Highest and Best Use as Improved

The property is vacant, with exception to some chain link fencing. The highest and best use as improved remains commercial/manufacturing.

Larger Parcel

The larger parcel conclusion depends on three tests involving unity of ownership, contiguity, and unity of use. Regarding *unity of ownership*, Hermantown Economic Development Authority owns the entire subject property, so there is unity of ownership. The second test, *contiguity*, refers to the physical configuration of the property. The 4.46 acres abut additional lands owned by the landowner. The additional lands have access from the west and south. The subject property was determined to be the northern 4.46 acres, similar to size and shape as abutting ownerships along Lightning Drive. The 4.46 acres are within one contiguous block, and the test of contiguity is met. The third test involves *unity of use*. The 4.46-acre subject property has the highest and best use of commercial/manufacturing from end to end, and unity of use is satisfied. In summary, the appraiser finds that there is unity of ownership, contiguity, and use. Therefore, the property appraised is the "larger parcel".

Sales Comparison Approach

The land value of the subject property is estimated from sales of similar properties located in the local real estate market. (See Addenda – Comparable Sales Location Map and Comparable Sales.) For this appraisal, three sales were selected for comparison to the subject. A summary of the comparable sales prior to adjustments is as follows:

Sale #	Sale Date	Acres	Price/Acre
14186	2022	2.72	\$48,529
14183	2022	8.80	\$42,614
14184	2024	3.18	\$48,742

Vacant Land Value *Before* Condition

These comparable land sales are analyzed and related to the subject property in order to arrive at a land value. The sales are related and adjusted to the subject property in the following table.

Sales Comparison Adjustment Grid – *Before Condition*

Criteria	Subject	Sale #14186	Sale #14183	Sale #14184
Sale Price / Acre	N/A	\$48,529	\$42,614	\$48,742
<i>Quantitative Adjustments</i>				
Date of Sale	N/A	02/15/2022	08/15/2022	05/28/2024
Market Conditions	N/A	Stable =	Stable =	Stable =
Rights Conveyed	Subject to a utility easement	Usual rights -5%	Usual rights -5%	Usual rights -5%
Location	City of Hermantown	City of Hermantown =	City of Hermantown =	City of Hermantown =
<i>Net Quantitative Adjustment</i>	<i>N/A</i>	<i>-5%</i>	<i>-5%</i>	<i>-5%</i>
Preliminary Value / Acre	N/A	\$46,103	\$40,483	\$46,305
<i>Qualitative Adjustments</i>				
Size (Acres)	4.46 Acres	2.72 Acres =	8.80 Acres +1	3.18 Acres =
Access	Public road	Public road =	Public road =	Public road =
Land Cover / Quality	15% Open 85% Wooded 55% Upland	40% Open 60% Wooded 100% Upland =	0% Open 100% Wooded 100% Upland =	80% Open 20% Wooded 100% Upland =
Exposure	Low	Moderate / High -1	Moderate / High -1	Low =
<i>Net Qualitative Adjustment</i>	<i>N/A</i>	<i>-1</i>	<i>=</i>	<i>=</i>
Indicated Value / Acre	N/A	<\$46,103	\$40,483	\$46,305

Reconciliation and Estimate of Value – *Before Condition*

Quantitative Adjustments

Market Conditions

The comparable sales occurred from February of 2022 to May of 2024. To help understand the vacant commercial market in recent years, the appraiser analyzed vacant land sales data with zoning identified as commercial/business obtained through the local Multiple Listing Service (MLS) ranging from 0.00 to 5.00 acres. The results are summarized below:

**Vacant Commercial/Business Zoned Land Sales
Northstar MLS (0.00 to 5.00 Acres)**

Year of Sales	Number of Sales	Weighted Sale Price / Acre	Difference
2022	149	\$91,744	=
2023-24	226	\$92,938	Base

The data indicates the vacant commercial land ranging from 0.00 to 5.00 acres has been stable from 2022 into 2024. Based on this data, no adjustments are necessary for market conditions.

Rights Conveyed

The subject property is encumbered by an existing utility line easement. The sales were conveyed with usual rights and no known transmission line easement. The sales are adjusted downward five percent for having superior rights conveyed based on information provided later in this report.

Location

The subject property and comparable sales are located within the City of Hermantown, St. Louis County, Minnesota, and no adjustments are warranted.

Qualitative Adjustments

Size (Acres)

The subject is 4.46 acres while the sales range from 2.72 to 8.80 acres. Sale #14183 is significantly larger than the subject property and warrants a qualitative adjustment upward to account for economies of scale, or bulk discount. The remaining sales are considered within the same market size as the subject property and no adjustments are necessary.

Access

The subject property and sales have reliable access to public roadways and no adjustments are necessary.

Land Cover and Quality

The subject property is mostly wooded and 55 percent upland. The comparable sales have a variety of land cover types; however, the land cover has little influence on the property value within the manufacturing and/or commercial markets as investors will manipulate the lands to maximize efficiency for their operation. No adjustments are necessary for land cover and quality.

Exposure

Most commercial/business investors seek exposure to passing vehicles. The subject property is located along a gravel road with low exposure. Sales #14183 and #14186 are located along USH 53 and have moderate to high exposure, warranting downward adjustments. The remaining sale has similar exposure to the subject property and no adjustment is necessary.

Sales Comparison Approach Summary

The three comparable sales indicate a range of value from \$40,483 to \$46,305 per acre, with a mean of \$44,297 per acre. The subject property is in an area of Hermantown where the infrastructure is being upgraded and several businesses/manufacturing operations are located. Based on the market sales evidence provided, it is the appraiser's opinion that the indicated value of the subject property's land is \$44,000 per acre.

Land Value – 4.46 Acres at \$44,000/Acre:	\$196,240
<i>Before Condition Land Value:</i>	\$196,240

V. Project Information, Rights Acquired and Impacts to Remainder

Duluth Loop Reliability Project

The Duluth Loop Reliability Project will enhance reliability in and around Duluth and along the North Shore by building an additional transmission source. The project includes:

- Construction of a new 115 kilovolt (kV) transmission line between the Ridgeview and Hilltop substations.
- Construction of an approximately one-mile extension of an existing 230kV transmission line, connecting to the Arrowhead Substation.
- Upgrades to the Ridgeview, Hilltop, Haines Road, and Arrowhead substations, including expansion of the Ridgeview and Hilltop Substations and reconfiguring existing transmission lines at the Hilltop Substation.

By 2025, the new Duluth Loop Reliability Project will be completed and serving the community. Additional information regarding the project can be viewed at www.duluthloop.com.

The Easement

The subject property is to be impacted by a new Electric Line Easement Agreement. The Grantee desires secure the following necessary rights to be granted in perpetuity:

2) Grant of Easement. *Grantor hereby grants to Grantee a perpetual and exclusive easement, (a) upon, over, under, across and through the Easement Area for the installation, construction, operation, maintenance, inspection, repair, replacement, reconductoring, removal and relocation of an electric power lines or cables, together with all structures, poles, towers, structures, crossarms, cables, braces, guy wires, supports, conduits, counterpoises, fixtures, equipment, devices and any other utility related improvements deemed necessary by Grantee in its sole and absolute discretion in the installation, construction, operation, maintenance, repair, replacement, removal and relocation of said lines and cables; and (b) upon, over, under, across and through such additional area outside of the described Easement Area as is necessary to accommodate guy wires, anchors and any other utility related appurtenances deemed necessary by Grantee in its sole and absolute discretion, subject to the terms and conditions hereof. Grantor also grants to Grantee a perpetual and non-exclusive easement upon and across the Grantor Property to access the Easement Area for the foregoing purposes.*

3) Scope of Easement. *The grant of easement herein contained shall include the following rights of Grantee:*

- Grantee may access the Easement Area for the purposes set forth in Section 2 at all times deemed necessary by Grantee in Grantee's sole and absolute discretion. The lines and cables installed by Grantee may be at various voltages and dimensions as Grantee shall deem useful or necessary from time to time in its sole and absolute discretion.*
- Ingress and egress across the Grantor Property to and within the Easement Area by Grantee shall be by means of existing roads, field roads and lanes, if any, and by the shortest reasonable route, or any other route mutually agreed upon by*

Granter and Grantee, including the right to temporarily improve the surface of the Granter Property to facilitate said ingress and egress by the vehicles and equipment of Grantee, its employees, contractors, agents, representatives, or assigns. In the event that a fence currently exists within the Easement Area as of the Effective Date, Grantee shall have the right to install a gate or other temporary access in the fence to ensure Grantee's access to the Easement Area related to the purposes described herein.

- c. Grantee may alter, remove, and dispose of any improvements, structures, trees, crops, brush and vegetation, or other objects within the Easement Area or within such portion of the Granter Property as would prevent or interfere in any way whatsoever with Grantee's use and enjoyment of the rights and easements granted herein or otherwise jeopardize Grantee's electric lines, cables or related equipment, including, but not be limited to, the right to cut and dispose of all dead, weak, leaning, or dangerous trees, crops, brush and vegetation within or outside of the Easement Area deemed by Grantee, in its sole and absolute discretion, to be reasonably necessary for the installation, construction, operation, maintenance, inspection, repair, replacement, removal and relocation and protection of said lines, cables and equipment.*
- d. Access to, and construction upon, the Granter Property of all equipment necessary to ground fences, structures, buildings, or any other structure determined by Grantee in its sole and absolute discretion to require grounding for safety purposes.*
- e. Grading the surface of the Easement Area as Grantee deems reasonably necessary in its sole and absolute discretion for the installation, construction, operation, maintenance, inspection, repair, replacement, removal and relocation of its electric lines, cables and related improvements.*

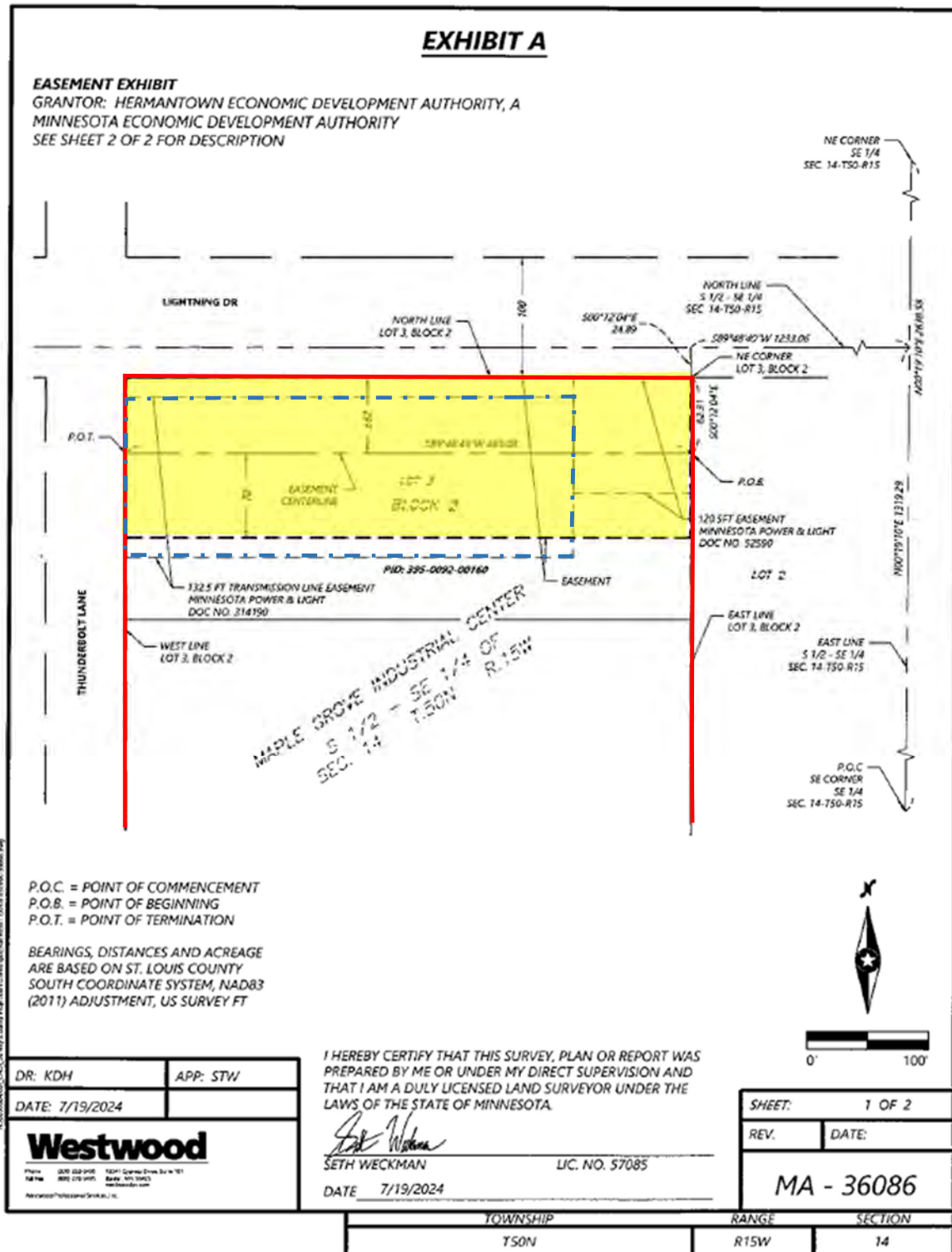
4) Reserved Rights and Restrictions. *Granter reserves the right to cultivate, use and occupy the Easement Area, except that without the prior written approval of Grantee, Granter shall not bury or place in the ground any object, nor plant any trees within the Easement Area, nor erect any structures, hay or straw stacks, or other permanent objects, except fences, and in the event that Grantee's electric lines or cables are placed beneath the surface, Granter shall seek prior written approval from Grantee prior to any digging to a depth of more than two (2) feet within the Easement Area.*

5) Restoration. *Following completion of the construction of the electric lines, cables and related improvements, Grantee shall restore those portions of the Granter Property and the Easement Area (other than the areas improved) which were damaged by Grantee's entry, use or activities thereon to substantially the same condition as said lands existed on the Effective Date. Grantee shall pay for all damages to crops, fences, roads, structures and fields within the Granter Property or Easement Area directly and proximately caused by Grantee as a result of Grantee's entry or activities thereon; provided, however, that Grantee shall not be responsible for costs or expenses which (a) arise from or relate to Granter's own actions, inactions, negligence, recklessness, or willful misconduct, or (b) relate to the removal of trees and brush within the Easement Area as permitted by Section 3c above.*

6) Miscellaneous.

- a. All electric lines, cables and related fixtures, equipment, devices and improvements installed and placed within the Easement Area by or on behalf of Grantee shall remain the sole and exclusive property of Grantee.*
- b. Limited use or non-use of the rights granted herein shall not be deemed a complete or partial abandonment of the easement and the easement shall not be extinguished by, merged into, modified or otherwise deemed affected by any other interest or estate in the Easement Area now or hereinafter held by Grantee, its successors or assigns.*
- c. Grantor represents, warrants and covenants to Grantee, its successors, and assigns, that Granter is the owner of the real property described herein and has the full power, right and authority to grant the easement herein described.*
- d. The easement, including all rights, privileges, and obligations contained in this Agreement, shall run with the land herein described and shall inure to the benefit of the parties hereto, their respective heirs, legal representatives, successors and assigns.*
- e. No amendment or modification of this Agreement shall be effective unless made by written instrument signed by Grantor and Grantee or their respective successors and assigns; provided, however, Grantee may assign its rights herein without consent of Grantor.*
- f. It is mutually understood and agreed that this Agreement covers all of the agreements and stipulations between the parties with respect to the subject hereof, and that no representation or verbal statements have been made modifying, adding to, or changing the terms hereof.*
- g. If any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect the remainder of such provision or any other provisions hereof.*
- h. This Agreement shall be governed by and construed under the laws of the State of Minnesota.*
- i. This Agreement is exempt from payment of state deed stamps pursuant to Minnesota Statutes Section 287.22.*

The acquisition includes an electric line easement agreement totaling 1.41 acres. The proposed easement can be generally described as a strip of land traveling along the northern boundary of the subject property. The easement can be viewed in its entirety within the Addenda. A view of the easement area is provided on the following page.



Red – Subject Property
Yellow – Proposed Easement Area
Blue – Existing Easement and/or Right-of-Way Corridor

Remainder

After acquisition, the subject property will remain a commercial/manufacturing property. The proposed easement will bisect the property along the northern boundary. The subject will continue to be 4.46 acres in size; however, 1.41 acres will be encumbered by the proposed Electric Line Easement Agreement. The net land area outside the Electric Line Easement Agreement is 3.05 acres.

Location, Size, and Access

The location, size, and access are unchanged from the *before* condition.

Legal Description

The legal description is unchanged from the *before* condition.

Utilities

The utilities are unchanged from the *before* condition.

Land

The subject property is 4.46 acres and remains commercial/manufacturing in nature.

Improvements

The subject property is vacant and remains unchanged from the *before* condition.

Zoning and Restrictions

The subject property remains in the BLM-Business/Light Manufacturing district, administered by the City of Hermantown.

Assessment and Tax Information

The subject property tax and assessment values remain unchanged from the *before* to the *after* condition. The taxes are reasonable and have no impact on marketability or property value.

Estate Appraised *After* Condition

The estate appraised is all the rights, title, and interest in and to the 4.46-acre property subject to the outstanding rights and exceptions noted in the Owners and Encumbrances Plus Easements Report provided by First American Title Insurance Company. In the *after* condition, the estate is now encumbered by an Electric Line Easement Agreement totaling 1.41 acres.

Landowner Concerns

The appraiser contacted Trish Crego, representative for the Hermantown Economic Development, regarding a property inspection. Ms. Crego did not indicate that there were any concerns.

VI. Subject Property *After* Valuation

Highest and Best Use

The subject property is now affected by a new Electric Line Easement Agreement. The highest and best use has been previously discussed and remains commercial/manufacturing in the *after* condition.

Sales Comparison Approach

The Selected Comparable Sales

The subject property is affected by the Electric Line Easement Agreement that is 1.41 acres in size. As in the *before* condition, the land value of the subject property is estimated from sales of similar vacant lands. The same three sales analyzed in the *before* condition are used for the estimated market value in the *after* condition. (See Addenda – Comparable Sales Data.)

Rights Conveyed

The subject property in the *before* condition was unencumbered by any utility easements. The new Electric Line Easement Agreement bisects the northern portion of the property and totals 1.41 acres. The impact of the new easement is determined by the following data.

Literature Review

The appraiser reviewed some studies relating to utility easement impacts on land values but most of which are on residential or agricultural lands. Studies for vacant commercial lands are rare as there are not many sales available. The investigation uncovered an article relating to the subject of HVTL and their impact on commercial/industrial land values. A study by Thomas O. Jackson, Jennifer Pitts, and Stephanie Norwood called The Effects of High Voltage Electric Transmission Lines on Commercial and Industrial Properties was presented at the American Real Estate Society Annual Meeting in 2012. The study included 187 commercial and industrial property sales, of which 42 were either encumbered with a transmission line or were in proximity to one, and 145 were otherwise similar comparable non-proximate properties. As a result of the study, none of the analyses indicated any adverse effects on sale price due to transmission line proximity. Prices for the proximate properties were either consistent with or greater than prices for otherwise similar non-proximate properties.

Similar to residential and agricultural studies, market analysis is inconclusive as to severance damages resulting from pipeline easements on commercial properties. Though the property rights being conveyed have mostly been severed due to other utility easements on the subject property, the addition of the easement does make it more difficult for the property to become unencumbered in the future.

In the *after* condition, the subject will have an additional permanent easement. No structures, buildings, or improvements will be allowed to be constructed in the easement area. Most of these rights have been severed from the property due to the existing utility easement, but the addition of the easement does impact market value or the sale price of the property. After the easement is in place, the appraiser knows that the potential pool of buyers will be reduced. Based on the theory of substitution, if a similar parcel is listed for sale nearby without an additional easement, most market participants will choose the property with less encumbrances. These factors typically result in a slightly lower selling price.

Bundle of Rights Analysis

In the *after* condition, the subject property is subject to an Electric Line Easement Agreement on a total of 1.41 acres. The easement encumbers, or restricts, a portion of the “bundle of rights”. The bundle of rights is commonly referred to as the handful of rights that comes with real estate ownership. The rights most often include the right to sell or convey, the right to lease, the right to build improvements, rights to plant crops and trees, rights to hunt and recreate, and rights to gift or bequeath. In addition to these rights, the easement states that the grant of easement includes upon, over, under, across and through such additional area outside of the described Easement Area as is necessary to accommodate guy wires, anchors, and any other utility related appurtenances deemed necessary by Grantee in its sole and absolute discretion, subject to the terms and conditions hereof. Grantor also grants to Grantee a perpetual and non-exclusive easement upon and across the Grantor Property to access the Easement Area for the foregoing purposes. The Grantee having the ability to travel over additional lands outside of the easement area is an additional right being severed (severance damage) within the bundle of rights and will be considered within this analysis. In most cases, the loss of rights in the easement area ultimately lowers the property value compared to a similar property with all its rights or less encumbrances.

Among the rights associated with the full bundle of rights, the rights considered to have the most value are building (or development) rights, followed by agriculture and farming, recreation, forest management, accessibility, and other rights associated with ownership. The severity of the rights being acquired can vary based on the location of the easement. In addition, the easement indicates the Grantee can utilize areas outside of the designated Easement Area.

Valuation in the *After* Condition

Based on the above analysis, it is the appraiser’s opinion that the subject property’s land value in the *after* condition will be lower than in the *before* condition. As stated, the property will be impacted by a 1.41-acre electric line easement.

For the valuation in the *after* condition, the same sales have been selected for comparison to the subject as in the *before* condition. The comparable sales have been previously described and analyzed. The estimated land value of the subject in the *before* condition was \$44,000 per acre. After the imposition of the new easement, the subject will still be 4.46 acres in size; however, 1.41 acres will be encumbered by the proposed Electric Line Easement Agreement. The land area outside the new easement corridor totals 3.05 acres.

Gas, pipeline, or electric transmission line easements are a legal division of a landowner’s bundle of rights. When sole ownership is divided, fractional interests are created. Typical appraisal procedures calculate negative value impacts to properties using two methods. Either by applying overall severance damage or by allocating negative value impacts to the encumbered and unencumbered portions of the property. In many instances, by allocating negative value impacts to the area encumbered by an easement, this is an appropriate method to determine overall damages.

In this appraisal assignment, it is the appraiser's opinion that the best method to determine negative property impacts is by allocating impacts to the land area encumbered and also severance damage to the area outside of the easement area. The appraiser will consider 0 percent to consider a completely unencumbered property while 100 percent would be total fee value. It is the appraiser's opinion that the 1.19 acres within the existing easement will lose 5 percent of its value. It is the appraiser's opinion that the 0.22 acres outside the existing easement and right-of-way will lose 75 percent of its value. It is the appraiser's opinion that the 3.05 acres outside of the easement corridor will lose 2 percent (severance damage) of its value due to the Grantee having the ability to access areas outside of the easement corridor along with the northern portion of the property being bisected by the new easement.

For purposes of this appraisal, an *after* value will be applied to the subject as follows:

<i>After</i> Land Value – 3.05 Acres at \$43,120/Acre (Severance Damages):	\$131,516
Electric Line Easement – 1.19 Acres within Existing Easement at \$41,800/Acre: \$	49,742
Electric Line Easement – 0.22 Acres outside Existing Easement at \$11,000/Acre:\$	2,420
Total Land Value – <i>After</i> Condition:	\$183,678

It is the appraiser's opinion that the subject in the *after* condition has an estimated market value of \$183,678, as of August 13, 2024.

VII. Conclusion and Allocation of Damages

Conclusion

Total <i>Before</i> Land Value:	\$196,240
Total <i>After</i> Land Value:	<u>\$183,678</u>
Difference:	\$ 12,562
Rounded To:	\$ 12,600

Allocation of Damages

Electric Transmission Line Easement: \$12,600

Submitted by:



Daniel T. Schummer
Minnesota Certified General Appraiser #40442140
(Expires 08/31/2026)

ADDENDA

- Title Information
- Tax and Assessment Records
- Comparable Sales Location Map
- Comparable Sales
- Electric Line Easement Agreement
- Appraiser's Qualifications and License

First American Title Insurance Company

122 12th Avenue N
St. Cloud, MN 56303

July 03, 2024

Land Service Company
222 North Midvale Boulevard
Madison, WI 53705
Phone: (608)238-7300

Title Officer: Lois Nelson
Phone: (320)253-2096

Order Number: 1622446-48

Property: APN [395-0092-00160](#)
, Minnesota

Attached please find the following item(s):

Owners and Encumbrances Report

Thank You for your confidence and support.

Customer First!

OWNERS AND ENCUMBRANCES PLUS EASEMENTS REPORT

File No. 1622446-48

For the exclusive use of :

Land Service Company

Effective Date of this Report: July 01, 2024, at 7:00 A.M.

On Real Estate described as:

Lot 3, Except Southerly 218 feet and all of Lots 4, 5, 6 and Lot 9, Block Two (2), Maple Grove Industrial Center, St. Louis County, Minnesota.

Subject to regulations governing the Height of Structures and Trees and the use of property in the vicinity of the Duluth Municipal Airport and amendments thereto, recorded in the office of the Register of Deeds in [Book 129 of Miscellaneous page 255](#) and in [Book 198 of Miscellaneous page 713](#).

NOTE: This property is Torrens, the Torrens Certificate No. is [363835.0](#).

County Recorders or Register of Titles records indicate that the Grantees on the last deed of conveyance, are: Hermantown Economic Development Authority, a Minnesota Economic Development Authority

The Real Estate is encumbered by the following Mortgages, Contract for Deeds, and other liens, including: Mechanic's Liens, Tax Liens and Judgments Plus Easements: None

1. A document entitled "Regulations governing the Height of Structures and Trees and the use of property in the vicinity of the Duluth Municipal Airport" recorded June 05, 1946 as [Book 129 of Misc., page 255](#) of Official Records.
2. A document entitled "Amendments to Regulations governing the Height of Structures and Trees and the use of property in the vicinity of the Duluth Municipal Airport" recorded August 19, 1954 as [Book 198 of Misc., Page 713](#) of Official Records.
3. A document entitled "Easement" recorded June 28, 1965 as Document No. [314190.0](#) of Official Records.
4. A document entitled "Protective Covenants" recorded June 20, 1978 as Document No. [412618.0](#) of Official Records.
5. A document entitled "Protective Covenants" recorded July 09, 1980 as Document No. [431503.0](#) of Official Records.
6. A document entitled "Adverse Claim" recorded May 22, 1986 as Document No. [476548.0](#) of Official Records.
7. A document entitled "Adverse Claim" recorded February 24, 1995 as Document No. [594488.0](#) of Official Records.
8. A document entitled "Quitclaim Deed" recorded April 07, 1995 as Document No. [595927](#) of Official Records.

Affects: The land and other property.

9. A document entitled "Resolution No. 97-10" recorded February 24, 1997 as Document No. [625715.0](#) of Official Records.
10. A document entitled "Resolution No. 2002-61" recorded September 18, 2002 as Document No. [730932.0](#) of Official Records.
11. A document entitled "Permit" recorded April 15, 2009 as Document No. [867158.0](#) of Official Records.

The County Tax Records indicate that the real estate taxes are:

12. Taxes currently due and payable in 2024

Amount:	\$ 0.00 are Exempt
PIN:	395-0092-00160
Homestead or non-Homestead:	Non-Homestead
Delinquent taxes:	None
Address:	5255 Maple Grove RD, Hermantown MN
Estimated Market Value:	\$ 252,500.00

This Report is limited to only the information described above.

This Report specifically does not include information relating to:

- a. Rights of dower, curtesy, homestead, or other marital rights of spouse if any, of any individual shown.
- b. Any lien, or right to lien, for services, labor or materials heretofore or hereafter furnished or imposed by law.
- c. Any encroachments, measurements, party walls, overlaps, boundary line disputes, or other matters which would be disclosed by an accurate survey or inspection of the real estate.
- d. Easements, or claims of easements not shown by the public records.
- e. Rights or claims of parties in possession not shown by the public records.
- f. Minerals and mineral rights.
- g. Covenants, conditions, and restrictions not shown by the public records.
- h. Levied and/or pending special assessments.

This report is not nor is to be construed as, an Abstract of Title, title opinion, or title insurance policy.

Limitation of Liability for Informational Report

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First American Title™

First American Title Insurance Company
122 12th Avenue N
St. Cloud, MN 56303

Illegal Restrictive Covenants

Please be advised that any provision contained in this document, or in a document that is attached, linked, or referenced in this document, that under applicable law illegally discriminates against a class of individuals based upon personal characteristics such as race, color, religion, sex, sexual orientation, gender identity, familial status, disability, national origin, or any other legally protected class, is illegal and unenforceable by law.



PROPERTY DETAILS REPORT

St. Louis County, Minnesota



Date of Report: 8/28/2024 1:34:31 PM

General Details							
Parcel ID:		395-0092-00185					
Legal Description Details							
Plat Name:		MAPLE GROVE IND CENTER					
Section		Township		Range		Lot	Block
						0003	002
Description:		SLY 218 FT					
Taxpayer Details							
Taxpayer Name		CITY OF HERMANTOWN					
and Address:		NANCY SIROIS CLERK					
		5255 MAPLE GROVE RD					
		HERMANTOWN MN 55811					
Owner Details							
Owner Name		HERMANTOWN ECON DEV ASSN					
Payable 2024 Tax Summary							
2024 - Net Tax				\$0.00			
2024 - Special Assessments				\$0.00			
2024 - Total Tax & Special Assessments				\$0.00			
Current Tax Due (as of 8/27/2024)							
Due May 15		Due			Total Due		
2024 - 1st Half Tax		\$0.00		2024 - 2nd Half Tax		\$0.00	
2024 - 1st Half Tax Paid		\$0.00		2024 - 2nd Half Tax Paid		\$0.00	
2024 - 1st Half Due		\$0.00		2024 - 2nd Half Due		\$0.00	
				2024 - Total Due		\$0.00	
Parcel Details							
Property Address:		-					
School District:		700					
Tax Increment District:		-					
Property/Homesteader:		-					
Assessment Details (2024 Payable 2025)							
Class Code (Legend)	Homestead Status	Land EMV	Bldg EMV	Total EMV	Def Land EMV	Def Bldg EMV	Net Tax Capacity
776	0 - Non Homestead	\$172,000	\$0	\$172,000	\$0	\$0	-
Total:		\$172,000	\$0	\$172,000	\$0	\$0	0



PROPERTY DETAILS REPORT

St. Louis County, Minnesota



Date of Report: 8/28/2024 1:34:31 PM

Land Details							
Deeded Acres:	0.00						
Waterfront:	-						
Water Front Feet:	0.00						
Water Code & Desc:	-						
Gas Code & Desc:	-						
Sewer Code & Desc:	-						
Lot Width:	0.00						
Lot Depth:	0.00						
The dimensions shown are not guaranteed to be survey quality. Additional lot information can be found at https://apps.stlouiscountymn.gov/webPlatsIframe/frnPlatStatPopUp.aspx . If there are any questions, please email PropertyTax@stlouiscountymn.gov .							
Sales Reported to the St. Louis County Auditor							
No Sales information reported.							
Assessment History							
Year	Class Code (Legend)	Land EMV	Bldg EMV	Total EMV	Def Land EMV	Def Bldg EMV	Net Tax Capacity
2023 Payable 2024	776	\$155,800	\$0	\$155,800	\$0	\$0	-
	Total	\$155,800	\$0	\$155,800	\$0	\$0	0.00
2022 Payable 2023	776	\$151,200	\$0	\$151,200	\$0	\$0	-
	Total	\$151,200	\$0	\$151,200	\$0	\$0	0.00
2021 Payable 2022	776	\$138,700	\$0	\$138,700	\$0	\$0	-
	Total	\$138,700	\$0	\$138,700	\$0	\$0	0.00
2020 Payable 2021	776	\$136,200	\$0	\$136,200	\$0	\$0	-
	Total	\$136,200	\$0	\$136,200	\$0	\$0	0.00
Tax Detail History							
Tax Year	Tax	Special Assessments	Total Tax & Special Assessments	Taxable Land MV	Taxable Building MV	Total Taxable MV	
2023	\$0.00	\$0.00	\$0.00	\$0	\$0	\$0	
2022	\$0.00	\$0.00	\$0.00	\$0	\$0	\$0	
2021	\$0.00	\$0.00	\$0.00	\$0	\$0	\$0	

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PROPERTY DETAILS REPORT

St. Louis County, Minnesota



Date of Report: 8/8/2024 6:53:05 AM

Land Details							
Deeded Acres:	0.00						
Waterfront:	-						
Water Front Feet:	0.00						
Water Code & Desc:	-						
Gas Code & Desc:	-						
Sewer Code & Desc:	-						
Lot Width:	0.00						
Lot Depth:	0.00						
The dimensions shown are not guaranteed to be survey quality. Additional lot information can be found at https://apps.stlouiscountymn.gov/webPlatsIframe/frmPlatStatPopUp.aspx . If there are any questions, please email PropertyTax@stlouiscountymn.gov .							
Sales Reported to the St. Louis County Auditor							
No Sales information reported.							
Assessment History							
Year	Class Code (Legend)	Land EMV	Bldg EMV	Total EMV	Def Land EMV	Def Bldg EMV	Net Tax Capacity
2023 Payable 2024	776	\$252,500	\$0	\$252,500	\$0	\$0	-
	Total	\$252,500	\$0	\$252,500	\$0	\$0	0.00
2022 Payable 2023	776	\$325,400	\$0	\$325,400	\$0	\$0	-
	Total	\$325,400	\$0	\$325,400	\$0	\$0	0.00
2021 Payable 2022	776	\$298,900	\$0	\$298,900	\$0	\$0	-
	Total	\$298,900	\$0	\$298,900	\$0	\$0	0.00
2020 Payable 2021	776	\$293,200	\$0	\$293,200	\$0	\$0	-
	Total	\$293,200	\$0	\$293,200	\$0	\$0	0.00
Tax Detail History							
Tax Year	Tax	Special Assessments	Total Tax & Special Assessments	Taxable Land MV	Taxable Building MV	Total Taxable MV	
2023	\$0.00	\$0.00	\$0.00	\$0	\$0	\$0	
2022	\$0.00	\$0.00	\$0.00	\$0	\$0	\$0	
2021	\$0.00	\$0.00	\$0.00	\$0	\$0	\$0	

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Map Location

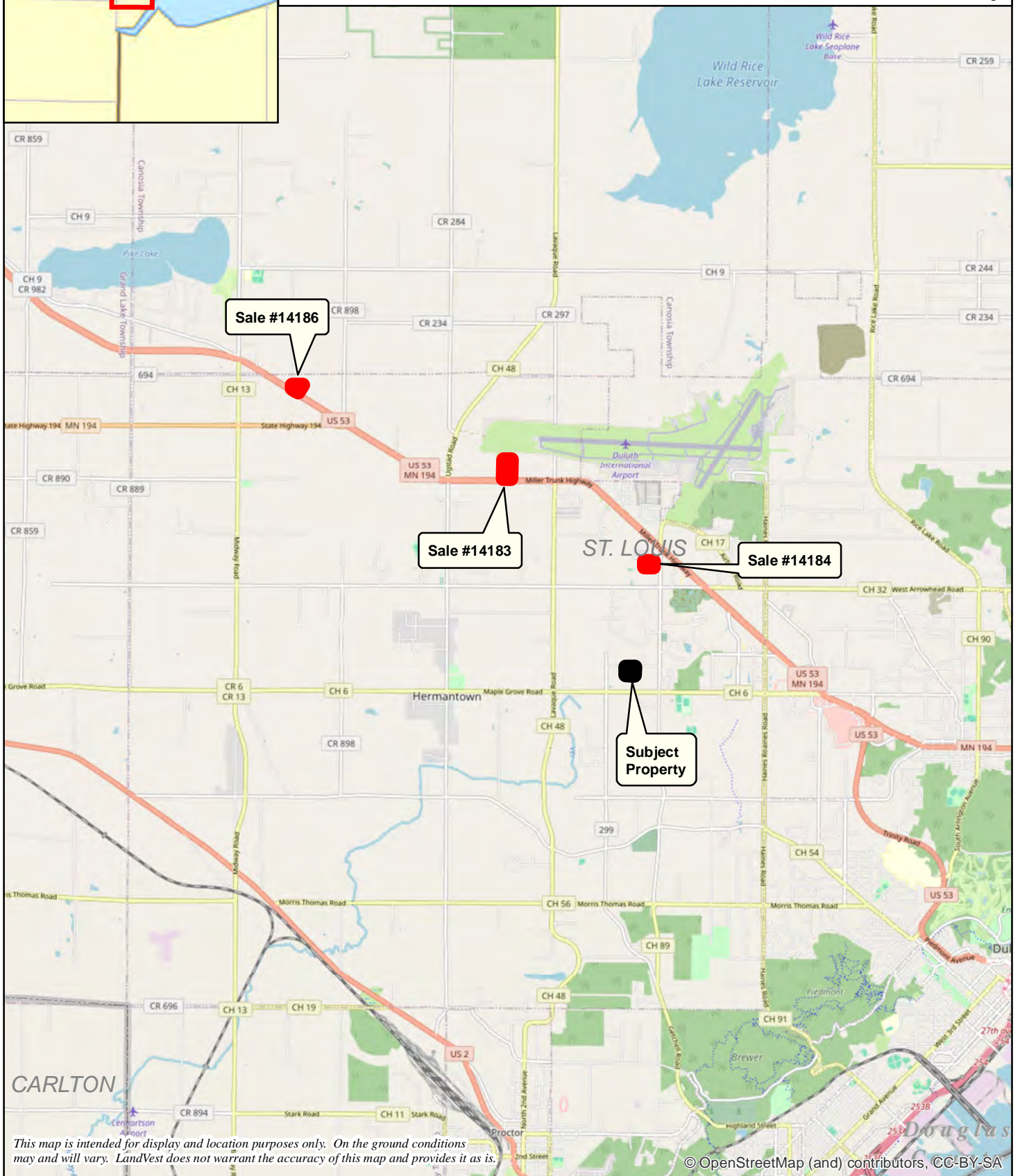


0 0.5 1 Miles

Hermantown Economic Development Authority Property

LandVest

1:80,000 Sale Location Map



Highest and Best Use
Business

Intended Use
Business

Zoning
Office / Lt. Industrial

Recording Information

Warranty Deed

Doc. No.: 154876I

Grantor: Michael Koski and Erica Koski

Grantee: Mojo Properties Minnesota, LLC

Price
\$132,000

Date
February 15, 2022

Size
2.72 Acres

Price/Acre
\$48,529

Water Feature(s): None

Photo was taken by Daniel T. Schummer on July 24, 2024



View of the property currently being cleared.

Location: Vacant land along USH 53

Legal Description: Part of Section 5, T50N-R15W, City of Hermantown, St. Louis County, MN.

Verified To: N/A

Conveyance Data

Terms: Cash at Closing

Market Exposure: Unknown

Rights Conveyed: Usual Rights

Financing: Cash at Closing

Site Characteristics

Access: Public Road

Utilities: Municipal

Topography: Level

Land Quality: Upland 100%

Forest Cover: Mixed Deciduous

Improvements: None

Land Cover: Wooded - 60%

Land Cover 2: Open - 40%

Additional Information

No additional information.

USGS Topo Map
1:6,000

LandVest

Mojo Properties
Minnesota, LLC
Property



14186

Seville Rd

1448

T51R15

Vaux Rd

Miller Trunk Hwy

US Hwy 53

Twp Rd 5502

1428

T50R15

US Hwy 53

Miller Trunk Hwy

Legend



Sale Location

0 330 660 Feet

2023 Air Photo

1:1,980

This map is intended for display and location purposes only. On the ground conditions may and will vary. LandVest does not warrant the accuracy of this map and provides it as is.

0 165 330 Feet

Highest and Best Use
Commercial

Intended Use
Commercial

Zoning
General Commercial

Recording Information

Warranty Deed

Doc. No.: 159794I

Grantor: Bill & Irvs Properties, Inc.

Grantee: Nyhusmoen Properties, LLC

Price
\$375,000

Date
August 15, 2022

Size
8.80 Acres

Price/Acre
\$42,614

Water Feature(s): None

Photo was taken by Daniel T. Schummer on July 24, 2024



View of the commercial structure on the property.

Location: Vacant land along USH 53

Legal Description: Part of Section 3, T50N-R15W, City of Hermantown, St. Louis County, MN.

Verified To: N/A

Conveyance Data

Terms: Cash at Closing

Market Exposure: Real Estate Broker

Rights Conveyed: Usual Rights

Financing: Cash at Closing

Site Characteristics

Access: Public Road

Utilities: Nearby

Topography: Level

Land Quality: Upland 100%

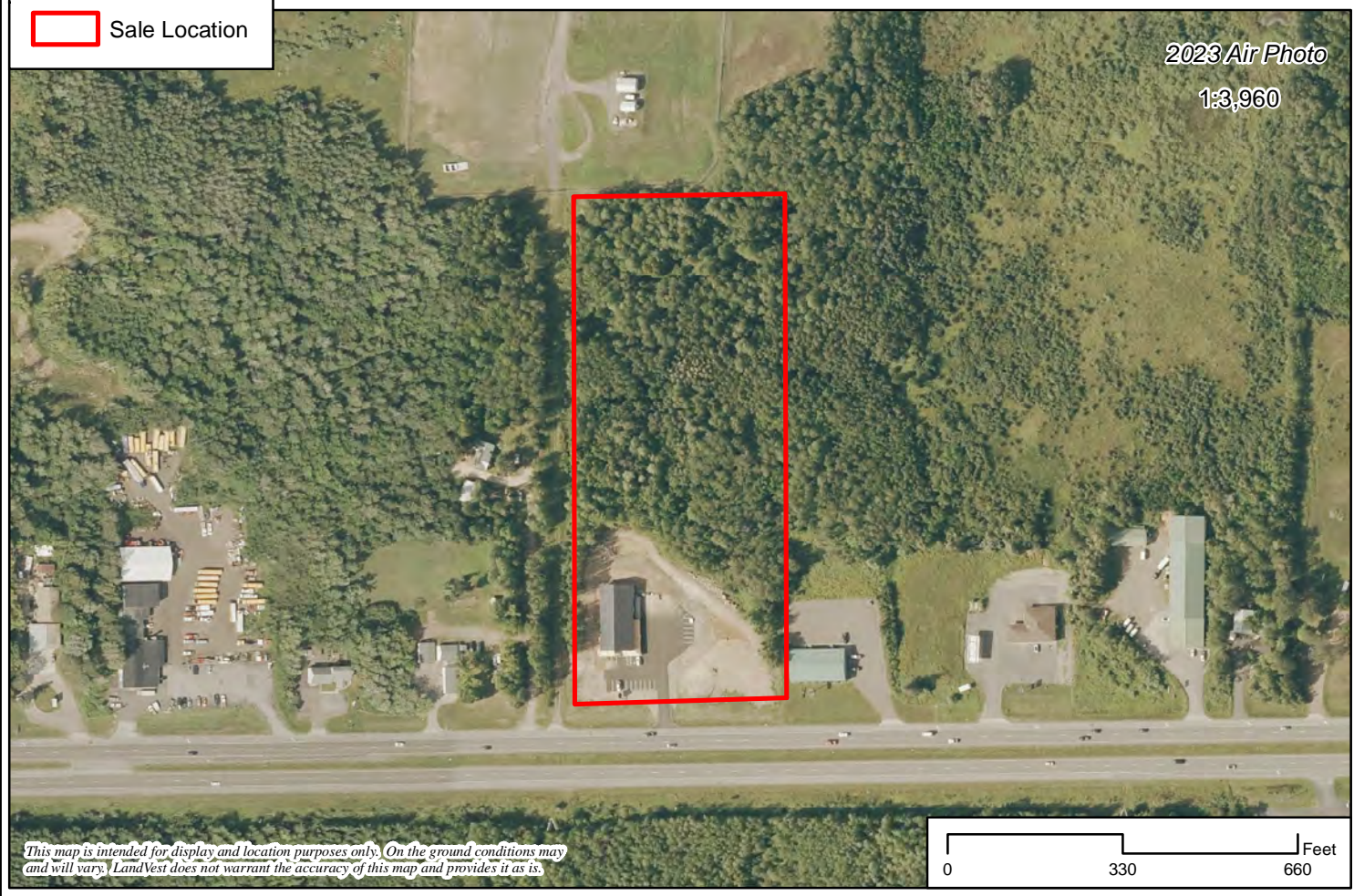
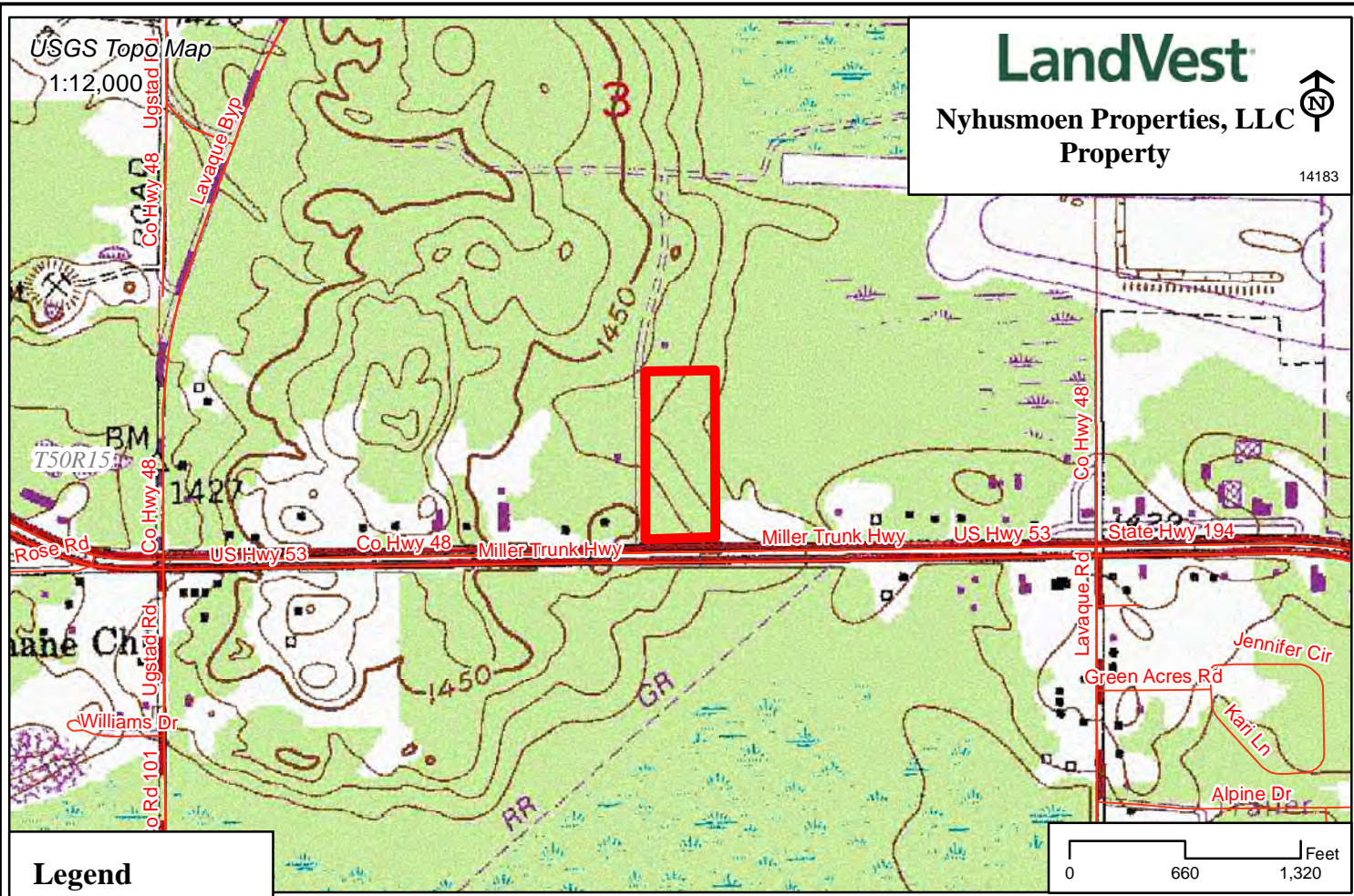
Forest Cover: Mixed Deciduous

Improvements: None

Land Cover: Wooded - 100%

Additional Information

No additional information.



Highest and Best Use
Commercial

Intended Use
Commercial

Zoning
General Commercial

Recording Information

Trustee's Deed

Grantor: Robert J. Talarico Trust

Grantee: Jackson Hermantown, LLC

Price
\$155,000

Date
May 28, 2024

Size
3.18 Acres

Price/Acre
\$48,742

Water Feature(s): None

Photo was taken by Daniel T. Schummer on July 24, 2024



View of the remaining pavement on-site.

Location: Vacant land along Eddy Avenue

Legal Description: Part of Section 11, T50N-R15W, City of Hermantown, St. Louis County, MN.

Verified To: N/A

Conveyance Data

Terms: Cash at Closing

Market Exposure: Unknown

Rights Conveyed: Usual Rights

Financing: Cash at Closing

Site Characteristics

Access: Public Road

Utilities: Nearby

Topography: Level

Land Quality: Upland 100%

Forest Cover: Mixed Deciduous

Improvements: Pavement

Land Cover: Open - 80%

Land Cover 2: Wooded - 20%

Additional Information

No additional comments.

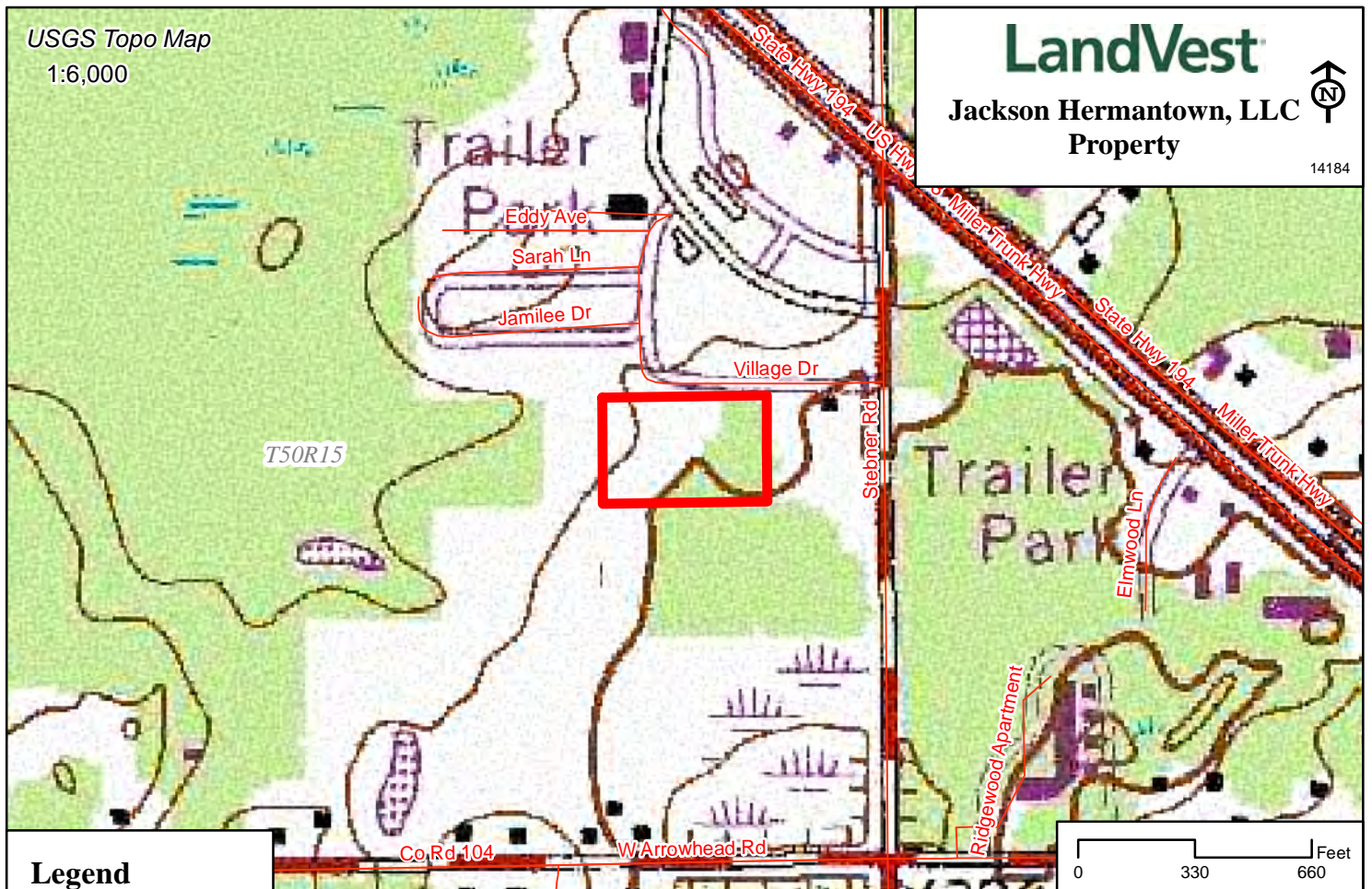
USGS Topo Map
1:6,000

LandVest

Jackson Hermantown, LLC
Property



14184



Legend

 Sale Location

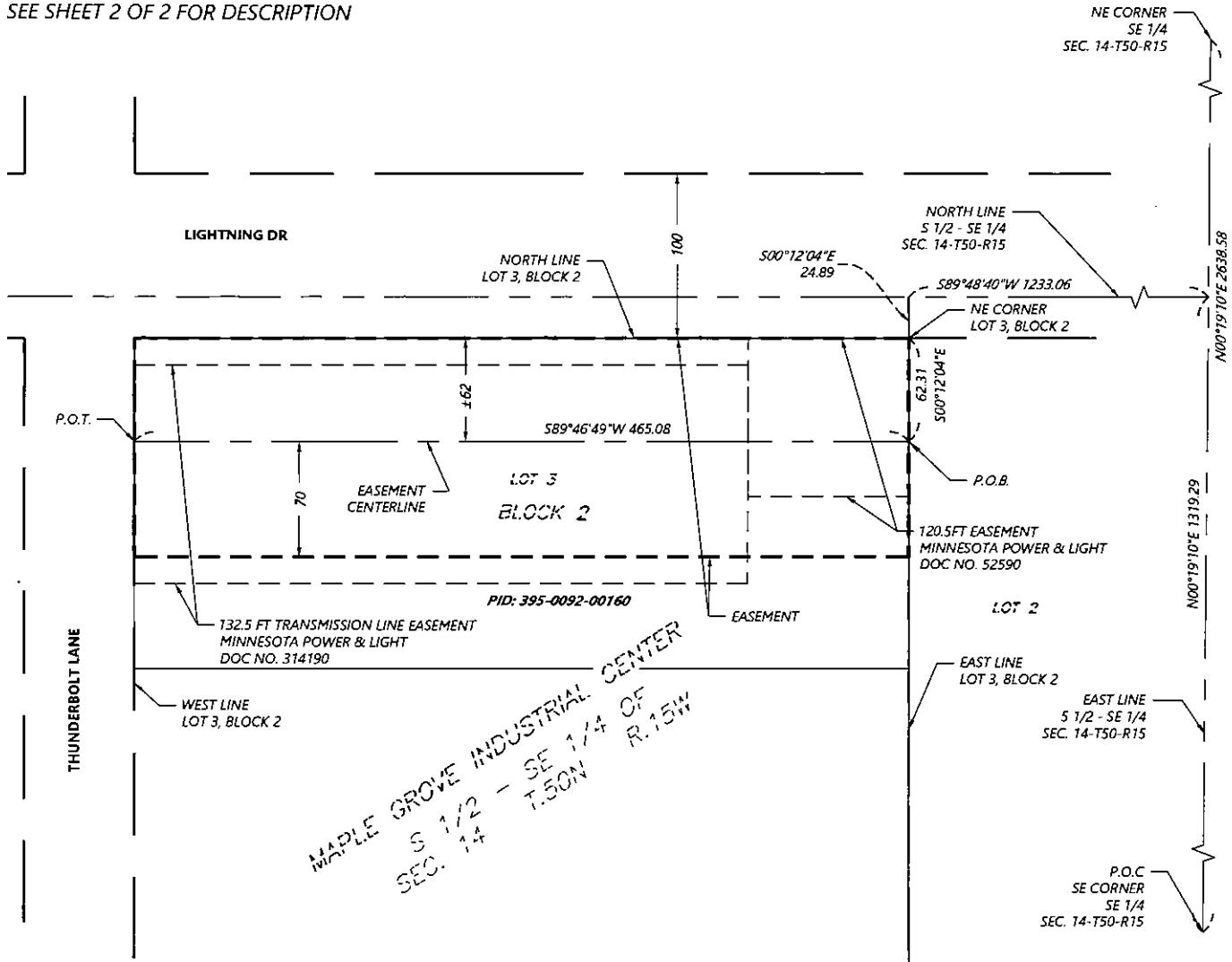


This map is intended for display and location purposes only. On the ground conditions may and will vary. LandVest does not warrant the accuracy of this map and provides it as is.

EXHIBIT A

EASEMENT EXHIBIT

GRANTOR: HERMANTOWN ECONOMIC DEVELOPMENT AUTHORITY, A
MINNESOTA ECONOMIC DEVELOPMENT AUTHORITY
SEE SHEET 2 OF 2 FOR DESCRIPTION



P.O.C. = POINT OF COMMENCEMENT
P.O.B. = POINT OF BEGINNING
P.O.T. = POINT OF TERMINATION

BEARINGS, DISTANCES AND ACREAGE
ARE BASED ON ST. LOUIS COUNTY
SOUTH COORDINATE SYSTEM, NAD83
(2011) ADJUSTMENT, US SURVEY FT

DR: KDH

APP: STW

DATE: 7/19/2024

Westwood

Phone (202) 233-0495 13341 Cypress Drive, Suite 101
Fax (800) 270-9495 Baxter, MN 55425
westwoodpros.com

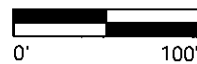
Westwood Professional Services, Inc.

I HEREBY CERTIFY THAT THIS SURVEY, PLAN OR REPORT WAS
PREPARED BY ME OR UNDER MY DIRECT SUPERVISION AND
THAT I AM A DULY LICENSED LAND SURVEYOR UNDER THE
LAWS OF THE STATE OF MINNESOTA.

Seth Weckman
SETH WECKMAN

LIC. NO. 57085

DATE 7/19/2024



SHEET: 1 OF 2

REV.

DATE:

MA - 36086

TOWNSHIP	RANGE	SECTION
T50N	R15W	14

EXHIBIT A

EASEMENT EXHIBIT

GRANTOR: HERMANTOWN ECONOMIC DEVELOPMENT AUTHORITY,
A MINNESOTA ECONOMIC DEVELOPMENT AUTHORITY

"PROPERTY"

Lot 3, Except Southerly 218 feet and all of Lots 4, 5, 6, and Lot 9, Block Two (2), Maple Grove Industrial Center, St. Louis County, Minnesota.

"EASEMENT AREA"

A 140.00 foot wide easement lying over, under and across that part of the hereinbefore described "PROPERTY" which lies within 70.00 feet on each side of the following described centerline:

Commencing at the southeast corner of the Southeast Quarter of Section 14, Township 50 North, Range 15 West; thence North 00 degrees 19 minutes 10 seconds East along the east line of the South Half of said Southeast Quarter, a distance of 1319.29 feet to the north line of said South Half of the Southeast Quarter; thence South 89 degrees 48 minutes 40 seconds West along the north line of said South Half of the Southeast Quarter, a distance of 1233.06 feet to the northerly extension of the east line of Lot 3, Block 2, Maple Grove Industrial Center, St. Louis County, Minnesota; thence South 00 degrees 12 minutes 04 seconds East along the northerly extension of the east line of said Lot 3, Block 2, a distance of 24.89 feet to the northeast corner of said Lot 3, Block 2; thence continuing South 00 degrees 12 minutes 04 seconds East along the east line of said Lot 3, Block 2, a distance of 62.31 feet to the point of beginning of the centerline to be described; thence South 89 degrees 46 minutes 49 seconds West, a distance of 465.08 feet to the west line of said Lot 3, Block 2, and said centerline there terminating.

The side lines of said easement are to be prolonged or shortened to terminate at the north, east and west lines of said Lot 3, Block 2.

"SUMMARY OF AREAS"

Proposed easement:	1.41 acres, more or less
Proposed easement inside road right of way:	N/A
Proposed easement inside existing easement:	1.19 acres, more or less
Proposed easement less road right of way & existing easement:	0.22 acres, more or less

BEARINGS, DISTANCES AND ACREAGE
ARE BASED ON ST. LOUIS COUNTY
SOUTH COORDINATE SYSTEM, NAD83
(2011) ADJUSTMENT, US SURVEY FT

Westwood

Phone (202) 253-9495 13341 Cypress Drive, Suite 101
Toll Free (800) 270-0495 Baxter, MN 56425
westwoodps.com

Westwood Professional Services, Inc.

SHEET: 2 OF 2

MA - 36086

Education:

Central Michigan University – Mount Pleasant, MI

- Bachelor of Science in Education

The Appraisal Foundation

- Requirements of UASFLA – The ‘Yellow Book’ – 2017

International Right of Way Association

- 421-The Valuation of Partial Acquisitions – 2014

Employment:

2023 – Present

- LandVest, Inc., Saint Ignace, MI
(Real Estate Specialist/Appraiser, Broker, Forestry)

2012 – 2023

- Compass Land Consultants, Inc., Minocqua, WI, Hayward, WI, and Au Train, MI
(Real Estate Specialist/Appraiser, Broker, Forestry)

**Experience:**

- All aspects of real estate appraisal services including report writing, data collection, landowner meetings, and property inspections. Significant experience valuing vacant recreational land, timber assets, water frontage, conservation easements, and “Yellow Book” assignments.
- Experience completing eminent domain appraisal assignments for highway improvement projects and utility projects associated with pipelines and transmission lines. I also have experience preparing reports for litigation purposes along with expert witness testimony.
- UASFLA (Yellow Book) qualified and completed numerous Yellow Book appraisal assignments throughout the Upper Midwest.
- Appraisal experience in Wisconsin, Michigan, Minnesota, North Dakota, South Dakota, Iowa, Ohio and Missouri.
- I also have experience valuing a wide variety of property types that include islands, waterfalls, commercial structures, rock quarries, single/multifamily dwellings, tillable cropland, grazing land, ski hills, sub-surface rights, and IRS compatible appraisals for estate planning.
- Forestry: Worked as an inventory technician. Responsible for day-to-day collection of forest inventory data related to Key Ecological Attributes of a wide variety of forest types in Michigan. Also, worked as a survey technician assisting with permitting and design of road-stream crossings. Responsibilities included taking field measurements to support Michigan Department of Environmental Quality (MDEQ) design and permitting requirements.
- Real Estate: Experience with all aspects of real estate listings, marketing, consulting, and sales.

Licenses, Memberships, and Organizations:

- Licensed Certified General Appraiser in Wisconsin, Minnesota, and Michigan
- Licensed Real Estate Broker in Wisconsin and Michigan
- Member of Wisconsin Realtors Association and Michigan Realtors Association
- Federal Aviation Administration (FAA) – Approved Drone Remote Pilot

STATE OF MINNESOTA



DANIEL T SCHUMMER
1111 SOUTH STATE STREET
SAINT IGANCE, MI 49781

Department of Commerce

The Undersigned **COMMISSIONER OF COMMERCE** for the State of Minnesota hereby certifies that
Daniel T Schummer

1111 SOUTH STATE STREET
SAINT IGANCE, MI 49781

has complied with the laws of the State of Minnesota and is hereby licensed to transact the business of

Non-Resident Appraiser : Certified General

License Number: 40442140

unless this authority is suspended, revoked, or otherwise legally terminated. This license shall be in effect until August 31, 2026.

IN TESTIMONY WHEREOF, I have hereunto set my hand this August 30, 2024.

A handwritten signature in cursive script, reading "Grace Arnold".

COMMISSIONER OF COMMERCE

Minnesota Department of Commerce

Licensing Division
85 7th Place East, Suite 500
St. Paul, MN 55101-3165
Telephone: (651) 539-1599
Email: licensing.commerce@state.mn.us
Website: commerce.state.mn.us

Notes:

- **Individual Licensees Only - Continuing Education:** 15 hours is required in the first renewal period, which includes a 7 hour USPAP course. 30 hours is required for each subsequent renewal period, which includes a 7 hour USPAP course.
- **Appraisers:** You must hold a licensed Residential, Certified Residential, or Certified General qualification in order to perform appraisals for federally-related transactions. **Trainees do not qualify.** For further details, please visit our website at commerce.state.mn.us.

Morris Thomas Single Family Development



GOALS AND STRATEGIES

Goals and strategies were developed in consultation with the Steering Committee, HEDA, Planning Commission, and City Council with input from the public. Goals are broad statements that describe a desired outcome. Strategies describe the approach that would need to be taken to achieve the goals. Implementation actions are concrete steps that can be taken to reach the strategies and goals.

HOUSING

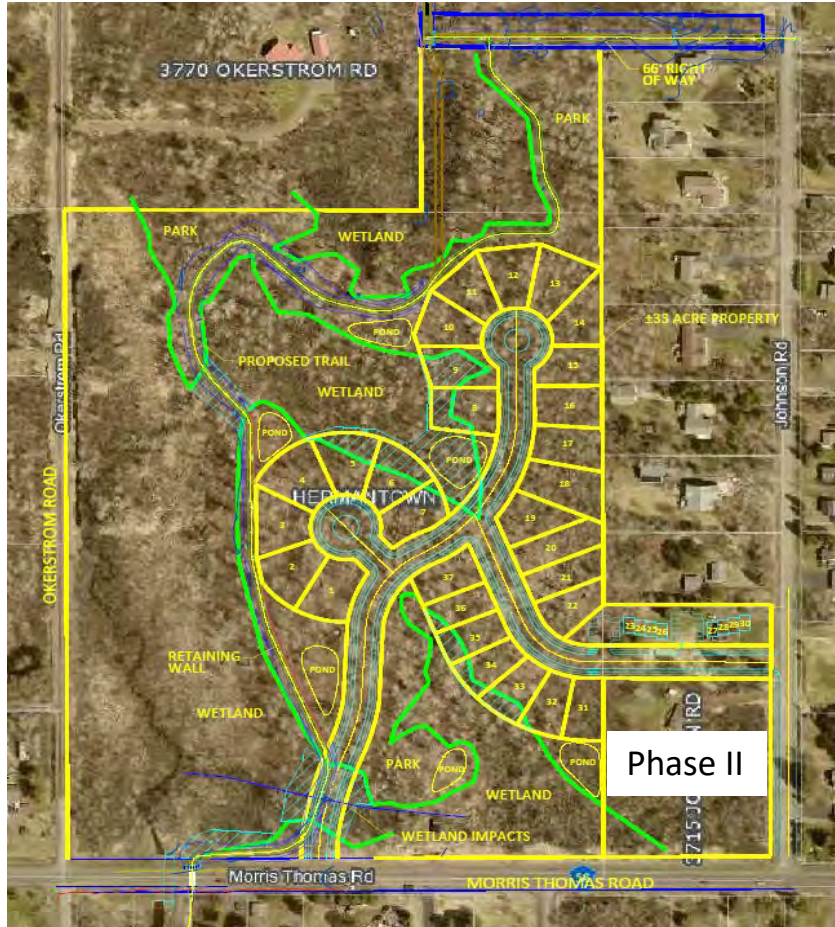
5.1. Promote the development of a wider variety of housing types in the community.

- 5.1.1. Increase the quantity of housing available for workers of future new businesses and business expansions.
- 5.1.2. Support development of housing types that accommodate the range of household sizes and lifestyle preferences of existing and future residents.
- 5.1.3. Diversify the range of housing price levels to meet the needs of all residents.
- 5.1.4. Provide public amenities supportive to existing and new housing types, such as convenient access to walkable streets, trails, parks, and businesses.

5.2. Reduce barriers to the development of new housing.

- 5.2.1. Eliminate barriers in the zoning regulations.
- 5.2.2. Allow higher residential densities while retaining the community's overall suburban/small town character.
- 5.2.3. Plan for and provide municipal infrastructure expansion to support housing development, including roadways, sanitary sewer, water, stormwater, and broadband services.

The Proposed Development



Objective- Create a new mixed-income Hermantown neighborhood.

Approximately 37 city-owned acres at Morris Thomas Road between Johnson and Okerstrom Roads.

37 single family lots.

- 29 traditional single family.
- 8 townhomes.

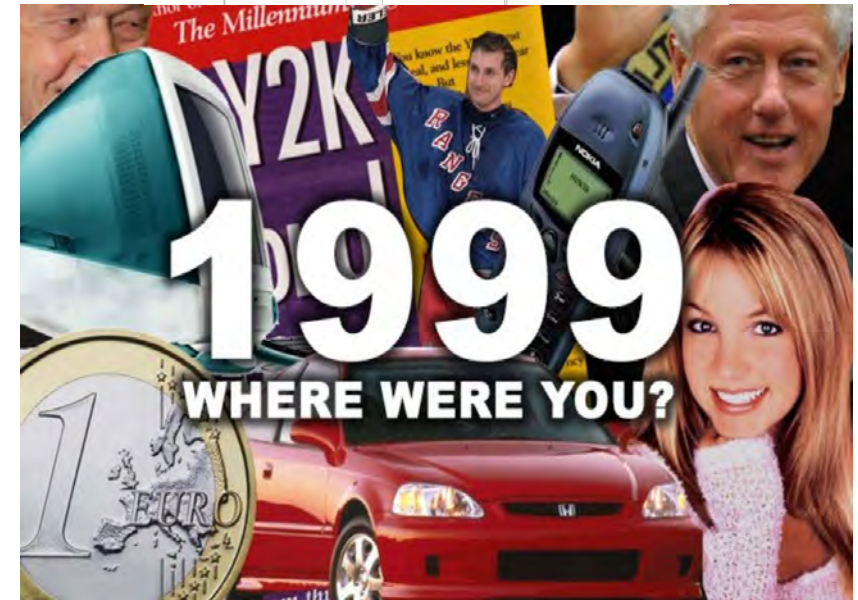
Multi-use trail connecting to existing City trail system.

Chad was at Chili's with his high school friends

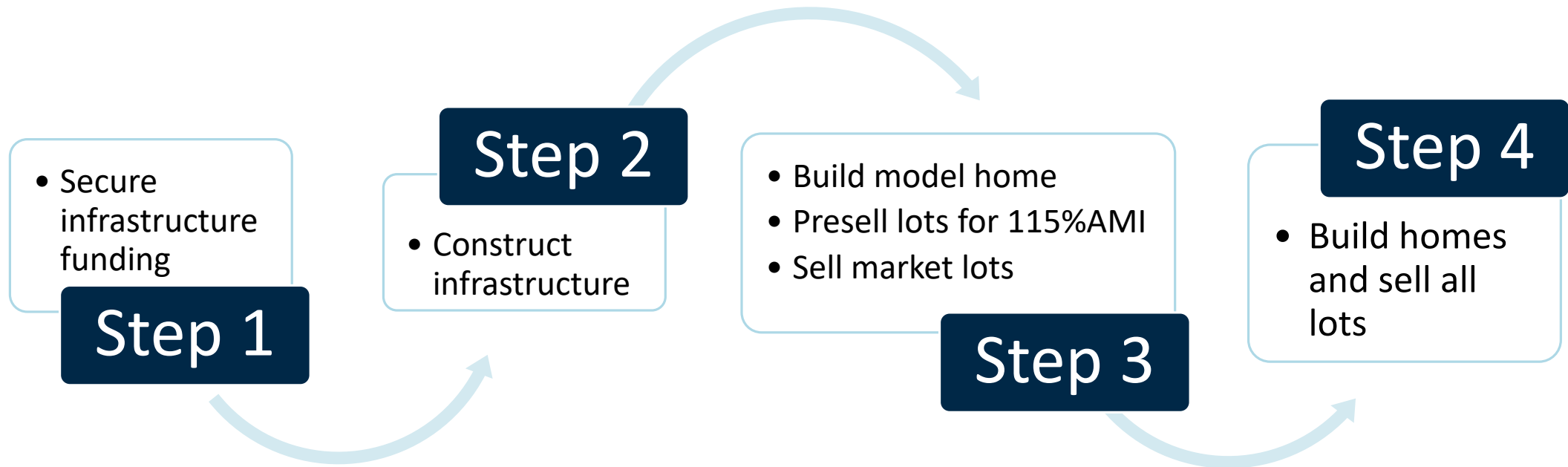
Back to the Future...

If this development had been built in 1999:

- 37 more families would have lived in and invested in Hermantown, paying taxes and spending money in the community for 26 years*.
 - This could include up to 74 local employees working for local businesses.
- More users of City infrastructure in a smaller area would have provided a net-positive for City revenue.
- The infrastructure would be paid off; all future revenues from property taxes, sales tax, service fees, etc. would be contributing to the City's general fund.



High-Level Process



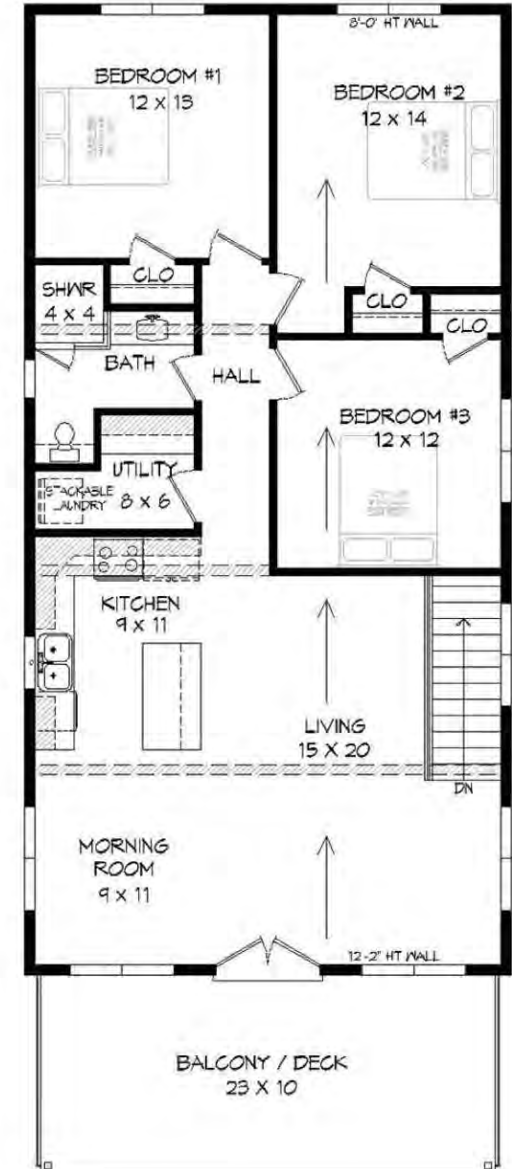
Single Family- Model House

HEDA contracts to build a single-family model home for a 115% AMI household.

Sale prices depend on target buyers:

- 115% AMI for 3+ person households = income of \$134,435 (per MHFA)
 - Target sale price* for 3-bedroom 115% home = \$425,000
 - Estimated sale price for market rate = \$450,000
 - Cost for 1,400 sf, 3 bed/1.5 bath with detached garage = \$395,000 (estimate).
- 115% AMI for 1-2 person households = \$116,900 (per MHFA)
 - Target sale price* for 2-bedroom 115% home = \$385,000
 - Estimated sale price for market rate = \$400,000
 - Cost for 1,000 sf 2 bed, 1.5 bath with detached garage = \$325,000 (estimate).

**Target prices based on estimate of attainable prices per household income*



HEDA- Partnership Homes

1. Proposed HEDA Sources for initial model house:
 1. \$130k SAHA (includes 2025 allocation).
 2. \$150k Hermantown HTF.
 3. \$115k MHFA LHTF (application submitted; award announced 6/25).
2. Construct and use model house for an income qualified household.
 1. HEDA to provide zero-interest loan to builder.
3. Option to apply for MHFA Impact Fund to fill cost gap for additional 115% AMI homes.
 1. If awarded, HEDA vets the buyers and the builder gets paid at closing.
 2. If not awarded, HEDA/the City can construct additional 115% homes at their discretion.

Lot and Home Sales

- I. All infrastructure complete in Phase I.
 - I. Allows sale of all lots and home construction to commence.
- II. Assign lots:
 - I. Market rate, or
 - II. Reserved for income qualified.
 - I. Can be adjusted subject to funding.
- III. Sell market rate lots and pre-sell model homes.
 - I. Partner with developer/builder/real estate professional to pre-sell and build homes.
 - I. Can be both income restricted or market.

Infrastructure- Sources and Uses

Sources	Amount
Hermantown General Fund	\$ 835,673
HTF for 115% AMI homes	\$ 300,000
MHFA Infrastrucutre grant (6/25 app.)	\$ 325,000
City Bonding/other City funds	\$ 3,588,750
Total Sources	\$ 5,049,423

Uses	
Acquisition of site parcels	\$ 835,673
HTF Funding for 115% AMI home	\$ 300,000
Constructor estimated construction costs	\$ 3,000,000
Contractor estimated soft costs	\$ 913,750
Total Uses/Costs	\$ 5,049,423

Sources assume no special assessments for construction.

Numbers will vary subject to:

- 1) Success of applications to State grant programs.
- 2) Final site plan.
- 3) Final contractor bids.

The Financial Picture- Property Tax Revenue

Estimated year-1 City property tax revenue after full build-out = \$67,000

- Assumptions:
 - City portion of NTC = 46.2% (2024)
 - City effective portion of tax revenue = 36.5%
 - 24 homes are an average of 2,000 sf with a two-car garage.
 - Total tax liability of approx. \$5,600 per home (\$2,050 City).
 - 13 homes are an average of 1,400 sf with a 1-car garage.
 - Total tax liability of approx. \$3,800 per home (\$1,370 City).

The Financial Picture- Lot Sales

Estimated lot sale prices based on market data:

- 10 -60x125 ft lots sold at an average price of \$60,800 = \$608,000
- 19 – 80x125 ft lots sold at an average price of \$78,500 = \$1,491,500
- 8 townhome lots sold at an average price of \$40,000 = \$320,000
- Total estimated revenue from lot sales = **\$2,419,500**

The Financial Picture- Cost vs. Returns

Total City/HEDA projected investment = \$4.75 million
(does not include grant funding)

- Approximately \$128,000 per lot in development costs for 37 lots.
 - 50 lots = \$94,000/lot
 - 25 lots = \$188,000/lot

Total estimated proceeds from lot sales = \$2.42 million

Building permit and Park fees (approx.) = \$133,000

The Financial Picture- Cost vs. Returns

Property taxes revenues 30 years after build-out =	\$2.7 million
◦ Estimated time to break-even after build-out =	26 years
◦ 50-year tax revenues =	\$5.7 million
◦ Assumes property taxes increase of 2% per year	

50-year ROI = 74%

- 1.1% annualized
- This does not account for future utility/road maintenance.
 - Presumed to be assessed to future homeowners and paid through service fees.

Indirect and Non-Financial Impacts

Estimated property taxes generated for ISD 700 over 30 years = \$1.2 million

37 new households means:

- \$3.5 million in new wages.
 - Median household income of \$95,000.
 - If discretionary income is 25%, this is \$880,000/year to spend locally.
- 37+ new (or retained) employees for local businesses.

More housing inventory brings home prices down over time.

- This enables younger households/workers to relocate/return to Hermantown.

Construction spending including builders, title companies, local lenders, realtors and more.

Key Points

HEDA can serve a unique role:

- Limited holding costs with access to certain funding.
- Not profit-motivated: patient capital.

HEDA partners with private developer/s and lenders to build housing.

- Reduces costs and requirements.
- Leverage lots to reduce costs.

Most lots are sold on open market to recuperate land development costs.

This is a long-term investment to support the plans for growth in Hermantown.

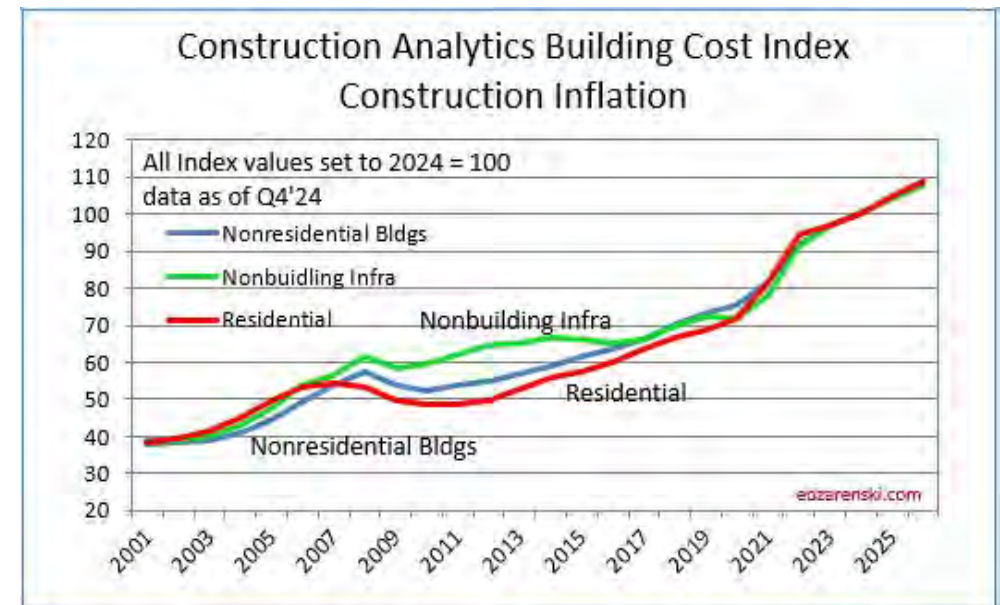
Why Now?

Costs continue to grow.

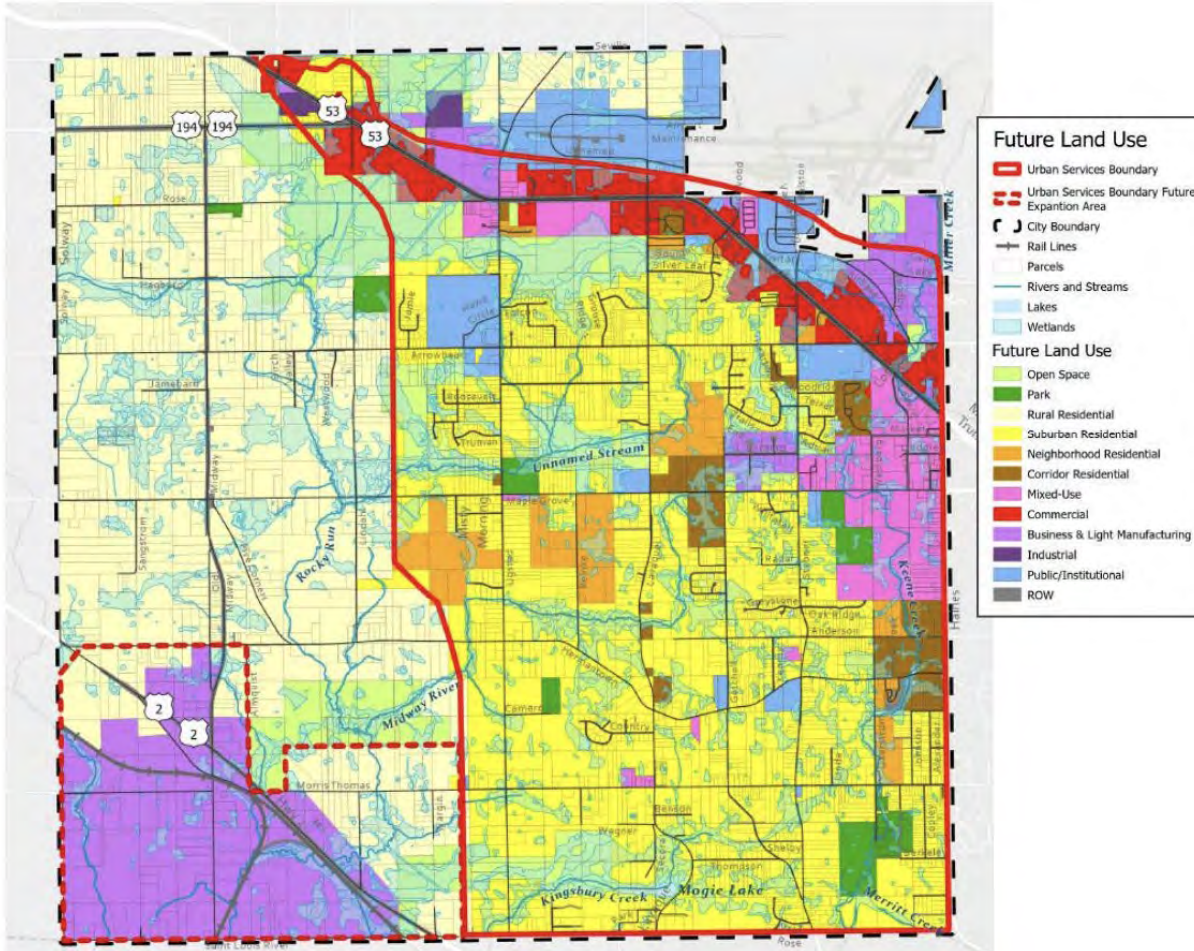
Greater supply = decreased demand = lower prices (over time)

The housing crisis means we have an opportunity to compete regionally, statewide and beyond.

- People looking for place where they can afford to live and access to outdoors.
- Labor market tightening, looking for solid jobs with lower cost of living.



Why Now?



Development will continue to happen in places where land is available.

- City can guide and shape development with specific objectives in mind.
- Private market is not doing building what is needed.
- City can invest in its own infrastructure and do what Duluth/others have not been able to do.

Build on current momentum:

- Uptown
- Large pending commercial investment
- 2045 Comprehensive Plan update.

Questions
