SUMMARY
APPRAISAL REPORT
FOR

Menasha Fire Station #2
901 Airport Road
City of Menasha, Winnebago County
Wisconsin

AS OF:
April 13, 2006

PREPARED FOR:

City of Menasha
140 Main Street
Menasha, WI 54952

PREPARED BY:

McClone Appraisal Inc.
344 Chute Street
Menasha, Wisconsin 54952

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David M. Johnson, SRA, CCRA
Wisconsin Certified General Appraiser - No. 57
PRESIDENT

April 13, 2006

Mr. Greg Keil, Director of Community Development
City of Menasha
140 Main Street
Menasha, WI 54952

Dear Mr. Keil:

In accordance with your request, an appraisal has been made on the property located at 901 Airport Road, City of Menasha, Winnebago County, Wisconsin. The subject property consists of the City Fire Station #2, as outlined in the appraisal report. The purpose of the appraisal report is to estimate market value of the fee simple interest for sales purposes.

As a result of my investigation and analysis, the stabilized market value of the fee simple interest of the subject property as of April 13, 2006, is estimated to be:

One Hundred Sixty Eight Thousand Dollars
($168,000)

The appraisal report and final estimate of value does not include any personal property, equipment or business value. It is also not based on continued use, but rather alternate use in the open market, per the assignment assuming it can be utilized (per zoning), as mix use with commercial and shop.

The attached summary report contains a description of the property, along with the data and analysis used to arrive at the opinion of value. This report is subject to the certification, assumptions and limiting conditions that follow.

Thank you for allowing McClone Appraisal Services to be of service to you. If you should have any questions regarding this appraisal report, please do not hesitate to call our office.

Respectfully submitted,

David M. Johnson, SRA
Wisconsin Certified General Appraiser No. 57

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SUMMARY OF FACTS AND CONCLUSIONS

Property Type: Existing fire station with three bays, dormitory and restroom areas, plus partial basement

Location: 901 Airport Road, on the southeast corner of Airport Road and Appleton Road/Highway 47, City of Menasha

Property Rights Appraised: Fee Simple Estate

Date of Value: April 13, 2006

Site Data: Per the municipality, the subject is rectangular parcel of land with 131.6' of frontage on Appleton Road/Highway 47 and 123' on Airport Road, for a total are of approximately 16,010.91 square feet, more or less. No survey was provided so the indicated lot size is assumed to be true and accurate for the purpose of this appraisal report and its final estimate of value. All utilities are available to the site with the site having level topography.

Zoning: Per City of Menasha, R1 – Single Family Residential

Improvements: Three bay fire station with accommodating features and partial basement, 4,950 square feet above grade with 2,475 square feet of basement area.

Highest and Best Use: "As If Vacant"-- Commercial
"As Improved"-- Existing Use or Conversion to office and shop area
Assignment is based on alternative use

Summary of Estimated Values:

Cost Approach	$178,000
Sales Comparison Approach	$168,000
Income Approach	$165,000
Final Value Conclusion	$168,000

INTRODUCTION

LEGAL DESCRIPTION

Per municipality:

Grove Subdivision Lots 4 & 5 of Block 5 excl 17 & apos; of Lot 4 also exc prt for R/W

PURPOSE AND FUNCTION OF APPRAISAL

The purpose of the appraisal is to provide the appraiser's best opinion of market value of the fee simple interest in the subject property for the function of internal planning. We understand the function of the report is for use by City of Menasha, its subsidiaries, and/or affiliates for loan underwriting. Neither the report, the materials submitted, nor our firm name may be used in any prospectus or printed materials prepared in connection with the sale of securities of participation interests to the public.

DATE OF VALUE

The effective date of value is April 13, 2006, which is the date the property was physically inspected.

PROPERTY RIGHTS APPRAISED

Fee simple estate, defined as "absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."[1]

DEFINITION OF MARKET VALUE

Market Value[2] can be defined as follows:

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

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[1] Appraisal Institute, *Dictionary of Real Estate Appraisal, Third Edition* (Chicago, IL: Appraisal Institute, 1993), p. 140.

[2] The Appraisal Standards Board, *Uniform Standards of Professional Appraisal Practice* (Washington, DC: Appraisal Foundation, 1993), pp. 7-8.

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

PROJECTED MARKETING PERIOD

Based on conversations with local brokers and investors, as well as historical evidence, I believe the most likely marketing/exposure period for the subject would be six to eighteen months, if listed at a reasonable price.

OWNERSHIP AND SALES HISTORY

According to the tax records, the property is currently owned by City of Menasha. It does not appear that the subject has sold within the past three years.

ASSESSMENT AND TAX INFORMATION

The subject is City occupied and defined as Parcel No. 6-006737-01 and is tax exempt. It is assumed if purchased, it will be fully assessed.

SCOPE OF WORK

The subject property was inspected by David M. Johnson on April 13, 2006. Data collection is from sources considered reliable. When appropriate, more than one source is used to confirm data. These sources include, but are not limited to:

- Discussions with appraisers, governmental officials, contractors, buyers, sellers, realtors and other professionals.
- Exterior inspection of sales. Some with interior inspections.
- Multiple Listing Services covering the Fox Valley area.
- Regularly updated information retained in our office files.
- Publications: e.g. Marshall Swift Valuation Service, zoning manuals, and governmental ordinances.
- Information from local assessors, tax listers, and registers of deeds.
- Economic information from a variety of sources.

The analyses used to arrive at opinions and conclusions include; but are not limited to:

- Factors influencing typical buyers in this area to purchase this type of property.
- Sales of vacant land and similarly improved properties.
- Any physical depreciation and/or functional or external obsolescence as indicated in the cost and/or sales comparison approach section(s) of the report.
- Trends in the community (physical, economic, and planned land use).
- Any apparent or known adverse conditions in the subject improvements, on the subject site, or any site within the immediate vicinity of the subject property of which I am aware.
- The marketability of the subject property based on a reasonable exposure time to the open market as indicated in the neighborhood section of this report.

The scope of work performed is considered sufficient to provide credible opinions and conclusions. However, due to the complex nature of the investigation process, it is possible that other information exists that was not available to us. No data discovered and considered relevant was omitted in the development of the value conclusions. As with any appraisal, future events can change the value after the effective date of the appraisal.

REGIONAL AND CITY ANALYSIS

The Fox Cities is a metropolitan area of approximately 180,000 persons residing in 11 contiguous communities located near the north shore of Lake Winnebago in northeastern Wisconsin. A general area map can be seen in the following pages.

The contiguous Fox Cities includes the Cities of Appleton, Neenah, Menasha and Kaukauna, as well as several other urbanized towns and villages, including the Town of Greenville. The travel time via expressway from one side of the Fox Cities to the other is approximately twenty minutes. For analysis purposes, the contiguous Fox Cities is generally considered one metropolitan area composed of several different municipalities. Therefore, the most relevant market area for this report is the entire Fox Cities area.

The contiguous Fox Cities are also part of the Appleton-Oshkosh standard metropolitan statistical area (SMSA), which encompasses the entire counties of Outagamie, Winnebago and Calumet, and is the third largest SMSA in the State of Wisconsin. Much of the statistical data is grouped by SMSA, and therefore this is also a relevant market area. This section of the report will examine the social, economic, governmental and environmental factors within the contiguous Fox Cities area and the SMSA which have an effect on local property values.

POPULATION AND DEMOGRAPHICS

A major social factor which has an effect on demand for property is population and demographic characteristics and trends. A growing population base will create present and future demand for housing units, and is also indicative of a strong employment base.

POPULATION

The following table summarizes the census data for the contiguous Fox Cities, the SMSA, and the state for 1980 and 1990, in addition to population projections for 2006.

	1980 Census	1990 Census	1980-90 Percent Change	1990-00 Percent Change	2006 Projection
Fox Cities Area Total	**164,314**	**180,411**	**9.8%**	**12.7%**	**16,506**
City of Neenah	22,432	23,219	3.5%	6%	24,185
City of Menasha	14,748	14,711	-0.30%	10.1%	15,708
City of Kaukauna	11,310	11,982	5.90%	6.6%	12,940
Village of Little Chute	7,907	9,207	16.40%	14%	11,170
Village of Kimberly	5,881	5,406	-8.10%	8.2%	5,790
Village of Combined Locks	2,573	2,190	-14.90%	6.8%	2,092
Village of Hortonville	2,016	2,029	0.60%	19.7%	2,408
Village of Sherwood	372	837	125.00%	53.6%	1,041
Town of Grand Chute	9,529	14,490	52.10%	26.6%	19,463
Town of Menasha	12,307	13,975	13.60%	10.2%	16,516
Town of Greenville	3,310	3,806	15.00%	52.7%	5,117
Town of Buchanan	1,742	2,484	42.60%	94.8%	3,625
Town of Harrison	3,521	3,195	-9.30%	45.9%	3,674
Town of Neenah	2,864	2,691	-6.00%	8.8%	2,838
Town of Clayton	2,353	2,264	-3.80%	17.9%	2,467
Town of Vandenbroek	1,538	1,291	-16.10%	9.2%	1,360
Town of Kaukauna	998	939	-5.90%	14%	1,093
Fox Cities-Oshkosh MSA	291,369	315,121	8.20%	11.7%	351,823
County of Calumet	30,867	34,291	11.10%	14.6%	37,114
County of Outagamie	128,730	140,510	9.20%	12.4%	159,912
County of Winnebago	131,772	140,320	6.50%	10.2%	154,797
State of Wisconsin	4,705,642	4,891,769	4.00%	7.8%	5,409,436

Source: Wisconsin State Department of Administration, Demographic Services Center, Wisconsin Population Projections City, Town, Village, (Projections by Total Estimates)

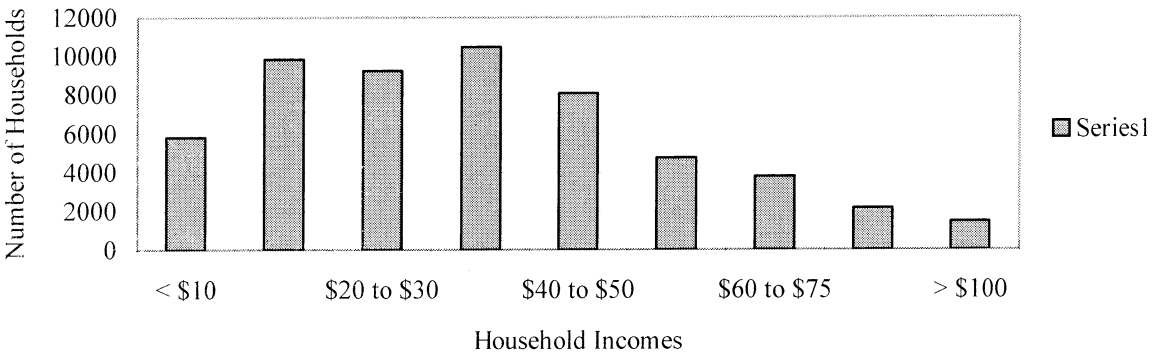
The data shows steady population growth from 1980 to present. The respective growth rates for the Fox Cities and the SMSA from 1980 to 1990 was 9.8 percent and from 1990 to 2000 was at 12.7%. This is the second fastest growth rate among the ten major metro areas in the State of Wisconsin and one of the fastest growing areas in the Midwest.

Similar growth rates of 9.9 and 9.1 percent are projected from the years 1990 to 2001. However, the growth from 1990 to 1995 has already exceeded the prorated projections, as can be seen in the above table, and therefore the actual population for the Year 2006 will likely be higher. In summary, the area has been growing at a steady rate of around one- percent per year, with similar growth likely to continue at least through the Year 2006. This growth should ensure consistent demand for housing units and commercial property through 2006.

INCOME DATA

Another pertinent demographic factor is household income, in that a typical, bell shaped curve is a positive indication of an even income distribution and a healthy local economy. The following graph demonstrates the 1990 household income data for the Fox Cities area.

1990 HOUSEHOLD INCOME DISTRIBUTION



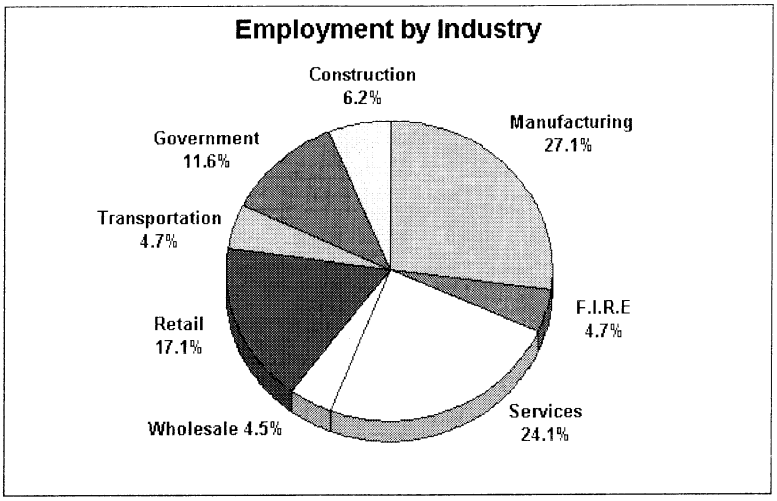
As can be seen in the graph, there is an even distribution of income in the area with many good paying jobs. In a more recent survey, the Fox Cities SMSA ranked 141st out of 316 in terms of total effective buying income (EBI), by *Demographics USA City Edition 1995.* At $40,179, the area ranked 69th in median household EBI by the same study, which places it in the upper quartile of the 316 largest communities.

ECONOMIC FORCES

Economic forces are interrelated to population and demographics characteristics, in that a strong job market normally creates population growth and sufficient income to rent or buy housing units, as well as demand for industrial or commercial properties. The Fox Cities economy has outperformed the state and the country in recent years, and has avoided any major economic downturns.

EMPLOYMENT DATA

For statistical purposes, most of the area's employment data is categorized by the SMSA. The following pie chart summarizes the major SMSA standard industrial classification categories for 1999.



The total labor force size is approximately 211,000, of which 180,000 is non-farm employment. A major segment of the local economy is paper and related industries. The paper industry currently accounts for over ten percent of area employment, and has remained consistent as a percentage over the past 15 years.

Other major manufacturing type industries include printing and graphic arts, machinery, metals, and food processing. Major service industries include insurance and financial institutions. The area is dominated by manufacturing with approximately 33 percent of employment, but also has segments in services at 45 percent, trade at 26 percent, and government at 23 percent. This balance helps the area to avoid major recessions due to a slowdown in any one sector.

MAJOR EMPLOYERS

The following table lists the current major Fox Cities employers. As the previous data would suggest, the major employers are focused in paper and related products. Nonetheless, these companies include relatively diverse industries such as tissue manufacturing, specialty paper and packaging. Although these are all classified as part of the paper industry, they really represent distinct markets that are not strongly related. Other major base companies include other manufacturing and insurance, which again add to the overall diversity and stability of the area.

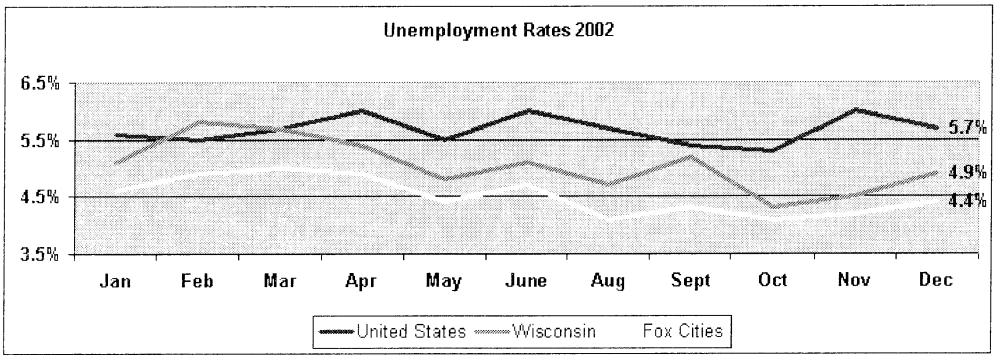
2000 MAJOR FOX CITIES EMPLOYERS		
Company	**Product**	**Number of Employees**
Kimberly-Clark Corporation	Tissue products for personal care	5,730
Plexus Corporation & Affiliates	Electronic design, manufacturing, and testing	2,477
Anchor Food Products, Inc.	Food processing	1,500
Pierce Manufacturing, Inc.	Fire and utility truck bodies	1,500
Appleton Papers Inc.	Carbonless and specialty papers	1,420
Miller Electric Mfg. Co.	Electric arc welders	1,300
Georgia Pacific Tissue	Paper napkins, table covers, etc.	1,290
Menasha Corporation	Corrugated containers	1,197
Inter national Paper	Specialty papers	1,100
Neenah Foundry Company	Gray and duc tile iron castings	985
Appleton LLC	Carbonless and specialty papers	900
Pechiney Plastic Packaging	Packaging cartons and wraps	850
Stora Enso-Kimberly Mill	Specialty Papers	850
Banta Corporation & Affiliates	Printer of books and periodicals, etc.	848
J.J. Keller & Associates, Inc.	Publishing and warehousing	800
Oscar J. Boldt Construction	Construction	700
Valley Packaging Industries	Packaging	700
Presto Products Company	Plastic bags and wraps	620
Outlook Graphics Corp.	Printing, mailing, converting and packaging	615
U.S. Oil Company, Inc.	Folding cartons	515
Graphic Packaging Corp.	Packaging	500

Source: 2000 Estimates of Local Employment
Fox Cities Chamber of Commerce
Source: 1998 Estimates of Local Employment Fox Cities Chamber of Commerce

LABOR FORCE

The total size of the SMSA labor force increased in size from 154,300 in 1980 to 211,300 in 1995, according to the Department of Labor, a 37 percent increase. According to the Wisconsin Department of Industry, Labor and Human Relations, total job growth for the labor planning area of Outagamie, Calumet and Waupaca Counties was projected to increase 29 percent from 1988 to 2000. Job growth for the labor planning area of Winnebago, Green Lake and Fond du Lac Counties is anticipated to be 16 percent for the same period. This would indicate continued job growth and stability in the area.

The SMSA unemployment rate has historically been lower than the comparable state and U.S. averages. The Unemployment rates from January 1999 to September 2000 are listed below. Many area employers have had recent difficulty in recruiting employees for entry level positions.



In summary, the employment outlook for the Fox Cities is favorable. Continued growth in the paper industry, combined with existing diversification should contribute to steady job and population growth. These factors will help to create additional demand for real estate in the Fox Cities area in the near future.

GOVERNMENTAL FORCES

Another area factor which has an affect on the housing market is the government composition and characteristics. Government actions can encourage or discourage demand and development within any single municipality.

The Fox Cities area is unique in that it is a conglomeration of contiguous communities, each with its own governmental bodies. Of the eleven communities, four are cities, three are villages and four are townships. Although boundary problems do arise periodically, these governmental bodies generally work well together and have avoided major disputes.

FINANCING AVAILABILITY

Another factor which has a substantial effect on real estate is the availability of financing. The most probable source of financing for local commercial projects is a local commercial or savings bank. The appraiser undertook a survey of the market to determine typical financing terms.

Typical terms are three to five year fixed rate notes, with a 15 to 25 year amortization with 20 years the norm. Commercial banks typically lend based on treasury rates, plus 250 to 375 basis points. These rates would generally vary from 5.0 to 7.0 percent, depending on current treasuries. Financing charges include a zero to one point loan origination fee. Maximum loan-to-value ratios range from 70 to 80 percent, depending on type of property. Institutional lenders are also in the market for some of the larger projects, with generally similar terms, but often fixed on a longer-term basis.

TRANSPORTATION LINKAGES

A final major environmental factor to be considered is the overall transportation availability. Transportation modes in the Fox Cities provide excellent access within the area and between and among other metropolitan areas. These linkages are discussed more specifically in the neighborhood section as they relate to the subject.

The major highway linkage in the area is U.S. Highway 41, a six lane north/south freeway running through the Fox Cities from Milwaukee to Green Bay. This highway provides good north to south access through most of the state. Highway 441, otherwise known as the Tri-County Expressway, was recently completed in 1993 and intersects Highway 41 in Menasha, crosses south Appleton, and extends through Kimberly and Little Chute back to Highway 41.

This has greatly improved access to the south side of Appleton and to the eastern Fox Cities, and has had a particularly positive effect on properties located on the southeast side of Appleton. The completion of Highway 441 has effectively created a loop in the Fox Cities that is still filling in.

Other major road improvements include the West Side Arterial that runs from Highway 76 in the Town of Grand Chute to Highway 114 in the Town of Neenah. This provides an alternative north/south route west of Highway 41, and also alleviates some of the traffic volume currently on that highway. Another major project is the widening of Highway 10 to four lanes, as well as an extension of Highway 76 to Northland Avenue. These will greatly improve access to the western portion of the Fox Cities, and are currently under way.

Outagamie County Airport is a Class A airport and serves United Express/Air Wisconsin, Northwest Airlines, Midwest Express, Maxair, and K.C. Aviation. Rail service is provided by Fox River Valley Railroad and Wisconsin Central Limited. Bus service includes Valley Transit within the Fox Cities and Greyhound Bus Lines to other areas of the country. The closest port is in Green Bay, approximately 25 miles to the north.

CONCLUSION

The area economy has been growing moderately in recent years and growth is expected to remain strong. This is turn has spurred population growth, housing growth and business growth.

Other area factors such as the local government character and composition, and transportation linkages have a positive effect on the subject. The government is stable with a typical level of services, and improving transportation linkages have improved overall access to the subject.

In conclusion, area characteristics indicate a stable market for the subject property, with no major social, economic, governmental, or environmental factors which would have a major negative effect, or cause any external obsolescence, due to area characteristics. The continued use would represent obsolescence.

Wisconsin, United States, North America

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AIRPORT ROAD FACING EAST

APPLETON ROAD FACING SOUTH

APPLETON ROAD FACING NORTH

NEIGHBORHOOD DATA

A neighborhood can generally be defined as a group of complementary land uses. Neighborhood characteristics and trends can positively or negatively affect a property's value. Therefore, it is relevant to examine a property within the context of its surroundings to determine the neighborhood's effect on the subject's value.

BOUNDARIES

The subject property is located at the southeast corner of Appleton Road or Highway 47 and Airport Road on the City of Menasha's north side. The neighborhood boundaries can best be defined as Highway 441 to the north, Ninth Street to the south, Grove Street to the east and Airport Road to the west. These areas represent natural geographical, transportational, and use type boundaries.

SURROUNDING IMPROVEMENTS

The subject is located along Appleton Road or Highway 47, which is of mixed-use including commercial and residential. The northeast corner has a small beauty shop, while the northwest corner has Kitz and Pfeil Hardware and the southwest corner is Affinity Health. Adjacent and to the south is a vacated health clinic facility and vacant land that is currently listed for sale. Adjacent and to the east is small dental clinic, east of which is a residential neighborhood of single-family and scattered two-family homes.

STAGE OF DEVELOPMENT AND TRENDS

The neighborhood is nearly eighty-five percent developed with commercial and residential. The trend along Highway 47 is commercial development with the transition from residential.

COMPATIBILITY AND ADAPTABILITY OF SUBJECT

The subject property is currently utilized as a fire station and is relatively compatible, however, could be developed to a higher and better use, due to its corner influence, proximity, and exposure and it represents an obsolete location and facility for the continued use.

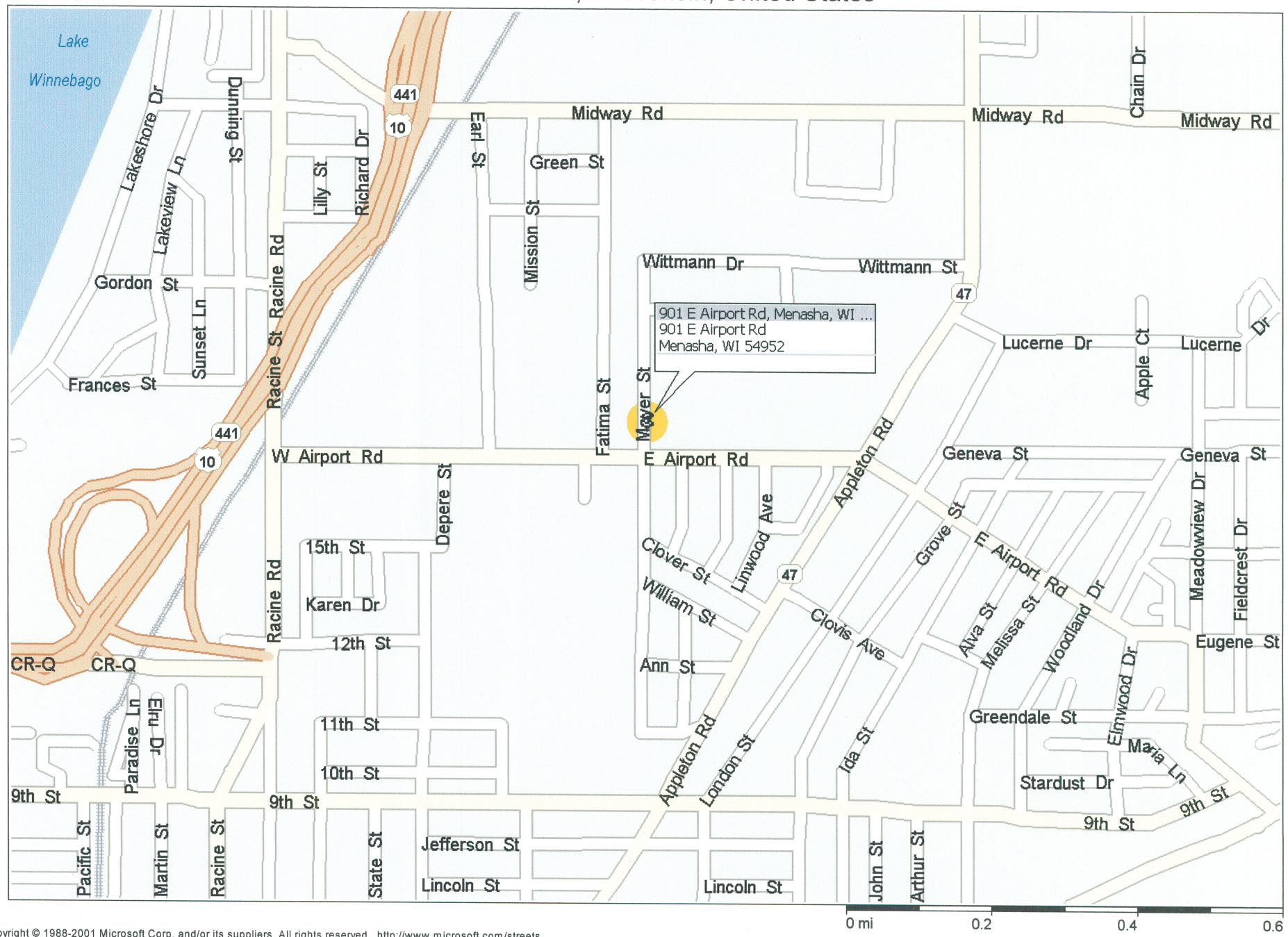
LINKAGES

The major transportational linkage in the area is Highway 441, located one to two miles to the north with an interchange at Appleton Road or Highway 47, which is also a major north/south artery connecting the Neenah and Menasha area to Appleton.

CONCLUSION

The subject is on a high profile corner and is currently improved with a fire station, and, is under utilizing the site. The building is somewhat dated and obsolete.

Menasha area, Wisconsin, United States



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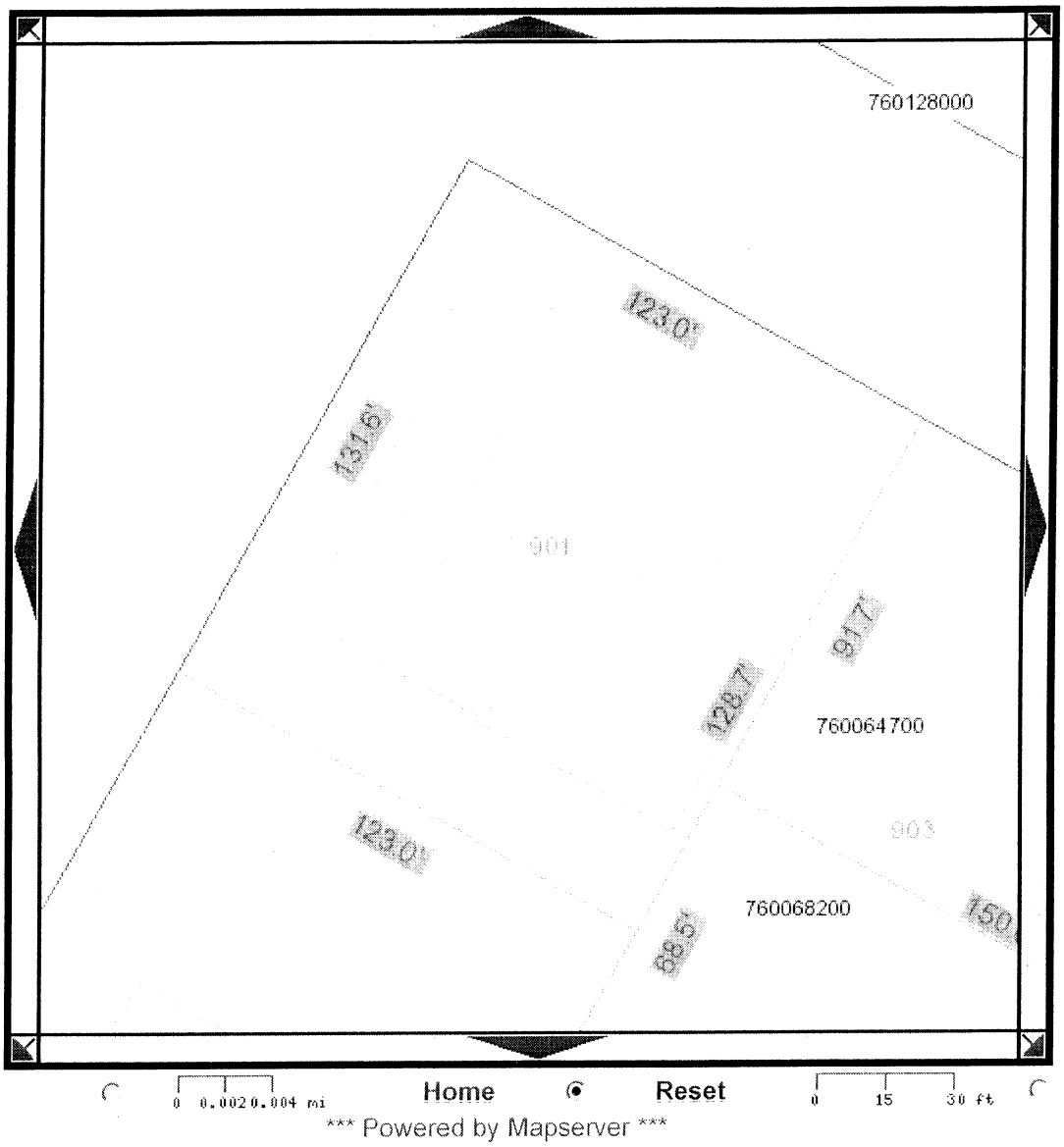
correct
this is not adjust for the difference in USGS

Winnebago County GIS Viewer and Property Profiler



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SITE DATA

SITE SIZE AND SHAPE

Per the municipality, the subject is rectangular parcel of land with 131.6' of frontage on Appleton Road/Highway 47 and 123' on Airport Road, for a total are of approximately 16,010.91 square feet, more or less. No survey was provided so the indicated lot size is assumed to be true and accurate for the purpose of this appraisal report and its final estimate of value. Per the assessor records

TOPOGRAPHY AND SOILS

The subject site has overall level topography and is on even grade with the surrounding sites. Soil borings were not taken for the purpose of this appraisal so it is assumed that the load-bearing characteristics of the subject site are typical for the region. Neither the subject nor the existing neighborhood buildings appear to be experiencing problems relating to the soil.

SITE IMPROVEMENTS

The site improvements include the building, asphalt and concrete paved areas, landscaping, flagpole and sign.

PUBLIC INFRASTRUCTURE

All utilities are available to the site including sanitary sewer, water, gas, electricity, and telephone service. The subject has frontage on Appleton Road, which is a four lane, asphalt paved road with curb and gutter, plus frontage and access off Airport Road, which is two-lane asphalt paved with curb and gutter. There are no known proposed public improvements.

ZONING

The subject site is presently zoned R1, Single Family Residential and is assumed to be in conformance with the local zoning regulations. The appraisal report and final estimate of value assumed zoning will be change for the building to be utilized as commercial with shop area.

FLOOD HAZARD AREA

The subject site does not appear to be located in the flood plain, according to FEMA map no. 550510 0005C, dated 1/5/84.

ENVIRONMENTAL CONDITIONS

Some the heating pipes are wrapped in asbestos with the appraisal assuming it is properly encapsulated with no environmental issues. The appraiser is not an expert in the identification of hazardous substances or detrimental environmental conditions. The appraiser's routine inspection and inquiries about the subject property did not develop any information that indicated any apparent significant hazardous substances or detrimental environmental conditions which would affect the property negatively. If the environmental condition of the subject is of concern to the client, it is recommended that an expert be contacted.

EASEMENTS/RESTRICTIONS/ENCROACHMENTS:

There are no known easements or restrictions on the subject property. No legal search was made by the appraisers, however, and it is the appraiser's recommendation that all of the easements, restrictions, and encroachments be legally researched and properly documented for the client.

DESCRIPTION OF IMPROVEMENTS

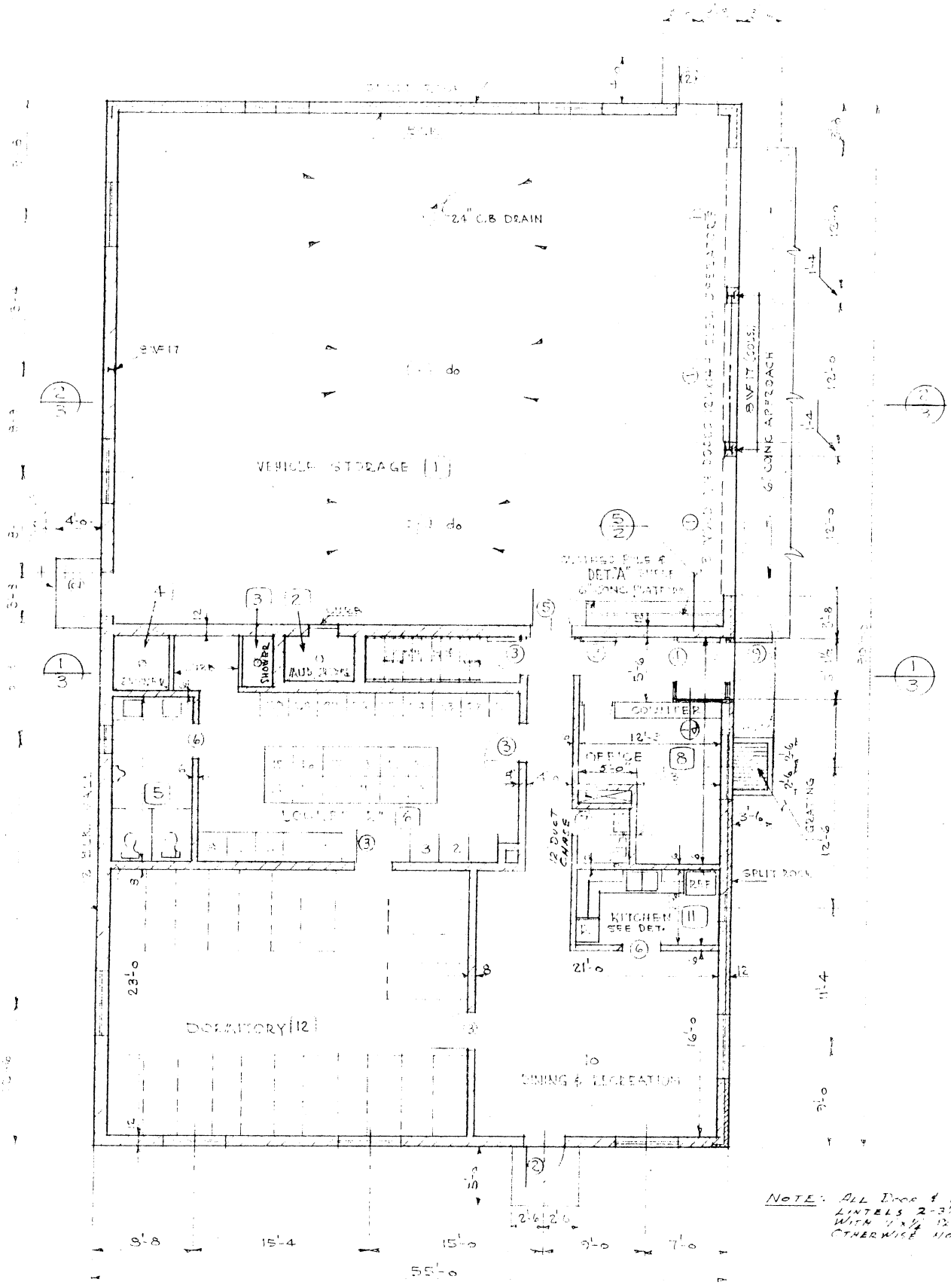
GENERAL DESCRIPTION:	The subject is currently utilized as three-bay fire station with all of the needed accommodation and a partial basement. A building sketch and subject photographs are included in the following pages.
GROSS BUILDING AREA:	Above grade: 4,950 square feet Basement: 2,475 square feet
USE:	Three-bay fire station
WINDOWS:	Awning and slide-by
ROOF:	Built-up
EXTERIOR WALLS:	Concrete block and split rock
EAVE HEIGHT:	Garage: 16' Office: 13'
INTERIOR:	Three-bay garage area with other area having a counter office, locker room, dormitory room, plus dining and recreation area with kitchen and restroom. See attached floor plan.
INTERIOR WALLS:	Plaster plus block
CEILING FINISH:	Ceiling tile and plaster
FLOOR COVERS:	Carpet and tile
HEATING/COOLING:	Hot water boiler system, plus forced air
LIGHTING:	Fluorescent
ELECTRICAL SERVICE:	Appears adequate for current use, indicating 150 amp

PLUMBING:	One restroom off lounge area with water closet and sink. Garage area has three catch basins, shower and janitorial sink. Locker room has two water closets, urinal, two sinks, plus shower. Kitchenette area, one drinking fountain, hot water heater.
AGE:	1968
PARKING:	Small employee parking area
ADDITIONAL FEATURES:	Three-bay shop with three-12'x14' overhead doors at grade. Each bay has a catch basin. Basement area.

GENERAL COMMENTS:

The subject is a somewhat older fire station facility with three bays and accommodating features plus partial basement. It is in overall average condition with some older features, however, is assumed to be structurally adequate with all mechanical equipment in working order.

The appraiser is not an expert in the identification of code violations for compliance with the Americans with Disabilities Act. If this is of concern to the client, it is recommended that an expert be contacted.



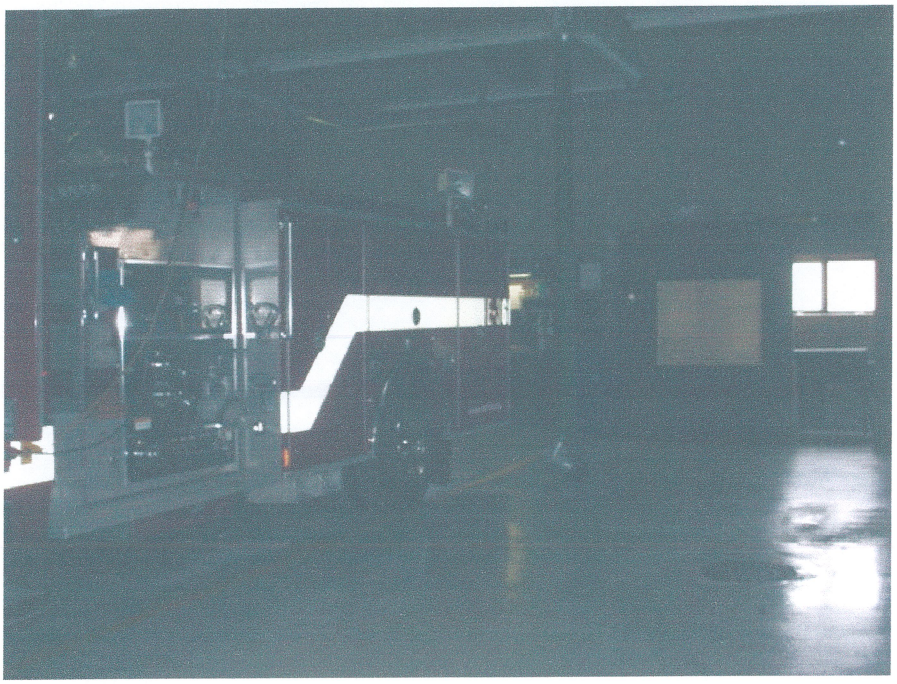
NOTE: ALL DOOR & WINDOW LINTELS 2-3½ x 3½ x ¼ WITH ¼ x ¼ PLT CALL OTHERWISE NOTED.

FIRST FLOOR PLAN

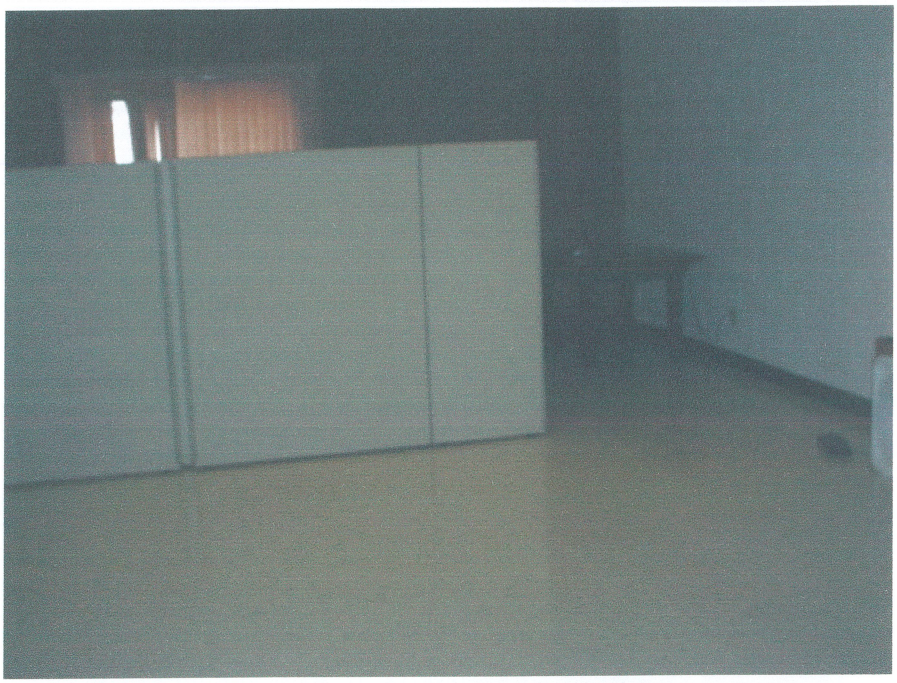
SUBJECT PROPERTY FACING SOUTHEAST
OFF APPLETON ROAD

SUBJECT PROPERTY FACING SOUTHWEST
OFF AIRPORT ROAD

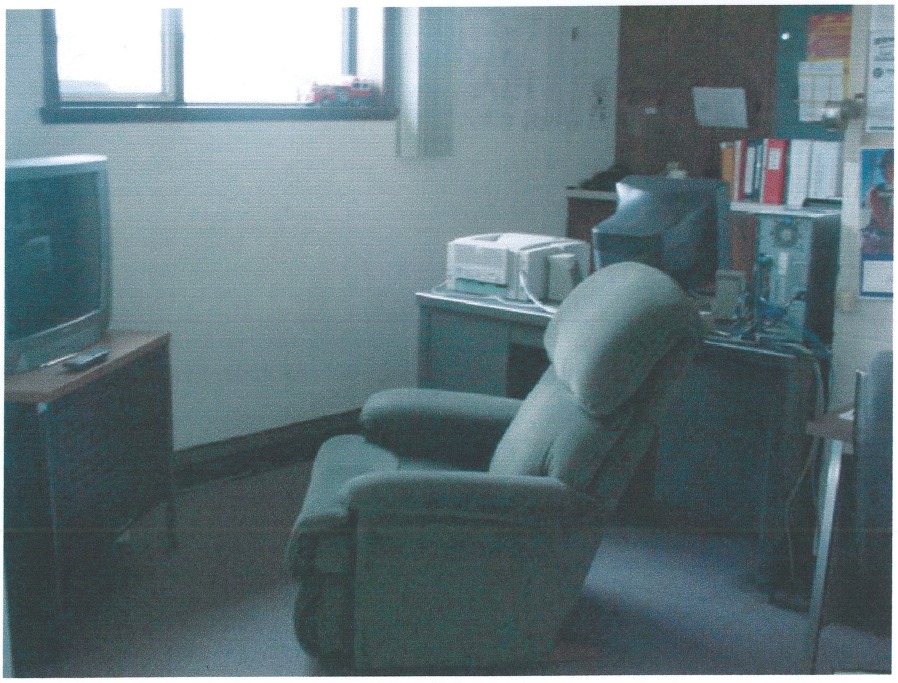
REAR VIEW OF SUBJECT FACING NORTHEAST OFF APPLETON ROAD



GARAGE AREA



DORMITORY AREA



OFFICE AREA

HIGHEST AND BEST USE

Highest and best use is defined as follows:

> The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.[3]

The highest and best use analysis involves two separate estimates: 1) the site as if vacant; and, 2) the property as improved. It is important to recognize that in some cases of improved properties, the highest and best use may be different from the existing use. The existing use will continue, however, until the land value in the highest and best as vacant use exceeds the total value of the property in its existing use plus any site preparation costs.

In summary, the physically possible and legally permissible use that maximizes the property value represents the highest and best use. The highest and best use is also important in that it establishes a basis of selection for the comparable sales.

HIGHEST AND BEST USE AS IF VACANT

The highest and best use assumes that the subject site is vacant or can be made vacant by the removal of any existing improvements. The subject site is a corner lot off Airport Road and Appleton Road or Highway 47, which is a major north/south artery providing good exposure and accessibility. The lot is of limited physical utility with 16,010.91 square feet, which would best accommodate a small retail or other commercial use where exposure is pertinent.

HIGHEST AND BEST USE AS IF IMPROVED

The subject site is currently improved with a fire station. The fire station is older, somewhat obsolete with relocation possible to better utilize the site, which is limited in size. The highest and best use would be to continue, however, based on the obsolescence the property could be marketed as vacant land or a complimentary use, such as an office or small retail where a combination of office and garage area is needed. The appraisal report will determine whether or not the highest and best use is as if vacant, based on whether or not the land value is higher than the value of the building and land together including razing cost. The assignment is based on the sale of the property, so, as a result, the highest and best use improvement would be as office/retail with shop or garage, assuming it could be rezoned.

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[3] *Dictionary of Real Estate Appraisal,* p. 171.

THE APPRAISAL PROCESS

The appraiser should consider three approaches to value in every appraisal assignment. These are the:

Cost Approach

Sales Comparison Approach

Income Capitalization Approach

The cost approach is based on the economic principal of substitution, in that an informed purchaser would pay no more for a property than the cost of producing a substitute property with the same physical, functional and economic utility. This approach is particularly applicable when the property being appraised is relatively new, and represents the highest and best use of the land, or when relatively unique or specialized improvements are located on the site for which there are little sales or income data.

The sales comparison approach is also based on the principal of substitution in that an informed buyer would pay no more for a property than the cost of acquiring an existing property with the same utility. This approach is most applicable when an active market provides sufficient quantities of reliable and verifiable sales data. This approach can be unreliable in an inactive market, or in estimating the value of properties for which comparable sales data cannot be verified with the principals to the transaction.

The income capitalization approach is based on the economic principal of anticipation, which assumes a property is worth no more that the present value of the anticipated economic benefits. This approach is widely applied in appraising income-producing properties, where the appraiser capitalizes the current income stream or discounts the projected income.

The building is somewhat older and obsolete as a fire station, however, the Cost Approach will be developed as a guide. In addition, several different types of buildings sales will be considered and adjusted along with rental data.

COST APPROACH

The cost approach to value reflects market thinking by recognizing that market participants relate value to cost. Buyers tend to judge the value of an existing structure by the considering the prices and rents of similar buildings and the cost to create a new building with optimal physical and functional utility. Moreover, buyers adjust the prices they are willing to pay by estimating the costs to bring an existing structure up to the level of physical and functional utility they desire. Therefore, in applying the cost approach, the appraisers attempt to estimate the difference in worth to the buyer between the property being appraised and a newly constructed building with optimal utility.[4]

The first step in the cost approach is to estimate the site value. The appraiser then estimates the replacement cost of the improvements, and finally estimates any physical depreciation, functional or economic obsolescence applicable to the property.

SITE VALUE

Site value is estimated through the sales comparison approach, which is the process in which sales or listings of similar properties are used in order to estimate market value. The appraiser makes adjustments to the comparables based on factors that affect value such as property rights conveyed, motivations of buyers and sellers, financing terms, market conditions, location, size and other physical features. The adjusted values are then reconciled into a subject value estimate.

In developing a land value, several sales of commercial sites throughout the Neenah, Menasha and Fox Valley area were analyzed and considered.

The subject site is a rectangular parcel of land with a gross area of 16,010.91 square feet, more or less. The following sales were utilized with each sale adjusted for such items as time, location-site/view (size, shape, utility, accessibility, and exposure). It should be indicated the land value is based on the site improved with the current structure.

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[4] *The Appraisal of Real Estate,* 9th Edition, American Institute of Real Estate Appraisers, 1987, p.345.

LAND SALE #1

Address....:	1049 Appleton Road Town of Menasha
Parcel No.	008-1582
File No.:	C139-2002
Grantor:	
Grantee:	Gene R. Kuchenbecker

SALES INFO.

Selling Price.....:	$100,000	Document #..:	WD
Date.....:	3/01	Lot Size.....:	29,250 sf
Price/SF.....:	$3.42	Zoning.....:	B-3
Price/Acre.....:	N/A	Muni. Serv...:	Available

Comments: Adjacent site to Best Beverage Mart – building razed and donated to fire department, approximately excavating cost $4,800.

LAND SALE #2

Address....:	1240 Appleton Road Menasha, WI
Parcel #....:	4-00922-00
Grantor:	Joseph C. and Cynthia Ferraro
Grantee:	Grieshaber Main Street Partnership

SALES INFO.

Selling Price.....:	$140,000	Document #..:	WD 053113
Date.....:	3/99	Lot Size.....:	40,273 sf
Price/SF.....:	$3.48	Zoning.....:	Commercial
		Muni. Serv...:	Available

Comments: Future site of Tom's Drive Inn

LAND SALE #3

Address....:	N. Richmond Street Appleton, WI
Parcel #....:	31-5-9483-21
Grantor:	Matt Gamerdinger
Grantee:	Coffee Shack, LLC

SALES INFO.

Selling Price.....:	$98,000	Document #..:	WD #1690858
Date.....:	12/1/2005	Lot Size.....:	18,338 sf
Price/SF.....:	$5.34	Zoning.....:	C2
Price/Acre.....:	n/a	Muni. Serv...:	All

LAND SALE #4

Address....:	700 W. Brewster Street Appleton, WI
Parcel #....:	31-5-2436-00; 31-5-2434-00
Grantor:	Raymond E. Nussbaum
Grantee:	Jerome Kunstman

SALES INFO.

Selling Price.....:	$57,100	Document #..:	WD 1607388
Date.....:	4/13/04	Lot Size.....:	13,464 sf
Price/SF.....:	$4.24	Zoning.....:	C2
Price/Acre.....:	N/A	Muni. Serv...:	All

Comments:

City of Appleton

LAND SALE ADJUSTMENTS

Land Sale Adjustment Grid

Sale Number	#1	#2	#3	#4
Price per SF	$3.42	$3.48	$5.34	$4.24
Market Conditions (3%/Yr)	+15%	+21%	+1%	+6%
TIME ADJUSTED PRICE	$3.93	$4.21	$5.39	$4.49
Physical Adjustments:				
Location/Neighborhood	=	-10%	-25%	-10%
Size	+5%	+5%	=	=
Physical Characteristics	+15%	+15%	+15%	+15%
Total Adjustments	+20%	+10%	-10%	+5%
INDICATED VALUE	$4.72	$4.63	$4.85	$4.71

Property Rights Conveyed/Conditions of Sale/Special Financing: None of these sales contained any known special financing, and as a result, cash equivalency is not applicable and therefore not developed. All sales are assumed to be arm's length with no special conditions and for the fee simple interest, unless stated otherwise.

Market Conditions: Land values in the area have been appreciating moderately. Therefore, an annual inflation rate of three percent was used to adjust the comparable sales. Some of the sales are older, however, were utilized because there were very comparable in location and proximity, and with the indicated time adjustment are very reflective of the subject value.

Location/Neighborhood: The sales were adjusted for overall location, neighborhood and proximity. The subject is centrally located in a mixed-use commercial and residential neighborhood.

Site Size: Larger sites tend to sell for less on a per square foot basis. The comparable sales are adjusted appropriately. Also considering utility for development, with the subject being small.

Physical Characteristics: The comparable sales are similar sites with no major constraints to development. This section also takes into consideration shape, frontage, corner influence and overall utility. The subject is a corner lot with somewhat limited size for overall utility for development.

CORRELATION OF LAND VALUE

In arriving at a land value, several sales were considered with four sales developed. The four sales are comparable sites that had an adjusted value range from $4.63 to $4.85 with a value of $4.75 established for the subject land.

In addition, to the sales there were some listings also considered. There currently a listing at 1312 Appleton Road, Menasha that has a home on a 1.0 acre site listed at $5.51 per square foot in a superior location. Another site just to the south of the subject contains 17,859.6 square feet and is currently listed at $2.80 per square foot for an inferior site with the subject being a corner lot.

THEREFORE:

16,010.91 sq.ft. x $4.75/sf = $76,052, rounded, $76,000

As a result, the value of the land as of April 13, 2006 was estimated to be:

$76,000

REPLACEMENT COST ESTIMATE

The second major step of the cost approach is to estimate the replacement cost of the building and site improvements. Replacement cost is defined as "the estimated cost to construct, at current prices as of the effective appraisal date, a building with utility equivalent to the building being appraised, using modern materials and current standards, design and layout."[5]

In arriving at a replacement cost for the subject building, the appraiser relied primarily on the Marshall Valuation Service, with additional support provided by the actual cost of similar facilities appraised by this firm were also reviewed to justify and reinforce the value developed through the manuals.

---

[5] *Dictionary of Real Estate Appraisal,* p. 303.

BUILDING COST

The building cost was developed by a range of fire station or shop building descriptions through the Marshall and Swift Cost Guide. Adjustments are then made to reflect differences in building height, perimeter, local cost, and the current cost. The product of these adjustments results in an adjusted cost estimate of $69.96 per square foot (includes basement area), which falls within the range of other newly constructed buildings in the Fox Valley area that are similar to the subject and have been appraised by this firm.

SITE IMPROVEMENTS

Site improvements that are not part of the cost estimates include asphalt paving, sign, sidewalks, site lighting, and landscaping. Based on the Marshall and Swift Manual as well as actual cost for the subject and other similar buildings, the depreciated contributory value of these items is estimated to be $15,000.

DEPRECIATION AND OBSOLESCENCE

The final step in the cost approach is to estimate the amount of deterioration and obsolescence attributable to the building improvements, which can be broken down into physical deterioration, functional obsolescence, and economic obsolescence. The equipment value and site improvement were already estimated on a depreciated basis, and therefore no further deductions are applicable.

PHYSICAL DETERIORATION

Physical deterioration or depreciation is a reduction in utility resulting from an impairment of physical condition. For the purpose of appraisal analysis, it is most common and convenient to divide physical deterioration into curable and incurable components. Curable depreciation is economically feasible to cure. In other words, if the value added to the property is greater than the cost of the repair, then the depreciation is curable. Incurable depreciation cannot be economically corrected

In developing incurable depreciation, the age-life method was utilized. This is established by estimating the total life expectancy of the building, as well as the effective age based on the condition of the property on the date of inspection. The relationship of the effective age to the whole-life estimate determines the proportion of the life of the structure that is gone. As a result, by dividing the effective age into the estimated useful life of the building, the depreciated value due to the physical deterioration can been determined.

The subject building was built in 1968, has several original features, however, and is structurally adequate with the mechanical equipment appearing to be in good working order. As a result, based on the age-life method physical deprecation was estimated to be thirty five percent.

FUNCTIONAL OBSOLESCENCE

Functional obsolescence results from deficiencies or superadequacies in the structure. This can also be broken down into curable and incurable components.

The subject is a functional obsolete three-bay fire station that has a cost of conversion to another use, which is anticipated to be small commercial retail with bay areas required. Based on this premise, there is functional obsolescence estimated at twenty-five percent.

ECONOMIC OBSOLESCENCE

Economic or external obsolescence is a defect caused by influences outside of a site, and generally incurable. Most typically this results from neighborhood changes or changes in the economic health of a community.

The neighborhood is growing, and surrounding improvements are reasonably compatible and in good repair. In addition, the economic health of the Fox Cities remains strong. The building is however, a current fire station, which would acquire a cost of conversion on the open market with obsolescence. As a result, economic obsolescence is estimated to fifteen percent, with part of economic already considered in the functional obsolescence section.

SUMMARY OF COST APPROACH

Estimated Total Replacement Cost of the Improvements:			
Building: 4,950 SF @ $69.96			$346,302
(Basement area included)			
Less: Depreciation and Obsolescence			
Physical	(35%)	$121,206	
Functional	(25%)	$ 86,576	
Economic	(15%)	$ 51,945	
Total Depreciation			-$259,727
Total Depreciated Value of Building			$ 86,575
Depreciated Value of Site Improvements			$ 15,000
Value of Land			$ 76,000
Estimated Value by the Cost Approach			$177,575, rounded, $178,000

The above figures are based on the indicated cost manuals. The actual cost of the property was also reviewed and analyzed to justify and reinforce the cost figures developed through the manuals.

As a result, the value by the Cost Approach as of April 13, 2006 was estimated to be:

$178,000

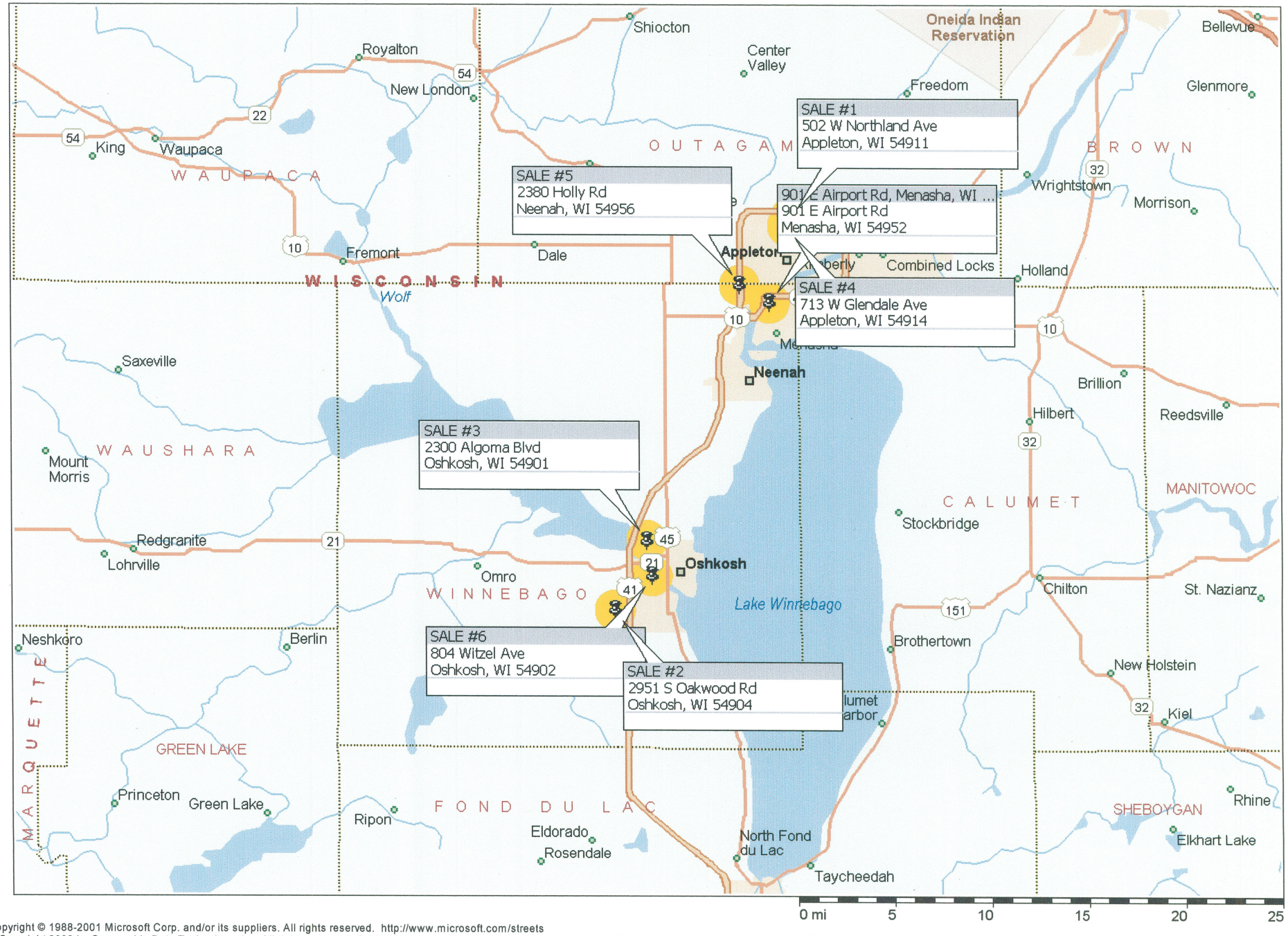
SALES COMPARISON APPROACH

As previously discussed in the site value section, the sales comparison or market data approach compares the sales of similar properties to formulate a market value for the subject property. The appraiser makes adjustments to the comparables based on factors that affect value such as property rights conveyed, motivations of buyers and sellers, financing terms, market conditions, location, size and other physical features. The adjusted values are then reconciled into a value opinion. This approach is based on the premise that a buyer would pay no more for a property than the cost of acquiring an equally desirable existing property.

COMPARABLE SALES DATA

In developing a value by the sales comparison approach, the appraiser researched the area for sales of similar type buildings. The subject is a fire station with no other known fire station sales, (except Sale 1) and, as a result, similar use property sales were reviewed, analyzed and considered, where the use is a combination of retail or office with three-bay shop attached. The following pages include information on several of these sales, followed by an explanation of adjustments.

Wisconsin, United States, North America



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Sale #1

BUILDING TYPE: Vacated Municipal Town Hall
BUILDING NAME: Grand Chute Town Hall

Address....: 502 W. Northland Avenue
Town of Grand Chute

File #.....: C175-03

Grantor: Town of Grand Chute
Grantee: Steve Winters/Rollie Winter

SALES INFO.

Sale Price.....: $570,000*
Sale Date.....: 11/3/03
Gross SF.....: See Below
Price/ Gross SF.....: See Below
Document #.....: WD
Terms.....:

SPECS.

Net SF.....: n/a
Lot Size.....: 106,789 sf
Zoning.....: CL
Muni. Serv...: Available
No. Stories...: 1-story
Eave Height.: See below
Age.....: See below

Comments: Three buildings with specification listed below:
Main Building/Town Hall: 9,620 sf, built in 1951, 5 overhead doors with truck bays, fire truck area.
Shop building: 7,200 sf, functional repair/shop, small office, overhead doors 20' eave height, block, steel, built in 1989
Residential building: Used as office space, 1,096 sf, built in 1952
Sale price has a partial leaseback agreement included. Total Price/SF: $31.82

Sale #2

BUILDING TYPE:Office/Warehouse
BUILDING NAME: Athlete Foot Office/Warehouse

Address....: 2951 S. Oakwood Road
Oshkosh, WI

Parcel #....: 13-2910-3002

Grantor: David W. Spanbauer LLC
Grantee: Beez Properties LLC

SALES INFO.

Sale Price.....: $215,000
Sale Date.....: 9/30/2004
Gross SF.....: 4,312 sf
Price/ Gross SF.....: $49.86
Document #.....: WD #1329725

SPECS.

Net SF.....: n/a
Lot Size.....: 43,560 sf
Zoning.....: Commercial
Muni. Serv...: Available
Eave Height: One-story
Age.....: 1998
Const. Type.: Masonry

Comments: Office and warehouse shop facility on slab with 3,000 sf shop area, approx. 1,300 office area. 3 offices, receptionist area, conference room. Shop is heated with restrooms.

Sale # 3

BUILDING TYPE:Office/Warehouse
BUILDING NAME: OEC Graphics

Address....: 2300 Algoma Blvd.
Oshkosh, WI

Parcel #....: 12-140-900-00

Grantor: Robert & Nancy Albright
Grantee: Paul Redemann

SALES INFO.

Sale Price.....: $190,000
Sale Date.....: 6/17/02
Gross SF.....: 5,130 sf
Price/ Gross SF.....: $37.03
Document #.....: WD 1187627

SPECS.

Net SF.....: n/a
Lot Size.....: 32,559 sf
Zoning.....: Commercial
Muni. Serv...: Available
No. Stories...: 1-story
Eave Height.: 14'
Age.....: 1920
Const. Type.: Mason/Block
% Finished: 41% office

Comments: 1- story office/warehouse with no basement area. Flat roof

Sale # 4

BUILDING TYPE: Light Industrial
BUILDING NAME:

Address....:	713-725 W. Glendale Appleton, WI
Parcel #....	31-5-2376-00 31-5-2377-00 31-5-2378-00
File #.....:	C22-2002
Grantor:	Norbert M. Luebke
Grantee:	Mark Stuyvenberg

SALES INFO.

Sale Price.....:	$245,000
Sale Date.....:	3/1/02
Gross SF.....:	6,000 sf
Price/ Gross SF.....:	$40.83
Document #.....:	WD
Terms.....:	

SPECS.

Net SF.....:	n/a
Lot Size.....:	22,500 sf
Zoning.....:	M-2
Muni. Serv...:	Available
No. Stories...:	1-story
Eave Height.:	14'
Age.....:	1946
Const. Type.:	Concrete block
% Finished..:	13%

Comments: Light industrial or commercial building having 2-12'x12' overhead doors

Sale #5

BUILDING TYPE: Office/Shop
BUILDING NAME: Aerial Works Platform

Address....: 2380 Holly Road
Town of Menasha, WI

Parcel #....: 008-011902

Grantor: David G. and Susan G. Hildebrand
Grantee: Holly Road Investments

SALES INFO.

Sale Price.....: $225,000
Sale Date.....: 4/1/2003
Gross SF.....: 5,460 sf
Price/ Gross SF.....: $41.21
Document #.....: LC
Terms.....:

SPECS.

Net SF.....: n/a
Lot Size.....: 40,296 sf or .925 acres
Zoning.....: M-2
Muni. Serv...: Available
No. Stories...: One-story
Eave Height.: 12' to 14'
Age.....: 1957
Const. Type.: Block plus pre-engineered

Comments: Block and pre-engineered office and shop facility on slab with 7 overhead doors. Lease at $4.62/sf, triple net rent.

Sale #6

BUILDING TYPE: Auto Service Garage
BUILDING NAME: Auto Authority Repair Shop

Address....: 804 Witzel
Oshkosh, WI

Parcel #....: 06-060967-0100

Grantor: EC Merrill Inc
Grantee: Auto Authority Properties LLC

SALES INFO.

Sale Price.....: $210,000
Sale Date.....: 7/31/2003
Gross SF.....: 4,184 sf
Price/ Gross SF.....: $50.19
Document #.....: WD 1271860

SPECS.

Net SF.....: n/a
Lot Size.....: 45,035 sf
Zoning.....: M-2
Muni. Serv...: Available
Eave Height: 1-story
Age.....: 1963
Const. Type.: Block

Comments: Auto service garage

COMPARABLE BUILDING SALE ADJUSTMENTS

Sale Adjustment Grid

Sale Number	#1	#2	#3	#4	#5	#6
Price per sq.ft.	$31.82	$49.86	$37.03	$40.83	$41.21	$50.19
Market Conditions (3%/Yr)	+7%	+5%	+11.5%	+12%	+9%	+8%
TIME ADJUSTED PRICE	$34.05	$52.35	$41.29	$45.73	$44.92	$54.21
Physical Adjustments:						
Location/Lot Size	-15%	-10%	-10%	-5%	-5%	-15%
Age & Condition	+5%	-20%	+10%	=	=	-10%
Size	+20%	=	=	=	=	=
Use/Quality/Funct. Utility	-10%	-10%	-20%	-15%	-15%	-15%
Total Adjustments	0%	-40%	-20%	-20%	-20%	-40%
INDICATED VALUE	$34.05	$31.41	$33.03	$36.58	$35.94	$32.52

Property Rights Conveyed/Conditions of Sale/Special Financing: None of these sales contained any known special financing so, as a result, cash equivalency is not applicable and therefore not developed. All sales are assumed to be arm's length with no special conditions and for the fee simple interest, unless stated otherwise.

Market Conditions: Property values in the area have been appreciating moderately. Overall values of existing properties have generally increased two to three percent per year. This is similar to overall consumer price index increases, and three percent per year is estimated as a reasonable appreciation rate.

Location/Lot Size: The location adjustment is based on the estimated land value per square foot of building area. This section takes into consideration overall location, neighborhood and proximity. The subject is in a good location on a well traveled street, on a corner lot of somewhat limited size for development, all of which are considered within this section.

Age & Condition: The age and condition adjustments are approximately based on estimated effective age at the time of sale.

Size: Larger buildings have a tendency to sell for less per square foot.

Quality/Use: Quality/use adjustments are based on estimated replacement cost of the buildings. Functional utility which includes layout and use in also considered in this section. The subject does have functional obsolescence, however, does have a three-bay shop and accommodating area that could be converted to office or retail, plus a partial basement, all of which are considered within this section.

RECONCILIATION OF COMPARABLE SALES

In arriving at a value for the subject property by the Market Data Approach, several sales of comparable type properties throughout the Fox Valley area were analyzed and considered with six sales developed. Each sale was adjusted for such items as time, financing, location, site improvements and building characteristics.

Based on the above adjustments, the sales had an adjusted value range from $31.41 to $36.58. The sales weighted nearly equal in establishing a value of $34.00 per square foot for the subject. The resultant value calculation is as follows:

4,950 sq. ft. @ $34.00/sf = $168,300, rounded, $168,000

In addition to the sales comparables, several similar type properties that were appraised over the past three years were also analyzed and compared to the subject to justify and reinforce the value developed by the sales.

As a result, the value by the Market Data Approach as of April 13, 2006 was estimated to be:

$168,000

INCOME CAPITALIZATION APPROACH

Value can be defined as the present worth of all anticipated future benefits. The income capitalization approach is based on the value of the property from the standpoint of the investor, taking into consideration the potential cash flow of the property and the income stream over a specified period of time. There are two major types of income capitalization, namely, direct and yield capitalization.

Direct capitalization converts a single year's income into a value estimate. In this technique, the appraiser derives capitalization rates from market data, utilizing recent sales, the band-of-investment approach, or other methods. The current income is then divided by the estimated rate to derive an overall value estimate.

An alternative to direct capitalization is yield capitalization, which converts projected future benefits into a present value estimate by applying an appropriate yield rate. The Band of Investment technique is based on assumptions as to what a typical mortgage lender and equity investor would require from a property. Included in the assumptions are estimated interest rates and terms, yield rate, holding period, and any changes in property value. This approach is most applicable in cases where the income stream values are stable or changing at a constant rate.

The discounted cash flow technique explicitly states income and value projections. These projected cash flows, along with the estimated reversion, are then discounted to present value by an appropriate discount rate. The discounted cash flow method is typically utilized when the cash flow stream is irregular or specific lease information is available.

PROJECTED INCOME

The subject property is owner-occupied with no current rental terms. Several market leases were considered and compared to the subject based on location, physical characteristics, and utilities provided and are summarized in the following table. The leases are for similar uses, where there is a mixture of garage and finished area that can be utilized as office or retail with 50% allocated to each other, plus a partial basement.

INDUSTRIAL							
Property	Starting Rent/SF	Tenant Size (SF)	Eave Height	Site Size (ac)	Age	Lease Year	Terms
W. Pershing, Appleton	$4.17	4,032	14	43561	1996	2000	C15-2000, single tenant, owner paying taxes
Plummer Ct. Neenah	$4.21	5,696	12	46595	1960	2000	C61-03 Owner pays expenses & tenant utilities. - month to month
Holly Road, T. Men	$4.62	5,460	14	40296	1957	2003	Triple net lease, shop/office
W. Everett, Appleton	$4.79	3,120	12	6807		2002	C81-02, Suite A $7.06, Suite B $3.39 - owner pays all expenses
S. Fieldcrest, Neenah	$4.91	11,367	16	1.32	2001	2006	C29-06 Pre-eng shop set up for 1 -3 tenants - Lessee pays utilities
8th Street, App	$4.93	3,364	10	32771	1962	2005	C22-05 office/shop area office area 2 yr 8 mn lease; mfg 2 yr 6 month 3-1-2005
Elm Drive, Little Chute	$5.00	8,000	20	1.03	1999	1999	5-year base, inc +5% every two years, distribution type facility

The above rents indicate an overall range of $4.17 to $5.00 per square foot on a triple-net basis. Based on the subject's location and physical characteristics, it is felt it would be in the estimated range of $ 4.50 to $4.75, with an estimated market rent of $4.65 established based on a triple net lease.

PROJECTED EXPENSES

Since the estimated rents are based on a triple net lease, the only deductions would be for a vacancy and collection loss, repairs for replacement fund and a management/leasing fee. According to local studies and the appraiser's own experience, industrial or shop space in the area is generally 85 to 98 percent or more occupied. Therefore, a stabilized vacancy/collection of loss of ten percent will be utilized in the projections.

The management/leasing fee is typically moderate for a single-tenant facility, in this case estimated to be two percent of potential gross. The replacement reserves for a building of this type are estimated at ten percent (based on current status use) of potential gross income with another three percent for miscellaneous expenses.

NET OPERATING INCOME CALCULATION:

Gross Annual Income 4,950 SF @ $4.65		$23,018
Less Vacancy Rate (10 %)		-$ 2,302
Effective Gross Income		$20,716
Less Operating Expenses:		
Repairs & Replacement/Misc. Fee (13%)	$2,693	
Management/Leasing Fee (2%)	$ 414	
Total Net Operating Expenses		-$ 3,107
NET OPERATING INCOME		$17,609

CAPITALIZATION RATE:

The next step is to develop an overall capitalization rate to arrive at a value for the subject. Several methods can be used to estimate an overall rate. This report will utilize a band-of-investment approach in addition to analyzing recent sales for overall rates. Under the band-of-investment method, an overall rate is obtained through a synthesis of mortgage and equity capitalization requirements. It is based on the premise that financing is typically involved in a real estate transaction and that equity investors seek to obtain the best available financial leverage. The rate developed is a weighted average of the return on investment required to provide a competitive equity return.

An overall rate can then be developed, as seen below. Based on recent transactions in the local market, the overall rate is based under the assumption that a typical buyer would go to the market for a commercial loan at approximately 7.75 percent with 25 percent down and a 20-year amortization. Considering these terms, the mortgage constant would be approximately .09852.

In addition to the debt financing is the equity position. The equity requirement should reflect the cash flow rate that will satisfy an equity investor in the current market. According to the surveys of local investors, most are willing to accept a lower cash flow rate, and are more concerned about long-term equity build-up. Based on these conversations and rates derived from comparable sales, a reasonable equity cash flow rate is thirteen percent, based on use and rental market, "as-is".

The band-of-investment rate can then be calculated as follows:

75% (LTV) x	.09852	(Mortgage Constant)	=	.07389
25% (1-LTV) x	.13	(Equity Cash Flow Rate)	=	.03250
Weighted Average				.10639

MARKET DERIVED CAPITALIZATION RATES

Based on the actual net operating income of the comparable sales, these properties had estimated overall rates of 9.5 to 11.5 percent. Commercial properties with similar leases to the subject had OAR's at the middle end of this range.

Based on the two methods, an overall rate of 10.65 was established.

CONCLUSION OF VALUE

In conclusion, the net operating income can then be capitalized by the indicated overall rate to arrive at an estimated value as follows:

$17,609 (NOI) / .1065 (OAR) = $165,343, rounded, $165,000

As a result, the estimated value by the income capitalization approach as of April 13, 2006 was:

$165,000

CORRELATION AND FINAL OPINION OF VALUE

The values arrived at by the three approaches to value as of April 13, 2006 were estimated to be:

Cost Approach	$178,000
Market Data Approach	$168,000
Income Approach	$165,000

The Cost Approach was developed by arriving at a replacement cost for the improvements and deducting for depreciation and obsolescence. This figure was added to the land value for the property, which was developed by the Market Data Approach. The Cost Approach is most applicable to newer improvements where the depreciation and obsolescence estimation does not have to be as heavily considered.

The subject property is older and obsolete, so the Cost Approach will be used primarily as a guide and justifies the fact that the highest and best use is to retain the building for a similar type use as office and shop space.

The sales comparison approach is arrived at by comparing the subject to similar properties that have recently sold on the market. Six sales were developed for a value by the sales comparison approach. The subject is a fire station with no identical sales, however, based on the overall use there was adequate sales data available with the Market Data Approach fully considered.

Income Capitalization is an appropriate approach when adequate income, expense, and capitalization date is available. Several comparable leases were analyzed to estimate a market rent level. In addition, there is adequate expense and capitalization rate evidence in the market to support the estimates. As a result, the Income Approach is also considered.

In conclusion, all three approaches to value were developed with most emphasis placed on the Market Data Approach, based on the assumption the property sold for a similar use, taking into consideration the physical characteristics and any cost of conversion. The Cost and Income Approaches were used as guide to justify and reinforce the value developed through the sales.

As a result of my investigation and analysis, the stabilized market value of the fee simple interest of the subject property as of April 13, 2006, is estimated to be:

$168,000

The appraisal report and final estimate of value does not include any personal property, equipment or business value. It is also not based on continued use, but rather alternate use in the open market, per the assignment assuming it can be utilized (per zoning), as mix use with commercial and shop.

David M. Johnson, SRA
Wisconsin Certified General Appraiser No. 57

CERTIFICATION

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limited 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 no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- I, David Johnson, have made a personal inspection of the property that is the subject of this report.
- No one provided significant professional assistance to the person signing this report.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relation to review by its duly authorized representatives.
- I am in compliance FIRREA 1989 requirements.
- As of the date of this report, I, David M. Johnson, have not completed the requirements of the continuing education program of the Appraisal Institute.

McClone Appraisal, Inc.

Appraisal Certified by:

DAVID M. JOHNSON, CCRA
Wisconsin Certified General Appraiser, No. 57

ASSUMPTIONS AND LIMITING CONDITIONS FOR SUMMARY APPRAISAL REPORT

1. No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.

2. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.

3. Responsible ownership and competent property management are assumed.

4. The information furnished by others is believed to be reliable, but no warranty is give for its accuracy.

5. All engineering studies are assumed to be correct. The plot plans and illustrative material in this report are included only to help the reader visualize the property. We have made no survey of the property and assume no responsibility in connection with such matters.

6. The description of any improvements made herein is based on a visual inspection, or, if proposed construction, from plan sheets and/or specifications provided with this assignment. No structural or mechanical tests have been made by the appraisers. It is therefore assumed that the improvements are as structurally sound as they appear and the plumbing, HVAC, and all other mechanical systems are in normal working condition unless specifically stated otherwise. Improvement descriptions within this report are to assist the reader in visualizing the physical property and are not intended to be utilized as specifications. If any physical factors of the land or improvements are to be matters for specific decision making, the adequacies (structural, mechanical or functional) of same should be confirmed with experts in these matters, such as soil engineers, HVAC engineers, structural engineers, etc.

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

8. It is assumed that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.

9. It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless nonconformity has been identified, described and considered in the appraisal report.

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

11. It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.

12. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation and other potentially hazardous materials may affect the value of the property. Value estimated is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

13. Any proposed improvements are assumed to have been completed unless otherwise stipulated; any construction is assumed to conform with the building plans referenced in the report.

14. The appraiser assumes that the reader or user of this report has been provided with copies of available building plans and all leases and amendments, if any, that encumbers the property.

15. This appraisal covers the described premises only. Neither the figures therein, no any analysis thereof, nor any unit values derived are to be construed as applicable to any other property, however similar.

16. Any value estimates provided in the report apply to the entire property, and any proration or division of the total into fractional interests will invalidate the value estimate, unless such proration or division of interests has been set forth in the report.

17. Any allocation of the total value estimated in this report between the land and the improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid is so used.

18. Possession of this report, or a copy thereof, does not carry with it the right of publication.

19. Neither all or any part of the contents of this report (especially any conclusions as to value) shall be used for any purposes by anyone but the client specified in the report, and shall not be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.

20. The appraiser, by reason of this appraisal, is not required to give further consultation or testimony or to be in attendance in court with reference to the property in question unless arrangements have been previously made.

21. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.

22. The appraiser assumes no accountability, obligation or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the appraisal assignment and related discussions. The appraiser is in no way to be responsible to third parties for any cost incurred to discover or correct any deficiencies of any type present in the property, physically, financially, and/or legally.

23. Property values are influenced by a large number of external factors. The information contained in the report comprises the pertinent data considered necessary to support the value estimate. We have not knowingly withheld any pertinent facts, but we do not guarantee that we have knowledge of all factors, which might influence the value of the subject property. Due the rapid changes in the external factors, the value estimate is considered reliable only as of the effective date of the appraisal

24. The value is estimated under the assumption that there will be no international or domestic political, economic or military actions that will seriously affect property values on a nationwide basis.

25. Although the mathematics of any computer output has been handchecked for accuracy, no guarantee is made of the program's infallibility.

26. Disclosure of the contents of the appraisal report is governed by the Bylaws and Regulations of the Appraisal Institute.

27. The American with Disabilities (ADA) became effective January 26, 1992. The appraiser has not made a specific compliance survey or analysis of the property to determine whether or not it is in conformity with the various detailed requirements of ADA. It is possible that a compliance survey of the property and a detailed analysis of the requirements of the ADA would reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative impact upon the value of the property. Since the appraiser has not direct evidence relating to this issue, possible noncompliance with the requirements of the ADA was not considered in estimating the value of the property.

Tax Parcel ID or Number: 6-00637-01

Owner: City Of Menasha
Parcel Address: 901 Airport Rd
Tax District: Winnebago County

2005 Tax Roll Information

2005 Land Value:	$ 0.00
2005 Improvements:	0.00
Parcel Total:	**0.00**

2005 Taxes

General Tax:	0.00
School Credit:	0.00
Lottery Credit:	0.00
Miscellaneous:	0.00
Special Assessments:	0.00
Net Tax:	**0.00**
Total:	**0.00**
Paid Amount:	0.00
Unpaid Amount:	**0.00**

If current year's property taxes are delinquent contact Finance Department for information on interest amount due. 967-5112

Month and day of last account activity:

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State of Wisconsin

DEPARTMENT OF REGULATION AND LICENSING
Committed to Equal Opportunity in Employment and Licensing

Credential

CERTIFIED GENERAL APPRAISER AND LICENSED APPRAISER

No: 57 - 010

Expires 12/14/2007

DAVID M JOHNSON
344 CHUTE ST
MENASHA WI 54952

The person whose name appears on this document has complied with the provisions of the Wisconsin Statutes and holds the credential specified above.

McClone
APPRAISAL, INC.
344 Chute Street
Menasha, Wisconsin 54952
Telephone: (920) 729-0229
Fax: (920) 729-5481

David M. Johnson, SRA, CCRA
Wisconsin Certified General Appraiser - No. 57
PRESIDENT

QUALIFICATIONS FOR
David M. Johnson, SRA, CCRA

EDUCATION:

University of Wisconsin - Oshkosh
B.B.A., Management

Completed all necessary educational and experience requirements to obtain and maintain a professional status. As of the date of this report, have not completed the requirements under the continuing education program of the Appraisal Institute.

Partial List of Continuing Education:
Rural Properties, The Uniform Commercial/Industrial Report, Fair Housing, Real Estate Practice, Feasibility Analysis and Highest and Best Use - Non-Residential Properties, Discounted Cash Flow, Professional Practice Courses A & B, Alternative Residential Reporting Forms, Real Estate Continuing Education

CERTIFICATION & DESIGNATIONS:

Wisconsin Certified General Appraiser - No. 57
Senior Residential Appraiser (SRA)
Certified Commercial Real Estate Appraiser (CCRA)

EMPLOYMENT HISTORY:

President of McClone Appraisal Services, Inc., 6/81 to Present
City of Appleton Assessors Office, 1974 - 1981

CLIENTS:

Anchor Bank, Firstar Bank, Associated Bank, F & M Bank, First National Bank, Great Midwest, M & I Bank, F.D.I.C, Cendant & Prudential Relocation, municipalities, State of Wisconsin D.O.T., attorneys, accountants, and individuals.

REAL ESTATE EXPERIENCE:

Appraisal experience includes single-family, small and large multi-family units, office, retail, industrial, warehouse, subdivisions, agricultural, & condemnation appraisals, expert witness in court testimony.

PROFESSIONAL AFFILIATIONS:

Member of Northeast Wisconsin Chapter of Appraisal Institute
Member of National Association of Real Estate Appraisers.
Member of the International Right-Away Association

ADDITIONAL BACKGROUND INFORMATION:

Past President, Vice-President, Secretary/Treasurer, Board of Director for Northeast Wisconsin Chapter of Appraisal Institute.

State of Wisconsin Licensed Real Estate Broker