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July 20, 2023

Rob Mattei, Director of Community Development
Grand Rapids Economic Development Authority
420 N. Pokegama Avenue
Grand Rapids, MN 55744

RE: Proposal for appraisal review services for Grand Rapids/Itasca County Airport-owned land (2 assignments),
Grand Rapids, Minnesota

Dear Mr. Mattei:

It was a pleasure to discuss your appraisal review needs with you yesterday. I am pleased to submit this proposal for appraisal review services. Following are the details:

Clients, Intended Users and Intended Use:

The clients for both appraisal review assignments would be Grand Rapids/Itasca County Airport and the Grand Rapids Economic Development Authority (GREDA). The Federal Aviation Administration (FAA) is an intended user, along with the clients. There are no other intended users for this appraisal review. Differing intended users and appraisal problems/assignments involve different assignment conditions, scope of work, and reporting requirements. Hence, the appraisal review as developed and reported is only for the intended users and stated use. No other party may use or rely upon any part of the appraisal report. Neither the appraisers nor Day Group LLC assume responsibility for any reliance by unintended users or uses of the appraisal.

The intended use of the appraisals would be for the purpose of the airport selling the land to GREDA.

Appraiser:

Jonathan Day, MAI would work on this project and he has had much experience with appraisal reviews involving airport land throughout the State of Minnesota. See my website at www.daygroupmn.com for background on myself and our firm. I have the knowledge and experience to complete the assignment competently. I have not completed any services pertaining to the subject properties within the prior three years, as an appraiser, appraisal reviewer, or in any other capacity.

Purpose - Type of Value:

The type of value appraised would be market value. A recognized definition of market value would be used.

Relevant Property Characteristics:

The subjects each are vacant and consist of a single tax parcel, having PIDs of 91-033-1406 and 91-033-4105.

Scope of Work and Assignment Conditions:

The appraisal reviews would be made in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) and within Compliance Guidance Letter 2018-03, Appraisal Standards for the Sale and Disposal of Federally Obligated Airport Property.

The analysis would encompass the completeness, adequacy, relevance, appropriateness, and reasonableness of the work under review, developed in the context of the requirements applicable to that work. The purpose would not be to simply complete an administrative review, but to complete a field review whereby the validity and reasonableness of the final valuation conclusions are the principal focal point. The ultimate intent of the review is to produce an adequately-documented appraisal and sound and valid recommendations for the value conclusions/allocations. Drive-by inspections of the subject and comparables would be completed, if required. The reviewer would secure necessary corrective material from the appraiser prior to the recommendation of the value conclusions, and accept or reject the submitted appraisal report. The review will rely upon the comparables selected by the original appraiser, and the reviewer will not complete any new detailed adjustment analysis. The reviewer will approve an appraised value, which is a higher level of work and responsibility above an appraisal review where no value is provided.

Report:

An Appraisal Review report would be provided. A succinct report would be furnished, which is not restating elements already included in the original appraisals. In addition to electronic pdf reports, one hardcopy of each would be provided upon request.

Appraisal Fee:

Based upon the above defined scope of work and report, my not-to-exceed fee would be **\$2,800 for the 1st appraisal review** and **\$2,100 for the 2nd appraisal review**, or **a total of \$4,900**, payable after delivery and review of the review report. This fee is based upon an increased scope of work including exterior inspection of the subject properties, exterior inspection of all comparables used, and with the reviewer approving the appraised values. If it is determined later that the scope of work can be reduced while meeting FAA requirements, the fee also will be reduced.

My fee includes responding to any questions or concerns you may have. In the event that the appraiser is required by subpoena or other legal process to provide testimony or produce documents relating to the appraisal review services, it is agreed that compensation will be based upon my \$325/hour rate and/or reimbursement for reasonable actual expenses incurred.

Delivery:

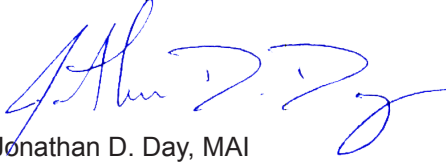
I would request an initial draft appraisal report by the original appraiser. After comments are provided by the reviewer on the draft report, the final appraisal would be reviewed in detail. To allow for my initial review work, inspections, review of the final report, and time to write my review report, I would need 2 weeks after delivery of the final appraisal report to complete my work.

If the terms of this proposal letter are acceptable, please sign and return a copy of this letter authorizing me to proceed with the assignment. Feel free to contact me if you have any questions or wish to alter the scope of work, intended users, intended use, delivery date, or any other terms. Thank you for the opportunity to provide you a proposal on this project.

I look forward to hearing from you.

Sincerely,

DAY GROUP LLC



Jonathan D. Day, MAI
President

Attachment

ACCEPTANCE/AUTHORIZATION TO PROCEED:

Client Signature

Print Name and Title

Date

ASSUMPTIONS AND LIMITING CONDITIONS TO BE USED

- 1) The appraiser assumes no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor does the appraiser render any opinion as to the title, which is assumed to be good and marketable.
- 2) The furnished legal description is assumed to be correct.
- 3) The property is appraised free and clear of all indebtedness, liens or encumbrances unless otherwise stated.
- 4) Responsible ownership and competent property management are assumed.
- 5) Any plat, site plan or sketch in the report may show approximate dimensions and is included to assist the reader in visualizing the property. The appraiser has made no survey of the property. It is assumed that the utilization of the subject land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted within the report.
- 6) The appraiser is not required to give further consultation, testimony, or appear in court because of having made the appraisal with reference to the property in question, unless arrangements have been previously made.
- 7) 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 if so used.
- 8) The appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The appraiser assumes no responsibility for such conditions, or for engineering which might be required to discover such factors. Stable soils are assumed unless otherwise stated.
- 9) Unless otherwise noted in this report, the subject is assumed to have no significant or value-impacting delineated wetlands. Since identifying these factors is beyond my area of expertise, I assume no responsibility for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
- 10) Depending upon the scope of work, the appraiser may have reviewed FEMA maps for determining the subject's Special Flood Hazard Area. Precise locations are difficult to make, and I can not guarantee such determinations. The client is urged to retain an expert in this field, if desired.
- 11) Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as petroleum products, asbestos, urea-formaldehyde foam insulation, radon gas, mold, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
- 12) It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been identified, described and considered in the appraisal.
- 13) It is assumed that all required licenses, certificates of occupancy, 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 opinion of value contained in this report is based.
- 14) It is assumed that there is full compliance with all applicable local, state and federal environmental regulations unless a noncompliance has been stated, described, and considered in the appraisal report.
- 15) Information, estimates, and opinions furnished to the appraiser by others, and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished to the appraiser can be assumed by the appraiser.
- 16) This appraisal does not affix or set the price of the property but offers only a supportable opinion as to the present worth of anticipated benefits subject to investment risk, measured mainly by the market data available at the valuation date. Therefore, I assume no liability for changes in market conditions or for the inability of the owner to locate a purchaser at the appraised value within the estimated exposure/marketing time period.
- 17) Disclosure of the contents of the appraisal report is governed by the Bylaws and Regulations of the Appraisal Institute. No part of the contents of this report, or copy thereof (especially any conclusions as to value, the identity of the appraiser, professional designations, reference to any professional appraisal organizations, or the firm with which the appraisers is connected), shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraisers.
- 18) The Americans with Disabilities Act ("ADA") became effective January 26, 1992. I have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could 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 effect upon the value of the property. Since I have no direct evidence relating to this issue, I did not consider possible non-compliance with the requirements of ADA in estimating the value of the property.
- 19) Information in the appraisal report relating to the comparable market data is more fully documented in the confidential files in the office of the appraiser.
- 20) Possession of this report or a copy thereof does not carry with it the right of publication.
- 21) Differing intended users and appraisal problems/assignments involve different assignment conditions and scope of work. Hence, this appraisal as developed and reported is only for the intended user(s) and stated use. Neither the appraiser nor Day Group LLC assumes responsibility for any reliance by unintended users or uses of the appraisal. Any unauthorized use or third party relying upon any portion of this report, does so at its own risk and liability.