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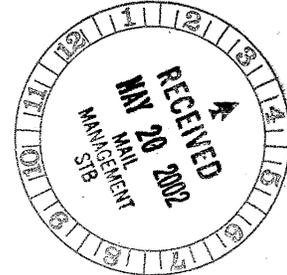
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May 17, 2002

Mr. Vernon A. Williams, Secretary
Surface Transportation Board
Office of the Secretary
Case Control Unit
1925 K St., NW
Washington, DC 20423-001

ENTERED
Office of the Secretary
MAY 20 2002
Part of
Public Record



Re: Docket AB-33 (Sub-No. 170)
Abandonment by Union Pacific Railroad Company
Offer of Financial Assistance by Mid-America Railroad, LLC
Bell Avenue Industrial Lead, Des Moines, Iowa
Request to Establish Terms and Conditions

Dear Mr. Williams:

Enclosed please find the original and ten (10) copies of a Request for Terms and Conditions by Mid-America Railroad Company, LLC in the above-captioned abandonment proceedings.

By my signature below, I certify service upon applicant's representative, at the address set forth below, by facsimile and by U. S. Mail, postage prepaid, first class, this 17th day of May, 2002

Sincerely yours,

William D. Bartine
For the Firm

WDB:ej

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FEE RECEIVED

MAY 20 2002

**SURFACE
TRANSPORTATION BOARD**

FILED

MAY 20 2002

**SURFACE
TRANSPORTATION BOARD**

cc: Mack H. Shumate, Jr., Esq.
Senior General Attorney
Union Pacific Railroad Company
Law Department
101 North Wacker Dr.
Suite 1920
Chicago, IL 60606

Enclosures

BEFORE THE
SURFACE TRANSPORTATION BOARD



Docket No. AB-33 (Sub-No. 170)

UNION PACIFIC RAILROAD COMPANY
—ABANDONMENT AND DISCONTINUATION OF OPERATION—
IN POLK COUNTY, IOWA
(BELL AVENUE INDUSTRIAL LEAD IN DES MOINES, IOWA)

**REQUEST FOR TERMS AND CONDITIONS BY
MID-AMERICA RAILROAD, LLC**

MID-AMERICA DEVELOPMENT COMPANY

MID-AMERICA RAILROAD, LLC

Steven E. Zumbach
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ATTORNEYS FOR MID-AMERICA
DEVELOPMENT COMPANY AND
MID-AMERICA RAILROAD, LLC

Dated: May 17, 2002
Filed: May 20, 2002

CERTIFICATE OF SERVICE

Union Pacific Railroad Company
Mack H. Shumate, Jr.
Senior General Attorney
101 North Wacker Drive, #1920
Chicago, IL 60606

Ringling Brothers and Barnam
and Bailey Circus
8607 Westwood Center Drive
Vienna, VA 22182

Des Moines Water Works
2201 Valley Drive
Des Moines, IA 50321

Iowa Interstate Railroad, Ltd.
Terry Bailey
1300 Des Moines Building
405 Sixth Avenue
Des Moines, IA 50309

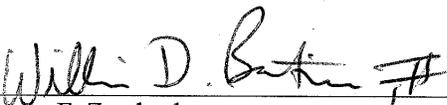
Iowa Transportation Department
Modal Division
Tom Jackson
800 Lincoln Way
Ames, IA 50010

Smurfit Stone Container Corporation
2201 Bell Avenue
Des Moines, IA 50321

Dated this 17th day of May, 2002.

MID-AMERICA DEVELOPMENT COMPANY

MID-AMERICA RAILROAD, LLC



Steven E. Zumbach
William D. Bartine
Holly M. Logan
Christopher M. Miller
BELIN LAMSON McCORMICK ZUMBACH
FLYNN, P.C.

ATTORNEYS FOR MID-AMERICA
DEVELOPMENT COMPANY and MID-
AMERICA RAILROAD, LLC

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LLC

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REQUEST FOR TERMS AND CONDITIONS BY MID-AMERICA RAILROAD, LLC

Mid-America Railroad, LLC ("MAR"), pursuant to the procedures set forth in 49 C.F.R. § 1152.27(g) and (h), submits this "Request for Terms and Conditions" and supporting Verified Statements of Joseph E. Pierce ("Pierce") and Patrick Schulte ("Schulte") for the purchase of a portion (the "Subject Property") of the Bell Avenue Industrial Lead, Des Moines Iowa (the "Line") proposed to be abandoned by the Union Pacific Railroad Company ("UP") in the above-captioned proceedings.

I. PROCEDURAL BACKGROUND

On September 28, 2001, UP filed an application under 49 U.S.C. § 10903 seeking authority to abandon a 3.72 mile line of railroad known as the Bell Avenue Industrial Lead in the City of Des Moines, Polk County, Iowa. Mid-America Development Company ("Mid-America"), in conjunction with Smurfit-Stone Container Corporation, filed a protest in accordance with 49 C.F.R. §1152.25 on November 13, 2001. The Surface Transportation Board ("the Board") granted UP's application for abandonment on January 15, 2002.

On January 25, 2002, Mid-America submitted a formal offer of financial assistance ("OFA") to purchase the Line. In a decision served January 30, 2002, the Board rejected Mid-America's OFA on the basis that Mid-America failed to demonstrate its financial responsibility. Mid-America appealed the Board's decision on February 8, 2002. In a decision served March 21, 2002, the Board reversed its prior decision and determined that Mid-America was a financially responsible entity. The Board, therefore, postponed the effective date of the abandonment of the Line until April 22, 2002, and permitted negotiations between Mid-America and UP. Subsequently, upon the Motions of Mid-America, the Board twice extended the effective date of the abandonment until May 20, 2002.

Because Mid-America and UP have been unable to negotiate the sales price and other terms of sale, Mid-America now submits this Request for Terms and Conditions.

II. REQUESTED TERMS AND CONDITIONS

Mid-America asks the Board to establish the following conditions and amount of compensation for the Subject Property that MAR desires to acquire:

A. A purchase price for the underlying real estate (UP Parcels 67 – 74 and 95, running from Mile Post 217.38 to 219.05) in the amount of One Hundred Thousand One Hundred Twenty-six Dollars (\$100,126.00).

B. A purchase price for the rail assets (rails, ties, switches, equipment, and other fixtures) located on the real estate in the amount of Twenty-six Thousand Eight Hundred Ninety-one Dollars (\$26,891.00).

C. Final sale contingent on: (1) MAR's review and approval of the environmental status of the real estate, including any necessary indemnification from UP; and (2) MAR's acquisition of rights to acquire or use the so-called Raccoon River Bridge (described at Page 4 of Appendix D of the UP Application) for purposes of connecting the Subject Property to a line operated by Iowa Interstate Railroad Company ("IAIS") lying north of the Raccoon River, as shown on Exhibit 1 of Appendix A.

III. FACTUAL BACKGROUND

Mid-America is the owner of a commercial property located at 2201 Bell Avenue ("Bell Avenue Plant"), which property has been used for decades for the manufacture of paper and plastic container products. Mid-America currently leases the Bell Avenue Plant to Smurfit-Stone, which has used the Line for the shipment and delivery of paper and plastic products to the Bell Avenue Plant. Mid-America believes that the availability of rail service to the Bell Avenue Plant is a critical element in maintaining the value and utility of that facility.

Mid-America, upon receipt of notice that the UP had commenced these proceedings to abandon the Line, made a decision that it would negotiate with the UP to acquire all or such portion of the Line as was necessary to retain the ability to provide rail service to the Bell Avenue Plant. After months of meetings and negotiations with the City of Des Moines and IAIS,

Mid-America decided to negotiate with the UP for the purchase of the Subject Property instead of the entire Line. Mid-America made this decision because the Subject Property is the portion of the Line that is necessary to link the Subject Property to the rail service that IAIS provides to the downtown Des Moines industrial area lying west of S.W. 9th Street and north of the Raccoon River.

To make this connection, MAR must acquire rights to use, or even ownership of, the "Raccoon River Bridge" described at Page 4 of Appendix D of the UP Application. The UP's estimates of repairing this bridge and connecting it to the Subject Property are in excess of \$400,000, which MAR has determined to be a reasonable prediction of its minimum outlay to establish this connection. The location of the Raccoon River Bridge and the IAIS connecting line north of the Raccoon River is illustrated on Exhibit 1 of Appendix A. The acquisition, repair and refit, and incorporation of the Raccoon River Bridge into a new rail connection with the IAIS is a daunting and expensive prospect for MAR.

MAR has been negotiating with UP to purchase that portion of the Line lying between Mileposts 217.38 and 219.05, which is illustrated on Exhibit 1 of Appendix A. A more precise description of the Subject Property is with reference to the Parcel Numbers assigned to this segment in the records of the UP's Omaha Real Estate Office. A copy of the relevant portion of the UP's detailed map showing the extent of these Parcels is attached hereto as Exhibit 2 to Appendix A. The Parcels that MAR proposes to purchase are 67-74, and 95.

MAR has negotiated with IAIS for IAIS to provide short-line rail service over the Subject Property, both for the benefit of Mid-America's tenant and for other customers who may commence or re-commence rail service on the Subject Property. MAR also has had discussions with the Burlington Northern - Santa Fe Railroad Company ("BNSF") relative to its interest in

granting rights to MAR to operate over the Raccoon River Bridge. No definitive agreements have been reached with either IAIS or BNSF relative to either issue, but negotiations have proceeded in a favorable manner with both entities. MAR requests that the Board recognize the risk inherent to MAR in proceeding with this Request by making the terms of purchase contingent upon MAR's ability to negotiate satisfactory agreements with the BNSF for MAR's acquisition of rights to use the Raccoon River Bridge.

IV. EVIDENCE AND LEGAL ARGUMENT

The Board may not set a price below the fair market value of the Line (including all facilities on the line or portion necessary to provide effective transportation service). 49 CFR. § 1152.27(h)(6). Fair market value "equals constitutional minimum value which is the greater of the net liquidation value of the line or the going concern value of the line." *Id.* Because the Line is not currently being used to provide rail service, it does not have a going concern value. Therefore, fair market value for the Subject Property is its net liquidation value.

There is a significant disparity between the price offered by MAR to purchase the Subject Property and the UP's estimate of the minimum purchase price, which the Applicant provided pursuant to 49 CFR. § 1152.27(a)(1). The UP's minimum purchase price for the Subject Property is \$618,771 for real estate, rail, ties, switches, and other property. This is based on the price set forth by the UP on Page 2 of Appendix H of the UP Application, adjusted to show only the Subject Property (i.e., UP Parcels 67-74 and 95), and further corrected to show the acreage of certain portions of the Subject Property as agreed upon by the UP (see Schumate Verified Statement, Appendix B, Exhibit 1, Page 18). Information regarding the UP's allocation of Values to Parcels 67 – 74 and 95 was provided by Mr. John Herdzina ("Herdzina"), Manager – Real Estate for the UP, with offices in Omaha, Nebraska, by telephone conversation with the

undersigned on May 16, 2002. The UP values the Subject Real Estate at \$541,499, and it values the trackage at \$77,272.

A. The UP's Appraisal of the Real Estate Element of the Subject Property is Self-Serving and Overstates the "Across the Fence Value" of the Subject Property.

The UP's appraisal of the real estate component of the Line (the "UP Appraisal") is contained in the Verified Statement of Herdzina, which is Appendix H of the UP's Application. The corresponding data and analysis that support the UP Appraisal are included as Exhibit 1 to Appendix H, prepared by Senior Manager Appraisals, Lorne Lukins. The UP values the real estate element of the Subject Property at \$541,499, which is allocated to Parcels 67-74 and 95 in the manner disclosed in the column captioned "UP Values" included in Exhibit 5 to Appendix A.

UP did not commission certified, independent appraisers, and therefore the UP's opinion concerning valuation of the real estate element is both self-serving and biased. As will be demonstrated in Section B of this part, the UP Appraisal is based on assumptions regarding the status and quality of legal title to the Subject Property, which are the lay opinions of Mr. Herdzina and unsupported by the opinions of independent legal counsel.

Further, the UP Appraisal contains several conceptual errors and inconsistencies. For example, Mr. Lukins includes a "market summary sheet" in Exhibit 1 to Appendix H of the UP Appraisal. This document is subject to the impeachment for the following reasons.

1. Land Sales versus Building Sales. The market summary sheet includes numerous "land sales" that are not truly raw land sales, but are instead building sales. Items #1, #14, #17 and #18 are four of the relatively high per square foot "land sales." These are, in fact, not raw land sales. Rather, they are extractions of land value where the UP takes the Assessor's land-versus-building relationship as the best indicator of the relative land contribution to a building sale. Item #1 is assessed as 18% of its total value being land. Item #17 is assessed as 17% of its value being land. Item #18 is 25% land and Item #14 is 50% land. These are improved properties and should be eliminated from the

analysis. Those eliminated four "land sales" that are not really land sales and they range in value from \$1.03 per square foot to \$2.29 per square foot. These four items tend to confuse the reader and increase the average.

2. Location Analysis. Item #3 is a good corner site with frontage on two roads. Item #6 and #7 are located on East 14th Court. East 14th Court is the backside of East 14th Street. East 14th Street is a busy commercial street and this is dissimilar from much of the railroad ground. Item #10 is a piece of ground located very near the Des Moines Central Business District, which presents higher values than is the case for much of the land in question. Item #13 is located in an area of small industrial development and that purchase was one transaction among an assemblage that took over seven-years to accomplish.

3. Size Analysis. Another element of misleading comparison is that the majority of the sales are for less than 20,000 square feet of land area. Many of the sales are for land areas between 3,000 square feet and 20,000 square feet. These sales may have been more appropriate for the eastern portion of the Line, which is not part of the Subject Property.

4. "Across the Fence" Properties. Another failure of the UP analysis is the misinterpretation of the across-the-fence valuation methodology. Much of the land lying "across the fence" from the assumed 100-foot wide corridor is additional railroad corridor. The Bell Avenue yard is from 300 feet to 400 feet wide in many places. The 100-foot corridor that runs through this yard is "across the fence" from a larger railroad yard corridor. In addition, the larger property lying "across the fence" to the south is the extremely large land tract of the former Massey Ferguson plant. The land parcel has approximately 70 acres and this type of large land parcel with street frontage along only one side does not sell for the same value as typical industrial parcels of 0.5 acres to a 5.0 acre with reasonable street frontage. The owner of that large property would be assembling rear yard land area by purchasing a railroad corridor. The "across the fence" analysis should give consideration to the very long distance that the neighboring property is from a street right-of-way.

The large property "across the fence" to the north from the Bell Avenue Yard is Gray's Lake. That large property is used for recreational purposes and is primarily floodway. There is demand for some land along the edge of Gray's Lake, but that property is very distant from street systems and that would diminish the land value of that "across the fence" property.

5. Time and Cost of Liquidation. The analysis shown in the UP document assumes that all of the property can be sold or can be assembled in one day without considering the typical cost to liquidate this type of property over time paying sales commission and management.

B. The UP Appraisal Contains a Significant Error Resulting from the Appraiser's Erroneous Conclusion About the Quality of the UP's Title to Parcels 68, 70, 71, and 74.

Attached hereto as Exhibit 3 to Appendix A are copies of the deeds upon which the UP relies as establishing its title to the Subject Property. The deeds are set forth in Exhibit 3 in the order of their UP's Parcel Number designations, which are assigned in the permanent records of the UP. MAR adopts the UP's Parcel Number System for purposes of this Request. Exhibit 3 sets forth deeds for those portions of the Subject Property that are designated Parcels 67-74 and Parcel 95.

MAR acknowledges that the deeds for Parcels 67, 69, 70, 73, and 95 conveyed fee simple title to the UP or its predecessors in interest. MAR has received no further title evidence or reports with respect to the Subject Property, and MAR does not waive its rights to obtain and review further title evidence or to acquire unencumbered title from UP at closing. However, with respect to Parcels 68, 71, 72, and 74, MAR asserts that the deeds relating to these parcels granted easement rights to the UP and its predecessors with respect to such parcels. As will be demonstrated in the following paragraphs, the fact that the UP holds only easement rights with respect to these Parcels means that, upon abandonment and removal of the track materials, these parcels will revert to the adjoining property owners under Iowa Code §§ 327G.76 – 327G.77 (2001). Therefore, under Iowa law and the net liquidation value standard of 49 CFR § 1152.27(h)(6), these easement parcels are virtually valueless, and MAR assigns a nominal value of Ten Dollars (\$10.00) to each of these Parcels.

Attached to Appendix A as Exhibit 4 is a Memorandum prepared by Mark McCormick, Esq., a member of the law firm representing MAR herein. Mr. McCormick is a former justice of the Iowa Supreme Court, serving from 1972 to 1986. He is uniquely qualified to comment upon

the status of railroad titles in Iowa by virtue of writing the Court's opinion in Hawk v. Rice, 325 N.W.2d 97 (Iowa 1982). This opinion analyzed the Iowa case law and determined that language similar to that contained in the UP's deeds for Parcels 68, 71, 72, and 74 created an easement, and not some form of determinable fee title. Based on the foregoing, MAR submits that the UP's title to Parcels 68, 71, 72, and 74 are reversionary and will be without value to MAR upon ultimate abandonment of the Subject Property.

It is ironic that upon the abandonment of the Line, removal of the trackage, and also assuming that MAR's request is not granted, the northern portion of Parcel 74 adjacent to the Bell Avenue Plant should revert to Mid-America, the land owner, under Iowa Code Chapter 327G. This illustrates that it would be folly for MAR to pay anything more than a nominal consideration for Parcels 68, 71, 72, and 74, since its parent company would own these parcels in fee upon abandonment anyway.

C. MAR's Appraisal Starts an Appropriate Analysis of the Value of those Portions of the Subject Property in which UP Holds Fee Title.

MAR commissioned Commercial Appraisers of Iowa, Inc. to perform an appraisal of the Subject Property. This appraisal (the "MAR Appraisal") is dated May 7, 2002, and was performed as of April 4, 2002. The MAR Appraisal evaluates the contributory value of the land component only, and it does not evaluate the rails, ties, and other railroad equipment (the "Rail Assets") situated on and comprising part of the Subject Property.

The verified statement of Schulte, the MAR-hired certified appraiser, is attached hereto as Appendix B. In his verified statement, Schulte details his methodology, his analysis, and his conclusion concerning the net liquidation value of the Subject Property, as set forth in the MAR Appraisal, attached hereto as Exhibit 1 to Appendix B. Schulte carefully analyzes the highest and best use of the "over the fence" properties, including a discussion of comparable sales of

unimproved land and a discussion of the location of the Subject Property, both relative to public rights of way (the access of the Subject Property to public streets is generally poor) and to the flood zones established in relationship to the Raccoon River. Schulte's highest and best use analysis (Page 18 of the MAR Appraisal) draws the realistic and logical conclusion that the Subject Property is best suited for assemblage with the adjacent property for backyard purposes or for redevelopment purposes with a new street system for a new industrial subdivision. With the highest and best use determined, he summarizes his conclusions on Page 22 of the MAR Appraisal, and determines that the across the fence value of unencumbered fee title to the Subject Property would be \$530,744, assuming the Subject Property can be marketed to a variety of purchasers, most likely those owning the adjoining properties.

However, at Pages 23 – 24 of the MAR Appraisal, Schulte determines the value of the Subject Property to a single purchaser, such as MAR, who would be required to market the Subject Property over time (using an arguably short marketing period of one year, with a discount rate of 10%). The analysis also assumes that the single purchaser would incur sales and marketing fees, miscellaneous costs, and a developer profit of 10%. The resulting present value of the cash flows resulting from these sales of the property by the single purchaser is \$405,000, which the MAR Appraisal concludes is the value of unencumbered fee title to the Subject Property. The UP Appraisal does not evaluate the timing and development risks that are considered by Schulte. Also, the UP Appraisal does not analyze the lack-of-access and flood zone characteristics of the Subject Property that negatively impact value. Therefore, MAR believes that the MAR Appraisal is creditable as an initial analysis of the fair market value of (the assumed) unencumbered fee title of the subject property.

It should be noted that the \$405,000 that Schulte places on the Subject Property includes \$164,284 of value attributable to Parcels 68, 71, 72, and 74, title to which was previously shown to be a reversionary easement interest, not fee title.

Notwithstanding the foregoing, MAR is agreeable to accepting the UP Appraisal's evaluation of Parcels 67 and 95. UP has allocated a value of \$53,004 to Parcel 67, and \$980 to Parcel 95. Whatever benefits are ascribed to these parcels in the MAR Appraisal from the proximity of access to Thomas Beck Road, such benefits are overshadowed by the fact that these parcels are sandwiched between the Raccoon River and Thomas Beck Road. There is simply no adjoining property that could be joined with Parcels 67 and 95 to broaden the depth beyond the one hundred-foot confines of its existing configuration. As stated in the Verified Statement of Pierce, Appendix A, Pages 3-4, there are severe limits on the types of commercial development that can occur on a parcel that is 100-feet deep and several hundred yards long, located in a flood plain.

D. Further Adjustments to the MAR Appraised Value Are Necessary to Reach the Purchase Price for the Real Estate Element of the Subject Property.

Attached to Appendix A as Exhibit 5 is a schedule captioned "MAR Purchase Offer," setting forth the purchase price for the land component of the Subject Property that is being offered hereunder, and which MAR asks the Board to establish as the purchase price. The first portion of this schedule is based on the appraisals of determination of net liquidation value, allocated to Parcels 67, 68, 70, and 73 based on the areas agreed to by Schulte and representatives of the UP and set forth on Page 22 of the MAR Appraisal. The purchase price offered by MAR for these five "fee title" parcels is \$106,126.

The verified Statement of Pierce, Appendix A, Pages 4 - 6, sets forth the reasons for further discounting of the "appraised value" of Parcels 67, 69, 70, 73, and 95. Mid-America

owns and operates in excess of 2,000,000 square feet of commercial office, industrial, and warehouse buildings in the Des Moines Metropolitan area. Mid-America is an experienced developer with an eye to the value of a development opportunity. Mid-America views the Subject Property as having significant barriers to profitable development. First, there is the issue of developing a corridor that is only 100-feet wide. This substantially limits the variety of development options available for the Subject Property. The Subject Property certainly does not lend itself to the commercial and industrial projects at which Mid-America excels. It would require years of work (certainly more than the one year assumed in the MAR Appraisal) to assemble the fee parcels with "across-the-fence" properties into a viable project.

A second factor is the non-contiguity of the fee title parcels. This is not a single, continuous 100-foot wide strip running for 1.67 miles. Upon abandonment, the fee portions of the Subject Property will be divided and separated by the reversionary parcels, as shown on Exhibit 2 to Appendix A. This loss of contiguity will affect the marketing of the Subject Property.

The MAR appraisal also touches on the flood plain status of the Subject Property. It assumes, but does not evaluate or protect against environmental hazards. All of these factors have a negative impact on the value of the Subject Property that will affect the ultimate sale thereof.

As noted in the Pierce Verified Statement, Appendix A hereto, MAR believes that a further thirty percent (30%) discount is appropriate to the fee parcels of the Subject Property. Therefore, Exhibit 5 to Appendix A shows that MAR is offering \$100,126 for the five (5) fee title parcels, which MAR submits is the net liquidation value thereof.

The schedule then addresses the Reversionary Parcels (Nos. 68, 71, 72, and 74). The last column of this schedule shows that MAR is offering to pay the nominal sum of \$10.00 per parcel for Nos. 68, 71, 72, and 74. Again, the reason for this allocation is that under the concept of net liquidation value, the UP would have no interest in Parcels 68, 71, 72, and 74 that it could sell upon completion of the abandonment proceedings and removal of the trackage. There is only value to these Parcels as long as they are operated as a continuous right-of-way, protected under the interstate commerce powers of the federal government from condemnation and reversion under Iowa law.

Therefore, MAR believes that the net liquidation value of the real estate element of the Subject Property is \$100,166, comprised of \$100,126 for the fee title parcels, and \$40.00 for the reversionary parcels.

E. The UP's Appraisal of the Rail Assets Component of the Subject Property Ignores the Size of This Salvage Job and Costs That are Absorbed by the UP's Infrastructure, But Which Must be Considered in Determining the Removal Costs.

The UP's appraisal of the net liquidation value of the Rail Assets component of the Subject Property is set forth in Exhibit 4 to Appendix C of the UP's Application. This established the net liquidation value of track and bridges for the entire line at \$182,894. Because MAR's offer covers only a portion of the Line, Mr. Sylvester Bobo of the UP's Omaha Office prepared an itemization of the Rail Assets located on the Subject Property, which the UP values at \$77,272. The UP's schedule of Net Liquidation Value of Track and Bridges that supports this valuation is attached hereto as Exhibit 6 to Appendix B.

MAR and its consultants have contacted Alter Recycling Company of Bartonville, Illinois, and Tie Yard of Omaha to obtain advice on these matters. MAR has not been able to obtain verified statements from Mr. Dan Roberson of Alter Recycling Company or from

Mr. Mike Kearns, Manager of Relay Track for Tie Yard of Omaha, given that the UP's schedule of Net Liquidation Value of Track and Bridges was not delivered to MAR's attorneys until May 15, 2002, and these individuals could not be contacted until May 16, 2002. MAR represents that both agreed, however, that the scrap metal market fluctuated downward significantly from the time that UP made its original determination of net liquidation values in the early summer of 2001; still, both were clear that scrap prices have now climbed back to their approximate levels at the time of the UP appraisal in the summer of 2001. Mr. Kearns noted that the UP quoted prices were at the high-end of the market, but not excessively so. Mr. Roberson is a subscriber to the Iron Age Scrap Price Bulletin, <http://scrappricebulletin.com>, which was the source for his comments on component valuation. He did indicate that the \$150 per net ton prices for OTM and Turn-out may be overstated to the extent that such materials are comprised of parts (such as fasteners, ties, and other items) that are less than 18 inches in length. But, based on the comments of these persons, MAR accepts the "Value of Track Components" information set forth in Exhibit 6 to Appendix D.

However, each of these persons noted that the UP's Costs of Removal are presumably based on its average costs of removing long (i.e., in excess of 50 miles) lines of track and equipment from abandoned lines. Mr. Kearns described how his company would factor in a cost of approximately \$30,000 for bringing a salvage crew and equipment from Omaha to the site. Also, Mr. Roberson commented that the prices used by the UP are based on the price of scrap delivered to a processing mill in the Chicago area, which can cost between \$12 and \$30 per ton to truck from a salvage site to the mill. Also, although UP probably has a relationship with various salvage processors, other parties in the industry would incur brokerage commissions of from 7% - 10% in order to dispose of these materials. Both persons indicated that there are

many small jobs, such as the one in question, where the railroad realizes nothing after paying the salvage company. It is understandable that the UP absorbs these costs in its overhead, or perhaps achieves economies of scale based on its nationwide scope of operations. However, it is certain that the UP is absorbing these costs, and therefore they should be considered in calculating the net liquidation value of the rail assets.

In applying the foregoing facts, it is assumed that the UP would incur the \$18,458 shown in Exhibit 6 to Appendix A of operating costs to pay the costs of the salvage crews that perform the work. To this amount, MAR adds the \$50,381 of costs shown in Exhibit 7 to Appendix A. Based on the foregoing, MAR asserts that the Net Liquidation Value of the Track element of the Subject Property is the Value of the Track Components, \$95,730, minus the UP's Removal Costs of \$18,458 and minus the additional costs detailed on Exhibit 7 to Appendix A of \$50,381, for a Net Liquidation Value of Track equal to \$26,891.

V. CONCLUSION

MAR is attempting to preserve rail service to a factory owned by its parent company, Mid-America, for a term up to, and perhaps exceeding, the duration of the existing lease on the Bell Avenue Plant. MAR believes that it has fulfilled its burden herein of establishing the net liquidation value of the real estate component and the rail assets located on the Subject Property. However, this investment cannot be viewed through the narrow lens of the railway purposes for this corridor. Therefore, when faced with a title situation where a substantial portion of the Subject Property is held by inferior, easement title, MAR is entitled to offer a price that reflects the limits that are imposed on the Subject Property because of the reversionary titles involved. Also, MAR's analysis of the Costs of Removal justifies a reduction in the price offered hereunder by MAR.

WHEREFORE, MAR respectfully petitions the Board to establish the terms and conditions for this transaction in accordance with Section II hereof.

Respectfully Submitted,



Steven E. Zumbach
William D. Bartine
Holly M. Logan
Christopher M. Miller
BELIN LAMSON McCORMICK
ZUMBACH FLYNN, P.C.
666 Walnut Street, Suite 2000
Des Moines, IA 50309
515-243-7100 (Telephone)
515-243-1408 (Facsimile)

ATTORNEYS FOR MID-AMERICA
DEVELOPMENT COMPANY and
MID-AMERICA RAILROAD, LLC

VERIFIED STATEMENT

OF

JOSEPH E. PIERCE

I, Joseph E. Pierce, being duly sworn upon my oath, do hereby depose and state as follows:

1. I currently serve as president of Mid-America Development Company ("Mid-America"). Mid-America owns property located at 2201 Bell Avenue, Des Moines, Iowa. This property is leased to Smurfit-Stone Container Corporation ("Smurfit-Stone") and serviced by Union Pacific's Bell Avenue Industrial Lead (the "Line"). The current term of this lease expires on November 30, 2011. The tenant has three five-year options to renew the Lease.
2. I also serve as Manager of Mid-America Railroad, LLC ("MAR"), an Iowa limited liability company, which has been organized by Mid-America to acquire, own, and operate the portion of the Line that MAR desires to acquire pursuant to the attached Request for Terms and Conditions.
3. I am familiar with Union Pacific's proposed abandonment of the Line. I have read or have reason to know the contents of the substantive filings by the parties in Docket No. AB-33 (Sub-No. 170), including Union Pacific's Abandonment Application, and I have discussed this matter with additional Mid-America officials and others, including legal counsel.

4. Attached hereto as Exhibit 1 is a map showing the Subject Property, the Raccoon River Bridge, and the proposed connection to the lines leased and operated by Iowa Interstate Rail Road Company lying north of the Raccoon River and west of S.W. 9th Street, Des Moines, Iowa. This is the same Map that was attached to the Union Pacific ("UP") Application as Appendix A, but marked to show the facts relevant to MAR's Request.
5. Attached hereto as Exhibit 2 is the relevant portion of a map furnished to our legal counsel by the UP's Real Estate Office in Omaha, Nebraska. This Map shows the Parcel Numbers assigned by the UP in its records.
6. Attached hereto as Exhibit 3 are copies of the deeds and conveyances that UP represents to establish title to the Subject Property. These deeds are photocopies of original documents contained in the records of the UP's Omaha Real Estate Office. Markings have been applied to these instruments by our legal counsel to identify these deeds to particular UP Parcel Numbers and to highlight language in the instruments that is relevant to the reversionary interest issue.
7. Attached hereto as Exhibit 4 is a legal memorandum prepared by Mark McCormick, Esq., regarding easement titles to Parcels 68, 71, 72, and 74.
8. Attached hereto as Exhibit 5 is a schedule captioned "MAR Purchase Offer." This schedule summarizes the conclusions reached by MAR based upon the MAR Appraisal and the further business judgment of MAR and Mid-America concerning the net liquidation value of the Subject Property. The conclusions of MAR concerning the value of the real estate

components of the Subject Property are described in Paragraphs 9 – 11 of this Verified Statement.

9. The portion of Exhibit 5 that deals with the reversionary portions of the Subject Property (Parcels 68, 71, 72, and 74) reflects the judgment of our legal counsel that the UP holds reversionary, easement titles to those Parcels, and that title to Parcels 68-71, 72, and 74 will revert to adjoining land owners under Iowa law upon formal abandonment of the Line and removal of the trackage. Therefore, MAR values Parcels 68, 71, 72, and 74 at the nominal value of Ten Dollars (\$10.00) each.
10. As noted in Section IV – C of the attached request, MAR accepts the UP Appraisal of Parcels 67 and 95. As an experienced real estate developer, Mid-America is familiar with the severe development limitations placed on these parcels because of their narrow, 100-foot depth. These Parcels are further limited by their location between Thomas Beck Road on the south and the Raccoon River on the north. It is impossible to assemble Parcels 67 and 95 with the “across-the-fence” properties because of this sandwich effect (an exception to this principle may apply to the limited frontage occupied by the former Burlington Norther depot, which frontage is an immaterial portion of the total length of these Parcels). Parcels 67 and 95 are effectively cut off from assemblage with other properties for further development. Therefore, notwithstanding the favorable access to public streets that is enjoyed by Parcels 67 and 95, it is the business

judgment of MAR and Mid-America that the UP Appraisal more accurately reflects the value of these Parcels.

11. MAR, in exercising its business judgment, believes that the appraised values of the non-reversionary, fee Parcels (Parcel Nos. 67, 69, 70, 73, and 95), as shown in Exhibit 5 in the column entitled "Nominal Appraised Value" should be discounted by a factor of thirty percent (30%) for the reasons set forth in the following paragraphs. This results in the requested price of \$100,126 for the fee title Parcels, as shown in Exhibit 5 in the column entitled "Purchase Price Requested."

Mid-America is a major developer of commercial and industrial properties in the metropolitan Des Moines area. Mid-America and its affiliates currently own and operate in excess of 2,000,000 square feet of office, warehouse, and industrial space in this market. In its professional judgment as a developer, Mid-America perceives significant barriers and risks to the development or re-marketing of the fee parcels of the Subject Property. The first of these is the risk of developing a corridor that is only 100 feet wide, which limits the variety and scope of development activities that can be employed on such a site, considering setbacks and similar requirements that require compliance or modification by zoning or variance, both of which processes are expensive and politically uncertain. Therefore, it would be imperative to assemble the Subject Property with the "across-the-fence" properties. As noted above, the opportunities to assemble Parcels 67 and 95 with "across-the-fence" properties are limited,

given their location between a public street and the Raccoon River. The MAR Appraisal recognizes this factor and discounts the value based on an assumed period of one year in which to market the fee Parcels. MAR believes that it would take many years to market the Subject Property. For this reason, MAR believes that the value of Parcels 67, 69, 70, 73, and 95 should be discounted further to reflect the expected, long-term marketing period for this unusual property.

Second, the value of the fee Parcels is negatively affected by their non-contiguity. That is, they are separated and carved up by the intervening reversionary parcels. Not only does this reduce the size of the prospective development corridor, it also creates uncertainty about the ability to subdivide the area and develop public streets and other access points to make the property attractive for commercial development.

In the business judgment of MAR and Mid-America, other factors call for further discounting of the nominal "appraised value. The MAR Appraisal touches upon the location of the Subject Property in a flood zone. The best information available to MAR indicates that the subject Property is only one foot below the 100-year flood plain, the cost of hauling, installing, and compacting sufficient fill to raise the Subject Property above the flood plain is significant. Furthermore, the environmental status of the Subject Property is an unidentified and uninvestigated factor at this time. MAR believes that the nominal appraised value of the Subject Property should be discounted for this uncertainty.

For the reasons stated above, it is the informed business judgment of MAR and Mid-America that the nominal appraised value of the fee title Parcels, \$143,037, should be discounted by a factor of thirty percent (30%) to reflect the impact of the elements discussed in this Paragraph 11.

Therefore, MAR is offering to purchase Parcels 67, 69, 70, 73, and 95 for a total purchase price of \$100,126.

12. MAR has evaluated the net liquidation value of the Rail Assets by consulting with knowledgeable persons working in the rail and scrap industries. Mr. Pat Sheldon, an engineer working in the Iowa City office of Iowa Interstate Railroad, Ltd. suggests that it is typical in the industry to realize net proceeds of from \$28,000 to \$30,000 per mile from rail salvage projects. Based on later inquiries, MAR assumes that these estimates were based on salvage operations on long rail lines (50 miles or more), but Mr. Sheldon is unavailable for further consultation until Monday, May 20, 2002. Therefore, his comments are set forth herein solely to provide perspective to the following paragraphs.
13. MAR and its consultants were referred to Alter Recycling Company of Bentonville, Illinois, and to the Tie Yard of Omaha, Nebraska, to obtain more specific information about industry practices. Mr. Dan Roberson of Alter Recycling and Mr. Mike Kearns of the Tie Yard of Omaha were contacted on May 16, 2002, and both have knowledge about the history and current status of the relevant scrap metal markets. They both confirmed that there had been a significant downward trend in scrap metal

prices since the UP established its component values set forth in Exhibit 6 during the summer of 2001. However, they also both confirmed that as of May 1, 2002, the scrap metal markets had recovered to levels that approximate the market as of the time that the UP established its prices.

Mr. Roberson based his evaluation of the scrap metal market on the *Iron Age Scrap Price Bulletin*, <http://scrappricebulletin.com>, to which Alter Recycling subscribes. Mr. Roberson noted that the UP's values are at the top end of the current market price, and there is some discrepancy resulting from the UP's use of a "net ton" standard in lieu of "gross tons." Also, there was some concern that the value of the O.T.M and Turn-Out components may be overstated unless the components consist of reasonably uniform pieces having a length of 18 inches or more.

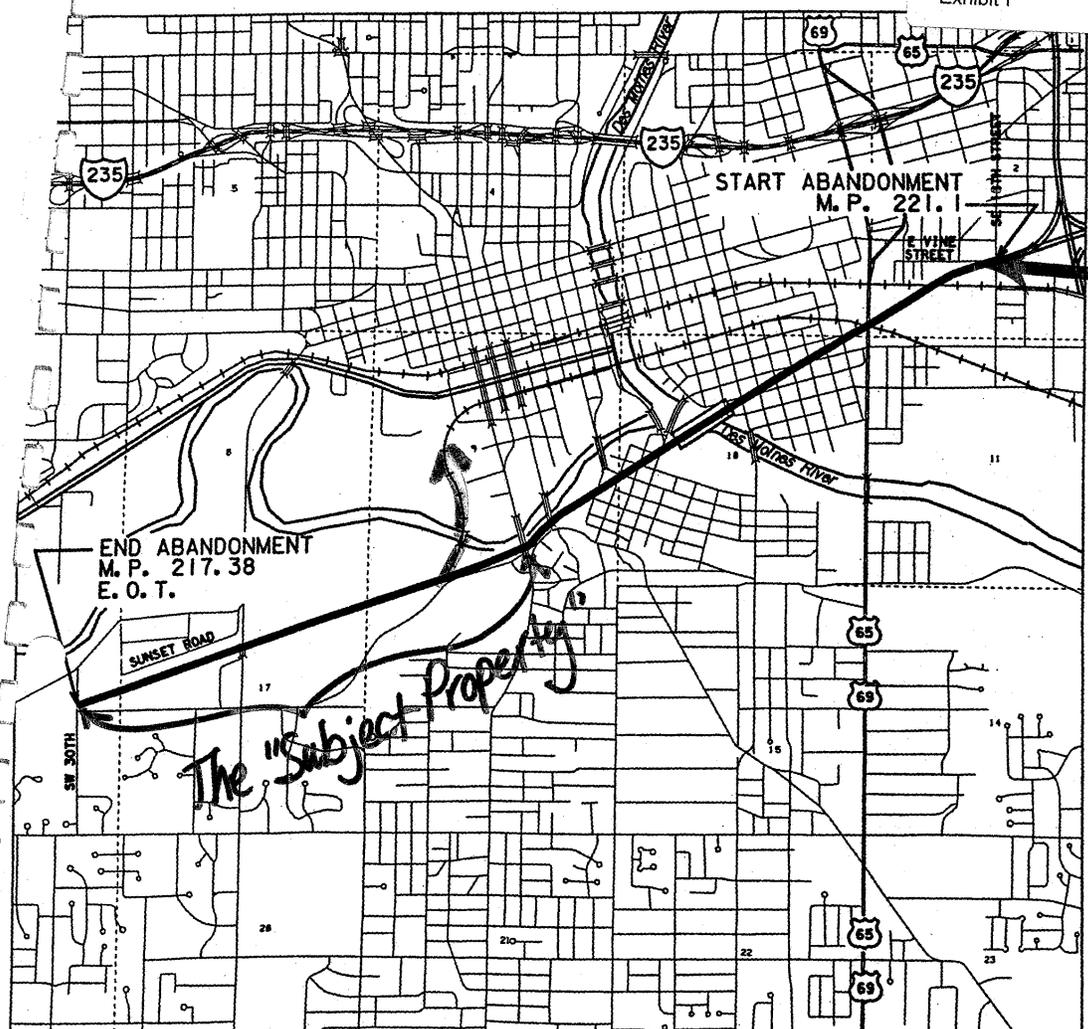
However, both persons confirmed that the UP's component values are credible. MAR accepts those values for purposes of this Request.

However, Mr. Roberson and Mr. Kearns both suggested that the UP's net liquidation value for the Rail Assets may understate certain removal costs. The consultants believe that the Removal Costs set forth in Exhibit "6" are based on salvage operations performed on lines in excess of 50 miles in length. They asserted that a railroad might often realize no proceeds from a small salvage job, such as the 1.67 mile operation associated with the Subject Property.

Mr. Kearns asserted that there would be a charge of approximately \$30,000 to bring a salvage crew and equipment from its Omaha

headquarters to a site. Also, Mr. Roberson stated that the UP budget for removal costs does not include a trucking charge ranging from \$12 to \$30 per ton to ship the scrap metal to a processing mill in the Chicago area. Furthermore, smaller rail companies would pay a brokerage fee of between 7% and 10% in order to dispose of these materials. It is likely that UP absorbs all of these costs through the utilization of its own substantial infrastructure. This is entirely proper for the UP, but it has the effect of understating the true Recovery Costs that should be considered in determining the net liquidation value of these Rail Assets.

Attached hereto as Exhibit 7 is a schedule of additional Recovery Costs that should be considered in determining the net liquidation value of the Rail Assets, based on the comments of Mr. Roberson and Mr. Kearns.



NOTE

BELL AVENUE INDUSTRIAL LEAD

MP 217.38 TO MP 221.1
BELL AVENUE IND. LEAD A TOTAL OF 3.63 MILES
IN POLK COUNTY, IOWA

STATION	MILE POST	AGENCY
DES MOINES		NO

LEGEND

- UPRR LINES TO BE ABANDONED
- OTHER UPRR LINES
- OTHER RAILROADS
- 50+ YEAR OLD STRUCTURES
- PRINCIPAL HIGHWAYS
- OTHER ROADS

BRIDGE NO.	BRIDGE TYPE	TOTAL LENGTH	DATE
219.79	THROUGH TRUSS PINNED - O.D.	720'	1893

UNION PACIFIC RAILROAD CO.
BELL AVENUE INDUSTRIAL LEAD
INCL. 50+ YEAR OLD STRUCTURES

SCALE MILES

Q:\abandonments\ab0218.dgn
Date: 28-NOV-2000

VERIFICATION

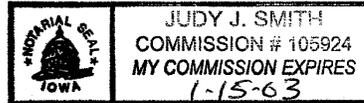
STATE OF IOWA)
) ss.
COUNTY OF POLK)

JOSEPH E. PIERCE, being first duly sworn, deposes and states that he has read the above document, knows the facts asserted therein, and that the same are true as stated.


JOSEPH E. PIERCE

SUBSCRIBED and sworn to before me this 17th day of May, 2002.


Notary Public



Parcel 66 (67) 2324

OFFICE
Exhibit 3



NOTE

IN CONSIDERATION OF THE SUM OF SEVEN-THOUSAND, ONE-HUNDRED AND TEN DOLLARS THIS DAY PAID TO THE CLIFTON HEIGHTS LAND COMPANY, A CORPORATION DULY ORGANIZED AND EXISTING UNDER AND BY VIRTUE OF THE LAWS OF THE STATE OF IOWA, THE RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED, THE SAID CLIFTON HEIGHTS LAND COMPANY, BY ITS PRESIDENT AND SECRETARY, DOES HEREBY SELL AND CONVEY TO THE CHICAGO, ST PAUL AND KANSAS CITY RAILWAY COMPANY, A CORPORATION DULY ORGANIZED AND EXISTING UNDER THE LAWS OF IOWA, THE FOLLOWING DESCRIBED PREMISES, SITUATED IN THE COUNTY OF POLK, AND STATE OF IOWA, TO-WIT:

A STRIP OF LAND ONE-HUNDRED FEET WIDE, BEING FIFTY FEET IN WIDTH ON EACH SIDE OF THE CENTRE LINE OF THE CHICAGO, ST PAUL AND KANSAS CITY RAILWAY, AS THE SAME IS NOW LOCATED AND STAKED OUT, OVER AND ACROSS LOT TWO OF THE OFFICIAL PLAT OF THE WEST HALF OF SECTION TEN, TOWNSHIP 78, NORTH OF RANGE 24, WEST OF THE 5TH P.M., IOWA, BEING A STRIP OF LAND EXTENDING FROM THE WEST LINE OF SAID LOT TWO TO THE DES MOINES RIVER. ALSO ALL THAT PORTION OF SAID LOT LYING NORTHERLY OF SAID STRIP OF LAND,

ALSO LOTS NUMBERS THREE AND FOUR IN BLOCK NUMBER EIGHT; LOTS ONE, TWO, THREE AND FOUR, AND SO MUCH OF LOT EIGHT, IN BLOCK SEVEN, AS LIES WITHIN FIFTY FEET OF THE CENTRE LINE OF SAID RAILWAY, AS THE SAME IS NOW LOCATED AND STAKED OUT OVER AND ACROSS SAID BLOCK 7. ALSO THE SOUTH HALF OF BLOCK TWO AND ALL OF BLOCK THREE. ALL BEING IN ADDITION TO SOUTH FORT DES MOINES, NOW INCLUDED IN THE CITY OF DES MOINES IOWA.

ALSO A STRIP OF LAND ONE-HUNDRED FEET WIDE, BEING FIFTY FEET IN WIDTH ON EITHER SIDE OF THE CENTRE LINE OF SAID RAILWAY, AS THE SAME IS NOW LOCATED AND STAKED OUT, OVER AND ACROSS THE FOLLOWING DESCRIBED PROPERTY:

LOT NUMBER SEVEN OF THE UNITED STATES SURVEY OF SECTION NINE, TOWNSHIP 78, NORTH RANGE 24, WEST OF THE 5TH P.M., EXCEPT SO MUCH THEREOF AS IS INCLUDED IN LOTS THREE, FOUR AND FIVE OF THE OFFICIAL PLAT OF THE SOUTH-EAST QUARTER OF SAID SECTION NINE; SAID LAST ABOVE DESCRIBED LAND BEING ALSO DESCRIBED AS LOTS OR BLOCKS FOURTEEN, FIFTEEN AND TWENTY-ONE, AND THE NARROW STRIP OF LAND LYING BETWEEN SAID LOTS 14 & 15 ON THE SOUTH AND LOT 21 ON THE NORTH, IN "SOUTH PARK", NOW INCLUDED IN THE CITY OF DES MOINES, IOWA.

ALSO A STRIP OF LAND ONE-HUNDRED FEET WIDE, BEING FIFTY FEET IN WIDTH ON EITHER SIDE OF THE CENTRE LINE OF SAID CHICAGO, ST PAUL AND KANSAS CITY RAILWAY, AS THE SAME IS NOW LOCATED AND STAKED OUT, OVER AND ACROSS LOT THREE OF THE OFFICIAL PLAT OF THE SOUTH-EAST QUARTER AND LOT NUMBER THREE OF THE OFFICIAL PLAT OF THE SOUTH-WEST QUARTER, ALL IN SECTION NUMBER NINE, TOWNSHIP 78, NORTH RANGE 24, WEST OF THE 5TH P.M., IOWA, AND IN ADDITION THERETO A STRIP OF LAND ONE-HUNDRED FEET WIDE ON THE SOUTHERLY SIDE OF SAID LAST ABOVE DESCRIBED LAND, AND EXTENDING FROM STATION NUMBER THREE-HUNDRED AND THREE TO STATION NUMBER THREE-HUNDRED AND ELEVEN, BEING A STRIP OF LAND ONE-HUNDRED FEET WIDE AND EIGHT-HUNDRED FEET LONG.

AND THE SAID CLIFTON HEIGHTS LAND COMPANY, ITS SUCCESSORS AND ASSIGNS, HEREBY COVENANTS WITH THE CHICAGO, ST PAUL AND KANSAS CITY RAILWAY COMPANY, ITS SUCCESSORS AND ASSIGNS, THAT

THE SAID LAND COMPANY IS LAWFULLY SEIZED OF SAID PREMISES;
THAT THE SAME ARE FREE FROM ENCUMBRANCE, AND THAT THE SAID
LAND COMPANY DOES HEREBY COVENANT TO FOREVER WARRANT AND
DEFEND THE TITLE TO THE SAME AGAINST THE LAWFUL CLAIMS OF
ALL PERSONS WHOMSOEVER.

IT IS AGREED BY THE GRANTEE THAT THE DIVISION TERMINAL
SHOPS OF THE SAID RAILWAY COMPANY SHALL BE LOCATED AND CON-
STRUCTED ON THE GROUNDS PURCHASED OF T. E. BROWN AND OTHERS.

The Clifton Heights Land Company
By... *C. L. Watrous, President*
..... *J. A. Jackson, Secy*

STATE OF IOWA,

38

POLK COUNTY.

BEFORE ME, THE UNDERSIGNED, A NOTARY PUBLIC IN AND
FOR POLK COUNTY, IOWA, ON THIS *7th* DAY OF JUNE, 1887,
PERSONALLY CAME C. L. WATROUS, PRESIDENT OF THE CLIFTON
HEIGHTS LAND COMPANY AND J. A. JACKSON, SECRETARY OF THE
SAME, TO ME PERSONALLY KNOWN TO BE THE IDENTICAL PERSONS
WHO EXECUTED THE FOREGOING CONVEYANCE, AS PRESIDENT AND
SECRETARY, RESPECTIVELY, OF SAID CLIFTON HEIGHTS LAND COMPANY
AND PERSONALLY KNOWN TO ME TO BE SUCH OFFICERS, AND ACKNOW-
LEDGED THE SAME TO BE THEIR VOLUNTARY ACT AND DEED FOR SUCH
COMPANY.

WITNESS MY HAND AND NOTARIAL SEAL HERETO AFFIXED THE
DAY AND YEAR LAST ABOVE WRITTEN.

J. Adams
.....
NOTARY PUBLIC IN & FOR POLK CO., IOWA

Parcel 68

2320

IN CONSIDERATION OF THE SUM OF SIX-HUNDRED AND FIFTY DOLLARS TO US IN HAND PAID, THE RECEIPT WHEREOF IS HEREBY ACKNOWLEDGED, WE, THOMAS B. SANDERS AND ANNA SANDERS, HIS WIFE OF ONTARIO, CANADA, BY T. B. BROWN, ATTORNEY IN FACT, AND T. B. BROWN AND MARY J. BROWN, HIS WIFE, OF POLK COUNTY, IOWA, DO HEREBY SELL AND CONVEY UNTO THE CHICAGO, ST PAUL AND KANSAS CITY RAILWAY COMPANY, A CORPORATION DULY ORGANIZED AND EXISTING UNDER AND BY VIRTUE OF THE LAWS OF THE STATE OF IOWA, THE FOLLOWING DESCRIBED PREMISES, SITUATED IN POLK COUNTY, IOWA, TO-WIT:

A STRIP OF LAND ONE-HUNDRED FEET WIDE, BEING FIFTY FEET IN WIDTH ON EACH SIDE OF THE CENTRE LINE OF THE CHICAGO, ST-PAUL AND KANSAS CITY RAILWAY, AS THE SAME IS AT PRESENT LOCATED, ACROSS LOT FOUR OF THE OFFICIAL PLAT OF THE SOUTH-WEST QUARTER OF SECTION NINE, TOWN SEVENTY-EIGHT, RANGE TWENTY-FOUR, WEST OF THE 5TH P.M.

THE GRANTORS RESERVE THE RIGHT TO THE COAL UNDER THE LANDS HEREBY CONVEYED, TO BE REMOVED THROUGH AND BY SHAFTS LOCATED, OR TO BE LOCATED, OUTSIDE OF THE ABOVE-DESCRIBED LANDS.

IT IS UNDERSTOOD THAT THE PREMISES HEREBY CONVEYED ARE TO BE USED FOR THE PURPOSE OF WAY, DIVISION TERMINAL GROUNDS, SHOPS, YARDS AND OTHER RAILWAY PURPOSES ONLY.

AND WE DO HEREBY COVENANT WITH THE SAID RAILWAY COMPANY THAT WE ARE LAWFULLY SEIZED OF SAID PREMISES; THAT THEY ARE FREE FROM ENCUMBRANCE, AND THAT WE WILL FOREVER WARRANT AND DEFEND THE TITLE TO THE SAME AGAINST THE LAWFUL CLAIMS OF ALL PERSONS.

AND WE, THE SAID ANNA SANDERS AND MARY J. BROWN, HEREBY RELINQUISH ALL OUR TITLE AND CLAIM TO DOWER IN THE ABOVE-DESCRIBED PREMISES.

T. B. Sanders & Anna Sanders
By T. B. Brown atty in fact
S. H. Watson
Mary J. Brown



NOTE

STATE OF IOWA

SS

POLK COUNTY.

I HEREBY CERTIFY THAT BEFORE ME, THE UNDERSIGNED, A NOTARY PUBLIC IN AND FOR POLK COUNTY, IOWA, PERSONALLY CAME T. B. BROWN AND MARY J. BROWN, HIS WIFE, TO ME PERSONALLY KNOWN TO BE THE IDENTICAL PERSONS WHO EXECUTED THE FOREGOING CONVEYANCE, AS GRANTORS, AND ACKNOWLEDGED THE SAME TO BE THEIR VOLUNTARY ACT AND DEED, AND THE SAID T. B. BROWN, AS ATTORNEY IN FACT, ACKNOWLEDGED THE SAME TO BE THE VOLUNTARY ACT AND DEED OF THE SAID THOMAS B. SANDERS AND ANNA SANDERS, HIS WIFE.

WITNESS MY HAND AND SEAL NOTARIAL HERETO AFFIXED THIS 10TH DAY OF JUNE, A. D. 1887.

C. P. Palmer
NOTARY PUBLIC IN & FOR POLK CO. IOWA

2320
Not a copy.

Hammy Wood

J. B. Smith

The Kansas State

Standard Oil Co.

James H. ...

FILED FOR RECORD

1907
JAN 10 1907
POLK COUNTY, IOWA

ON 17th MAR 1907
X

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of said County, this 10th day of January, 1907.

NOTARY PUBLIC IN & FOR POLK COUNTY, IOWA

STATE OF IOWA
POLK COUNTY

I HEREBY CERTIFY THAT THE FOREGOING IS A TRUE AND CORRECT COPY OF THE ORIGINAL AS THE SAME APPEARED TO ME.

Acres 69, 70

2315

IN CONSIDERATION OF THE SUM OF TWELVE-HUNDRED AND FIFTY DOLLARS TO US IN HAND PAID BY THE CHICAGO, ST PAUL AND KANSAS CITY RAILWAY COMPANY, A CORPORATION DULY ORGANIZED AND EXISTING UNDER AND BY VIRTUE OF THE LAWS OF THE STATE OF IOWA, THE RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED, WE, H. S. BUTLER AND AURILLA BUTLER, HIS WIFE, OF POLK COUNTY, IOWA, DO HEREBY SELL AND CONVEY UNTO THE SAID CHICAGO, ST PAUL AND KANSAS CITY RAILWAY COMPANY THE FOLLOWING-DESCRIBED PREMISES, SITUATED IN POLK COUNTY, IOWA, TO-WIT:

ALL THAT PART OF [REDACTED] OF THE OFFICIAL PLAT OF THE SOUTH-WEST QUARTER OF SECTION NINE, TOWN SEVENTY-EIGHT, RANGE TWENTY-FOUR, BOUNDED AS FOLLOWS, COMMENCING AT A POINT IN THE WEST LINE OF SAID LOT, SEVENTY FEET NORTH OF THE SOUTH WEST CORNER OF SAID LOT FIVE, RUNNING NORTH-EASTERLY IN A STRAIGHT LINE TO THE RACON RIVER, AT A POINT WHERE THE EAST LINE OF SAID LOT INTERSECTS SAID RIVER, THENCE SOUTH ON THE EAST LINE OF SAID LOT FIVE TO THE SOUTH-EAST CORNER OF SAID LOT, THENCE WEST ON THE SOUTH LINE OF SAID LOT TO THE SOUTH-WEST CORNER OF SAID LOT, THENCE NORTH TO THE PLACE OF BEGINNING.

ALSO ALL THAT PART OF [REDACTED] OF THE OFFICIAL PLAT OF THE NORTH-WEST QUARTER OF SECTION SIXTEEN, BOUNDED AS FOLLOWS; BEGINNING AT THE NORTH-WEST CORNER OF SAID LOT THIRTEEN THENCE RUNNING SOUTH TO A POINT IN THE SOUTHERN LINE OF THE RIGHT OF WAY OF THE DES MOINES, OSCEOLA AND SOUTHERN RAILWAY, THENCE IN A STRAIGHT LINE TO THE NORTH-EAST CORNER OF SAID LOT THIRTEEN, THENCE WEST ON THE NORTH LINE OF SAID LOT TO THE PLACE OF BEGINNING, EXCEPTING ALL THAT PORTION OF SAID LAND EMBRACED IN THE RIGHT OF WAY OF THE DES MOINES, OSCEOLA AND SOUTHERN RAILWAY.

THE GRANTORS RESERVE ALL COAL UNDER SAID PREMISES, THE SAME TO BE MINED ONLY THROUGH SHAFTS LOCATED, OR TO BE LOCATED OUTSIDE OF THE LANDS HEREBY CONVEYED.

THE GRANTORS ALSO RESERVE AND HEREBY DEDICATE FOR A PUBLIC HIGHWAY ACROSS THE PREMISES HEREBY CONVEYED, AND ALSO GRANT AND DEDICATE FOR THE SAME PURPOSE ACROSS THAT PORTION OF LOT FIVE OF OFFICIAL PLAT OF SOUTH-WEST QUARTER OF SECTION NINE, TOWNSHIP 78, RANGE 24, WEST OF THE 5TH P.M., NOT HEREBY CONVEYED TO SAID RAILWAY COMPANY, A STRIP OF LAND TWENTY FEET WIDE DESCRIBED AS FOLLOWS: THE CENTRE LINE OF SAID PUBLIC HIGHWAY BEGINNING AT THE NORTH-EAST CORNER OF THE SOUTH TWO ACRES OF OFFICIAL PLAT LOT SIX OF SOUTH-WEST QUARTER OF SECTION NINE, TOWNSHIP 78, RANGE TWENTY-FOUR, WEST OF THE 5TH P.M., AND RUNNING THENCE ON A STRAIGHT LINE TO A POINT ON THE

IT IS UNDERSTOOD THAT THE GRANTORS DO NOT GRANT THE RIGHT OF WAY FOR A PUBLIC HIGHWAY OVER THE RIGHT OF WAY OF THE DES MOINES, OSCEOLA AND SOUTHERN RAILROAD.

THE SAID CHICAGO, ST PAUL AND KANSAS CITY RAILWAY COMPANY AGREES TO FOREVER MAINTAIN A CROSSING FOR SUCH PUBLIC HIGHWAY ACROSS ITS TRACKS ON ITS RIGHT OF WAY AND TO GRADE SUCH HIGHWAY ACROSS THE RIGHT OF WAY OF ITS RAILWAY TO A LEVEL WITH ITS TRACKS, SUITABLE FOR TRAVEL, AND NOT TO UNREASONABLY OBSTRUCT THE SAME.

AND WE DO HEREBY COVENANT WITH THE SAID RAILWAY COMPANY ITS SUCCESSORS AND ASSIGNS THAT WE ARE LAWFULLY SEIZED OF THE SAID PREMISES; THAT THEY ARE FREE FROM ENCUMBRANCE, AND THAT WE WILL FOREVER WARRANT AND DEFEND THE TITLE TO THE

NOTE

Notary Public
Nassau County, N.Y.
1931

N. S. Butler & Co.
of the City of New York

Central Park
New York City

June 14th 1929
James C. Brown
209th St
New York City

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of my office, at New York City, New York, this 14th day of June, 1929.

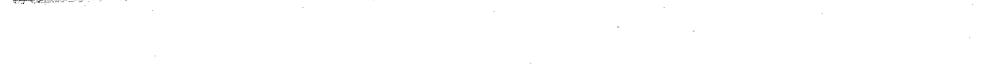
POLK COUNTY, N.Y.
FILED FOR RECORD

1929 JUN 14 12 27 PM
NOTARY PUBLIC
Nassau County, N.Y.
1931



STATE OF NEW YORK
NOTARY PUBLIC IN AND FOR
POLK COUNTY,
BEFORE ME, the undersigned, a Notary Public in and for
said County, on this 14th day of June, 1929, personally
appeared and acknowledged to me personally
known to be the legal owners who executed the foregoing
deed as grantors and acknowledged the same to be their
voluntary act and deed,
WITNESSED my hand and Notarial Seal hereunto affixed this
14th day of June, 1929.

NOTARY PUBLIC IN AND FOR POLK COUNTY,
NEW YORK



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June 71

2332

IN CONSIDERATION OF THE SUM OF *Two Thousand One Hundred and Thirty* DOLLARS TO US IN HAND PAID, BY THE CHICAGO, ST PAUL AND KANSAS CITY RAILWAY COMPANY A CORPORATION DULY ORGANIZED AND EXISTING UNDER AND BY VIRTUE OF THE LAWS OF THE STATE OF IOWA, THE RECEIPT WHEREOF IS HEREBY ACKNOWLEDGED, WE, SAMUEL GRAY AND SALLIE B. GRAY, HUSBAND AND WIFE, OF POLK COUNTY, IOWA, DO HEREBY SELL AND CONVEY UNTO THE CHICAGO, ST PAUL AND KANSAS CITY RAILWAY COMPANY THE FOLLOWING DESCRIBED PREMISES, SITUATED IN POLK COUNTY, IOWA, TO-WIT:

A STRIP OF LAND ONE-HUNDRED FEET IN WIDTH, BEING FIFTY FEET IN WIDTH ON EACH SIDE OF THE CENTRE LINE OF THE ROAD OF THE SAID C. ST P. & K. C. R'Y COMPANY, AS THE SAME IS NOW LOCATED OVER AND ACROSS ~~SECTION SIXTEEN~~ OF THE OFFICIAL PLAT OF ~~THE NORTH-EAST QUARTER OF~~ SECTION SIXTEEN, TOWNSHIP SEVENTY-EIGHT, NORTH RANGE TWENTY-FOUR, WEST OF THE 5TH P.M., IOWA, ALSO ALL THAT PORTION OF SAID LOT FOURTEEN WHICH LIES SOUTH OF AND BETWEEN THE AFOREMENTIONED STRIP OF LAND AND THE RIGHT OF WAY OF THE DES MOINES, OSCEOLA AND SOUTHERN RAILWAY, ALSO ALL THAT PART OF LOT SIX, OF THE OFFICIAL PLAT OF THE SOUTH-WEST QUARTER OF SECTION NINE, TOWNSHIP SEVENTY-EIGHT, NORTH RANGE TWENTY-FOUR WEST OF THE 5TH P.M. WHICH LIES WITHIN SEVENTY FEET OF THE CENTRE LINE OF THE SAID CHICAGO, ST PAUL AND KANSAS CITY R'Y AS THE SAME IS NOW LOCATED.

THE GRANTORS RESERVE THE RIGHT TO THE COAL UNDER THE LANDS HEREBY CONVEYED, TO BE REMOVED THROUGH AND BY SHAFTS LOCATED, OR TO BE LOCATED, OUTSIDE OF THE ABOVE DESCRIBED LANDS.

IT IS UNDERSTOOD THAT THE PREMISES HEREBY CONVEYED ARE TO BE USED FOR RIGHT OF WAY, DIVISION TERMINAL GROUNDS, SHOPS, YARDS AND OTHER RAILWAY PURPOSES ONLY.

AND WE DO HEREBY COVENANT WITH THE SAID RAILWAY COMPANY THAT WE ARE LAWFULLY SEIZED OF THE SAID PREMISES; THAT THEY ARE FREE FROM ENCUMBRANCE AND THAT WE WILL FOREVER WARRANT AND DEFEND THE TITLE TO THE SAME AGAINST THE LAWFUL CLAIMS OF ALL PERSONS.

AND THE GRANTORS SEVERALLY RELINQUISH ALL THEIR TITLE AND CLAIM TO POWER IN THE ABOVE DESCRIBED PREMISES.

SIGNED THIS *Seventh* DAY OF JUNE, A.D. 1887.

..... *Samuel Gray* ..
 *Sally B. Gray*

STATE OF IOWA,

SS

POLK COUNTY.

I HEREBY CERTIFY THAT, BEFORE ME, THE UNDERSIGNED, A NOTARY PUBLIC IN AND FOR POLK COUNTY, IOWA, PERSONALLY CAME SAMUEL GRAY AND SALLIE B. GRAY, HIS WIFE, TO ME PERSONALLY KNOWN TO BE THE IDENTICAL PERSONS WHO EXECUTED THE FOREGOING CONVEYANCE AS GRANTORS AND ACKNOWLEDGED THE SAME TO BE THEIR VOLUNTARY ACT AND DEED.

WITNESS MY HAND AND NOTARIAL SEAL HERETO AFFIXED THIS *10th* DAY OF JUNE, A.D. 1887.

..... *C. P. Holmes*

NOTARY PUBLIC IN & FOR POLK CO. IOWA

NOTE

804-10-1000

Wm. W. Wood

2832

July 13, 1891

Amund Wood

The Chicago Street

Kennett, Mo. Co.

Contract for the

June 17/1891

James E. Jones

2074

FILED FOR RECORD
POLK COUNTY IOWA
JUL 17 1891
J. M. Wood

in

6/17/91

IT IS HEREBY CERTIFIED THAT THE ABOVE DESCRIBED PREMISES ARE
THE PROPERTY OF THE CHICAGO STREET RAILWAY COMPANY AND THAT THE
SAME ARE SUBJECT TO THE MORTGAGE IN FAVOR OF THE CHICAGO STREET
RAILWAY COMPANY AS SHOWN BY THE RECORDS OF THE POLK COUNTY
CLERK'S OFFICE. THE CHICAGO STREET RAILWAY COMPANY IS THE
OWNER AND POSSESSOR OF THE SAME AND IS ENTITLED TO THE
SAME AS A MATTER OF COURSE. THE CHICAGO STREET RAILWAY
COMPANY IS A CORPORATION ORGANIZED UNDER THE LAWS OF THE
STATE OF IOWA AND HAS A CAPITAL STOCK OF FIFTY THOUSAND
DOLLARS. THE CHICAGO STREET RAILWAY COMPANY IS THE
SOLE PROPRIETOR OF THE CHICAGO STREET RAILWAY AND IS
ENTITLED TO THE SAME AS A MATTER OF COURSE. THE CHICAGO
STREET RAILWAY COMPANY IS THE OWNER AND POSSESSOR OF THE
SAME AND IS ENTITLED TO THE SAME AS A MATTER OF COURSE.

STATE OF IOWA,
COUNTY OF POLK,
I HEREBY CERTIFY THAT THE ABOVE DESCRIBED PREMISES ARE
THE PROPERTY OF THE CHICAGO STREET RAILWAY COMPANY AND THAT
THE SAME ARE SUBJECT TO THE MORTGAGE IN FAVOR OF THE
CHICAGO STREET RAILWAY COMPANY AS SHOWN BY THE RECORDS OF
THE POLK COUNTY CLERK'S OFFICE. THE CHICAGO STREET RAILWAY
COMPANY IS THE OWNER AND POSSESSOR OF THE SAME AND IS
ENTITLED TO THE SAME AS A MATTER OF COURSE. THE CHICAGO
STREET RAILWAY COMPANY IS A CORPORATION ORGANIZED UNDER
THE LAWS OF THE STATE OF IOWA AND HAS A CAPITAL STOCK OF
FIFTY THOUSAND DOLLARS. THE CHICAGO STREET RAILWAY
COMPANY IS THE SOLE PROPRIETOR OF THE CHICAGO STREET
RAILWAY AND IS ENTITLED TO THE SAME AS A MATTER OF COURSE.

NOTARY PUBLIC IN & FOR POLK COUNTY, IOWA
JULY 13, 1891

Plat 73 2829
(typed)

IN CONSIDERATION OF THE SUM OF THREE THOUSAND, FIVE HUNDRED DOLLARS, TO ME IN HAND PAID, BY THE CHICAGO, ST. PAUL AND KANSAS CITY RAILWAY COMPANY, A CORPORATION DULY ORGANIZED AND EXISTING UNDER AND BY VIRTUE OF THE LAWS OF THE STATE OF IOWA, THE RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED, I, JOHN BECKWITH, OF POLK COUNTY, IOWA, DO HEREBY SELL AND CONVEY UNTO THE SAID CHICAGO, ST. PAUL AND KANSAS CITY RAILWAY COMPANY, THE FOLLOWING DESCRIBED PREMISES, SITUATED IN POLK COUNTY, TO-WIT:

THE UNDIVIDED HALF OF A STRIP OF LAND, ONE HUNDRED FEET IN WIDTH, BEING FIFTY FEET IN WIDTH ON EACH SIDE OF THE CENTER LINE OF THE CHICAGO, ST. PAUL AND KANSAS CITY RAILWAY, AS NOW LOCATED OVER AND ACROSS LOT FIFTEEN OF THE OFFICIAL PLAT OF THE NORTH-WEST QUARTER OF SEC. SIXTEEN, ALSO OVER AND ACROSS THE EAST HALF OF THE NORTHEAST QUARTER OF THE NORTH-EAST QUARTER OF SEC. SEVENTEEN, ALL BEING IN TOWNSHIP SEVENTY-EIGHT, NORTH RANGE TWENTY-FOUR, WEST OF THE FIFTH P.M. ALSO THE UNDIVIDED HALF OF ALL THAT PORTION OF SAID LOT FIFTEEN, AND OF SAID EAST HALF OF NORTH-EAST QUARTER OF NORTH-EAST QUARTER, AND OF THE EAST HALF OF THE NORTH-EAST QUARTER OF THE NORTH-EAST QUARTER OF SAID SEC. SEVENTEEN WHICH LIES SOUTH OF AND BETWEEN THE AFOREMENTIONED ONE HUNDRED FOOT STRIP OF LAND AND THE RIGHT OF WAY OF THE DES MOINES AND KANSAS CITY RAILROAD COMPANY, CONTAINING IN ALL ABOUT TWENTY-SEVEN AND EIGHT-ONE HUNDREDTH ACRES.

IT IS UNDERSTOOD THAT THE PREMISES HEREBY CONVEYED ARE TO BE USED FOR RIGHT OF WAY, DEVIATION, TERMINAL GROUNDS, SHOPS, YARDS AND OTHER RAILWAY PURPOSES ONLY. THE GRANTOR RESERVES THE COAL UNDER SAID PREMISES AND THE RIGHT TO REMOVE IT, TO BE MINED, HOWEVER, THROUGH SHAFTS LOCATED, OR TO BE LOCATED, OUTSIDE THE LANDS HEREBY CONVEYED.

AND I DO HEREBY COVENANT WITH SAID RAILWAY COMPANY THAT I AM LAWFULLY SEIZED OF THE SAID PREMISES; THAT THEY ARE FREE FROM ENCUMBRANCE AND THAT I WILL FOREVER WARRANT AND DEFEND THE TITLE TO THE SAME AGAINST THE LAWFUL CLAIMS OF ALL PERSONS.

AND AMANDA C. BECKWITH, WIFE OF SAID JOHN BECKWITH, HEREBY RELINQUISHES ALL HER TITLE AND CLAIM TO DOWER IN THE ABOVE-DESCRIBED PREMISES.

SIGNED THIS 16TH DAY OF NOVEMBER, 1898.

John Beckwith
Amanda C. Beckwith

STATE OF IOWA,
POLK COUNTY, ss.

A. S. Nolan ON THIS 16TH DAY OF NOVEMBER, 1898, BEFORE ME, _____ A NOTARY PUBLIC WITHIN AND FOR SAID COUNTY, PERSONALLY APPEARED JOHN BECKWITH AND AMANDA C. BECKWITH, TO ME

#73 2322 ✓

IN CONSIDERATION OF THE SUM OF EIGHTEEN-THOUSAND, NINE HUNDRED DOLLARS, TO US IN HAND PAID BY THE CHICAGO, ST PAUL AND KANSAS CITY RAILWAY COMPANY, A CORPORATION ORGANIZED AND EXISTING UNDER AND BY VIRTUE OF THE LAWS OF IOWA, THE RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED, WE, TALMADGE E. BROWN AND ANNA L. BROWN, HIS WIFE, OF POLK COUNTY, IOWA, DO HEREBY

~~SELL AND CONVEY UNTO THE SAID CHICAGO, ST PAUL AND KANSAS CITY RAILWAY COMPANY ALL THE FOLLOWING DESCRIBED PREMISES.~~

~~THE COUNTY OF POLK AND STATE OF IOWA, TO-WIT:~~
A STRIP OF LAND ONE-HUNDRED FEET IN WIDTH, BEING FIFTY FEET IN WIDTH ON EITHER SIDE OF THE CENTRE LINE OF THE CHICAGO ST PAUL AND KANSAS CITY RAILWAY, AS NOW LOCATED OVER AND ACROSS THE WEST HALF OF NORTH-EAST QUARTER OF SECTION SEVENTEEN, AND THE WEST HALF OF EAST HALF OF NORTH-EAST QUARTER OF SECTION SEVENTEEN, TOWNSHIP SEVENTY-EIGHT, RANGE TWENTY-FOUR. ALSO ALL THAT PORTION OF SAID LANDS WHICH LIES SOUTH OF AND BETWEEN THE AFOREMENTIONED ONE-HUNDRED FOOT STRIP AND THE RIGHT OF WAY OF THE DES MOINES, OSCEOLA AND SOUTHERN RAILWAY. ALSO A STRIP OF LAND FIFTY FEET WIDE LYING IMMEDIATELY NORTH OF AND ADJOINING THE SAID ONE-HUNDRED FOOT STRIP BEFORE DESCRIBED, EXTENDING FROM THE WEST LINE OF THE NORTH-EAST QUARTER OF SAID SECTION SEVENTEEN, EASTERLY ALONG SAID ONE-HUNDRED FOOT STRIP FIVE-HUNDRED AND FIFTY FEET. BEING IN ALL ABOUT FORTY-SEVEN AND FIFTY ONE

~~SQUARE FEET.~~

AND I, TALMADGE E. BROWN, FOR MYSELF, MY HEIRS AND PERSONAL REPRESENTATIVES, DO HEREBY CONVEY WITH THE SAID CHICAGO, ST PAUL AND KANSAS CITY RAILWAY COMPANY, ITS SUCCESSORS AND ASSIGNS, THAT I AM LAWFULLY SEIZED OF SAID PREMISES, AND THAT I WILL FOREVER WARRANT AND DEFEND THE TITLE TO THE SAME AGAINST THE LAWFUL CLAIMS OF ALL PERSONS WHOMSOEVER.

AND I, THE SAID ANNA L. BROWN, HEREBY RELINQUISH AND RELEASE ALL MY RIGHT, TITLE AND CLAIM TO POWER IN SAID PREMISES.

Talmadge E. Brown
Anna L. Brown

~~STATE OF IOWA,~~

BEFORE ME, THE UNDERSIGNED, IN AND FOR POLK COUNTY, IOWA, ON THE 9TH DAY OF JUNE, A.D. 1937, PERSONALLY CAME TALMADGE E. BROWN, AND ANNA L. BROWN, HIS WIFE, TO ME PERSONALLY TO SEE THE IDENTICAL PERSONS WHO EXECUTED THE FOREGOING CONVEYANCE, AND ACKNOWLEDGED THE SAME TO BE THEIR VOLUNTARY ACT AND DEED.

WITNESS MY HAND AND NOTARIAL SEAL HERETO ANNEXED, THIS 9TH DAY OF JUNE, 1937.

Edward S. Marsh
NOTARY PUBLIC IN & FOR POLK CO. IOWA

NOTE

203-254-1000 8893

Wasson, Deek

*Wilmot & Brown
and Glick*

*The Chicago Street
Rear of B. Co.*

Contract for Repairs

June 14, 1917

Wm. E. Jones

20704

POLK COUNTY, IOWA,
FILED FOR RECORD

JUN 14 1917

1190 O'clock, A. M. and Record

Book of page 1117

Wasson

612

Wm. E. Jones

X



Prud 74 2321

IN CONSIDERATION OF THE SUM OF FIVE-THOUSAND, FIVE-HUNDRED DOLLARS TO US IN HAND PAID BY THE CHICAGO, ST PAUL & KANSAS CITY RAILWAY COMPANY, A CORPORATION DULY ORGANIZED AND EXISTING UNDER AND BY VIRTUE OF THE LAWS OF THE STATE OF IOWA, THE RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED, WE LESTER PERKINS AND CLARINDA PERKINS, HIS WIFE, OF POLK COUNTY, IOWA, DO HEREBY SELL AND CONVEY UNTO THE SAID CHICAGO, ST PAUL AND KANSAS CITY RAILWAY COMPANY THE FOLLOWING DESCRIBED PREMISES, SITUATED IN POLK COUNTY, IOWA, TO-WIT:

A STRIP OF LAND ONE-HUNDRED FEET IN WIDTH, BEING FIFTY FEET IN WIDTH ON EITHER SIDE OF THE CENTRE LINE OF THE C. ST P & K. C. RY AS NOW LOCATED OVER AND ACROSS THE NORTH-WEST QUARTER OF SECTION SEVENTEEN, TOWNSHIP SEVENTY-EIGHT, RANGE TWENTY-FOUR, WEST OF THE 5TH P.M.

ALSO A TRIANGULAR PIECE OF GROUND BOUNDED AS FOLLOWS: BEGINNING AT THE INTERSECTION OF THE EAST LINE OF THE NORTH-WEST QUARTER OF SAID SECTION SEVENTEEN AND THE SOUTHERN BOUNDARY OF THE ONE-HUNDRED FOOT STRIP BEFORE MENTIONED, RUNNING THENCE SOUTH ON THE ONE-QUARTER LINE THREE-HUNDRED AND FORTY FEET, THENCE WESTERLY IN A STRAIGHT LINE EIGHTY RODS TO THE SOUTH LINE OF SAID ONE-HUNDRED FOOT STRIP, THENCE EASTERLY ALONG SAID SOUTHERLY LINE OF THE ONE-HUNDRED FOOT STRIP TO THE PLACE OF BEGINNING.

ALSO A STRIP OF LAND FIFTY FEET WIDE, LYING IMMEDIATELY NORTH OF AND ADJOINING THE ONE-HUNDRED FOOT STRIP AFORESAID AND EXTENDING FROM THE EAST LINE OF THE SAID NORTH-WEST QUARTER OF SECTION SEVENTEEN, WESTERLY ALONG SAID ONE-HUNDRED FOOT STRIP SEVEN-HUNDRED AND FIFTY FEET.

IT IS UNDERSTOOD THAT THE PREMISES HEREBY CONVEYED ARE TO BE USED FOR RIGHT OF WAY, DIVISION TERMINAL GROUNDS, SHOPS YARDS AND OTHER RAILWAY PURPOSES ONLY.

AND WE DO HEREBY COVENANT WITH THE SAID RAILWAY COMPANY THAT WE ARE LAWFULLY SEIZED OF THE SAID PREMISES; THAT THEY ARE FREE FROM ENCUMBRANCE AND THAT WE WILL FOREVER WARRANT AND DEFEND THE TITLE TO THE SAME AGAINST THE LAWFUL CLAIMS OF ALL PERSONS WHOMSOEVER.

AND I, THE SAID CLARINDA PERKINS, HEREBY RELINQUISH ALL MY TITLE AND CLAIM TO DOWER IN THE ABOVE PREMISES.

SIGNED THIS 10TH DAY OF JUNE, A.D. 1897.

Lester Perkins
Clarinda Perkins

STATE OF IOWA,
POLK COUNTY, ss

BEFORE ME, THE UNDERSIGNED, A NOTARY PUBLIC IN AND FOR POLK COUNTY, IOWA, ON THIS 10TH DAY OF JUNE, A.D. 1897, PERSONALLY CAME LESTER PERKINS AND CLARINDA PERKINS, HIS WIFE, TO ME PERSONALLY KNOWN TO BE THE IDENTICAL PERSONS WHO EXECUTED THE FOREGOING CONVEYANCE, AND ACKNOWLEDGED THE SAME TO BE THEIR VOLUNTARY ACT AND DEED.

WITNESS MY HAND AND NOTARIAL SEAL HERETO AFFIXED THE DAY AND YEAR EAST ABOVE WRITTEN.

John Sherman
NOTARY PUBLIC IN & FOR POLK CO. IOWA



NOTE

**MAP WILL BE SCANNED
AT A LATER DATE**

BELIN LAMSON McCORMICK ZUMBACH FLYNN

A Professional Corporation
The Financial Center
666 Walnut Street Suite 2000
Des Moines, IA 50309-3989
Telephone: (515) 243-7100

TO: Bill Bartine
FROM: Mark McCormick
DATE: May 15, 2002
RE: Interests of Union Pacific Railroad Company in Operating Right-of-Way of the Bell Avenue Industrial Lead

At your request, I have reviewed the copies of conveyance documents that you obtained from the files of the Union Pacific Railroad Company at its real estate office in Omaha, Nebraska through which the railroad obtained its interest in the land comprising the operating right-of-way of the Bell Avenue Industrial Lead. Before my appointment to the Iowa District Court in 1968, I did a substantial amount of title work for a Fort Dodge mortgage company and for Northern Natural Gas Company, which at that time was acquiring fee and easement rights in north-central Iowa land for underground gas storage. I was certified as a title examiner by Chicago Title Insurance Company. After leaving the bench and joining this firm, I represented AT&T in acquiring rights through agreement and condemnation in connection with the installation of a fiber optic cable across Iowa. In particular, this work involved litigation concerning the state of title in a railroad right-of-way in Scott County. In addition, during the period I was on the Supreme Court of Iowa from 1972 through February 1986, the Court had several cases involving title issues relating to abandonment of railroad right-of-way. During that period, I authored the opinion of the Court in Hawk v. Rice, 325 N.W.2d 97 (Iowa 1982). From this background, I have an understanding of Iowa law relating to interpretation of instruments through which railroads have acquired interests in real estate for right-of-way and other purposes.

At your request, I have studied the conveyance instruments relating to Parcels 68, 71, 72 and 74. Each of the instruments of conveyance contains the following language in the granting clause of the conveyance:

It is understood that the premises hereby conveyed are to be used for right-of-way, division terminal grounds, shops, yards and other railway purposes only.

This language is indistinguishable in its purpose and effects from the language examined by the Supreme Court in Hawk v. Rice and the subsequent case Macerich Real Estate Company v. City of Ames, 433 N.W.2d 726 (Iowa 1988). In these cases and the cases relied on in them, the Supreme Court found the granting clause expressly described the conveyance as a right-of-way for construction and operation of a railroad. The Iowa cases have consistently held that this type of language in a conveying instrument conveys an easement only and not a fee interest.

Therefore, I believe the Iowa cases require conclusion that the interests conveyed to the railroad in Parcels 68, 71, 72 and 74 constitute easements only and not fee interests.

MAR PURCHASE OFFER
Appendix A, Exhibit 5

FEE PARCELS

			MAR Proposed "Across-the- Fence" Values	Nominal Appraised Value	Purchase Price Requested
Parcel #	Acres	UP Values			
67	3.042	\$53,004.00	\$53,004.00	\$53,004.00	\$37,103.00
69	0.436	\$12,350.00	\$9,500.00	\$7,249.00	\$5,074.00
70	0.597	\$41,600.00	\$13,000.00	\$9,920.00	\$6,944.00
73	4.325	\$83,635.00	\$94,202.00	\$71,884.00	\$50,319.00
95	0.25	\$980.00	\$980.00	\$980.00	\$686.00
Total Fee Parcels		\$191,569.00	\$170,686.00	\$143,037.00	\$100,126.00

**REVERSIONARY
PARCELS**

			MAR Proposed "Across-the- Fence" Values	Nominal Appraised Value	Purchase Price Requested
Parcel #	Acres	UP Values			
68	0.482	\$13,647.00	\$31,494.00	\$24,032.00	\$10.00
71	1.319	\$81,675.00	\$29,566.00	\$22,561.00	\$10.00
72	3.112	\$190,575.00	\$67,782.00	\$51,723.00	\$10.00
74	3.903	\$64,033.00	\$85,000.00	\$64,862.00	\$10.00
Total Reversionary Parcels		\$349,930.00	\$213,842.00	\$163,178.00	\$40.00
Total: All Parcels		\$541,499.00	\$384,528.00	\$306,215.00	\$100,166.00

EXHIBIT 7
ADDITIONAL RECOVERY COSTS

Trucking Charges to Mill, 431 Tons ⁽¹⁾ @ \$18/ton ⁽²⁾	\$7,758
Set-up costs for salvage crew and equipment	30,000
Commission, @ 7%	6,701
Reduction of O.T.M & Turnouts for uniformity issues ⁽³⁾	<u>5,922</u>
Total	<u>\$50,381</u>

(1) Tonnage per Exhibit 6.

(2) Range = \$12/ton to \$30/ton.

(3) Per Exhibit 6, Value of Track Components.

VERIFIED STATEMENT
OF
PATRICK J. SCHULTE

I, Patrick J. Schulte, being duly sworn upon my oath, do hereby depose and state as follows:

1. I am a State of Iowa Certified General Real Property Appraiser with Commercial Appraisers of Iowa, Inc. I graduated in 1971 with a bachelor of arts degree in Business Administration from the University of Wisconsin – Madison where I studied real estate and urban land economics. My real estate appraisal designations from the Appraisal Institute include SRPA and MAI. I have continuing professional education credit hours in industrial property appraisal, income property appraisal, highest and best use analysis, and many other aspects of commercial/industrial real estate analysis.
2. My professional experience includes thirty (30) years of commercial, industrial and investment property appraising. Through my professional career, I have gained a specialized knowledge in appraising analysis of complex and special-use properties.
3. Prior to 1979, I served for six (6) years as an appraiser of industrial properties for the Wisconsin Department of Revenue. From 1979 to 1987 I served as Chief Deputy Assessor for the City of Madison, Wisconsin, with responsibility for assessment of all commercial properties. From

1987 to 2001 I served as Vice President and Appraiser with Iowa Appraisal and Research where I regularly appraised a variety of commercial and investment properties, including special-use properties. In 2001, I co-founded Commercial Appraisers of Iowa, Inc.

4. I was commissioned by Mid-America Railroad, LLC ("Mid-America") to appraise the "net liquidation value" of a portion of the underlying land encompassed by a transportation corridor in downtown Des Moines, Iowa, known as the Bell Avenue Industrial Lead ("the line"). My complete appraisal report is attached to this Statement as Exhibit 2. I appraised the net liquidation value of 1.52 miles of the line, from milepost 217.38 to milepost 218.90. I understand that the Union Pacific Railroad Company desires to abandon the line and that Mid-America desires to purchase from Union Pacific the portion of the line identified in the previous sentence.
5. As is more fully explained in my report, I estimate the net liquidation value of the fee simple interest of the land component of this portion of the line to be \$405,000.
6. I reached this figure after first inspecting the property, the neighboring properties, and determining highest and best use of the line and of the adjacent parcels. I then calculated the "across the fence" value of segments of this portion of the line in relation to adjacent parcels. This initial calculation is reflected on Page 22 of my report.
7. In order to determine the across the fence value of individual segments of this portion of the line, I verified the actual square footage of the segments

in relation to adjacent parcels. Initially, I began this process by analyzing the square footage figures provided by Union Pacific's John Herdzina in a Verified Statement and report attached to Union Pacific's original application to abandon the line. A copy of this Statement and report was provided to me by Mid-America. Mr. Herdzina also provided me with a table of parcel sizes that was used to develop the his Statement and report. Several of Mr. Herdzina's square footage calculations, as shown in this table, were inaccurate. The table of parcel sizes included many parcels that were wider than his assumed 100-foot wide land corridor along the entire line. After talking with Mr. Herdzina on approximately April 11, 2002, we reached agreement on square footage calculations. Our agreement as to the proper square footage figures is reflected on Page 16 of my report.

8. In my opinion, the relevant land segments on this portion of the line fall into the following categories: industrial lots, rear yard to industrial lots, or raw land having highest and best use for business park/industrial park subdivision and street construction. This determination is explained on Pages 19-21 of my report. Having classified the pertinent land segments, I then determined the across the fence value for industrial and business park/industrial park land in the City of Des Moines by reviewing recent sales of a number of similar parcels and estimating an average square foot price for these land types. This is laid out on Page 20 of my report. Applying this average square foot price to the appropriate segments on

this portion of the line, I figured the aggregate retail value of this portion of the line to be \$530,744. This is reflected on Page 22 of my report. This amount assumes many separate sales over time to numerous purchasers.

9. To determine the total net liquidation value of this portion of the line, I then developed and applied a discounted cash flow analysis to this \$530,744 figure in order to determine the present value of all pertinent segments of this portion of the line to a single purchaser. This analysis accounts for sales fees, profits, and miscellaneous costs associated with holding and marketing this land as a single unit. This is reflected on Pages 23-24 of my report. The discount is appropriate to consider the difference in value if each segment of this portion of the line were to be sold individually – i.e. marketed separately to individual purchasers – as opposed to a single purchaser such as Mid-America. I reached the final estimated net liquidation value for the land underlying this portion of the line – \$405,000 – after applying the discount figured from this analysis.
10. In performing the appraisal described in the preceding paragraphs, I made a number of assumptions that are more fully explained in my report. Significantly, however, the estimated net liquidation value of \$405,000 assumes that all of the underlying real estate in question is held by Union Pacific in fee simple, free and clear of all liens and encumbrances, easements, and restrictions except those specifically discussed in my report. I express no opinion as to the quality of title to this land. If title is

in fact clouded in some way, this would, naturally, impact negatively the estimated net liquidation value of \$405,000.

VERIFICATION

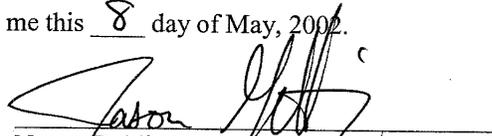
STATE OF Iowa)
COUNTY OF Polk) ss.

PATRICK J. SCHULTE, being first duly sworn, deposes and states that he has read the above document, knows the facts asserted therein, and that the same are true as stated.

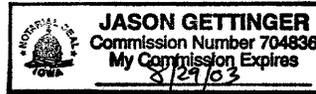


PATRICK J. SCHULTE

SUBSCRIBED and sworn to before me this 8 day of May, 2002.



Notary Public



COMMERCIAL APPRAISERS OF IOWA, INC.

APP B
Exhibit 1

May 7, 2002

Mr. William D. Bartine
Belin Lamson McCormick Zumbach Flynn
666 Walnut, Suite 2000
Des Moines, Iowa 50309-3989

Dear Mr. Bartine:

**Re: Appraisal of Union Pacific Railroad Property – West Part of Bell Avenue
Industrial Lead**

As you requested, we have on April 4, 2002 and other dates, inspected and appraised the above-referenced real estate. We do not have a complete legal description for the property. The property consists of a railroad corridor that runs from milepost 217.38 near S.W. 30th Street in Des Moines, Iowa to approximately milepost 218.90 at SW 9th Street in Des Moines. The total distance is approximately 1.52 miles. The property is shown on the enclosed maps and the property is shown on a lengthy rolled map that we have photocopied for retention in our files. The property is also shown on the maps and plats included with this report.

The purpose of the appraisal is to estimate the net liquidation value of fee simple interest in the land, as of the date of inspection. The appraisal is to be used as a consideration in potential acquisition of the property. The intended user of this report is Mr. William D. Bartine and his client, the Mid-America Company. It is not to be relied upon by any third parties.

We have performed a complete appraisal of the land component and are providing a summary appraisal report. Please note that we are appraising the land value, exclusive of any contributory value of railroad ties, steel rails, bridges or other railroad structures and improvements. We are including the value of the land component, at the existing grades and elevations; excluding railroad related structures or features.

The appraisal has been made in conformance to the most recent Federal regulations (FIRREA), as well as the guidelines of the Uniform Standards of Professional Appraisal Practice and the Appraisal Institute's Code of Ethics.

- COMMERCIAL APPRAISERS OF IOWA, INC. -

Mr. William D. Bartine

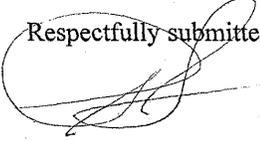
May 7, 2002

Page 2

Valuation Conclusion: Based on the data and judgments contained in the following appraisal report, we estimate the net liquidation value of the fee simple estate in the subject property, as of April 4, 2002, to be **\$405,000.**

It has been a pleasure providing appraisal services to you. If you should have any questions regarding the derivation of market value, please feel free to contact us at your convenience.

Respectfully submitted,



Patrick J. Schulte, MAI, SRPA

PJS:jg

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LETTER OF TRANSMITTAL

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- COMPARABLE LAND SALES**
- DEFINITIONS**
- COPY OF APPRAISER STATE CERTIFICATION**
- QUALIFICATIONS OF THE APPRAISER**

SUMMARY OF SALIENT DATA

Property Identification

The subject property consists of a railroad corridor that has a general width of approximately 100 feet and runs for approximately 1.52 miles. The railroad corridor property is outlined on the maps shown in this report and is identified in the Union Pacific Railroad Company document related to the "Abandonment and Discontinuance of Operation - - in Polk County, IA (Bell Avenue Industrial Lead in Des Moines, IA)". We have received a copy of that document, dated September 27, 2001, and addressed to Mr. Vernon Williams, Secretary of the Surface Transportation Board in Washington, DC.

The larger railroad corridor, shown in the abandonment document, runs on the west from S.E. 18th Street on the east to S.W. 30th Street. That corridor is approximately 3.27 miles long and approximately 100 feet wide. It is continuous in some sections and the corridor is comprised of lots and blocks and crossing rights over city streets in other sections. It is shown on several maps we have reviewed and we have retained copies of the maps in our files.

The subject property is a part of this larger corridor and is defined as running from mile-marker 217.38 on the west (approximately 1,700 feet west of Fleur Drive) to the mile-marker 218.90 (S.W. 9th Street right-of-way) on the east. It is a part of numerous parcels identified on the Union Pacific Railroad property maps and plans and tables. We have estimated a total land area, as shown on the tables included with this report, to be approximately 17.321 acres, or approximately 754,500 square feet.

Ownership and Sales History

We are informed that the property is controlled by the Union Pacific Railroad Company. The ownership would be under several railroad companies and other parties in the public records. We are not performing independent research as to ownership of the property. It is our understanding that there have been no conveyances of the land being appraised during the last three years. The controlling operator has requested abandonment of the railroad operations. The property is not publicly listed for sale to our knowledge.

Occupancy

The property was formally occupied as a railroad corridor line. We are not aware whether there are trains running on the line at this time. However, we have reviewed the document whereby the Union Pacific Railroad Company is providing evidence that the railroad operation is no longer feasible.

Purpose and Use of the Appraisal

The purpose of the appraisal is to estimate the net liquidation value in the property as of the date of inspection. The appraisal is to be used as a consideration in potential acquisition. The intended user of this report is Mr. William D. Bartine and his client, the Mid-America Company. It is not to be relied upon by any third parties.

Scope of the Appraisal

To complete this appraisal assignment, we inspected the property and researched the market for data. We have researched numerous land sale transactions throughout the neighborhood of the railroad corridor and in other similar neighborhoods. We have confirmed the majority of all of the transactions considered for this analysis.

We are appraising the property given the probable abandonment of the existing corridor. We have not made an independent determination as to the highest and best use of the property as being for assemblage for railroad corridor purposes. Rather, we have performed this analysis assuming the property does not have a highest and best use for railroad corridor purposes, for profit, and that it would have potential alternative liquidation use.

We have not researched sales of corridor land properties. Rather we have researched sales of parcels used for alternative purposes in order to estimate "across the fence value".

Assessed Valuation and Taxes

The property has been assessed by the Iowa Utility Assessment Department. We have not researched the assessment or taxation. The property is not subject to local property tax and is not subject to local assessment.

Ownership Interest Valued

Fee Simple Estate, subject to easements and restrictions of record.

Definitions

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

- (1) buyer and seller are typically motivated;
- (2) both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) a reasonable time is allowed for exposure in the open market;
- (4) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements compatible thereto; and
- (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associates with the sale."

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

Across the Fence Method: A means of estimating the price or value of land adjacent to or "across the fence" from a railroad, pipeline, highway, or other corridor real estate; as distinguished from valuing the right-of-way as a separate entity.¹

Across the Fence Value (ATF): "In the valuation of corridor real estate, the price or value of land adjacent to or "across the fence" from a railroad, pipeline, highway, or other corridor real estate."¹

Value for Other Use: A means of valuing a corridor of real estate; used particularly in valuing railroad corridors.¹

Net Liquidation Value: (We have not been provided with an authoritative definition of net liquidation value.)

We have analyzed "liquidation value" as defined by the Appraisal Institute and have analyzed several other sources to provide definitions for net liquidation value for railroad abandonment purposes. We were provided a copy of a reference to net liquidation value from the Surface Transportation Board, DOT Section 152.27 by our client. That document, on page 217 states "fair market value equals constitutional minimum value which is the greater of the net liquidation value of the line for the going concern value of the line."

We are interpreting "net liquidation value" to be equal to the normal definition of "market value" for the individual parcels being appraised, but assuming they were sold in a reasonable time period to a single purchaser. This requires the estimate of market value, using "across the fence methodology", and requires application of a normal subdivision type analysis to consider the fact that it would be necessary for a railroad owner to expend funds for marketing, appraisal, administrative and overhead expenses and real estate commissions. The fact that the sales would occur over a period of time requires discounting because a cash flow return cannot be realized until the date of future sale.

This process requires determining the "across the fence value" and applying a normal discounted cash flow analysis similar to that used in appraising subdivisions or other land assemblage or grouping analysis. Our estimate of value, given this interpretation of net liquidation value, is the amount that a typical single purchaser would pay the railroad owner for the right to purchase all of the various parcels for use; or for resale over time allowing for normal expenses, profits and the time value of money.

Net Liquidation Value can also be viewed as to the net value a railroad would receive if it had to liquidate the corridor on a parcel-by-parcel basis. This type of liquidation is costly to the railroad because it requires marketing, appraisals, administrative and overhead expenses and real estate commissions if sales are conducted by outside agents. In addition, sales will occur over several years and

¹ As defined by *The Dictionary of Real Estate Appraisal*, Third Addition (Appraisal Institute, 1993)

must be discounted because a return cannot be realized until the date of a sale (a parcel selling five years from now for \$1,000 may only be worth \$600 now).

The definition of other selected terms is included in the addendum.

Date of Inspection and Valuation

The property was inspected on April 4, 2002 and other dates by Patrick J. Schulte. The estimate of value is effective as of April 4, 2002.

Fixtures and Equipment

This appraisal assignment does not consider any business related furniture, fixtures and equipment. Only the real estate has been considered.

Railroad Track Improvements, Bridge Work and other Constructed Items

Please note we are estimating the contributory value of the land component. We have not estimated the contributory value of any of the railroad track improvements, bridgework or other constructed items. We have not estimated the liquidation value of the railroad track improvements.

Valuation Conclusion

Net Liquidation Value	\$405,000
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Exposure Period

Exposure is defined, as the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; it is a retrospective estimate based upon an analysis of past events assuming a competitive and open market. Exposure time is always presumed to occur prior to the effective date of the appraisal.

Based upon comparable sales and our judgment, we estimate an exposure time of 3 to 9 months in order to sell the subject property to a single purchaser. We have later determined that it would likely take approximately 1 year to sell-off the various parcels to final users.

Marketing Period

Marketing period is defined as "the time it takes an interest in real property to sell on the market subsequent to the date of appraisal." The marketplace has been relatively stable for properties such as the subject and we estimate the marketing period to be equal to the exposure period.

Appraiser Competency

Patrick J. Schulte prepared the analysis and valuation conclusions. Mr. Schulte is a Certified General Real Property Appraiser by the State of Iowa and holds the professional designation of MAI from the Appraisal Institute. Refer to the Qualifications of the Appraiser in the Addendum for additional information. The appraiser has performed numerous appraisals on properties similar to the "across the fence" properties near the subject property. In addition, the appraiser has performed appraisal analysis on numerous railroad corridor properties. The appraiser is competent to provide this appraisal.

ASSUMPTIONS AND LIMITING CONDITIONS

We are appraising the property assuming it does not suffer from soil or groundwater contamination. Our estimate of market value, and other findings presented in this report, is contingent upon this assumption.

The date of value to which the opinions expressed in this report apply is set forth in the letter of transmittal. We assume no responsibility for economic or physical factors occurring at some later date which may affect the opinions stated herein.

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We 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 we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of ADA in estimating the value of the property.

No opinion is intended to be expressed for legal matters or that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers, although such matters may be discussed in the report.

No opinion as to title is rendered. Data on ownership and the legal description were obtained from sources generally considered reliable. Title is assumed to be marketable and free and clear of all liens and encumbrances, easements, and restrictions except those specifically discussed in the report. The property is appraised assuming it to be under responsible ownership and competent management and available for its highest and best use.

No engineering survey has been made by the appraiser. Except as specifically stated, data relative to size and area were taken from sources considered reliable. No encroachment of real property improvements is assumed to exist, unless otherwise stated.

The maps, plats, and exhibits included are for illustration only, as an aid in visualizing matters discussed within the report. They should not be considered surveys or relied upon for any other purpose.

No opinion is expressed as to the value of subsurface oil, gas, or mineral rights. The property is not subject to surface entry for the exploration or removal of such materials except as is expressly stated.

Because no title report was made available to the appraiser, I assume no responsibility for such items of record not disclosed by our normal investigation.

No detailed soil studies covering the subject property were available for my use. Therefore, premises as to soil qualities employed in this report are not conclusive but have been considered consistent with information available. It is assumed that the site would support those improvements that represent the highest and best use.

Disclosure of the contents of this appraisal report is governed by the By-Laws and Regulations of the Appraisal Institute, the American Society of Appraisers, and the Uniform Standards of Professional Appraisal Practice.

Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser or the firm with which he is connected, or any reference to the Appraisal Institute or to the MAI or RM designation or the SREA, SRPA or SRA designations, the American Society of Appraisers or their members) shall be disseminated to the public through advertising media, public relations media, news media, sales media, or any other public means of communication without the prior written consent and approval of the undersigned. This consent and approval does not apply to Governmental Agencies who disclose appraisals and appraised values through their normal business functions.

We have inspected the subject property and found no obvious evidence of structural deficiencies except as stated in this report. However, no responsibility for hidden defects or conformity to specific governmental requirements, such as fire, building and safety, earthquake, or occupancy codes can be assumed without provision of specific professional or governmental inspections.

Because no termite inspection report was available, we assume no termite damage or infestation unless so stated.

Because no asbestos inspection report was made available to the appraiser, we assume no responsibility for such materials or like items that would require specialized knowledge or investigation beyond that ordinarily employed by real estate appraisers.

Unless stated otherwise, we did not observe and are not aware of the existence of hazardous or toxic materials or wastes at subject property. The existence of such materials may have an affect on the estimate of value. The client should retain an expert in these fields, if desired.

Testimony or attendance in court or at any other hearing is not required by reason of rendering this appraisal unless such arrangements are made a reasonable time in advance.

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 value estimate contained in this report is based.

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.

No consideration has been given in this appraisal to personal property located on the premises, or to the cost of moving or relocating such personal property, except noted otherwise. Only the real property has been considered.

ASSIGNMENT AND METHODOLOGY

Assignment

The purpose of the assignment is to estimate the net liquidation value of the fee simple estate in the property as of the date of inspection.

We are estimating the net liquidation value of the land component of a railroad corridor. For this assignment, we have made a special assumption that the highest and best use of the property is not for operation of a railroad corridor or profit, but is for liquidation. The railroad company controlling the property has provided evidence to the courts that the line should be abandoned and that it is not feasible for normal railroad operations.

We are estimating the value of the land for the "net liquidation value". It is our understanding that the net liquidation value is normally based on the contributory value of the land and railroad improvements for liquidation. The normal appraisal procedure for estimating net liquidation value of land is to estimate value using the "across the fence" method.

We have performed our analysis based on neighborhood and local market land sales and we have performed an additional step to estimate the market value that a single purchaser would pay for the total corridor property for liquidation. This step requires an analysis of the potential sell-off of the corridor, allows for reasonable profits and expenses during the sell-off period, and considers the time value of money.

Methodology and Process

The valuation process is a systematic procedure employed to provide the answer to a client's questions about real property value. The general process is similar for most property types, with areas of concentration changed depending on the type of property and the valuation issues. In order to complete this appraisal assignment, we inspected the property and researched the market for data. The estimate of market value has been derived after considering the cost, sales comparison, and income capitalization approaches.

The appraisal procedure is an orderly process in which the data is collected and analyzed to estimate the market value of the subject property. The first step in the appraisal process is to define the appraisal problem, i.e., identification of the real estate, the effective date of the value estimate, the value rights being appraised, and the type of valuation sought.

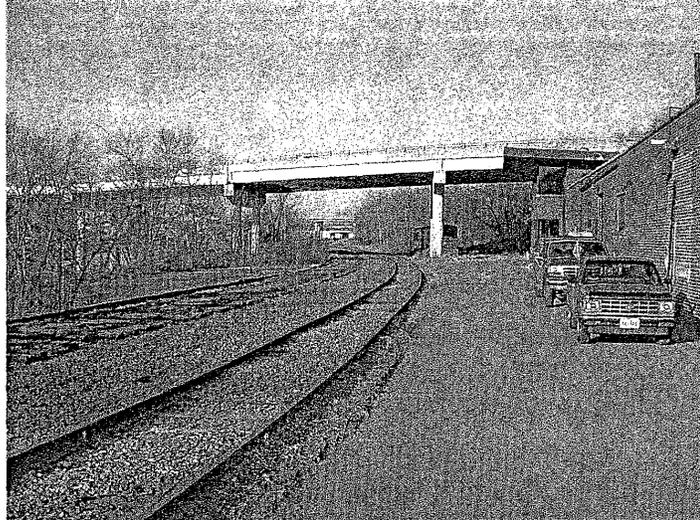
Once this has been accomplished, the property is inspected and data from the market is collected and analyzed on factors that affect the market value of the property. These factors include analysis of the regional and city data, neighborhood data, site and improvement data, highest and best use analysis, and application of the three approaches to value.

After the approaches have been completed, the final step is the reconciliation. In the reconciliation process, we will consider the strengths and weaknesses of each approach and conclude a final estimate of value.

SUBJECT PHOTOGRAPHS

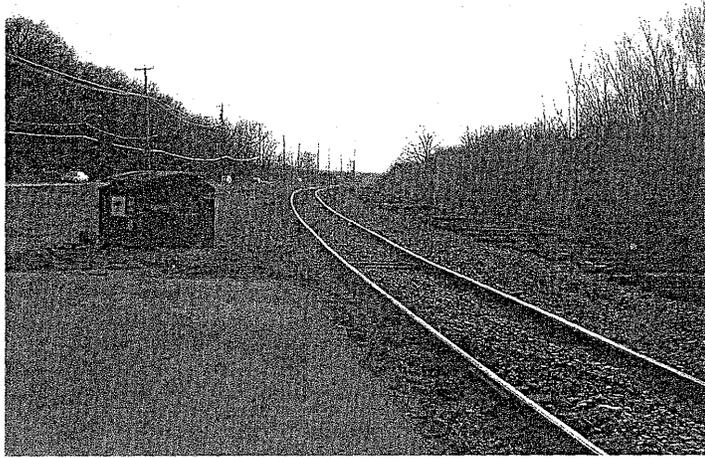


Facing Westerly near S.W. 7th Bridge toward S.W. 9th Bridge

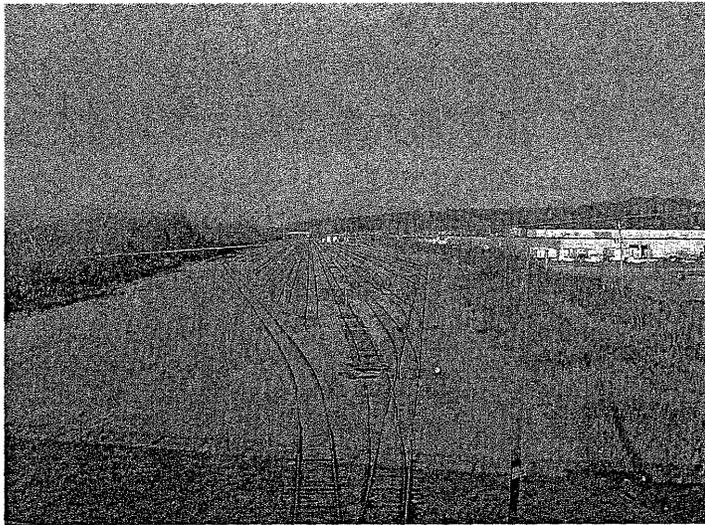


Facing Easterly toward SW 9th Bridge

SUBJECT PHOTOGRAPHS



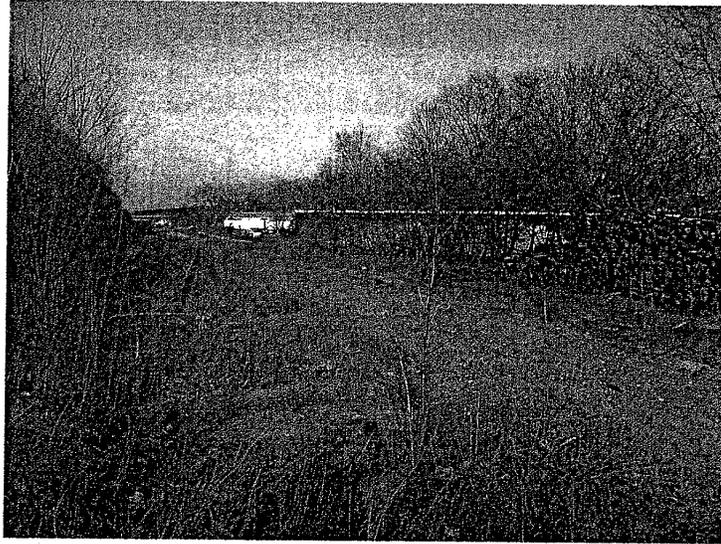
Facing Westerly from Former Depot Property near S.W. 9th Bridge



Facing Easterly from Fleur Drive Viaduct

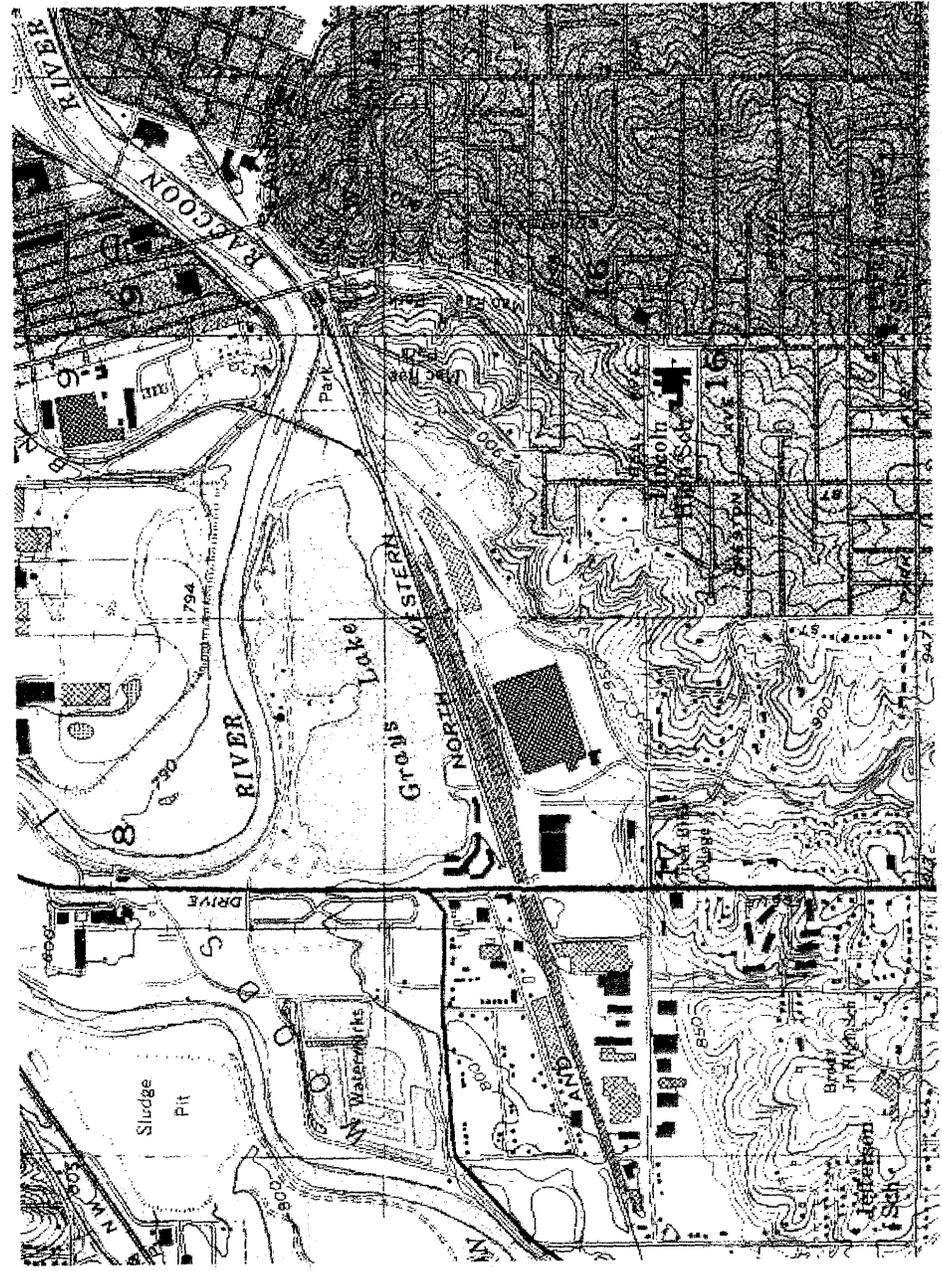
- COMMERCIAL APPRAISERS OF IOWA, INC. -

SUBJECT PHOTOGRAPHS



Facing Easterly from Corridor near Western End of Property at SW 30th Street

TOPOGRAPHY MAP



AIR PHOTO



DESCRIPTION OF SUBJECT PROPERTY

General

The subject property is a 100-foot wide railroad corridor that runs from S.W. 9th Street on the east to a defined station lying approximately 1,700 feet west of Fleur Drive. We are using the maps created and provided by the Union Pacific Railroad Company.

The subject property is outlined and shown on those maps and includes part of parcels 67, 68, 69, 70, 71, 73, 74, and several crossovers or crossing-right parcels identified as 72B and 95. Our appraisal assumes that the railroad corridor is 100 feet wide, except it is narrower in the east part of Parcel 67, where a portion was previously sold to other parties.

The exact location of the corridor is outlined on the maps for parcels 69 through 71. The exact location of the corridor is not predefined as of the date of my analysis for the distance through parcels 73 and 74. That is a relatively wide railroad yard area and the proposed 100 foot wide corridor is assumed to run through that existing wider corridor. That wider corridor ranges up to several hundred feet wide in most locations.

The corridor has relatively low amounts of street frontage. The corridor has frontage, or is near street frontage, at the east edge. It fronts along Thomas Beck Road on the west side of S.W. 9th. It is possible that the land does not have direct frontage on Thomas Beck Road and the land may be set back some feet from the frontage on Thomas Beck Road.

The property has minimal frontage for the remainder of the land area. It is crossed by Fleur Drive.

Land Characteristics and Sizes

The following table contains the basic land characteristics and our conclusions regarding size, and highest and best use for the property.

Parcel Characteristics and Size

Parcel	UP RR Calculated		Appraiser	H & B	Flood	Adequate	Comments		
	Area	Area						Area	Difference
67	4.580	3.042	3.042	(1.538)	M-1	Ind	0.500	Yes	Good Industrial at rear of 901 Thomas Beck-some steep -Not Flood
68	0.482	0.482	0.482	-	M-1	Ind	0.482	Yes	Good Industrial at west of 901 Thomas Beck
69	2.290	0.436	0.436	(1.854)	M-1	Ind	0.436	No	Large Tract Ind. Development Parcels-Lacking streets
70	3.080	0.597	0.597	(2.483)	M-1	Ind	0.597	No	Large Tract Ind. Development Parcels-Lacking streets
71	1.500	see #73	see #73	see #73	M-2	Ind	see #73		
72	3.500	see #73	see #73	see #73	M-2	Ind	see #73		
72	0.205	see #73	see #73	see #73	M-2	Ind	see #73		
95	0.092	see #73	see #73	see #73	M-2	Ind	see #73		
73	4.800	8.861	8.861	4.061	M-2	Ind	8.861	No	Large Tract Ind. Development Parcels-Lacking streets
74	4.200	3.903	3.903	(0.297)	M-1	Ind	3.903	No	Large Tract Ind. Development Parcels-Lacking streets
Totals	24.729	17.321	17.321	(7.408)			17.321	17.321	

The table shows four columns relating to size. The column labeled UP RR Area is the area provided by Mr. John Herdzina of the Union Pacific Railroad. We discussed the parcel areas with Mr. Herdzina. Several of the areas shown in the Union Pacific table covered land area greater than the 100-foot corridor. In addition, the land areas were larger then could be calculated using reasonable scale procedures on the Union Pacific drawings. We reached a preliminary agreement for the sizes shown under Appraiser Area. This appraiser has reconciled to the areas shown above and those areas could be modified with a survey.

Flood Hazard Area

According to the flood insurance rate map, a portion of the corridor is located in a designated 100-year flood hazard area. The majority of the land located between Fleur Drive and S.W. 9th Street are in an area designated as being in a flood hazard. However, it is our understanding that the majority of that land area lying within 2,500 feet along the eastside of Fleur Drive is less than 2 feet below the flood hazard elevation and much of that land is within 1 foot of 100-year flood hazard elevations. A copy of the Flood Insurance Rate Map has been included in this report.

Easements and Encroachments

For this assignment, we have not analyzed easements or encroachments. We are appraising the land as if owned in fee title assuming only minimal easements for utility purposes at the boundaries of some of the parcels. We are appraising the value assuming the property were not subject to other railroad line easements or any major utility easements.

Utilities

The land has access to normal city and public utility services.

Soils

We have performed no soil analysis. It is assumed the site would support those uses deemed to be the highest and best use of the land.

Across the Fence Parcels

We are estimating the value of the property corridor using "Across the Fence" methodology. Therefore it is important to consider what properties are "across the fence" from this 100-foot corridor.

Beginning at the east edge of the property at S.W. 9th Street the "across the fence" parcel, to the north is the Raccoon River and some flood ground area for much of Parcel 67 and 68. The property "across the fence" to the south is a former depot converted to offices and some parking and light industrial type land fronting on Thomas Beck Road.

The majority of the balance of the corridor between parcel 67 and Fleur Drive is a wider railroad corridor. The subject corridor is assumed to be 100 feet wide. It lies in a wider corridor that varies between approximately 200 feet wide and 400 feet wide. The total land area of the wider corridor is approximately 30 to 40 acres.

To the south of this corridor is the former Massey Ferguson plant that is now operated as a large multi-tenant industrial/office/warehouse property. This parcel has approximately 75 acres under a single ownership with frontage along Thomas Beck Road and Bell Avenue for a little over ½ mile. To the north is the Gray's Lake complex, which is comprised of a more than 100 acres of lake and parkland. The majority of that area is in flood way and flood plain.

The highest and best use for the large 400-foot wide railroad corridor would be for assemblage to the adjacent warehouse/industrial properties to the south as rear yard area or could be for redevelopment with a street system as industrial parcels.

The across the fence parcels adjacent to the property on the west side of Fleur Drive would be the slightly larger railroad corridor. The larger railroad corridor on the west side of Fleur Drive measures approximately 130 feet. It varies in width between 130 feet and approximately 175 feet. That larger corridor lies between larger industrial properties to the north and the south. The properties to the south include numerous industrial sites with existing buildings. Those industrial parcels front on Bell Avenue and the majority have depths from Bell Avenue to the north of between 600 and 800 feet and the parcel sizes range from 3 to 20 acres.

The parcels to the north that back to this railroad corridor are primarily a few large industrial properties with large warehouse improvements. Those properties have depths of between 200 feet and 300 feet from Sunset Road back to the railroad corridor. The typical parcel on the north is approximately 10 acres.

The highest and best use for this portion of the corridor could be for assemblage to the adjacent industrial property as rear yard and future development area or could be for development of some type of street system for subdivision as smaller industrial parcels.

HIGHEST AND BEST USE

This section seeks to determine the most profitable use of the subject land, as if it were vacant, as well as the improved property. According to *The Dictionary of Real Estate Appraisal*, Third Addition (Appraisal Institute, 1993), 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.

Our previous description of the subject property and of the property lying "across the fence" has provided highest and best use analysis and conclusions. In summary, we concluded that the highest and best use of the subject corridor is for assemblage to the adjacent larger industrial properties for the majority of the land area or equally for potential redevelopment with a street system for subdivision for industrial land development. There is a small amount of the land area lying on the eastern edge that has highest and best use for assemblage with smaller industrial pieces with good street frontage.

The majority of the corridor and of the adjacent lands near the corridor have minimal street frontage or have the frontage relatively distant from the corridor land. This would allow for the assemblage for the property as rear yard or for redevelopment as a subdivision with street systems.

LAND VALUATION

The essence of the land valuation section is to discover what competitive properties have sold for recently in the local market, and after an appropriate adjustment process, to develop indications of what they would have sold for if they possessed all of the physical and economic characteristics of the subject site. We researched the market for sales that could provide good indications of value.

In this case, we are estimating the market value of the land for an existing railroad corridor. We are estimating the "net liquidation value". The most appropriate way to estimate this value is to first determine the value of the individual portions of the railroad corridor using "across the fence" methodology; and then apply a normal "developers discount" to consider the amount a single purchaser would pay for those parcels.

The reason we apply this two step process is because "across the fence methodology" provides a value for each parcel assuming that section or parcel were the only one available and that could be sold in a reasonable time in the market place. The second part of the procedure considers that it is necessary to accomplish numerous sales to liquidate the corridor and that there would be a sell-off period with expenses for the many components to numerous buyers. There would be expenses of sale and staff-time to manage the sell-off project.

Across the Fence Methodology

In order to estimate the value of each portion of the line we have reviewed numerous land sales. During the course of this analysis, we were appraising a land area that covered both the defined property and the larger 3.72 mile Bell Avenue Industrial Lead. We research and analyzed land sales representing land values for the various types of land along the line.

The parcels for this analysis are primarily industrial land that runs through a corridor of a flood land industrial park type land area. The following table contains relevant data for numerous industrial property sales. We have reviewed sales of developed lots available for construction of buildings and we have reviewed land areas that are appropriate for development for industrial or business park type use.

The following table contains sales of typical industrial parcels that represent land values similar to the portions of the subject property that have reasonable street frontage and or have "across the fence values" of typical industrial lots.

Industrial/Business Park Lot Sales

Sale #	Location	Sale Date	Price	SF	Acres	\$/SF
32	2240 NE 46th Ave	Apr-98	\$ 225,720	297,950	6.84	\$ 0.76
42	2400 Valley Drive	Oct-00	\$ 227,000	151,908	3.49	\$ 1.49
43	2525 Garden Road	Oct-99	\$ 20,000	39,960	0.92	\$ 0.50
50	5700 Park Avenue	Feb-99	\$ 172,280	100,064	2.30	\$ 1.72
51	6000 Watrous	Mar-02	\$ 250,000	164,918	3.79	\$ 1.52
89	2400 Dixon Street	Sep-00	\$ 275,000	215,186	4.94	\$ 1.28
134	1619 E University	May-99	\$ 28,000	22,880	0.53	\$ 1.22
189	5401 NE 17th	Aug-00	\$ 149,900	150,717	3.46	\$ 0.99
190	1540 NE 66th	Mar-00	\$ 92,000	87,120	2.00	\$ 1.06
192	2070 NE 60th Ave	Mar-00	\$ 264,780	253,955	5.83	\$ 1.04
193	5400 NE 17th St	Jan-02	\$ 150,000	118,962	2.73	\$ 1.26
195	1320 NE 60th	Sep-99	\$ 84,000	61,597	1.41	\$ 1.36
313	1501 Fleming	Sep-97	\$ 146,880	146,579	3.36	\$ 1.00
315	77 Forest Avenue	Aug-98	\$ 54,900	34,250	0.79	\$ 1.60
316	4019 E. 16th Street	Mar-97	\$ 49,950	40,572	0.93	\$ 1.23
323	9 Greenwood Terrace	Jul-02	\$ 60,000	50,030	1.15	\$ 1.20
339	613 SW 61st Street	Nov-00	\$ 112,250	96,925	2.23	\$ 1.16

The following table includes land sales of 15 acres to 100 acres that are suitable to redevelopment and subdivision as a typical business park or industrial park use. These sales are appropriate indicator of "across the fence value" for the portion of the corridor through a large railroad yard between Gray's Lake and the former Massey Ferguson industrial plant property near Fleur Avenue.

Industrial/Business Park Development Acreage Sales

Sale #	Location	Sale Date	Price	Acres	\$/SF
17	4702 SW 63rd	Jun-95	\$ 915,000	82.07	\$ 0.26
18	7300 Fleur	Jul-96	\$ 875,000	70.01	\$ 0.29
20	6200 Park Avenue	May-96	\$ 1,743,100	109.97	\$ 0.36
26	3160 E. Granger Avenue	Dec-95	\$ 208,000	15.94	\$ 0.30
30	SEC Hwy #65/#163	Oct-98	\$ 784,500	52.20	\$ 0.34
158	5910 NE 22nd Street	Aug-99	\$ 499,500	31.19	\$ 0.37
159	6500 Highway #141	Dec-00	\$ 800,000	20.00	\$ 0.92
173	6200 Highway #141	May-00	\$ 1,481,090	76.38	\$ 0.45
236	14201 Douglas Parkway	Mar-02	\$ 2,015,000	80.88	\$ 0.57

Individual Lot Value Summary and Conclusions

We have analyzed these sales and considered the appropriate factors for the subject railroad corridor parcels. The first table of sales provides a value indication for the portions of the corridor lying on the east that have across the fence smaller parcel value. The second table contains the sales that are more appropriate to value the larger parcels.

The following page contains the basic characteristics for each parcel and our reconciled value for the individual components. The values shown assume the components would be sold as typical smaller parcels over a time to a variety of purchasers.

Listing of Separate Parcels and Retail Values for Sale to Users

Parcel	R/N	Land Area	Zoning	Flood Zone X	Adequate Street FF	Across the Fence Value		Comments
						Street FF	Total	
67	N	3.042	M-1	0.500	Yes	\$ 1.50	\$ 198,750	Good Industrial at rear of 901 Thomas Beck-some steep -Not Flood
68	N	0.482	M-1	0.200	Yes	\$ 1.50	\$ 31,494	Good Industrial at west of 901 Thomas Beck
69	N	0.436	M-1	0.436	No	\$ 0.50	\$ 9,500	Large Tract Ind. Development Parcels-Lacking streets
70	N	0.597	M-1	0.597	No	\$ 0.50	\$ 13,000	Large Tract Ind. Development Parcels-Lacking streets
71	N	see #73	M-2	see #73				
72	N	see #73	M-2	see #73				
72 b	R	see #73	M-2	see #73				
95	N	see #73	M-2	see #73				
73	N	8.861	M-2	8.861	No	\$ 0.50	\$ 193,000	Large Tract Ind. Development Parcels-Lacking streets
74	N	3.903	M-1	3.903	No	\$ 0.50	\$ 85,000	Large Tract Ind. Development Parcels-Lacking streets
Totals/Average		17.321		14.779		\$ 0.70	\$ 530,744	

Analysis of Sale to Single Purchaser

The previous subsection provides value for individual parcels. We will now consider the appropriate measures to estimate the value of the entire corridor to a single purchaser. Another point of view would be to estimate the net value that could be received by the current owner, after subtracting appropriate marketing, holding costs and the time value of money.

We have developed a discounted cash flow analysis. We have assumed that the separate parcels can achieve a sell-off over a 1-year period. We used a quarterly presentation. We have assumed a uniform sell-off during each quarter.

We have allowed for a sales and marketing fee of 6% of gross revenues. We have allowed for miscellaneous costs of 3% of gross revenues. We have estimated a profit margin of 10% to induce a developer to purchase the property and receive the benefits of the resale of the property.

We have estimated the present value of these cash flows to be received over a 1-year period by using a 10% annual discount rate. This procedure provides an indication of what a single purchaser would pay to acquire fee simple title in the defined property. The discounted cash flow table follows:

Value to a Single Purchaser for Potential Resale and/or Liquidation

The following table assumes a 1-year sell-off, sales fees, miscellaneous costs, and a developer profit. The present value is estimated using a 10% discount factor to consider the time value of money.

Discounted Cash Flow Table

As of April 4, 2002						
Period	0.25	0.5	0.75	1		
Quarter	1	2	3	4	Totals	
Total of Separate Sale Values	\$ 132,686	\$ 132,686	\$ 132,686	\$ 132,686	\$	530,744
Sales Fees	6% 7,961	7,961	7,961	7,961		31,845
Miscellaneous Costs	3% 3,981	3,981	3,981	3,981		15,922
Effective Cash Flow	\$ 120,744	\$ 120,744	\$ 120,744	\$ 120,744	\$	482,977
Profit	10% 13,269	13,269	13,269	13,269		53,074
Cash Flow per Quarter	\$ 107,476	\$ 107,476	\$ 107,476	\$ 107,476	\$	429,903
Reversion	None					
Present Value Factor @	10.0%	0.9765	0.9535	0.9310	0.9091	
Present Value of Cash Flow	\$ 104,945	\$ 102,474	\$ 100,061	\$ 97,705	\$	405,185
Present Value of Cash Flows	\$ 405,185					
Rounded	\$ 405,000					

RECONCILIATION AND FINAL ESTIMATE OF VALUE

Reconciliation

Our assignment is to estimate the net liquidation value for the subject property as of the date of inspection. We are limiting our analysis to include only the net liquidation of the land value, exclusive of any salvage value of railroad related constructed improvements.

We have estimated value for the corridor using the "across the fence" method. We have reviewed sales of properties that are similar to the properties lying "across the fence" from the subject corridor. We estimated individual value of the separate parcel component and then applied income approach analysis to estimate the value of these components to a single purchaser. This analysis considers the expenses associated with the sale of multiple parcels and the time value of money. This approach is the best tool to value the subject property for the assigned purposes.

Final Estimate of Value

We estimate the net liquidation value of the fee simple estate in the subject property, using "across the fence" methodology and assuming a sale to a single purchaser, as of April 4, 2002, to be: **\$405,000.**

CERTIFICATION

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

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

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our 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.

Neither my engagement to make this appraisal (or any future appraisals for this client), nor any compensation therefore, are contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the obtaining of the stipulated result, or the occurrence of a subsequent event.

My compensation from 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.

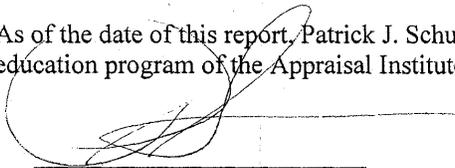
The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.

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

I personally inspected the subject property.

No one provided significant professional assistance to the persons signing this report.

As of the date of this report, Patrick J. Schulte has completed the requirements of the continuing education program of the Appraisal Institute.


Patrick J. Schulte, MAI, SRPA
State Certificate #01117