

**REPORT OF THE BOARD OF FREEHOLDERS ESTABLISHING THE VALUE OF  
REAL PROPERTY TO BE EXCHANGED WITH HAY LAND, LLC**

INTRODUCTION

The Rapid City Common Council appointed a Board of Freeholders to establish the value of property that is proposed to be exchanged between the City and Hay Land, LLC. SDCL § 9-27-34.1 and SDCL § 6-5-4 require that the real property be appraised before the City may enter into a contract for the exchange of property. The freeholders appointed were Charity Doyle, Brad Estes, and Ritchie Nordstrom.

PROPERTY

The real property to be appraised consists of a parcel of City owned property located near the intersection of Mall Drive and North LaCrosse Street; a parcel of property owned by Hay Land, LLC along Seger Drive, and easements to be granted by Hay Land, LLC to the City.

The City-owned parcel (hereinafter the "City Parcel"), consisting of approximately 33,814 square feet, is to be legally described as follows:

**Lot A of Lot H-6 of the NW¼ of Section 30, T2N, R8E, BHM,  
Rapid City, Pennington County, South Dakota.**

The parcel owned by Hay Land, LLC (hereinafter the "Hay Land Parcel"), consisting of approximately 40,348 square feet, is legally described as follows:

**Lot H-6 of the NE¼ of Section 30, T2N, R8E, BHM, Rapid City,  
Pennington County, South Dakota.**

As part of the Exchange Agreement, Hay Land, LLC agrees to dedicate permanent utility easements to the City over the above-described Lot A of Lot H-6 totaling 662 square feet. Additionally, Hay Land, LLC will dedicate a Permanent Drainage Easement over the said Lot A that is 10,900 square feet. Lastly, Hay Land, LLC will provide a temporary construction easement, consisting of approximately 246,540 square feet, over and across the following property:

**Unplatted portion of the NE¼, less Lots H2, H3, H4 and H5 of  
Section 30, T2N, R8E, BHM, Rapid City, Pennington County,  
South Dakota.**

PROCESS

The Board of Freeholders met to discuss the value of the property on April 7, 2017. Each of the Freeholders is generally familiar with the value of property in and around Rapid City. The Freeholders reviewed the assessed value of the property (prior to its acquisition by the City) and neighboring properties, as well as the price paid by the City to acquire the City Parcel.

The Freeholders relied on this information, as well as their personal knowledge and experience in determining the value of the parcel. The Board of Freeholders also received input from Interim Public Works Director Dale Tech, Project Administrator Keith Johnson, and Assistant City Attorney Wade Nyberg.

ESTABLISHMENT OF VALUE

**City Parcel**

The City acquired the property from which the City Parcel is formed from a neighboring property owner. The City paid \$ 0.44 per square foot to acquire the property. This price was negotiated between the City's consultant and the property owner. The price was approximately 115% of the assessed value of the property.

The property is currently undeveloped. A portion of the City Parcel is undevelopable in its current state, as it serves as a drainage way for adjacent property. The permanent drainage easement Hay Land, LLC will convey to the City will cover approximately 1/3 of the property.

Considering the foregoing, the Board of Freeholders is of the opinion that the value of the property should be established by using a cost of \$ 0.44 per square foot which provides a total valuation of **\$ 14,878.16**.

**Hay Land Parcel**

The Hay Land Parcel is a strip approximately 17 feet wide running the length of the Hay Land property to the south of Seger Drive. The property is very similar to the City Parcel, and as both are undeveloped and located in close proximity to each other. Considering these factors, the Board of Freeholders is of the opinion that the value of the Hay Land Parcel should be established using a cost of \$0.44 per square foot, which provides a total valuation of **\$ 17,753.12**.

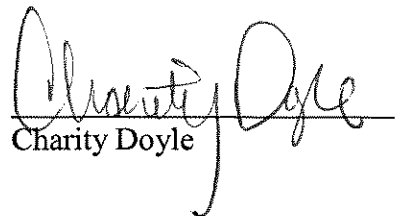
**Easements**

The City's standard rate for temporary construction easements is \$ 0.05 per square foot. Based on the side of the temporary easement to be granted by Hay Land, LLC to the City, the value of the temporary easement is **\$12,327**.

The permanent drainage and utility easements, valued at one-half the value of the property stated above (\$ 0.22 per square foot), would amount to **\$2,543**.

Submitted this 10th day of April, 2017.

**BOARD OF FREEHOLDERS**

  
Charity Doyle

  
Brad Estes

  
Ritchie Nordstrom