



May 30, 2023

Mr. Lawrence Bender
Attorney at Law
Fredrikson & Byron, P.A.
1133 College Drive, Suite 1000
Bismarck, ND 58501

Re: Market Data Research of Pipelines Impact on Residential Property in Bismarck, ND

- Natural Gas Transmission Pipeline
- Refined Products Hazardous Liquid Transmission Pipeline

Dear Mr. Bender:

This market data research was prepared in accordance with your request. Based on our discussions, it is understood that this market data research will be used by Fredrikson & Byron, P.A. to determine what impact pipelines have on the marketability and value of residential property in the Bismarck market.

This market data research was prepared to conform to the Appraisal Institute's Code of Professional Ethics and Standards of Professional Appraisal Practice and the most recent edition of the *Uniform Standards of Professional Appraisal Practice* (USPAP) adopted by the Appraisal Standards Board of the Appraisal Foundation. It is based on an impartial or unbiased perspective and not made for the purpose of favoring a specific cause or any particular party. Therefore, neither my employment in this assignment nor the compensation is contingent on the development or reporting of predetermined results. The results are not intended to be specific to a particular property.

The scope of the research included residential lots (both improved and unimproved) located in proximity to the natural gas transmission pipeline and refined products hazardous liquid transmission pipeline encumbering several newly platted and still developing residential zoned subdivisions in the northwest quadrant of the Bismarck city limits. For purposes of this research assignment, data was obtained from county recorder's and city assessor's public records, city and/or county GIS parcel viewers, Multiple Listing Service (MLS) records, office files and developer and/or real estate agent websites/marketing brochures. Per your request, none of the information was confirmed with parties to the transaction. It is then assumed that all information obtained from the various market sources is accurate and that no misrepresentations have been made.

The following is a summary of the findings in each of the six areas researched for this assignment.

- **Eagle Crest Subdivisions (3rd, 4th, 5th & 8th)**

This multi-phased subdivision is encumbered by 2 pipelines, an east-west running refined products hazardous liquid transmission pipeline and north-south running natural gas transmission pipeline. There are 6 lots within Eagle Crest 3rd Addition that are encumbered by the natural gas transmission pipeline. Much like the encumbered lots, most non-encumbered lots in this subdivision were developed in 2011 & 2012 with no discernible difference in marketability due to the pipeline encumbrances.

Eagle Crest 4th Addition, intersected by both pipelines, reveals similar implications regarding the absorption of encumbered vs non-encumbered lots. Two lots are double encumbered, with one developed in 2019 and the other purchased for development in 2022. Single encumbered lots in both Eagle Crest 4th and adjoining 5th Additions are subject to the 25' east-west running refined products hazardous liquid transmission pipeline easement and exhibited no discernible adverse effects, with the majority being developed in 2014/2015 in a manner consistent with the subdivision's pattern. Regarding the two single encumbered lots burdened by the north-south pipeline easement, one saw residential development in 2018, while the other was purchased in March 2023 and awaits future development.

Eagle Crest 8th Addition is bisected by a ~100' wide east-west pipeline easement, of which three developable lots are directly impacted. Notably, the availability of northern lots for sale in December 2020 resulted in multiple purchases, including one encumbered lot. To date, the subdivision has witnessed modest development, with 13 lots sold, one of which bears a pipeline easement that achieved a sales price consistent for the subdivision. Of the remaining lots available for sale, 2 are encumbered and exhibit narrow dimensions, limiting the developable area.

- **Elk Ridge Addition**

This subdivision is intersected by an east-west running refined products hazardous liquid transmission pipeline that crosses along its far southern boundary. Only one lot is affected by the pipeline encumbrance. That sale, along with the sale of the adjacent unencumbered lot, were purchased in June of 2022 by the same buyer with a minimal difference noted in the sale prices.

- **Promontory Point V & VI Additions**

This multi-phased subdivision is intersected by an east-west running refined products hazardous liquid transmission pipeline. Lots containing heavy encumbrances that limit developability are generally purchased for additional green space or remain unpurchased and are still held by the developer. However, it appears that encumbered lots which are developable have been purchased and developed with little to no difference from an unencumbered site. In some instances, lots that are encumbered, yet still developable, are purchased prior to unencumbered lots with similar locational characteristics.

- **Horizon Heights 4th & 5th Addition**

This subdivision is intersected by a north-south running natural gas transmission pipeline that lies between Autumblaze Way on the east and Sunlight Drive on the west. Residential construction along Autumblaze Way began in 2010. By May of 2012, the west side of Autumblaze Way (i.e. lots adjoining easement) had only 1 undeveloped lot remaining. Near the same time, the east side of Autumblaze Way had ~4 undeveloped lots remaining. Construction along Sunlight Drive began in 2012 and by 2014 the east side of Sunlight Drive (i.e. lots adjoining easement) was fully developed. Based on historical aerial imagery, this manner of absorption is consistent with older portions of Horizon Heights. Collectively, this data suggests that people may prefer the additional green space provided by the pipeline easement.

- **Huntington Cottages First Addition**

This subdivision's southern ~18' is encumbered by the east-west running refined products hazardous liquid transmission pipeline. In total, 11 of the 24 developable lots are encumbered with the pipeline easement. As these lots are all townhomes, they were predominately marketed and sold as finished units on a lot. All available encumbered and non-encumbered lot were improved and sold between 2019 and 2020 with no discernible difference in marketability due to the pipeline encumbrance.

- **Heritage Park Addition**

This subdivision is bisected by a north-south running natural gas transmission pipeline that runs along the west side of the private Colony Place roadway. Of the 8 sales selected, 4 lots were encumbered by the pipeline easement and 4 were not encumbered but in close proximity. As these lots are all townhomes, they were marketed and sold as finished units on a lot. The sales took place between September of 2019 and April of 2021 with no apparent negative influence caused by the pipeline easement either in terms of the sale-to-list price ratio or days on market. A second addition has been platted to the north of the first addition with a virtually identical layout, thereby implying that the pipeline easement had little to no impact on marketability. Lastly, an east-west running natural gas transmission pipeline intersects with the aforementioned north-south running pipeline just beyond the subdivision's southeast corner. Again, no evidence exists to indicate that the pipelines have had a negative impact the marketability of the finished units.

Conclusion

Comprehensive analysis of the market data collectively indicates that potential buyers of residential property exhibit little to no preference in choosing between lots encumbered and non-encumbered by the noted pipelines. Furthermore, it underscores that careful subdivision planning and factors such as lot size, expanded yard and/or adjoining greenspace, price, and developable area play a more influential role in guiding their decision-making process thereby rendering pipeline encumbrances less impactful. Finally, because the pipelines traverse most, if not all, of the city, additional cursory research was conducted in more mature residential neighborhoods that yielded similar results.

If you have any questions or comments, please inquire. It has been a privilege to be of service.

Respectfully submitted,



Wade Becker, MAI

Enclosures: (1) Professional Profile, (2) License

PROFESSIONAL PROFILE

WADE A. BECKER, MAI

BOULDER APPRAISAL, LLC

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QUALIFICATIONS

- Certified General Real Property Appraiser
 - North Dakota #CG-2603

PROFESSIONAL DESIGNATIONS & AFFILIATIONS

- Appraisal Institute Designated Member (MAI)
- Appraisal Institute North Star Chapter Board of Directors (2019 to 2022)
- North Dakota Appraisers Association Board of Directors / Vice President
- National Association of Realtors
- Bismarck/Mandan Board of Realtors
- Bismarck/Mandan Multiple Listing Service

APPRAISAL EXPERIENCE

2010-Present	Boulder Appraisal, LLC, Bismarck, North Dakota - Owner/President
2003-2010	Dakota Appraisal & Consulting, Ltd., Bismarck, North Dakota - Staff Appraiser

APPRAISAL EDUCATION

2005-Present	<u>Appraisal Institute Courses & Seminars</u> Getting It Right from the Start: A Workout Plan For Your Scope Of Work, November 2022 (7 hrs.) Rapid Response: Market Analysis in Volatile Markets, November 2021 (7 hrs.) The Cost Approach: Unnecessary or Vital to a Health Practice, June 2021 (7 hrs.) Supervisory Appraiser/Trainee Appraiser, October 2020 (4 hrs.) Valuation Impacts of COVID-19, April 2020 (1 hr.) Rural Area Appraisals: Freddie Mac Guidelines & Property Requirements, December 2019 (7 hrs.) Business Practices and Ethics, June 2019 (6 hrs.) 21 st Annual Real Estate Trends Seminar, June 2019 (8 hrs.) Ignorance Isn't Bliss: Understanding an Investigation by a State Board, December 2018 (4 hrs.) Litigation Appraising: Specialized Topics & Application, July 2018 (15 hrs.) Uniform Appraisal Standards for Federal Land Acquisitions: Practical Application, April 2017 (15 hrs.) The Appraiser as an Expert Witness: Preparation & Testimony, June 2016 (16 hrs.) Business Practices and Ethics, December 2015 (5 hrs.) Two-Day Advanced Income Capitalization/A, July 2015 (15 hrs.) General Demonstration Appraisal Report Grader Training, September 2014 (7 hrs.) Condemnation Appraising: Principles & Applications, July 2014 (22 hrs.) Complex Litigation Appraisal Case Studies, June 2013 (7 hrs.) Fundamentals of Separating Real Property, Personal Property & Intangible Assets, April 2012 (15 hrs.) 13th Annual Real Estate Trends Seminar, May 2011 (8 hrs.) Curriculum Overview - General Package, December 2010 (7 hrs.) Curriculum Overview - Residential Package, December 2010 (8 hrs.) General Demonstration Appraisal Report Grader Training, March 2010 (7 hrs.) Advanced Applications, May 2008 (40 hrs.) General Market Analysis and Highest & Best Use, February 2008 (30 hrs.) Advanced Income Capitalization, June 2007 (40 hrs.) Business Practices and Ethics, May 2007 (8 hrs.) Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book), August 2006 (16 hrs.) Report Writing & Valuation Analysis, May 2006 (40 hrs.) Advanced Sales Comparison & Cost Approach, March 2006 (40 hrs.) Basic Income Capitalization Approach, April 2005 (39 hrs.)
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PROFESSIONAL PROFILE

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2003 – Present

Other Courses & Seminars

Hot Topics & Myths In Appraiser Liability, November 2022 (7 hrs.)
National USPAP Update Course 2022-2023, November 2021 (7 hrs.)
NAR Code of Ethics & Fair Housing, September 2021 (3 hrs.)
The Residential Marketplace-Expectations in Appraisals-Evals & Alternatives, November 2020 (7 hrs.)
Update on ND Appraisal Reports: Avoid Common Errors & Omissions, November 2020 (7 hrs.)
National USPAP Update Course 2020-2021, December 2019 (7 hrs.)
The Future of the Appraisal Profession in ND, December 2018 (3 hrs.)
NAR Code of Ethics, May 2018 (3 hrs.)
National USPAP Update Course 2018-2019, December 2017 (7 hrs.)
NAR Code of Ethics, December 2016 (3 hrs.)
National USPAP Update Course 2016-2017, December 2015 (7 hrs.)
National USPAP Update Course 2014-2015, December 2013 (7 hrs.)
NAR Code of Ethics, December 2012 (3 hrs.)
National USPAP Update Course 2012-2013, December 2011 (7 hrs.)
The Uniform Appraisal Dataset from Fannie Mae & Freddie Mac, May 2011 (7 hrs.)
Enhancing Professionalism in Appraisal Practice, November 2010 (7 hrs.)
National USPAP Update Course 2010, February 2010 (7 hrs.)
NAR Code of Ethics, December 2008 (3 hrs.)
National USPAP Update Course 2008, February 2008 (7 hrs.)
National USPAP Update Course 2006, June 2006 (7 hrs.)
Appraisal Scope of Work: Burden or Blessing?, April 2006 (2 hrs.)
The Cost Approach & USPAP Compliance, December 2005 (7 hrs.)
The Professional Guide to the URAR, August 2005 (7 hrs.)
Agricultural Land Valuation, N.D. State Tax Dept., May 2005 (30 hrs.)
National USPAP Update Course 2005, December 2004 (7 hrs.)
Peer to Peer: Is My Judgement Up to Standards?, November 2004 (7 hrs.)
Introduction to Appraisal Practices II, Prosource, May 2004 (15 hrs.)
Introduction to Appraisal Practices I, Prosource, May 2004 (15 hrs.)
Fannie Mae & The Appraisal Process, March 2004 (3 hrs.)
Avoiding Liability as a Residential Appraiser, December 2003 (7 hrs.)
Flood Insurance Update, November 2003 (4 hrs.)
National USPAP Course, Prosource, May 2003 (15 hrs.)
North Dakota Real Estate Principles, UND Continuing Education Dept., Nov. 2002 (30 hrs.)

EDUCATION

1991 - 1993	University of North Dakota, Grand Forks, North Dakota, B.B.A. Degree, Finance
1989 - 1991	Bismarck State College, Bismarck, North Dakota
1986 - 1989	Saint Mary's Central High School, Bismarck, North Dakota

PARTIAL LIST OF MAJOR CLIENTS SERVED

Financial Institutions & Mortgage Companies:

BNC National Bank, First Western Bank & Trust, Bremer Bank, Capital Credit Union,
U.S. Bank, Cornerstone Bank, Dacotah Bank, First International Bank & Trust, Gate City Bank,
Starion Financial, American Bank Center, Plains Commerce Bank, First State Bank & Trust

Government Agencies:

City of Bismarck, State of North Dakota, U.S.D.A.-Rural Development

Businesses/Corporations:

Crowley Fleck PLLP, Pearce & Durick, KLJ, MDU, Wal-Mart.

ASSIGNMENT EXPERIENCE

1. Commercial: Multi-family apartment buildings, office buildings, c-stores, bank facilities, lodging facilities, sales & service facilities, retail strip centers, industrial and commercial shop buildings, warehouse facilities and mobile home parks.
2. Land: Residential, commercial, industrial and subdivision.
3. Other: Condemnation and rent analysis.

North Dakota Real Estate Appraiser Qualifications and Ethics Board



Wade A. Becker

Is fully qualified
in the State of North Dakota as a

CERTIFIED GENERAL APPRAISER
ND Permit Number: CG-2603

Date of Issuance: 01/01/2023
Expiration Date: 12/31/2023

Unless sooner suspended or revoked, as provided by law.

A handwritten signature in blue ink, appearing to read "Wade A. Becker", is written over a horizontal line.

Appraiser Signature