VALUATION REPORT

City of Ironton, Missouri
Water Delivery and Wastewater Collection Systems

Prepared for:

Ms. Nikki Pacific
Manager Business Development – Proposal & Integration
Missouri American Water Company
727 Craig Road
St. Louis, Missouri 63141

Prepared by:

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Dinan Real Estate Advisors, Inc.
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St. Louis, Missouri 63117

Elizabeth Goodman Schneider, ASA
Goodman Appraisal Consultants, LLC
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Cudahy, WI 53110

DINAN REAL ESTATE ADVISORS, INC.	UTILITY VALUATION EXPERTS, INC.	GOODMAN APPRAISAL CONSULTANTS, LLC
2023 South Big Bend Boulevard	313 N. Chicago Street, Suite 101	6260 S. Lake Drive, #718
St. Louis, Missouri 63117	Joliet, Illinois 60432	Cudahy, Wisconsin 53110

Mary 25, 2022

Ms. Nikki Pacific
Manager Business Development – Proposal & Integration
Missouri American Water Company
727 Craig Road
St. Louis, Missouri 63141

Re: ***Valuation Report***
City of Ironton
Iron County, Missouri
Water Delivery and Wastewater Collection Systems Appraisal

Dear Ms. Pacific:

In accordance with your request, we have made a physical inspection on December 20, 2021[1], of the facilities and real estate that comprise the City of Ironton water and wastewater systems' assets.[2]

The water delivery and wastewater collection systems (referred to herein as "the subject properties") are owned by the City of Ironton and are located in Iron County, Missouri. The customer count includes 726 water customers and 705 wastewater customers.

The purpose of the appraisal report was to arrive at opinions of market value of the subject water and wastewater systems as private systems (the intended use) as of the date of our inspection of the subject property systems.

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[1] *All three appraisers inspected the subject property on December 20, 2021. Joseph Batis re-inspected the subject property on May 22, 2022. For this assignment, the date of valuation is the date that all three appraisers inspected the property (December 20, 2021.)*

[2] *Throughout the attached appraisal report, any reference to the appraisers' "inspection", "subject property inspection", "inspection of the subject property", "inspection of the subject water and wastewater systems", etc., refers to the appraisers' customary task of viewing the subject property for purposes of observing the condition, layout, design, and utility of the real property (land and building), as is typical in the appraisal profession and in the framework of completing the appraisal process. The reference to the term "inspection" in the context of the appraisers' work should not be interpreted to suggest the appraisers have any expertise and/or qualifications in the assessment of the condition and functionality of any mechanical and non-mechanical components of the subject property water and wastewater systems. The appraisers refer the client and intended users of the attached appraisal report to the engineer's report for an assessment of the water and wastewater systems' infrastructure components. The three professional real estate appraisers co-signing the attached appraisal report are not qualified to independently detect and assess the condition and functionality of the water and wastewater systems' infrastructure components. However, the three professional real estate appraisers co-signing the attached appraisal report assume that the water and wastewater systems' components (including the plant, pumps, and all related facilities) are in proper working order and have been maintained adequately to meet all pertinent codes and regulatory requirements.*

This Appraisal Report is prepared in conformance with Standards Rule 2-2(a) of the 2020-2023 Edition of the *Uniform Standards of Professional Appraisal Practice* (USPAP). In addition to being prepared in compliance with USPAP, this appraisal has been prepared in accordance with the *Code of Ethics* and *Standards of Professional Practice* of the Appraisal Institute.

In completing our analysis of the subject property water and wastewater systems, we relied on a report prepared by Flinn Engineering, dated March 14, 2022 ("the Flinn report"). The Flinn report is attached to this appraisal report. Based upon our analysis of the subject property systems and taking into consideration the independent report prepared by Flinn Engineering, our opinions of the market values of the City of Ironton systems are as follows:

Market Value of Water Delivery System	Market Value of Wastewater Collection System
$2,000,000	$1,700,000

This appraisal report is prepared subject to the Extraordinary Assumptions found on Pages 12-14. The assumptions address several significant issues that impact the analysis and conclusions presented in the attached report, including:

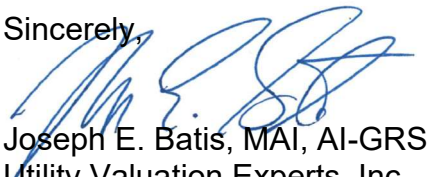
Each of the three appraisers co-signing this appraisal report (Mr. Dinan, Mr. Batis, and Ms. Goodman Schneider) participated in the assignment by collecting and analyzing relevant data, and forming the opinions and final conclusions.

In addition, Mr. Jordan Leiner and Ms. Elizabeth S. West of Dinan Real Estate assisted in the collection of data for this assignment. While each of the appraisers performed different tasks and were responsible for different parts of this valuation assignment, the appraisers consulted throughout the assignment with each other, the client, and representatives from the City of Ironton.

We certify that we personally have no undisclosed interest, either present or contemplated, in the real estate described herein as the subject properties; furthermore, neither the procurement of this appraisal assignment nor the negotiated compensation was contingent upon predetermined conclusions of value, value estimates which advocate the client's position, or the occurrence of any subsequent event.

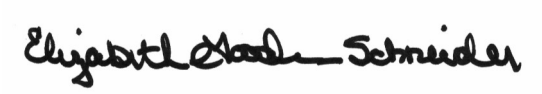
On behalf of Utility Valuation Experts, Inc., Goodman Appraisal Consultants, LLC, and Dinan Real Estate Advisors, Inc., we appreciate the opportunity to prepare this appraisal report for the Missouri American Water Company. Please feel free to contact the undersigned should you have any questions regarding the assignment.

Sincerely,



Joseph E. Batis, MAI, AI-GRS, R/W-AC
Utility Valuation Experts, Inc.
General Certification Lic. #553.000493 (IL; Expires 09/23)
General Certification Lic. #2016044083 (MO; Expires 06/22)
General Certification Lic. #CG03684 (IA; Expires 06/22)
General Certification Lic. #5660 (TN; Expires 06/23)
General Certification Lic. #4001017857 (VA; Expires 06/23)
General Certification Lic. #TX 131049 G (TX; Expires 11/22)
General Certification Lic. #A8416 (NC; Expires 06/22)
General Certification Lic. #CGA-1027103 (AZ; Expires 07/23)
General Certification Lic. #CGA-1027103 (AZ ; Expires 07/23)

Edward W. Dinan, CRE, MAI
Dinan Real Estate Advisors, Inc.
State Certified General Real Estate Appraiser RA001300 (MO; Expires 06/22)



Elizabeth Goodman Schneider, ASA
Goodman Appraisal Consultants, LLC
Colorado Certified General Appraiser No. CG.200001080 exp 12/31/2023
Florida State Certified General Real Estate Appraiser No. RZ4093 exp 11/30/2022
Illinois Certified General Real Estate Appraiser No. 553-001973 exp 9/30/2023
Indiana Certified General Real Estate Appraiser No. CG41700036 exp 6/30/2022
Iowa Certified General Appraiser No. CG02980 exp 6/30/2022
Kentucky Certified General Real Property Appraiser No. 5262 exp 6/30/2022
Louisiana Certified General Appraiser No. APR.04505-CGA exp 12/31/2023
Minnesota Certified General Real Property Appraiser No. 40232088 exp 8/31/2022
Missouri State Certified General Real Estate Appraiser No. 2016042105 exp 6/30/2022
Ohio Certified General Real Estate Appraiser No. ACGO.2017003680 exp 8/10/2022
Pennsylvania Certified General Appraiser No. GA004327 exp 6/30/2023
Rhode Island Certified General Appraiser No. CGA.0020068 exp 8/17/2023
Wisconsin Certified General Appraiser No. 1586-010 exp 12/14/2023

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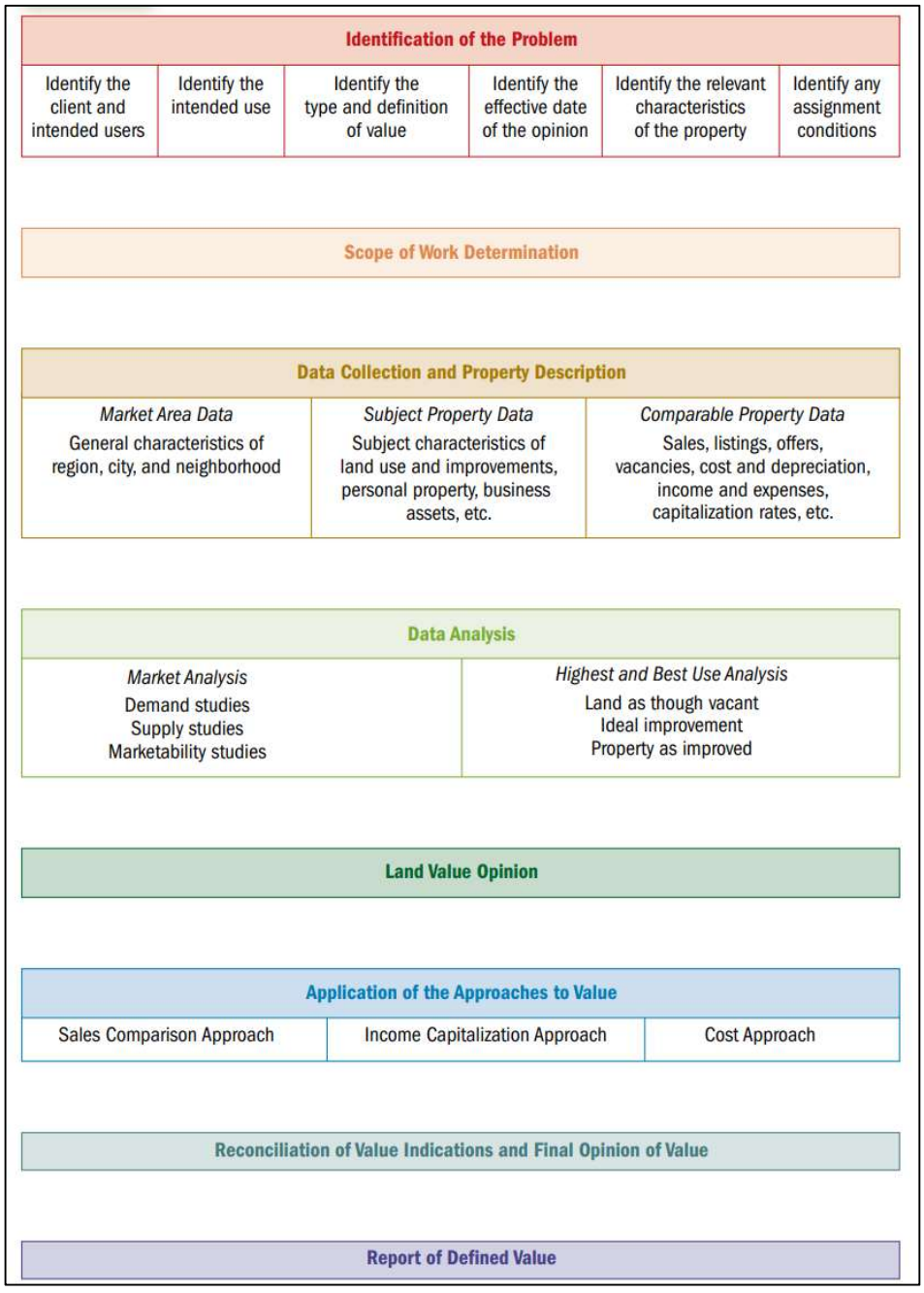
Summary of Salient Facts

Property Type:	Water and wastewater systems
Location:	City of Ironton Iron County, Missouri
Facilities:	The subject property includes the facilities that comprise the delivery of public water and the collection and treatment of wastewater. The water delivery system serves 726 customers and the wastewater collection and treatment system serves 705 customers. Please refer to the attached report prepared by Flinn Engineering for a list of the infrastructure, system assets, and facilities.
Date of Inspection:	December 20, 2021
Date of Value:	December 20, 2021
Date of Report:	May 25, 2022
Type of Value:	Market Value
Property Rights:	Fee Simple Estate
Value Conclusions:	
Market Value of Water Delivery System:	$2,000,000 Two Million Dollars
Market Value of Wastewater Collection System:	$1,700,000 One Million Seven Hundred Thousand Dollars

The Appraisal Process

The client requested opinions of market value for the City of Ironton water delivery system and the wastewater collection and treatment system. In arriving at opinions of value for the two subject property systems, we followed an orderly set of steps that has led us to the final conclusions of market value. This procedure is known as the "Appraisal Process" and is summarized in the exhibit below.



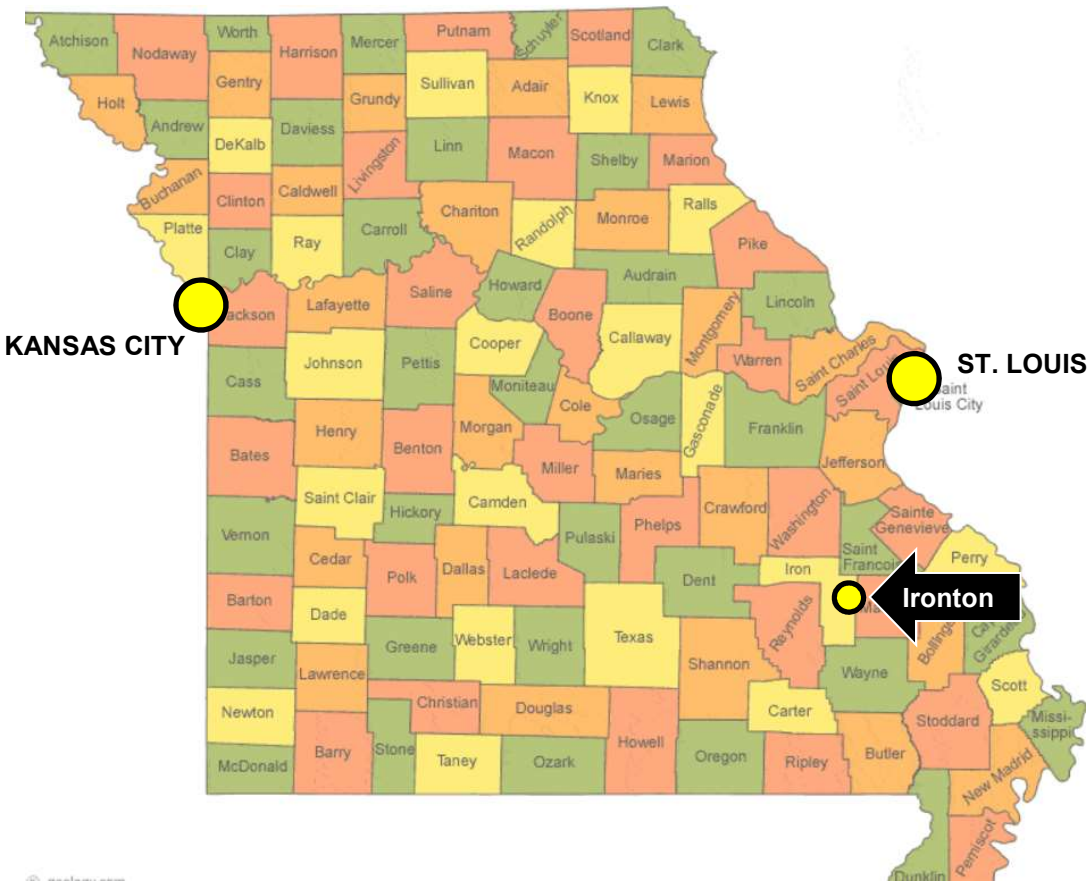
Source: The Appraisal of Real Estate, 15th Ed.,
Published by the *Appraisal Institute*, 2020; P. 31.

Identification of the Subject Properties

The subject properties are a combination of water and wastewater infrastructure and related components that are owned and operated by the City of Ironton. The systems provide services to residents of Ironton, located in Iron County, Missouri.

There are 726 customers for the water delivery system and 705 customers for the sewer collection system. The subject property assets include infrastructure and facilities associated with the two systems and includes parcels of land to be conveyed in fee plus permanent easements (see Extraordinary Assumptions, Pages 12-14 of this report).

The City of Ironton is the county seat of Iron County and is located in the northeast part of the county approximately 75 miles south of St. Louis.



Identification of the Subject Properties
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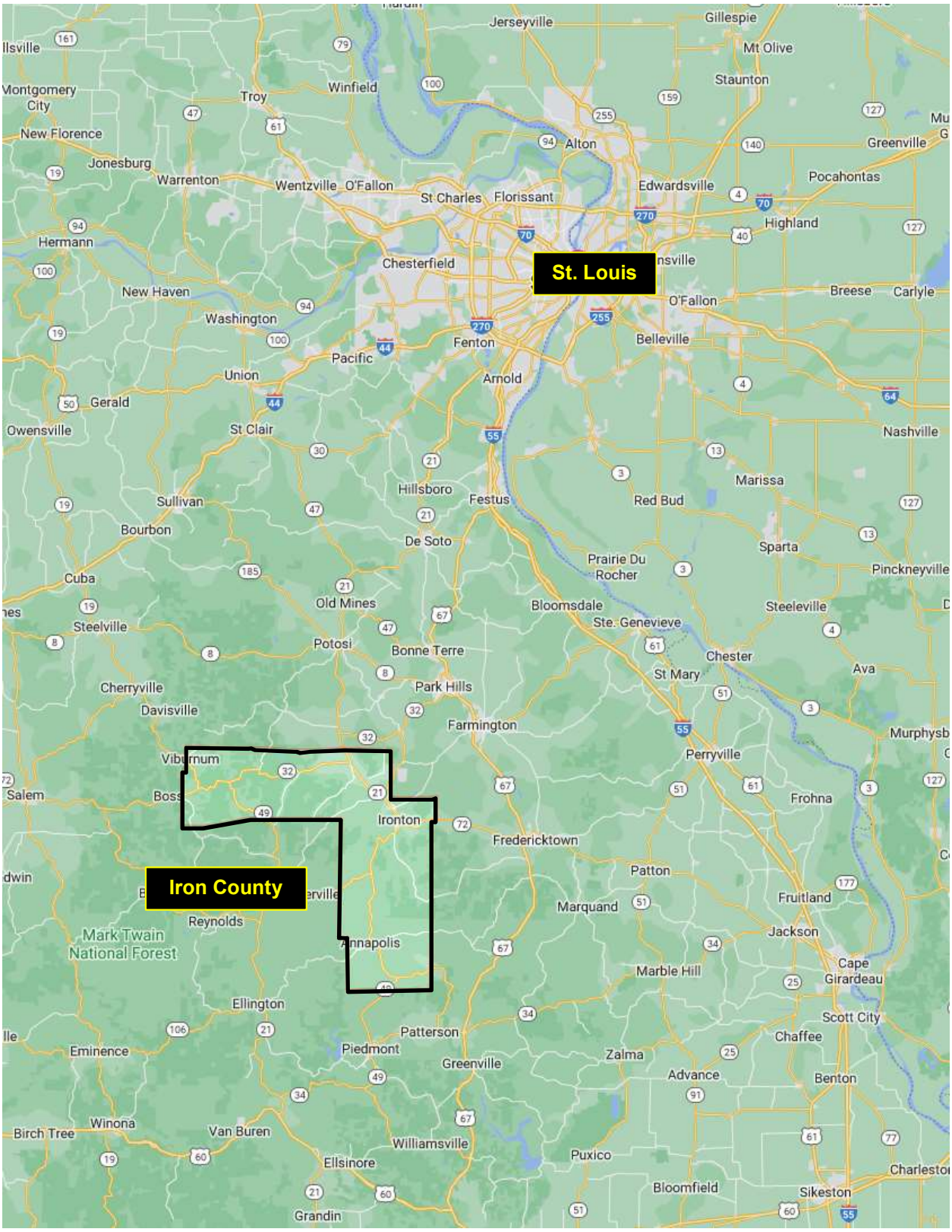

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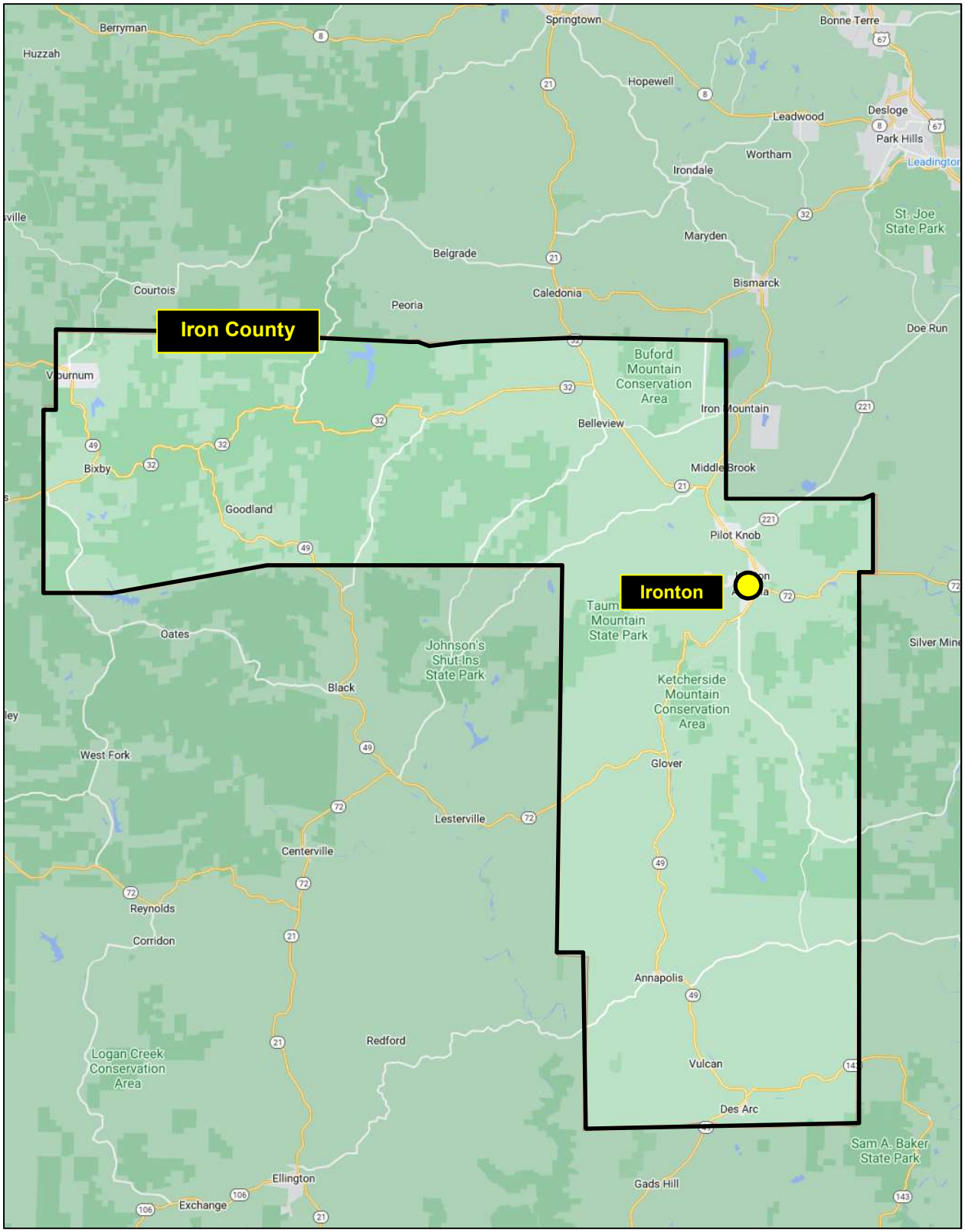

Purpose of the Assignment and Definition of Market Value

The purpose of this appraisal assignment is to arrive at opinions of market value for the two subject property systems.

Market value is defined as:

The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.[3]

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 best interest;

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 comparable 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 associated with the sale.

Relevant Assignment Dates

Date of physical inspection of the property:	December 20, 2021
Effective date of value:	December 20, 2021
Date of report:	May 25, 2022

[3] *The Appraisal of Real Estate,* 15th Edition, (Chicago, Illinois: Appraisal Institute, 2020), p. 48.

Property Rights Appraised

The property rights appraised for the subject properties include the Fee Simple Estate of the properties which is defined as:

> *Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.*[4]

A fee simple estate implies absolute ownership unencumbered by any other interest or estate.

Legal Descriptions

No legal descriptions have been provided for this assignment. The real property included in this valuation assignment includes parcels of land owned in fee, permanent easements for one parcel (lift station site), and presumed permanent easements rights conveyed to Missouri American Water for all mains for the water and wastewater systems and related assets that are located throughout the City of Ironton. Please refer to the Extraordinary Assumptions section of this report for an explanation regarding the appraisal assignment assumptions relative to the presumed permanent easements. With respect to the two parcels owned in fee, the parcels have been identified based upon information provided by the representative of the City of Ironton at the inspection and county GIS data.

[4] *The Appraisal of Real Estate,* 15th Edition, (Chicago, Illinois: Appraisal Institute, 2020), p. 60.

Exposure Time and Marketing Time

The estimated marketing time of a property implicitly assumes the property would be marketed in a manner typical in the market for that particular type of property, including utilization of the normal channels of exposure; also, implicit is the assumption that the asking price would be reasonably close to the market value of the property; and, the sale terms would conform to the market value definition included herein.

Based upon the conditions which prevailed in the local market effective December 20, 2021, we have concluded a reasonable market time for the subject property systems, each as a whole, is 12 to 24 months and the exposure time for the subject properties is also estimated to be from 12 to 24 months.

Intended Use and Intended User of the Appraisal

The intended use of this appraisal report is to assist the client (Missouri American Water Company) and the City of Ironton with the acquisition of the City of Ironton water and wastewater systems by the client. The intended users of this appraisal report include the client (for acquisition purposes), the City of Ironton (for asset disposition), and any regulatory agency with jurisdiction over the transfer of the water delivery and wastewater collection systems' assets from the City of Ironton to Missouri American Water Company.

History of the Subject Property

Pursuant to Standards Rule 1-5 of USPAP, we are required to consider and analyze any current Agreement of Sale, option, or listing of the property being appraised. We are also required to consider and analyze any sales of the subject property that have occurred within the last three years.

To the best of our knowledge, and based upon discussions with the client and a representative of the City of Ironton, the subject property has not been the subject of any sales, listings, offerings or contracts during the last three years.

Scope of Work

The subject property systems are reportedly owned and operated by the City of Ironton. In addition to receiving and reviewing numerous pertinent documents from the client pertaining to the subject property water and wastewater systems, we inspected the subject property, met with a representative from the City of Ironton, and collected market data for this assignment.

Proper and accepted appraisal methodology in the subject matter is (1) governed by Missouri legislation[5], and (2) guided by the binding requirements of the Uniform Standards of Professional Appraisal Practice (USPAP).[6]

Explicit in the SCOPE OF WORK RULE section of the current (2020-2022) edition of USPAP is the requirement of the real estate appraiser to include research and analysis necessary to develop credible assignment results. The standard for acceptability of Scope of Work is, in part, what an appraiser's peers' actions would be in performing the same or similar assignment.[7]

In accordance with USPAP, consideration was given to the market standards in the appraisal profession established in other market areas by qualified appraisers performing similar assignments. In our opinion, the applicable professional standards of valuation of utility systems generally in Missouri -- and specifically in the case of the valuation of the City of Ironton systems -- are similar to those established and utilized in other market areas, including Illinois.

Illinois has similar legislation in place regulating the procedures for acquisitions of public utility systems by investor-owned companies. Although not identical, the procedures and framework for valuation are considered to be very similar.[8]

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[5] The Missouri legislation mandates the inclusion and participation of three independent professional real estate appraisers, all of which shall be licensed in the State of Missouri. Missouri Revised Statutes, Chapter 393, Section 393.320 (August 28, 2016).

[6] USPAP is developed, interpreted, and amended by The Appraisal Standards Board (ASB) of The Appraisal Foundation. State and federal regulatory authorities enforce the content of the current or applicable edition of USPAP. All state licensed/certified professional real estate appraisers must perform services in compliance with USPAP.

[7] USPAP, 2020-2022 Edition, Page 14.

[8] On August 9, 2013, P.A. 98-0213, codified as 220 ILCS 5/9-210.5, went into effect in Illinois. That Section of the Public Utilities Act ("Act") provides an alternate procedure that a large public utility may choose in establishing the ratemaking rate base of a water or sewer utility that the large public utility is acquiring. Among other things, Section 9-210.5 requires that if the utility company elects the procedures of that Section of the Act, three appraisals shall be performed, the appraisers must be selected by the Illinois Commerce Commission, and each appraiser must be State certified general real estate appraiser under the Illinois Real Estate Licensing Act of 2002.

Scope of Work
(Continued)

The Illinois legislation has been in place since 2013. In Illinois, there have been several conveyances of utility systems from the public sector to investor-owned companies that were subject to the recently-enacted legislation governing such transactions.

The standards for valuation in Illinois have been established by the market and are consistently followed by the professional appraisers who engage in valuation assignments of public utility systems pursuant to the applicable governing legislation. The industry-accepted framework for the valuation of utility system assets includes the application of the Cost Approach and the application of the Sales Comparison Approach, and the omission of the Income Capitalization Approach.

The Income Capitalization Approach is not relied on in the typical appraisals of the utility systems due to the generally limited information available from the market necessary for the credible and reliable application of the Income Capitalization Approach. For instance, a proper application of the Income Capitalization Approach would require substantial detail from competing/alternate utility systems in the market, including, but not limited to, income levels from all sources (historic and future expectations), operating expense details, and market-derived capitalization rates used to convert projected net operating income into present value.

One of the factors impacting the challenges of obtaining necessary income and expense data from other systems pertains to the fact that most of the municipal-owned utility systems include public water and sanitary sewer, and often the management and budget operations for the two systems are not separated. Therefore, we have not applied the Income Capitalization Approach in the valuation of the subject property system. The omission of the Income Capitalization Approach does not result in a misleading analysis or conclusion of value. The omission of the Income Capitalization Approach is in compliance with USPAP, and is consistent with the actions of peers for similar assignments.

We applied the cost approach in arriving at an opinion of value for the system. The cost approach included an analysis and valuation of the parcels in fee, the permanent easements necessary for the water delivery and wastewater systems, the contributory value of the buildings and improvements situated on the fee parcels, and the infrastructure and components that comprise the City of Ironton water and wastewater systems.

Scope of Work
(Continued)

We then reviewed limited market data pertaining to sales of other utility systems in order to apply the Sales Comparison Approach. In our selection of market data, we included transactional data pertaining to utility systems located in Illinois. The market data available for utility systems acquired in Missouri is very limited, with Missouri American Water Company being the primary entity acquiring systems. Therefore, it is reasonable and acceptable to expand the search for comparable market data to areas outside the borders of Missouri. We selected the Illinois market due to the following factors: proximity, availability of relatively current market data, similarity of legislative rules governing the valuation process, and the existence of a competitive market environment with multiple buyers influencing the balance of supply and demand.

Also required by Missouri statute pertaining to the valuation is the inclusion of a professional engineer's report addressing the depreciated cost estimates for the components and infrastructure relating to the water delivery and wastewater system. For purposes of this appraisal report, we are relying, in part, on a report prepared by Flinn Engineering, dated March 14, 2022, in which Flinn Engineering arrives at an opinion of the depreciation cost new of the infrastructure components of the City of Ironton water and wastewater systems. We reviewed the Flinn Engineering report, consulted with its author, and reviewed the data Flinn relied on in forming their opinions. Furthermore, we reviewed other engineering data and reports pertaining to the subject system as well as several other water and wastewater systems. Based upon our reviews and independent research, we find the report prepared by Flinn Engineering to be thorough, prepared in compliance with industry standards, and credible. Therefore, we have relied on the opinions rendered in the Flinn Engineering report. Our reliance on the Flinn report in consistent with the Appraisal Institute's Guide Note 4 which addresses the conditions for an appropriate reliance by appraisers of reports prepared by others.[9]

The Flinn Engineering report does not give any value consideration to the permanent easement rights being acquired by Missouri American Water Company as part of its acquisition of the City of Ironton water and wastewater systems, nor does the Flinn report include any contributory value for the parcels owned in fee that are included with the systems. Therefore, we arrived at an independent opinion of the market value of the easements and fee parcels being acquired as part of the purchase of the subject property water and wastewater systems by Missouri American Water Company.

Finally, we prepared this appraisal report in compliance with the applicable standards as set forth in the 2020-2022 Edition of USPAP.

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[9] The Appraisal Institute has adopted Guide Notes to the Institute's Standards of Professional Practice ("SPP"). The Guide Notes are not part of the SSP but provide guidance on how the standards requirements may apply to specific situations.

Extraordinary Assumptions

The 2020-2023 Edition of the *Uniform Standards of Professional Appraisal Practice* (USPAP) defines an extraordinary assumption as follows:

> *An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions and conclusions.*

This appraisal report is prepared subject to the following Extraordinary Assumptions.

INFORMATION PROVIDED BY THE CLIENT AND THE CITY OF IRONTON

We have been provided information for this assignment by the client (Missouri American Water Company) and from the City of Ironton. The information is assumed to be correct, accurate, and complete. This includes, but is not limited to, all information pertaining to the subject property systems (financial, physical, legal) as well as all information pertaining to other systems acquired by American Water.

We reserve the right to revise all opinions and conclusions presented herein upon receiving or becoming aware of any information that is inconsistent with and/or contradicts the information provided by the client and the City of Ironton. The client and intended users are advised that if this assumption is found to be false, it could impact the analysis and opinions.

WATER AND SEWER MAINS PRESUMED TO BE LOCATED IN PUBLIC RIGHTS OF WAY

The valuation of the subject property water delivery and wastewater collection systems includes the water and sewer mains that are located throughout the community and that connect the facilities. According to City of Ironton officials, the water mains and sewer mains are located in public rights of way.

We reserve the right to revise all opinions and conclusions presented herein upon receiving or becoming aware of any information that is inconsistent with and/or contradicts the assumption outlined above. The client and intended users are advised that if this assumption is found to be false, it could impact the analysis and opinions.

Extraordinary Assumptions
(Continued)

IDENTIFICATION OF THE PARCELS OWNED IN FEE

Part of this analysis includes the valuation of three parcels of land owned in fee. Surveys of the parcels had not been performed at the time of this report; therefore, the parcels are described herein based upon information from public sources, namely the county GIS data. The information obtained from the public sources is assumed to be correct.

We reserve the right to revise all opinions and conclusions presented herein upon receiving or becoming aware of any information that is inconsistent with and/or contradicts the land sizes/characteristics as reported herein for the parcels owned by the City of Ironton. The client and intended users are advised that if this assumption is found to be false, it could impact the analysis and opinions.

THE FLINN ENGINEERING REPORT

The Flinn Engineering report, dated March 14, 2022, referenced in the Scope of Work section of this report is assumed to be accurate, complete, and prepared in compliance with applicable industry standards.

We reserve the right to revise all opinions and conclusions presented herein upon receiving or becoming aware of any information that is inconsistent with and/or contradicts the information, analysis, opinions, and conclusions presented in the Flinn report. We also reserve the right to revise all opinions and conclusions presented herein upon receiving more detailed and complete information regarding the age and condition of the existing water and sewer mains. The client and intended users are advised that if this assumption is found to be false, it could impact the analysis and opinions.

THE TERM “INSPECTION”

Throughout this appraisal report, any reference to the appraisers' "inspection", "subject property inspection", "inspection of the subject property", "inspection of the subject water and wastewater systems", etc., refers to the appraisers' customary task of viewing the subject property for purposes of observing the condition, layout, design, and utility of the real property (land and building), as is typical in the appraisal professional and in the framework of completing the appraisal process.

The reference to the term "inspection" in the context of the appraisers' work should not be interpreted to suggest the appraisers have any expertise and/or qualifications in the assessment of the condition and functionality of any mechanical and non-mechanical components of the subject water delivery and wastewater systems.

Extraordinary Assumptions
(Continued)

The appraisers refer the client and intended/authorized users of this appraisal report to the Flinn Engineering report for an assessment of the water and wastewater systems' infrastructure components. The three professional real estate appraisers co-signing this appraisal report are not qualified to independently detect and assess the condition and functionality of the water and wastewater systems' infrastructure components. However, the three professional real estate appraisers co-signing this appraisal report assume that the water and wastewater systems' components (including the plant, pumps, and all related facilities) are in proper working order and have been maintained adequately to meet all pertinent codes and regulatory requirements. The client and intended users are advised that if this assumption is found to be false, it could impact the analysis and opinions.

CUSTOMER COUNTS

According to the City of Ironton, the subject property water delivery system serves 726 customers and the wastewater collection system serves 705 customers. This appraisal is based upon the assumption that the customer counts provided by City of Ironton are accurate. The client and intended users are advised that if this assumption is found to be false, it could impact the analysis and opinions.

DIVISION OF PARCELS

Three of the parcels described as being part of the subject property assets are assumed to be divided from larger parcels owned by the City of Ironton. This appraisal assumes that the resultant division of the three tracts (water plant location, Westwood Drive water tank location, and northern water tank location) will provide adequate access rights, if necessary, and adequate area for the continued use of the facilities thereon by the purchaser of the subject property assets. The client and intended users are advised that if this assumption is found to be false, it could impact the analysis and opinions.

Hypothetical Conditions

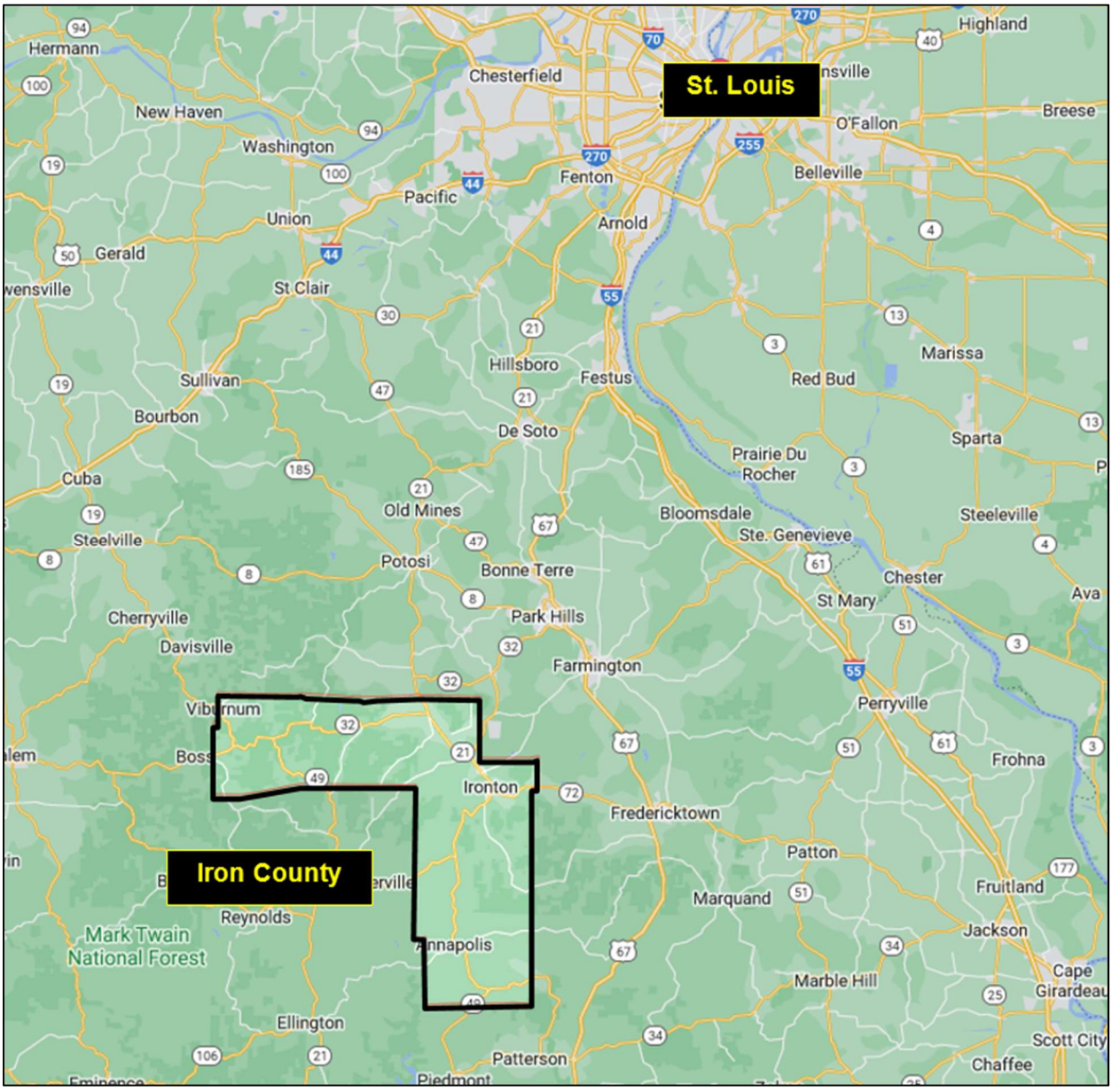
The 2020-2023 Edition of the *Uniform Standards of Professional Appraisal Practice* (USPAP) defines a hypothetical condition as follows:

> *A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.*

This appraisal assignment did not include any hypothetical conditions.

Iron County Overview

The City of Ironton is a municipality located within Iron County, a third class county in the State of Missouri. Iron County is located in the southeastern portion of Missouri and is part of the Southeast Missouri Lead District, commonly referred to as the Lead Belt. The Lead Belt includes seven counties which are Saint Francois, Crawford, Dent, Iron, Madison, Reynolds, and Washington. Officially organized in 1857, Iron County is a Class Three County and, according to the 2020 census, has a population of 9,537. The Taum Sauk Mountain, which is the highest point in the State of Missouri, is located in Iron County. Iron County has a total area of 552 square miles, of which 550 square miles is land and 1.8 square miles is water.



Iron County Overview
(Continued)

Iron County, Missouri *July 2021*			
Population Data			
Total County Population			**11,538**
Population in households	*11,262*	*97.6%*	
Population in group quarters	*276*	*2.4%*	
Housing Data			
Total Housing Units			**5,835**
Owner-occupied	*3,555*	*60.9%*	
Renter-occupied	*1,269*	*21.7%*	
Vacant units	*1,011*	*17.3%*	
County Income Data			
Median Household Income			**$40,643**
Average Household Income			**$53,387**
Population Growth Trend			
Growth Rate per Year	**2010 to 2021**	**2021 to 2026**	
Population	*0.73%*	*0.51%*	
Population and Income Rankings			
State Rankings (out of 15 counties)			
Total Population	*#84*		
Population Density	*#81*		
Median Household Income	*#99*		
Housing Affordability Index	*#101*		
Per Capita Income	*#97*		
Diversity Index	*#72*		

Iron County Overview
(Continued)

Comparison of Census Bureau Data *July 2021*			
Population Data			
County Population			**11,538**
Annapolis	*406*		
Arcadia	*657*		
Des Arc	*193*		
Ironton	*1,432*		
Pilot Knob	*808*		
Viburnum	*731*		
Income Data			
County Average Household Income			**$53,387**
Annapolis	*$53,936*		
Arcadia	*$51,063*		
Des Arc	*$43,025*		
Ironton	*$52,559*		
Pilot Knob	*$57,235*		
Viburnum	*$57,081*		
Population and Income Rankings			
State Rankings (out of 1,032 cities/towns)	***Population***	***Population Density***	***Per Capita Income***
Annapolis	*#564*	*#310*	*#735*
Arcadia	*#452*	*#505*	*#840*
Des Arc	*#741*	*#428*	*#957*
Ironton	*#314*	*#320*	*#723*
Pilot Knob	*#407*	*#432*	*#614*
Viburnum	*#428*	*#769*	*#583*

Ironton Overview

Incorporated in 1859, the city of Ironton is a fourth class city in the State of Missouri. Ironton is the Iron County Seat. Ironton is bisected by State Highway 21 and is approximately sixteen miles west of State Highway 67 and is generally bordered by State Highway W to the north, Stouts Creek to the south, Knob Creek to the east, and Shepard Mountain Lake to the west. Nearby communities include Arcadia, Pilot Knob, Belleview, Iron Mountain, Middle Brook, and Silver Mine.

Like the county, Ironton was named after the deposits of iron ore found in the region. According to the United States Census Bureau, the City of Ironton has a total area of 1.39 square miles. In 2020 there were 1,475 people and 592 households residing in the City of Ironton. The population density was 1,061 inhabitants per square mile. There were 677 housing units of which were 71.3 percent owner occupied. The average household size was 2.46. The median age in the city was 38.9 years. 27.3 percent of residents were under the age of 20; 21.9 percent were between the ages of 20 and 39; 9.7 percent were from 40 to 49; 14.5 percent were in the range of 50 to 64; and 26.7 percent were 65 years of age or older.

In summary, the subject neighborhood is an established area with direct access to State Highway 21 and adequate access to State Highway 67. The overall outlook for the neighborhood is one of relative stability with little to modest growth taking place in the foreseeable future.

Ironton Overview
(Continued)

Ironton, Missouri *July 2021*			
Population Data			
Total Population			**1,432**
Population in households	*1,390*	*97.1%*	
Population in group quarters	*42*	*2.9%*	
Housing Data			
Total Housing Units			**759**
Owner-occupied	*398*	*52.4%*	
Renter-occupied	*235*	*31.0%*	
Vacant units	*126*	*16.6%*	
Income Data			
Median Household Income			**$38,634**
Average Household Income			**$52,559**
Population Growth Trend			
Growth Rate per Year	**2010 to 2021**	**2021 to 2026**	
Population	*-0.17%*	*-0.14%*	
Population and Income Rankings			
State Rankings (out of 1,032 cities/towns)			
Total Population	*#314*		
Population Density	*#320*		
Median Household Income	*#846*		
Housing Affordability Index	*#732*		
Per Capita Income	*#723*		
Diversity Index	*#522*		

Description of the Subject Properties

The subject property systems include the assets and facilities that comprise the delivery of purchased water and the collection and treatment of wastewater. Please refer to the attached report prepared by Flinn Engineering for more details pertaining of the infrastructure, system assets, and facilities. Unless otherwise noted, all of the following properties are owned by the City of Ironton.

State Highway M – Water Plant

This site is located at the northwest quadrant of the intersections of State Highway M and County Road 103. The Iron County Assessor identifies this site as Parcel Number 13-1.1-01-00-00-000-003S.000. The entirety of the parcel consists of approximately 140.23 acres. However, the wastewater treatment site is calculated to be approximately 4.15 acres. This site is bisected by State Highway M separating the two cell lagoon system on the southern portion from the water treatment facility on the northern portion.

This site is improved with a one story, with basement, concrete block utility building, containing approximately 3,096 square feet of gross building area, which was reported to have been originally built in the 1950s, with a 36 foot by 40 foot addition constructed in 2007. This building is considered to be in average to good condition. The first has minimal finish consisting of a laboratory with a sink, wood cabinetry, painted concrete block walls, painted concrete floors, and a one fixture restroom. The lower level houses pumps, tanks, and sand filters. A backup generator is located on site.

200 Fairlane Drive - Lift Station

This site is located at the terminus of Fairlane Drive. The Iron County Assessor identifies this site by Parcel Number 12-3.1-06-10-12-006-029.0000. According to public records, this parcel is in the name of Roger C. & Kay F. McHenry. The entirety of the site consists of approximately 3,485 square feet, or 0.08 acres. A wooden privacy fence of approximately 15 lineal feet is located on this site. The site is improved with a lift station.

Westwood Drive – Water Tank

This site is located at the terminus of Westwood Drive. The Iron County Assessor identifies this site as Parcel Number 11-9.0-31-00-00-000-001.S000. The entirety of the parcel consists of approximately 571.63 acres. However, the water tank site is calculated to be approximately 70 feet by 70 feet, or 4,900 square feet. The site is improved with a 100,000 gallon ground supported tank. The improvements are secured by a three strand wire chain fence with a height of six feet approximately 280 lineal feet in length. This site also has a radio tower that communicates water levels to the water facility.

Description of the Subject Properties
(Continued)

Dent Street – Water Tank

This site is located at the terminus of Dent Street, at its intersection with North Mountain Street. The Iron County Assessor identifies this site as Parcel Number 11-9.0-32-00-30-024-002.0000. The site consists of approximately 7,492 square feet, or 0.172 acres. The site is improved with a 200,000 gallon ground supported tank. It should be noted that a second ground supported tank of approximately 100,000 gallons and a three legged self-supported communication tower is also located on this site. However, a conversation with a representative if the City of Ironton revealed that both of these improvements are no longer in service. The unused water tank was reportedly disconnected in 1965 and the tower is a former emergency dispatch tower.

Northern – Water Tank

This site is located at the terminus of an unnamed access road off of south side of State Highway 213. The Iron County Assessor identifies this site as Parcel Number 11-9.0-30-00-30-006-010.S000. This parcel consists of approximately 73.24 acres. However, the water tank site is calculated to be approximately 60 feet by 60 feet, or 3,600 square feet. The site is improved with a 100,000-gallon, ground-supported tank that reportedly has not been operated for the last two years. The improvements are secured by a three strand wire chain fence with a height of six feet approximately 240 lineal feet in length.

Description of the Subject Properties
(Continued)

Lagoon Street – Wastewater Treatment Facility

This site is located at the terminus of Lagoon Street, approximately 0.20 miles southeast of its intersection with County Road 39. This site is identified by the Parcel Numbers 11-9.0-32.-00-40-004-020.0100, 12-2.1-04-10-00-000-043.0100, and 11-9.0-32-00-40-004-022.0000. According to public records, the entirety of the site consists of approximately 17.11 acres.

This site is improved with four buildings. The first is a one story, with no basement, wood frame utility building, with metal panel exterior walls, containing approximately 480 square feet of gross building area, which is estimated to have been built in 2000. The interior of this building is utilized as an office and has a wall mounted climate control system. This building is considered to be in good condition. The second building is a one story, with no basement, steel frame utility shed with metal panel exterior walls, containing approximately 96 square feet and is estimated to have been built in 1980. This building is considered to be in fair to average condition. The third building is a one story, with no basement, concrete block building which contains approximately 144 square feet. This building is considered to be in average condition. The fourth building is a one story, with no basement, concrete block building which contains approximately 255 square feet. This building is considered to be in average condition as is located across the lagoon on the easternmost portion of this site. A three cell lagoon with a combined total of approximately 10.0 acres is located at the eastern portion of this site. A backup generator is also located on this site.

Route 94A – Land Application Site

This site is located on the northeast side of Route 94 A, approximately one half mile east of its intersection with Russellville Road in unincorporated Iron County, Missouri. This site is identified by the Parcel Numbers, 11-8.0-33.-00-00-000-066.0000, 11-8.0-33-00-00-000-068.0000, and 12-2.1-04-10-00-000-039.0000. According to public records, the entirety of the site consists of approximately 70.9 acres. This site is unimproved and reportedly utilized for agricultural use. Approximately twenty percent of the site, located furthest to the south, is wooded. Stouts Creek borders this site to the north within the floodway. Approximately twenty-five percent of the site, located furthest north, is located within a combination of FEMA Zone AE and the Stouts Creek floodway. The topography of this site is basically level. It is the appraisers' understanding that there are no on-site utilities.

Description of the Subject Properties
(Continued)

Summary of Parcels

PROPERTY IDENTIFICATION	PARCEL SIZE	TAX PARCELS	INTEREST APPRAISED
Water Plant	4.15 acres	Part of 13-1.1-01-00-00-000-003S.000	City-owned; assume division of parcel
Lift Station - Fairlane Drive	3,485 square feet	12-3.1-06-10-12-006-029.0000	Privately-owned; assume easement
Water Tank - Westwood Drive	4,900 square feet	Part of 11-9.0-31-00-00-000-001.S000	City-owned; assume division of parcel
Water Tank - Dent Street	7,492 square feet	11-9.0-32-00-30-024-002.0000	City-owned; assume transfer in fee
Water Tank - Northern	3,600 square feet	Part of 11-9.0-30-00-30-006-010.S000	City-owned; assume division of parcel
Wastewater Treatment Plant	17.11 acres	11-9.0-32.-00-40-004-020.0100 12-2.1-04-10-00-000-043.0100 11-9.0-32-00-40-004-022.0000	City-owned; assume transfer in fee
Land Application Site	17.11 acres	11-8.0-33.-00-00-000-066.0000 11-8.0-33-00-00-000-068.0000 12-2.1-04-10-00-000-039.0000	City-owned; assume transfer in fee

Highest and Best Use Analysis

The beginning point in the valuation of any real estate is the determination of the property's highest and best use. Highest and Best Use is defined in the 15th Edition of *The Appraisal of Real Estate* as follows:

> *The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, and financially feasible and that results in the highest value.*

The 15th Edition states that there are four implicit steps as part of the analysis that are applied in the following order: (1) Legally Permissible, (2) Physically Possible, (3) Financially Feasible, and (4) Maximally Productive.

The subject property includes land owned in fee, permanent easements, and infrastructure/facilities associated with the City of Ironton water delivery and wastewater systems. After considering the components of the subject property systems as a whole, and taking into account the analysis and report prepared by Flinn Engineering, it is our opinion the highest and best use of the subject property as of December 20, 2021, is its present use as a water delivery and wastewater system. Furthermore, it is our opinion the market value of the land, as vacant, is also for its present use as part of a utility infrastructure system.

Application of the Approaches to Value

Normally included within the steps of the valuation process are the three classic approaches to a value estimate: the Cost Approach, the Sales Comparison Approach and the Income Capitalization Approach. Each of these approaches tends to independently serve as a guide to the valuation of the property with varying degrees of validity.

The Cost Approach gives recognition to the fact that buyers have available to them the alternative of constructing a new building when contemplating the purchase of an existing building. Thus, the cost to reproduce the property is utilized as a measure of value.

However, most properties experience varying degrees of accrued depreciation which result from physical depreciation, functional obsolescence and external obsolescence. Any of these three types of depreciation (or a combination thereof) from which the property suffers must be deducted from the estimated cost new of the improvements. The difficulty, then, in applying the Cost Approach is the ability of the appraiser to accurately extract or estimate the amount of depreciation the property being appraised suffers.

The Sales Comparison Approach is based upon the theory that the value of a property is determined by the actions of buyers and sellers in the market for comparable types of property. Recognizing no two properties are identical and that properties sell at different times under different market conditions, the application of the Sales Comparison Approach requires the appraiser to consider any differences between a respective sale and the subject property which may affect value. After the relevant differences are adjusted for, an indicated range of value results.

The theory of the Sales Comparison Approach also realizes that buyers and sellers often have motivations that are unknown to the appraiser and difficult to quantify in the adjustment process. Therefore, while this approach has certain strengths and foundation, it must be carefully applied in order to lead the appraiser to a realistic opinion of value.

And lastly, the Income Capitalization Approach is typically given very much consideration in the appraisal process for income-producing properties. The Income Capitalization Approach gives recognition to the subject property's capabilities of producing an income and that investors in the real estate market will pay a specific amount of cash, or its equivalency, to receive that income, as well as the rights of ownership of the property at the end of the income period.

The Income Capitalization Approach is applied based upon market-extracted information, most notably the income and expenses that prevail in the market for the type of property being appraised. After an appropriate estimate of income is arrived at, the income is converted to an estimate of value via a capitalization rate. The capitalization rate is also either extracted from the market or may be derived based upon a built-up method.

Application of the Approaches to Value
(Continued)

After the appraiser independently applies each approach to value, the three resultant value estimates are reconciled into an overall estimate of value. In the reconciliation process, the appraiser analyzes each approach with respect to its applicability to the property being appraised. Also considered in the reconciliation process is the strength and weakness of each approach with regards to supporting market data.

Regarding the valuation of the subject property, we have applied the Cost Approach and the Sales Comparison Approach. The Income Capitalization Approach was not applied due to the unavailability of the significant amount of market data pertaining to income and expenses that would be necessary to arrive at a credible conclusion.

Following this section is a more detailed explanation of the Cost Approach and the Sales Comparison Approach.

Cost Approach

The Cost Approach to Value is a technique in the appraisal process which recognizes that a prudent purchaser/investor of real estate may consider constructing a new building as an alternative to buying an existing property.

Although it holds true that a prudent purchaser would not pay more for a building than the cost of buying the land and constructing a new building which would offer similar utility, the estimated cost new of the property must be adjusted for items of depreciation which the property being appraised has suffered. Only then will the Cost Approach yield an indication of value which can be correlated with the other two approaches to arrive at the Market Value of the property.

The beginning point of the typical Cost Approach is to arrive at an estimate of the land value as vacant. The land value is arrived at by applying the Direct Comparison Approach utilizing vacant land sales from the market.

The next step is to estimate the cost new of the building. There are two primary types of cost: the Reproduction Cost and the Replacement Cost.

Reproduction Cost is defined as:

The cost of construction, at current prices, of an exact duplicate, or replica, using the same materials, construction standards, design, layout, and quality of workmanship, and embodying all of the deficiencies, superadequacies, and obsolescence of the subject building. [9]

Replacement Cost is defined as:

The cost of construction, at current prices, of a building having utility equivalent to the building being appraised but built with modern materials and according to current standards, design, and layout. [10]

If a property suffers any functional obsolescence, it is necessary to utilize the Reproduction Cost estimate. The measure of loss of value from the functional inadequacy (or superadequacy) would then be deducted as an item of depreciation.

After the cost of the property is estimated, all items of depreciation are measured and deducted from the cost to arrive at an estimate of the depreciated cost new of the improvements. The land value as vacant is then added to arrive at a total estimate of the property via the Cost Approach.

Cost Approach
(Continued)

Thus, to accurately estimate the value of the property, the appraiser must:

1). Estimate the value of the land as vacant;
2). Estimate the cost new of the building;
3). Estimate the amount of all items of depreciation, if any;
4). Deduct the depreciation estimate from the cost new estimate; and
5). Add the estimated land value to the depreciated value of the improvements.

The starting point in the application of the Cost Approach is to arrive at an estimate of the subject property land as vacant. The land value is estimated based upon the Direct Sales Comparison theory which basically states that no one will pay more for a parcel of land than the cost of acquiring an equally suitable parcel. Therefore, the value of the site is arrived at by measuring the actions of buyers and sellers in the market for comparable parcels of land.

Land Value Contribution

The subject property land values (fee parcels and easements for mains and access rights) are concluded to be $630,000 total ($555,000 for the wastewater system and $75,000 for the water system). Below is a summary of land transactions that were relied on in developing the land value opinions. Sales 1-5 are located in Ironton and Sales 6 and 7 are located in Belleview (all located in Iron County).

Comparable Residential Land Sales

No.	Address	Type	Sale Date	Sale Price	Size/SF	Size/Ac	Price per S.F.	Price per Acre
1	64 Collins Lane	Residential	8/8/2021	$17,000	71,438	1.64	$0.24	$10,366
2	1433 Lake Drive	Residential	6/10/2021	$20,000	54,363	1.25	$0.37	$16,026
3	Highway V	Residential	9/14/2021	$46,800	679,536	15.60	$0.07	$3,000
4	3 Collins Lane	Residential	2/1/2021	$37,500	457,816	10.51	$0.08	$3,568
5	Highway V	Residential	9/14/2021	$46,800	679,536	15.60	$0.07	$3,000
6	Granite Valley Drive	Res/Ag	4/12/2021	$20,000	174,240	4.00	$0.11	$5,000
7	7781 Highway A	Res/Ag	6/23/2020	$30,000	479,160	11.00	$0.06	$2,727

Cost Approach
(Continued)

Contributory Value of System Assets – Flinn report

The Flinn report includes a detailed inventory of the water and wastewater system assets that are part of this analysis, and concludes an opinion of the estimated depreciated value for the water system of $2,184,197 and an opinion of the estimated depreciated value for the wastewater system of $1,616,528. Please refer to the attached Flinn report for additional cost and depreciation details.

Contributory Value of System Assets – Site Improvements

The contributory value of the various improvements on the properties that are not included in the Flinn report are summarized below.

CONTRIBUTORY VALUE OF IMPROVEMENTS

Location	Building	Size	Value per Unit	Cost New	REL	As Is Value
Water Plant						
	Concrete Block Plant	3,096 S.F.	$184.00	$569,664	70%	$398,765
Westwood Water Tank						
	Chain Fence	280 Lineal Ft.	$25.83	$7,232	70%	$5,063
Northern Water Tank						
	Chain Fence	240 Lineal Ft.	$25.83	$6,199	70%	$4,339
Wastewater Treatment Facility						
	Metal Panel Office Building	480 S.F.	$69.50	$33,360	70%	$23,352
	Metal Panel Shed	96 S.F.	$25.25	$2,424	50%	$1,212
	Concrete Block Utility Buidling	144 S.F.	$34.00	$4,896	70%	$3,427
	Concrete Block Utility Buidling	255 S.F.	$34.00	$8,670	70%	$6,069
					Total	**$442,227**

Cost Approach
(Continued)

Summary

The final step in the Cost Approach is to add the depreciated value of the assets for the water and wastewater systems.

With respect to the subject property system facilities, we have utilized the depreciated asset values from the Flinn report. The Flinn values are summarized on Page 7 of the Flinn report.

Based upon our analysis of the land, combined with the Flinn analysis, the total value by the Replacement Cost New Less Depreciation is summarized below.

Property Component	Value Conclusion
Water System Assets	
Contributory Value - fee parcels and easements:	$75,000
Contributory Value - buildings and site improvements:	$408,167
Flinn Engineering opinion (depreciated value of water system assets):	$2,184,197
Total Value Opinion:	$2,667,364
Rounded to:	**$2,670,000**
Wastewater System Assets	
Contributory Value - fee parcels and easements:	$555,000
Contributory Value - buildings and site improvements:	$34,060
Flinn Engineering opinion (depreciated value of wastewater system assets):	$1,616,528
Total Value Opinion:	$2,205,588
Rounded to:	**$2,210,000**

Sales Comparison Approach

The Sales Comparison Approach is an approach to value which measures the actions and activity of buyers and sellers in the market and relates those actions to the property being appraised. Also referred to as the Market Approach, the underlying premise of this approach to value is that no prudent purchaser will pay more for a property than the cost of acquiring an equally suitable parcel. The fundamental concept of the Sales Comparison Approach is the Principle of Substitution, which is defined as:

> *A valuation principle that states that a prudent purchaser would pay no more for real property than the cost of acquiring an equally desirable substitute on the open market. The Principle of Substitution presumes that the purchaser will consider the alternatives available and will act rationally or prudently on the basis of the information about those alternatives, and that reasonable time is available for the decision. Substitution may assume the form of the purchase of an existing property, with the same utility, or of acquiring an investment which will produce an income stream of the same size with the same risk as that involved in the property in question.*

Research of the area, state and national real estate market was completed in order to find sales of water distribution systems that included comparable features to the subject property. There have been several sale properties selected from all available sale transactions for analysis in this approach. The sales data was provided through information from the Missouri Public Service Commission, Illinois Commerce Commission, Aqua America Inc., American Water Company, and Hartman Consultants LLC.

The sales were considered to be the most comparable to the subject property in terms of arms-length sales transactions, location of the system, capital improvements supporting the water system and number of water customer accounts in the entire system. All information of the sale transactions and properties was confirmed by the previously mentioned party or parties to the transaction.

As explained in the Scope of Work section of this report, we included transactional data pertaining to utility systems located in Illinois. We did consider transactions by Missouri American Water of systems in Missouri. However, the market data available for utility systems acquired in Missouri is very limited, with Missouri American Water Company being the primary entity acquiring systems. Therefore, it is reasonable and acceptable to expand the search for comparable market data to areas outside the borders of Missouri. The following is a summary of the market data relied on for this assignment.

Sales Comparison Approach
(Continued)

Sales 1a & 1b
1a - Royal Oaks Mobile Water & Wastewater System (Water & Sewer)
1b - Four Seasons Water & Wastewater System (Water & Sewer)
City of Peoria, Peoria County, Illinois

Pending
Asset Purchase Agreement signed November 30, 2021
Price: Royal Oaks Water $56,000 ($221 per customer)
Royal Oaks Wastewater $35,000 ($138 per customer)
Four Seasons Water $26,000 ($123 per customer)
Four Seasons Wastewater $15,000 ($71 per customer)

Seller: YES Companies EXP Fred, LLC
Buyer: Illinois American

Water and wastewater system serving Royal Oaks Mobile Home Community, 2109 N. Abbey Cir., Peoria, Illinois, having approximately 253 customer connections, main, valves, and hydrants; and water and wastewater system serving Four Seasons Mobile Home Community, 204 N. Apple Blossom, Peoria, Illinois, having approximately 212 customer connections, main, valves, and hydrants.

The water systems are distribution facilities and customers only. They received wholesale potable water service and have no source, treatment, or storage facilities.

The wastewater systems have only wastewater collection systems consisting of gravity sewers, manholes, connecting into the wastewater transmission, treatment, and disposal by other providers. They own no transmission, treatment, or disposal facilities.

Sales Comparison Approach
(Continued)

Sale 2
Country Meadows Water Utility (Water)
Village of Swansea, St. Clair County, Illinois

Pending
Asset Purchase Agreement signed June 30, 2021
Price: $400,000
Water system with 230 customers ($1,739 per customer)

Seller: Jim McDonald Sales, Inc.
Buyer: Illinois American

The water system includes approximately 17,784 linear feet of water mains, 67 valves, one master meter vault, one tapping saddle and valve, and approximately 230 water meters. There are no land or easements applicable to this water system. This is a water system for a mobile home park.

Sales Comparison Approach
(Continued)

Sale 3

Village of Hardin Water & Wastewater Utility (Water & Sewer)
Village of Hardin, Calhoun County, Illinois

Pending
Asset Purchase Agreement signed June 10, 2021
Price: $2,300,000 Water
$1,000,000 Sewer
Water system with 435 customers ($5,287 per customer)
Wastewater system with 405 customers ($2,469 per customer)
.
Seller: Village of Hardin, Illinois
Buyer: Illinois American
ICC Docket #21-0511

The water system includes five parcels of land owned in fee, one water treatment plant, two active wells, one water storage tank, one pressure reducing station, one booster pump station, meters, hydrants, and approximately 49,800 linear feet of water mains. The land parcels owned in fee include 1 Lions Lane (a water treatment plant), Dripping Springs Hollow Road (a water storage tank), the east side of County Hwy 1 (two wells), S County Road (booster pump station), and W Main St and Stone Hill Road (pressure reducing station).

The wastewater system includes six parcels of land owned in fee, five wastewater lift stations, a wastewater treatment plant, and approximately 57,400 linear feet of mains. The land parcels owned in fee include 21415 Illinois River Road (wastewater treatment plant), 2 Braun St (lift station #1), South of North Side Grocery on Rt 100 (lift station #2), North of North Side Grocery on Rt 100 (lift station #3), South of Calhoun Auto on Rt 100 (lift station #4), East of Water Treatment Plant on Rt 100 (lift station #5).

Sales Comparison Approach
(Continued)

Sale 4

City of Mount Pulaski Water & Wastewater Utility (Water & Sewer)
City of Mount Pulaski, Logan County, Illinois

Pending (Asset Purchase Agreement signed April 1, 2021)
Price: $3,800,000 Water
$1,450,000 Sewer
Water system with 834 customers ($4,556 per customer)
Wastewater system with 800 customers ($1,813 per customer)
.
Seller: City of Mount Pulaski, Illinois
Buyer: Illinois American
ICC Docket #21-0309

The water system includes three parcels of land owned in fee, one water treatment plant, three active wells, one water tower, meters, hydrants, and approximately 68,000 linear feet of water mains.

The wastewater system includes four wastewater lift stations, a wastewater treatment plant, and approximately 71,600 linear feet of mains.

Sales Comparison Approach
(Continued)

Sale 5

City of Livingston Water & Wastewater Utility (Water & Sewer)
City of Livingston, Logan County, Illinois

Pending
Asset Purchase Agreement signed June 19, 2020
Price: $550,000 Water
$1 Sewer
Water system with 375 customers ($1,467 per customer)
Wastewater system with 340 customers ($NA per customer)
.
Seller: City of Livingston, Illinois
Buyer: Illinois American
ICC Docket #20-0680

The water system includes one parcels of land owned in fee, one water treatment plant, one water tower, two booster pumps, meters, hydrants, and approximately 45,000 linear feet of water mains.

The wastewater system includes four wastewater lift stations, one wastewater treatment plant, and approximately 34,000 linear feet of mains.

Sales Comparison Approach
(Continued)

Sale 6
City of Hallsville Wastewater Utility (Sewer)
City of Hallsville, Missouri

Pending
Price: $2,000,000 Sewer
Wastewater system with 664 customers ($3,012 per customer)
.
Seller: City of Hallsville, Missouri
Buyer: Missouri American
MO Docket #SA-2021-0017

The Hallsville wastewater system is unique in that it utilizes a land application process to dispose of its wastewater. Large irrigation systems distribute untreated wastewater onto farmland. This process has resulted in some compliance issues with the Missouri Department of Natural Resources. When irrigation is not possible, wastewater is held and accumulates in three holding cells or lagoons. The collection system has just over 13 miles of pipe and 256 manholes.

There is a capital commitment of $3,300,000 over five years, including terms that provide for future service, maintenance, capital improvements and other terms and conditions.

Sales Comparison Approach
(Continued)

Sale 7
City of Bourbonnais Wastewater Utility (Sewer)
City of Bourbonnais, Logan County, Illinois

Pending
Price: $32,100,000 Sewer
Wastewater system with 6,491 customers ($4,945 per customer)
.
Seller: City of Bourbonnais, Illinois
Buyer: Aqua Illinois
ICC Docket #20-0866

The wastewater system includes 14 wastewater lift stations, and approximately 530,000 linear feet of mains. The system provides sewage collection, and pumps the sewage to the Kankakee Regional Metropolitan Authority (KRMA) Wastewater Treatment Plant. The Village of Bourbonnais recently constructed $14.5 million of improvements to the wastewater system which was an interceptor extension to accommodate planned growth at the new Interstate 57 interchange at 6000N. The subject property includes easements, facilities and buildings, and the wastewater system personal property assets.

Sales Comparison Approach
(Continued)

Sale 8

City of Bolivar Water & Wastewater Utility (Water & Sewer)
City of Bolivar, Missouri

Pending
Price: $20,000,000 Water & Sewer
Water and wastewater system with 9,000 customers ($2,222 per customer)
.
Seller: City of Bolivar, Missouri
Buyer: Liberty Utilities
MO Docket # WA-2020-0397

Water and wastewater system with two wastewater treatment plants, eight wells, 14 lift stations.

Sales Comparison Approach
(Continued)

Sale 9

City of Taos Wastewater Utility (Sewer)
City of Taos, Missouri

Closed July 2021
Price: $4,100,000 Sewer
Wastewater system with 421 customers ($9,739 per customer)
.
Seller: City of Taos, Missouri
Buyer: Missouri American
MO Docket #SA-2021-0120

The Taos system consists of approximately 1/3 pressure sewer lines and 2/3 gravity sewer lines with five lift stations, as well as 22 duplex and 5 simplex pumping stations.

Sales Comparison Approach
(Continued)

Sale 10

City of Trimble Wastewater Utility (Sewer)
City of Trimble, Missouri

Closed April 2021
Price: $1,000,000 Sewer
Wastewater system with 200 customers ($5,000 per customer)
.
Seller: City of Trimble, Missouri
Buyer: Missouri American
MO Docket #SA-2021-0074

The Trimble sewer system consists of approximately 24,200 linear feet of sewer line, five pumping stations and a three-cell treatment lagoon.

Sales Comparison Approach
(Continued)

Sale 11

City of Jerseyville Water & Wastewater Utility (Water & Sewer)
City of Jerseyville, Jersey County, Illinois

Closed October 2020
Price: $26,250,000 Water
$17,000,000 Sewer
Water system with 4,259 customers ($6,163 per customer)
Wastewater system with 3,959 customers ($4,294 per customer)
.
Seller: City of Jerseyville, Illinois
Buyer: Illinois American
ICC Docket #19-1139

The water system includes three parcels of land owned in fee, one water treatment plant, three active wells, one water tower, one water storage tank, meters, hydrants, and approximately 649,000 linear feet of water mains.

The wastewater system includes 10 wastewater lift stations, two wastewater treatment plants, and approximately 438,000 linear feet of mains.

Sales Comparison Approach
(Continued)

Sale 12

Four Lakes Condominium Association Water Utility (Water)
City of Lisle, Jersey County, Illinois

Closed October 2020
Price: $900,000 Water
Water system with 1,266 customers ($711 per customer)
.
Seller: Four Lakes Village Condominium Homeowners' Association
Buyer: Illinois American

The water system includes meters, hydrants, and approximately 16,000 linear feet of water mains.

Sales Comparison Approach
(Continued)

Sale 13

City of Granite City Wastewater Utility (Sewer)
City of Granite City, Madison County, Illinois

Closed September 2020
Price: $18,000,000 Sewer
Wastewater system with 12,783 customers ($1,408 per customer)
.
Seller: City of Granite City, Illinois
Buyer: Illinois American
ICC Docket #19-1134

The wastewater system assets for sale include 27 wastewater lift stations, gravity sewers, force mains, and manholes. The subject property includes easements, facilities and buildings, and the wastewater collection system personal property assets.

Sales Comparison Approach
(Continued)

Sale 14

City of Rosiclare Water and Wastewater Utility (Water & Sewer)
City of Rosiclare, Hardin County, Illinois

Closed May 2020
Asset Purchase Agreement signed June 4, 2019
Price: $480,000 Water
$120,000 Sewer
Water system with 525 customers ($914 per customer)
Wastewater system with 400 customers ($300 per customer)

Seller: City of Rosiclare, IL
Buyer: Illinois American
ICC Docket #19-0733

This sale included the transfer of a water treatment and sewer system. The water system includes two parcels of land owned in fee, one water treatment plant built in 1934, two active wells built in 1995, one 150,000 gallon water tower, one settling basin and one overflow basin. The water system purchase does not include the distribution system. The water treatment plant design maximum capacity is 350,000 gpd. The wastewater system includes four parcels of land owned in fee, one wastewater lift station built in 2017, one wastewater treatment plant built in 1951 with major improvements in 1987, and approximately 46,000 linear feet of mains.

Sales Comparison Approach
(Continued)

Sale 15

Village of Sidney Water Utility (Water)
Village of Sidney, Champaign County, Illinois

Closed May 2020
Asset Purchase Agreement signed April 25, 2019
Price: $2,300,000
Water system with 567 customers ($4,056 per customer)

Seller: Village of Sidney, IL
Buyer: Illinois American
ICC Docket #19-0653

This sale included the transfer of a water system. The water system includes a 150,000 gallon elevated storage tank built in 1953, 92 hydrants, approximately 220 valves, 546 meters, approximately 100,000 linear feet of water mains, a booster pump station, and rechlorination buildings. The system is a sequential system purchasing bulk water from Illinois American Water Company.

Sales Comparison Approach
(Continued)

Sale 16

Village of Andalusia Water and Wastewater Utility (Water & Sewer)
Village of Andalusia, Rock Island County, Illinois

Closed May 2020
Asset Purchase Agreement signed May 7, 2019
Price: $1,800,000 Water
$1,500,000 Sewer
Water system with 490 customers ($3,673 per customer)
Wastewater system with 460 customers ($3,261 per customer)

Seller: Village of Andalusia, IL
Buyer: Illinois American
ICC Docket #19-0732

This sale included the transfer of a water treatment and distribution system, and sewer system. The water system includes a 310,000 gallon storage tank built in 1980, a chlorination and fluoridation water treatment plant operating in the 60 to 80 psi range, 106 hydrants, a booster pump station, and approximately 55,000 linear feet of water mains. The sewer system includes three lift stations, approximately 6,000 linear feet of force mains, 34,800 linear feet of gravity collection mains, 140 manholes, and a three cell wastewater treatment plant. The sanitary system does not include stormwater and is not a CSO type facility.

Sales Comparison Approach
(Continued)

Sale 17

Village of Leonore Water Utility (Water)
Village of Leonore, Rock Island County, Illinois

Closed May 2020
Asset Purchase Agreement signed July 10, 2019
Price: $100,000
Water system with 68 customers ($1,471 per customer)

Seller: Village of Leonore, IL
Buyer: Illinois American
ICC Docket #19-0854

This sale included the transfer of a water treatment system. The water system was built in 1958 and includes one operating well, approximately 11,000 linear feet of water mains, 16 flushing hydrants (not fire hydrants), 68 meters, a 7,500 gallon hydrotank built in 1978, a 10,000 gallon hydrotank built in 1983, and a water treatment plant built in 1976.

Sales Comparison Approach
(Continued)

Sale #18

Village of Godfrey Wastewater Utility (Sewer)
Village of Godfrey, Madison County, Illinois

Closed November 2019
Asset Purchase Agreement signed November 9, 2018
Price: $13,550,000
Wastewater System with 6,250 Customers ($2,168 per customer)

Seller: Village of Godfrey, IL
Buyer: Illinois American
ICC Docket #18-1830

This sale included the transfer of a sewer system. The sale includes a wastewater treatment plant with a current average flow of 0.80 MGD, a 2.2 MGD average capacity and 5.5 MGD maximum flow capacity providing secondary treatment, discharging into the Mississippi River; 16 lift stations; 32,000 linear feet of force mains; 498,000 linear feet of gravity sewer mains; 2,107 manholes; two sanitary sewer detention facilities; 13 parcels of land owned in fee; and permanent easements pertaining to wastewater mains located on private property, and properties that are utilized for lift stations. Approximately 65% of the gravity sewer linear feet, located west of Godfrey Road, flow to the wastewater treatment plant; the other 35%, located east of Godfrey Road, flow to the Alton Treatment Plant.

Sales Comparison Approach
(Continued)

Sale #19

Village of Glasford Water & Wastewater Utility (Water & Sewer)
Village of Glasford, Peoria County, Illinois

Closed September 2019
Asset Purchase Agreement signed August 28, 2018
Water System Price: $800,000
Water System with 492 Customers ($1,626 per customer)
Wastewater System Price: $1,100,000
Wastewater System with 482 Customers ($2,282 per customer)

Seller: Village of Glasford, IL
Buyer: Illinois American
ICC Docket #18-1498

This sale included the transfer of a water and wastewater system.

The water system is in average condition and includes a water treatment plant with a capacity of 200 gpm or 288,000 gpd with attained capacity of 150 gpm or 216,000 gpd; two active wells and one well not in service; a 125,000 gallon elevated storage tank; a 50,000 gallon ground storage tank; meters; hydrants; approximately 48,000 linear feet of water mains; four parcels of land owned in fee; and permanent easements pertaining to water mains located on private property. Well #1 is 876 feet deep; Well #2 is not in service (radium) and is 1,750 feet deep; Well #3 is 1,000 feet deep with 1,300 linear feet of 4" raw water main.

The wastewater system is in average condition and includes a 0.26 MGD DAF wastewater treatment plant with a MDF of 0.65 MGD with basic secondary treatment with filtration and sludge treatment; one lagoon; one wastewater lift station; and approximately 47,000 linear feet of mains.

Sales Comparison Approach
(Continued)

Sale #20

Village of Manteno Wastewater Utility (Sewer)
Village of Manteno, Kankakee County, Illinois

Sold July 2018
Asset Purchase Agreement signed September 18, 2017
Price: $25,000,000
Wastewater System with 4,300 Customers ($5,814 per customer)

Seller: Village of Manteno, IL
Buyer: Aqua Illinois
ICC Docket #17-0813

This sale included the transfer of a sewer system. The sale includes a wastewater treatment plant, seven lift stations, force and gravity sewer mains, four parcels of land owned in fee and permanent easements pertaining to wastewater mains located on private property, and properties that are utilized for lift stations.

The sewer system was built in 1945 with additional constructed between 1945 and 2006. The sewer system includes a sewer treatment facility, seven lift stations, and the sewer collection system.

Testimony of Paul J. Hanley states expected expenditures after sale of $4,300,000 over five years.

Sales Comparison Approach
(Continued)

Sale #21

Grant Park Wastewater Utility (Sewer)
Village of Grant Park, Kankakee County, Illinois

Closed November 2019
Asset Purchase Agreement signed May 17, 2018
Price: $2,300,000
Wastewater System with 535 Customers ($4,299 per customer)

Seller: Village of Grant Park, IL
Buyer: Aqua Illinois
ICC Docket #18-1093

This sale included the transfer of a sewer system. The sale includes a wastewater treatment plant, one lift station, portions of two parcels of land owned in fee and permanent easement interests, and a wastewater collection system. The permanent easements pertain to properties that are utilized for the lift station, wastewater mains located on private property, an access road, and septic tanks located on private property.

Sales Comparison Approach
(Continued)

Sale #22

Skyline Water and Wastewater Utility System (Water and Sewer)
Kane County, Illinois

Closed November 2019
Asset Purchase Agreement signed March 27, 2018
Price: $3,550,000
Combined water and wastewater system - 752 customers ($4,721 per customer)

Seller: Fox River Water Reclamation District
Buyer: Aqua Illinois
ICC Docket #18-0785

This sale included the transfer of a water system and a sewer system. The water system includes five parcels of land owned in fee, a water treatment plant, two wells, a 600,000 gallon elevated storage tank, and a water delivery system. The wastewater system includes one lift station and a sewage collection system.

Sales Comparison Approach
(Continued)

Sale #23

Alton Wastewater System (Sewer)
City of Alton, Madison County, Illinois

Closed June 2019
Asset Purchase Agreement signed April 13, 2018
Price: $53,800,000
Wastewater system with 11,456 customers ($4,696 per customer)

Seller: City of Alton, IL
Buyer: Illinois American
ICC Docket #18-0879

This sale included the transfer of a sewer system. The sale includes 14 lift stations and related easements, a sewage collection system, two excess flow wastewater detention facilities, two flow meters, one parcel of land, and one wastewater treatment plant with a rated flow capacity of 10.5 MGD and a design maximum flow capacity of 26.25 MGD..

Sales Comparison Approach
(Continued)

Sale #24

Lawson Water and Wastewater Utilities (Water and Sewer)
City of Lawson, Clay and Ray Counties, Missouri

Sold August 2018 (Letter of Intent signed April 21, 2017)
Price: $4,000,000
Price breakout per appraisal of this system:
$2,619,000 for Water System with 970 Customers ($2,700 per customer)
$1,356,000 for Sewer System with 904 Customers ($1,500 per customer)
$3,975,000 for both Water and Sewer System, rounded within client documentation to $4,000,000

Seller: City of Lawson, MO
Buyer: Missouri American

This sale included the transfer of a water system and sewer system. The sale includes three parcels of land owned in fee and a permanent easement interest in nine additional tracts. The permanent easements pertain to properties that are utilized for lift stations, a water tower, and a pump station.

The water system was built in 1956 and includes two elevated water storage tanks, a pump system, and the water distribution system. The 300,000 gallon tank was constructed in the 1990-1991. The 50,000 gallon tank was constructed in the 1940s or 1950s. The sewer system includes a sewer treatment facility including a four-cell lagoon system, eight lift stations, and the sewer collection system.

An appraisal report dated July 7, 2017 of the Lawson system indicated the following expected expenditures after sale:

> According to information from Lawson's current permit (MO-0091031) and the Missouri Department of Natural Resources affordability study, the regulations regarding the sewer system operations will be changing in 2020. The water will be required to be disinfected prior to discharge. In addition, a different chemical will need to be added to offset the disinfectant that was added before it can be released into a stream. This will require either a new system to be built or significant changes will need to be made to the existing facility. The chemical added is to control the ammonia levels and nutrient levels. Also, an in-cell aeration system will be needed to help remove the sludge the 1st and 2nd cells. Cost at this time are not known.

Sales Comparison Approach
(Continued)

Sale #25

Sundale Utilities (Water and Sewer)
Washington, Tazewell County, Illinois

Sold May 2018
Asset Purchase Agreement Signed January 9, 2017
Price: $2,000,000
$1,500,000 for Water System with 550 Customers ($2,727 per customer)
$500,000 for Sewer System with 1,410 Customers ($355 per customer)

Seller: Sundale Utilities, Inc.
Buyer: Illinois American Water
ICC Docket #17-0113

This sale included the transfer of a water system and three sewer systems. The water system is Washington Estates (552 customers), and the sewer systems are Washington Estates (552 customers), Sundale Hills (713 customers), and Highland Hills (141 customers). The sale included 10 parcels of land owned in fee by Sundale Utilities which included office building, sewage treatment parcels, lagoons, lift stations, and water treatment facility. In addition, permanent easements encumbering private property included approximately 5.17 acres for the water delivery system and 9.47 acres for the wastewater collection system. The water system's primary assets include two wells, a water treatment plant, a 75,000-gallon elevated water tower, and a 150 kw generator.

The wells were drilled in 1970 and 1985 and are 350' deep. A new well was drilled in 1995 and replaced the 1970 well. The wells are rated at 460 gallons-per-minute. The elevated tank was placed in service in 1960. The sewer systems reportedly were in fair to poor condition and required substantial capital investment.

According to testimony by an official from Illinois American Water at an Illinois Commerce Commission hearing, the buyer intends on investing $900,000 in the water system and $1,700,000 in the sewer systems, all within the first five years.

Sales Comparison Approach
(Continued)

Sale #26

City of Farmington Water System (Water)
Farmington, Fulton County, Illinois

Sold April 2018 (Asset Purchase Agreement Signed April, 2017)
Price: $3,750,000
Water System with 1,063 Customers ($3,528 per customer)

Seller: City of Farmington
Buyer: Illinois American Water
ICC Docket #17-0246

This sale includes a water delivery system that includes two wells. One was drilled in 1918 and is 1,710' deep. It has a capacity of 350 gallons-per-minute, and was improved with a new submersible pump in 1997. The second well was drilled in 1955 and is 1,743' deep. It has a capacity of 385 gallons-per-minute, and had a new pump installed in 2006. The water treatment plant includes the treatment process, two clearwells, and two high-service pumps. The two clearwells (underground storage tanks) each have a capacity of 125,000 gallons. The system also includes two elevated water storage tanks constructed in 1992 and 1997, respectively. Each has a capacity of 156,000 gallons.

Per testimony of Jeffrey Kaiser, Director of Engineering for Illinois American Water Company, there are expected expenditures after sale totaling $5,540,000 for the following:

> *Capital improvements anticipated for the water system in the first five years of ILAW ownership are projected to total approximately Five Million Five Hundred Forty Thousand Dollars ($5,540,000.00). These improvements include security and safety improvements, SCADA systems integration, customer meter replacements, water main replacement and dead end elimination, and miscellaneous water treatment plant related capital expenditures such as reverse osmosis membrane replacement and conversion from gas to liquid chlorine.*

Sales Comparison Approach
(Continued)

Sale #27

Village of Fisher Water and Sewer System (Water & Sewer)
Fisher, Champaign County, Illinois

Sold March 2018 (Asset Purchase Agreement Signed July, 2017)
Water System Price: $3,700,000 with 890 Customers ($4,157 per customer)
Sewer System Price: $3,100,000 with 890 Customers ($3,483 per customer)

Seller: Village of Fisher
Buyer: Illinois American Water
ICC Docket #17-0339

This sale includes a water delivery system that includes a water treatment facility, two elevated water storage tanks and two groundwater supply wells. The water treatment plant includes the treatment process, one 30,000 gallon capacity clearwell, and three pumps rated 167 GPM. The clearwell (underground storage tank) has a capacity of 30,000 gallons. Tank #1 has a capacity of 50,000 gallons and was constructed in 1936. Tank #2 has a capacity of 100,000 gallons and was constructed in 1973. The wells are both 236' deep and rated 125 GPM, drilled in 1936 and 1959. Average daily production is 135,000 per day.

This sale includes a wastewater system that includes a wastewater treatment facility with an average daily flow between 170,000 and 180,000 gallons per day.

Expenditures during the first five years after sale are estimated at $610,000 for the water utility and $2,300,000 for the sewer utility.

Sales Comparison Approach
(Continued)

Sale #28

Village of Peotone Water and Sewer System (Water & Sewer)
Village of Peotone, Will County, Illinois

Sold October 1, 2018 (Asset Purchase Agreement Signed July 2017)
Price: $12,300,000 with 3,000 Customers ($4,100 per customer)

Seller: Village of Peotone
Buyer: Aqua Illinois
ICC Docket #17-0314

This sale includes a water delivery system that includes a water treatment facility, two elevated water storage tanks and two groundwater supply wells. The water treatment plant includes the treatment process, one 30,000 gallon capacity clearwell, and three pumps rated 167 GPM. The clearwell (underground storage tank) has a capacity of 30,000 gallons. Tank #1 has a capacity of 50,000 gallons and was constructed in 1936. Tank #2 has a capacity of 100,000 gallons and was constructed in 1973. The wells are both 236' deep and rated 125 GPM, drilled in 1936 and 1959. Average daily production is 135,000 per day.

This sale includes a wastewater system that includes a wastewater treatment facility with an average daily flow between 170,000 and 180,000 gallons per day.

Expenditures during the first five years after sale are estimated at $610,000 for the water utility and $2,300,000 for the sewer utility.

Sales Comparison Approach
(Continued)

Sale #29

Forest Homes Maple Park (Water)
Cottage Hills, Madison County, Illinois

Sold July 2017 (Asset Purchase Agreement Signed November 03, 2016)
Price: $900,000
Water System with 525 Customers ($1,714 per customer)

Seller: Forest Homes Maple Park District
Buyer: Illinois American Water
ICC Docket #16-0581

The Forest Homes Maple Park system includes one elevated storage tank, one storage tank control system, approximately 9 miles of pipeline, telemetry equipment, and various hydrants, valves, service connections, and other appurtenances. The system became operational in 1959. The water distribution system used wells until 1983 when the district started purchasing water from Illinois American Water. Per information from the water district, there are 525 customer connections, of which approximately 495 were installed in 1994 and 30 were installed in 2004. The elevated water tank has a capacity of 75,000 gallons and is approximately 57 years old. Located on the site with the water tower is the storage tank control structure, an office building, and storage buildings. The water distribution system includes 47,272 lineal feet of pipeline. The mains range from 13 to 58 years old. Most the mains are 6” with the balance being 4”. Included in the sale were two small lots owned in fee, permanent easements across two parcels, and mains located in public roads and rights of way. According to an assessment completed by an engineer familiar with the system, there was approximately $250,000 worth of deficiencies and deferred maintenance items that required immediate attention.

Sales Comparison Approach
(Continued)

Sale #30

Lake Region Water and Sewer Company (Water and Sewer)
Camden County and Miller County, Missouri

Sold June, 2017 (Asset Purchase Agreement Signed December, 2016)
Price: $6,084,000
Total Customers: 1,608 ($3,784 per customer)
683 Water Customers, 925 Sewer Customers (1,608 total customers) per Joint Application for Transfer of Assets

Seller: Lake Region Water and Sewer Company
Buyer: Camden County Public Water District
MO Docket #WM-2017-0186

Operating in the Lake of the Ozarks area, Lake Region Water & Sewer Company ("Lake Region") was originally granted a Certificate of Convenience and Necessity (CCN) to provide water and sewer service in the 1970s. After various name changes, sales, and the granting of an additional CCN, Lake Region now serves approximately 683 water customers in the Shawnee Bend area and 925 sewer customers in the Shawnee Bend and Horseshoe Bend area.

On December 28, 2016, Lake Region filed a Joint Application with the Camden County Public Water Supply District Number 4 seeking authority to sale, transfer, and assign Lake Region's water and sewer assets to the District. Staff contends that under the terms of the Purchase Agreement, the District is paying an acquisition premium of approximately $3.7 million.

The Missouri Public Service Commission Staff recommended in February, 2017, that the Commission does not approve the transfer of the assets. According to Staff, were the purchaser of Lake Region's assets a Commission-regulated entity, they would not be allowed to recover the acquisition premium cost in a customer rate increase. However, since the Commission does not regulate the District, Staff fears that the District may choose to recover the acquisition premium costs through a customer rate increase.

The Commission does not share Staff's concern. The Commission does not regulate the District, nor does it have jurisdiction over the District's board of directors or the future rates set by that board. On April 27, 2017, the Commission approved the transfer.

Sales Comparison Approach
(Continued)

Sale #31

Village of Wardsville Utility System (Water and Sewer)
Wardsville, Cole County, Missouri

Sold May, 2017 (Asset Purchase Agreement Signed December 8, 2016)
Price: $2,750,000 ($2,750,003 for both Water and Sewer System, rounded within client documentation to $2,750,000)
$795,428 for Water System with 480 Customers ($1,657 per customer)
$1,954,575 for Sewer System with 407 Customers ($4,802 per customer)

Seller: Village of Wardsville
Buyer: Missouri American Water
MO Docket #WA-2017-0181

According to a press release on April 11, 2017, from the Board of Trustees of the Village of Wardsville, Wardsville has three sewage treatment plants (Deer Haven, Churchview, and Northwest), none of which reportedly are able to meet the Missouri Department of Natural Resources and the EPA requirements regarding limitations of the amount of ammonia that can be discharged from sewage treatment plants. After a study by an engineering firm, it was determined that the three options to meet the EPA limits ranged from $4 million to $12 million. According to Missouri American Water, the expected capital investment after the sale includes $305,000 for the water system and $395,000 for the sewer system, all of which is projected to be invested over a five-year period.

Wardsville's water system (MO3010831) produces an average of 90,000 gpd. Water system assets include two (2) wells, 150,000-gallon elevated tank, 250,000-gallon ground storage tank, 300 gpm booster pump, 63 hydrants, 146 valves and over 15 miles of distribution main ranging in size from 2" to 8" in diameter.

The wastewater system includes the following treatment facilities:

Churchview WWTP (NPDES MO-0109118) is a packaged extended aeration system with a design flow of 30,000 gpd and actual flow of 15,000 gpd. It services 102 connections.
Deerhaven WWTP (NPDES MO-119326) is a packaged extended aeration system with a design flow of 21,368 gpd and actual flow of 17,000 gpd. It serves 81 connections.
Northwest WWTF (NPDES MO-0129658) is an aerated lagoon system with design flow of 151,000 gpd and actual flow of 44,000 gpd. It serves 212 connections.

The collection system includes five (5) pump stations, 38 brick manholes , 238 concrete manholes, approximately 9 miles of gravity sewers and 1.7 miles of force main.

Sales Comparison Approach
(Continued)

Sale #32

Village of Sadorus of Water System (Water)
Village of Sadorus, Champaign County, Illinois

Sold March, 2017 (Asset Purchase Agreement Signed April, 2016)
Price: $240,000 - Water System with 384 Customers ($625 per customer)

Seller: Village of Sadorus, IL
Buyer: Illinois American Water Company
ICC Docket #16-0341

This sale includes a water delivery system that includes a 40,000 gallon elevated storage tank, two wells and one water treatment plant.

Sales Comparison Approach
(Continued)

Sale #33

Woodland Manor Water System (Water)
Kimberling City, Stone County, Missouri

Sold June 2016
Price: $200,000 - Water System with 164 Customers ($1,220 per customer)

Seller: Woodland Manor Water System
Buyer: Missouri American Water
MO Docket #WM-2016-0169

Sales Comparison Approach
(Continued)

Sale #34

Village of Ransom Water System (Water)
Village of Ransom, LaSalle County, Illinois

Sold April, 2016
Price: $175,000 - Water System with 170 Customers ($1,029 per customer)

Seller: Village of Ransom, IL
Buyer: Illinois American Water Company
ICC Docket #15-0544

The water delivery system includes a water treatment plant constructed in 1995 including aerator and, 16,700 gallon ground storage tank, a 75,000 gallon elevated water tank constructed in 1990, a 915' primary supply well installed in 1971 and rehabilitated in 2014 with a production rate of 88 gpm, and a 280' secondary supply well installed in 1946 with a production rate of 20 gpm.

Expenditures after sale are estimated at $2,000,000 in the first five years after sale.

Sales Comparison Approach
(Continued)

Sale #35

Ozark Shores Water Company (Water)
Camden County, Missouri

Sold July, 2015 (Asset Purchase Agreement Signed March 5, 2015)
Price: $5,252,781
Total of 1,869 Customers ($2,810 per customer)

Seller: Ozark Shores Water Company
Buyer: Public Water Supply District of Camden County
MO Docket #WM-2015-0231

The Staff recommended the Commission deny the application.[1] During the approval process before the Missouri Public Service Commission, the Staff had concerns regarding the sale that pertained to the purchase price exceeding the value of Oak Shore's net rate base by more than $2.6 million, the possibility of rate increases due to the acquisition premium, and the history of an overly-close relationship between Ozark Shores and the buyer.[2] On July 3, 2015, the Commission rejected the Staff's recommendations and granted the application.[3]

Included in the sale were 12 parcels of land that were reported to have a total market value of $448,580.

[1] Document: Staff Recommendation to Deny Transfer of Assets and Request for Local Public Hearing; Date: May 5, 2015
[2] Document: Suggestions in Support of Staff's Motion for Evidentiary Hearing; Date: May 25, 2015
[3] Document: Order Granting Application; Date: July 3, 2015

Sales Comparison Approach
(Continued)

Sale #36

City of Water System (Sewer)
City of Arnold, St Louis County, Missouri

Sold May, 2015
Price: $27,200,000 - Sewer System with 7,500 Customers ($3,627 per customer)

Seller: City of Arnold, MO
Buyer: Missouri American Water
MO Docket #SA-2015-0150

Sales Comparison Approach
(Continued)

Sale #37

North Maine Water & Sewer System (Water and Sewer)
Village of Glenview, Unincorporated Cook County, Illinois

Sold April, 2015
Price:
$18,590,000 Water System with 4,724 Customers ($3,935 per customer)
$3,410,000 Sewer System with 2,494 Customers ($1,367 per customer)

Seller: Village of Glenview, IL
Buyer: Aqua Illinois
ICC Docket #14-0396

This sale is a water and sewer system located in Unincorporated Cook County, IL with portions of the area within the municipal boundaries of Des Plaines, Park Ridge, Morton Grove, Niles, and Glenview covering a population of approximately 44,000 and a mixed residential/commercial customer base, primarily residential. The water system includes a 750,000 gallon storage tank and other water delivery system assets. The system does not include a water treatment plant. The sewer system includes sanitary sewer system assets but does not include a wastewater treatment plant.

Expected expenditures after purchase are estimated at $9,300,000: $6,300,000 for water main reinforcement and $3,000,000 to purchase a reservoir for fire protection.

Sales Comparison Approach
(Continued)

Water System Summary

Below is a summary of the water sales transactions that were considered in this analysis. These sales are included on the previous pages. These sales transactions were reported to be cash to the seller at closing unless otherwise noted in the specific sale transaction description. There is not adequate income information available for the sale properties to extract income multipliers and overall rates. The best method of comparison for the subject property in this appraisal is the sale price per customer.

SUMMARY OF SALES OF WATER DELIVERY SYSTEMS
(INCLUDES ALLOCATIONS FROM SALES OF WATER/SEWER SYSTEMS)

Sale #	Grantor	Grantee	Location		Sale Date	Sale Price	# of Cust	Sale Price / Customer
1a	Royal Oaks - YES Companies EXP Fred LLC	Illinois American	City of Peoria	IL	Pending	$ 56,000	253	$ 221
1b	Four Seasons - YES Companies EXP Fred LLC	Illinois American	City of Peoria	IL	Pending	$ 26,000	212	$ 123
2	Country Meadows/Jim McDonald Sales	Illinois American	Village of Swansea	IL	Pending	$ 400,000	230	$ 1,739
3	City of Hardin	Illinois American	City of Hardin	IL	Pending	$ 2,300,000	435	$ 5,287
4	City of Mount Pulaski	Illinois American	City of Mount Pulaski	IL	Pending	$ 3,800,000	834	$ 4,556
5	City of Livingston	Illinois American	City of Livingston	IL	Pending	$ 550,000	375	$ 1,467
11	City of Jerseyville	Illinois American	City of Jerseyville	IL	Oct-2020	$ 26,250,000	4,259	$ 6,163
12	Four Lakes Condominium Association	Illinois American	City of Lisle	IL	Oct-2020	$ 900,000	1,266	$ 711
14	City of Rosiclare	Illinois American	City of Rosiclare	IL	May-2020	$ 480,000	525	$ 914
15	Village of Sidney	Illinois American	Village of Sidney	IL	May-2020	$ 2,300,000	567	$ 4,056
16	Village of Andalusia	Illinois American	Village of Andalusia	IL	May-2020	$ 1,800,000	490	$ 3,673
17	Village of Leonore	Illinois American	Village of Leonore	IL	May-2020	$ 100,000	68	$ 1,471
19	Village of Glasford	Illinois American	Village of Glasford	IL	Sep-2019	$ 800,000	492	$ 1,626
24	City of Lawson	Missouri American	City of Lawson	MO	Aug-2018	$ 2,619,000	970	$ 2,700
25	Village of Sundale, Illinois	Illinois American	Village of Sundale	IL	May-2018	$ 1,500,000	550	$ 2,727
26	City of Farmington	Illinois American	Fulton County	IL	Apr-2018	$ 3,750,000	1,063	$ 3,528
27	Fisher Water & Wastewater System	Illinois American	City of Fisher	IL	Mar-2018	$ 3,700,000	890	$ 4,157
29	Forest Homes Maple Park	Illinois American	Cottage Hills	IL	Jul-2017	$ 900,000	525	$ 1,714
31	Village of Wardsville	Missouri American	Cole County	MO	May-2017	$ 795,428	480	$ 1,657
32	Village of Sadorus	Illinois American	Village of Sadorus	IL	Mar-2017	$ 240,000	384	$ 625
33	Woodland Manor	Missouri American	Kimberling City/Branson	MO	Jun-2016	$ 200,000	164	$ 1,220
34	Village of Ransom	Illinois American	Village of Ransom	IL	Apr-2016	$ 175,000	170	$ 1,029
35	Ozark Shores Water Company	Camden County Public Water Supply District Number Four	Camden County	MO	Jul-2015	$ 5,252,781	1,869	$ 2,810
37	Village of Glenview	Aqua Illinois	Village of Glenview	IL	Apr-2015	$ 18,590,000	4,724	$ 3,935
						High	4,724	$ 6,163
						Low	68	$ 123
						Median	509	$ 1,727
						Mean	908	$ 2,421

Of the 24 examples of market data, 18 are closed sales and 6 are pending sales. The analysis of the sale properties for comparison with the subject property is ultimately based on the number of customers within the water system, the age of the system, and the overall general condition of the system. The Missouri and Illinois sale properties indicate a range of sale prices from $123 to $6,163 per customer.

Sales Comparison Approach
(Continued)

The most comparable properties would be those that include a similar number of customer accounts for the water system, although other differences such as age/condition, location and market area must be reconciled. The sales utilized were of water systems that were pending, relatively recent, or took place within the last six years. The dates of sale and market conditions at the time of sale do not appear to significantly impact the unit sale prices of the sale properties selected for analysis in this approach.

The Ironton water system has 726 customers. Sales of systems with customer counts less than 300 and greater than 1,000 were excluded from the analysis.

SUMMARY OF SALES OF WATER DELIVERY SYSTEMS
EXCLUDING SALES WITH CUSTOMER COUNTS LESS THAN 300 AND GREATER THAN 1,500
(INCLUDES ALLOCATIONS FROM SALES OF WATER/SEWER SYSTEMS)

Sale #	Grantor	Grantee	Location		Sale Date	Sale Price	# of Cust	Sale Price / Customer
3	City of Hardin	Illinois American	City of Hardin	IL	Pending	$ 2,300,000	435	$ 5,287
4	City of Mount Pulaski	Illinois American	City of Mount Pulaski	IL	Pending	$ 3,800,000	834	$ 4,556
5	City of Livingston	Illinois American	City of Livingston	IL	Pending	$ 550,000	375	$ 1,467
12	Four Lakes Condominium Association	Illinois American	City of Lisle	IL	Oct-2020	$ 900,000	1,266	$ 711
14	City of Rosiclare	Illinois American	City of Rosiclare	IL	May-2020	$ 480,000	525	$ 914
15	Village of Sidney	Illinois American	Village of Sidney	IL	May-2020	$ 2,300,000	567	$ 4,056
16	Village of Andalusia	Illinois American	Village of Andalusia	IL	May-2020	$ 1,800,000	490	$ 3,673
19	Village of Glasford	Illinois American	Village of Glasford	IL	Sep-2019	$ 800,000	492	$ 1,626
24	City of Lawson	Missouri American	City of Lawson	MO	Aug-2018	$ 2,619,000	970	$ 2,700
25	Village of Sundale, Illinois	Illinois American	Village of Sundale	IL	May-2018	$ 1,500,000	550	$ 2,727
26	City of Farmington	Illinois American	Fulton County	IL	Apr-2018	$ 3,750,000	1,063	$ 3,528
27	Fisher Water & Wastewater System	Illinois American	City of Fisher	IL	Mar-2018	$ 3,700,000	890	$ 4,157
29	Forest Homes Maple Park	Illinois American	Cottage Hills	IL	Jul-2017	$ 900,000	525	$ 1,714
31	Village of Wardsville	Missouri American	Cole County	MO	May-2017	$ 795,428	480	$ 1,657
32	Village of Sadorus	Illinois American	Village of Sadorus	IL	Mar-2017	$ 240,000	384	$ 625
						High	1,266	$ 5,287
						Low	375	$ 625
						Median	525	$ 2,700
						Mean	656	$ 2,627

While the mean is lower than the concluded value for the subject water system, weight is not placed on the mean, as such. In the final analysis, each sale was viewed and compared individually on a qualitative basis based on appraiser judgment and experience with each of these systems. Weight is placed on each sale based on comparability to the subject property over a number of factors including condition. Based on the Flinn Engineering report, the water treatment plant appears to be in fair condition with the tanks and water distribution system in good condition.

The Village of Sundale allocation, at $2,727 per water customer and $355 per sewer customer, reflects the substantially higher water contribution versus the sewer contribution as the Sundale sewer system was in fair to poor condition. Therefore, the Village of Sundale sale is given the least weight in our analysis of the subject property water system.

Sales Comparison Approach
(Continued)

Using unit prices that result from allocations are generally less reliable than sales of individual systems. And, in cases such as Sundale – where one component of the system has an allocation substantially higher than the other component – it is important to use the allocations with caution as internal bookkeeping purposes may have been a factor in the diverse allocations.

We have concluded a unit value of $2,700 per water customer for the subject property water system. Based on the 726 reported water customers, the indicated value of the Ironton Water System is rounded to $1,960,000 (ONE MILLION NINE HUNDRED SIXTY THOUSAND DOLLARS).

Wastewater System Summary

We were able to determine a unit value (price per sewer customer) for 23 sewer or water and sewer system sales transactions. The table below summarizes the transactions for which a price per sewer customer was calculated. In 13 cases, the unit values are developed based upon an allocation of a sale price that included a water and sewer system. The other 10 sales were of sewer systems.

SUMMARY OF SALES OF SEWER SYSTEMS
(INCLUDES ALLOCATIONS FROM SALES OF WATER/SEWER SYSTEMS)

Sale #	Grantor	Grantee	Location		Sale Date	Sale Price	# of Cust	Sale Price / Customer
1a	Royal Oaks - YES Companies EXP Fred LLC	Illinois American	City of Peoria	IL	Pending	$ 35,000	253	$ 138
1b	Four Seasons - YES Companies EXP Fred LLC	Illinois American	City of Peoria	IL	Pending	$ 15,000	212	$ 71
3	City of Hardin	Illinois American	City of Hardin	IL	Pending	$ 1,000,000	405	$ 2,469
4	City of Mount Pulaski	Illinois American	City of Mount Pulaski	IL	Pending	$ 1,450,000	800	$ 1,813
6	City of Hallsville	Missouri American	City of Hallsville	MO	Pending	$ 2,000,000	664	$ 3,012
7	City of Bourbonnais	Aqua Illinois	City of Bourbonnais	IL	Pending	$ 32,100,000	6,491	$ 4,945
9	City of Taos	Missouri American	City of Taos	MO	Jul-2021	$ 4,100,000	421	$ 9,739
10	City of Trimble	Missouri American	City of Trimble	MO	Apr-2021	$ 1,000,000	200	$ 5,000
11	City of Jerseyville	Illinois American	City of Jerseyville	IL	Oct-2020	$ 17,000,000	3,959	$ 4,294
13	City of Granite City	Illinois American	City of Granite City	IL	Sep-2020	$ 18,000,000	12,783	$ 1,408
14	City of Rosiclare	Illinois American	City of Rosiclare	IL	May-2020	$ 120,000	400	$ 300
16	Village of Andalusia	Illinois American	Village of Andalusia	IL	May-2020	$ 1,500,000	460	$ 3,261
18	Village of Godfrey	Illinois American	Village of Godfrey	IL	Nov-2019	$ 13,550,000	6,250	$ 2,168
19	Village of Glasford	Illinois American	Village of Glasford	IL	Sep-2019	$ 1,100,000	482	$ 2,282
20	Village of Manteno	Aqua Illinois	Village of Manteno	IL	Jul-2018	$ 25,000,000	4,300	$ 5,814
21	Village of Grant Park	Aqua Illinois	Village of Grant Park	IL	Nov-2019	$ 2,300,000	535	$ 4,299
23	City of Alton	Illinois American	City of Alton	IL	Jun-2019	$ 53,800,000	11,456	$ 4,696
24	City of Lawson	Missouri American	City of Lawson	MO	Aug-2018	$ 1,356,000	904	$ 1,500
25	Village of Sundale	Illinois American	Village of Sundale	IL	May-2018	$ 500,000	1,410	$ 355
27	Fisher Water & Wastewater System	Illinois American	City of Fisher	IL	Mar-2018	$ 3,100,000	890	$ 3,483
31	Village of Wardsville	Missouri American	Cole County	MO	May-2017	$ 1,954,575	407	$ 4,802
36	City of Arnold	Missouri American	St Louis County	MO	May-2015	$ 27,200,000	7,500	$ 3,627
37	Village of Glenview	Aqua Illinois	Village of Glenview	IL	Apr-2015	$ 3,410,000	2,494	$ 1,367
						High	12,783	$ 9,739
						Low	200	$ 71
						Median	800	$ 3,012
						Mean	2,769	$ 3,080

Sales Comparison Approach
(Continued)

Of the 23 examples of market data, 17 are closed sales and 6 are pending sales that are under contract. The analysis of the sale properties for comparison with the subject property is ultimately based on the number of customers within the sewer system, the age of the system, and the overall general condition of the system. The Missouri and Illinois sale properties indicate a range of sale prices from $313 to $9,739 per customer.

The most comparable properties would be those that include a similar number of customer accounts for the sewer system, although other differences such as age/condition, location and market area must be reconciled. The sales utilized were of sewer systems that were pending or took place within the last five years. The dates of sale and market conditions at the time of sale do not appear to significantly impact the unit sale prices of the sale properties selected for analysis in this approach.

Sewer systems with less than 300 customers or more than 1,500 customers, in comparison to the subject property sewer system's 705 customers, are less comparable to the subject property based on number of customers. When the sales with less than 300 customers or more than 1,500 customers are omitted from the analysis, market data indicates an average sale price of $3,110 per customer with a range of sale prices from $300 to $9,739 per sewer customer.

While the mean is higher than the concluded value for the subject sewer system, weight is not placed on the mean, as such. In the final analysis, each sale was viewed and compared individually on a qualitative basis based on appraiser judgment and experience with each of these systems. Weight is placed on each sale based on comparability to the subject property over a number of factors including condition. Based on the Flinn Engineering report, the wastewater treatment plant appears to be in fair condition, the lift station is assumed to be in good condition, and the collection system is assumed to be in poor condition.

SUMMARY OF SALES OF SEWER SYSTEMS
EXCLUDING SALES WITH CUSTOMER COUNTS LESS THAN 300 AND GREATER THAN 1,500
(INCLUDES ALLOCATIONS FROM SALES OF WATER/SEWER SYSTEMS)

Sale #	Grantor	Grantee	Location		Sale Date	Sale Price	# of Cust	Sale Price / Customer
3	City of Hardin	Illinois American	City of Hardin	IL	Pending	$ 1,000,000	405	$ 2,469
4	City of Mount Pulaski	Illinois American	City of Mount Pulaski	IL	Pending	$ 1,450,000	800	$ 1,813
6	City of Hallsville	Missouri American	City of Hallsville	MO	Pending	$ 2,000,000	664	$ 3,012
9	City of Taos	Missouri American	City of Taos	MO	Jul-2021	$ 4,100,000	421	$ 9,739
14	City of Rosiclare	Illinois American	City of Rosiclare	IL	May-2020	$ 120,000	400	$ 300
16	Village of Andalusia	Illinois American	Village of Andalusia	IL	May-2020	$ 1,500,000	460	$ 3,261
19	Village of Glasford	Illinois American	Village of Glasford	IL	Sep-2019	$ 1,100,000	482	$ 2,282
21	Village of Grant Park	Aqua Illinois	Village of Grant Park	IL	Nov-2019	$ 2,300,000	535	$ 4,299
24	City of Lawson	Missouri American	City of Lawson	MO	Aug-2018	$ 1,356,000	904	$ 1,500
25	Village of Sundale	Illinois American	Village of Sundale	IL	May-2018	$ 500,000	1,410	$ 355
27	Fisher Water & Wastewater System	Illinois American	City of Fisher	IL	Mar-2018	$ 3,100,000	890	$ 3,483
31	Village of Wardsville	Missouri American	Cole County	MO	May-2017	$ 1,954,575	407	$ 4,802
						High	1,410	$ 9,739
						Low	400	$ 300
						Median	509	$ 2,741
						Mean	648	$ 3,110

Sales Comparison Approach
(Continued)

We have concluded a unit value of $2,400 per sewer customer for the subject property sewer system. Based on the 705 reported sewer customers, the indicated value of the Ironton Sewer System is rounded to $1,690,000 (ONE MILLION SIX HUNDRED NINETY THOUSAND DOLLARS).

SUMMARY OF SALES COMPARISON APPROACH	
Water Delivery System	**Wastewater Collection System**
726 Customers	705 Customers
$2,700 per Customer	$2,400 per customer
$1,960,000	**$1,690,000**

Sales Comparison Approach
(Continued)

Water Delivery and Wastewater Collection Systems Combined

The combined value opinion of the water delivery and wastewater systems is $3,650,000. Based upon the subject property system having a total of 1,431 customers (726 water customer and 705 sewer customers), the overall value per customer is approximately $2,600 as summarized below.

SUMMARY OF IRONTON WATER AND SEWER SYSTEMS COMBINED		
Value of Ironton Water System	$ 1,960,000	
Value of Ironton Wastewater System	$ 1,690,000	
TOTAL VALUE OF WATER AND WASTEWATER SYSTEMS		**$3,650,000**
Number of Customers for Water System	726	
Number of Customers for Wastewater System	705	
TOTAL NUMBER OF CUSTOMERS		**1,431**
VALUE PER CUSTOMER (COMBINED WATER AND SEWER)		**$2,600**

Our market data included 17 examples of transactions that included both water and sewer systems.

SUMMARY OF SALES OF COMBINED WATER & SEWER SYSTEMS

Sale #	Grantor	Grantee	Location		Sale Date	Sale Price	# of Cust	Sale Price / Customer
1a	Royal Oaks - YES Companies EXP Fred LLC	Illinois American	City of Peoria	IL	Pending	$ 91,000	506	$ 180
1b	Four Seasons - YES Companies EXP Fred LLC	Illinois American	City of Peoria	IL	Pending	$ 41,000	424	$ 97
3	City of Hardin	Illinois American	City of Hardin	IL	Pending	$ 3,300,000	840	$ 3,929
4	City of Mount Pulaski	Illinois American	City of Mount Pulaski	IL	Pending	$ 5,250,000	1,634	$ 3,213
8	City of Bolivar	Liberty Utilities	City of Bolivar	MO	Pending	$20,000,000	9,000	$ 2,222
11	City of Jerseyville	Illinois American	City of Jerseyville	IL	Oct-2020	$43,250,000	8,218	$ 5,263
14	City of Rosiclare	Illinois American	City of Rosiclare	IL	May-2020	$ 600,000	925	$ 649
16	Village of Andalusia	Illinois American	Village of Andalusia	IL	May-2020	$ 3,300,000	950	$ 3,474
19	Village of Glasford	Illinois American	Village of Glasford	IL	Sep-2019	$ 1,900,000	974	$ 1,951
22	Fox River Water Reclamation District	Aqua Illinois	Kane County	IL	Nov-2019	$ 3,550,000	752	$ 4,721
24	City of Lawson	Missouri American	City of Lawson	MO	Aug-2018	$ 4,000,000	1,874	$ 2,134
25	Village of Sundale	Illinois American	Village of Sundale	IL	May-2018	$ 2,000,000	1,960	$ 1,020
27	Fisher Water & Wastewater System	Illinois American	City of Fisher	IL	Mar-2018	$ 6,800,000	1,780	$ 3,820
28	Peotone Water & Sewer System	Aqua Illinois	Village of Peotone	IL	Oct-2018	$12,300,000	3,000	$ 4,100
30	Lake Region Water & Sewer Co	Camden County Public Water Supply District Number Four	Camden & Miller Counties	MO	Jun-2017	$ 6,084,000	1,608	$ 3,784
31	Village of Wardsville	Missouri American	Cole County	MO	May-2017	$ 2,750,000	887	$ 3,100
37	Village of Glenview	Aqua Illinois	Village of Glenview	IL	Apr-2015	$22,000,000	7,218	$ 3,048
						High	9,000	$ 5,263
						Low	424	$ 97
						Median	1,608	$ 3,100
						Mean	2,503	$ 2,747

Sales Comparison Approach
(Continued)

The above market data indicates a water and sewer system sale price of $97 to $5,263 per customer. A review of the market data pertaining to utility systems that included water and sewer shows the subject property's unit value of $2,600 per customer is within the range indicated by the market data.

Based upon this analysis, it is our opinion the market value of the subject property systems (water and sewer) as a whole is supported at $3,650,000 (THREE MILLION SIX HUNDRED FIFTY THOUSAND DOLLARS) based upon the Sales Comparison Approach.

Income Capitalization Approach

The income capitalization approach has its strengths and weaknesses, similar to the inherent weaknesses and strengths that exist in the application of the cost approach and the market approach. The valuation expert's reconciliation of the value(s) indicated by the income approach takes into consideration various factors.

The income capitalization approach is a technique in which the value of assets are arrived at by capitalizing future (anticipated) benefits into a present value. The capitalization process includes one of two methods: (1) direct capitalization or (2) yield capitalization. The distinction between the two capitalization methods pertains to the perspective of the future benefits (cash flows).

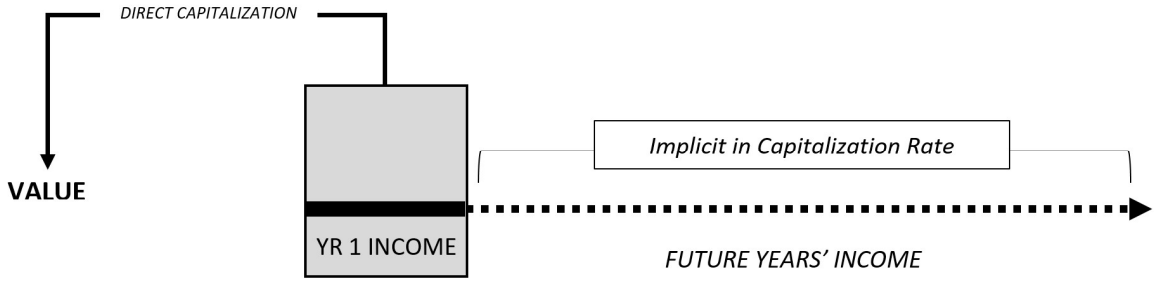
Direct Capitalization

Direct capitalization involves the conversion of a single-year's income (referred to as "first-year income") by applying an overall capitalization rate and using the following formula.

VALUE = INCOME ÷ RATE

*Where **INCOME** = First Year Income and **RATE** = Capitalization Rate*

The capitalization rate may be developed through a market extraction process or by utilizing built-up techniques in which the rates of return (dividend rates) of the respective property components are weighted (for example, debt and equity investment returns, land and building investment returns, etc.). In direct capitalization, change in value (over the investment/holding term) and change in income (over the investment/holding term) are implicit in the capitalization rate.



Income Capitalization Approach
(Continued)

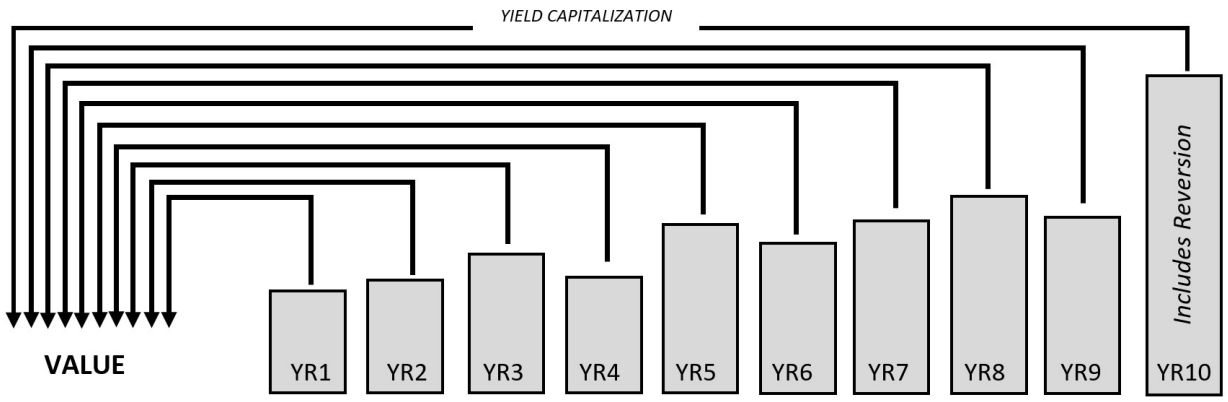
Yield Capitalization

Yield capitalization involves a more detailed analysis of the projected income of the asset. Anticipated changes in (1) income patterns and (2) overall value are explicitly stated. In yield capitalization, the conversion of each anticipated future cash flow (plus the reversion at the end of the income/investment period) is by means of discounting using a discount rate (also referred to as a yield rate). The resultant net present value is the sum of the present value calculations for each individual periodic cash flow plus the present value of the reversion.

Below is the formula for the discounting process followed by an illustration depicting the discounting of each individual periodic cash flow.

$$PV = \frac{P_1}{1+r} + \frac{P_2}{(1+r)^2} + \ldots + \frac{P_n}{(1+r)^n}$$

Where P = Income, r = discount rate, and n = term (years)



Income Capitalization Approach
(Continued)

Factors significant to the income capitalization methodology

A proper analysis in the valuation of a utility system will take into account the fact that there are many issues relating to the income capitalization process, whether that process includes direct capitalization or yield capitalization.

The issues that are inherent in the projection of cash flows for the income capitalization process pertaining to the valuation of public utility systems include:

(1) the fact that revenue (potential income) generated through customer rates is determined based upon the tariff or service area of which the subject system becomes part and impacted by rate cases;

(2) the changes in revenue resulting from changes in the level of income and expenses for the tariff resulting from, amongst other issues, the management and operational efficiencies of the IOU;

(3) changes in the rate base of the tariff resulting from acquisitions, mergers, and consolidations, and consequently the revenues that are generated by tariffs tend to experience irregular patterns of change over time;

(4) the changes in the rate base of the tariff resulting from qualified capital investment projects impacting systems within the tariff;

(5) the concept of *investment value* (value to a *particular* purchaser based on buyer-specific investment returns and criteria) v*. market value* (value of the system to a *typical* purchaser and not influenced by that particular buyer's specific returns generated by its respective tariffs).

The last factor (6) that impacts yield capitalization (DCF) exclusively goes to the issue of assumptions that are incorporated into the discounting model and how sensitive net present values can be to seemingly subtle variances in the valuation expert's inputs (DCF assumptions).

Additionally, yield capitalization models that use a pre-tax cash flow are not impacted by changes in tax rates and tax codes. However, after-tax DCF models can be affected by changing tax rates, similar to the situation that might occur in the near future based upon the current administration's proposed revisions to the federal tax code.

The following provides additional explanations regarding the issues inherent in the income capitalization approach.

Income Capitalization Approach
(Continued)

(1) Revenue influenced by systems in the tariff and rate cases

Tariffs often include assets from multiple systems, combined for investment, management, operational, and regulatory agency-influenced purposes. In many cases, the applicable customer rates are the same for all customers in the tariff, regardless of the system or service area of which they were part prior to acquisition and placement in the tariff; and, the applicable customer rates for the tariff are impacted by financial and regulatory components for the systems in the tariff collectively. Thus, often there is no tariff revenue (income and expense) data that can be credibly attributed to one particular system that is part of a multiple-system tariff. Additionally, the customer rates (income) and operating expenses for one IOU may vary amongst that IOU's different tariffs, and likewise there may be no correlation between the projected income and expenses of a service area as part of one IOU's holdings as opposed to the projected income and expenses for that same service area that would pertain to a different IOU's tariff in the same general geographical location or market area.

Tariffs are highly regulated and changes in allowed revenues, and ultimately changes in rates, can be granted provided the applicant meets extensive application and regulatory requirements. Rate cases provide mechanisms for the applicants to have allowed revenues and customer rates adjusted by the regulating authority. It is the role of the regulating authority (commission, for example) to review the applicant's request and, assuming the applicant and its operations meet the requirements established by the agency, adjust the revenues and rates, if deemed appropriate by the agency, in an effort to provide the applicant the opportunity to receive a fair and reasonable rate of return on its investment. As part of the rate case process, IOUs are required to validate operating expenses and operational efficiencies, which contribute to the respective commission's decision and determination regarding a rate change. Rate cases can impact all of a tariff's customers -- even though the customers may have come from various independent service areas. Examples of approved rate cases impacting multiple service areas include the 2016 rate case in Illinois involving Illinois American Water[10] and the 2017 rate case in Illinois involving Aqua Illinois.[11]

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[10] In January 2016, Illinois American Water requested a change in its water and wastewater rates of $340 million, due to substantial capital investments including a $76 million investment in its Chicago Metro service area. The Illinois Commerce Commission (ICC) issued an Order in 2016 that allowed Illinois American Water to adjust its rates effective January 1, 2017. The Order provided a decrease in monthly water rates applicable to its customers in Arlington Heights, Bolingbrook, Des Plaines, Elk Grove, Homer Glen, Homer Township, Lemont, Lockport, Mount Prospect, Norwood Park Township, Orland Hills, Orland Park, Prospect Heights, Romeoville, Wheeling, and Woodridge; but, increases (ranging from $6.51 per month to $17.70 per month) for wastewater services. For Illinois American Water customers in Carol Stream, Elmhurst, Glen Ellyn, Lisle, Lisle Township, Lombard, Villa Park, Winfield, and Wheaton, the monthly water rates decreased by $5.57 while wastewater service rates had increases by up to $17.70 per month on top of the pre-existing rates; and, for its water customers in Glenview and Rolling Meadows, the wastewater rates increased by $6.57 per month.

[11] In May 2017, Aqua Illinois, Inc., filed revised tariff sheets with the Illinois Commerce Commission which included

Income Capitalization Approach
(Continued)

(2) Operational efficiencies impact income and expenses of the tariff

IOUs generate revenues for services provided by the IOU that are directly impacted by management and operational efficiencies. For example, it is reasonable to expect certain line item expenses to be generally lower for a tariff consisting of multiple utility systems as compared to the sum of the line item expenses for each system if operated and managed independently. The ability of the IOU to spread certain costs among all customers in a tariff and to benefit from economies of scale generally results in a lower expense unit cost (cost per customer) for the individual systems; and, the extent of the benefit tends to be greater for the smaller systems due to the economies of scale.

(3) Changes to the rate base and customer rates are impacted by mergers, acquisitions, and consolidations; revenue streams typically do not remain constant or demonstrate level/patterned increases

The rate base of a tariff is also subject to change if the IOU acquires additional systems that are incorporated into the tariff or by consolidation of two or more tariffs. In the latter, it is reasonable to expect some of the customers may experience increases in rates while others may experience decreases in rates. Also significant is the fact that rate changes often occur within the first few years of the service area's acquisition, demonstrated by the March 2021 consolidation of service areas in Missouri into the Elm Hills tariff.[12]
I have researched this issue in public filings and dockets in several states where IOUs have acquired public utility systems.

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the request for increases in water and wastewater service rates affecting numerous service areas throughout Illinois and a consolidation of multiple service areas into one extensive service area. (Case 17-0259). In its Final Order, filed March 11, 2018, the Commission authorized Aqua to file new tariff sheets for its Consolidated Sewer Division and Consolidated Water Division and further amended the original cost of plant for the water division of more than $382 million and amended the original cost of the plant for the sewer division of more than $76 million.

[12] Four Missouri service areas -- Missouri Utilities, Rainbow Acres, State Park Village, and Twin Oaks -- were acquired between May 2018 and December 2018. In each case, the rate change and consolidation occurred within 3 years of the acquisitions. Substantial rate increases were also realized for the service areas that comprise the Elm Hills tariff. The four service areas had monthly rates from $3.18 (applies to Twin Oaks/Preserve and is estimated as the customers were not previously individually billed for sewer service) to $45 per month (State Park Village), and all customer rates were set at $99.88 per month as a result of the consolidation.

Income Capitalization Approach
(Continued)

Some of the additional relevant recent examples include a Missouri rate case from 2020[13], a pending case in Missouri for establishing a new service area[14], and a Missouri consolidation including recent (2021) acquisitions by the consolidated district[15].

(4) Changes to the rate base impacted by capital improvements

Qualifying capital investments can impact the rate base of a tariff that consequently could impact all of the customers within the tariff. For instance, a substantial capital investment program to replace, repair, or add infrastructure to a particular system's assets can, subject to regulatory approval, have a direct influence on all of the customers in the tariff, including those customers from different systems that are not the subject of the capital investment project. Consequently, customer rates for one service area in a tariff are subject to change over time based upon qualifying capital projects necessary for the maintenance and/or improvements to other service areas in the tariff.

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[13] On April 7, 2021, the State of Missouri Public Service Commission issued an ORDER APPROVING STIPULATION AND AGREEMENT for the matter of Missouri American Water's 2020 application to implement a general rate increase for water and sewer services in its Missouri service areas. (Case No. WR-2020-0344.) The stipulation, filed on March 5, 2021, provides for an increase in Missouri American Water's revenue requirement of $30 million over revenues authorized in its last general rate case. The $30 million increase results in Missouri American Water's annual revenue requirement being increased to $348 million. The Commission's Order became effective May 7, 2021.

[14] An example of a possible change in customer rates is evident in the docket filing by Missouri American Water of its PROPOSAL OFFER TO CITY OF HALLSVILLE dated July 18, 2019. (File No. SA-2021-0017.) On July 20, 2020, Missouri American Water filed its application for a certificate of convenience and necessity (CCN) to essentially operate a wastewater system in and near Hallsville, Missouri. In its offer to Hallsville, Missouri American Water proposed placing the City of Hallsville system in its existing tariff that would result in a 3% reduction in the Hallsville customer rates.

[15] 12 utility service areas located in Missouri that were consolidated in a July 2020 rate case into a tariff known as Confluence Rivers. All 12 service areas that comprise the Confluence Rivers tariff were purchased between April 2019 and June 2019. In each case, consolidation and rate change occurred less than 16 months after the system's acquisition date. The 12 service areas (systems) include the Auburn Lake Service Area, the Calvey Brook Service Area, the City of Eugene Service Area, the Evergreen Lake Subdivision Service Area, the Whispering Pines Subdivision Service Area (formerly Gladlo), the Lake Virginia Service Area, the Majestic Lakes Service Area, the Mill Creek Service Area, the Roy-L Service Area, the Bon-Gor Lake Estates Subdivision Service Area (formerly Smithview H2O), the Villa Ridge Service Area, and Chalet City West Subdivision/Alpine Village Community Service Area (formerly The Willows Utility Company). The rate changes for the service areas that comprise the Confluence Rivers Service Area ranged from increases of approximately 127% (Roy-L) to 807% (The Willows Utility System). Examples of customer rate increases for systems in Confluence Rivers include the Evergreen Lake Subdivision Service Area (water system) in which rates were increased from $7.71 per month to $42.20 per month and The Willows Utility Company (water system) in which rates were $5.23 per month and increased to $42.20 per month as a result of the consolidation and rate case. On May 3, 2021, the Missouri Public Service Commission approved the acquisition of five additional systems by the Company (Branson Cedars Resort Utility Company, DeGuire Subdivision, Freeman Hills Subdivision, Prairie Heights Water Company, and Terre du Lac.

Income Capitalization Approach
(Continued)

Capital Improvement Projects (CIPs) often can add substantially to the total investment of an IOU in an acquired service area or utility system. In the case of the proposal by Missouri American Water to acquire the City of Hallsville wastewater system, the proposal offer included a $2 million cash purchase price payable at closing with an additional $3.3 million committed to a five-year CIP. In this case, the CIP represented 62% of the total anticipated investment.

Another important consideration relating to CIPs and their impact on potential revenue streams over an investment period is that very often the actual investments by the IOU can be considerably higher or lower than the anticipated or projected investments prior to acquisition. For instance, a CIP might require less than anticipated based solely on more efficient management and operations due to IOU ownership after acquisition; or, the CIP might include substantially more investment than projected based upon an acquired system operating at levels that exceed capacity -- which might require substantial upgrades and improvements not contemplated at the time the Asset Purchase Agreement was executed.

(5) Investment Value v. Market Value

Implicit in the definition of market value is the concept that the value conclusion pertains to “typical” purchasers under “typical” circumstances based upon “typical” market forces and influences. Investment value, by contrast, is an opinion of value developed based upon particular investment criteria, returns, or requirements that are unique and/or specific to an investor and not necessarily representative of the market in general. If the objective of the valuation assignment is to develop a market value opinion, discounted cash flow analysis and other yield capitalization models must, by definition, incorporate and be based upon *market* inputs: market income levels, market expense ratios, market returns for the investors, etc.

Utilizing a system’s projected income for a specific purchaser, based upon that purchaser’s anticipated income resulting from that purchaser’s tariff, and using that investor’s projected increases and/or decreases in income and expenses, respectively, during the investment period, and based upon that investor’s allowed rate of return for the investment period, may or may not be consistent with market levels for the same inputs (income, expenses, periodic rates of change, rate of return, etc.). If the investor’s particular income and expense projections are not consistent with or based upon market levels, the resultant value opinion would be *investment* value.

Income Capitalization Approach
(Continued)

(6) Sensitivity inherent in DCF analysis

Discounted cash flow analysis (DCF) is a method of yield capitalization in which anticipated/projected future cash flows, identified for a particular investment period, are discounted to a present value, often referred to as a net present value. The process requires a number of investment assumptions, all of which impact the level of periodic cash flows and the net present value of the investment as a whole.

Seemingly insignificant changes in one input can have a significant impact on the final calculation/opinion; and, changes in multiple assumptions can compound the effect of the change on the conclusions.

Conclusion of DCF analysis

DCF analysis is sensitive to subtle changes in the assumptions. Valuation experts need to exercise caution in selecting inputs (assumptions) as what seemingly are small/insignificant changes in the inputs can have a significant impact on the final conclusion. Credible assignment results for a market value opinion using DCF requires careful analysis of comparable market data to assist in determining appropriate assumptions.

Summary of Income Approach

The Income Capitalization Approach is not considered applicable in the subject property valuation assignment. It is not possible to project accurate and credible cash flows for the subject property system due to the number of variables that are unknown. Projecting future cash flows attributable to the subject property would not be realistic or credible, and could result in assignment results that are misleading.

Final Reconciliation

The purpose of this appraisal report was to arrive at an estimate of market value for the City of Ironton water delivery and wastewater systems based upon conditions evident in the market as of December 20, 2021. We inspected the subject property, reviewed numerous reports and documents provided by the client and the City of Ironton, conducted research with regard to land values and easement valuation, and reviewed a report prepared by Flinn Engineering.

Our analysis of the City of Ironton water delivery and wastewater collection systems included the application of the Cost Approach and the Sales Comparison Approach. As explained in the report, the Income Capitalization Approach is not customarily relied on for the valuation of water delivery and wastewater collection systems acquired by investor-owned entities.

The Sales Comparison Approach included an analysis of transactions from Missouri and transactions from Illinois. As explained in this report, the Illinois market is more representative of a competitive market with balance the supply and demand forces. The market approach resulted in opinions of $1,960,000 for the subject property water delivery system and $1,690,000 for the subject property wastewater collection system.

The Cost Approach included the analysis and valuation of the system by its components: land (fee owned parcels and permanent easements), and facilities/infrastructure associated with the water delivery and wastewater collection systems. The Cost Approach resulted in a conclusion of value for the water delivery system of $2,670,000 and a conclusion of value for the wastewater collection system of $2,210,000.

Based upon a review of the market data available for both applications, we have concluded that primary emphasis should be placed on the value opinions indicated by the Sales Comparison Approach. The Cost Approach was relied on but concluded to not be as reliable as the Sales Comparison Approach.

Therefore, our final value opinions for the subject property systems are as follows:

Market Value of Water Delivery System	Market Value of Wastewater Collection System
$2,000,000	$1,700,000

These valuation opinions are developed subject to the extraordinary assumptions and hypothetical conditions explained in this appraisal report.

Statement of Certification – Joseph E. Batis

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 my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- -- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- -- I have not completed a real estate appraisal of the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- -- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- -- my engagement in this assignment was not contingent upon developing or reporting predetermined results.
- -- my compensation for completing this assignment is not contingent upon the developing or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- -- my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* and in conformity with the requirements of the *Code of Professional Ethics* and the *Standards of Professional Appraisal Practice* of the Appraisal Institute.
- -- I have made a personal inspection of the property that is the subject of this report.
- -- no one other than Jordan Leiner, Elizabeth W. West, Elizabeth Goodman Schneider and Edward Dinan provided significant real property professional assistance to the person signing this certification.

As of the date of this report, Joseph E. Batis has completed the requirements of the continuing education program of the Appraisal Institute.

Furthermore, I certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

May 25, 2022

Joseph E. Batis, MAI, AI-GRS, R/W-AC
Edward J. Batis & Associates, Inc.
General Certification Lic. #553.000493 (IL; Expires 09/23)
General Certification Lic. #2016044083 (MO; Expires 06/22)
General Certification Lic. #CG03684 (IA; Expires 06/22)
General Certification Lic. #5660 (TN; Expires 06/23)
General Certification Lic. #4001017857 (VA; Expires 06/23)
General Certification Lic. #TX 131049 G (TX; Expires 11/22)
General Certification Lic. #A8416 (NC; Expires 06/22)
General Certification Lic. #CGA-1027103 (AZ ; Expires 07/23)
General Certification Lic. #34627 (MD; Expires 04/25)

Statement of Certification – Elizabeth Goodman-Schneider

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

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

The analyses, opinions, and conclusions in this review report are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.

I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

My engagement in this assignment was not contingent upon developing or reporting predetermined results.

My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favor the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

My analyses, opinions, and conclusions were developed and this appraisal report was prepared in conformity with the *Uniform Standards of Professional Appraisal Practice*.

Elizabeth Goodman Schneider made a personal inspection of the property that is the subject of this appraisal report.

No one other than Jordan Leiner, Elizabeth S. West, Joseph Batis and Edward Dinan provided significant real property appraisal assistance to the person signing this certification.

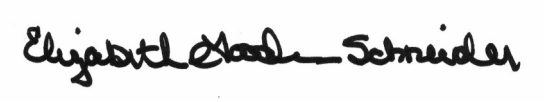
My engagement for this assignment, and my conclusions as well as other opinions expressed herein are not based on a required minimum value, a specific value, or approval of a loan.

Elizabeth Goodman Schneider has performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this appraisal report within the past three-year period immediately preceding acceptance of this assignment.

As of the date of this report, Elizabeth Goodman Schneider has completed the Standards and Ethics Education Requirement of the Appraisal Institute for Associate Members.

As of the date of this report, Elizabeth Goodman Schneider has completed the continuing education programs of the State of Missouri and the State of Wisconsin.

All individuals who participated in the preparation of this report and who are Senior Members of the American Society of Appraisers are recertified as required by the mandatory recertification as set out in the constitution by-laws and administrative rules of the American Society of Appraisers.



Elizabeth Goodman Schneider, ASA

Colorado Certified General Appraiser No. CG.200001080 exp 12/31/2023
Florida State Certified General Real Estate Appraiser No. RZ4093 exp 11/30/2022
Illinois Certified General Real Estate Appraiser No. 553-001973 exp 9/30/2023
Indiana Certified General Real Estate Appraiser No. CG41700036 exp 6/30/2022
Iowa Certified General Appraiser No. CG02980 exp 6/30/2022
Kentucky Certified General Real Property Appraiser No. 5262 exp 6/30/2022
Louisiana Certified General Appraiser No. APR.04505-CGA exp 12/31/2023
Minnesota Certified General Real Property Appraiser No. 40232088 exp 8/31/2022
Missouri State Certified General Real Estate Appraiser No. 2016042105 exp 6/30/2022
Ohio Certified General Real Estate Appraiser No. ACGO.2017003680 exp 8/10/2022
Pennsylvania Certified General Appraiser No. GA004327 exp 6/30/2023
Rhode Island Certified General Appraiser No. CGA.0020068 exp 8/17/2023
Wisconsin Certified General Appraiser No. 1586-010 exp 12/14/2023

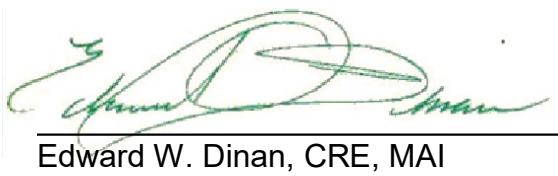
Statement of Certification – Edward Dinan

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 my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- -- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- -- I have not completed a real estate appraisal of the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- -- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- -- my engagement in this assignment was not contingent upon developing or reporting predetermined results.
- -- my compensation for completing this assignment is not contingent upon the developing or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- -- my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* and in conformity with the requirements of the *Code of Professional Ethics* and the *Standards of Professional Appraisal Practice* of the Appraisal Institute.
- -- I have made a personal inspection of the property that is the subject of this report.
- -- no one other than Jordan Leiner, Elizabeth W. West, Elizabeth Goodman Schneider and Joseph Batis provided significant real property professional assistance to the person signing this certification.

As of the date of this report, Edward Dinan has completed the requirements of the continuing education program of the Appraisal Institute.

Furthermore, I certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.



May 25, 2022

Edward W. Dinan, CRE, MAI
Dinan Real Estate Advisors, Inc.

ADDENDA

Statement of Assumptions and Limiting Conditions

Qualifications of the Appraisers

Flinn Engineering Report

STATEMENT OF ASSUMPTION AND LIMITING CONDITIONS

The value herein estimated and/or other opinions presented are predicated on the following:

1. No responsibility is assumed for matters of a legal nature concerning the appraised property -- especially those affecting title. It is considered that the title is marketable for purposes of this report. The legal description as used herein is assumed to be correct.

2. The improvement is considered to be within the lot lines (unless otherwise stated); and, except as herein noted, is presumed to be in accordance with local zoning and building ordinances. Any plots, diagrams, and drawings found herein are to facilitate and aid the reader in picturing the subject property and are not meant to be used as references in matters of survey.

3. The appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil or structure which would render it more or less valuable than otherwise comparable properties. The appraiser assumes no responsibility for such conditions or for engineering which might be required to discover such things.

4. Any description herein of the physical condition of improvements including, but not limited to, the heating, plumbing, and electrical systems, is based on visual inspection only, with no demonstration performed, and they are thus assumed to be in normal working condition. No liability is assumed for same, nor for the soundness of structural members for which no engineering tests were made.

5. The appraiser shall not be required to give testimony or appear in court by reason of this appraisal with reference to the property herein described unless prior arrangements have been made.

6. The distribution of total valuation in this report between land and improvements applies only under the existing program of utilization under the conditions stated. This appraisal and the allocations of land and building values should not be used as a reference for any other purpose and are invalid if used so.

7. That this report is to be used in its entirety and only for the purpose for which it was rendered.

8. Information, estimates, and opinions furnished to us and considered in this report were obtained from sources considered reliable and believed to be true and correct; however, no responsibility for guaranteed accuracy can be assumed by the appraiser.

9. The property is appraised as though under responsible ownership and competent management.

10. The report rendered herein is based upon the premise that the property is free and clear of all encumbrances, all mortgage indebtedness, special assessments, and liens--unless specifically set forth in the description of property rights appraised.

11. No part of this report is to be reproduced or published without the consent of its author.

12. The appraisal covers only the property described herein. Neither the figures therein, nor any analysis thereof, nor any unit values thereof derived, are to be construed as applicable to any other property, however similar it may be.

13. Neither all, nor any part, of the contents of this report, or copy thereof, shall be used for any purpose by any but the client without the previous written consent of the appraiser and/or the client; nor shall it be conveyed by any including the client to the public through advertising, public relations, news, sales, or other media, without the written consent and approval of the author--particularly as to value conclusions, the identity of the appraiser or a firm with which he is connected, or any reference to any professional society or institute or any initialed designations conferred upon the appraiser, as stated in his qualifications attached hereto.

14. Any cash flow calculations included in this report are developed from but one of a few alternatives of a possible series and are presented in that context only. Specific tax counsel should be sought from a C.P.A., or attorney, for confirmation that this data is the best alternative. This is advised since a change in value allocation, method or rate of depreciation or financing will have consequences in the taxable income.

15. This appraisal has been made in accordance with the Code of Ethics of the Appraisal Institute.

16. This report has not taken into consideration the possibility of the existence of asbestos, PCB transformers, or other toxic, hazardous or contaminated substances, and/or underground storage tanks (hazardous materials), or the cost of encapsulation or removal thereof. Should client have concern over the existence of such substances on the property, the appraiser considers it imperative for the client to retain the services of a qualified, independent engineer or contractor to determine the existence and extent of any hazardous materials, as well as the cost associated with any required or desirable treatment or removal thereof. The valuation stated herein would therefore be void, and would require further analysis to arrive at a market estimate of value.

EDWARD J. BATIS & ASSOCIATES

UTILITY VALUATION EXPERTS

Professional Profile

Joseph E. Batis, MAI, AI-GRS, R/W-AC

EMPLOYMENT

Owner and President of EDWARD J. BATIS & ASSOCIATES, INC.

Owner and President of UTILITY VALUATION EXPERTIS, INC.

Real Estate Appraiser and Consultant since 1983

PROFESSIONAL AFFILIATIONS, MEMBERSHIPS, AND CERTIFICATIONS

Member of the Appraisal Institute
MAI designation, AI-GRS designation (Member #63637)

Member of the International Right of Way Associations
R/W-AC certification (Member #7482)

Member of the American Water Works Association
(Member #03666505)

Member of the Illinois Chapter of the National Association of Water Companies (NAWC)

Approved Instructor
Appraisal Institute - multiple continuing education and qualifying education courses

DEVELOPMENT OF STATE-ACCREDITED CONTINUING EDUCATION SEMINARS

- *The Valuation of Water of Wastewater Systems (2020)*
- *Pipeline and Corridor Easements – Aren't They All the Same? (2020)*
- *Understanding Easements – What is Being Acquired? (2003)*
- *Pipelines and Easements – Can They Co-Exist? (2003)*

STATE – GENERAL CERTIFICATION APPRAISAL LICENSES

Illinois - Missouri - Tennessee - Virginia - Iowa - Texas - North Carolina

PRIVATE AND PUBLIC UTILITY ASSET VALUATION (2013-PRESENT)

Valuation and consulting services of public water treatment and distribution assets, public wastewater collection and treatment assets, shared assets (treatment plants), natural gas delivery systems, and other public infrastructure and assets for acquisition, disposition, allocation, or resolution of value disputes for more than 75 assignments during the last 7 years.

EDWARD J. BATIS ASSOCIATES

UTILITY VALUATION EXPERTS

SPECIALIZED VALUATION SERVICES AND EXPERIENCE

- Right of Way / Energy Transmission Lines / Fiber Optic Corridors / Railroad Corridors
- Power Transmission Line Corridors / Solar Energy Fields / Underground Gas Storage Fields
- Public and Investor-Owned Utility Systems (water distribution and wastewater collection)
- Valuation of Permanent and Temporary Easements
- Market Impact Studies for Corridors (Power Transmission Lines, Underground Pipelines)
    - Remainder Properties / Proposed Projects / Expansion of Infrastructure Systems

LITIGATION, ARBITRATION, AND CONSULTING SERVICES

- Expert Testimony (Federal and Circuit Courts, Commerce Commission Hearings)
- Value Dispute Resolution Services - Review and Rebuttal Services
- Litigation Consultation and Support Services

IMPACT STUDIES – SOLAR FIELD PROJECTS (2018)

Market impact studies pertaining to the proposed development of solar energy fields in several counties in the Chicago metropolitan area. Each market study included a site analysis and "before and after" analysis to determine the impact from the proposed solar projects to properties in the immediate and general market areas of the proposed facilities.

IMPACT STUDIES – PROPERTY VALUES AFFECTED BY INTERMODAL FACILITIES (2020)

Market impact studies pertaining to 15 warehouse, industrial, and intermodal facilities developed from 1988-2020 and their impact on more than 6,000 residences. Analysis included a review of traffic reports, proposed infrastructure developments, and independent study of proximity impacts. Scope of work included multiple appearances in front of multiple village and city committees to provide testimony.

MARKET STUDY AND APPRAISAL REVIEW - CONTAMINATION (2018)

Appraisal review services and market data research pertaining to the impact to the market values of numerous properties resulting from the contamination of underground water sources. Scope of work included technical reviews of multiple appraisals, independent market research, and consultation with clients to assist with settlement strategy.

MARKET IMPACT STUDY – CONTAMINATION FROM UNDERGROUND LEAK AT NUCLEAR POWER GENERATING STATION (2007)

Coordinated the market research, analysis, and valuation services pertaining to the impact of more than 500 properties affected by an underground leak of tritium from the Braidwood Nuclear Power Plant. Market Study included a before and after statistical analysis including market development patterns and value trends in 20 communities during a five-year time frame.

Analysis and Allocation of the Contributory Values of Multiple Permanent Easements Co-Located in a Transmission Corridor (2019-2020)

An analysis and valuation of the easement values for multiple contiguous and overlapping permanent easements within a right-of-way corridor, including gas pipeline easements, power transmission lines, public utility (water line) easements, and recreational easements. Scope of work included preliminary valuation, consultation, and technical reviews of multiple appraisal reports to assist client is settlement strategy.

Management and Supervision of Valuation Services for Simultaneous Acquisition of Easements for Multiple Oil Pipelines (2012-2020)

Valuation and consulting services including the coordination and management of preliminary land value studies, market impact studies to support "good-faith" offers, appraisal services for acquisition and condemnation hearings, appearance and testimony at Illinois Commerce Commission hearings, expert testimony at trial, appraisal review services, preparation of rebuttal reports and appearance for rebuttal testimony, and preparation for settlement conferences. Project involved acquisition of permanent and temporary easements for the simultaneous construction of three interstate oil transmission lines. Market research included an analysis of statistical data pertaining to 18 residential subdivisions impacted by underground pipelines. Responsible for management of the projects' valuation services pertaining to more than 2,000 properties in 22 counties including the managing, training, and supervising of 35 appraisers, consultants, and researchers that participated in the acquisition projects.

Interstate Natural Gas Pipeline Project (2000-2003)

Valuation and consulting services including the coordination and management of appraisal services for acquisition and condemnation hearings in federal court, appraisal review services, rebuttal report/testimony, and settlement conferences. Project involved acquisition of permanent and temporary easements for the construction of a natural gas transmission line. Responsible for management of the project's valuation services including more than 600 properties in 4 counties.

Valuation Review Services and Expert Testimony for 1,000+ Mile Railroad Corridor

In 2019, provided valuation and consulting services including the review of appraisals and consulting reports pertaining to the valuation of a 1,000+ mile fiber optic corridor within a railroad corridor extending through Virginia, North Carolina, South Carolina, Tennessee and Illinois.

EDWARD J. BATIS ASSOCIATES

UTILITY VALUATION EXPERTS

RECENT AND PENDING PRESENTATIONS, DISCUSSION PANEL APPEARANCES, AND OFFERINGS OF SELF-DEVELOPED SEMINARS

Appraisal Institute - Chicago Chapter
Midwest Easements - Aren't They All the Same?
Chicago, IL; 2020

Illinois Municipal League Association - 2018 Annual Conference
What's the Value of Your Public Utility System?
Chicago, IL; 2019

Appraisal Institute - Chicago Chapter
The Valuation of Water and Wastewater Systems
Chicago, IL; 2021

Will County Estate Planning Council
Valuation and Regulatory Issues - Updates
Lockport, IL; 2018

Appraisal Institute - 2019 National Conference
Valuation of Easements - Litigation Issues
Denver, CO; 2019

International Right of Way Association - Chapter 12
Valuation of Easements for Pipelines
Aurora, IL; 2020

Southwest Suburban Water Coalition
Valuation of Easements within Easements in Right-of-Way Corridors
Orland Park, IL; 2019

Illinois Property Assessment Institute - 2021 Annual Conference
Highest and Best Use Analysis
Bloomington, IL; 2021

Illinois Property Assessment Institute - 2021 Annual Conference
The Valuation of Privately-Owned Water and Wastewater Utility Systems
Bloomington, IL; 2021

Appraisal Institute - Chicago Chapter
Illinois Appellate Court Cases - Impacts to Valuation Experts
Chicago, IL; Pending 2021

ELIZABETH GOODMAN SCHNEIDER, ASA

goodmanappraisal@gmail.com • 414-559-5898 • www.linkedin.com/in/elizabethgoodmanschneider

CERTIFIED GENERAL APPRAISER

Certified General Appraiser with 33 years experience in utility appraisal, commercial appraisal and appraisal review.

- Significant experience using the cost, market/sales and income approaches to value.
- Outstanding analytical skills.
- Superior oral and written communication.
- Public utility appraisal experience totaling 33 years.
- Knowledge of appraisals of commercial property types obtained through reviewing real property appraisals.

Public utility appraisal experience of the following property types:

- Water Systems
- Wastewater/Sewer Systems
- Hydroelectric Plants
- Natural Gas Pipelines
- lp Gas Pipelines
- Oil Pipelines
- Products Pipelines
- Gas Transmission Assets
- Gas Distribution Assets
- Electric Transmission Assets
- Electric Distribution Assets
- Coal-Fired Power Plants
- Gas-Fired Power Plants
- Nuclear Power Plants
- Telecommunication Assets

Appraisal review experience of the following property types:

- Water Systems
- Wastewater/Sewer Systems
- Multi-Family
- Public Utilities
- Retail
- Office
- Commercial Condominium
- Industrial Condominium
- Office Condominiums
- Residential Condominium Units
- Retail Condominiums
- Shopping Centers
- Small Marinas
- Mobile Home Parks
- Subdivisions
- Industrial / Warehouse
- Mixed-Use
- Vacant Land
- Restaurant
- Tavern
- Funeral Home
- Day Care Center
- Special Purpose Property

PROFESSIONAL EXPERIENCE

PRESIDENT AND OWNER, Goodman Appraisal Consultants LLC, Cudahy, WI. 2010 to present

Goodman Appraisal Consultants provides valuation of public utilities including water and wastewater/sewer systems as well as commercial real estate appraisal review services.

- Appraisals of water and wastewater/sewer systems for purchase.
- Appraisals of public utilities and desktop technical appraisal reviews.
- Use of the Cost, Sales Comparison, and Income Approaches to Value.
- Consistently increasing experience with different real property types through reviews of real property appraisals completed by many different appraisers and appraisal firms.

SENIOR ASSOCIATE, AUS Consultants, Greenfield, WI. 1989 to 2011

AUS Consultants provides ad valorem valuation of public utilities. As Senior Associate at AUS Consultants, I performed and assisted with appraisals of public utility property for property tax purposes in a number of states.

- Pursued appropriate licensing and became the only Certified General Appraiser employed by the company.
- Increasing responsibility and autonomy.
- Experience with attorneys as clients.

ELIZABETH GOODMAN SCHNEIDER, ASA

goodmanappraisal@gmail.com • 414-559-5898 • www.linkedin.com/in/elizabethgoodmanschneider

LICENSES

- Certified General Appraiser, State of Colorado, #CG.200001080, exp 12/31/2023
- State-Certified General Real Estate Appraiser, State of Florida, #RZ4093, exp 11/30/2022
- Certified General Real Estate Appraiser, State of Illinois, #553.001973, exp 9/30/2023
- Certified General Appraiser, State of Indiana, #CG41700036, exp 6/30/2022
- Certified General Appraiser, State of Iowa, #CG02980, exp 6/30/2022
- Certified General Real Property Appraiser, State of Kentucky, #5262, exp 6/30/2022
- Certified General Appraiser, State of Louisiana, #APR.04505-CGA, exp 12/31/2023
- Certified General Appraiser, State of Minnesota, #40232088, exp 8/31/2022
- State Certified General Real Estate Appraiser, State of Missouri, #2016042105, exp 6/30/2022
- Certified General Real Estate Appraiser, State of Ohio, #ACGO.2017003680, exp 8/10/2022
- Certified General Appraiser, State of Pennsylvania, #GA004327, exp 6/30/2023
- Certified General Appraiser, State of Rhode Island, #CGA.0020068, exp 8/17/2023
- Certified General Appraiser, State of Wisconsin, #1586-010, exp 12/14/2023

CREDENTIALS & PROFESSIONAL AFFILIATIONS

- ASA - Machinery and Technical Specialties - Public Utilities, American Society of Appraisers
- SBA Going Concern Registry
- Accredited Senior Appraiser - American Society of Appraisers, #41144
- National Association of Water Companies - Illinois Chapter Associate Member
- American Water Works Association - Member #03443739
- Board of Directors - Appraisal Institute, Wisconsin Chapter, 2017
- General Associate Liaison - Appraisal Institute, Wisconsin Chapter, 2010 to 2014
- Nominating Committee Member - Appraisal Institute, Region III, 2011 to 2013

EDUCATION

Master of Arts in Economics, University of Wisconsin – Milwaukee. Completed in 2003.
Specializing in monetary policy and labor relations.

Bachelor of Arts in Economics, University of Wisconsin – Milwaukee. Completed in 1998.
Honors in the Major. Appointed to the Dean's Advisory Council.

CONTACT INFORMATION

Elizabeth Goodman Schneider
6260 S Lake Dr #718, Cudahy, WI 53110
414-559-5898
goodmanappraisal@gmail.com

ELIZABETH GOODMAN SCHNEIDER, ASA

goodmanappraisal@gmail.com • 414-559-5898 • www.linkedin.com/in/elizabethgoodmanschneider

WISCONSIN CERTIFIED GENERAL APPRAISER LICENSE

The State of Wisconsin
Department of Safety and Professional Services

Hereby certifies that

ELIZABETH KATHLEEN COMTE GOODMAN SCHNEIDER

was granted a certificate to practice as a

CERTIFIED GENERAL APPRAISER ELIGIBLE TO APPRAISE FEDERALLY RELATED TRANSACTIONS IS AQB COMPLIANT

in the State of Wisconsin in accordance with Wisconsin Law on the 21st day of November in the year 2003.

The authority granted herein must be renewed each biennium by the granting authority.

In witness thereof, the State of Wisconsin Department of Safety and Professional Services has caused the certificate to be issued under its official seal.

This certificate was printed on the 1st day of February in the year 2021

MISSOURI CERTIFIED GENERAL APPRAISER LICENSE

State of Missouri

Missouri Department of Commerce and Insurance
Division of Professional Registration
Real Estate Appraisers Commission

State Certified General Real Estate Appraiser

VALID THROUGH JUNE 30, 2022
ORIGINAL CERTIFICATE/LICENSE NO. 2016042105

ELIZABETH GOODMAN SCHNEIDER
6260 S LAKE DR #718
CUDAHY WI 53110
USA

EXECUTIVE DIRECTOR

DIVISION DIRECTOR

DINAN REAL ESTATE ADVISORS, INC.

EDWARD W. DINAN, MAI, CRE®
PRESIDENT

ACADEMIC

Rockhurst College, Kansas City, Missouri, A.B., 1972
American Institute of Real Estate Appraisers
- Course 1A, Memphis State University - May 1975
- Course 1B, Tulane University - July 1975
- Course II, University of Georgia - February 1976
- Course VI, Chicago Education Center - March 1977

Appraisal Institute
- Standards of Professional Practice, Parts A and B
- Seminars include: Cash Equivalency, Subdivision Analysis, Rates Ratios and Reasonableness, Feasibility, Valuation of Leasehold Interests, Americans with Disability Act Review, Condemnation Process and Appraisal, Condemnation Appraising: Advanced Topics and Applications, Standards of Professional Practice, Parts A and B, Corridors And Rights-Of-Way II Symposium Valuation and Policy

Harvard Law School, Program of Instruction for Lawyers
- Advanced Negotiation: Deal Design and Implementation

University of Houston
- Dispute Resolution Institute

EXPERIENCE

Professional experience includes market and financial feasibility studies, highest and best use analyses, transient housing and convention market surveys, analysis of redevelopment potential of existing communities, lease analysis and consultation, as well as the appraisal and evaluation of many types of properties including:

Airports
Apartments (high rise, garden, townhouse)
Banks
Casinos
Cemeteries
Condemnation Appraisals
Condominiums/Co-op/Timeshare
Duck Clubs
Farms
Golf Courses/Country Clubs
Hotels and Motels
Industrial Plants and Warehouses
Mobile Home Parks
Office Buildings
Planned Communities
Quarries/Mines
Railroad Properties
Resorts
Restaurants
Sales and Service Buildings
Schools (private, parochial, secondary, higher education)
Shopping Centers (regional, community, neighborhood)
Single Family Residential
Special Use Properties
Subdivisions
Surgical Centers
Theaters
Urban Renewal (acquisition, reuse)
Vacant Land (commercial, industrial, residential, rural, agricultural)
Vessels

2023 South Big Bend Boulevard · Saint Louis, Missouri 63117 · 314-647-9900 · Fax 314-647-9922
email: edinan@dinanreal.com

In addition, Mr. Dinan has been approved as a fee appraiser for the U.S. Department of Justice, Missouri Department of Natural Resources, Missouri Department of Highways and Transportation, Illinois Department of Transportation, Probate Court of St. Louis City, as well as FNMA, FDIC, RTC, HUD, SBA, OTS, along with numerous other governmental agencies and is qualified in court as an expert witness. Mr. Dinan has also served as a hearing officer for the St. Louis County Board of Equalization.

Prior to forming Dinan Real Estate Advisors, Inc., Mr. Dinan was employed by the Turley Martin Company as Vice President of their Consulting and Appraising Division. Mr. Dinan has also participated as a guest lecturer on real estate appraising at Washington University, as well as several seminars sponsored jointly by the University of Missouri - St. Louis and the Home Builders Association of Greater St. Louis, Counselors of Real Estate®, and Law Seminars International. In addition, Mr. Dinan is approved as an instructor for the Missouri Real Estate Commission's Continuing Education Program, and has been a lectured speaker for the Bar Association of Metropolitan St. Louis. Mr. Dinan has also delivered seminars on appraisal reviews to loan officers at several financial institutions in the St. Louis area.

GEOGRAPHICAL AREAS OF EXPERIENCE

Territory covered is primarily Metropolitan St. Louis, but also includes professional experience in the following 27 states: Arizona, Arkansas, California, Colorado, Connecticut, Georgia, Illinois, Indiana, Kansas, Kentucky, Louisiana, Massachusetts, Michigan, Mississippi, Missouri, Nebraska, New York, Ohio, Oklahoma, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Virginia, Wisconsin and Wyoming.

PROFESSIONAL AFFILIATION

Mr. Dinan has held virtually every position as an officer and has served on the Board of Directors for the local chapter of the Appraisal Institute. In 1990, Mr. Dinan served as President of the former American Institute of Real Estate Appraisers and coordinated its unification with the local Society Chapter. Mr. Dinan also served as a Regional Representative for Region II of the Appraisal Institute. Mr. Dinan currently serves on the Board of Directors and is a National Liaison Membership Chair for the Counselors of Real Estate® as well as serving on the Advisory Board of Great Southern Bank. In addition, Mr. Dinan has the following affiliations:

Counselor of Real Estate® - 1996
- 2010 National Chairman - Dispute Resolution
- 2011 National Liaison Vice Chair
- 2011 National Co-Chair - Litigation Support
- 2012-2017 Board of Directors
- 2013 Recipient of the Chairs Award presented by The Counselors of Real Estate
- 2013 -2014 National Liaison Membership Chair

Appraisal Institute MAI Designation, Certificate Number 6103 -1980
St. Louis Association of Realtors
Royal Institution of Chartered Surveyors - 2006

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