VALUATION REPORT

City of Garden City, Missouri
Water Delivery and Wastewater 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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August 7, 2020

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

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

Dear Ms. Pacific:

In accordance with your request, we have made a physical inspection on July 1, 2020, of the facilities and real estate that comprise the City of Garden City water delivery and wastewater collection systems, located in Garden City, Missouri.[1] The water delivery and wastewater collection systems (referred to herein as "the subject property") are owned by the City of Garden City, Missouri, and are located in Cass County, Missouri. The customer count includes 670 water customers and 670 wastewater customers.

The purpose of the appraisal report was to arrive at an opinion 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.

This Appraisal Report is prepared in conformance with Standards Rule 2-2(a) of the 2020-2021 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.

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[1] *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 delivery 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 delivery 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.*

Throughout this appraisal report are references to “the subject property”. This appraisal’s assignment conditions includes providing (1) an opinion of market value of the water treatment and delivery system and (2) an opinion of market value of the wastewater collection and treatment system. The single-tense references in this report (in text, illustrations, exhibits, etc.) to “the subject property” are used in a general context as the two systems are appraised individually, each as a whole.

In completing our analysis of the subject property water and wastewater systems, we relied on a report prepared by Flinn Engineering, dated August 5, 2020. The Flinn Engineering 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, dated August 5, 2020, it is our opinion the market values of the City of Garden City water and wastewater systems as of July 1, 2020, were as follows:

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

This appraisal report is prepared subject to the Extraordinary Assumptions found on Pages 11-14.

Each of the three appraisers co-signing this appraisal report (Mr. Stallings, Mr. Batis, and Mr. Dinan) participated in the assignment by collecting and analyzing relevant data, and forming the opinions and final conclusions. In addition, Mr. Alex Hoenig of Colliers International, and Mr. Jordan Lenier and Ms. Beth 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 assignment, the appraisers consulted throughout the assignment with each other, the client, and representatives from the City of Garden City.

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

On behalf of Colliers International, Edward J. Batis & Associates, Inc., 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,

Chris Stallings, MAI, CCIM, MRICS
Colliers International
General Certification 202003408 (MO; Expires 09/20)

Joseph E. Batis, MAI, R/W-AC
Edward J. Batis & Associate4s, Inc.
General Certification Lic. #553.000493 (IL; Expires 09/21)
General Certification Lic. #2016044083 (MO; Expires 09/20)
General Certification Lic. #CG03684 (IA; Expires 06/22)
General Certification Lic. #7895 (SC; Expires 09/20)
General Certification Lic. #5660 (TN; Expires 06/21)
General Certification Lic. #4001017857 (VA; Expires 06/21)
General Certification Lic. #A8416 (NC; Expires 09/20)

Edward W. Dinan, CRE, MAI
Dinan Real Estate Advisors, Inc.
State Certified General Real Estate Appraiser RA001300

TABLE OF CONTENTS

Summary of Salient Facts

Property Type:	City of Garden City Water delivery and treatment and Wastewater collection and treatment systems Garden City, Cass County, Missouri
Facilities:	Water delivery and wastewater collection systems. The water treatment and delivery system serves 670 customers and the wastewater collection and treatment system serves 670 customers. The subject property includes the facilities that comprise the treatment and delivery of public water and the collection of treatment of wastewater. Please refer to the attached report prepared by Flinn Engineering for a list of the infrastructure, system assets, and facilities.
Date of Inspection:	July 1, 2020
Date of Value:	July 1, 2020
Date of Report:	August 7, 2020
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:	$1,000,000 One Million Dollars

The Appraisal Process

The client requested an opinion of Market Value for the City of Garden City water treatment and delivery system and the wastewater collection and treatment system, located in the City of Garden City, Missouri. 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.

The Valuation Process
Identification of the Problem
Identify client and intended users Identify the intended use Identify the purpose of the assignment Identify the effective date of the opinion Identify the relevant characteristics of the property Assignment conditions
Scope of Work Determination
Data Collection and Property Description
Market Area Data Subject Property Data Comparable Property Data
Data Analysis
Market Analysis Highest and Best Use Analysis
Land Value Opinion
Application of the Approaches to Value
Sales Comparison Approach Income Capitalization Approach Cost Approach
Reconciliation of Value Indications and Final Opinion of Value
Report of Defined Value

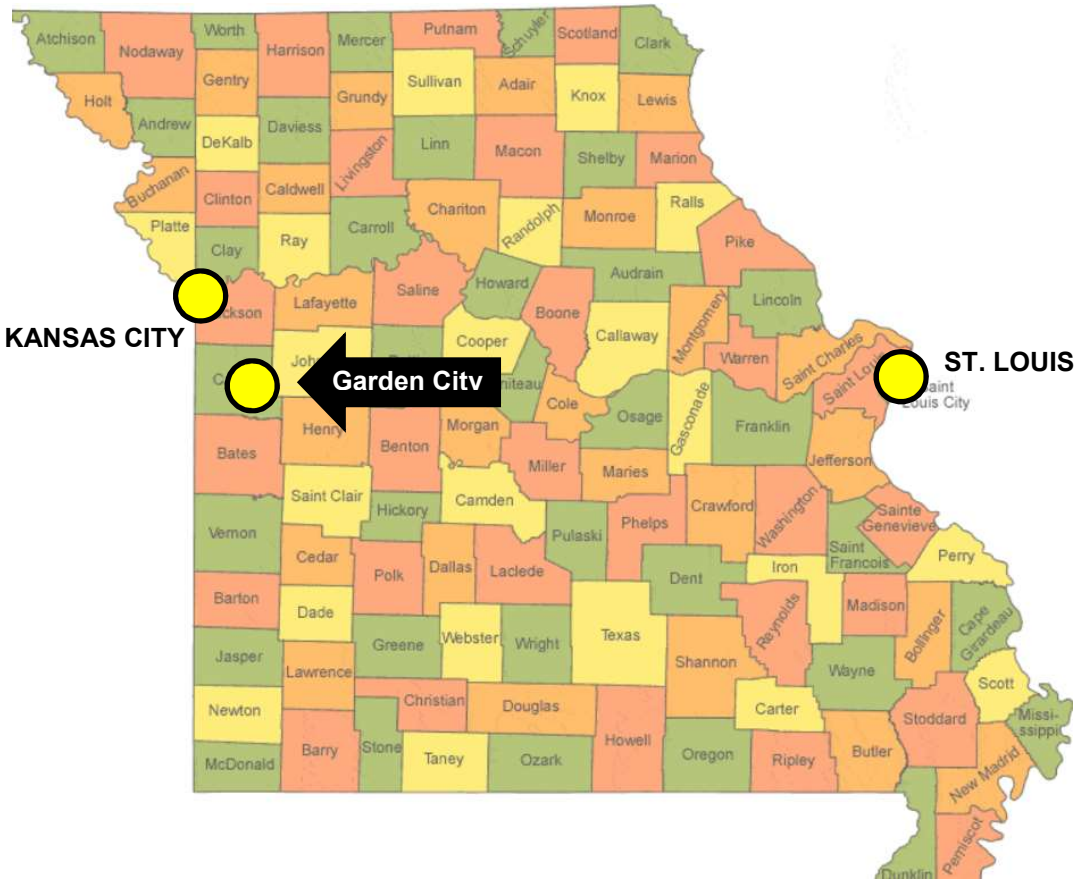
Identification of the Subject Property

The real estate identified herein as the subject property consists of a combination of water and wastewater infrastructure and related components that are owned and operated by the City of Garden City (Garden City, Missouri).

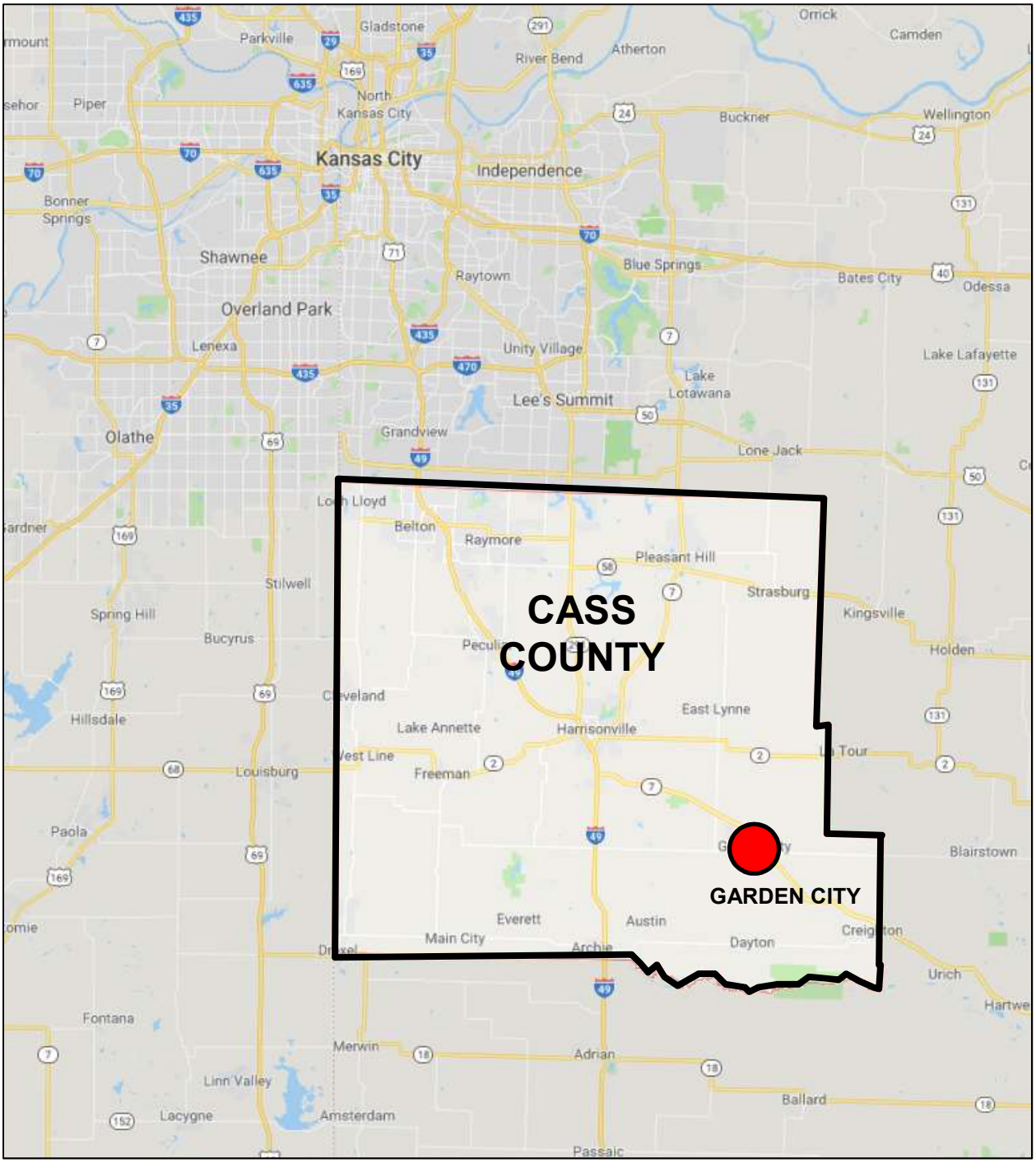
There are 670 customers for the water delivery system and 670 customers for the sewer collection system.

The City of Garden City is located in the southeast quadrant of Cass County approximately 40 miles southeast of Kansas City.

Throughout this appraisal report are references to “the subject property”. This appraisal’s assignment conditions includes providing (1) an opinion of market value of the water treatment and delivery system and (2) an opinion of market value of the wastewater collection and treatment system. The single-tense references in this report (in text, illustrations, exhibits, etc.) to “the subject property” are used in a general context as the two systems are appraised individually, each as a whole.



Identification of the Subject Property
(Continued)



Property Rights Appraised

The property rights appraised for the subject property parcels 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.*[2]

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 three lift stations, two water towers, and the treatment facilities. In addition, all mains are presumed to be located in public rights of way or permanent easements. Please refer to the Extraordinary Assumptions for an explanation regarding the appraisal assignment conditions relative to the presumed permanent easements. With respect to the parcels owned in fee, the parcels have been identified by tax parcel numbers.

[2] *The Appraisal of Real Estate,* 14th Edition, (Chicago, Illinois: Appraisal Institute, 2013), p. 5.

Definition of Market Value

The purpose of this appraisal assignment is to arrive at an opinion of market value for the property identified herein as the subject property.

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.*

Effective Dates

Date of physical inspection of the property:	July 1, 2020
Effective date of value:	July 1, 2020
Date of report:	August 7, 2020

The appraisers were accompanied by officials from the City of Garden City.

[3] *The Appraisal of Real Estate,* 14th Edition, (Chicago, Illinois: Appraisal Institute, 2013), p. 59

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 July 1, 2020, 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 Garden City with the acquisition of the City of Garden City water and wastewater systems by the client. The intended users of this appraisal report include the client (for acquisition purposes), the City of Garden City (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 Garden City 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 the officials from the City of Garden City, the subject property has not been the subject of any sales, listings, offerings or contracts during the last three years.

Scope of Work Issues

The subject property systems are reportedly owned and operated by the City of Garden City. 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 officials from the City of Garden City, and collected market data for this assignment.

Proper and accepted appraisal methodology in the subject matter is (1) governed by Missouri legislation[4], and (2) guided by the binding requirements of the Uniform Standards of Professional Appraisal Practice (USPAP).[5]

Explicit in the SCOPE OF WORK RULE section of the current (2020-2021) 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.[6]

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 Garden City 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.[7]

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[4] 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 393.321.1 (August 28, 2016).

[5] 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 adhere to USPAP.

[6] USPAP, 2020-2021 Edition, Page 14.

[7] 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 Issues
(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 to Value 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 Garden City water delivery and wastewater systems.

Scope of Work Issues
(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 August 5, 2020, in which Flinn Engineering arrives at an opinion of the depreciation cost new of the infrastructure components of the City of Garden City 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.[8]

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 Garden City 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 2020-2021 Edition of USPAP.

[8] 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 2020-2021 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

We have been provided information for this assignment by the client (Missouri American Water Company) and from officials from the City of Garden City. 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 Garden City. The client is 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 Garden City 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 assumptions 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 eight 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 assessor's office, as well as information provided by officials from the City of Garden City.

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 Garden City in fee. 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 August 5, 2020, 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.

Extraordinary Assumptions
(Continued)

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.

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 the attached appraisal report assume that the water delivery 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 officials from the City of Garden City, the subject property water delivery system serves 670 customers and the wastewater collection system serves 670 customers. The customer count provided by City of Garden City officials reflects the number of customers based upon the most recent available billing records. This appraisal is based upon the assumption that the customer counts provided by City of Garden City officials is accurate. 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)

PRESUMED PERMANENT EASEMENTS FOR LIFT STATION #2

Part of this analysis includes the valuation of a lift station (Lift Station #2) that is located on privately-owned property. This appraisal assumes there is a permanent easement that conveys to the City of Garden City limited real property rights, including the right to access, use, maintain, inspect, repair and replace the components of the lift station as needed. A copy of the permanent easement was not available for this appraisal assignment. This appraisal assumes the City of Garden City has permanent and legal means of access to the facilities on the respective privately-owned properties as well as the property rights necessary for the continued use and maintenance, repair, and replacement of the facility. The client and intended users are advised that if this assumption is found to be false, it could impact the analysis and opinions.

ENVIRONMENTAL ISSUES

This report has not taken into consideration the possibility of the existence of any environmental hazards or substances, including but not limited to asbestos, PCB transformers, or other toxic, hazardous, or contaminated substances and/or underground storage tanks (hazardous material), or the cost of encapsulation or removal thereof. Should the client have concern over the existence of such substances or any other hazardous items on the subject properties, the appraisers consider 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. Under such circumstances, the valuation stated herein would be void. The client and intended users are advised that if this assumption is found to be false, it could impact the analysis and opinions.

SOILS AND SUBSOILS

This appraisal report gives no consideration to the potential impact on the subject property regarding any archeological findings; in addition, the cost of preparing any archeological studies/reports for the subject property is not incorporated into this valuation. It is assumed for purposes of this appraisal that there are no hidden or unapparent conditions of the property or subsoils that render the subject property more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them. It is also assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the appraisal report. 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 2020-2021 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 does not include any hypothetical conditions.

Regional Analysis

KANSAS CITY AREA OVERVIEW

The subject is located in Garden City, Missouri, and is in the South Side of the Metro part of the Kansas City, MO-KS metropolitan area. The bi-state, 14-county Kansas City Metropolitan Area is the most centrally located of any principal U.S. city. Kansas City is situated within 250 miles of both the geographic and population centers of the United States. The 14 counties within the greater metropolitan area are Cass, Clay, Jackson, Lafayette, Platte, Bates, Caldwell, Clinton, and Ray in Missouri, and Johnson, Leavenworth, Miami, Linn and Wyandotte in Kansas. The area covers more than 4,000 square miles and includes more than 100 municipalities.

The Kansas City-Overland Park-Kansas City Combined Statistical Area is a 22-county area that includes Douglas County in Kansas and Andrew, Buchanan, DeKalb, and Doniphan Counties in Missouri.

Demographics and statistics show continued increases in total population in the regional area as a whole. In the year 2017, the population of the Kansas City MSA increased to an average of 0.9% per year, with most growth on a percentage basis, occurring in Cass, Clay, Platte and Johnson counties.

Regional Analysis
(Continued)

TRANSPORTATION

The following interstate highways serve the metropolitan area.

- *Interstate 29 is a primary north/south running thoroughfare that travels northward from Kansas City. It travels through Omaha, Nebraska; Sioux Falls, South Dakota; up the eastern side of North and South Dakota; and has its terminus at the US/Canadian border in Pembina, North Dakota. In the Kansas City metropolitan area, the interstate has two to four lanes in each direction.*

- *Interstate 35 is a primarily north/south running thoroughfare in the Kansas City metro area. It runs through central Kansas City and extends northward into Iowa and Minnesota. It provides access to Wichita to the southwest and extends southerly to Oklahoma City, Dallas and has its terminus at the US/Mexico border in Laredo, Texas. In the Kansas City metropolitan area, the interstate has three to four lanes in each direction.*

- *Interstate 70 is a primarily east/west running thoroughfare in the Kansas City metro area. It runs through central Kansas City and extends eastward through St. Louis, Missouri where it takes a north eastwardly direction toward Indianapolis, Indiana. It travels through Columbus, Ohio, and terminates in Baltimore, Maryland. It extends westward through Salina, Kansas; Denver, Colorado and terminates at its intersection of Interstate 15 in Utah. In the Kansas City metro area, the interstate has three to four lanes in each direction.*

- *Interstate 49 is a north/south running thoroughfare in the Kansas City metro area. Its furthermost point is when it intersects with Interstate 435 and Interstate 470 in Kansas City and extends south through the western portion of Missouri. It stops at the Missouri/Arkansas border as the Interstate becomes Interstate 540.*

- *Interstate 435 is the circumferential highway around Kansas City that provides access to Interstate 35, Interstate 70, Interstate 29 and Interstate 470. It has three to four lanes in each direction.*

- *Interstate 635 is a partial loop around the northern and western side of Kansas City. It provides access to Interstate 29, Interstate 70 and Interstate 35.*

- *Interstate 470 is a partial loop around the southeast portion of Kansas City. It provides access to Interstate 70, US Highway 71 and Interstate 435. It has three to four lanes in each direction.*

Regional Analysis
(Continued)

For any major metropolitan area, transportation is a primary factor that influences the growth trends of jobs, shopping, and residential development. Kansas City has a well-designed highway system that creates very little traffic congestion as indicated by the difference of only 20 percent increase in time between the average commute times compared to non-peak traffic periods. In comparison, Chicago averages a 70% increase. Kansas City's relatively low load factor is attributable to an abundance of highway miles on a per capita basis. Kansas City has four major interstate highways that intersect in the metropolitan area: Interstate 29, Interstate 70, Interstate 35, and Interstate 49. In addition, Interstate 435 is a circumferential highway that serves the Kansas City area.

AIRPORTS

Kansas City International Airport links nearly 10 million passengers between mid-America and other US cities. International arrivals are also handled. It is considered the hub for the States of Kansas, Missouri, Iowa and Nebraska. The airport is located about 20 minutes from the Kansas City CBD and about 40 miles from St. Joseph. It is recognized as one of the most convenient airports in the world for its few flight delays, easy terminal access and limited congestion. There are three terminals. Passengers can fly nonstop to 42 cities throughout the United States, Canada and Mexico on the following airlines: Air Canada, AirTran, Great Lakes, United, US Airways, Delta, Southwest, American Airlines, and Frontier.

Two regional airports service the southwest quadrant of the metropolitan area and include the Johnson County Executive Airport and the New Century AirCenter. Johnson County Executive Airport is located at the intersection of 151st Street and Pflumm Road in South Johnson County. This airport provides complete services for private business jets and general aviation. With over 50,000 annual operations and approximately 210 based aircraft, the airport is the fourth busiest in the state of Kansas.

New Century AirCenter is located 12 miles southwest of Overland Park in Gardner, Kansas. This airport also offers general aviation services and accommodates cargo or passenger jets of any size. New Century AirCenter serves as an alternative for general aviation traffic so that the regional commercial service airport, Kansas City International Airport, does not become capacity constrained.

It should be noted that the Governor of Kansas has entertained opening a major metropolitan airport on the Kansas side due to the age of the existing airport and its location. This is preliminary in nature and is considered to be cost prohibitive to the state.

Regional Analysis
(Continued)

GOVERNMENT

Each incorporated city within the Kansas City MSA has its own zoning ordinances and building codes. The various counties that comprise the metropolitan area have established zoning codes, and the codes apply to their unincorporated areas. Additionally, each county has a comprehensive zoning plan and building code that provides specific guidelines for development of all types of properties, and the codes have had a positive effect on the development of the county.

EMPLOYMENT

Growth in employment was steady throughout the 1990s, averaging between two percent and three percent a year. Job growth slowed in the early 2000s due to problems in the telecommunications industry. The area is experiencing modest growth, with continued pressure in the telecommunication industry. Unemployment over the past year has nearly doubled. The State of Kansas, State of Missouri and the Kansas City MSA are outperforming the nation as a whole in terms of unemployment. The State of Missouri's unemployment rate is in-line with the national trends. The following categories employ the greatest percentage of people in the Kansas City MSA: Trade, Transportation & Utilities, Government, and Professional Business Services.

The Kansas City metro area is an ideal headquarters location and has a growing number of corporate headquarters. The area's pro-business environment includes a robust workforce, low business and living costs, top-flight education and training opportunities and solid infrastructure systems.

The metropolitan Kansas City area is the production and service center for the Midwest. With a General Motors and a Ford assembly plant, Kansas City is the nation's third largest producer of automobiles. The area is home to Hallmark Cards, H&R Block, American Century, and Sprint. It is also one of 12 regional centers for the federal government, serving as a focus for many Missouri and Kansas state agencies, public and private health and educational services, and Midwestern financial, insurance, and real estate interests.

Sprint is a large employer in the Kansas City area and has recently been acquired by Softbank. The volatility of the telecommunications industry has caused hiring and layoffs over the past ten years. At one point, Sprint employed nearly 13,000 people locally and they currently employ about 7,600. At the peak of the telecommunication boom, Sprint developed a 17-building, 200-acre corporate campus that included telecom companies, as well as vendors and subcontractors in the industry. Telecommunications is one of the largest victims of the national economic problems since 2001 and there have been large job layoffs in the industry.

Regional Analysis
(Continued)

Net migration into Kansas City is forecasted to decrease as a result of economic sluggishness that will constrain the area's growth. This decline in net migration is primarily the result of the area's declining manufacturing employment, which has caused workers to leave the area to find new employment. Some upside in construction employment is taking place because of two large intermodal rail facilities in Gardner, Kansas and Grandview, Missouri. The creation of 7,000 new industrial jobs at the Gardner facility and surrounding areas with about 5,000 jobs expected from the Grandview operation. This will have a large positive impact on the southern part of the Kansas City economy. The housing market has rebounded with residential construction levels at or near 2007-2008, and has had a positive impact on other segments of the real estate market.

HIGHER EDUCATION

Institutions of higher learning are an important part of any major metropolitan area as they serve as both an attraction to bring new residents, but also serve as a way to provide a highly educated workforce. The Kansas City area is home to many institutions of higher learning both of the four-year and two-year variety. In addition to these local colleges and universities, there are three major universities within two hours of Kansas City, including the University of Missouri in Columbia, Kansas State University in Manhattan, and the University of Kansas in nearby Lawrence.

KANSAS CITY TOURISM

The Kansas City metropolitan area is becoming a regional destination for travelers. Kansas City currently has in excess of $9.0 billion in major improvements completed in the CBD. The major catalyst for development in Kansas City has been the redevelopment of the downtown area, which has seen more than $4.5 billion spent. The hub of Kansas City's downtown is the Power & Light District, which is anchored by the Sprint Center, an 18,500 seat arena that hosts sporting events and concerts. Additionally, there is the National World War I Museum at The Liberty Memorial.

In addition to the downtown revitalization, Kansas City, Kansas is home to one of the largest waterparks in the United States. Phase one of the Schlitterbahn Vacation Village outdoor waterpark opened in July 2009. Future development includes: a resort hotel, shopping, dining, and entertainment. In addition, Wyandotte County is already home to three of the largest tourist destinations in the entire state of Kansas: Kansas Speedway, Sporting Park, and The Legends at Village West, which is a major outlet mall. Hollywood Casino opened in February 2012. The $411 million casino has more than 100,000 square feet of gambling space, 2,000 slot machines, five restaurants/eateries, 12 poker tables and 40 other gaming tables. A hotel and convention center are planned for the next phase as the project, but no time-table has been set. When combined with the Schlitterbahn development, Wyandotte County will have over $1.5 billion dollars spent on tourist destinations.

Regional Analysis
(Continued)

CONCLUSIONS

The following summarizes our general observations relating to the subject's region.

Location - The Kansas City MSA is located in the western portion of the state of Missouri and the eastern portion of the state of Kansas. The area is nearly centered in the United States in all directions and as such, is somewhat insulated from the volatility experienced in other areas.

Economy - Kansas City's economy has begun to stabilize and outperforms national trends on most accounts. Both truck and rail traffic through the area and nation have been increasing, which drives the need for jobs. Diversification in the past several years has benefitted the local economy and is expected to do so in the future with increasing intermodal transportation.

Population - Population growth in the MSA is forecasted to continue on a trend of conservative, but stable growth with the overall MSA growing at a rate of 0.9% per year.

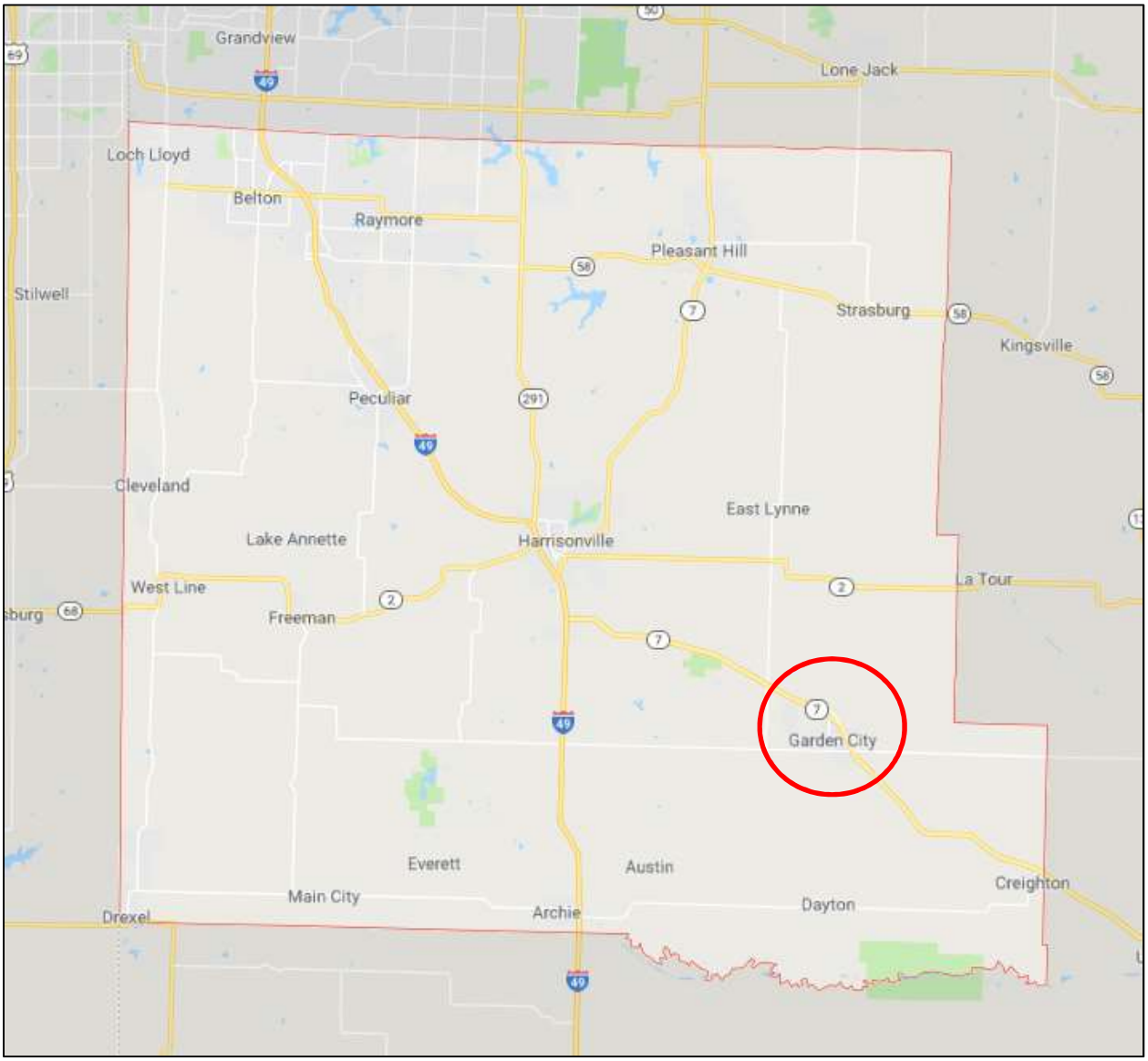
Strengths - Strengths of the area include low cost of living, relatively low unemployment rates, especially on the Kansas side, and a well-developed transportation infrastructure and distribution network. The two intermodal rail yards will make Kansas City a national distribution hub due to its location at the intersection of I-35 and I-70, two central interstates. There are also a significant number of federal government jobs, including the Internal Revenue Service, Federal Reserve Bank of Kansas City and the Federal District Courthouse in downtown Kansas City.

Weaknesses - Weaknesses within the MSA include the economy's relatively slow growth, limited rent potential in many markets across many property types, the lack of diversity in terms of culture to offer new residents and suburban sprawl that is beginning to take its toll on some inner-ring suburbs.

Cass County and City of Garden City Overview

Cass County is located in the western part of Missouri along the border between Missouri and Kansas. The county contains approximately 702 square miles and is bordered by Jackson County to the north, Johnson County to the east, Henry County to the southeast, Bates County to the south, Miami County (Kansas) to the west, and Johnson County (Kansas) to the northwest.

The county seat is Harrisonville which is centrally located in the county. According to U.S. Census Bureau data, the population for Cass County was approximately 105,000 in 2018. The average household income in the county is $81,805 and the average home value is $218,788. Additional demographic data for Cass County is found on the following page.



Cass County and City of Garden City Overview
(Continued)

Cass County MO Data & Demographics (As of July 1, 2020)

POPULATION	
Total Population	109,945 (100%)
Population in Households	108,901 (99.1%)
Population in Families	92,673 (84.3%)
Population in Group Quarters[1]	1,044 (0.9%)
Population Density	158
Diversity Index[2]	27

HOUSING	
Total HU (Housing Units)	44,155 (100%)
Owner Occupied HU	31,944 (72.3%)
Renter Occupied HU	9,632 (21.8%)
Vacant Housing Units	2,579 (5.8%)
Median Home Value	$195,174
Average Home Value	$236,656
Housing Affordability Index[3]	191

INCOME	
Median Household Income	$70,027
Average Household Income	$87,461
% of Income for Mortgage[4]	12%
Per Capita Income	$33,094

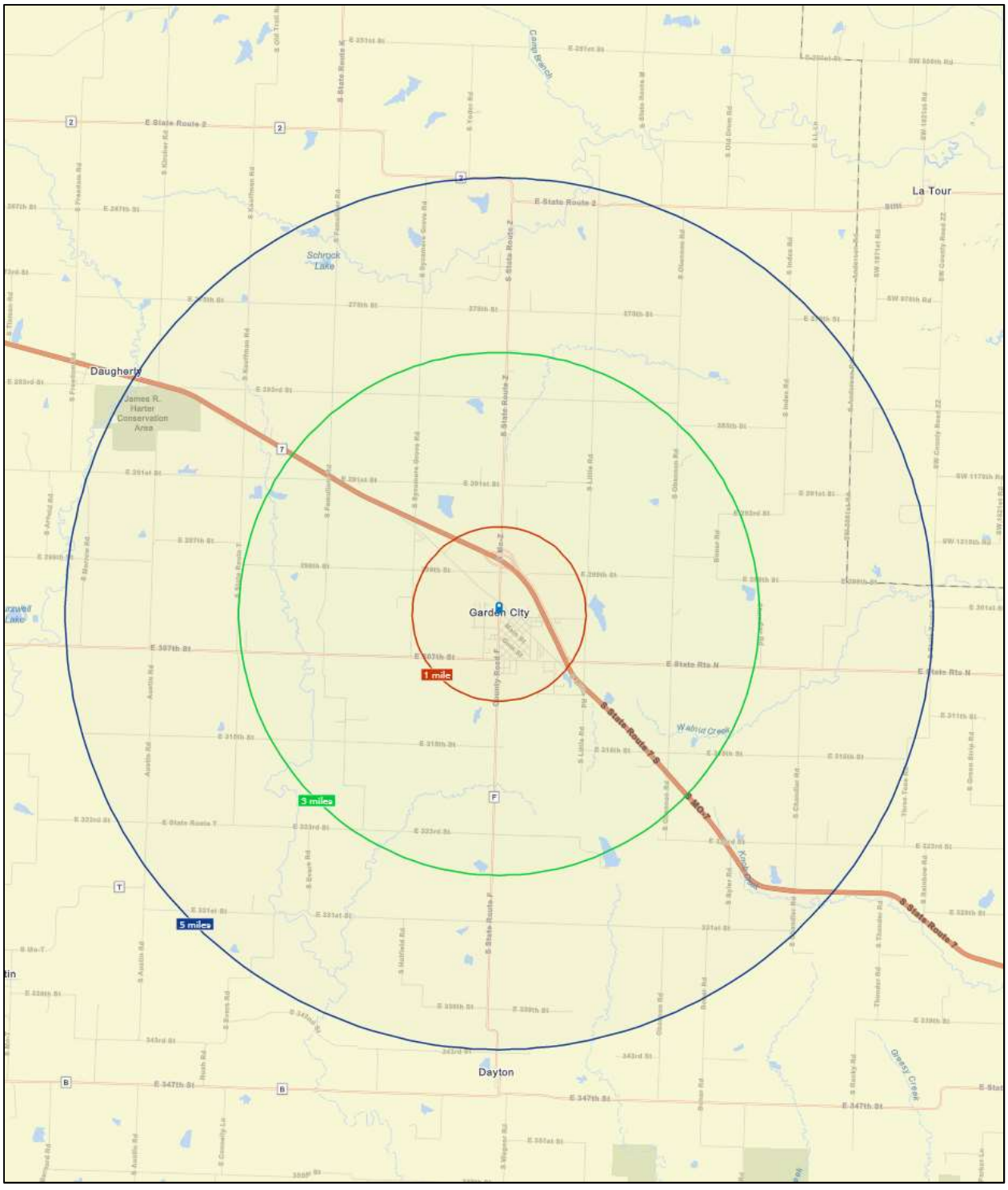
HOUSEHOLDS	
Total Households	41,576
Average Household Size	2.62
Family Households	30,444
Average Family Size	3

GROWTH RATE / YEAR	2010-2020	2020-2025
Population	0.98%	0.96%
Households	1.1%	1.05%
Families	0.99%	0.97%
Median Household Income		1.44%
Per Capita Income		1.9%
Owner Occupied HU		1.07%

Variable Description	Rank	Percentile
Total Population	# 10	92nd
Population Density	# 14	89th
Median Household Income	# 4	97th
Housing Affordability Index	# 42	37th
Per Capita Income	# 5	97th
Diversity Index	# 28	77th

Cass County and City of Garden City Overview
(Continued)

According to U.S. Census Bureau data, the total estimated 2020 population within five miles of the center of the City of Garden City is approximately 3,303 of which approximately ½ is within one mile of Garden City. The exhibit below shows rings of 1, 3 and 5 miles from the center of the City of Garden City. On the following two pages are exhibits with corresponding demographic data.



Cass County and City of Garden City Overview
(Continued)

esri

Executive Summary

Garden City, Missouri
Rings: 1, 3, 5 mile radii

Prepared by Esri
Latitude: 38.56349
Longitude: -94.19357

	1 mile	3 miles	5 miles
Population			
2000 Population	1,546	2,096	2,937
2010 Population	1,596	2,193	3,089
2020 Population	1,723	2,356	3,303
2025 Population	1,794	2,447	3,426
2000-2010 Annual Rate	0.32%	0.45%	0.51%
2010-2020 Annual Rate	0.75%	0.70%	0.66%
2020-2025 Annual Rate	0.81%	0.76%	0.73%
2020 Male Population	49.5%	49.8%	50.2%
2020 Female Population	50.5%	50.2%	49.8%
2020 Median Age	35.6	37.8	39.9

In the identified area, the current year population is 3,303. In 2010, the Census count in the area was 3,089. The rate of change since 2010 was 0.66% annually. The five-year projection for the population in the area is 3,426 representing a change of 0.73% annually from 2020 to 2025. Currently, the population is 50.2% male and 49.8% female.

Median Age

The median age in this area is 35.6, compared to U.S. median age of 38.5.

Race and Ethnicity			
2020 White Alone	95.8%	96.0%	96.2%
2020 Black Alone	0.3%	0.4%	0.6%
2020 American Indian/Alaska Native Alone	1.2%	1.1%	1.0%
2020 Asian Alone	0.5%	0.5%	0.5%
2020 Pacific Islander Alone	0.0%	0.0%	0.0%
2020 Other Race	0.5%	0.4%	0.3%
2020 Two or More Races	1.9%	1.7%	1.5%
2020 Hispanic Origin (Any Race)	2.1%	2.0%	2.0%

Persons of Hispanic origin represent 2.0% of the population in the identified area compared to 18.8% of the U.S. population. Persons of Hispanic Origin may be of any race. The Diversity Index, which measures the probability that two people from the same area will be from different race/ethnic groups, is 11.1 in the identified area, compared to 65.1 for the U.S. as a whole.

Households			
2020 Wealth Index	46	63	81
2000 Households	608	807	1,115
2010 Households	632	854	1,193
2020 Total Households	693	931	1,295
2025 Total Households	726	973	1,350
2000-2010 Annual Rate	0.39%	0.57%	0.68%
2010-2020 Annual Rate	0.90%	0.85%	0.80%
2020-2025 Annual Rate	0.93%	0.89%	0.84%
2020 Average Household Size	2.49	2.53	2.55

The household count in this area has changed from 1,193 in 2010 to 1,295 in the current year, a change of 0.80% annually. The five-year projection of households is 1,350, a change of 0.84% annually from the current year total. Average household size is currently 2.55, compared to 2.59 in the year 2010. The number of families in the current year is 917 in the specified area.

Data Note: Income is expressed in current dollars. Housing Affordability Index and Percent of Income for Mortgage calculations are only available for areas with 50 or more owner-occupied housing units.
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2020 and 2025. Esri converted Census 2000 data into 2010 geography.

July 09, 2020

Cass County and City of Garden City Overview
(Continued)

esri

Executive Summary

Garden City, Missouri
Rings: 1, 3, 5 mile radii

Prepared by Esri
Latitude: 38.56349
Longitude: -94.19357

	1 mile	3 miles	5 miles
Mortgage Income			
2020 Percent of Income for Mortgage	11.0%	11.7%	12.9%
Median Household Income			
2020 Median Household Income	$45,004	$50,549	$54,767
2025 Median Household Income	$50,684	$54,620	$59,732
2020-2025 Annual Rate	2.41%	1.56%	1.75%
Average Household Income			
2020 Average Household Income	$58,083	$65,563	$73,385
2025 Average Household Income	$65,008	$72,207	$79,646
2020-2025 Annual Rate	2.28%	1.95%	1.65%
Per Capita Income			
2020 Per Capita Income	$23,363	$25,864	$28,605
2025 Per Capita Income	$26,306	$28,679	$31,208
2020-2025 Annual Rate	2.40%	2.09%	1.76%

Households by Income

Current median household income is $54,767 in the area, compared to $62,203 for all U.S. households. Median household income is projected to be $59,732 in five years, compared to $67,325 for all U.S. households

Current average household income is $73,385 in this area, compared to $90,054 for all U.S. households. Average household income is projected to be $79,646 in five years, compared to $99,510 for all U.S. households

Current per capita income is $28,605 in the area, compared to the U.S. per capita income of $34,136. The per capita income is projected to be $31,208 in five years, compared to $37,691 for all U.S. households

Housing			
2020 Housing Affordability Index	211	199	180
2000 Total Housing Units	647	853	1,182
2000 Owner Occupied Housing Units	428	602	879
2000 Renter Occupied Housing Units	180	205	236
2000 Vacant Housing Units	39	46	67
2010 Total Housing Units	703	938	1,310
2010 Owner Occupied Housing Units	424	613	908
2010 Renter Occupied Housing Units	208	241	285
2010 Vacant Housing Units	71	84	117
2020 Total Housing Units	759	1,007	1,400
2020 Owner Occupied Housing Units	457	659	974
2020 Renter Occupied Housing Units	236	272	321
2020 Vacant Housing Units	66	76	105
2025 Total Housing Units	795	1,053	1,460
2025 Owner Occupied Housing Units	474	683	1,009
2025 Renter Occupied Housing Units	253	291	341
2025 Vacant Housing Units	69	80	110

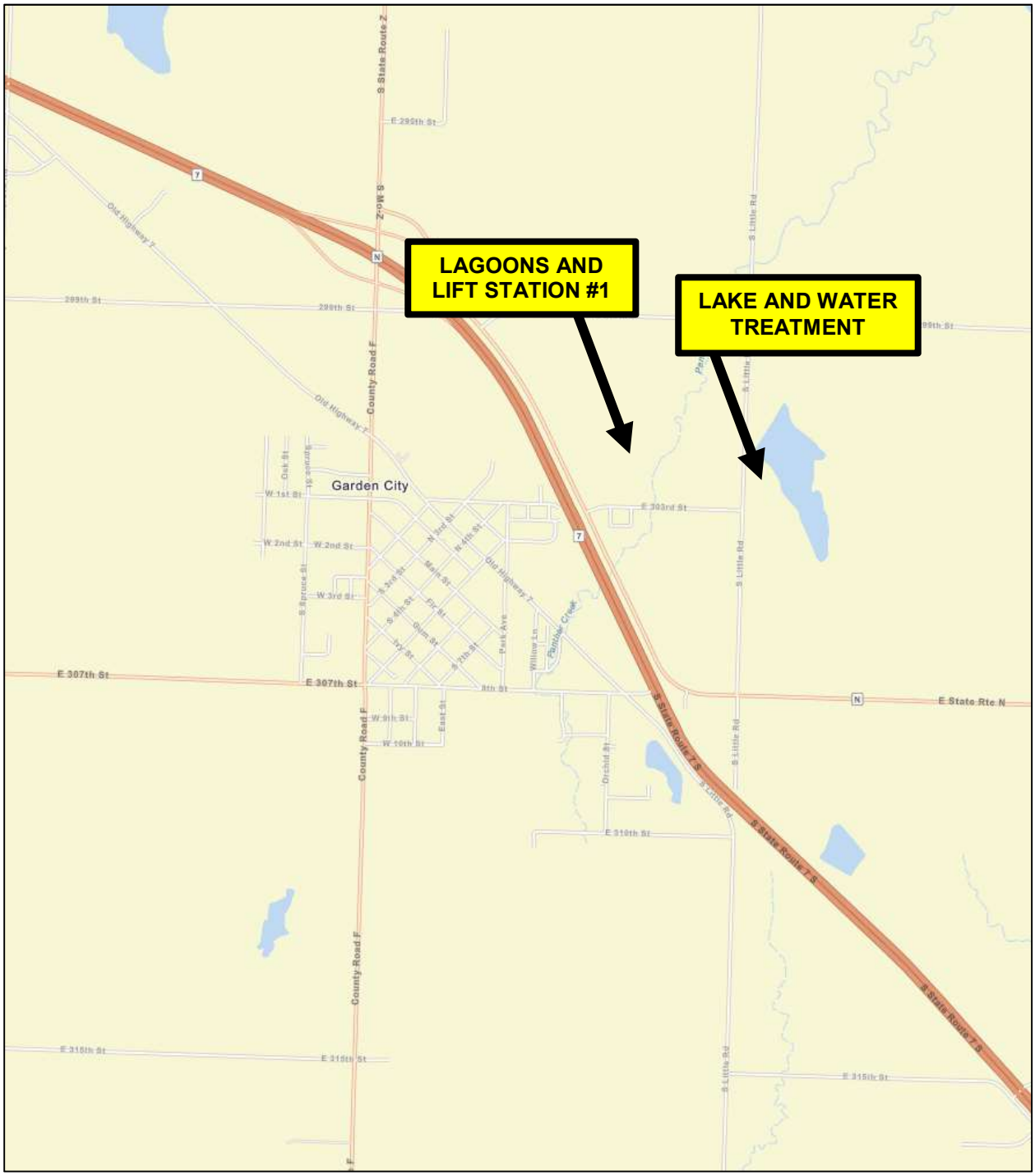
Currently, 69.6% of the 1,400 housing units in the area are owner occupied; 22.9%, renter occupied; and 7.5% are vacant. Currently, in the U.S., 56.4% of the housing units in the area are owner occupied; 32.3% are renter occupied; and 11.3% are vacant. In 2010, there were 1,310 housing units in the area - 69.3% owner occupied, 21.8% renter occupied, and 8.9% vacant. The annual rate of change in housing units since 2010 is 3.00%. Median home value in the area is $169,318, compared to a median home value of $235,127 for the U.S. In five years, median value is projected to change by 4.27% annually to $208,688.

Data Note: Income is expressed in current dollars. Housing Affordability Index and Percent of Income for Mortgage calculations are only available for areas with 50 or more owner-occupied housing units.
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2020 and 2025. Esri converted Census 2000 data into 2010 geography.

July 09, 2020

Cass County and City of Garden City Overview
(Continued)

Garden City is a relatively small community located along Old 7 highway approximately 10 miles southeast of the Harrisonville (the county seat). Like most small rural communities, there are limited services, amenities, and employment opportunities in the city. Most of the communities corporate limits are located in the area west of Old 7 Highway. However, the lagoons and the water treatment facilities are located to the east of Old 7 highway.



Cass County and City of Garden City Overview
(Continued)

According to Census Bureau data, approximately 61.1% of the homes in Garden City are owner-occupied, 30.5% are rented, and 8.4% are vacant. The exhibits below summarize the Garden City housing data. On the following page is an exhibit that shows a comparison of the Garden City population, average household income and average home value data to Harrisonville (the county seat) as well as some of the communities located near Garden City in the southeast part of Cass County.

Garden City, MO Data & Demographics (As of July 1, 2020)

POPULATION	
Total Population	1,771 (100%)
Population in Households	1,771 (100.0%)
Population in Families	1,417 (80.0%)
Population in Group Quarters[1]	0
Population Density	716
Diversity Index[2]	12

HOUSING	
Total HU (Housing Units)	777 (100%)
Owner Occupied HU	475 (61.1%)
Renter Occupied HU	237 (30.5%)
Vacant Housing Units	65 (8.4%)
Median Home Value	$121,652
Average Home Value	$165,842
Housing Affordability Index[3]	239

INCOME	
Median Household Income	$45,996
Average Household Income	$59,057
% of Income for Mortgage[4]	11%
Per Capita Income	$23,687

HOUSEHOLDS	
Total Households	712
Average Household Size	2.49
Family Households	469
Average Family Size	3

GROWTH RATE / YEAR	2010-2020	2020-2025
Population	0.74%	0.8%
Households	0.89%	0.94%
Families	0.71%	0.84%
Median Household Income		2.17%
Per Capita Income		2.37%
Owner Occupied HU		0.71%

Variable Description	Rank	Percentile
Total Population	# 281	73rd
Population Density	# 555	46th
Median Household Income	# 561	46th
Housing Affordability Index	# 665	64th
Per Capita Income	# 553	47th
Diversity Index	# 612	41st

Cass County and City of Garden City Overview
(Continued)

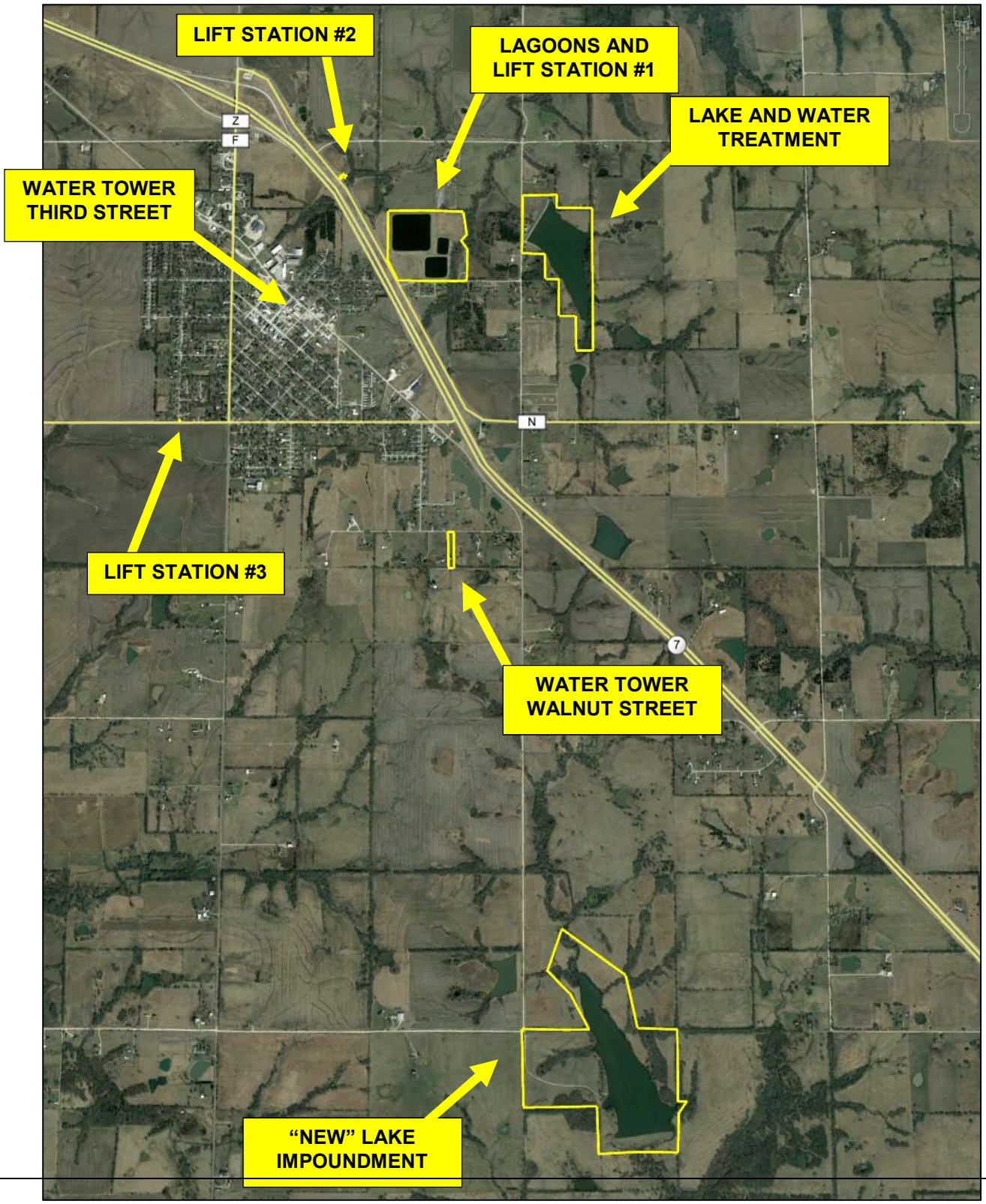
COMPARISON OF COMMUNITIES			
2020 CENSUS BUREAU DATA			
COMMUNITY	**POPULATION**	**AVERAGE HOUSEHOLD INCOME**	**AVERAGE HOME VALUE**
GARDEN CITY	1,771	$59,057	$121,652
HARRISONVILLE	10,537	$65,060	$182,607
EAST LYNN	298	$78,177	$228,684
CREIGHTON	370	$73,075	$186,310
ARCHIE	1,257	$66,400	$167,708
CASS COUNTY	109,945	$87,461	$236,656

Similar to many of the other small communities in the county, Garden City has not experienced significant new construction in recent years. According to data published by the Department of Housing and Urban Development and verified with a representative of the City of Garden City, there have been 11 new homes constructed in Garden City during the last six years, all of which occurred in the last three years (see exhibit below). The trend for new construction county-wide shows slight decreases during the last two years.

BUILDING PERMITS - RESIDENTIAL NEW CONSTRUCTION							
		2014	**2015**	**2016**	**2017**	**2018**	**2019**
CASS COUNTY	MULTI-FAMILY STRUCTURES	40	22	129	182	64	44
	SINGLE-FAMILY STRUCTURES	265	293	472	473	457	428
	TOTAL STRUCTURES	305	315	601	655	521	472
GARDEN CITY	SINGLE-FAMILY STRUCTURES	0	0	0	6	3	2

Description of the Subject Property

The facilities that comprise the subject property systems include the assets of the water treatment and delivery system and the wastewater collection and treatment system. The exhibit below depicts the locations of the facilities followed by maps of each site and descriptions of the land parcels.



Description of the Subject Property
(Continued)

Water Tower – Third Street

Description of the Subject Property
(Continued)

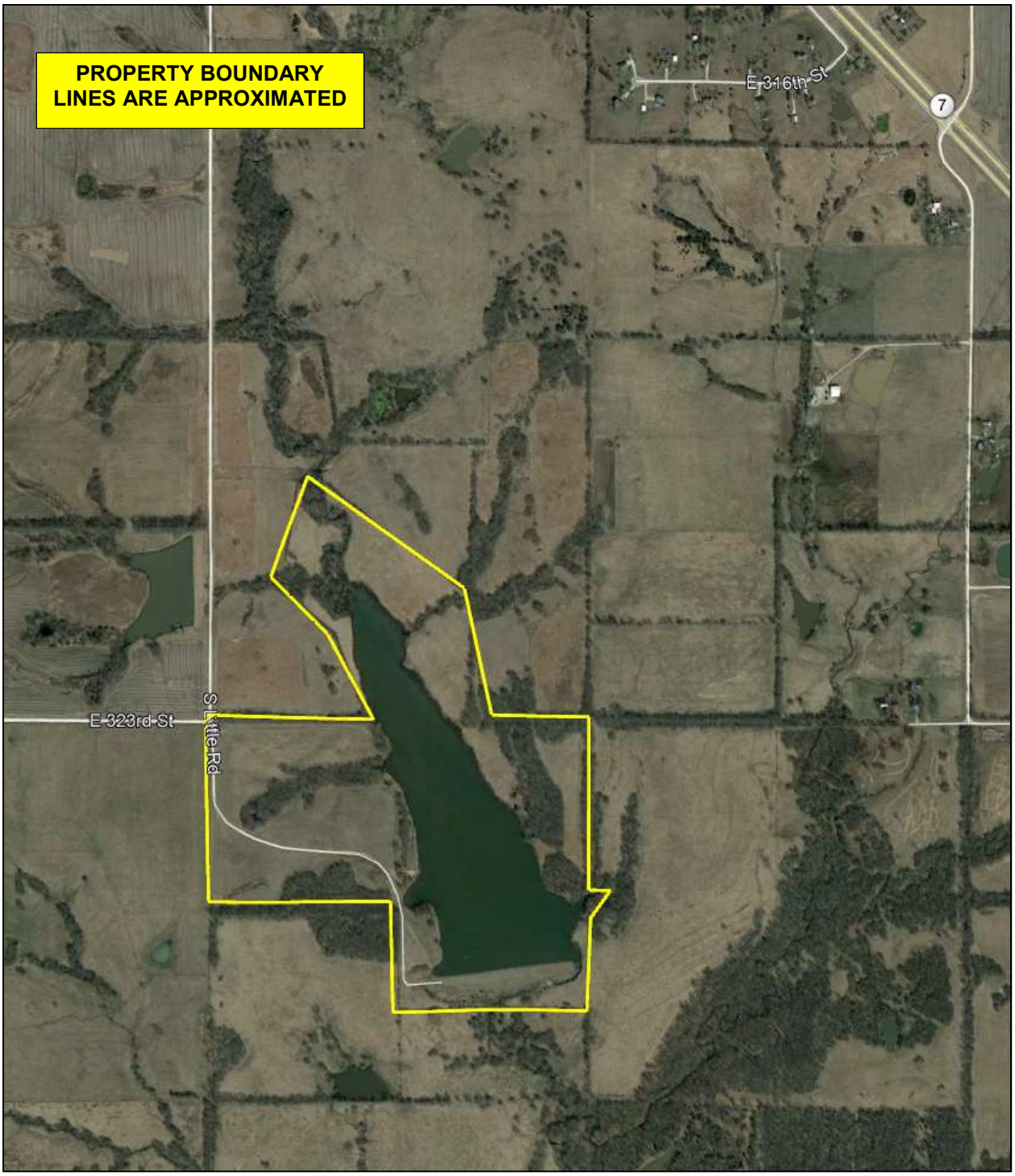
Water Tower – Walnut Street

Description of the Subject Property
(Continued)

Water Treatment and Lake

Description of the Subject Property
(Continued)

"New" Lake



Description of the Subject Property
(Continued)

Wastewater Treatment – Lagoon & Lift Station #1

Description of the Subject Property
(Continued)

Lift Station #2 (Presumed Permanent Easement)

Description of the Subject Property
(Continued)

Lift Station #3 (Presumed to be in public right-of-way)

Description of the Subject Property
(Continued)

106 North 3rd Street – Water Tower

This site is located on the west side of North 3rd Street at its intersection with Date Street, in Garden City, Missouri. The Cass County Assessor identifies this site by Parcel Number 12-07-36-302-000-013.000. According to public records, the entirety of the site consists of 7,985 square feet, or 0.1833 acres. However, water tower site is estimated to consist of only 3,993 square feet, or 0.0917 acres. The site is improved with a 55,000 gallon multi-leg elevated tank that was constructed in 1955 and was reportedly rehabilitated in 2005. This elevated tank is considered to be in fair condition.

E 323rd Street – "New" Lake Impoundment

This site is located at the terminus of South Little Road, approximately 3.5 south east of the Garden City limits, in unincorporated Cass County, Missouri. This site consists of two separate parcels identified by the Cass County Assessor by Parcel Numbers 20-03-07-000-000-019.002 and 20-04-18-000-000-002.000 and is calculated to be a total of 133.36 acres in size. This site consists of a 40.5-acre surface water impoundment lake.

East 299th Street - Lift Station (Lift Station #2)

This site is located on the south side East 299th Street at its intersection with Highway N, in unincorporated Cass County, Missouri. The Cass County Assessor identifies this site by Parcel Number 12-07-36-200-000-001.000. According to public records, this parcel is in the name of Bryan Edward Winter. The entirety of the site consists of approximately 12.05 acres and is in the name of Bryan Edward Winter. However, the lift station site is estimated to consist of approximately 6,000 square feet, of land area. The improvements are secured by a three strand barbed wire chain fence with a height of six feet approximately 220 lineal feet in length. The site is improved with a lift station and a backup generator.

36300 and 36310 East 303rd Street - Wastewater Treatment Plant & Lift Station #1

This site is comprised of two parcels and are located on the north side of 303rd Street at its intersection with Highway N. These parcels are identified by the Parcel Identification Numbers 12-07-36-000-000-058.002 and 12-07-36-000-000-057.000 and have a common street address of 36300 and 36310 East 303rd Street, Garden City, Missouri. According to public records, the entirety of these parcels consists of 38.61 acres. This site consists of a three-cell lagoon water treatment system and is improved with a one story, with no basement, frame utility building containing approximately 750 square feet of gross building area, that is estimated to have been built in 2000, and is considered to be in average to good condition and a one story, with no basement, storage shed containing approximately 200 square feet of gross building area, that is estimated to have been built in 2007, and is considered to be in average to good condition.

Description of the Subject Property
(Continued)

30113 and 30109 South Little Road – Water Treatment Plant

This site is located on the east side of South Little Road, approximately .20 miles north of its intersection with 303rd Street, in unincorporated Cass County, Missouri. The Cass County Assessor identifies site as Parcel Number 11-09-31-000-000-010.000 and calculates it to be 53.0 acres in size. This site consists of a 27.1 acre surface water impoundment lake and is improved with part one story-part two story, with no basement, maintenance building of concrete block construction reportedly built in 1957, with updates reportedly completed in 1977, 2003, and 2015. According to measurements taken at the time of inspection, this structure contains 4,261 square feet of gross building area. Amenities include ceiling mounted space heaters and a one fixture laboratory with wood cabinetry. The maintenance building is considered to be in fair condition. Other improvements to this site include a 45,850 gallon circular painted steel tank and a one story, metal Quonset building consisting of approximately 2,255 square feet, and a backup generator. The improvements are secured by a three strand barbed wire chain fence with a height of six feet approximately 680 lineal feet in length.

Water Tower - Walnut Street

This site is located on the south side of Walnut Street Lane, approximately 0.10 miles east of its intersection with Orchid Street, in Garden City, Missouri. The Cass County Assessor identifies this site by Parcel Number 19-01-01-100-003-003.001 and calculates it to be 1.5 acres in size. The site is improved with a 305,000 gallon metal ground supported tank that was reportedly installed in 2000 and is considered to be in good condition.

Lift Station #3

Lift Station #3 is located at the northeast corner of the intersection of Spruce Street and East 307th Street. The lift station improvements appear to be located in a public right-of-way and therefore no real property rights are conveyed.

Description of the Subject Property
(Continued)

The following paragraphs are from the Flinn Engineering Report, dated August 5, 2020, and refer to the improvements of the water and wastewater systems.

Water Treatment Plant

The water treatment plant is a surface water treatment plant with a rated capacity of 0.28 million gallons per day. The source water comes from two (2) impoundment lakes. The newest lake is the primary source and it is located about 3.5 miles south of the City. The older lake is used as a backup source and it is located next to the water treatment plant. The plant was originally constructed in 1957 with updates in 1977, 2003, and 2015. The treatment process includes sedimentation, upflow clarification, membrane filters, and a clearwell. The original plant assets are 63 years old and fully depreciated. The 1977 improvements included converting a settling basin to the upflow clarifier and is estimated at $250,000 in 2020 dollars. This improvement is almost fully depreciated. The 2003 improvement included work on the membrane filters and is estimated at $300,000 in 2020 dollars. The 2015 improvement included the addition of chlorine dioxide and phosphate chemical storage and feed systems and is estimated at $150,000 in 2020 dollars.

The City has received violation notices from MDNR related to disinfection byproducts. Although the treatment process needs to be improved and some of the major structures are fully depreciated, overall the plant appears to be in fair condition.

Water Storage Tanks

The water system includes two (2) storage tanks. The size and installation dates were provided by City staff. One tank is a 55,000-gallon elevated tank. It is a multi-leg tank that was constructed in 1955. The tank was rehabilitated in 2005. The other tank is a 305,000-gallon aquastore standpipe that was installed in 2000.

Water Distribution System

The water distribution system includes approximately 20 miles of water main ranging in size from 1-inch to 8-inch, fire hydrants, valves, customer service connections and meters. Most of the water main is cement lined cast iron and was installed in the mid to late 1950’s and is fully depreciated. We assumed the City replaced water main and extended water main over time. We assumed 80% of the water main was installed in 1955 and 5% each year in 1975, 1995, 2005, and 2015. We assumed that the number of services/meters installed each year could be prorated.

Description of the Subject Property
(Continued)

Wastewater Treatment Plant

The wastewater treatment plant is a three-cell lagoon system with a design flow of 144,000 gallons per day, according to the MDNR Operating Permit. Sludge is retained in the lagoon and has reportedly never been removed. The plant was originally constructed in 1962 as a two-cell lagoon system. A third lagoon was added in 1998. The original plant assets are 58 years old and the upgrade in 1998 is 22 years old. Both are fully depreciated. Although the facilities are fully depreciated, they appear to be in good condition and reportedly meet the treatment requirements in the MDNR Operating Permit.

Sewer Lift Stations

The wastewater system includes three (3) sewer lift stations. Two of the lift stations are large and the third is small. The Bartlett & West report estimated the large lift stations at $350,000 and the small lift station at $50,000 in 2020 dollars. One of the large lift stations was installed in 1995 and is fully depreciated. The other two were installed in 2014. The lift stations appear to be in good condition.

Sewer Collection System

The sewer collection system includes approximately 14 miles of sewer main ranging in size from 6-inch to 10-inch, manholes, and customer service laterals. Most of the collection system is 8-inch vitrified clay pipe and was assumed to be installed in 1955 and is fully depreciated. New installations and replacements are PVC sewer. We assumed the City replaced sewers and extended sewers over time. We assumed 80% of the sewer was installed in 1955 and 5% each year in 1975, 1995, 2005, and 2015. We assumed that the number of services laterals installed each year could be prorated based on the quantity of sewer installed. The number of manholes was not provided. The amount of sewer by size was not provided.

Subject Property Photographs

Third Street Water Tower

Subject Property Photographs
(Continued)

Lift Station #2

Subject Property Photographs
(Continued)

Lift Station #1

Subject Property Photographs
(Continued)

Wastewater Treatment Site (Lagoon)

Subject Property Photographs
(Continued)

Water Treatment Site

Subject Property Photographs
(Continued)

Water Treatment Site

Property Photographs
(Continued)

Walnut Street Water Tower

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 14th 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 14th 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 and permanent easements), and infrastructure/facilities associated with the City of Garden City 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 July 1, 2020, 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.

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[9] *The Dictionary of Real Estate Appraisal*, Second Edition, (Chicago, Illinois: American Institute of Real Estate Appraisers, 1989), p. 254.

[10] Ibid.

Cost Approach
(Continued)

For purposes of the land value analysis, we have collected market data for the five parcels owned in fee and the presumed permanent easement rights assumed for Lift Station #2. In the discussion and exhibits that follow, the parcels are identified as follows:

Parcel A – Water tower parcel; Walnut Street
Parcel B – Water tower parcel; Third Street
Parcel C – Water treatment site and Lake
Parcel D – Wastewater treatment site
Parcel E – "New" lake
Parcel F – Lift Station #2 (presumed permanent easement)

With regard to the fee value of the subject property parcels owned in fee (Parcels A, B, C, D, and E) and the contributory value of the easement presumed to be in place for Parcel F, we have undertaken a study of market sales of vacant land.

The land sales are presented in two categories: *Small Tract Land Sale Comparables* and *Large Tract Land Sale Comparables*. The following is a summary of the adjusted market data relied on for this analysis.

SMALL TRACT LAND SALE COMPARABLES

TRANSACTION	LOCATION	DATE OF SALE	LAND SIZE (ACRES)	ZONING/ USE	UTILITIES	FLOOD PLAIN	ADJ PRICE PSF
1	Garden South Lots, Garden City	5/28/2019	1.12	Residential	All Available	X	$1.23
2	2704 MO-291, Harrisonville	12/28/2018	2.76	Industrial	All Available	X	$1.33
3	Southview Lot, Garden City	11/2/2018	0.39	Residential	All Available	X	$0.94
4	109 E. Young Avenue, Warrensburg	5/7/2018	0.41	Commercial	All Available	X	$2.94
5	Garden South Lots, Garden City	2/5/2018	1.24	Residential	All Available	X	$1.25
6	Lot 7, Bradley's Crossing Industrial Park, Peculiar	12/19/2017	1.32	Industrial	All Available	X	$1.74
7	11200 218th Street, Peculiar	11/1/2017	1.04	Industrial	All Available	X	$1.43
8	351 Legend Lane, Peculiar	12/28/2016	1.75	Commercial	All Available	X	$2.09
9	Main Street, Garden City	5/20/2016	0.16	Commercial	All Available	X	$3.00
10	306 Gum Street, Garden City	Pending	0.32	Residential	All Available	X	$1.07
11	300 Old 7 Highway, Garden City	Listing	0.24	Residential	All Available	X	$1.59
12	N 7 Hwy, Garden City	Listing	10.00	Rural Residential	All Available	X	$0.12
13	S Little Road, Garden City	Listing	10.00	Rural Residential	All Available	X	$0.14
14	29601 S Sycamore Grove Road, Garden City	Listing	1.30	Rural Residential	All Available	X	$0.28
15	Old 7 Highway, Garden City	Listing	3.50	Commercial	All Available	X	$0.50
16	S Old 7 Highway, Garden City	Listing	3.00	Commercial	All Available	X	$1.34
17	Old 7 Highway & 2 Highway, Garden City	Listing	2.32	Commercial	All Available	X	$1.56

STATISTICS FOR ALL TRANSACTIONS		
LOW	0.16	$0.12
HIGH	10.00	$3.00
AVERAGE	2.40	$1.33
MEDIAN	1.30	$1.33

The Small Tract comparables indicate adjusted prices ranging from $0.12/SF to $3.00/SF with an average of $1.33/SF and a median of $1.33/SF depending upon location, size, and use. These comparables are utilized to value the parcels owned in fee identified herein as Parcels A and B permanent easement parcel identified herein as Parcel F.

Cost Approach
(Continued)

LARGE TRACT LAND SALE COMPARABLES

TRANSACTION	LOCATION	DATE OF SALE	LAND SIZE (ACRES)	ZONING/ USE	ADJ PRICE ACRE
1	South Staley Mound Road, Pleasant Hill	6/23/2020	80.00	Agricultural	$3,875
2	E State Route 2 Hwy, Garden City	9/13/2019	117.00	Agricultural	$3,350
3	32 SW Hwy 31, Holden	2/27/2019	154.00	Agricultural	$6,234
4	NW US Hwy 50 and Hwy W, Kingsville	10/17/2017	46.00	Agricultural	$4,348
5	E 259th Street, Garden City	7/18/2017	20.00	Agricultural	$4,250
6	E State Route B, Garden City	Listing	28.31	Agricultural	$4,292

STATISTICS FOR ALL TRANSACTIONS		
LOW	20.00	$3,350
HIGH	154.00	$6,234
AVERAGE	74.22	$4,391
MEDIAN	63.00	$4,271

The Large Tract comparables indicate adjusted prices ranging from $3,350/acre to $6,234/acre with an average of $4,391/acre and a median of $4,271/acre depending upon location, size, floodplain and use. These comparables are utilized to value the parcels owned in fee identified herein as Parcels C, D, and E.

VALUATION OF THE FIVE FEE PARCELS

With respect to Parcel A (Water Tower - Walnut Street), we relied on the small rural residential market data. The subject property tract contains 1.50 acres and has average access and utility. The unit value applicable to Parcel A based upon available market data and subject property information is $0.25/SF, resulting in a value indication rounded to $16,000.

With respect to Parcel B (Water Tower - Third Street), we relied on the small commercial tract land market data. The subject property tract contains 0.10 acres and has above average access and utility. The unit value applicable to Parcel B based upon available market data and subject property information is $3.00/SF, resulting in a value indication rounded to $13,000.

Cost Approach
(Continued)

With respect to Parcel C (Lake/Water Treatment Tract), we relied on the large tract agricultural land market data. The subject property tract contains 53.00 acres and has below average access and utility. The unit value applicable to Parcel C based upon available market data and subject property information is $4,000/Acre, resulting in a value indication rounded to $212,000.

With respect to Parcel D (Lagoons/Lift Station #1 Tract), we relied on the large tract agricultural land market data. The subject property tract contains 38.61 acres and has below average access and utility. The unit value applicable to Parcel D based upon available market data and subject property information is $4,000/Acre, resulting in a value indication rounded to $154,000.

With respect to Parcel E ("New" Lake), we relied on the large tract agricultural land market data. The subject property tract contains 133.36 acres and has below average access and utility. The unit value applicable to Parcel E based upon available market data and subject property information is $2,000/Acre, resulting in a value indication rounded to $267,000.

Based upon this market data, we have arrived at an opinion of market value of the subject property parcels owned in fee (Parcels A, B, C, D, and E):

VALUE OF PARCELS OWNED IN FEE							
PARCEL	DESCRIPTION	SIZE ACRES	SIZE SF	ESTIMATED PER ACRE/SF		VALUE INDICATION	ROUNDED
A	Water Tower - Walnut Street	1.500	65,340	$0.25	/SF	$16,335	$16,000
B	Water Tower - Third Street	0.098	4,250	$3.00	/SF	$12,750	$13,000
C	Lake/Water Treatment Tract	53.000	2,308,680	$4,000	/Acre	$212,000	$212,000
D	Lagoons/Lift Station #1 Tract	38.610	1,681,852	$4,000	/Acre	$154,440	$154,000
E	"New" Lake	133.36	5,809,162	$2,000	/Acre	$266,720	$267,000
						Total	**$662,000**

Based upon a review of the five locations, a review of the land values researched for Garden City and surrounding market area that are presented herein, it is our opinion the total fee simple value of the five parcels owned in fee by the City of Garden City is $662,000.

Cost Approach
(Continued)

VALUATION OF THE PRESUMED PERMANENT EASEMENT RIGHTS FOR THE ADDITIONAL PROPERTY

The next step is to determine the contributory value of the permanent easements that are presumed to be in place for the parcel identified herein as Parcel F.

As of the date of this appraisal, we have not received any documentation regarding the existence of permanent easements that reportedly convey to the City of Garden City limited real property rights, including the right to operate, maintain, inspect, repair and replace the components of the respective grinder pump and lift stations. Copies of the permanent easements for the lift stations were not available for this appraisal assignment, nor were surveys or drawings delineating the areas reportedly encumbered by permanent easements for the benefit of the City of Garden City wastewater collection systems. This appraisal assumes the City of Garden City has permanent and legal means of access to the lift stations, as well as the property rights necessary for the continued use and maintenance/repair/replacement of the facilities as necessary for its wastewater operations.

With respect to Parcel F (Lift Station #2; Permanent Easement), we relied on the small tract rural land market data. The permanent easement is presumed to be in place encumbering a larger tract that contains 12.05 acres. The lift station site is located along E 299th Street on the western boundary of the property. The lift station is located on a portion of the site that is approximately 6,000 SF. The impact of the easement is estimated be 100% of the fee value for the 6,000 SF portion of the parent parcel (larger parcel). The fee unit value applicable to the 6,000 SF portion of Parcel F, based upon available market data and subject property information, is $0.20/SF, resulting in a rounded contribution value indication of $1,000.

The following table summarizes the contributory value of the presumed permanent easement rights for Lift Station #2 (Parcel F):

CONTRIBUTION VALUE OF PERMANENT EASEMENT

				AREA AFFECTED		ESTIMATED		EASEMENT	VALUE	
PARCEL	DESCRIPTION	ACRES	SF	%	SF	FEE PSF	FEE VALUE	% OF FEE	INDICATION	ROUNDED
F	Lift Station #2 Permanent Easement	12.05	524,898	1.1%	6,000	$0.20	$1,200	100%	$1,200	$1,000
									Total	**$1,000**

Based upon a review of Parcel F's location, a review of the land values researched for Garden City and surrounding market area that are presented herein, and a review of permanent easements for wastewater systems for other utility projects, it is our opinion the contributory value of the permanent easement presumed to be in place and encumbering the larger parcel for Lift Station #2 for the benefit of the City of Garden City is $1,000.

Cost Approach
(Continued)

CONSIDERATION OF THE ASSETS IDENTIFIED IN THE FLINN ENGINEERING REPORT AND THE CONTRIBUTORY VALUE OF BUILDINGS

The final step in the Cost Approach is to add the depreciated value of the assets, including the facilities and buildings. With respect to the system facilities and buildings, we have consulted with Flinn Engineering, an engineering firm that is very familiar with water and wastewater company construction costs, depreciation and valuations. A copy of the Flinn report is attached to this appraisal report.

The Flinn Report includes a detailed inventory of the water system assets that are part of this analysis, and concludes an opinion of the estimated depreciated book value for the water system of $1,654,246. The land values for the water system include Parcels A, B, C, and E owned in fee with a total land value of $241,000. In addition, we have concluded a contributory value of the buildings of $75,000.

Based upon our analysis of the real property rights, combined with the Flinn analysis, the total value of the water system by the Replacement Cost New Less Depreciation is summarized below.

COST APPROACH - WATER SYSTEM			
MARKET VALUE OF PARCELS OWNED IN FEE			
	PARCEL	**DESCRIPTION**	**VALUE**
	A	Water Tower - Walnut Street	$16,000
	B	Water Tower - Third Street	$13,000
	C	Lake/Water Treatment Tract	$212,000
	E	"New" Lake Tract	$267,000
CONTRIBUTORY VALUE OF BUILDINGS			$75,000
		Total	$583,000
WATER SYSTEM DEPRECIATED ASSEST VALUE (SEE FLINN REPORT)			
		DESCRIPTION	**VALUE**
		Water System	$1,654,246
TOTAL WATER SYSTEM			$2,237,246
ROUNDED VALUE INDICATION			**$2,240,000**

Cost Approach
(Continued)

The Flinn Report includes a detailed inventory of the wastewater system assets that are part of this analysis, and concludes an opinion of the estimated depreciated book value for the water system of $995,560. The land values for the wastewater system include Parcel D owned in fee and the contributory value of the permanent easement of Parcel F, which have a total value $155,000. In addition, we have concluded a contributory value of the buildings of $25,000.

Based upon our analysis of the real property rights, combined with the Flinn analysis, the total value of the wastewater system by the Replacement Cost New Less Depreciation is summarized below.

COST APPROACH - WASTEWATER SYSTEM			
MARKET VALUE OF PARCEL OWNED IN FEE			
	PARCEL	**DESCRIPTION**	**VALUE**
	D	Lagoons/Lift Station #1 Tract	$154,000
CONTRIBUTORY VALUE OF BUILDINGS			$25,000
		Total	$179,000
CONTRIBUTORY VALUE OF PERMANENT EASEMENT			
	PARCEL	**DESCRIPTION**	**VALUE**
	F	Lift Station #2 Permanent Easement	$1,000
		Total	$1,000
WASTEWATER SYSTEM DEPRECIATED ASSEST VALUE (SEE FLINN REPORT)			
		DESCRIPTION	**VALUE**
		Wastewater System	$995,560
TOTAL WASTEWATER SYSTEM			$1,175,560
ROUNDED VALUE INDICATION			**$1,180,000**

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)

Sale 1

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

Pending
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 2

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

Pending
Asset Purchase Agreement signed May 7, 2019
Price: $1,800,000 Water
$1,500,000 Sewer
Water system with 490 customers ($3,674 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 #3

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

Sale Pending
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 #4

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

Pending Sale
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 #5

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 ($2,711 per customer)
$1,356,000 for Sewer System with 904 Customers ($1,515 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 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 #6

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 552 Customers ($2,717 per customer)
$500,000 for Sewer System with 1,406 Customers ($356 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 #7

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 #8

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)

We were able to determine a unit value for each of the transactions. In addition, we have reviewed the respective engineering reports for all of the systems for the purpose of comparing the condition and contributory values of assets.

Most of the transactions involved conveyances of both water and wastewater systems. However, we are familiar with the transactions and in most cases the purchase includes an allocation for the separate systems.

Based upon this market data, we have concluded a unit value of $2,800 per water customer for the subject property water system and $1,400 per wastewater customer for the subject property wastewater system.

Based on the 670 reported water customers and 670 wastewater customers, the indicated value of the subject property systems is as follows:

SUMMARY OF SALES COMPARISON APPROACH	
Water Delivery System	**Wastewater Collection System**
670 Customers	670 Customers
$2,800 per Customer	$1,400 per Customer
$1,876,000	**$938,000**

Final Reconciliation

The purpose of this appraisal report was to arrive at an estimate of market value for the City of Garden City water delivery and wastewater systems based upon conditions evident in the market as of July 1, 2020. We inspected the subject property, reviewed numerous reports and documents provided by the client and the City of Garden City, conducted research with regard to land values and easement valuation, and reviewed a report prepared by Flinn Engineering.

Our analysis of the Garden City 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 following is a summary of the indicated values.

	Indicated Value Water System	Indicated Value Wastewater System
Cost Approach	$2,240,000	$1,180,000
Sales Comparison Approach	$1,876,000	$938,000

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 $1,876,000 for the subject property water delivery system and $938,000 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 easement), 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 $2,240,000 and a conclusion of value for the wastewater collection system of $1,180,000.

Based upon a review of the market data available for both applications, we have concluded that equal emphasis should be placed on the value opinion indicated by the Cost Approach and the Sales Comparison Approach.

Based upon all of the data relied on for this analysis, and taking into account the condition of the subject property systems, it is our opinion the market value of the water and wastewater systems as of July 1, 2020, were as follows:

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

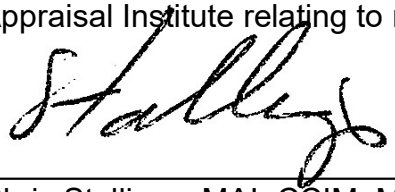
Statement of Certification – Chris Stallings

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 not made a personal inspection of the property that is the subject of this report.
- -- no one other than Alex Hoenig, Edward Dinan, and Joseph E. Batis provided significant real property professional assistance to the person signing this certification.

As of the date of this report, Chris Stallings 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.



August 7, 2020

Chris Stallings, MAI, CCIM, MRICS
Colliers International

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.
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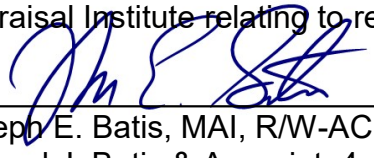
- -- my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* and in conformity with the requirements of the *Code of Professional Ethics* and the *Standards of Professional Appraisal Practice* of the Appraisal Institute.
- -- I have made a personal inspection of the property that is the subject of this report.
- -- no one other than Alex Hoenig, Chris Stallings, 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.



August 7, 2020

Joseph E. Batis, MAI, R/W-AC
Edward J. Batis & Associate4s, Inc.
General Certification Lic. #553.000493 (IL; Expires 09/21)
General Certification Lic. #2016044083 (MO; Expires 09/20)
General Certification Lic. #CG03684 (IA; Expires 06/22)
General Certification Lic. #7895 (SC; Expires 09/20)
General Certification Lic. #5660 (TN; Expires 06/21)
General Certification Lic. #4001017857 (VA; Expires 06/21)
General Certification Lic. #A8416 (NC; Expires 09/20)

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 Chris Collins, Alex Hoenig, and Joseph E. 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.

August 7, 2020

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.

Christopher J. Stallings, MAI, CCIM, MRICS

MANAGING DIRECTOR | HOUSTON
Valuation & Advisory Services

chris.stallings@colliers.com

EDUCATION AND QUALIFICATIONS

Master of Science, - Land Economics and Real Estate Texas A&M University

Bachelor of Science – Texas A&M University

STATE CERTIFICATION

Texas, Maryland, Alabama, Arkansas, Colorado, Kansas, Louisiana, Mississippi, New Jersey, New Mexico, New York, Oklahoma, Vermont, Washington

CONTACT DETAILS

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1233 West Loop South
Suite 1201
Houston, TX 77027

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Christopher Stallings is the Managing Director of the Houston office of Colliers International Valuation & Advisory Services. Mr. Stallings started his career in valuation and consulting in 1983 after completing a Masters Degree in Land Economics and Real Estate at Texas A&M University. He also holds the MAI designation by the Appraisal Institute as well as the CCIM and MRICS designations.

As a Managing Director, Mr. Stallings has extensive experience in commercial real estate valuation. Based on 25+ years of experience, he has significant expertise with multi-family valuation, feasibility, and market studies of conventional and affordable properties, condominiums, hotels, single and multi-tenant office buildings, industrial, retail, mixed-use developments, subdivisions, master planned communities, golf courses, marinas, and a wide variety of special purpose property types. Other valuation specialties include going concerns, FF&E and property tax appeal representation. Chris is qualified as an expert witness and has testified in numerous courts regarding real estate valuation matters.

EXPERIENCE

Chris was a Managing Director at BBG, and Grubb & Ellis Landauer Valuation Advisory Services, LLC. Prior to becoming associated with Grubb & Ellis Landauer, Mr. Stallings was an Associate Director with Integra, Houston; he was Director and Regional Manager for the Commercial Appraisal Group with CB Richard Ellis in Houston and San Francisco and served as a Manager for Standard and Poor's Corporate Value Consulting.

PROFESSIONAL MEMBERSHIPS AND ACCREDITATIONS

Appraisal Institute, Member (MAI), No. 7422

Certified Commercial Investment Member No. 7871

Royal International Charter of Surveyors (MRICS #1262784)

Texas Real Estate Broker No. 0351782

Texas Property Tax Consultant No. 10481

Director: Houston Chapter – Appraisal Institute and Region VIII Appraisal Institute

Public Relations Committee Chair – Appraisal Institute Region VIII

Board of Directors – Foundation Appraisers Coalition of Texas (FACT)

Advisory: Leadership Development & Advisory (LDAC) – Appraisal Institute

Member: Eagle Scout Association – BSA Sam Houston Area Council

Qualifications of
Joseph E. Batis, MAI, R/W-AC

EDWARD J. BATIS & ASSOCIATES

EMPLOYMENT

President of EDWAD J. BATIS & ASSOCIATES, INC. (1992 – Present), providing real estate valuation and consulting services.

PROFESSIONAL AFFILIATIONS

Member of the Appraisal Institute, MAI designation (Member #10299)

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

Approved Instructor – Appraisal Institute

STATE – GENERAL CERTIFICATION APPRAISAL LICENSES

Illinois – Missouri – Iowa – Tennessee – South Carolina

GENERAL PROFESSIONAL EXPERIENCE

Real estate valuation services since 1983 for residential, agricultural commercial, industrial, and special purpose properties. Market areas include primarily Illinois and Chicago metropolitan area. Services provided throughout the States of Illinois and Missouri.

SPECIALIZED SERVICES AND EXPERIENCE

- Right of Way / Energy Transmission Lines / Fiber Optic Corridors / Railroad Corridors
- Power Transmission Line Corridors / Solar Energy Fields
- Public and Private Utility Systems (water distribution and wastewater collection)
- Valuation of Permanent and Temporary Easements
- Market Impact Studies
    - Remainder Properties
    - Proposed Projects
    - Expansion of Existing Projects and Infrastructure

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

DEVELOPMENT OF CONTINUING EDUCATION SEMINARS

- *Understanding Easements – What is Being Acquired?*
- *Pipelines and Easements – Can They Co-Exist?*

Qualifications of
Joseph E. Batis, MAI, R/W-AC

EDWARD J. BATIS & ASSOCIATES

EXAMPLES OF SPECIALIZED VALUATION PROJECTS AND SPECIALIZED MARKET RESEARCH ASSIGNMENTS

- **PRIVATE AND PUBLIC UTILITY ASSET VALUATION (2013-PRESENT)**
  Valuation of assets of public water delivery and/or wastewater collection systems for acquisition and allocation purposes for the following communities (or private systems within the communities):

MANTENO, IL	*PEOTONE, IL*	*GRANT PARK, IL*	*LAKEMOOR, IL*
FARMINGTON, IL	*MONEE, IL*	*COTTAGE HILLS, IL*	*WASHINGTON, IL*
SADORUS, IL	*GLENVIEW, IL*	*MCHENRY, IL*	*FISHER, IL*
NILES, IL	*PALOS HEIGHTS, IL*	*ALTON, IL*	*GRANITE CITY, IL*
GODFREY, IL	*GLASFORD, IL*	*PEVELY, MO*	*DESOTO, MO*
LAWSON, MO	*ODESSA, MO*	*GOWER, MO*	

- **MARKET 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.

- **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. Litigation pending.

- **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 potentially impaired by an underground leak of tritium from the Braidwood Nuclear Power Plant.

Qualifications of
Joseph E. Batis, MAI, R/W-AC

EDWARD J. BATIS & ASSOCIATES

EXAMPLES OF SPECIALIZED VALUATION PROJECTS AND SPECIALIZED MARKET RESEARCH ASSIGNMENTS

- **ANALYSIS AND ALLOCATION OF THE CONTRIBUTORY VALUES OF MULTIPLE PERMANENT EASEMENTS CO-LOCATED IN A TRANSMISSION CORRIDOR**
  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.

- **MANAGEMENT OF VALUATION SERVICES FOR SIMULTANEOUS ACQUISITION OF EASEMENTS FOR MULTIPLE OIL PIPELINES (2012-2016)**
  Valuation and consulting services including the coordination and management of appraisal services for acquisition and condemnation hearings, Illinois Commerce Commission hearings, and appraisal review services, rebuttal report/testimony, and settlement conferences. Project involved acquisition of permanent and temporary easements for the simultaneous construction of three interstate oil transmission lines. Responsible for management of the projects' valuation services pertaining to more than 2,000 properties in 22 counties and managing the participation of 35 appraisers, consultants, and researchers involved with the project.

- **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 OF 1,000+ MILE RAILROAD CORRIDOR**
  Valuation and consulting services including the review of appraisals and consulting reports pertaining to the valuation of a 1,000+ mile fiber optic corridors within a railroad corridor extending though Virginia, North Carolina, South Carolina, Tennessee and Illinois.

Qualifications of
Joseph E. Batis, MAI, R/W-AC

EDWARD J. BATIS & ASSOCIATES

APPRAISAL INSTITUTE EDUCATIONAL AND INSTRUCTOR EXPERIENCE

2007 - Present

BASIC APPRAISAL PROCEDURES
April 2019, Chicago, IL

GENERAL APPRAISAL INCOME APPROACH
February 2019, Chicago, IL

GENERAL SALES COMPARISON APPROACH (INSTRUCTOR AUDIT)
February 2019, Chicago, IL

GENERAL APPRAISER INCOME APPROACH PART I (INSTRUCTOR AUDIT)
November 2018, Nashville, TN

GENERAL APPRAISER PROCEDURES (CO-INSTRUCTOR)
October 2018, Chicago, IL

INSTRUCTOR QUALIFYING CONFERENCE
September 2018, Chicago, IL

ADULT LEARNING – EFFECTIVE CLASSROOM LEARNING
September 2018, Online Webinar

LITIGATION APPRAISING: SPECIALIZED TOPICS AND APPLICATIONS
July 2018, Roseville, MN

THE APPRAISER AS AN EXPERT WITNESS: PREPARATION AND TESTIMONY
May 2018, Woburn, MA

QUANTITATIVE ANALYSIS
March 2018, Chicago, IL

NATIONAL USPAP UPDATE COURSE
February 2018, Chicago, IL

USING YOUR HP-12C FINANCIAL CALCULATOR
September 2017, Online Seminar

EMINENT DOMAIN AND CONDEMNATION
September 2017, Online Seminar

RATES AND RATIOS: MAKING SENSE OF GIMS, OARS, AND DCF
September 2017, Online Seminar

NATIONAL USPAP UPDATE COURSE
May 2016, Chicago, IL

NATIONAL USPAP UPDATE COURSE
July 2015, Columbus, OH

INSTRUCTOR WEBINAR
May 2015, Online Webinar

BUSINESS PRACTICE AND ETHICS
March 2015, Online Seminar

INSTRUCTOR WEBINAR
May and October 2014, Online Webinar

GENERAL APPRAISER MARKET ANALYSIS AND HIGHEST AND BEST USE
January 2014, Chicago, IL

INSTRUCTOR WEBINAR
April and October 2013, Online Webinar

KNOWLEDGE CENTER FOR INSTRUCTORS
October 2012, Online Webinar

CANDIDATE FOR DESIGNATION PROGRAM
July 2012, Online Webinar

NATIONAL USPAP UPDATE COURSE
June 2012, Chicago, IL

GENERAL APPRAISER INCOME APPROACH PART I
October 2011, Chicago, IL

NATIONAL USPAP UPDATE COURSE
September 2011, Chicago, IL

CONDEMNATION APPRAISING: PRINCIPLES AND APPLICATIONS
August 2011, Chicago, IL

NATIONAL USPAP UPDATE COURSE
September 2009, Online Seminar

EMINENT DOMAIN AND CONDEMNATION
September 2009, Online Seminar

BASIC APPRAISAL PROCEDURES (INSTRUCTOR)
February 2009, Chicago, IL

BASIC APPRAISAL PRINCIPLES (INSTRUCTOR)
September 2008, Chicago, IL

BASIC APPRAISAL PROCEDURES (INSTRUCTOR)
February 2008, Chicago, IL

AQB AWARENESS TRAINING FOR APPRAISAL INSTITUTE INSTRUCTORS
September 2007, Online Seminar

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

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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